DELIVERING MORE

ANNUAL REPORT 2015

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

DELIVERING MORE

AS THE ONLY INDONESIAN RETAIL REIT, WITH 19 QUALITY RETAIL MALLS AND SEVEN RETAIL SPACES STRATEGICALLY LOCATED ACROSS INDONESIA, WE ARE PERSISTENTLY ENHANCING OUR MARKET POSITION WHILE REFINING OUR EXPERTISE. WITH AN EYE ON THE GROWING INDONESIAN MARKET, WE AIM TO GO BEYOND OUR ACHIEVEMENTS TODAY AND DELIVER MORE TOMORROW.

BANDUNG INDAH PLAZA

DELIVERING VALUE

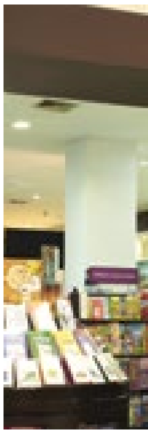
AT LMIR TRUST, WE HOLD AN IN-DEPTH UNDERSTANDING OF THE RETAIL MARKET. WE SEEK TO EXPAND OUR FOOTPRINT THROUGH NEW ACQUISITIONS WHILE ACTIVELY ENGAGING IN PROPERTY ENHANCEMENT TO CONTINUALLY DELIVER VALUE TO UNITHOLDERS, RETAIL CUSTOMERS AND THE COMMUNITY.

THE PLAZA SEMANGGI

ABOUT LMIR TRUST







Occupancy for the portfolio remains higher than the industry average, with an occupancy rate of 94% as at 31 December 2015.

Lippo Malls Indonesia Retail Trust ("LMIR Trust") is the only Indonesian retail estate investment trust ("REIT") 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 or retail-related purposes. The Trust Manager's focus is to maintain good occupancy and balance property and tenant diversification across the portfolio, through proactive asset management of the retail malls and spaces.

As at 31 December 2015, LMIR Trust's portfolio comprises nineteen (19) high quality retail malls (collectively, the "Retail Malls") and seven (7) 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 821,429 sqm and has a valuation of S$ 1.83 billion.

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 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, Giordano, H&M, Debenhams, Adidas, Zara and Giordano.

Occupancy for the portfolio remains higher than the industry average, with an occupancy rate of 94% as at 31 December 2015. The portfolio is very defensively placed with staggered lease expiries in the next few years 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 IDR23.88 trillion or USD1.7 billion as at 31 December 2015.

The Sponsor's businesses include urban development, large scale integrated development, hospitals, retail malls, hotels and asset management. As at the end of 2015, PT Lippo Karawaci Tbk manages 43 malls across Indonesia with total Net Leasable Area of approximately 1.4 million sqm and over 15,000 retailers located in 15 major cities. The malls have an average occupancy rate of over 85% and cater to more than 290 million visitors per year. The company plans to develop 10 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.


NOKIA

DELIVERING

EXPERIENCES

WE REMAIN COMMITTED TO A BUSINESS MODEL FORTIFIED BY A QUALITY PORTFOLIO THAT ENSURES A DIVERSE TENANT MIX AND AN EXTENSIVE RANGE OF DINING AND ENTERTAINMENT OPTIONS. WE CONTINUALLY DELIVER EXPERIENCES THAT EXCITE AND ENHANCE.

PLAZA MEDAN FAIR

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.

Bandung:
- Istana Plaza
- Bandung Indah Plaza

Binjai:
- Binjai Supermall

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

Madiun:
- Plaza Madiun Units

Malang:
- Lippo Plaza Batu
- Malang Town Square Units

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

Palembang:
- Palembang Square
- Palembang Square Extension
- Palembang Icon

Semarang:
- Java Supermall Units

KEY STATISTICS

254.5 MILLION
Total Population 2014

4TH
Most Populous Nation in the World

5.3%
Indonesia Government's Forecast of Annual GDP Growth in 2016

US$3,492
GDP per capita (Indonesia) 2014

4.0 MIL SQM
Retail Space in Jakarta

Sources:
- World Bank
- Indonesia Government
- Cushman & Wakefield Market Beat Q4 2015


hypermart
hypermart

DELIVERING

NEEDS

WE RECOGNISE THAT OUR CUSTOMERS ARE THE CORNERSTONE OF OUR SUCCESS. WITH A FOOTPRINT IN DIVERSE CITIES ACROSS INDONESIA, WE PRESENT OUR CUSTOMERS WITH BOTH ACCESSIBILITY AND CONVENIENCE TO MEET THEIR NEEDS.

PEJATEN VILLAGE

LETTER TO UNITHOLDERS

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 2015 (FY2015).

It was an eventful year for LMIR Trust, as we completed the acquisition of two modern retail malls whilst witnessing a y-o-y DPU growth of 12.3%. Furthermore, LMIR Trust obtained its investment grade rating of Baa3 from Moody's Investors Service for the first time in June 2015, which had contributed positively to the refinancing exercise for the SGD200M unsecured senior note due in July 2015.

At the same time, the underlying portfolio of LMIR Trust has delivered consistent growth and stable performance, whilst the acquisition of Lippo Plaza Batu and Palembang Icon in July 2015 increased the total property asset value to IDR17.8 trillion (approximately SGD1.8 billion). On a year-on-year basis, the Gross Rental Income of the Trust grew by 22.8% in IDR terms, mainly due to the contribution from the assets acquired in the past year, as well as from Lippo Mall Kemang ('LMK") which became part of the portfolio since December 17, 2014.

Despite the volatility of the IDR, growth of the quarterly Distribution Per Unit ("DPU") in 2015 has been generally stable and improving, resulting in 4Q2015 DPU 14.1% higher than that for 4Q2014. The contributory factors include additional effective currency hedging and capital management strategies implemented since early 2015.

INDONESIA MACRO ECONOMY: YEAR IN REVIEW

Indonesia achieved a 4.8% year on year GDP increase for 2015, which is commendable compared with the subdued global economic growth of just 2.4%. According to the World Bank forecast, GDP growth in 2016 is expected to be improved to 5.1%, which is based on the backdrop of increased public spending in infrastructure and other governmental capital expenditures.

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, market sentiment is improving as evidenced in the upward trend of the Consumer Confidence Index ("CCI") from 97.5 in September 2015 to 112.6 in January 2016.

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

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. The downward trend has slowed during the past year, so that the IDR/SGD rate only depreciated by approximately 2% between January 1 and December 31, 2015. Meanwhile, as a result of the foreign exchange hedging strategy implemented since beginning 2015, 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.

LMIR Trust has currently 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.

MAINTAINING A STABLE GROWTH PATH

Gross Rental Income increased 5.5% from SGD34.5 million (IDR324.6 billion) in 1Q2015 to SGD36.4 million (IDR 354.0 billion) in 4Q2015, whilst Distributable Income grew 5.6% from SGD21.5 million to SGD22.7 million during the same period. These were achieved through mainly rental reversions rate of approximately 14.2% during the year, and maintaining an average occupancy of 94% across the portfolio in 2015.

" It was an eventful year for LMIR Trust, as we completed the acquisition of two modern retail malls whilst witnessing a y-o-y DPU growth of 12.3%."

Mr Albert Saychuan Cheok

Mr Alvin Cheng

During the year, the income capacity of the portfolio was further boasted by the acquisitions of two strategically located malls, being Lippo Plaza Batu and Palembang Icon, for a total consideration of SGD106.9 million. Given that the acquisitions were completed in July 2015, their contribution to the financial performance of LMIR Trust was limited in FY2015, and is expected to be fully realised from 2016.

OPERATIONAL PERFORMANCE

Our portfolio malls remain well occupied at approximately 94.0% at end 2015, which is well above the industry average.

Leases for 108,811 sqm of total NLA expired throughout 2015, and we were able to achieve an average positive rental reversion rate of 14.3%. 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 12.3% y-o-y DPU growth between 2014 and 2015, are 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 secured its first investment grade debt issuer rating of Baa3 from Moody's Investors Service.

At the same time, LMIR Trust was able to refinance a SGD200M unsecured senior note due in July 2015 by the issuance of a SGD100M 3-year unsecured senior note in November, as well as drawdown from SGD100M 3-year term loan facility provided by a syndicate of three international banks in January 2016. In addition, for the acquisition of two malls, Lippo Plaza Batu and Palembang Icon, in July 2015, LMIR Trust successfully issued a SGD75M 5-year unsecured senior note under its SGD1,000M EMTS Programme at a favourable coupon rate of 4.1% in June 2015.

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.

The sustainable retail spending growth is expected to provide 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 GDP growth as well as increasing consumption by the middle class. Management will also continue to focus on improving the tenancies in existing assets through asset enhancement initiatives and tenancy mix.

ACKNOWLEDGEMENT

On behalf of the Board of LMIRT Management Ltd, we wish to express our thanks 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. We look forward to working together with you to achieve new milestones in 2016 and beyond.

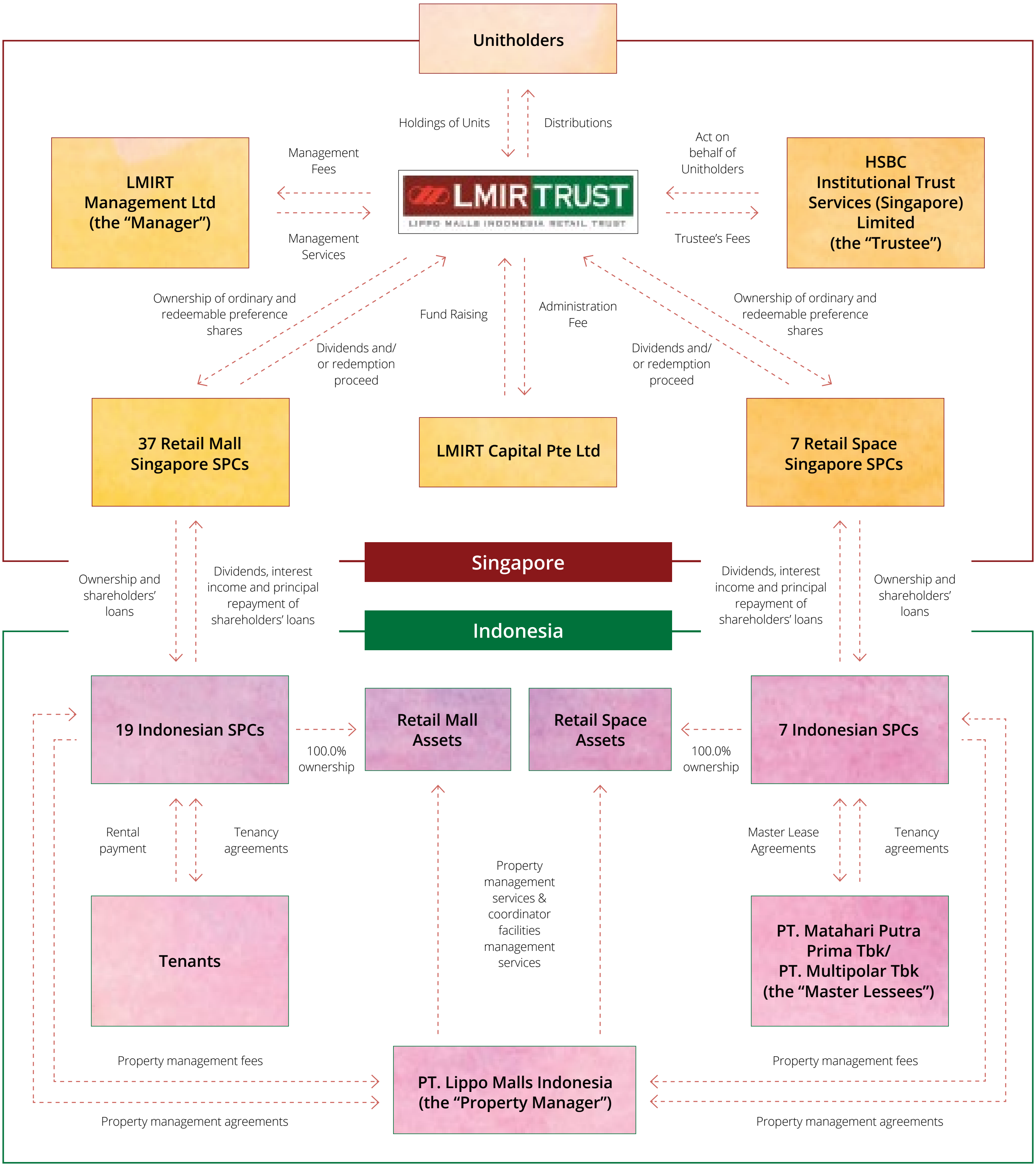
Finally, the Board of LMIRT Management Ltd wish to express our appreciation for the commitment and dedication of Mr Alvin Cheng, Executive Director & CEO, in upholding the growth strategy and sustainability of the REIT for the past 6 years. We wish him success in his future endeavours.

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 2015 (S$'000)	FY 2014 (S$'000)	Change Favourable/ (Unfavourable)
Gross Rental Income	173,004	136,985	26.3%
Property Operating Expenses	(14,439)	(10,978)	-31.5%
Net Property Income	158,565	126,007	25.8%
Net Income Before tax	44,277	89,915	-50.8%
Distributable Income	85,553	68,014	25.8%
Distribution Per Unit (cents)	3.10	2.76	12.3%

Balance Sheet*	31-Dec-15 (S$'000)	31-Dec-14 (S$'000)
Non-current assets	1,837,285	1,845,885
Current assets	150,459	171,604
Total assets	1,987,744	2,017,489
Current liabilities	349,921	305,278
Non-current liabilities	562,708	562,481
Net assets	1,075,115	1,149,730

* The exchange rates for FY2015 and FY2014 were 9,707 and 9,374, respectively

Net Asset Value (NAV)	31-Dec-15	31-Dec-14
Including fair value changes on investment properties (cents)	38.43	42.55

Gearing

35.0%

Gearing remained conservative as at 31 December 2015

Interest Cover Ratio

4.8 TIMES

Refers to earnings before interest expense, tax, depreciation, amortisation and changes in fair value of investment properties (EBITDA), over interest expenses for FY 2015

Debt Information	31-Dec-15	31-Dec-14
Term Loan Due December 2018 (All in cost of debt 5.57%*)	S$145 MILLION	S$155 MILLION
Bridging Loan Due January 2016 (All in cost of debt 5.9%)	S$100 MILLION**	–

* After taking into account interest swap contracts entered in 2015
** Fully repaid in January 2016

Notes issued under the Guaranteed Euro Medium Term Notes/ Securities Programmes	31-Dec-15	31-Dec-14
4.88% Due July 2015 (All in cost of debt: 5.2%)	***	S$200 MILLION
4.25% Due October 2016 (All in cost of debt: 5.0%)	S$150 MILLION	S$150 MILLION
5.875% Due July 2017 (All in cost of debt: 6.7%)	S$50 MILLION	S$50 MILLION
4.48% Due November 2017 (All in cost of debt: 5.2%)	S$75 MILLION	S$75 MILLION
4.50% Due November 2018 (All in cost of debt: 4.9%)	S$100 MILLION	–
4.10% Due June 2020 (All in cost of debt: 4.5%)	S$75 MILLION	–

*** Fully repaid in July 2015

Financial Derivatives and Expenses	FY 2015
Net Fair Value of Financial Derivatives at end of period (S$'000) [1]	1,219
Proportion of Financial Derivatives to Net Assets Attributable to Unitholders (%)	0.11
Total Operating Expenses (S$'000) [2]	14,439
Total Operating Expenses as a percentage of Net Asset Value (%)	1.34
Taxation (S$'000) [3]	17,829

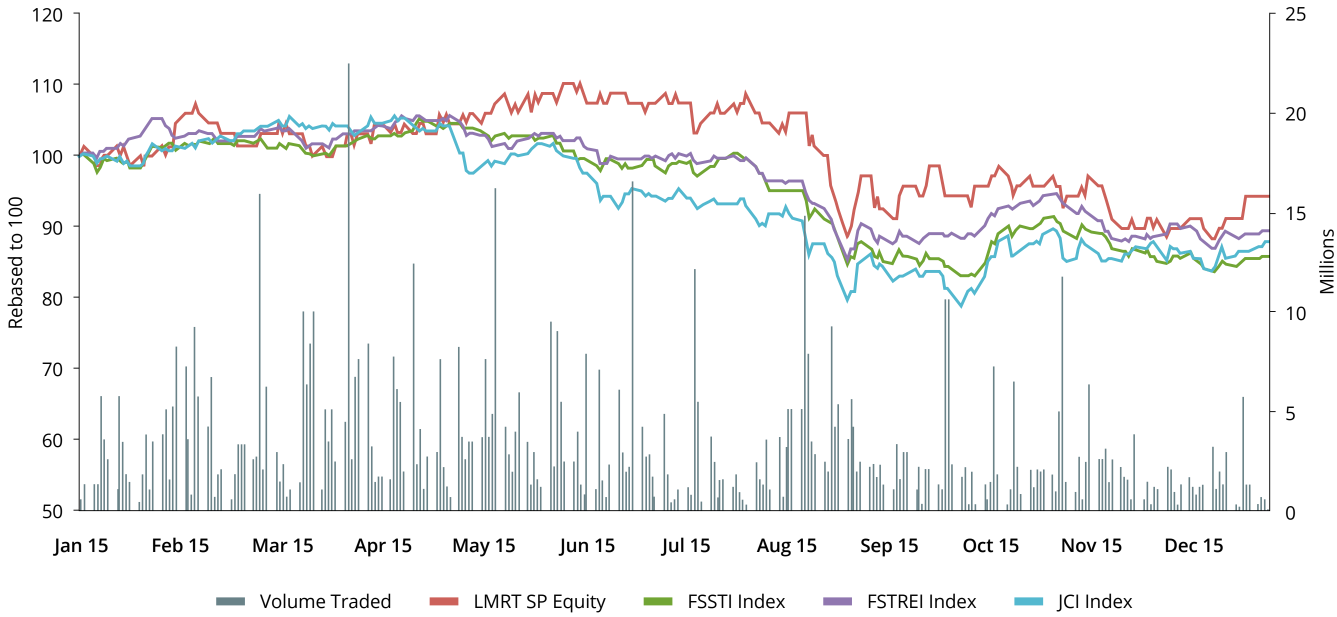
1 Financial derivatives include currency option contracts and interest rate swaps
2 Total operating expenses includes all fees and charges paid to the Manager and interested parties
3 Taxation includes corporate tax, withholding tax and deferred tax

Total Units In Issue	31-Dec-15	31-Dec-14
Issued units at the end of period	2,797,814,196	2,701,802,668
Total issued and issuable units including acquisition fee and management fee for 4Q	2,802,992,873	2,716,426,568

Unit Performance	2015	2014
Last Trading Day	S$0.320	S$0.340
Highest Unit Price	S$0.375	S$0.420
Lowest Unit Price	S$0.300	S$0.305
Market Capitalisation (million)	S$895	S$919
Traded Volume for the Financial Year (million)	862	588

LMIR Trust Unit Price Performance

(1 January 2015 to 31 December 2015)



Source: Bloomberg

Total Shareholders Return

Distribution Yield [1 & 2]

9.7%

FY 2015 Distribution Per Unit [2]

3.10 CENTS

Note:

1 Based on closing price as at 31 December 2015 of $0.32

2 If the Master Leases for Lippo Mall Kemang, Palembang Icon and Lippo Plaza Batu are disregarded and instead the actual amount of rental paid by the relevant tenants is taken into account, the DPU in FY 2015 will be 2.46 cents (with annualised DPU yield of 7.7%). The rental received under the Master Leases for FY 2015 is approximately $23.8m, whereas the corresponding underlying rental is approximately $3.2m. The Master Leases represents 13.8% of the total revenue of FY 2015.

MANAGER'S REPORT
Market Review

Indonesian Key Economics Indicators 2015

	2015	2014	2013	2012	2011
Economic growth (% YoY), Real GDP growth	4.8%	5.0%*	5.7%	6.2%	6.5%
Inflation rate	3.4%	8.4%	8.4%	4.3%	3.8%
Year-end Exchange Rate (IDR/SGD)	9,707	9,374	9,612	7,853	6,903
Average Exchange Rate (IDR/SGD)	9,697	8,338	8,305	7,860	6,939
Interest rate – Central Bank Rate	7.5%	7.75%	7.5%	5.8%	6.0%
10 Year – Indonesian Government Bond Rate	8.9%	8.8%	8.4%	5.3%	6.0%

Sources: Statistics Indonesia (BPS)

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

ECONOMIC REVIEW

The Indonesian economy grew by 5.04% in 4Q 2015 compared to 4.73% in 3Q 2015 due to a rise in government development budget spending and investment as well as steady growth in private consumption. For the year 2015, Indonesia's GDP growth is at 4.8% compared to 5.0% in 2014 as a slowdown in China and low commodity prices weigh on the resource-rich economy.

The subdued global economy with GDP growth of just 2.4% has weighed on global trade and on the demand for commodities. Against this backdrop, coupled with the fire and haze related losses in Indonesia estimated at IDR221 trillion, or 1.9% of 2015 GDP, the Indonesian GDP growth at twice the world GDP growth rate is relatively commendable.

The inflation rate in Indonesia decreased to 3.35% in 4Q 2015, after the government raised fuel prices at 3Q 2014. As for household consumption, high domestic interest rates causes Indonesia's purchasing power to decline, thus household consumption (a key pillar of GDP growth as it accounts for about 55% of the country's total GDP growth) reduces accordingly. Household consumption in Indonesia slowed to 4.8% in 2015, but is expected to improve to 4.9% in 2016 and 5.2% in 2017, according to World Bank projections.

The monetary policy is expected to be more accommodative in 2016. This year, Bank Indonesia has already lowered the policy interest rate by 75 basis points to 6.75%. President Joko Widodo said in an interview in February 2016 that he wants to see interest rates fall further to spur growth.

The World Bank forecasts growth for Indonesia in 2016 to improve to 5.1% reflecting gradual improvement in external demand and higher government capital spending. Also, with the World Bank lowering its forecast for crude oil prices this year to US$37 per barrel from $51 per barrel, the low oil prices will tend to benefit Indonesia as a net oil importer.

ECONOMIC DEVELOPMENTS

At the start of 2015, President Joko Widodo scrapped subsidies for petrol, letting pump prices rise and fall in line with the cost of crude oil, while setting a fixed IDR1,000 per liter subsidy for diesel. The changes free up nearly US$20 billion in 2015 for public spending in infrastructure and education, while the government's capital expenditures increased by close to 50% year-on-year.

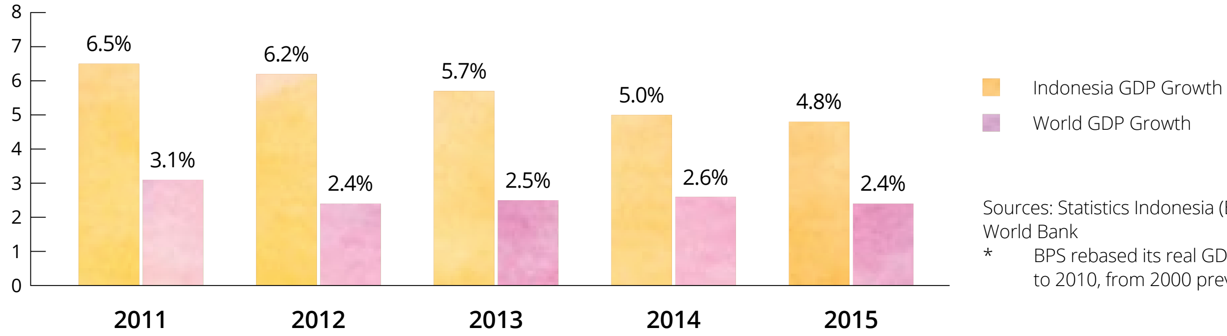
The momentum in public spending is expected to continue in 2016 with the 2016 Budget containing improvements in government expenditures, including further reduction in energy subsidies and higher spending on health, infrastructure and social assistance. According to the 2016 Budget, the allocation for infrastructure development will rise by 7.2% from 2015.

Market sentiment is improving as evidenced in the Consumer Confidence Index ("CCI"). CCI has been on an upward trend since September 2015, increasing from 97.5 to 112.6 in January 2016. The strong increase in consumer confidence is driven by optimism about the financial outlook for the economy as well as improvement in the Indonesian rupiah in Q4 2015, which adds to perceptions of stronger purchasing power. The rupiah appreciated by 5.0% against the SGD in Q4 2015 from IDR10,196/SGD in Sep 2015 to IDR9,707/SGD in Dec 2015.

RETAIL INDUSTRY

Along with the rise in consumer confidence, Indonesia's annual retail sales also grew by 10.4% YoY in December 2015 from 7.1% YoY in September 2015, due to increased demand during Christmas, New Year and year-end holidays. According

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.

to BMI Research, the increase in household income at 10.6% annual growth is projected to boost household spending to 11.9% annually from 2016 to 2019.

Earlier this year, Singapore's sovereign wealth fund, GIC committed to invest S$520M in Trans Retail, which operates supermarkets under the Carrefour and TRANSmart brands in Indonesia. GIC said the investment reflects its confidence in Indonesia's long-term growth potential.

The average rental rates in Jakarta increased by 2.6% YoY in 2015. As of December 2015, the average base rental for specialty shop units on the ground floor within premium locations was IDR691,400 per sqm per month, an increase of 1.9% YoY. The average service charge increased by 6.1% from previous year.

SUPPLY IN JAKARTA

The total cumulative supply of retail space in Jakarta was recorded at 4,002,200 sqm, where 2,887,100 sqm (72.1%) are within retail centers for lease and 1,115,100 sqm (27.9%) are in strata-title retail centers as at 31 December 2015.

One Belpark was the only new shopping centre completed in Jakarta in 2015 adding 23,650 sqm of new retail space. Two shopping malls, Shopping Mall at Pancoran and PIK (Pantai Indah Kapuk) Mall, which were projected to be completed and opened in 2015 have rescheduled their openings until 2016.

In 2016, a further 303,300 sqm of retail space are expected to enter the market. Almost all of these future supplies are retail centers for lease. Two of the notable new shopping centres are Lippo Mall Puri in West Jakarta (77,700 sqm) and PIK Mall in North Jakarta (34,000 sqm). Should these proposed new centers meet their completion schedules, the total supply within Jakarta will reach 4,305,500 sqm by the end of 2016.

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 supply. Uniqlo, Forever 21, Mango, and Stradivarius expanded their stores in South and West Jakarta. Zara Home opened its second store in Pondok Indah Mall. Meanwhile, New York's high fashion brand, Coach, opened its first flagship store in Grand Indonesia.

The average occupancy rate of Jakarta's retail market decreased slightly by 0.5% YoY to 84.7%, leaving approximately 610,800 sqm of vacant retail space as of 31 December 2015.

The occupancy rate of leased retail centers in Jakarta stood at 90.1% at end 2015, while the occupancy rate of the strata-title centers increased slightly to 70.8%, considerably below that of the retail malls.

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. In the long term, the rapidly expanding consumer class and increasing levels of disposable income, 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 2015 (S$ million)
1	Bandung Indah Plaza	19 November 2007	98.5	82.6
2	Cibubur Junction	19 November 2007	74.8	50.0
3	Ekalokasari Plaza	19 November 2007	53.7	38.7
4	Gajah Mada Plaza	19 November 2007	77.9	77.4
5	Istana Plaza	19 November 2007	94.3	76.0
6	Mal Lippo Cikarang	19 November 2007	59.2	57.8
7	The Plaza Semanggi	19 November 2007	163.3	126.9
8	Sun Plaza	31 March 2008	144.8	174.5
9	Plaza Medan Fair	6 December 2011	152.5	112.0
10	Pluit Village	6 December 2011	233.1	118.1
11	Lippo Plaza Kramat Jati	15 October 2012	69.2	58.2
12	Palembang Square Extension	15 October 2012	28.4	25.6
13	Tamini Square	14 November 2012	23.1	25.0
14	Palembang Square	14 November 2012	59.9	66.2
15	Pejaten Village	20 December 2012	95.0	99.9
16	Binjai Supermall	28 December 2012	29.8	27.2
17	Lippo Mall Kemang*	17 December 2014	362.0	358.3
18	Lippo Plaza Batu*	7 July 2015	26.8	79.8
19	Palembang Icon*	10 July 2015	80.0	28.0
	RETAIL MALLS		**1,926.3**	**1,682.2**
20	Depok Town Square	19 November 2007	21.2	21.4
21	Grand Palladium	19 November 2007	21.6	17.9
22	Java Supermall	19 November 2007	21.4	20.0
23	Malang Town Square	19 November 2007	21.1	22.0
24	Mall WTC Matahari	19 November 2007	20.8	17.0
25	Metropolis Town Square	19 November 2007	27.7	23.8
26	Plaza Madiun	19 November 2007	27.6	25.8
	RETAIL SPACES		**161.4**	**147.9**
	TOTAL		**2,087.7**	**1,830.0**

* Including intangible asset

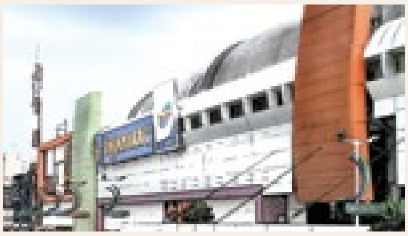
NPI for the year ended 31 Dec 2015 (S$ million)	Gross Revenue for the year ended 31 Dec 2015 (S$ million)	% of Gross Rental Income 2015	Nett Lettable Area (sqm)	Land Lease Expiry	No. of Tenants
10.1	11.2	6.5%	30,288	31 December 2030	252
7.9	8.2	4.8%	34,496	28 July 2025	199
1.3	1.4	0.8%	27,132	27 June 2032	48
5.5	5.9	3.4%	36,432	24 January 2020	189
8.2	8.4	4.9%	26,859	17 January 2034	180
6.0	6.2	3.6%	30,247	5 May 2023	130
10.9	11.7	6.8%	64,212	8 July 2054	413
15.7	16.6	9.6%	64,613	24 November 2032	350
13.1	14.1	8.2%	54,776	23 August 2027	427
11.0	12.0	6.9%	87,404	9 June 2027	149
2.9	3.3	1.9%	32,628	24 October 2024	96
2.7	3.3	1.9%	17,392	24 January 2041	40
2.2	2.4	1.4%	17,475	26 September 2035	13
4.7	6.9	4.0%	31,641	1 September 2039	129
10.1	10.5	6.1%	42,116	3 November 2027	142
2.0	2.2	1.2%	23,315	2 September 2036	80
27.8	30.7	17.8%	58,251	2 July 2036	191
1.1	1.3	0.7%	12,333	8 June 2031	45
2.8	3.8	2.2%	35,750	30 April 2040	168
146.0	**160.2**	**92.6%**	**727,359**		**3,241**
1.8	1.8	1.0%	13,045	27 February 2035	
1.5	1.6	0.9%	13,417	9 November 2028	
1.7	1.8	1.0%	11,082	24 September 2017	
1.8	1.8	1.0%	11,065	21 April 2033	
1.5	1.6	0.9%	11,184	8 April 2018	
2.0	2.0	1.2%	15,248	27 December 2029	
2.2	2.3	1.3%	19,029	9 February 2032	
12.5	**12.8**	**7.4%**	**94,070**		
158.6	**173.0**	**100%**	**821,429**		

MANAGER'S REPORT
Portfolio Review

RETAIL MALLS

The nineteen Retail Malls have a total NLA of 727,359 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), three in Palembang, one in Binjai and one in Batu. As at 31 December 2015, the Retail Malls had a weighted average occupancy of approximately 94%.

These properties are well complemented with both locally and internationally renowned specialty brands such as H&M, Debenhams, Sogo, M&S, Zara, 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 XXI to enhance their appeal as "everyday" one-stop destination malls for consumer spending.

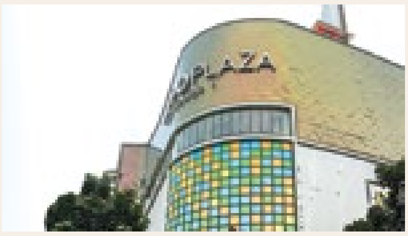


Bandung Indah Plaza
Jalan Merdeka, Bandung, West Java

2015 Appraised Value: S$82.6m	Gross Floor Area: 75,868 sqm
Net Lettable Area: 30,288 sqm	Occupancy Rate: 99.8%
No. of Tenants: 252	

Cibubur Junction
Jalan Jambore, Cibubur, East Jakarta

2015 Appraised Value: S$50.0m	Gross Floor Area: 66,071 sqm
Net Lettable Area: 34,496 sqm	Occupancy Rate: 99.0%
No. of Tenants: 199	



Ekalokasari Plaza
Jalan Siliwangi 123, Bogor, West Java

2015 Appraised Value: S$38.7m	Gross Floor Area: 57,223 sqm
Net Lettable Area: 27,132 sqm	Occupancy Rate: 92.3%
No. of Tenants: 48	

Gajah Mada Plaza
Jalan Gajah Mada, Central Jakarta

2015 Appraised Value: S$77.4m	Gross Floor Area: 66,160 sqm
Net Lettable Area: 36,432 sqm	Occupancy Rate: 75.9%
No. of Tenants: 189	

Istana Plaza
Jalan Pasir Kaliki, Bandung, West Java

2015 Appraised Value: **S$76.0m**	Gross Floor Area: **46,809 sqm**
Net Lettable Area: **26,859 sqm**	Occupancy Rate: **100.0%**
No. of Tenants: **180**	

Mal Lippo Cikarang
Jalan MH Thamrin, Lippo Cikarang, West Java

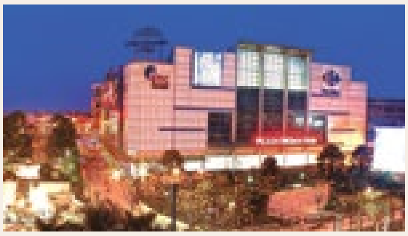
2015 Appraised Value: **S$57.8m**	Gross Floor Area: **39,293 sqm**
Net Lettable Area: **30,247 sqm**	Occupancy Rate: **99.1%**
No. of Tenants: **130**	

The Plaza Semanggi
Jalan Jenderal Sudirman, South Jakarta

2015 Appraised Value: **S$126.9m**	Gross Floor Area: **155,122 sqm**
Net Lettable Area: **64,212 sqm**	Occupancy Rate: **80.2%**
No. of Tenants: **413**	

Sun Plaza
Jalan Haji Zainul Arifin Medan, North Sumatera

2015 Appraised Value: **S$174.5m**	Gross Floor Area: **100,000 sqm**
Net Lettable Area: **64,613 sqm**	Occupancy Rate: **98.3%**
No. of Tenants: **350**	



Plaza Medan Fair
Jalan Jendral Gatot Subroto No.30, Medan Petisah, Medan, North Sumatera

2015 Appraised Value: **S$112.0m**	Gross Floor Area: **125,053 sqm**
Net Lettable Area: **54,776 sqm**	Occupancy Rate: **97.8%**
No. of Tenants: **427**	

Pluit Village
Jalan Pluit Indah Raya, Penjaringan, North Jakarta

2015 Appraised Value: **S$118.1m**	Gross Floor Area: **134,576 sqm**
Net Lettable Area: **87,404 sqm**	Occupancy Rate: **87.7%**
No. of Tenants: **149**	

Lippo Plaza Kramat Jati
Jalan Raya Bogor Km 19, Kramat Jati, East Jakarta

2015 Appraised Value: **S$58.2m**	Gross Floor Area: **67,285 sqm**
Net Lettable Area: **32,628 sqm**	Occupancy Rate: **91.9%**
No. of Tenants: **96**	

Palembang Square Extension
Jalan Angkatan 45/ POM IX. Palembang, South Sumatera

2015 Appraised Value: **S$25.6m**	Gross Floor Area: **22,527 sqm**
Net Lettable Area: **17,392 sqm**	Occupancy Rate: **94.4%**
No. of Tenants: **40**	

Tamini Square
Jalan Raya Taman Mini, East Jakarta

2015 Appraised Value: **S$25.0m**	Gross Floor Area: **18,963 sqm**
Net Lettable Area: **17,475 sqm**	Occupancy Rate: **100.0%**
No. of Tenants: **13**	

Palembang Square
Jalan Angkatan 45/ POM IX. Palembang, South Sumatera

2015 Appraised Value: **S$66.2m**	Gross Floor Area: **46,546 sqm**
Net Lettable Area: **31,641 sqm**	Occupancy Rate: **92.6%**
No. of Tenants: **129**	

Pejaten Village
Jalan Warung Jati Barat, South Jakarta

2015 Appraised Value: **S$99.9m**	Gross Floor Area: **89,157 sqm**
Net Lettable Area: **42,116 sqm**	Occupancy Rate: **99.0%**
No. of Tenants: **142**	

Binjai Supermall
Jalan Soekamo, Hatta No. 14, Binjai, North Sumatera

2015 Appraised Value: **S$27.2m**	Gross Floor Area: **28,760 sqm**
Net Lettable Area: **23,315 sqm**	Occupancy Rate: **93.2%**
No. of Tenants: **80**	

Lippo Mall Kemang
Jalan Kemang VI, South Jakarta

2015 Appraised Value: **S$358.3m**	Gross Floor Area: **150,932 sqm**
Net Lettable Area: **58,251 sqm**	Occupancy Rate: **93.2%**
No. of Tenants: **191**	

Lippo Plaza Batu
Jalan Diponegoro No. RT 07RW05
Batu City, East Java

2015 Appraised Value: **S$79.8m**	Gross Floor Area: **27,636 sqm**
Net Lettable Area: **12,333 sqm**	Occupancy Rate: **98.3%**
No. of Tenants: **45**	

Palembang Icon
Jalan POM IX, Palembang
South Sumatera

2015 Appraised Value: **S$28.0m**	Gross Floor Area: **42,361 sqm**
Net Lettable Area: **35,750 sqm**	Occupancy Rate: **99.3%**
No. of Tenants: **168**	

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
Jalan Margonda Raya, Depok, West Java

Appraised Value 2015:	Net Lettable Area:
S$21.4m	**13,045 sqm**

Current Utilisation:
Hypermart, Matahari Department Store and Timezone

Grand Palladium
Jalan Kapt. Maulana Lubis, Medan, North Sumatera

Appraised Value 2015:	Net Lettable Area:
S$17.9m	**13,417 sqm**

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

Java Supermall
Jalan MT Haryono, Semarang, Central Java

Appraised Value 2015:	Net Lettable Area:
S$20.0m	**11,082 sqm**

Current Utilisation:
Matahari Department Store and Foodmart Supermarket

Malang Town Square
Jalan Veteran, Malang, East Java

Appraised Value 2015:	Net Lettable Area:
S$22.0m	**11,065 sqm**

Current Utilisation:
Hypermart, Matahari Department Store and Timezone

Mall WTC Matahari
Jalan Raya Serpong, Tangerang, Banten
Greater Jakarta

Appraised Value 2015: **S$17.0m**
Net Lettable Area: **11,184 sqm**
Current Utilisation:
Hypermart, Matahari Department Store and Timezone

Metropolis Town Square
Jalan Hartono Raya, Tangerang, Banten
Greater Jakarta

Appraised Value 2015: **S$23.8m**
Net Lettable Area: **15,248 sqm**
Current Utilisation:
Hypermart, Matahari Department Store and Timezone

Plaza Madiun
Jalan Pahlawan, Madiun, East Java

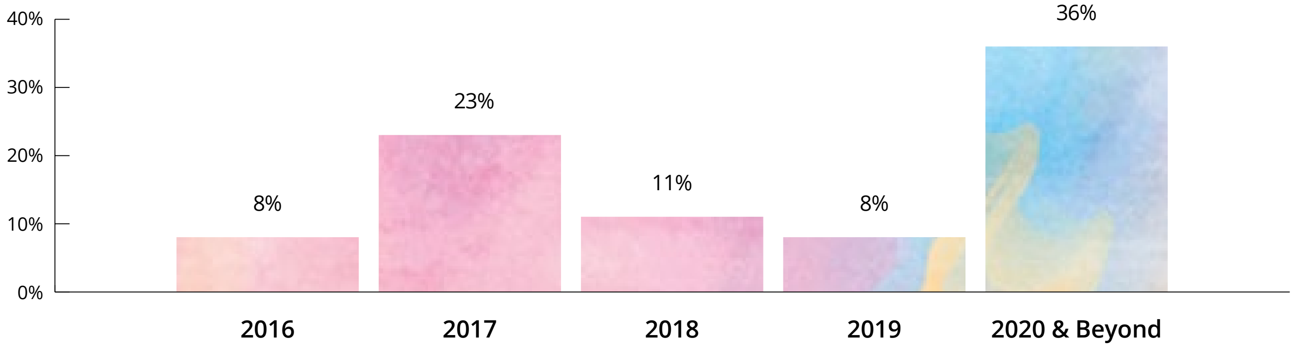
Appraised Value 2015: **S$25.8m**
Net Lettable Area: **19,029 sqm**
Current Utilisation:
Matahari Department Store and Foodmart Supermarket

MANAGER'S REPORT
Operations Review

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 2015 was 4.91 years. For new leases commencing in 2015, the weighted average lease expiry as at 31 December 2015 was 3.83 years and accounted for 16.5% of the gross rental income.

Lease Expiry Profile by NLA as at 31 December 2015



WEIGHTED AVERAGE OCCUPANCY

As of 31 December 2015, LMIR Trust's portfolio occupancy of 94% remained higher than the industry average of 84.7% as reported in Cushman & Wakefield's 4th Quarter 2015 MarketBeat report.

No.	Property	FY2015*	FY2014*
1	Bandung Indah Plaza	99.8%	99.9%
2	Cibubur Junction	99.0%	98.6%
3	Ekalokasari Plaza	92.3%	94.1%
4	Gajah Mada Plaza	75.9%	77.1%
5	Istana Plaza	100.0%	99.7%
6	Mal Lippo Cikarang	99.1%	99.9%
7	The Plaza Semanggi	80.2%	90.3%
8	Sun Plaza	98.3%	97.9%
9	Plaza Medan Fair	97.8%	97.8%
10	Pluit Village	87.7%	87.7%
11	Lippo Plaza Kramat Jati	91.9%	86.8%
12	Palembang Square Extension	94.4%	99.8%
13	Tamini Square	100.0%	100.0%
14	Palembang Square	92.6%	97.4%
15	Pejaten Village	99.0%	99.3%
16	Binjai Supermall	93.2%	90.4%
17	Lippo Mall Kemang	93.2%	93.2%
18	Lippo Plaza Batu**	98.3%	–
19	Palembang Icon**	99.3%	–
A	**Mall Portfolio**	**93.2%**	**93.9%**
B	**Retail Spaces**	**100.0%**	**100.0%**
A+B	**Total Portfolio**	**94.0%**	**94.7%**

* Include temporary leasing
** Newly acquired malls in 2015

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 2015, Food & Beverage remained as the largest contributor to gross rental income at 19.4% while occupying 10.4% of NLA. Fashion stores which occupy 8.6% of NLA are the second largest contributor to gross revenue at 16.6%.

Trade Sectors Breakdown by NLA

	Trade Sector %	Revenue YTD
F & B / Food Court	19.4%	223,323
Fashion	16.6%	190,903
Department Store (Retail Spaces)	10.8%	124,305
Department Store (Retail Malls)	9.5%	109,699
Supermarket / Hypermarket	9.1%	105,069
Other	8.6%	98,621
Services	6.4%	73,297
Electronic / IT	4.3%	49,925
Leisure & Entertainment	3.6%	42,059
Home Furnishing	2.7%	31,338
Sports & Fitness	1.5%	17,115
Jewelry	1.5%	16,955
Optic	1.3%	15,075
Education / School	1.2%	13,901
Books & Stationery	1.2%	13,596
Gifts & Specialty	1.1%	12,441
Hobbies	0.7%	8,194
Toys	0.5%	5,963
Storage	0.1%	627

Trade Sectors Breakdown by Gross Rental Income

	Trade Sector %	sqm
Department Store (Retail Malls)	15.5%	126,368
Supermarket / Hypermarket	14.6%	118,889
Other	12.9%	105,542
Department Store (Retail Spaces)	11.5%	94,070
F & B / Food Court	10.4%	84,848
Fashion	8.6%	70,358
Leisure & Entertainment	7.9%	64,367
Services	4.3%	34,959
Electronic / IT	4.2%	34,074
Home Furnishing	3.0%	24,902
Sports & Fitness	1.8%	14,719
Books & Stationery	1.7%	14,066
Education / School	1.0%	8,307
Optic	0.8%	6,150
Toys	0.5%	4,175
Jewelry	0.5%	3,685
Gifts & Specialty	0.4%	3,470
Hobbies	0.3%	2,613
Storage	0.2%	1,227

KEY ASSET ENHANCEMENT INITIATIVES ("AEIs")

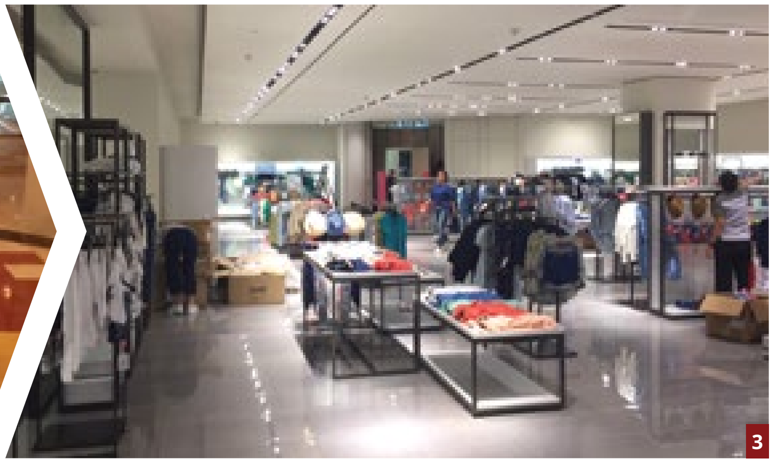
Sun Plaza

Sun Plaza carried out another asset enhancement works in June 2015 to the ground floor and level 1 area at the north entrance and the works are completed and handed over to the tenant in December 2015. This area was previously a mixed zone of food & beverage and fashion tenants with a grand stairway from the entrance. The AEI works has convert the area into leasable unit of 2,540 sqm, adding 316 sqm of net leaseable floor area. The new space is taken up by Zara and it will be the first Zara store in Medan. By bringing in renowned international brands like H&M and Zara into Sun Plaza, Sun Plaza has attracted numerous interests from other international brands to open their stores in the mall.

TOP 10 TENANTS

As at December 2015, LMIR Trust has 3,241 tenants from diverse trade sectors. Collectively, the top 10 largest tenants accounted for 22.5% of the total gross rental income.

S/N	Name of Tenants	% of Gross Rental Income
1	Matahari Department Store	9.4%
2	Hypermart	6.1%
3	Carrefour	3.5%
4	Gramedia	0.7%
5	Solaria	0.5%
6	Fitness First	0.5%
7	Cinema 21	0.5%
8	Electronic Solution	0.5%
9	Giant Supermarket	0.4%
10	Ace Hardware	0.4%



1 Ground Floor before AEI
2 Level 1 before AEI
3 & 4 After AEI, Zara preparing the store for opening

MANAGER'S REPORT
Financial Review

GROSS RENTAL INCOME

Gross Rental Income for the FY2015 was SGD173.0 million, which is 26.3% higher than FY2014. The increase is mainly due to the additions of Lippo Mall Kemang in December 2014, Lippo Plaza Batu and Palembang Icon in July 2015, as well as the positive rental reversion within the existing malls.

NET PROPERTY INCOME

Net property income ("NPI") for FY2015 was at SGD158.6 million, which is SGD32.6 million or 25.8% higher compared to FY2014. This is mainly due to the increase in property operating and maintenance expenses.

Gross Rental Income 2015

	% of Gross Revenue 2015	Year Ended 31 Dec 2015 (S$million)
Bandung Indah Plaza	6.5%	11.2
Cibubur Junction	4.8%	8.2
Ekalokasari Plaza	0.8%	1.4
Gajah Mada Plaza	3.4%	5.9
Istana Plaza	4.9%	8.4
Mal Lippo Cikarang	3.6%	6.2
The Plaza Semanggi	6.8%	11.7
Sun Plaza	9.6%	16.6
Plaza Medan Fair	8.2%	14.1
Pluit Village	6.9%	12.0
Lippo Plaza Kramat Jati	1.9%	3.3
Palembang Square Extension	1.9%	3.3
Tamini Square	1.4%	2.4
Palembang Square	4.0%	6.9
Pejaten Village	6.1%	10.5
Binjai Supermall	1.2%	2.2
Lippo Mall Kemang	17.8%	30.7
Lippo Plaza Batu	0.7%	1.3
Palembang Icon	2.2%	3.8
Depok Town Square	1.0%	1.8
Grand Palladium	0.9%	1.6
Java Supermall	1.0%	1.8
Malang Town Square	1.0%	1.8
Mall WTC Matahari	0.9%	1.6
Metropolis Town Square	1.2%	2.0
Plaza Madiun	1.3%	2.3

Net Property Income 2015

	% of NPI 2015	Year Ended 31 Dec 2015 (S$million)
Bandung Indah Plaza	6.4%	10.1
Cibubur Junction	4.9%	7.9
Ekalokasari Plaza	0.8%	1.3
Gajah Mada Plaza	3.5%	5.5
Istana Plaza	5.1%	8.2
Mal Lippo Cikarang	3.8%	6.0
The Plaza Semanggi	6.9%	10.9
Sun Plaza	9.9%	15.7
Plaza Medan Fair	8.3%	13.1
Pluit Village	6.9%	11.0
Lippo Plaza Kramat Jati	1.8%	2.9
Palembang Square Extension	1.7%	2.7
Tamini Square	1.4%	2.2
Palembang Square	3.0%	4.7
Pejaten Village	6.3%	10.1
Binjai Supermall	1.3%	2.0
Lippo Mall Kemang	17.5%	27.8
Lippo Plaza Batu	0.7%	1.1
Palembang Icon	1.8%	2.8
Depok Town Square	1.1%	1.8
Grand Palladium	1.0%	1.5
Java Supermall	1.1%	1.7
Malang Town Square	1.1%	1.8
Mall WTC Matahari	1.0%	1.5
Metropolis Town Square	1.3%	2.0
Plaza Madiun	1.4%	2.2

DISTRIBUTIONS

Distributable income for FY2015 was at SGD85.6 million, which is an increase of SGD17.5 million or 25.8% compared to FY2014. This is mainly due to the increase in the NPI and the positive hedging gains.

For FY2015, LMIR Trust made distribution of 3.10 cents per unit. This is 0.34 cents (or 12.3%) above FY2014 distribution of 2.76 cents.

ASSETS

The regulatory annual revaluation exercise for LMIR Trust's portfolio was completed on 31 December 2015 which recorded a total revaluation of S$1.83 billion as at 31 December 2015, a decrease of 0.6% compared to S$1.84 billion as at 31 December 2014. Excluding the acquisition assets, the revaluation exercise resulted in a 3.1% decrease in the value of LMIR Trust's pre-acquisition portfolio in Indonesian Rupiah terms.

	2015 Valuation		2014 Valuation	
Property	**IDR'billion**	**SGD'million[1]**	**IDR'billion**	**SGD'million[2]**
Bandung Indah Plaza	801.5	82.6	801.5	85.5
Cibubur Junction	485.3	50.0	492.5	52.5
Ekalokasari Plaza	375.8	38.7	409.0	43.6
Gajah Mada Plaza	751.4	77.4	752.8	80.3
Istana Plaza	737.6	76.0	730.7	78.0
Mal Lippo Cikarang	561.2	57.8	565.0	60.3
The Plaza Semanggi	1,232.2	126.9	1,342.2	143.2
Sun Plaza	1,693.7	174.5	1,680.4	179.3
Plaza Medan Fair	1,087.0	112.0	1,140.6	121.7
Pluit Village	1,146.0	118.1	1,305.1	139.2
Lippo Plaza Kramat Jati	565.0	58.2	573.7	61.2
Palembang Square Extension	248.1	25.6	256.1	27.3
Tamini Square	242.9	25.0	236.3	25.2
Palembang Square	642.6	66.2	641.4	68.4
Pejaten Village	970.0	99.9	958.4	102.2
Binjai Supermall	263.9	27.2	266.6	28.4
Lippo Mall Kemang[3]	3,477.9	358.3	3,640.6	388.4
Lippo Plaza Batu[3]	272.0	28.0	*	*
Palembang Icon[3]	774.8	79.8	*	*
TOTAL RETAIL MALLS	**16,328.9**	**1,682.2**	**15,792.9**	**1,684.7**
Depok Town Square Units	208.1	21.4	207.2	22.1
Grand Palladium Units	173.5	17.9	188.0	20.1
Java Supermall Units	193.7	20.0	192.6	20.5
Malang Town Square Units	213.5	22.0	207.8	22.2
Mall WTC Matahari Units	165.1	17.0	169.7	18.1
Metropolis Town Square Units	230.7	23.8	256.6	27.4
Plaza Madiun Units	250.7	25.8	242.5	25.9
TOTAL RETAIL SPACES	**1,435.3**	**147.9**	**1,464.4**	**156.3**
TOTAL PORTFOLIO	**17,764.2**	**1,830.1**	**17,257.3**	**1,841.0**

1 Exchange Rate (IDR/SGD): 9,707
2 Exchange Rate (IDR/SGD): 9,374
3 Including intangible assets
* Newly acquired malls in 2015

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 to hedge against the floating interest rate of the borrowings of S$145 million.

As at 31 December 2015, more than 85% of LMIR Trust borrowings of S$695 million are on fixed rates.

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.

As at 31 December 2015, the mark to market valuation of the foreign exchange hedges is approximately S$8.2 million.

MODERATE GEARING LEVEL PROVIDES STABILITY IN CURRENT TIGHT CREDIT MARKET

In September 2015, LMIR Trust established a new S$1,000,000,000 Guaranteed Euro Medium Term Securities Programme (EMTS Programme), in addition to an existing S$750,000,000 Guaranteed Euro Medium Term Note Programme (EMTN Programme) it established in July 2012. The new S$1,000,000,000 EMTS Programme allows LMIR Trust to issue notes and/ or perpetual securities from time to time, thereby providing LMIR Trust greater flexibility for its fund raising whenever necessary.

The following notes had been issued under the two Programmes to date :

Amount	Coupon	Maturity Date
$150,000,000	4.250%	4 October 2016
$50,000,000	5.875%	6 July 2017
$75,000,000	4.480%	28 November 2017
$100,000,000	4.500%	23 November 2018
$75,000,000	4.100%	22 June 2020

During the financial year, a S$200 million 6-month bridging loan was drew down to refinance the S$200 million 4.88% p.a. notes due in July 2015. Such bridging loan was subsequently refinanced by issuance of S$100 million notes in November 2015 and a S$100 million 3-year unsecured loan drew down in January 2016.

At the same time, in June 2015, LMIR Trust repaid S$10 million of a S$155 million 4-year loan which was used to part finance the acquisition of Lippo Mall Kemang in December 2014.

As at 31 December 2015, LMIR Trust's gearing ratio stood at 35%**, which is well below the allowed leverage limit of 60% for a REIT with credit rating. Following the Monetary of Singapore's (MAS) regulatory changes to regime governing REITs in Singapore, a REIT is permitted to borrow up to 45.0% of the value of its Deposited Property with effect from 1 January 2016, regardless of whether a credit rating is obtained.

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

** Based on total deposited assets as at 31 December 2015

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 Organizational 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 management, but works independently by submitting its reports to the ARC for review at ARC 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 optimize LMIR Trust's portfolio values and returns.

Some of the key risks are:

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.

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 the Trust to determine actions that need to be taken to manage or mitigate risks as early as possible.

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 2015, more than 85% of LMIR Trust borrowings had been locked into fixed interest rates, through fixed interest rate borrowings (Notes issued under the Programmes) and entering into interest rate swap contracts to hedge against the floating interest rate of the borrowings.

FOREIGN EXCHANGE RISK

LMIR Trust is subject 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 was affected by fluctuations in the past and could be subject to fluctuations in the future. The Manager has a policy to undertake foreign exchange hedging of the expected distributions of LMIR Trust to minimize 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 Dollar to Unitholders.

CREDIT RISK

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

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

Throughout the years, LMIR Trust embraces and advocates social responsibility through various mall activities focusing on social issues such as health awareness, environmental causes and community volunteerism.

LMIR Trust believes that apart from delivering tangible needs to its unitholders and stakeholders, it is imperative that it likewise engages itself to causes to promote and add value to the common good of the local community and the society as a whole.

"SHAVE FOR HOPE"

On 6 September 2015, Lippo Mall Kemang was the venue for the health awareness activity entitled *"Shave for Hope"*. Participated by various local artists and celebrities, the act of shaving their heads symbolised their support for cancer awareness and was aimed at raising donations for the children afflicted with this dreaded disease. *Yayasan Pita Kunin Anak-Indonesia* was the recipient of this year's donations. It is a charity which emphasises the need of the local community to help children afflicted with cancer through collaborative efforts.

Aside from this symbolical act, the event features various musical performances from these local artists and celebrities.

"CARE FOR THE EARTH"

This annual environmental awareness campaign has been one of the pioneer corporate social activities of LMIR Trust malls. Ekalokasari Plaza was selected by the local government to be one of the venues for its pilot program to support a smoke-free zone. This event received accolades from the mayor of Bogor, Indonesia. Further, the mall also initiated a tree-planting drive in conjunction with BASOLIA ***(Badan Sosial Lintas Agama)***, an organisation which distributed various number of seedlings and fingerlings to the local residents to help replenish those plantations that have been destroyed by human activities inimically affecting the environment.

Likewise, Lippo Plaza Batu participated in the yearly "Earth Hour" on 26 April 2015, with the theme, *"Cinta Bumi Ku"* or "I Love My Earth". This event instilled the community's huge responsibility towards mother earth in the light of the current global warming and other environmental issues.

"HELPING HANDS"

Several activities were held in various LMIR Trust malls focusing on the less-fortunate individuals in the local communities. On 30 June 2015, in celebration of Ramadan, Sun Plaza was the venue for the gathering of around 100 orphans.

This event also happened in Plaza Medan Fair where several children from the orphanage together with the mall tenants attended the ***iftar*** or break-fasting. Likewise, on 14 December 2015, children gathered at the mall's main atrium to celebrate Christmas with the theme, ***"Merciful Love"***.

At Lippo Plaza Batu, participants gathered from both orphanages and churches around Batu City, Indonesia for an event entitled, ***"Christmas Carol and Dinner with Santa"***. This was marked with Indonesian dance performances, gift-giving and festive celebrations. In Plaza Medan Fair, the retail mall tenants such as Timezone, Minnie Train and Depo Handuk supported the Christmas activity for the orphans by allowing them to play within the mall area.

Similarly, the yearly blood donations occurred across several LMIR Trust malls such as in Sun Plaza and Plaza Medan Fair. This cause was participated together with other socio-civic organisations like the ***Palang Merah Indonesia*** (Indonesian Red Cross Society) and the Lions Club.

BOARD OF DIRECTORS

1 Mr Albert Saychuan Cheok
Chairman and Independent Non-Executive Director

Mr Cheok graduated from the University of Adelaide, Australia with First Class Honours in Economics. He is a Fellow of the Australian Institute of Certified Public Accountants and has over 30 years of 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. He 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 is the Independent Non-Executive Chairman of Auric Pacific Group Limited, Bowsprit Capital Corporation Limited (the manager of First Real Estate Investment Trust), International Standard Resources Holdings Limited, AcrossAsia Limited and Amplefield Limited. Mr Cheok also holds Independent Non-Executive directorships in HongKong Chinese Limited, Adavale Resources Limited, Macau Chinese Bank Limited and China Aircraft Leasing Group Holdings Limited.

Mr Cheok is a Vice Governor of the Board of Governors of the Malaysian Institute of Corporate Governance.

2 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.

3 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 major 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 G K Goh 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 Fellow of the Institute of Chartered Accountants in England and Wales, also a Fellow of the Institute of Singapore Chartered Accountants. He is a member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and 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 2007.

4 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.

5 **Mr Goh Tiam Lock**
Independent Non-Executive Director

Mr Goh Tiam Lock is an Independent Director of the Manager. Mr Goh 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. Mr Goh is currently a member of the Strata Titles Board, a position 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 legacy firm of Colliers International, and retired from the firm in 1991. He is currently the Managing Director of Lock Property Consultants Pte. Ltd., a position he has held since setting up the practice in 1993, and advises clients on real estate development and management. 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 Centre. He is now a Patron of the Marine Parade Community Club Management Committee.

Mr Goh is an Independent Non-Executive Director of Bowsprit Capital Corporation Ltd, the manager of First Real Estate Investment Trust.

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.

6 **Ketut Budi Wijaya**
Non-Executive Director

Mr Ketut Budi Wijaya was appointed as a Non-Executive Director of the Manager with effect from 1 June 2015. Mr Wijaya graduated with an academy of accountancy in Indonesia in 1982. He brings with him more than 20 years of in-depth expertise in accounting and corporate finance.

During his career, Mr Wijaya held various executive and supervisory positions within the Lippo Group, including PT Matahari Putra Prima Tbk, PT Multipolar Tbk and PT Bank Lippo Tbk. He had also previously worked for Darmawan & Co. Public Accountants and PT Bridgestone Tire Indonesia.

Mr Wijaya is currently a Non-Executive Director of Bowsprit Capital Corporation Ltd, the Manager of First Real Estate Investment Trust. He is also the President Director of PT Lippo Karawaci Tbk, the largest listed property company in Indonesia by total assets and revenue. He is also the President Commissioner of PT Lippo Cikarang Tbk. and PT Gowa Makassar Tourism Development of Tbk., as well as the Commissioner of PT Jababeka Tbk. and other subsidiaries of PT Lippo Karawaci group.

7 **Mr Alvin Cheng Yu Dong**
Executive Director, Chief Executive Officer and Investor Relations Officer

Mr Alvin Cheng joined the Manager in 2010 as the Chief Financial Officer, with more than 25 years of working experience in the banking, transportation and logistics, real estate investments, as well as executive management experience in the Business Trust and the REIT sectors.

Since joining the Manager, Mr Cheng has been a key contributor to the recalibration and transformational plan of LMIR Trust, and was appointed CEO and Executive Director in April 2013. He 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 and corporates in London, Hong Kong and Singapore. Prior to joining the Manager, he was the CEO & Executive Director of 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.

From April 30, 2016, Mr Cheng will be stepping down from the various roles within the Manager to further pursue his personal and professional interests.

MANAGEMENT TEAM

Mr Alvin Cheng Yu Dong
Executive Director, Chief Executive Officer and Investor Relations Officer

For Mr Alvin Cheng's biography, please refer to Page 38 – 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 20 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 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 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. He has prior overseas experience working in India and Indonesia with CapitaLand and PT Farpoint respectively. Previously, in PT. Farpoint and CapitaCommercial Trust Management Limited, he held asset management roles covering a mixed portfolio of office, retail and serviced apartments.

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.

Ms Viven Gouw Sitiabudi
Executive Director

For Ms Viven Gouw Sitiabudi's biography, please refer to Page 36 – the "Board of Directors" section of this report.

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 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.

Mr Agor 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: (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 Ketut Budi Wijaya
Non-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 AND RISK COMMITTEE

Mr Lee Soo Hoon, Phillip (Chairman)
Mr Albert Saychuan Cheok (Member)
Mr Goh Tiam Lock (Member)
Mr Douglas Chew (Member)

NOMINATING AND REMUNERATION COMMITTEE (Established on 15 March 2016)

Mr Albert Saychuan Cheok (Chairman)
Mr Douglas Chew (Member)
Mr Ketut Budi Wijaya (Member)

STOCK EXCHANGE QUOTATION

BBG: LMRT SP
RIC: LMRT.SI

TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
#13-02 HSBC Building
Singapore 049320

UNIT REGISTRAR

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

Tel: (65) 6536 5355
Fax: (65) 6536 1360

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 SECRETARY OF THE MANAGER

Ms Lynn Wan Tiew Leng

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

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 2015. 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 the 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 SFA, and all other relevant legislation, the Listing Manual ("Listing Manual") issued by the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Code on Collective Investment Schemes issued by the 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's 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.

BOARD OF DIRECTORS OF THE MANAGER

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."

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; and

4. reviewing the risks to the assets of LMIR Trust, and acting 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 Constitution of the Manager provides for Board meetings to be held by way of telephone conference and/or video-conference. If required, time is set aside for discussions amongst the non-executive members of the Board without the presence of the 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.

The Board is supported by the Audit and Risk Committee and the Nominating and Remuneration Committee ("Board Committees") in discharging its responsibilities. The Board has delegated specific responsibilities to these Board Committees and their composition and duties are described in this report. While these Board Committees have the authority to examine particular issues in their respective areas, the Board Committees report to the Board with their decisions and recommendations as the ultimate responsibility on all matters lies with the entire Board.

Seven (7) Board meetings were held during the financial year 2015 and the attendance at the Board meetings are set out on page 46 of this Annual Report.

Board Composition

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

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 seven (7) directors and the Board considers this number to be appropriate for the nature and scope of LMIR Trust's operations. They are as follows:

Name of Directors	Nature of Designation	Appointment Date
Mr Albert Saychuan Cheok	Non-Executive Independent Director and Chairman of the Board	29 July 2010
Ms Viven Gouw Sitiabudi	Executive Director	15 June 2007
Mr Lee Soo Hoon, Phillip	Non-Executive Independent Director	4 August 2011
Mr Douglas Chew	Non-Executive Independent Director	Appointed as Non-Executive on 4 August 2011 and as an Independent Director on 26 November 2013.
Mr Goh Tiam Lock	Non-Executive Independent Director	27 September 2011
Mr Alvin Cheng Yu Dong	Executive Director and CEO	27 April 2013
Mr Ketut Budi Wijaya	Non-Executive Director	1 June 2015

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.

Independence of the Board

The Board presently consists of seven (7) directors of which, four are Independent Non-Executive Directors. By this composition, the Manager has complied with the required independence, as set out in the Code.

The independence of each director is reviewed upon appointment and thereafter annually by the Board Committees/Board.

There are no directors who have served on the Board beyond nine (9) years from the date of his/her first appointment.

In the financial year 2015, the Board has determined that Mr Albert Saychuan Cheok, Mr Lee Soo Hoon, Phillip, Mr Goh Tiam Lock and Mr Douglas Chew are independent based on the criteria set out in the Code.

THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

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 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 Independent Director while the Chief Executive Officer (CEO), Mr Alvin Cheng Yu Dong is an Executive Director. This ensures effective oversight and clear segregation of responsibilities. The Chairman and the CEO 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 CEO 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 LMIR Trust's vision.

Principle 12: "The Board should establish an Audit Committee with written terms and reference which clearly set out its authority and duties."

AUDIT AND RISK COMMITTEE ("ARC")

The ARC is appointed by the Board from among the directors and comprises four (4) 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)
Mr Douglas Chew*	(Non-Executive and Independent)

(*appointed as a member of the ARC on 27 July 2015)

The role of the ARC is to monitor and evaluate the effectiveness of the Manager's internal controls. The ARC also 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 and compliance 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;

- 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 payable to external auditors for FY 2015 was S$450,000, of which audit fees amounted to S$342,000 and non-audit fees amounted to S$108,000, respectively.

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. A member firm of RSM International of which RSM Chio Lim LLP is a member, audited the foreign subsidiaries. LMIR Trust has complied with Rules 712 and 715 of the Listing Manual issued by the SGX-ST in relation to its auditors.

The ARC meets with the external auditors as well as the internal auditors without the presence of Management, at least once a year. In the financial year ended 31 December 2015, the ARC was briefed on the key changes to the Companies Act and Financial Reporting Standards and the implications on LMIR Trust. The ARC was also briefed on MAS' response to feedback received on the consultation paper on enhancements to the regulatory regime governing REITs and REIT managers.

The re-appointment of the external auditors will be subject to approval by way of an ordinary resolution of Unitholders at LMIR Trust's Seventh Annual General Meeting, to be held on 22 April 2016.

Four (4) ARC meetings were held during the financial year ended 2015.

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

	Board Meetings	**Audit and Risk Committee Meetings**
Name of Directors / Audit and Risk Committee Members	**Attendance / No. of meetings held**	**Attendance / No. of meetings held**
Mr Albert Saychuan Cheok	7/7	4/4
Ms Viven Gouw Sitiabudi	7/7	NA
Mr Lee Soo Hoon, Phillip	7/7	4/4
Mr Douglas Chew	7/7	2/4*
Mr Goh Tiam Lock	7/7	4/4
Mr Alvin Cheng Yu Dong	7/7	NA
Mr Ketut Budi Wijaya	4/7**	NA

*appointed as an ARC member on 27 July 2015.

**appointed as a member of the Board on 1 June 2015.

Board Membership

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

NOMINATING AND REMUNERATION COMMITTEE ("NRC")

The Nominating and Remuneration Committee ("NRC") was established on 15 March 2016. The NRC comprises three members, a majority of whom (including the Chairman of the NRC) are Independent Directors and all of whom are Non-Executive Directors:-

Mr Albert Saychuan Cheok (Chairman) (Independent Non-Executive Director)

Mr Ketut Budi Wijaya (Member) (Non-Executive Director)

Mr Douglas Chew (Member) (Independent Non-Executive Director)

The role of the NRC shall be, among others:

(1) To review the size, structure and composition of the Board and to recommend membership of the Board and its committees;

(2) To search for suitable candidates for the Board and recommend director(s) for appointment;

(3) To formulate succession planning for the Chairman of the Board, CEO and other director(s);

(4) To determine the independence of each director;

(5) To assist the Board in developing and administering a transparent and fair procedure for setting the remuneration policy of directors and executive management;

(6) To determine remuneration packages of the directors and executive management and to recommend such to the shareholders of the Manager for approval; and

(7) To undertake such other acts in relation to the above.

The duties of the NRC are, among others:

(1) To make recommendations to the Board on the appointment and re-appointment of Executive and Non-Executive Directors including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Director and between Independent and Non-Independent Director appointed to the Board;

(2) To regularly review the Board structure, size and composition and whether there is sufficient independent element on the Board having regard to the scope and nature of the operations and the core competencies of the director as a group. The NRC shall make recommendations to the Board with regards to any adjustments that may be deemed necessary to ensure that the mix of skills and experience of the directors continue to meet the needs of the Manager;

(3) To review, assess and recommend nominee(s) or candidate(s) for appointment or election to the Board, having regard to his/her qualifications, competency and whether or not he/she is independent and in the case of a re-nomination, his/her past contribution and performance on the Board. The nominee(s) or candidate(s) shall satisfy the fit and proper criteria set out in the guidelines issued by the MAS to hold such office;

(4) To review and submit its recommendations for endorsement by the entire Board, a general framework of remuneration for the Board and key management personnel, including the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company ("Key Management Personnel"). Such framework should cover all aspects of remuneration including but not limited to director's fees, salaries, allowances, bonuses, options, unit-based incentives and awards and benefits-in-kind;

(5) To review and recommend to the Board the specific remuneration packages and terms of employment (where applicable) for each director, the CEO and Key Management Personnel; and

(6) To review and submit its recommendations for endorsement by the entire Board, unit-based incentives or awards or any long term incentive schemes which may be set up from time to time, in particular to review whether the directors and Key Management Personnel should be eligible for such schemes and also to evaluate the costs and benefits of such schemes and to do all acts necessary in connection therewith.

The NRC was only established on 15 March 2016 and will be performing the responsibilities set out above going forward. Prior to the establishment of the NRC, the Board performed the functions of a nominating and remuneration committee.

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.

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 Trust and the Manager 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 Trust and the Manager, as well as the relevant expertise of the candidates and their potential contributions. Candidates may be put forward or sought through contacts and recommendations.

Guideline 4.4 of the Code recommends that the Board determines the number of listed company board representations which any director may hold and disclose this in the annual report. The Board has determined that a director may hold a maximum of ten (10) listed company board representation. Notwithstanding 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 directorships of the directors is considered by taking into account other factors such as but not limited to regular attendance at the Board meetings, prompt discharge of their duties and responsibilities and ability to deliver on matters needing the directors' advice, proposal and recommendations to the Manager.

Board's induction and training

Upon appointment, a Director is provided with a formal letter of appointment as well as information on matters relating to the role of a director. All directors on appointment will be required to undertake an induction programme to familiarise themselves with the Manager'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 LMIR Trust's properties and to facilitate better understanding of the operations of LMIR Trust and its subsidiaries ("LMIR Trust Group").

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 LMIR 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 (SID), Singapore Business Federation and by audit firms on accounting issues, corporate governance as well as other related matters. During the financial year 2015, the Directors received or attended several trainings/conferences such as those sponsored by the SID namely, *"Noble Group: the Saga and its Lessons, "Launch of Nominating Committee Guide"* and *"the Sixth Annual SID Directors' Conference"*.

Board Performance and Evaluation

Principle 5: "There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board."

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 CEO, provides a healthy professional relationship between the Board and Management, with clarity of roles and robust oversight as they deliberate on the 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 their 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, rather than by formal measures of assessment. The Board was also able to assess the Board Committees through their regular reports to the Board on their activities.

ACCESS TO INFORMATION AND ACCOUNTABILITY

Principle 6: "In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to the board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities."

Principle 10: "The Board should present a balanced and understandable assessment of the Company's performance, position and prospects."

The Manager provides 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.

The Manager's policy is to furnish the directors with board papers at least five days prior to Board meetings in order to give them ample time to prepare for the Board meetings. This will enable them to peruse the contents of the reports and papers to be presented during the Board meetings 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 in a timely manner 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 LMIR Trust are likewise provided. Prompt communication to the directors (other than Board meetings) is made through several mediums such as email, teleconferencing and video conference.

The Board also has access to independent professional advice where appropriate, and at the Manager's expense. 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.

REMUNERATION MATTERS

Principle 7: "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."

Principle 8: "The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, Companies should avoid paying more than is necessary for this purpose."

Principle 9: "Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance."

See preliminary comment under Principle 4 relating to the detailed discussion on the formation of NRC.

Since the NRC was only established on 15 March 2016, the NRC will establish a framework of remuneration for the Board and Management going forward, and will review and recommend to the Board the specific remuneration packages for each director as well as for Key Management Personnel. The NRC will seek to structure the remuneration of management so as to link rewards to performance to be aligned with the interests of Unitholders and promote the long term success of LMIR Trust. The NRC may seek expert advice from remuneration consultants on remuneration matters, taking into account benchmarking within the industry.

For FY 2015, the remuneration for each Independent Director takes into account the relevant directors' contribution and responsibilities, including attendance and time spent at Board and Board Committee meetings. The remuneration framework for Independent Directors consists of a base fee for membership on the Board, chairing the Board, fees for membership on Board Committees and chairing Board Committees and attendance fees for offsite meetings. All Non-Independent Directors, including Mr Ketut Budi Wijaya, Non-Executive Director, Mr Alvin Cheng Yu Dong, Executive Director and CEO, and Ms Viven Sitiabudi, Executive Director, do not receive any director's fees.

Remuneration of Non-Executive Directors for FY 2015

	Director's Fees (S$)
Mr Albert Saychuan Cheok	120,625
Mr Lee Soon Hoon, Phillip	70,000
Mr Douglas Chew	62,500
Mr Goh Tiam Lock	62,500

The remuneration and terms of appointment of Mr Alvin Cheng Yu Dong, Executive Director and CEO, and Ms Viven Sitiabudi, Executive Director, were negotiated and endorsed by the Board. The aggregate remuneration received by Mr Alvin Cheng Yu Dong and Ms Viven Sitiabudi include fixed salary, performance bonus and other benefits. The performance bonus and increment are based on an annual appraisal. In particular, the performance bonus is linked to the stability and performance of the net property income, distributable amount and distribution per unit of LMIR Trust over the preceding year and as such it is in alignment with the performance of LMIR Trust and the interests of Unitholders. For the avoidance of doubt, Mr Alvin Cheng Yu Dong and Ms Viven Sitiabudi were not involved in the decision of the Board on their own remuneration. A breakdown in percentage of the aggregate remuneration of Mr Alvin Cheng Yu Dong and Ms Viven Sitiabudi are set out below:

Remuneration of Executive Directors for FY 2015

	Salary	Bonus	Allowances and Benefits	Total
Between S$500,000 to S$750,000				
Mr Alvin Cheng Yu Dong	73%	27%	0%	100%
Between S$250,000 to S$500,000				
Ms Viven Sitiabudi	40%	45%	15%	100%

The Manager is aware of the Code's requirement to disclose the exact quantum of the remuneration of the CEO. The Board has assessed and decided against the disclosure of the exact quantum of the CEO and directors and has instead disclosed the remuneration of the CEO and directors in bands of S$250,000. The Manager believes that such disclosure is sufficient for providing greater transparency to Unitholders without prejudicing the interest of Unitholders. In view of the highly competitive REIT management industry, the Manager believes that opting not to disclose the exact quantum of the remuneration of the CEO and the Executive Director will minimise the risk of potential staff movements and loss of key personnel which would cause undue disruptions to the management of LMIR Trust and which would not be in the interests of Unitholders.

The Manager's compensation framework for all employees (including key management) comprises fixed salary, performance bonuses and benefits which mainly consist of employer's contribution to the Central Provident Fund. The Manager does not have any employee shares or units scheme. The performance bonus and increment are based on an annual appraisal of each individual employee of the Manager. In particular, the performance bonus is linked to the contributions to stability and performance of the net property income, distributable amount and distribution per unit of LMIR Trust over the preceding year and as such it is in alignment with the performance of LMIR Trust and the interests of Unitholders. A breakdown in percentage of the aggregate remuneration of executive officers is set below:

Remuneration of Key Management Personnel for FY 2015

	Salary	Bonus	Allowance	Total
Between S$250,000 to S$500,000				
Mr Lo Shye Ru	76%	20%	4%	100%
Below S$250,000				
Mr Wong Han Siang	67%	26%	7%	100%
Mr Teo Kah Ming	68%	23%	9%	100%
Mr Cesar Agor	76%	24%	0%	100%

The Code also encourages the Manager to disclose the remuneration of the Manager's top five key management personnel (who are not directors or the CEO) on a named basis in bands of S$250,000; as well as the aggregate remuneration paid to the said Key Management Personnel. The Board has identified only four Key Management Personnel because these four executives have the authority and responsibility to assist the CEO in planning, directing and controlling the activities of the Manager. Due to the wage disparities in the highly competitive REIT management industry and the likely competitive pressures, the Board has decided against the disclosure of the aggregate remuneration paid to the key management personnel. The Board is of the view that the disadvantage of such disclosure in term of risk of potential staff movement and loss of key personnel will outweigh the benefits to Unitholders.

There were no employees of the Manager and its subsidiaries who were immediate family members of a Director or the CEO in FY 2015. "Immediate family member' refers to the spouse, child, adopted child, step-child, sibling or parent.

INTERNAL AUDIT AND MANAGEMENT OF BUSINESS RISKS

Principle 11: "The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives."

Principle 13: "The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits."

INTERNAL CONTROLS AND 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 the 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 units 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.

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.

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.

In the financial year under review, the internal auditors conducted audit reviews based on the internal audit plan approved by the ARC and had unfettered access to all the documents, records, properties and personnel of the Manager, including access to ARC. Upon completion of each audit assignment, the internal auditors report their findings and recommendations to Management who would respond on the actions to be taken. The internal auditors submit quarterly internal audit reports to the ARC for deliberation and also validate the follow up actions taken by management on the audit findings.

For the financial year under review, the CEO and the Chief Financial Officer ("CFO") 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.

Based on the internal controls established and maintained, reviews performed by internal and external auditors, reviews performed by Management and the ARC, and assurance from the CEO and the CFO of the Manager, the Board with the concurrence of the ARC, is of the opinion that LMIR Trust Group's internal controls, addressing financial, operational, compliance and information technology risks, were adequate and effective as at 31 December 2015.

The Board notes that the system of risk management and internal controls provides reasonable, but not absolute, assurance, that LMIR Trust Group, will not be adversely affected by any event that could be reasonably foreseen or anticipated, as it works to achieve its business objectives. In this regard, the Board also notes that no system of risk management and internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities.

COMMUNICATION WITH UNITHOLDERS AND INVESTORS

Principle 14: "Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements."

Principle 15: "Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders."

Principle 16: "Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company."

The Listing Manual requires that a listed entity discloses 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, through its Investor Relations Officer, also uses other channels of communication with Unitholders and investors to keep them informed of corporate developments such as:

- Analysts' briefings subsequent to announcement of quarterly results;
- 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.

Unitholders are accorded the opportunity to raise relevant questions on LMIR Trust's business activities, financial performance and other business matters and to communicate their views at the general meetings. The Directors, Chairmen of the Board Committees, representative(s) of the Trustee, external auditors, independent financial advisers and legal counsels attend the annual or extra ordinary general meetings to address the Unitholders' queries. Unitholders are encouraged to participate in the question and answer sessions, whereby minutes of the proceedings, including any substantial queries raised by Unitholders in relation to the agenda and the accompanying responses from the Board and the Management are subsequently recorded, prepared and minuted.

As recommended by the Code, all resolutions at general meetings are voted on by way of poll and Unitholders are informed of the voting rules and procedures. This allows all Unitholders present or represented at the meetings to vote on a one-Unit-one-vote basis. There are separate resolutions at the Unitholders' meetings on each substantially separate issue. Resolutions are not "bundled" unless resolutions are interdependent and linked so as to form one significant proposal. The voting results of all votes cast for or against each resolution with the respective percentages are announced at the meeting and on the SGXNET after the meeting.

ADDITIONAL INFORMATION

DEALINGS IN LMIR TRUST UNITS

The Board has adopted a code of conduct to provide guidance to its Directors and officers on 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 regulations 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.

FEES PAYABLE TO THE MANAGER

Under the revised Code of Collective Investment Scheme (the "CIS Code") issued by MAS which took effect on 1 January 2016, where fees are payable out of the deposited property of a property fund, the methodology and justifications for each type of fees payable should be disclosed. The methodology for computing the fees payable to the Manager is contained in Clause 15 of the Trust Deed (as amended), details of which are disclosed under Notes to Financial Statements.

The management fees, which are contained in Clause 15.1 of the Trust Deed, are fees earned by the Manager for the management of LMIR Trust's portfolio. The management fees should be viewed holistically as a whole which comprise three components, namely the Base Fee, the Performance Fee and the Authorised Investment Management Fee, which are elaborated further below:

BASE FEE

In relation to the authorised investments in the nature of real estate whether held by LMIR Trust, or indirectly through one or more special purpose vehicles of LMIR Trust, the Manager shall be entitled to receive for its own account out of all the assets of LMIR Trust for the time being held or deemed to be held upon the trusts of the Trust Deed (the "Deposited Property") the Base Fee, being a fee not exceeding the rate of 0.25% per annum of the value of the Deposited Property (excluding those authorised investments not in the nature of real estate, whether directly held by LMIR Trust or indirectly through one or more special purpose vehicles) (Clause 15.1.3 of the Trust Deed).

The Base Fee represents the remuneration to the Manager for executing its core responsibility and it compensates the Manager for the costs incurred in managing LMIR Trust, which includes day-to-day operational costs, compliance costs and costs incurred in managing and monitoring the portfolio. The base fee is calculated at a fixed percentage of asset value as the scope of the Manager's duties is commensurate with the size of LMIR Trust's asset portfolio.

PERFORMANCE FEE

In relation to the authorised investments in the nature of real estate whether held by LMIR Trust, or indirectly through one or more special purpose vehicles of LMIR Trust, the Manager shall be entitled to receive for its own account out of the Deposited Property the Performance Fee, being a fee equal to a rate of 4.0% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the Net Property Income (as defined in the Trust Deed) for each financial year (calculated before accounting for the Performance Fee in that financial year) (Clause 15.1.4 of the Trust Deed).

The Performance Fee, which is based on the objective benchmark of Net Property Income, aligns the interests of the Manager with Unitholders as the Manager is motivated and incentivised to enhance Net Property Income and achieve income stability by ensuring the long-term sustainability of the assets through proactive asset management strategies and asset enhancement initiatives. Therefore, to achieve sustainability in LMIR Trust's Net Property Income, the Manager is dis-incentivised from taking on excessive short-term risks, and will strive to manage LMIR Trust in a balanced manner. The pegging of the Performance Fee to Net Property Income also aligns the interests of the Manager with the interests of Unitholders as the compensation to the Manager commensurates with the value that the Manager delivers to the Unitholders in the form of distributable income, which is derived from the Net Property Income.

AUTHORISED INVESTMENT MANAGEMENT FEE

In relation to the authorised investments not in the nature of real estate whether held by LMIR Trust, or indirectly through one or more special purpose vehicles of LMIR Trust, the Manager shall be entitled to receive for its own account out of the Deposited Property (excluding those authorised investments in the nature of real estate, whether directly held by LMIR Trust or indirectly through one or more special purpose vehicles) the Authorised Investment Management Fee, being a fee equal to a rate of 0.5% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the investment value of such authorised investment (Clause 15.1.5 of the Trust Deed).

The Authorised Investment Management Fee serves the same function as the Base Fee to compensate the Manager should LMIR Trust invest in any authorised investments which are not in the nature of real estate. LMIR Trust does not currently hold any such authorised investments and no Authorised Investment Management Fee was payable for FY 2015.

FORM AND TIME OF PAYMENT OF MANAGEMENT FEE

Pursuant to Clause 15.1.7 of the Trust Deed, the management fees will be paid in the form of cash and/or Units (as the Manager may elect). The management fees payable in Units will be issued at the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for (a) (in the case of the Base Fee and the Authorised Investment Management Fee) the last 10 Business Days (as defined in the Trust Deed) of the relevant period in which such fee accrues and (b) (in the case of the Performance Fee) the last 10 Business Days of the relevant financial year.

For FY 2015, the management fees are payable quarterly in arrears and the breakdown of the management fees was as follows:

	Group and LMIR Trust	
	2015	2014
	$'000	$'000
Base fees	4,823	4,368
Performance fees	6,343	5,040
	11,166	9,408

With effect from 1 January 2016, under Appendix 6 of the CIS Code (the "Property Funds Guidelines"), crystallisation of the annual performance fee has been revised to be no more frequent than once a year. Accordingly, from FY 2016 onwards, the Manager's Performance Fee will be payable once a year after completion of the audited financial statements for the relevant financial year in arrears.

ACQUISITION FEE

Pursuant to Clause 15.2.1 of the Trust Deed, the Manager is entitled to receive an Acquisition Fee at the rate of 1.0% of the purchase price paid for any authorised investment acquired by LMIR Trust. The Acquisition Fee is earned by the Manager upon the completion of an acquisition. This fee seeks to motivate and compensate the Manager for its efforts expended to continually seek out and acquire DPU accretive assets to increase longer term returns for Unitholders. In addition, the Acquisition Fee allows the Manager to recover the additional costs and resources incurred by the Manager in the course of seeking out new acquisition opportunities, including but not limited to, due diligence efforts and man-hours spent in evaluating and structuring the transaction, negotiating transaction terms and documentation with the vendor and working with professional advisers and regulatory authorities to seek the necessary regulatory approvals and/or approval from Unitholders (where required).

Subject to the Property Funds Guidelines, the Acquisition Fee shall be paid to the Manager in the form of cash and/or Units (as the Manager may elect, such election to be irrevocable and made prior to the payment of the Acquisition Fee. The Acquisition Fee is payable as soon as practicable after the completion of the acquisition. As required by the Property Funds Guidelines, when paid in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the Acquisition Fee at the issue price of Units issued to finance or part finance the acquisition in respect of which the Acquisition Fee is payable or, where Units are not issued to finance or part finance the acquisition, the prevailing market price at the time of issue of such Units as determined under the Trust Deed, which should not be sold for a period of one year from their date of issuance.

DIVESTMENT FEE

Pursuant to Clause 15.2.1 of the Trust Deed, the Manager is entitled to receive a Divestment Fee at the rate of 0.5% of the sale price of any authorised investment sold or divested by LMIR Trust. The Divestment Fee is earned by the Manager upon the successful completion of a divestment. This fee seeks to motivate and compensate the Manager for the time, cost and effort spent in rebalancing and unlocking value of the existing portfolio. In undertaking a proposed divestment, the Manager is expected to spend time and effort in negotiating with the prospective purchaser, structuring the divestment and working with professional advisers and regulatory authorities to seek the necessary regulatory approvals and/or approval from Unitholders (where required).

Subject to the Property Funds Guidelines, the Divestment Fee shall be paid to the Manager in the form of cash and/or Units (as the Manager may elect, such election to be irrevocable and made prior to the payment of Divestment Fee). The Divestment Fee is payable as soon as practicable after completion of the sale or disposal. As required by the Property Funds Guidelines, when paid in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the Divestment Fee at the prevailing market price at the time of issue of such Units as determined under Trust Deed, which should not be sold for a period of one year from their date of issuance.

The Acquisition Fee is higher than the Divestment Fee because there is additional work required to be undertaken in terms of sourcing, evaluating and conducting due diligence for an acquisition, as compared to a divestment. The Manager provides these services over and above the provision of ongoing management services with the aim of enhancing long-term returns, income sustainability and achieving the investment objectives of LMIR Trust.

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 LMIR 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

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

- 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 is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on an arm's length basis and on normal commercial terms, are not prejudicial to the interests of LMIR Trust and the Unitholders, and are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question. Further, the Trustee (as trustee of LMIR Trust) has the ultimate discretion under the Trust Deed to decide whether or not to enter into a Related Party Transaction. If the Trustee (as trustee of LMIR Trust) is to sign any Related Party Transaction contract, the Trustee will review the contract to ensure that it complies with the requirements relating to Related Party Transaction as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to real estate investment trusts.

Role of the Audit and Risk Committee for Related Party Transactions

All Related Party Transactions are 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 interests of Unitholders.

The Manager maintains 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 incorporates 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 is required to abstain from participating in the review and approval process in relation to that transaction.

FINANCIAL CONTENTS

REPORT OF THE TRUSTEE

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") of units in the Trust (the "Units"). 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 covered by these financial statements, set out on pages 63 to 144 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

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Esther Fong
Senior Vice President, Trustee Services

Singapore

22 March 2016

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 63 to 144 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 positions of the Group and of the Trust and the portfolio of the Group as at 31 December 2015, the total return, 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 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 and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
LMIRT Management Ltd

....
Alvin Cheng Yu Dong
Director

Singapore

22 March 2016

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 63 to 144 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 2015, 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 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 about 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 positions of the Group and of the Trust as at 31 December 2015, and the total return, distribution, 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

22 March 2016

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

STATEMENTS OF TOTAL RETURN

YEAR ENDED 31 DECEMBER 2015

		Group		Trust	
	Notes	2015	2014	2015	2014
		$'000	$'000	$'000	$'000
Gross revenue	4	173,004	136,985	98,584	81,564
Property operating expenses	5	(14,439)	(10,978)	–	–
Net property income		158,565	126,007	98,584	81,564
Interest income		2,201	2,925	27	541
Other gains	6	77	642	82	558
Manager's management fees	7	(11,166)	(9,408)	(11,166)	(9,408)
Trustee's fees		(335)	(300)	(335)	(300)
Finance costs	8	(44,408)	(34,409)	(48,336)	(34,583)
Other expenses	9	(2,233)	(1,355)	(2,021)	(1,265)
Net income before the undernoted		102,701	84,102	36,835	37,107
(Decrease)/increase in fair values of investment properties	14	(53,316)	4,536	–	–
Impairment loss on investments in subsidiaries	16	–	–	(49,378)	–
Realised gains on derivative financial instruments		10,813	7,454	10,813	7,454
Increase in fair values of derivative financial instruments	26	1,219	221	1,219	221
Realised foreign exchange adjustment losses		(5,650)	(5,035)	(5,992)	(5,221)
Unrealised foreign exchange adjustment (losses)/gains		(116)	(1,363)	(2,926)	2,869
Amortisation of intangible assets	15	(11,374)	–	–	–
Total return/(loss) for the year before income tax		44,277	89,915	(9,429)	42,430
Income tax (expenses)/income	10	(17,829)	(26,093)	658	(367)
Total return/(loss) for the year after income tax		26,448	63,822	(8,771)	42,063
Other comprehensive (loss)/return:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations, net of tax		(55,240)	52,467	–	–
Total comprehensive (loss)/return		(28,792)	116,289	(8,771)	42,063
		Cents	Cents		
Earnings per unit in cents					
Basic and diluted earnings per unit	11	0.96	2.59		

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

STATEMENTS OF DISTRIBUTION

YEAR ENDED 31 DECEMBER 2015

	Group		Trust	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Total return/(loss) for the year after income tax	26,448	63,822	(8,771)	42,063
Add: net adjustments (Note A below)	59,105	4,192	94,324	25,951
Income available for distribution to Unitholders	85,553	68,014	85,553	68,014
Distributions to Unitholders:				
Total interim distribution paid in the year ended 31 December (Note 12)	62,863	50,419	62,863	50,419
Total return available for distribution to Unitholders for the quarter ended 31 December paid after year-end (Note 12)	22,690	17,595	22,690	17,595
	85,553	68,014	85,553	68,014
Unitholders' distribution:				
- As distribution from operations	53,044	46,460	53,044	46,460
- As distribution of Unitholders' capital contribution	32,509	21,554	32,509	21,554
	85,553	68,014	85,553	68,014
Note A				
Net adjustments:				
Decrease/(increase) in fair values of investment properties, net of deferred tax	41,433	(2,716)	–	–
Manager's management fees settled in units	6,343	5,040	6,343	5,040
Depreciation of plant and equipment	1,058	726	–	–
Increase in fair values of derivative financial instruments	(1,219)	(221)	(1,219)	(221)
Unrealised foreign exchange adjustment losses/(gains)	116	1,363	2,926	(2,869)
Amortisation of intangible assets	11,374	–	–	–
Capital repayment of shareholders' loans	–	–	32,509	21,554
Exchange differences arising from recognising dividend income	–	–	2,309	1,063
Impairment loss on investments in subsidiaries	–	–	49,378	–
Allocation of realised exchange differences to capital repayment of shareholders' loans	–	–	3,784	(2,419)
Other adjustments [1]	–	–	(1,706)	3,803
	59,105	4,192	94,324	25,951

[1] Including income not distributed to the Trust of $1,828,000 (2014: $2,279,000) due to foreign exchange differences.

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Notes	Group 2015	Group 2014	Trust 2015	Trust 2014
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Plant and equipment	13	5,337	4,908	–	–
Investment properties	14	1,804,930	1,806,944	–	–
Derivative financial instruments, non-current	26	1,906	–	1,906	–
Intangible assets	15	25,112	34,033	–	–
Investments in subsidiaries	16	–	–	1,746,570	1,723,517
Total non-current assets		1,837,285	1,845,885	1,748,476	1,723,517
Current assets					
Trade and other receivables	17	19,758	19,893	189,369	192,095
Other assets	18	50,111	47,675	62	6
Derivative financial instruments, current	26	–	116	–	116
Cash and cash equivalents	19	80,590	103,920	22,554	18,589
Total current assets		150,459	171,604	211,985	210,806
Total assets		1,987,744	2,017,489	1,960,461	1,934,323
UNITHOLDERS' FUNDS AND LIABILITIES					
Unitholders' funds					
Issued equity		1,392,034	1,357,399	1,392,034	1,357,399
Retained earnings/(accumulated losses)		237,593	291,603	(273,310)	(184,081)
Foreign currency translation reserve (adverse balance)		(554,512)	(499,272)	–	–
Total Unitholders' funds	20	1,075,115	1,149,730	1,118,724	1,173,318
Non-current liabilities					
Deferred tax liabilities	10	39,224	51,107	–	–
Other financial liabilities, non-current	22	439,491	425,365	141,930	151,473
Other liabilities, non-current	23	83,306	86,009	–	–
Derivative financial instruments, non-current	26	687	–	687	–
Total non-current liabilities		562,708	562,481	142,617	151,473
Current liabilities					
Income tax payable		6,871	6,538	–	466
Trade and other payables, current	24	60,205	70,982	699,120	608,920
Other financial liabilities, current	22	249,521	198,994	–	–
Other liabilities, current	25	33,324	28,618	–	–
Derivative financial instruments, current	26	–	146	–	146
Total current liabilities		349,921	305,278	699,120	609,532
Total liabilities		912,629	867,759	841,737	761,005
Total Unitholders' funds and liabilities		1,987,744	2,017,489	1,960,461	1,934,323
		Cents	Cents	Cents	Cents
Net asset value per unit in cents	20	38.43	42.55	39.99	43.43

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

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2015

	Group		Trust	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Total Unitholders' funds at beginning of the year	1,149,730	1,009,551	1,173,318	1,107,365
Operations				
Total return/(loss) for the year	26,448	63,822	(8,771)	42,063
Unitholders' contributions				
Issuance of new units net of related costs (Note 20)	24,965	83,145	24,965	83,145
Manager's management fees settled in units	6,050	4,969	6,050	4,969
Manager's acquisition fees settled in units	3,620	–	3,620	–
Change in net assets resulting from creation of units	34,635	88,114	34,635	88,114
Distributions (Note 12)	(80,458)	(64,224)	(80,458)	(64,224)
Total increase in net assets before movements in foreign currency translation reserve	1,130,355	1,097,263	1,118,724	1,173,318
Foreign currency translation reserve				
Net movement in other comprehensive (loss)/income	(55,240)	52,467	–	–
Total Unitholders' funds at end of the year	1,075,115	1,149,730	1,118,724	1,173,318

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

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015

	Group	
	2015	2014
	$'000	$'000
Cash flows from operating activities		
Total return before tax	44,277	89,915
Adjustments for:		
Interest income	(2,201)	(2,925)
Interest expense	38,808	29,767
Amortisation of borrowing costs	5,600	4,642
Depreciation of plant and equipment	1,058	726
Amortisation of intangible assets	11,374	–
Decrease/(increase) in fair values of investment properties	53,316	(4,536)
Fair value gains on derivative financial instruments	(1,219)	(221)
Unrealised foreign exchange adjustment losses	116	1,363
Manager's management fees settled in units	6,343	5,040
Operating cash flows before changes in working capital	157,472	123,771
Trade and other receivables	(2,383)	(5,755)
Other assets	4,072	(35,275)
Trade and other payables	(9,919)	42,726
Other liabilities, current	5,688	3,329
Net cash flows from operations before tax	154,930	128,796
Income tax paid	(29,584)	(26,598)
Net cash flows from operating activities	125,346	102,198
Cash flows from investing activities		
Acquisition of investment properties (1)	(79,359)	(317,000)
Capital expenditure on investment properties	(8,220)	(5,654)
Purchase of plant and equipment	(1,648)	(2,232)
Interest received	2,201	2,925
Net cash flows used in investing activities	(87,026)	(321,961)
Cash flows from financing activities		
Repayment of bank borrowings	(110,000)	(147,500)
Proceeds from bank borrowings	200,000	155,000
Repayment of notes issued under EMTN	(200,000)	–
Proceeds from notes issued under Programmes	175,000	–
Net proceeds from issuance of new units (1)	–	38,145
Distributions to Unitholders	(80,458)	(64,224)
Other financial liabilities, current (2)	(5,219)	(3,699)
Other financial liabilities, non-current (2)	(874)	–
Other liabilities, non-current	248	3,649
Interest paid	(38,808)	(29,767)
Net cash flows used in financing activities	(60,111)	(48,396)

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

STATEMENT OF CASH FLOWS (CONT'D)

YEAR ENDED 31 DECEMBER 2015

	Group	
	2015	2014
	$'000	$'000
Net decrease in cash and cash equivalents	(21,791)	(268,159)
Effect of exchange rate changes on cash and cash equivalents	(1,539)	1,368
Cash and cash equivalents, statement of cash flows, beginning balance	102,420	369,211
Cash and cash equivalents, statement of cash flows, ending balance (Note 19)	79,090	102,420

(1) Acquisition of investment properties in 2015 are in relation to the acquisition of Palembang Icon and Lippo Plaza Batu (Note 14). The total settlement amount is $106,881,000, which consists of an amount settled in cash of $79,359,000, an amount of $2,522,000 to be settled, and an amount settled in units of $25,000,000 respectively.

Acquisition of an investment property in 2014 is in relation to the acquisition of Lippo Mall Kemang. The total settlement amount is $367,095,000, which consists of an amount settled in cash of $317,000,000, an amount of $5,095,000 to be settled, 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 $7,999,000 (2014: $7,168,000).

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

STATEMENT OF PORTFOLIO

AS AT 31 DECEMBER 2015

BY GEOGRAPHICAL AREA

Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value as at 31 December 2015	Percentage of Total Net Assets as at 31 December 2015	Fair Value as at 31 December 2014	Percentage of Total Net Assets as at 31 December 2014
			$'000	%	$'000	%
Indonesia						
Retail Malls						
(1) 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 2015.	77,409	7.20	80,304	6.98
(2) 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 2015.	49,995	4.65	52,543	4.57
(3) 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 8 July 2054. Revalued at 31 December 2015.	126,942	11.81	143,187	12.45

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

STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2015

BY GEOGRAPHICAL AREA

Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value as at 31 December 2015	Percentage of Total Net Assets as at 31 December 2015	Fair Value as at 31 December 2014	Percentage of Total Net Assets as at 31 December 2014
			$'000	%	$'000	%
Indonesia						
Retail Malls (cont'd)						
(4) 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 2015.	57,820	5.38	60,272	5.24
(5) 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 2015.	38,714	3.60	43,626	3.79
(6) 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 2015.	82,571	7.68	85,507	7.44

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

STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2015

BY GEOGRAPHICAL AREA

Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value as at 31 December 2015	Percentage of Total Net Assets as at 31 December 2015	Fair Value as at 31 December 2014	Percentage of Total Net Assets as at 31 December 2014
			$'000	%	$'000	%
Indonesia						
Retail Malls (cont'd)						
(7) 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 2015.	75,987	7.07	77,953	6.78
(8) 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 2015.	174,485	16.23	179,260	15.59
(9) 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 2015.	118,062	10.98	139,225	12.12

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

STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2015

BY GEOGRAPHICAL AREA

Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value as at 31 December 2015	Percentage of Total Net Assets as at 31 December 2015	Fair Value as at 31 December 2014	Percentage of Total Net Assets as at 31 December 2014
			$'000	%	$'000	%
Indonesia **Retail Malls (cont'd)**						
(10) 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	125,053	BOT Scheme. Expires on 23 July 2027. Revalued at 31 December 2015.	111,989	10.42	121,677	10.59
(11) 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	22,527	BOT Scheme. Expires on 24 January 2041. Revalued at 31 December 2015.	25,559	2.38	27,325	2.38
(12) Lippo Plaza Kramat Jati 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	67,285	HGB Title. Expires on 24 October 2024. Revalued at 31 December 2015.	58,205	5.41	61,198	5.32

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

STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2015

BY GEOGRAPHICAL AREA

Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value as at 31 December 2015	Percentage of Total Net Assets as at 31 December 2015	Fair Value as at 31 December 2014	Percentage of Total Net Assets as at 31 December 2014
			$'000	%	$'000	%
Indonesia						
Retail Malls (cont'd)						
(13) 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 2015.	25,023	2.33	25,208	2.19
(14) 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	46,546	Strata Title constructed on HGB Title common land. Expires on 1 September 2039. Revalued at 31 December 2015.	66,199	6.16	68,428	5.95
(15) 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	89,157	HGB Title. Expires on 3 November 2027. Revalued at 31 December 2015.	99,927	9.29	102,237	8.89

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

STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2015

BY GEOGRAPHICAL AREA

Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value as at 31 December 2015	Percentage of Total Net Assets as at 31 December 2015	Fair Value as at 31 December 2014	Percentage of Total Net Assets as at 31 December 2014
			$'000	%	$'000	%
Indonesia						
Retail Malls (cont'd)						
(16) 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	28,760	HGB Title. Expires on 2 September 2036. Revalued at 31 December 2015.	27,186	2.53	28,443	2.47
(17) 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 2015.	336,372	31.29	354,340	30.82
(18) Lippo Plaza Batu Address: Jalan Diponegoro RT. 07 RW. 05, Sub District of Sisir, District of Batu, City of Batu, Province of East Java, Indonesia Acquisition date: 7 July 2015	27,636	Strata Title constructed on HGB Title common land. Expires on 8 June 2031. Revalued at 31 December 2015.	26,187	2.44	–	–
(19) Palembang Icon Address: Jalan POM IX, Sub District of Lorok Pakjo, District of llir Barat I, City of Palembang, Province of South Sumatera, Indonesia Acquisition date: 10 July 2015	42,361	HGB Title. BOT scheme. Expires on 30 April 2040. Revalued at 31 December 2015.	78,444	7.30	–	–

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

STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2015

BY GEOGRAPHICAL AREA

Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value as at 31 December 2015	Percentage of Total Net Assets as at 31 December 2015	Fair Value as at 31 December 2014	Percentage of Total Net Assets as at 31 December 2014
			$'000	%	$'000	%
Indonesia						
Retail Spaces						
(1) 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 2015.	17,011	1.58	18,105	1.57
(2) 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 2015.	23,761	2.21	27,373	2.38
(3) 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 2015.	21,438	1.99	22,098	1.92

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

STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2015

BY GEOGRAPHICAL AREA

Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value as at 31 December 2015	Percentage of Total Net Assets as at 31 December 2015	Fair Value as at 31 December 2014	Percentage of Total Net Assets as at 31 December 2014
			$'000	%	$'000	%
Indonesia						
Retail Spaces (cont'd)						
(4) 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 2015.	19,955	1.86	20,541	1.79
(5) 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 2015.	21,993	2.05	22,172	1.93
(6) 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 2015.	25,825	2.40	25,863	2.26

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

STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2015

BY GEOGRAPHICAL AREA

Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value as at 31 December 2015	Percentage of Total Net Assets as at 31 December 2015	Fair Value as at 31 December 2014	Percentage of Total Net Assets as at 31 December 2014
			$'000	%	$'000	%
Indonesia **Retail Spaces (cont'd)**						
(7) 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 2015.	17,871	1.64	20,059	1.74
Portfolio of Investment Properties at Valuation			1,804,930	167.88	1,806,944	157.16
Other Net Liabilities			(729,815)	(67.88)	(657,214)	(57.16)
Net Assets Attributable to Unitholders			1,075,115	100.00	1,149,730	100.00

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

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, unless otherwise stated, 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 22 March 2016.

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 current liabilities are more than the current assets. 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 relationships with its bankers, tenants and suppliers. As a consequence, the Manager believes that the Group is well placed to manage its business risks successfully. Accordingly, the management continues to adopt the going concern basis in preparing the financial statements.

Accounting convention

The financial statements have been prepared in accordance with the recommendations of the 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 a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial.

1. GENERAL (CONT'D)

Accounting convention (cont'd)

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.

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 Unitholders' funds as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. 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.

Net assets attributable to Unitholders

RAP 7 requires that the unit trusts classify the units on initial recognition as equity. The net assets attributable to Unitholders comprise the residual interest in the assets of the unit trust after deducting its liabilities. Under RAP 7, distributions are accrued for at the reporting year end date if the Manager has the discretion to declare distributions without the need for Unitholder or trustee approval and a constructive or legal obligation has been created. Distributions to Unitholders have been recognised as liabilities when they are declared.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. Significant accounting policies

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 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 using the effective interest method.

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.

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. 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

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 the functional currency 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 measurement 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 income and if applicable deferred in Unitholders' funds such as for qualifying cash flow hedges. The presentation is 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 relevant reporting 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 other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive return 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.

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 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Plant and equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Leases

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 statements 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, 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 reporting year 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 reporting years 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. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. 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 costs 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 assets

Intangible assets which relate to the rental guaranteed payments from certain master lease agreements are 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 payments – Over the guarantee periods, which range from 3 to 25 years

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.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. 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 accounted for 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 carrying values and the net book values of the investments in 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. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statements 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. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading.

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 statements 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. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss.

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.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

Subsequent measurement (cont'd):

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

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

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.

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 applicable 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 statements 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Financial liabilities (cont'd)

Initial recognition, measurement and derecognition (cont'd):

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 usually 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2B. 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, growth rates, discount rates and market capitalisation 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:
Judgement is required to determine the functional currency of the reporting entity. Management considers economic environment in which the reporting entity operates and factors such as the currency that mainly influences sales prices for goods and services; the currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services; and the currency that mainly influences labour, material and other costs of providing goods or services. It also considers other relevant factors that may also provide evidence of an entity's functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2B. 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 derivative 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 derivative financial instruments.

Measurement of impairment of subsidiaries:
Where an investee is in net equity deficit and or has suffered losses, a test is made whether the investment in the investee has suffered any impairment. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flows. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset affected. The carrying amount of the investment in subsidiaries at the end of the reporting year affected by the assumption is $513,470,000 (2014: Nil).

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is PT Lippo Karawaci Tbk.

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

3A. Related party transactions:

There are transactions and arrangements between the Trust and related parties 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.

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

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) 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% (2014: 0.25%) per annum of the value of the Deposited Property;

(ii) A performance fee ("Performance Fee") is fixed at 4.0% (2014: 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 and/or cash;

(iii) An authorised investment management fee of 0.5% (2014: 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% (2014: 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% (2014: 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.

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

3A. Related party transactions (cont'd):

(B) 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) 2.0% (2014: 2.0%) per annum of the gross revenue for the relevant Retail Mall;

(ii) 2.0% (2014: 2.0%) 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% (2014: 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 (2014: 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.

(C) Trustee's fees

The Trustee's fees shall not exceed 0.03% (2014: 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.

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

3A. Related party transactions (cont'd):

	Group		Trust	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
The Manager [(1)]				
Manager's management fees expense (Note 7)	11,166	9,408	11,166	9,408
Manager's acquisition fees (Note 14)	1,069	3,620	1,069	3,620
The Trustee				
Trustee's fees expense	335	300	335	300
The Property Manager [(2)]				
Property Manager fees expense (Note 5)	4,223	3,478	–	–
Master Lessees [(3)]				
Rental revenue	(12,818)	(13,463)	–	–
Affiliates of Sponsor [(4)]				
Rental revenue, service charge and utilities recovery [(5)]	(32,059)	(8,538)	–	–
Acquisition of Lippo Mall Kemang	–	362,000	–	–
VAT paid on behalf by an affiliate of Sponsor	–	(34,781)	–	–
Fees recoverable relating to put option for Lippo Mall Kemang	531	–	531	–
Compensation income for delay in completion of asset enhancement from vendor of Binjai Supermall	–	(503)	–	(503)

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

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

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

(4) The Affiliates of the 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 Matahari Department Store Tbk, PT Nusantara Trimultiprima, PT Cinemaxx Global Pasifik, PT Internux, PT Sky Parking Utama, 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.

(5) 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.

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

3B. Key management compensation:

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

The Trust obtains key management personnel services from the Manager. Key management personnel of the Manager include the directors of those persons having authority and responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly.

Further information about the remuneration of individual directors of the Manager is provided in the Corporate Governance Report of the Trust's Annual Report.

3C. Interest in the Trust:

	2015		2014	
	Number of units held	% interest held	Number of units held	% interest held
<u>The Manager</u>				
LMIRT Management Ltd	116,438,144	4.16	97,993,616	3.63
<u>The director of the Manager</u>				
Mr Albert Saychuan Cheok	400,000	0.01	400,000	0.01

4. GROSS REVENUE

	Group		Trust	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Rental revenue	141,347	115,096	–	–
Car park revenue	23,534	13,995	–	–
Dividend income from subsidiaries	–	–	98,584	80,294
Rental support income [(1)]	–	1,270	–	1,270
Income from rental of mechanical, electrical and mall operating equipment [(2)]	4,822	3,704	–	–
Other rental income	3,301	2,920	–	–
	173,004	136,985	98,584	81,564

(1) The Trust has minimum rental support agreement, whereby the vendor provides rental support to make good any shortfall between the actual rent income derived and the guaranteed rent from Lippo Plaza Kramat Jati vendor. The total rental guarantee earned from vendor of Lippo Plaza Kramat Jati amounted to $1,270,000. The rental support agreement expired in 2014. There is no new rental support agreement entered into in 2015.

(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	
	2015	2014
	$'000	$'000
Land rental expense	1,534	1,541
Property management fees (Note 3)	4,223	3,478
Legal and professional fees	1,216	718
Depreciation of plant and equipment (Note 13)	1,058	726
Allowance for impairment loss on trade receivables (Note 17)	2,615	218
Property operating and maintenance expenses	3,793	4,297
	14,439	10,978

6. OTHER GAINS

	Group		Trust	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Compensation income for delay in completion of asset enhancement	–	503	–	503
Other income	77	139	82	55
	77	642	82	558

7. MANAGER'S MANAGEMENT FEES

	Group and Trust	
	2015	2014
	$'000	$'000
Base fees	4,823	4,368
Performance fees	6,343	5,040
Total (Note 3)	11,166	9,408

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	
	2015	2014	2015	2014
			$'000	$'000
Settled during the year through the issuance of units	17,822,463	12,427,536	6,050	4,969
Settled subsequent to year-end through the issuance of units (Note 20)	5,178,677	4,001,835	1,608	1,315
	23,001,140	16,429,371	7,658	6,284

8. FINANCE COSTS

	Group		Trust	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Interest expense	38,808	29,767	42,935	30,147
Amortisation of borrowing costs	5,600	4,642	5,401	4,436
	44,408	34,409	48,336	34,583

9. OTHER EXPENSES

	Group		Trust	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Bank charges	46	60	4	3
Professional fees	1,007	650	989	644
Investor relation expenses	13	19	13	19
Listing expenses	99	39	95	35
Security agent fees	41	53	41	53
Valuation expenses	301	137	301	137
Other expenses	726	397	578	374
	2,233	1,355	2,021	1,265

	Group	
	2015	2014
	$'000	$'000
Audit fees to the independent auditors of the Trust	342	322
Audit fees to the other independent auditors	225	204
Non-audit fees to the independent auditors of the Trust	108	71

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

10. INCOME TAX

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

	Group		Trust	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Current tax expense/(income):				
Singapore income tax expense	–	406	–	367
Over provision in respect of prior periods	(691)	–	(658)	–
Foreign income tax	18,865	14,325	–	–
Foreign withholding tax	11,538	9,542	–	–
Subtotal	29,712	24,273	(658)	367
Deferred tax (income)/expense:				
Deferred tax (income)/expense	(10,130)	570	–	–
Change in foreign exchange rates	(1,753)	1,250	–	–
Subtotal	(11,883)	1,820	–	–
Total income tax expense/(income)	17,829	26,093	(658)	367

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 17.0% (2014: 17.0%) to total return/(loss) before income tax as a result of the following differences:

	Group		Trust	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Total return/(loss) before tax	44,277	89,915	(9,429)	42,430
Income tax expense/(income) at the above rate	7,527	15,286	(1,603)	7,213
Not deductible/(not liable to tax) items	13,221	9,167	1,603	(6,846)
Foreign withholding tax	11,538	9,542	–	–
Effect of different tax rates in different countries	(12,790)	(9,233)	–	–
Deferred tax adjustments due to changes in foreign exchange rates	(1,753)	1,250	–	–
Over provision in respect of prior periods	(691)	–	(658)	–
Other minor items less than 3% each	777	81	–	–
Total income tax expense/(income)	17,829	26,093	(658)	367
Effective tax rate	40.3%	29.0%	(7.0%)	0.9%

The amount of current income taxes outstanding for the Group as at end of reporting year was $6,871,000 (2014: $6,538,000). Such an amount is net of tax advances, which, according to the tax rules, were paid before the year-end.

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

10. INCOME TAX (CONT'D)

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

	Group	
	2015	2014
	$'000	$'000
Deferred tax (income)/expense relating to the changes in fair value of investment properties	(11,883)	1,820

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

	Group	
	2015	2014
	$'000	$'000
Deferred tax liabilities recognised in statements of total return:		
Deferred tax relating to the changes in fair value of investment properties	39,224	51,107

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.

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.

10. INCOME TAX (CONT'D)

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

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.

11. EARNINGS PER UNIT

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

	Group	
	2015	2014
Denominator: weighted average number of units	2,745,602,850	2,468,501,608
	$'000	$'000
Numerator: Earnings attributable to Unitholders		
Total return after tax	26,448	63,822

	Group	
	2015	2014
	Cents	Cents
Earnings per unit	0.96	2.59
Adjusted earnings per unit [1]	2.47	2.48

(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			
	2015	2014	2015	2014
	Cents per unit	Cents per unit	$'000	$'000
Tax-exempt income [1] :	1.43	1.41	38,949	34,742
Capital [2] :	0.86	0.64	23,914	15,677
Subtotal :	2.29	2.05	62,863	50,419

Name of Distribution — Distribution declared subsequent to year-end (final distribution) (Note 32)

Distribution Type — Income / Capital

	Group and Trust			
	2015	2014	2015	2014
	Cents per unit	Cents per unit	$'000	$'000
Tax-exempt income [1] :	0.50	0.48	14,095	11,718
Capital [2] :	0.31	0.23	8,595	5,877
Subtotal :	0.81	0.71	22,690	17,595
Total distributions [3]	3.10	2.76	85,553	68,014

(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 $80,458,000 (2014: $64,224,000).

Current distribution policy:

The Trust's current distribution policy is to distribute at least 90% (2014: 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 2015 $'000	Group Plant and Equipment 2014 $'000
Cost:		
At beginning of year	6,897	4,558
Additions	1,648	2,232
Exchange difference adjustments	(231)	107
At end of year	8,314	6,897
Accumulated depreciation:		
At beginning of year	1,989	1,234
Depreciation for the year	1,058	726
Exchange difference adjustments	(70)	29
At end of year	2,977	1,989
Net book value:		
At beginning of year	4,908	3,324
At end of year	5,337	4,908

The depreciation expense is charged to statements of total return as property operating expenses (Note 5).

14. INVESTMENT PROPERTIES

	Group 2015 $'000	Group 2014 $'000
At valuation:		
Fair value at beginning of year	1,806,944	1,412,204
Acquisition of investment properties [(1)]	103,332	333,062
Enhancement expenditure capitalised	8,220	5,654
	1,918,496	1,750,920
(Decrease)/increase in fair value included in profit or loss	(53,316)	4,536
Translation differences	(60,250)	51,488
Fair value at end of year	1,804,930	1,806,944
Rental and service income from investment properties	173,004	136,985
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the year	(14,439)	(10,978)

14. INVESTMENT PROPERTIES (CONT'D)

(1) The acquisitions in 2015 relate to the acquisitions of Palembang Icon and Lippo Plaza Batu. This amount also included acquisition fees of $1,069,000 and other acquisition related expenses of $1,980,000.

The acquisition in 2014 relates 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 respectively.

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 2015 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 recognised and relevant professional qualifications with sufficient recent experience in the location and category of the investment property being valued. The valuations were based on discounted cash flow method and market capitalisation 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.

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

2015:

Name of Independent Professional Valuers		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, Sun Plaza, Palembang Icon and Lippo Plaza Batu.
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, Lippo Mall Kemang, Pluit Village and Plaza Medan Fair.
Savills Valuation and Professional Services (S) Pte Ltd	-	Tamini Square, Lippo Plaza Kramat Jati, Palembang Square, Palembang Square Extension, Pejaten Village and Binjai Supermall.

2014:

Name of Independent Professional Valuers		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.

14. INVESTMENT PROPERTIES (CONT'D)

All fair value measurements of investment properties are based on discounted method and market capitalisation 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:

		2015	2014
1.	Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the properties	13.0% to 13.6%	12.5% to 13.3%
2.	Growth rates	0.0% to 9.1%	1.0% to 7.5%
3.	Terminal discount rates	7.0% to 9.7%	8.0% to 9.1%
4.	Market capitalisation rate	8.50%	–
5.	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.
4. Market capitalisation rate – The higher the market capitalisation rates, the lower the fair value.

Sensitivity analysis on management's estimates:

1. Discount rates

   A hypothetical 10% (2014: 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 $157,723,000; higher by $218,181,000 (2014: lower by $168,555,000; higher by $205,346,000).

2. Growth rates

   A hypothetical 10% (2014: 10%) increase or decrease in the rental income would have an effect on return before tax of – higher by $21,296,000; lower by $156,746,000 (2014: higher by $129,518,000; lower by $128,231,000).

3. Terminal discount rates

   A hypothetical 10% (2014: 10%) increase or decrease in the terminal discount rate would have an effect on return before tax of – lower by $56,068,000; higher by $93,656,000 (2014: lower by $67,419,000; higher by $82,405,000).

14. INVESTMENT PROPERTIES (CONT'D)

Sensitivity analysis on management's estimates (cont'd):

4. Market capitalisation rates

   A hypothetical 10% (2014: Nil) increase or decrease in the market capitalisation rate would have an effect on return before tax of – lower by $37,581,000, higher by $20,531,000 (2014: Nil).

The decrease in fair value is due to the weakening of property prices in Indonesia.

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 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.

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 $463,025,000 (2014: $478,872,000) are pledged as security for the bank facilities (Note 22A).

15. INTANGIBLE ASSETS

	Group	
	2015	2014
	$'000	$'000
Cost:		
At the beginning of the year	34,033	–
Additions	3,549	34,033
Exchange differences adjustments	(1,108)	–
At the end of the year	36,474	34,033
Accumulated amortisation:		
At the beginning of the year	–	–
Amortisation for the year	11,374	–
Exchange differences adjustments	(12)	–
At the end of the year	11,362	–
Net book value:		
At the beginning of the year	34,033	–
At end of year	25,112	34,033

Intangible assets represent the unamortised aggregate rental guarantee amounts receivable by the Group from master lease agreements for its 100% interest acquired in Lippo Mall Kemang in 2014, and Palembang Icon and Lippo Plaza Batu in 2015 respectively (Note 30). The remaining rental guarantee periods are for 2 to 24 (2014: 3) years.

16. INVESTMENTS IN SUBSIDIARIES

	Trust 2015 $'000	Trust 2014 $'000
Unquoted equity shares, at cost	983,570	981,423
Redeemable preference shares, at cost	789,440	716,852
Quasi equity loans [(1)]	22,938	25,242
Less: Allowance for impairment	(49,378)	–
	1,746,570	1,723,517
Net book value of subsidiaries	1,670,902	1,723,066
Analysis of above amount denominated in non-functional currency:		
United States Dollars	3,578	5,882
Indonesian Rupiah	1,223,752	1,262,166

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

Movements in allowance for impairment:	2015	2014
Balance at beginning of the year	–	–
Impairment loss charged to profit or loss	(49,378)	–
Balance at the end of the year	(49,378)	–

The list of the subsidiaries is in Note 36.

The management has assessed that there are indicators of impairment for those subsidiaries with shortfalls between the cost of investment translated at year-end rates and the revalued net asset value ("NAV"). Such shortfalls would indicate that the NAV of these subsidiaries have declined against their costs. Based on the above assessment, the management had made an allowance for impairment loss of $49,378,000 in the Trust's financial statements as at 31 December 2015.

17. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables:				
Outside parties	10,182	4,442	244	448
Less: Allowance for impairment	(2,917)	(310)	–	–
Related parties (Note 3)	1,569	1,001	–	–
Subtotal	8,834	5,133	244	448
Other receivables:				
Subsidiaries (Note 3)	–	–	188,074	189,146
Related parties (Note 3)	5,501	6,046	1,034	503
Other receivables	5,423	8,714	17	1,998
Subtotal	10,924	14,760	189,125	191,647
Total trade and other receivables	19,758	19,893	189,369	192,095
Movements in above allowance:				
Balance at beginning of the year	(310)	(298)	–	–
Bad debt (written-off)/written back	(2)	212	–	–
Charge for trade receivables to profit or loss included in property operating expenses (Note 5)	(2,615)	(218)	–	–
Effect of changes in exchange rates	10	(6)	–	–
Balance at end of the year	(2,917)	(310)	–	–

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. Please refer to Note 28D for ageing analysis.

18. OTHER ASSETS

	Group		Trust	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Prepayments	1,055	1,019	62	6
Prepaid tax	49,056	46,656	–	–
	50,111	47,675	62	6

Prepaid tax includes prepaid VAT ("value-added tax") amounting to $33,588,000 (2014: $34,781,000) relating to the Lippo Mall Kemang that is recoverable from the relevant tax authority in Indonesia.

19. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Not restricted in use	79,090	102,420	21,054	17,089
Cash pledged for bank facilities	1,500	1,500	1,500	1,500
Cash at end of the year	80,590	103,920	22,554	18,589
Interest earning balances	45,231	69,041	–	–

The rate of interest for the cash on interest earning accounts is between 0.50% and 9.50% (2014: 0.50% and 9.75%) per annum.

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

	Group	
	2015	2014
	$'000	$'000
Amount as shown above	80,590	103,920
Less: Cash pledged for bank facilities	(1,500)	(1,500)
Cash and cash equivalents per statement of cash flows	79,090	102,420

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 Palembang Icon and Lippo Plaza Batu (Note 20).

20. TOTAL UNITHOLDERS' FUNDS

	Group		Trust	
	2015	2014	2015	2014
Net assets attributable to Unitholders at beginning of the year ($'000)	1,149,730	1,009,551	1,173,318	1,107,365
Net assets attributable to Unitholders at end of the year ($'000)	1,075,115	1,149,730	1,118,724	1,173,318
Units in issue (Note 21)	2,797,814,196	2,701,802,668	2,797,814,196	2,701,802,668
Net assets attributable to Unitholders per unit (in cents)	38.43	42.55	39.99	43.43

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

Issues in 2015:

In 2015, the Trust acquired:

(1) Lippo Plaza Batu, which is located at Jalan Diponegoro RT. 07 RW. 05, Sub District of Sisir, District of Batu, City of Batu, Province of East Java, Indonesia, for a total purchase consideration of $26,852,000; and

(2) Palembang Icon, which is located at Jalan POM IX, Sub District of Lorok Pakjo, District of Ilir Barat I, City of Palembang, Province of South Sumatera, Indonesia, for a total consideration of $80,029,000.

The acquisitions of Lippo Plaza Batu and Palembang Icon were carried out by the Trust indirectly via its subsidiaries, namely Palladium Properties Pte Ltd, Detos Properties Pte Ltd and PT Palladium Megah Lestari for Lippo Plaza Batu, and Picon1 Holdings Pte Ltd and Picon2 Investments Pte Ltd for Palembang Icon, respectively. The acquisitions were funded from the issuance of new units, bank borrowings and the Group's operating cashflows. The management's rationale for the acquisitions of Lippo Plaza Batu and Palembang Icon was to benefit from the stable occupancies in these malls located in strategic locations with sustainable retail traffic.

On 5 August 2015, 67,567,000 units ("Consideration Units") were issued at an issue price of $0.37 per unit as part of the consideration for the acquisitions of Lippo Plaza Batu and Palembang Icon. The Consideration Units, upon issue and allotment, rank pari passu in all respect with the units prior to the Consideration Units, and are entitled to any distributions from the period from 5 August 2015, being the date on which the Consideration Units were issued.

20. TOTAL UNITHOLDERS' FUNDS (CONT'D)

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 $367,095,000, 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 were 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 ranked 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.

Issuable at end of the reporting year:

At the end of the reporting year, 5,178,677 (2014: 4,001,835) units and Nil (2014: 10,622,065) 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 in 2014. The new units, upon issue and allotment, will 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.

20. TOTAL UNITHOLDERS' FUNDS (CONT'D)

Issuable at end of the reporting year (cont'd):

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.

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.

20. TOTAL UNITHOLDERS' FUNDS (CONT'D)

Capital management (cont'd):

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. 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.

During the year, the Group has been assigned a rating of "Baa3" by Moody's Investors Services. The Group had computed its aggregate leverage ratio as follows:

	Group	
	2015	2014
	$'000	$'000
Total borrowings and deferred payments	695,000	630,000
Total deposited property	1,987,744	2,017,489
Aggregated leverage ratio (%)	35.0%	31.2%

The Group met the aggregate leverage ratio as at the end of the reporting year.

The unfavourable change as shown by the increase in the aggregate leverage ratio for the reporting year resulted primarily from the increase in new debt.

The Code on Collective Investment Schemes was revised on 14 July 2015 and takes effect on 1 January 2016. Under the revised Code, the aggregate leverage of the Group should not exceed 45% of its deposited property.

21. UNITS IN ISSUE

	Group and Trust	
	2015	2014
Units at beginning of the year	2,701,802,668	2,453,307,080
Manager's management fees settled in units	17,822,463	12,427,536
Manager's acquisition fees settled in units	10,622,065	–
Issuance of new units for acquisition (Note 20)	67,567,000	236,068,052
Units at end of the year	2,797,814,196	2,701,802,668

22. OTHER FINANCIAL LIABILITIES

	Group		Trust	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Non-current:				
Financial instruments with floating interest rates:				
Bank loans (secured) (Note 22A)	145,000	155,000	145,000	155,000
Less: Unamortised transaction costs	(3,070)	(3,527)	(3,070)	(3,527)
	141,930	151,473	141,930	151,473
Financial instruments with fixed interest rates:				
Medium term notes (unsecured) (Note 22B)	300,000	275,000	–	–
Less: Unamortised transaction costs	(4,112)	(2,596)	–	–
	295,888	272,404	–	–
Finance leases (Note 22C)	1,673	1,488	–	–
Non-current, total	439,491	425,365	141,930	151,473
Current:				
Financial instruments with floating interest rates:				
Bank loans (unsecured) (Note 22A)	100,000	–	–	–
Financial instruments with fixed interest rates:				
Medium term notes (unsecured) (Note 22B)	150,000	200,000	–	–
Less: Unamortised transaction costs	(817)	(1,045)	–	–
	149,183	198,955	–	–
Finance leases (Note 22C)	338	39	–	–
Current, total	249,521	198,994	–	–
Total	689,012	624,359	141,930	151,473
The non-current portion is repayable as follows:				
Due within 2 to 5 years	438,172	424,456	141,930	151,473
Due after 5 years	1,319	909	–	–
Total non-current portion	439,491	425,365	141,930	151,473

22. OTHER FINANCIAL LIABILITIES (CONT'D)

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

	Group and Trust	
	2015	2014
Bank loans	3.28% to 3.82%	3.70% to 4.15%

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

	Group	
	2015	2014
Medium term notes (unsecured)	4.10% to 5.875%	4.25% to 5.875%
Finance leases	14%	14%

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

	Group		Trust	
	2015	2014	2015	2014
Bank loan (unsecured)	5.73%	4.28%	5.57%	4.28%
Medium term notes (unsecured)	5.11%	5.36%	–	–

22A. Bank loans

Secured

In December 2014, the Trust drew 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"). An amount of $10,000,000 was repaid in 2015. As at 31 December 2015, the outstanding bank loan amounted to $145,000,000 (2014: $155,000,000).

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 $463,025,000 (2014: $478,872,000).

22. OTHER FINANCIAL LIABILITIES (CONT'D)

22A. Bank loans (cont'd)

Secured (cont'd)

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

In 2015, the Trust entered into interest rate swap contracts to convert the floating interest rate borrowings to fixed rate exposure, ranging from 1.85% to 1.88% per annum, for a total notional amount of $155,000,000 (Note 26A). The contracts will expire on 16 December 2018.

Unsecured

On 6 July 2015, the Trust drew down an unsecured bridging loan of $200,000,000 maturing on 4 January 2016, at an interest rate margin of 3% plus the relevant swap rate to refinance the $200,000,000 4.88% EMTN notes (Note 22B).

In November 2015, the Group issued $100,000,000 4.50% notes due 2018 (Note 22B) to partially refinance this unsecured bank borrowings.

On 30 December 2015, the Group signed a facility agreement for a total commitment of $100,000,000. On 4 January 2016, the Group drew down the facility of $100,000,000 to repay the bridging loan upon its maturity (Note 32).

22. OTHER FINANCIAL LIABILITIES (CONT'D)

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"). Under the EMTN, 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 tranches 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 Programme. All sum payable in respect of the notes will be unconditionally and irrevocably guaranteed by the Trustee.

On 9 September 2015, LMIRT Capital and the Trustee established another $1,000,000,000 Guaranteed Euro Medium Term Securities Programme ("EMTS") (together with EMTN, "Programmes"). Under EMTS,

(i) Each of LMIRT Capital and the Trustee may from time to time issue Medium Term Notes ("Notes") which, in the case of Notes issued by LMIRT Capital, will be unconditionally and irrevocably guaranteed by the Trustee, and

(ii) The Trustee may from time to time issue perpetual securities.

The total facility drawn down by the Group as at 31 December 2015 under the Programmes is $450,000,000 (2014: $475,000,000), consisting of:

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

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

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

(iv) $75,000,000 4.10% notes due 2020. The $75,000,000 notes were issued on 22 June 2015, will mature on 22 June 2020, and bear a fixed rate of 4.10% per annum payable semi-annually in arrears; and

(v) $100,000,000 4.50% notes due 2018. The $100,000,000 notes were issued on 23 November 2015, will mature on 23 November 2018, and bear a fixed rate of 4.50% per annum payable semi-annually in arrears.

The $200,000,000 4.88% notes payable semi-annually in arrears were issued on 6 July 2012 and were fully repaid upon maturity on 6 July 2015 (Note 22A).

The fair value of the fixed rate notes (Level 1) is $444,927,000 (2014: $479,999,000).

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

22. OTHER FINANCIAL LIABILITIES (CONT'D)

22C. Finance leases

Group	Minimum payments $'000	Finance charges $'000	Present value $'000
2015			
Minimum lease payments payable:			
Due within one year	415	(77)	338
Due within 2 to 5 years	364	(10)	354
Due after 5 years	1,514	(195)	1,319
Total	2,293	(282)	2,011

	Minimum payments $'000	Finance charges $'000	Present value $'000
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

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

PT Cibubur Utama

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.

22. OTHER FINANCIAL LIABILITIES (CONT'D)

22C. Finance leases (cont'd)

PT Cibubur Utama (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 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.

22. OTHER FINANCIAL LIABILITIES (CONT'D)

22C. Finance leases (cont'd)

PT Anugrah Prima

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 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.

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.

22. OTHER FINANCIAL LIABILITIES (CONT'D)

22C. Finance leases (cont'd)

PT Griya Inti Sejahtera Insani

PT Griya Inti Sejahtera Insani ("PT GISI") entered into a BOT agreement with Government of South Sumatra Province. PT GISI has the right to build, operate and transfer the property for a period of 30 years commencing April 2010.

PT GISI has the following obligations:

(a) Rp.20,604,677,199 that is to be paid by instalments on a yearly instalment from the year March 2012 until 2039; and

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

The fixed rate of interest for finance leases is 14% (2014: 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	
	2015	2014
	$'000	$'000
Advance payments by tenants	83,306	86,009

This relates to the rental received in advance from certain tenants.

24. TRADE AND OTHER PAYABLES, CURRENT

	Group		Trust	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade payables:				
Outside parties and accrued liabilities	12,738	20,998	6,057	11,616
Related parties (Note 3)	37,101	37,958	–	–
Subtotal	49,839	58,956	6,057	11,616
Other payables:				
Loan payable to a subsidiary [1]	–	–	576,074	480,738
Subsidiaries (Note 3)	–	–	116,989	116,109
Other payables	10,366	12,026	–	457
Subtotal	10,366	12,026	693,063	597,304
Total trade and other payables, current	60,205	70,982	699,120	608,920

[1] This amount is for loan payable to LMIRT Capital Pte Ltd of $576,074,000 (2014: $480,738,000) mainly from the proceeds of the Programmes (Note 22B). The loan payable agreements provide that they are unsecured, with fixed interest rates ranging from 4.10% to 5.875% (2014: 4.25% to 5.875%) per annum and repayable on demand. The carrying amount is a reasonable approximation of fair value (Level 2).

25. OTHER LIABILITIES, CURRENT

	Group	
	2015	2014
	$'000	$'000
Security deposits from tenants	33,324	28,618

26. DERIVATIVE 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	
	2015	2014
	$'000	$'000
Assets – Derivatives with positive fair values:		
Interest rate swaps (Note 26A)	1,691	–
Currency option contracts (Note 26B)	215	116
Total	1,906	116
Non-current portion	1,906	–
Current portion	–	116
	1,906	116
Liabilities – Derivatives with negative fair values:		
Currency option contracts (Note 26B)	(687)	(146)
	(687)	(146)
Non-current portion	(687)	–
Current portion	–	(146)
	(687)	(146)
Net balance	1,219	(30)
The movements during the year were as follows:		
Balance at beginning of year	(30)	(251)
Settlement	30	–
Fair value gains recognised in profit or loss	1,219	221
Total net balance at end of the year	1,219	(30)

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

26. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

26A. Interest rate swaps

The notional amount of interest rate swaps for 2015 was $155,000,000 (2014: Nil). They are designed to convert floating rate borrowings to fixed rate exposure. The Group pays the fixed interest rates, ranging from 1.85% to 1.88% per annum, and receives a variable rate equal to the Singapore swap offer rate ("SOR") on the notional contract amount (Level 2). The interest rate swaps will expire on 16 December 2018. Information on the maturities of the borrowings is provided in Note 22A.

26B. Currency option contracts

	Notional amounts		Reference currency	Maturity		Fair value	
	2015	2014		2015	2014	2015	2014
	$'000	$'000				$'000	$'000
Currency Option Contracts	33,481	3,556	Indonesian Rupiah	February 2016 to February 2017	February 2015	215	109
Currency Option Contracts	38,632	10,134	Indonesian Rupiah	February 2016 to February 2017	February 2015	(162)	7
Currency Option Contracts	83,702	10,134	Indonesian Rupiah	February 2016 to February 2017	February 2015	(525)	(146)
	155,815	23,824				(472)	(30)

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 loans 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 derivative financial instruments

The derivative 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 interest rate swaps 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.

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

27. FINANCIAL RATIOS

	Group		Trust	
	2015	2014	2015	2014
Expenses to average net assets ratio – excluding performance related fee [(1)]	0.66%	0.56%	0.62%	0.52%
Expenses to average net assets ratio – including performance related fee [(1)]	1.23%	1.02%	1.18%	0.96%
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.

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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Financial assets:				
Cash and cash equivalents	80,590	103,920	22,554	18,589
Loans and receivables	19,758	19,893	189,369	192,095
Financial assets at fair value through profit or loss	1,906	116	1,906	116
At end of the year	102,254	123,929	213,829	210,800
Financial liabilities:				
Financial liabilities at fair value through profit or loss	687	146	687	146
Measured at amortised cost:				
- Borrowings	687,001	622,832	141,930	151,473
- Trade and other payables	60,205	70,982	699,120	608,920
- Finance leases	2,011	1,527	–	–
At end of the year	749,904	695,487	841,737	760,539

Further quantitative disclosures are included throughout these financial statements.

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

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 the management of the Manager.

28C. Fair values of financial instruments

The analysis 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. Credit risk is also mitigated by the rental deposits held for each of the customers. 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.

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

28D. Credit risk on financial assets (cont'd)

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

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

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 (2014: 30) days.

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

	Group	
	2015	2014
	$'000	$'000
Trade receivables:		
Less than 30 days	1,143	410
31 to 60 days	620	191
Over 61 days	3,541	1,485
At end of year	5,304	2,086

The allowance totalling $2,917,000 (2014: $310,000) is based on individual accounts that are determined to be impaired at the reporting year end date. These are not secured.

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 $15,833,000 (2014: $15,995,000) of the Group's total revenue.

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: 2015					
Group					
Gross borrowings commitments	274,119	399,733	79,541	–	753,393
Gross finance lease obligations	415	83	281	1,514	2,293
Trade and other payables	60,205	–	–	–	60,205
At end of the year	334,739	399,816	79,822	1,514	815,891
Trust					
Gross borrowings commitments	5,366	155,512	–	–	160,878
Trade and other payables	699,120	–	–	–	699,120
At end of the year	704,486	155,512	–	–	859,998

	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

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 instruments by remaining contractual maturity:

	Less than 1 year	1 to 3 years	Total
	$'000	$'000	$'000
Derivative financial instruments:			
2015:			
Group and Trust			
Net settled:			
Currency option contracts	–	472	472
Interest rate swaps	–	(1,691)	(1,691)
At end of the year	–	(1,219)	(1,219)

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

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 refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 (2014: 30) days. The other payables are with short-term durations. The classification of the financial assets is shown in the statements of financial position as they may be available to meet liquidity need and no further analysis is deemed necessary.

A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management of the 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. The Manager is of the view that cash from operating activities will be sufficient to meet the current requirements to support ongoing operations, capital expenditures, and debt repayment obligations. The Trust's structure necessitates raising funds through debt financing and the capital markets to fund strategic acquisitions and capital expenditures. The Manager also ensures that there are sufficient funds for declared and payable distributions and any other commitments.

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

28F. Interest rate risk

The interest rate risk exposure is from changes in fixed rates 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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
<u>**Financial liabilities with interest:**</u>				
Fixed rates	447,082	472,886	–	–
Floating rates	241,930	151,473	141,930	151,473
Total at end of the year	689,012	624,359	141,930	151,473

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.

In order to manage the interest rate risk, interest rate swaps are entered into to mitigate the fair value risk by converting floating rate borrowings to fixed rate borrowings, as described in Notes 22A and 26A.

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 and 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	
	2015	2014
	$'000	$'000
<u>**Financial liabilities:**</u>		
A hypothetical variation in interest rates by 10 (2014: 10) basis points with all other variables held constant, would have an increase/decrease in total return before tax for the year by	100	155

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).

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			
2015:			
Financial assets:			
Cash and cash equivalents	11,823	1,232	36,163
Total financial assets	11,823	1,232	36,163
Financial liabilities:			
Other financial liabilities	–	–	–
Net financial assets at end of the year	11,823	1,232	36,163

	Singapore Dollars	United States Dollars	Total
	$'000	$'000	$'000
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

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

28G. Foreign currency risk (cont'd)

	Indonesian Rupiah
	$'000
Trust	
2015:	
Financial assets:	
Trade and other receivables	146,345
Total financial assets	146,345
Financial liabilities:	
Trade and other payables	12,119
Net financial assets at end of the year	134,226
2014:	
Financial assets:	
Trade and other receivables	139,152
Total financial assets	139,152
Financial liabilities:	
Trade and other payables	12,622
Net financial assets at end of the year	126,530

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. Note 26B illustrates the foreign currency derivatives in place at end of the reporting year.

Sensitivity analysis:

	Group	
	2015	2014
	$'000	$'000
A hypothetical 10% (2014: 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	(123)	(32)
A hypothetical 10% (2014: 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	(1,182)	(1,746)

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

28G. Foreign currency risk (cont'd)

Sensitivity analysis (cont'd):

	Trust	
	2015	2014
	$'000	$'000
A hypothetical 10% (2014: 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	(13,423)	(12,653)

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.

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	
	2015	2014
	$'000	$'000
Commitments for purchase of plant and equipment and assets enhancements in retail malls	4,407	3,517

30. OPERATING LEASE INCOME COMMITMENTS – AS LESSOR

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

	Group	
	2015	2014
	$'000	$'000
Not later than one year	106,931	95,421
Later than one year and not later than five years	216,835	203,932
More than five years	154,633	123,509
Rental income for the year (Note 4)	141,347	115,096

The Trust has no operating lease payment 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 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 entered 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.

Upon completion of the acquisition of Lippo Plaza Batu, the Group entered into 4 Master Lease Agreements, pursuant to which casual leasing, car park, certain specialty retail spaces and the rooftop space of Lippo Plaza Batu were leased to the Vendor Lessees for guaranteed rental receivables, in accordance with the terms and conditions of the Master Lease Agreements. The Master Lease Agreements are valid for a period of 3 years with no option to renew.

Upon completion of the acquisition of Palembang Icon, the Group entered into 5 Master Lease Agreements, pursuant to which casual leasing, car park, a major retail unit space, certain specialty retail spaces and a Sports Centre of Palembang Icon were leased to the Vendor Lessees for guaranteed rental receivables, in accordance with the terms and conditions of the Master Lease Agreements. The Master Lease Agreements are valid for a period of 3 years with no option to renew. The Master Lease Agreement for the Sports Centre will run for the remaining period of the BOT agreement which expires on 30 April 2040.

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.

(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 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. The BOT agreement cannot be assigned without prior approval.

31. OTHER MATTERS (CONT'D)

(ii) Build, Operate and Transfer ("BOT") Agreements (cont'd)

Bandung Indah Plaza (cont'd)

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 from May 2008.

Palembang Icon

An Indonesia Retail Mall Property Company, PT Griya Inti Sejahtera Insani ("PT GISI") entered into a BOT Agreement with the Government of the Province of South Sumatera (BOT Grantor). PT GISI, has among others, the following rights: (i) to operate, manage and lease Palembang Icon (consisting of Phase 1 town square and Phase 2 town square and sports centre) whether part or whole to any third party; (ii) determine the rate of, and collect the rental fee or other fee generated from the lease; and (iii) pledge/secure the HGB certificates of town square and parking area registered under PT GISI by providing a notification to the BOT Grantor, save for the sports centre; and (iv) option to construct a new building and/or expand Palembang Icon.

32. EVENTS AFTER THE END OF THE REPORTING YEAR

(i) On 4 January 2016, the Group drew down a $100,000,000 term loan, maturing on 4 January 2019, at 2.0% interest margin over the relevant swap rate. The proceeds were used to repay the existing $100,000,000 bridging loan, which matured on 4 January 2016 (Note 22A).

(ii) On 8 January 2016, the Trust, through Kuta1 Holdings Pte Ltd, entered into a conditional sale and purchase agreement (the "Property CSPA") with PT Pamor Paramita Utama, an indirect wholly owned subsidiary of PT Lippo Karawaci Tbk, for the acquisition of Lippo Mall Kuta for a total estimated purchase consideration of $92,700,000.

(iii) On 3 February 2016, the Trust has entered into a joint venture with First Real Estate Investment Trust ("First REIT") for a proposed joint acquisition of an integrated development, comprising a hospital component known as "Siloam Hospitals Yogyakarta ("SHYG") and a retail mall component known as Lippo Plaza Jogja ("LPJ", together with "SHYG", the "Property") for a total estimated purchase consideration of $91,800,000.

The above proposed acquisitions in (ii) and (iii) are subject to the approval by Unitholders to be given at an Extraordinary General Meeting to be held on as soon as practicable.

(iv) On 23 February 2016, a final distribution of 0.81 cents per unit was declared totalling $22,691,000, in respect of the quarter ended 31 December 2015.

(v) The Trust acquired Lippo Mall Kemang ("LMK") before Strata Title Certificates relating to LMK were issued. As protection for the Unitholders, the Trustee, together with PT Almaron Perkasa (the vendor of LMK, which is 92% owned by the Sponsor), and PT Wisma Jatim Propertindo ("PT WJP") (a wholly-owned subsidiary of the Sponsor), had on 14 September 2014 entered into a Put Option Agreement. The agreement provides that if the Strata Title Certificates relating to LMK are not issued in the name of PT Kemang Mall Terpadu ("PT KMT") on the expiry of 12 months from the date of the LMK Conditional Sales and Purchase Agreement, the Trustee will have the Put Option to require PT WJP and/or other entities appointed by PT WJP, which are agreeable to the Trustee, to purchase the Trust's entire shareholding interest in PT KMT at the Put Option price.

The Put Option Extension resolution was duly passed during the extraordinary general meeting of the Unitholders of the Trust on 7 December 2015.

The Manager had assessed the fair value of the Put Option to be not material as at 31 December 2015.

On 10 March 2016, the Trust received the Strata Title Certificates (Sertificat Hak Milik Satuan Rumah Susun) which constitutes legal title to LMK. These Strata Title Certificates are registered under the name of PT KMT on 3 March 2016.

33. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1: Disclosure Initiative (early application)
Various	Improvements to FRSs (Issued in January 2014). Relating to FRS 24, Related Party Disclosures
Various	Improvements to FRSs (Issued in February 2014). Relating to FRS 40, Investment Property

34. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable 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 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018

35. COMPARATIVE FIGURES

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

36. LISTING OF INVESTMENTS IN SUBSIDIARIES

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

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost	
	2015	2014
	$'000	$'000
Singapore		
Gajah Mada Investments Pte Ltd Investment holding	83,599	83,789
Mal Lippo Investments Pte Ltd Investment holding	61,049	61,980
Cibubur Holdings Pte Ltd Investment holding	64,576	66,568
Tangent Investments Pte Ltd Investment holding	89,545	91,384
Magnus Investments Pte Ltd Investment holding	97,856	99,040
Elok Holdings Pte Ltd Investment holding	44,820	45,084
PS International Holdings Pte Ltd Investment holding	160,202	162,159
Great Properties Pte Ltd Investment holding	59,360	46,021
Grace Capital Pte Ltd Investment holding	34,878	23,132
Realty Overseas Pte Ltd Investment holding	26,500	20,546
Java Properties Pte Ltd Investment holding	19,028	19,327
Serpong Properties Pte Ltd Investment holding	17,159	17,790
Metropolis Properties Pte Ltd Investment holding	26,535	26,853

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

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost 2015 $'000	Cost 2014 $'000
Singapore		
Matos Properties Pte Ltd Investment holding	20,369	20,785
Detos Properties Pte Ltd Investment holding	21,460	20,767
Palladium Properties Pte Ltd Investment holding	47,025	21,573
Madiun Properties Pte Ltd Investment holding	24,965	25,310
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	169,306	172,935
Pluit Village Investments Pte Ltd Investment holding	29,189	29,189
PMF Holdings Pte Ltd Investment holding	48,159	51,648

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

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost	
	2015	2014
	$'000	$'000
Singapore		
Plaza Medan Investments Pte Ltd Investment holding	1*	1*
PSX Holdings Pte Ltd Investment holding	11,605	12,614
Palembang Square Holdings Pte Ltd Investment holding	61,011	61,193
Taminis Holdings Pte Ltd Investment holding	19,952	20,054
Kramati Holdings Pte Ltd Investment holding	40,766	41,866
Binjaimall Holdings Pte Ltd Investment holding	29,693	30,161
Pejaten Holdings Pte Ltd Investment holding	88,015	89,622
Super Binjai Investment Pte Ltd Investment holding	1*	1*
Pejatenmall Investment Pte Ltd Investment holding	1*	1*
Kramat Jati Investment Pte Ltd Investment holding	1*	1*
Tamini Square Investment Pte Ltd Investment holding	1*	1*
Palem Square Investment Pte Ltd Investment holding	1*	1*
PSEXT Investment Pte Ltd Investment holding	1*	1*

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

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost	
	2015	2014
	$'000	$'000
Singapore		
LMIRT Capital Pte Ltd Provision of treasury services	1*	1*
KMT 1 Holdings Pte Ltd Investment holding	354,398	362,050
KMT 2 Investment Pte Ltd Investment holding	16,104	16,104
Picon1 Holdings Pte Ltd Investment holding	78,272	–
Picon2 Investments Pte Ltd Investment holding	10,807	–
Kuta1 Holdings Pte Ltd Investment holding	1*	–
Kuta2 Investments Pte Ltd Investment holding	1*	–
Icon1 Holdings Pte Ltd Investment holding	1*	–
Icon2 Investments Pte Ltd Investment holding	1*	–

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

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost	
	2015	2014
	$'000	$'000
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	10,476	10,476
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
PT Panca Permata Pejaten Owner of Pejaten Village	15,929	15,929
PT Benteng Teguh Perkasa Owner of Lippo Plaza Kramat Jati	10,263	10,263

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

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost	
	2015	2014
	$'000	$'000
Indonesia		
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 and Lippo Plaza Batu	5,364	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	64,417
PT Griya Inti Sejatera Insani Owner of Palembang Icon	5,223	–

* Amount is less than $1,000.

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

The subsidiaries incorporated in Indonesia are audited by RSM Amir Abadi Jusuf, Aryanto, Mawar & Rekan (RSM Indonesia), 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 2015

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

Name of Related Party	Aggregate value of all related party transactions during the financial year under review
	S$'000
PT Lippo Karawaci Tbk and its subsidiaries or associates	
- Management fees[1]	11,166
- Acquisitions fees	1,069
- Property management fees	4,223
- Rental revenue	44,877
- Fees recoverable relating to put option for Lippo Mall Kemang	531
HSBC Institutional Trust Services (Singapore) Limited	
- Trustee fee	335

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 2015 to 31 December 2015. A total of 18,999,305 LMIR Trust Units amounting to an aggregate of S$6,342,577 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 2015 to 31 December 2015. In respect of the period from 1 January 2015 to 31 March 2015, a total of 4,507,960 LMIR Trust Units at issue prices of $0.3463* per Unit, were issued on 16 June 2015 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$1,667,945 based on this market price. In respect of the period from 1 April 2015 to 30 June 2015, a total of 4,296,952 LMIR Trust Units at issue prices of $0.3635* per Unit, were issued on 18 August 2015 to the Manager. The market price at the date of issue was 34 cents per Unit and the aggregate market value of these Units was S$1,460,964 based on this market price. In respect of the period from 1 July 2015 to 30 September 2015, a total of 5,015,716 LMIR Trust Units at issue price of $0.3213* per Unit, were issued on 16 November 2015 to the Manager. The market price at the date of issue was 30.5 cents per Unit and the aggregate market value of these Units was S$1,529,793 based on this market price. In respect of the period from 1 October 2015 to 31 December 2015, a total of 5,178,677 LMIR Trust Units at issue price of S$0.3105* per Unit, were issued on 3 March 2016 to the Manager. The market price at the date of issue was 32 cents per Unit and the aggregate market value of these Units was S$1,657,177 based on this market price.

* 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 2015, an aggregate of 2,797,814,196 units were issued and subscribed for.

STATISTICS OF UNITHOLDINGS

AS AT 16 MARCH 2016

ISSUED UNITS

There were 2,802,992,873 Units (voting rights: one vote per Unit) issued in LMIR Trust as at 16 March 2016.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 - 99	37	0.37	441	0.00
100 - 1,000	238	2.41	211,580	0.01
1,001 - 10,000	3,234	32.72	21,420,643	0.76
10,001 - 1,000,000	6,324	63.97	444,527,126	15.86
1,000,001 and above	52	0.53	2,336,833,083	83.37
TOTAL	**9,885**	**100.00**	**2,802,992,873**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholders	Number of Units	%
1.	OCBC SECURITIES PRIVATE LIMITED	708,216,340	25.27
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	415,151,639	14.81
3.	UOB KAY HIAN PRIVATE LIMITED	314,320,437	11.21
4.	DBS NOMINEES (PRIVATE) LIMITED	239,169,803	8.53
5.	LMIRT MANAGEMENT LTD	121,616,821	4.34
6.	RAFFLES NOMINEES (PTE) LIMITED	99,092,883	3.54
7.	HSBC (SINGAPORE) NOMINEES PTE LTD	94,705,305	3.38
8.	PHILLIP SECURITIES PTE LTD	40,539,235	1.45
9.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	37,082,400	1.32
10.	DBSN SERVICES PTE. LTD.	35,272,254	1.26
11.	KO OON JOO	29,668,300	1.06
12.	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	26,423,000	0.94
13.	BANK OF SINGAPORE NOMINEES PTE. LTD.	23,514,324	0.84
14.	DB NOMINEES (SINGAPORE) PTE LTD	17,314,166	0.62
15.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	14,124,753	0.50
16.	KGI FRASER SECURITIES PTE LTD	13,705,600	0.49
17.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	12,935,804	0.46
18.	MAYBANK KIM ENG SECURITIES PTE. LTD.	9,548,496	0.34
19.	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	8,391,374	0.30
20.	CITIBANK CONSUMER NOMINEES PTE LTD	5,878,500	0.21
	TOTAL	**2,266,671,434**	**80.87**

SUBSTANTIAL UNITHOLDERS

(As at 16 March 2016)

		No. of Units Direct Interest	No. of Units Deemed Interest
1.	Bridgewater International Ltd ("BIL")	700,444,940	–
2.	PT. Sentra Dwimandiri ("PTSD")	–	700,444,940[1]
3.	PT. Lippo Karawaci Tbk ("LPKR")	–	822,061,761[2]
4.	Wealthy Fountain Holdings Inc	202,938,500	–
5.	Shanghai Summit Pte Ltd		224,938,500[3]
6.	Tong Jinquan		224,938,500[4]

Notes:

1. BIL is controlled by PTSD. PTSD is therefore deemed to be interested in 700,444,940 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 700,444,940 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 121,616,821 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 202,938,500 Units held by Wealthy Fountain Holdings Inc and 22,000,000 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 202,938,500 Units held by Wealthy Fountain Holdings Inc and 22,000,000 Units held by Skyline Horizon Consortium Ltd.

MANAGER'S DIRECTORS' UNITHOLDINGS

(As recorded in the Register of Directors' Unitholdings as at 21 January 2016)

		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 16 March 2016, approximately 62.63% 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

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting ("**AGM**") of the holders of units of Lippo Malls Indonesia Retail Trust ("**LMIR Trust**", and the holders of units of LMIR Trust, "**Unitholders**") will be held at Mandarin Ballroom 1, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 on Friday, 22 April 2016 at 2:00 p.m. to transact the following business:

(A) AS ORDINARY BUSINESS

1. To receive and adopt the Report of the Trustee of LMIR Trust issued by HSBC Institutional Trust Services (Singapore) Limited, as trustee of LMIR Trust (the "**Trustee**"), the Statement by the Manager issued by LMIRT Management Ltd, as manager of LMIR Trust (the "**Manager**"), and the Audited Financial Statements of LMIR Trust for the financial year ended 31 December 2015 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 with or without any modifications, the following resolution as an Ordinary Resolution:

3. That pursuant to Clause 5 of the trust deed constituting LMIR Trust (the "**Trust Deed**") and the listing rules of 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 cent (50.0%) of the total number of issued Units (excluding treasury Units, if any) (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 (including Units to be issued in pursuance of Instruments to be made or granted pursuant to this Resolution) shall not exceed twenty per cent (20.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

(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) 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 which are outstanding or subsisting at the time of the passing of this Resolution;

(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 (ii) the date by which the next AGM of LMIR Trust is required by law to be held, whichever is earlier or (iii) 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;

(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; and

(6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider necessary, expedient, incidental or in the interest of LMIR Trust to give effect to the authority contemplated and/or authorised by this Resolution.

(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
Company Secretary

Singapore
1 April 2016

Explanatory Note:

The Ordinary Resolution (3) in item 3 above, if passed, will empower the Manager from the date of this AGM until the date of the next AGM of the Unitholders of LMIR Trust, or the date by which the next AGM of the Unitholders is required by law to be held, or such authority is varied or revoked by the Unitholders in a general meeting, whichever is the earliest, to issue Units, make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding, in total, fifty per cent (50.0%) of the total number of issued Units (excluding treasury Units, if any), with a sub-limit of twenty per cent (20.0%) for issues other than on a ***pro rata*** basis to Unitholders.

For the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units (excluding treasury Units, if any) at the time this Ordinary Resolution is passed after adjusting for new Units arising from the conversion or exercise of any Instruments, 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.

Important Notice:

1. A Unitholder who is not a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his or her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he or she specifies the proportion of his or her holding (expressed as a percentage of the whole) to be represented by each proxy.

2. A Unitholder who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointment shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. The instrument appointing a proxy or proxies (the "**Proxy Form**") 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 seventy-two (72) hours before the time appointed for holding the AGM.

NOTICE OF ANNUAL GENERAL MEETING OF THE UNITHOLDERS (CONT'D)

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.

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PROXY FORM

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend and vote at the Annual General Meeting (please see Note 2 for the definition of "relevant intermediary").
2. 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**.
3. 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.
4. **PLEASE READ THE NOTES TO THE PROXY FORM.**

   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 1 April 2016.

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)

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 Seventh Annual General Meeting (the "**Meeting**") of Unitholders of LMIR Trust to be held at Mandarin Ballroom 1, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 on Friday, 22 April 2016 at 2:00 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.	**Ordinary Resolutions**	**No. of votes 'For'***	**No. of votes 'Against'***
Ordinary Business			
1	To receive and adopt the Report of the Trustee, the Statement by the Manager, the Audited Financial Statements of LMIR Trust for the financial year ended 31 December 2015 and the Auditors' Report thereon		
2	To re-appoint RSM Chio Lim LLP as Auditors of LMIR Trust and authorise the Manager to fix the Auditors' remuneration		
Special Business			
3	To authorise the Manager to issue new Units and to make or grant convertible instruments		

**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 ________________ 2016

Total number 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 to the Proxy Form:

1. A unitholder of LMIR Trust ("**Unitholder**") who is not a relevant intermediary entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his or her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he or she specifies the proportion of his or her holding (expressed as a percentage of the whole) to be represented by each proxy.

2. A Unitholder who is a relevant intermediary entitled to attend and vote at the Meeting is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).

   "**Relevant intermediary**" means:
   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his or her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he or she should insert that number of Units. If the Unitholder has Units registered in his or her name in the Register of Unitholders, he or she should insert that number of Units. If the Unitholder has Units entered against his or her name in the said Depository Register and Units registered in his or her name in the Register of Unitholders, he or she should insert the aggregate number of Units entered against his or her name in the Depository Register and registered in his or her name in the Register of Unitholders. If no number is inserted, the Proxy Form will be deemed to relate to all the Units held by the Unitholder.

4. The instrument appointing a proxy or proxies (the "**Proxy Form**") 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 seventy two (72) hours before the time appointed for holding the Meeting.

5. The Proxy Form must be executed under the hand of the appointor or of his or her attorney duly authorised in writing. Where the Proxy Form 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 Proxy Form 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 Proxy Form, failing which the Proxy Form may be treated as invalid.

6. The Manager and the Trustee shall have the right to reject any Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager: (a) may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his or her name in the Depository Register as at seventy two (72) hours before the time appointed for holding the Meeting, as certified by CDP to the Manager; and (b) shall be entitled and bound to accept as accurate the number of Units entered against the name of that Unitholder as shown in the Depository Register as at a time not earlier that seventy two (72) hours prior to the time of the Meeting, supplied by CDP to the Trustee and to accept as the maximum number of votes which in aggregate that Unitholder and his proxy/ies (if any) are able to cast on poll a number which is the number of Units entered against the name of that Unitholder as shown in the Depository Register, whether that number is greater or smaller than that specified by the Unitholder or in the Proxy Form.

7. All Unitholders will be bound by the outcome of the Meeting regardless of whether they have attended or voted at the Meeting.

8. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he or she is a Unitholder. There shall be no division of votes between a Unitholder who is present and voting at the Meeting and his or her proxy(ies). A person entitled to more than one vote need not use all his or her votes or cast them the same way.

9. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the Meeting are requested to submit in writing, a list with details of the CPF investors' 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 seventy two (72) hours before the time appointed for holding the Meeting.

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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

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