BUILDING ON OUR
FUNDAMENTALS

ANNUAL REPORT 2018

LMIR TRUST
LIPPO MALLS INDONESIA RETAIL TRUST

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OUR VISION

LIPPO MALLS INDONESIA RETAIL TRUST ("LMIR TRUST") AIMS TO BE ONE OF THE PREMIER RETAIL REITS IN ASIA, CREATING AND UTILISING 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

DIVERSIFYING OUR OFFERINGS

CONSOLIDATING OUR STRENGTHS AND OPTIMISING OUR EXISTING ASSETS TO DELIVER THE BEST VALUE FOR OUR UNITHOLDERS

Sun Plaza

NAV PER UNIT
28.66 CENTS

PORTFOLIO VALUATION
RP19,514 BILLION

NET LETTABLE AREA
910,749 SQM

ABOUT LMIR TRUST

As the only Indonesia-exposed retail real estate investment trust listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"), Lippo Malls Indonesia Retail Trust ("LMIR Trust") offers investors a unique opportunity to participate in the bustling retail property sector in Southeast Asia's largest economy.

With a growing presence in key cities in Indonesia, LMIR Trust is able to leverage Indonesia's rising affluence and greater consumer spending power to deliver stable and sustainable returns to Unitholders.

As the Manager, LMIRT Management Ltd is focused on reinforcing its strategic pillars which include actively managing its assets together with its mall operator to drive healthy occupancy rates, maintaining optimal property and tenant diversification across its portfolio, as well as actively seeking to increase and optimise its portfolio's value through yield-accretive acquisitions and asset enhancement initiatives.

PORTFOLIO

Since its listing in November 2007, LMIR Trust has grown its initial portfolio of 14 properties to its current size of 30 properties, comprising 23 retail malls and seven retail spaces located in other retail malls. With a total gross floor area ("GFA") of 1,650,014 square metres and net lettable area ("NLA") of 910,749 square metres, the portfolio has an asset value of Rp19,514.1 billion as at 31 December 2018.

These retail malls are strategically located in large population catchment areas in Greater Jakarta, Bandung, Yogyakarta, Medan, Palembang, Bali and Sulawesi and cater mainly to the everyday needs of middle to upper-middle income domestic consumers in Indonesia.

The malls boast a diversified tenant base of 3,697 that includes well-known retailers such as Carrefour, Hypermart, Matahari Department Store and Sogo, as well as popular consumer brands including Zara, Uniqlo, H&M, Muji, Miniso, Giordano, Ace Hardware, Adidas, BreadTalk, Fitness First, Starbucks and Timezone, among others.

The portfolio is very defensively placed with staggered lease expiry to ensure a steady earnings base. LMIR Trust also has a healthy pipeline of retail malls for acquisition from its Sponsor, PT Lippo Karawaci Tbk ("Lippo Karawaci").

SPONSOR

Lippo Karawaci has the largest and most diversified land bank throughout Indonesia and is a market leader in mixed-use integrated developments. Its businesses include residential urban development, large-scale integrated real estate, hospitals, retail malls, hotels and asset management.

For its retail malls business, the Sponsor owns and/or manages 51 malls throughout Indonesia and has another 38 malls in the pipeline, located in cities with dense populations.

KEY FINANCIAL HIGHLIGHTS

PORTFOLIO OCCUPANCY
92.9%

NET PROPERTY INCOME
S$165.0 MILLION
↓10.5%

DISTRIBUTION YIELD[1]
11.3%

GEARING
34.6%

TENANTS
3,697
↑9.9%

INTEREST COVER
4.4x

GROSS REVENUE
S$230.3 MILLION
↑16.7%

NET LETTABLE AREA
910,749 SQM

DISTRIBUTION PER UNIT
2.05 CENTS
↓40.4%

PROPERTIES
30

AVERAGE COST OF DEBT
4.7%

PORTFOLIO VALUATION
RP19,514 BILLION
↑0.2%

DISTRIBUTABLE INCOME
S$58.4 MILLION
↓39.8%

ANNUAL SHOPPER TRAFFIC
170 MILLION
↑14.6%

NET ASSETS VALUE PER UNIT
28.66 CENTS
↓10.9%

(1) Based on closing price of S$0.182 as at 31 December 2018.

UNIT PRICE PERFORMANCE

UNIT PRICE AND TRADING VOLUME

CLOSING UNIT PRICE

ON THE LAST TRADING DAY PRIOR TO THE COMMENCEMENT OF THE PERIOD (SINGAPORE CENTS)

2018

40.0

2017 : 37.0

HIGHEST CLOSING UNIT PRICE

(SINGAPORE CENTS)

2018

42.0

2017 : 46.5

LOWEST CLOSING UNIT PRICE

(SINGAPORE CENTS)

2018

18.0

2017 : 36.5

CLOSING UNIT PRICE FOR THE PERIOD

(SINGAPORE CENTS)

2018

18.2

2017 : 40.0

DAILY AVERAGE TRADING VOLUME

(S$'MILLION)

2018

4.5

2017 : 3.8

MARKET CAPITALISATION

(S$'MILLION)

2018

520.5

2017 : 1,129.6

DISTRIBUTION PER UNIT

DISTRIBUTION PER UNIT

(SINGAPORE CENTS)

2018

2.05

2017 : 3.44

CLOSING UNIT PRICE FOR THE PERIOD

(SINGAPORE CENTS)

2018

18.2

2017 : 40.0

DPU YIELD

2018

11.3%

2017 : 8.6%

SIGNIFICANT EVENTS IN FY 2018

MAR

- Obtained a S$40.0 million unsecured uncommitted revolving credit facility from BNP Paribas
- Discharge of security under the S$180.0 million secured term loan

APR

- Convened Ninth Annual General Meeting on 18 April

AUG

- Announced 2Q 2018 financial results on 2 August, declared DPU of 0.59 Singapore cents
- Cessation of Ms Chan Lie Leng as Executive Director and Chief Executive Officer of the Manager

OCT

- Appointment of Ms Gouw Vi Ven as Executive Director and Chief Executive Officer of the Manager
- Re-designation of Mr Liew Chee Seng James as Deputy Chief Executive Officer

JAN

- Retirement of HSBC Institutional Trust Services (Singapore) Limited and appointment of Perpetual (Asia) Limited as Trustee of LMIR Trust

FEB

- Announced 4Q 2017 financial results on 13 February, declared DPU of 0.79 Singapore cents

MAY

- Announced 1Q 2018 financial results on 3 May, declared DPU of 0.67 Singapore cents

JUN

- Appointment of Mr Liew Chee Seng James as Chief Operating Officer of the Manager

NOV

- Announced 3Q 2018 financial results on 9 November, declared DPU of 0.49 Singapore cents
- Obtained S$135.0 million unsecured term loan facilities from five banks

ENHANCING OUR ASSETS

BUILDING RETAIL ASSETS OF THE FUTURE THROUGH ENHANCING ASSET FEATURES, OPTIMISING TENANT MIX AND CREATING SHOPPING EXPERIENCE OF THE FUTURE

Palembang Icon

TENANTS
3,697

PORTFOLIO OCCUPANCY
92.9%

SHOPPER TRAFFIC
170 MILLION

LETTER TO UNITHOLDERS

MR KETUT BUDI WIJAYA
Chairman and
Non-Independent
Non-Executive Director

MS GOUW VI VEN
Executive Director and
Chief Executive Officer

DEAR UNITHOLDERS,

SOUND FUNDAMENTALS

2018 was a challenging year characterised by global macro-economic uncertainties, trade tensions and concerns over a rising interest rate environment. Closer to home, LMIR Trust also faced a challenging environment resulting from a significant weakening of the Indonesian Rupiah, which depreciated by a sharp 9.5% to the Singapore Dollar (2018: Rp10,577 vs. 2017: Rp9,661), and the negative taxation effects related to the change in the service and utilities recovery arrangement.

As a result, LMIR Trust reported a distribution per unit ("DPU") of 2.05 Singapore cents for the financial year ended 31 December 2018 ("FY 2018"), on the back of distributable income dipping to S$58.4 million from S$97.0 million a year ago ("FY 2017"). Net property income for the year also saw a 10.5% decline to S$165.0 million, exacerbated by the expenses incurred relating to the change in the service and utilities recovery arrangement and higher doubtful debt allowances.

Against this backdrop, our resilient business model and focus on sustainable long-term growth shone through, as our underlying portfolio turned in a stable operational performance for the year.

Gross rental income for the year in Indonesian Rupiah terms grew 3.5% to Rp1,641.6 billion, underpinned by strong demand for our retail spaces which enjoyed a higher than average occupancy rate of 92.9% compared to industry average of 83.2%.

Through active management of our tenant mix and optimisation of our malls and retail spaces, LMIR Trust has successfully established a clear value proposition for both retailers and shoppers. To maintain our competitive edge, we remain keenly attuned to shifts in consumer trends and regularly review our leasing strategies to attract new tenants and enhance the shopping experience for our visitors.

In FY 2018, we secured a total of 61,576 square metres of new leases, a 60.9% jump from FY 2017. We also welcomed new tenants into our malls with established international brands such as Uniqlo, Make Up Forever, Melissa and The North Face setting up their pioneer stores within Sun Plaza in Medan, Sumatra, attesting to the strong demand for retail spaces in our malls. Our shopper traffic also spiked 14.6% from a year ago, with 169.8 million shoppers having visited our properties during the year.

As at 31 December 2018, LMIR Trust's portfolio of 30 properties was valued at Rp19,514.1 billion, with the cumulative

"TO MAINTAIN OUR COMPETITIVE EDGE, WE REMAIN KEENLY ATTUNED TO SHIFTS IN CONSUMER TRENDS AND REGULARLY REVIEW OUR LEASING STRATEGIES TO ATTRACT NEW TENANTS AND ENHANCE THE SHOPPING EXPERIENCE FOR OUR VISITORS."

value remaining stable from a year ago (FY 2017: Rp19,475.4 billion), while our NLA remained steady at 910,749 square metres.

At the heart of our strategy is a strong focus on nurturing our fundamentals while casting an eye on delivering long term growth. With an established track record in the Indonesian retail space, our intimate knowledge and understanding of the ground have given us the confidence and conviction that we will continue to successfully navigate the ever-evolving retail landscape.

Over the years, we have also embarked on several asset enhancement initiatives ("AEI") to boost our asset value and attract greater footfall to our malls. In November 2018, Cibubur Junction introduced a new dining concept "The Flavour Garden" as part of our conscientious efforts to refresh shoppers' experience in our malls. In addition, we also commenced a series of refurbishment works for Sun Plaza in 4Q 2018. This will include a complete revamp of its external façade and interiors, reconfiguration of the mall's layout to maximise space, upgrading of key amenities as well as the creation of additional atrium space. These works are expected to be completed in 2021.

On 12 March 2019, we entered into a conditional sales and purchase agreement ("CSPA") with our Sponsor for the proposed acquisition of the iconic Lippo Mall Puri ("Puri Mall") at a purchase consideration of Rp3,700.0 billion (S$354.7 million[1]).

With the positive developments in Indonesia and the gradual recovery of the Indonesian Rupiah to Singapore Dollar, this CSPA allows LMIR Trust to lock in the purchase price which is at an attractive 5.1% discount to the lower of two independent valuations[2].

Strategically located in the bustling Puri Indah commercial precinct of West Jakarta, Puri Mall is the retail component of the St Moritz Jakarta Integrated Development, the largest premium mixed-use development in West Jakarta. Puri Mall is an integral element in the development's integrated ecosystem of businesses and lifestyle amenities, comprising six upmarket apartment towers with more than 1,000 residential units, a school and an office-cum 5-star hotel building.

Reaffirming our strategy of acquiring income-producing assets for long-term growth, this acquisition is expected to have a NPI yield of 9.4%, boosting our existing NPI yield of 8.9% to 9.0%, based on pro forma figures as at 31 December 2018. Additionally, the acquisition will boost our asset value by 19.0% to Rp23,214.1 billion and total NLA by 12.7% to 1,026,349 square metres.

We aim to complete this acquisition in the second half of 2019 after the issuance of the strata title certificates for Puri Mall.

DISCIPLINED CAPITAL MANAGEMENT

On the capital management front, our consistently disciplined approach has enabled us to maintain a strong and stable capital structure amidst our growth. This is evident by our strong balance sheet and a healthy leverage of 34.6% as at 31 December 2018, comfortably below the statutory limit of 45.0%, providing us with ample headroom for future accretive acquisitions. As at March 2018, all assets at LMIR Trust are unencumbered, following the discharge of all securities under our S$180.0 million secured term loan facility, providing us with further financial flexibility.

In the same month, LMIR Trust obtained a S$40.0 million unsecured uncommitted revolving credit facility from BNP Paribas, following an S$80.0 million unsecured uncommitted revolving credit facility obtained in November 2017 from CIMB Bank Berhad. This reflects the strong institutional confidence in LMIR Trust as an unsecured lender, and attests to the unwavering support from our principal bankers.

During the year, LMIR Trust proactively completed its refinancing requirements ahead of maturity. Henceforth, LMIR Trust has no further refinancing requirement until 2020, save for the aforementioned revolving facilities. As at 31 December 2018, our average term of debt stood at 2.17 years, compared to 2.13 years as at 31 December 2017. Despite the higher

[1] Based on an illustrative exchange rate of S$1.00 to Rp10,431.47 as at 28 February 2019
[2] In collaboration with KJPP Firman Suryantoro Sugeng Suzy Hartomo & Partners and KJPP Rinaldi Alberth Baroto & Partners

interest rate environment, we have maintained a stable all-in cost of debt of 4.7% per annum (5.5% per annum including cost of perpetual securities, little change from FY 2017 of 5.4% per annum).

MARKET OUTLOOK

All in all, market sentiment in Indonesia remains positive on the back of stronger domestic demand, as well as higher government spending and fixed investments. While the global economy is expected to grow an average of 3.5% in 2019, Indonesia's economic growth is expected to hold steady at above 5.3% in 2019. The stronger growth forecast is on the back of expectations of a stronger spending push planned for 2019, as announced by President Joko Widodo.[3]

Meanwhile, Bank Indonesia has also indicated its intention to maintain a "pre-emptive, frontloading and ahead of the curve" policy stance[4], even as Indonesia's inflation eased to 2.8% in January 2019, the lowest level since August 2016. Domestic consumption too, is set to receive a boost from the presidential election in April, favourable government policies and programmes, as well as an unemployment rate that came in at a 20-year low of 5.3% in 2018. On the currency front, the Indonesian Rupiah has also showed signs of a nascent rally in recent months on the back of improvements in the Indonesia's economic indicators. This appreciation was also accompanied by a build-up in foreign exchange reserves which has been consistently improving since September 2018.

Still, as an emerging market, Indonesia remains vulnerable to shifting sentiment among international investors. In the face of trade tensions between the United States and China, Indonesia has reaped the benefits of higher steel exports to the United States and could benefit from companies' plans to move part of their supply chain away from China[5]. However, prolonged trade tensions may pose downside risks for longer-term growth in Indonesia. Notwithstanding these potential challenges, we remain confident that our resilient business model and achievements over the years will stand us in good stead to weather any macroeconomic developments as we embark on our next phase of growth.

ACKNOWLEDGEMENTS

Over the years, LMIR Trust has also benefited immensely from the strong leadership of our Board of Directors and management team. We would like to thank the Board for their commitment and generosity of counsel, and members of the management team for their contributions to LMIR Trust.

In particular, we would like to extend our heartfelt appreciation to Ms Chan Lie Leng, who retired from her role as Executive Director and CEO in August 2018. During her watch, Lie Leng led several key initiatives that has positioned LMIR Trust well for the long-term.

We have also strengthened our management team with the addition of Mr Liew Chee Seng James, who was appointed Chief Operating Officer of the Manager in June 2018 and re-designated as Deputy CEO in October 2018.

Lastly, to the staff of the Manager, thank you for your dedication and hard work. With your commitment, coupled with the skill and experience of the management team and with the guidance of the Board, we are confident that we have in place a strong team to navigate the challenges ahead and propel LMIR Trust to greater heights.

Above all, we are deeply appreciative of the strong support and trust from our valued Unitholders. We will continue to work hard to deliver greater value for you.

MR KETUT BUDI WIJAYA
Chairman and
Non-Independent
Non-Executive Director

MS GOUW VI VEN
Executive Director and
Chief Executive Officer

[3] 17 August 2018, The Business Times - Jokowi plans record spending next year
[4] 24 May 2018, The Jakarta Post - New BI governor seeks to maintain Rupiah stability
[5] 23 January 2019, CNBC- Indonesia has benefited from the US-China trade war, minister says

Sitting left to right
Mr Ketut Budi Wijaya
Ms Gouw Vi Ven

Standing left to right
Mr Douglas Chew
Mr Goh Tiam Lock
Mr Lee Soo Hoon, Phillip

BOARD OF DIRECTORS

MR KETUT BUDI WIJAYA
Chairman, Non-Independent Non-Executive Director

Date of Appointment
As Non-Independent Non-Executive Director on 1 June 2015

As Chairman on 30 September 2017

Board Committee
Member of Nominating & Remuneration

Present Directorship in Listed Companies
- Bowsprit Capital Corporation Limited (as Manager of First REIT), Non-Executive Director
- Peninsula Investment Limited, Non-Executive Director

Past Directorship in Listed Companies
- PT Lippo Cikarang Tbk, President Commisioner (2009 – 2016, 2017 – 2018)
- PT Jababeka Tbk, Commisioner (2015 – 2018)
- PT Siloam International Hospitals Tbk, President Commisioner (2013 – 2016)
- PT Gowa Makassar Tourism Development Tbk, President Commisioner (2010 – 2016)
- PT Multifiling Mitra Indonesia Tbk, Commissioner (2010 - 2015)

Mr Wijaya has more than 30 years of in-depth expertise in accounting and corporate finance.

During his career, he held various executive and directorship 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 Darmanwan & Co. Public Accountants and PT Bridgestone Tire Indonesia.

Mr Wijaya is currently the President Director of PT Lippo Karawaci Tbk, the largest listed property company in Indonesia by total assets and revenue with a highly focused, unique and integrated business model stretching across urban and large-scale integrated developments, retail malls, healthcare, hospitality, property and portfolio management.

Mr Wijaya graduated with an academy of accountancy and continued study at Sekolah Tinggi Ekonomi Indonesia in 1982.

MS GOUW VI VEN
Executive Director and Chief Executive Officer

Date of Appointment
As Executive Director and Chief Executive Officer on 5 October 2018

Past Directorship in Listed Companies
- LMIRT Management Ltd (as Manager of LMIR Trust), Executive Director (2007 to 2017)

Ms Gouw was formerly the CEO of the Manager from 2007 to April 2013, and Executive Director till March 2017.

She has more than 25 years of experience in management, marketing and sales in the real estate industry. She played a pivotal role as President Director of PT Lippo Karawaci Tbk (Lippo Karawaci), the Sponsor of LMIR Trust, in propelling the Group into the largest listed property company in Indonesia by asset size.

During her tenure, she was integral in identifying retail properties for Lippo Karawaci to invest in (the strata malls and the planned leased malls), enhancing existing assets and ensuring the delivery of development projects, which span across diverse real estate sectors, including urban/townships, residential clusters, condominiums, hospitals and hotel projects, throughout Indonesia.

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

BOARD OF DIRECTORS (CONT'D)

MR DOUGLAS CHEW
Lead Independent Director

Date of Appointment
As Non-Executive Director on 4 August 2011

As Independent Director on 26 November 2013

As Lead Independent Director on 30 September 2017

Board Committee
Chairman of Nominating & Remuneration and Member of Audit & Risk

Past Directorship in Listed Companies
- Bowsprit Capital Corporation Limited (as Manager of First REIT), Alternate Director (2009 to 2012)

Mr 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, a wholly-owned subsidiary of Credit Suisse. He is also a member of the Investment Review Committee of SymAsia.

Mr Chew has extensive experience in general management, business strategies and risk management. From 2010 to 2012, he was the Regional Manager at the Asia-Pacific Regional Office of Raiffeisen Bank International AG (formerly known as ZB-Austria), where he was responsible for risk management, financial controlling, compliance, audit and human resources.

He kick-started his career as a Credit Officer at ABN Bank in 1977, where he was responsible for credit analysis and evaluation. From 1979 to 1984, he was an Account Manager at the Bank of Montreal, where he was responsible for the development and maintenance of a sound and profitable loan portfolio. From 1984 onwards, he 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 at 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 Bachelor of Business Administration from the National University of Singapore.

MR GOH TIAM LOCK
Independent Director

Date of Appointment
As Independent Director on 27 September 2011

Board Committee
Member of Audit & Risk and Nominating & Remuneration

Past Directorship in Listed Companies
- Bowsprit Capital Corporation Limited (as Manager of First REIT), Independent Non-Executive Director (2006 to 2017)

Mr Goh is currently the Managing Director of Lock Property Consultants Pte Ltd., a position he has held since setting up the practice in 1993. The firm has an estate agent licence from the Council of Estate Agency for which Mr Goh is the Key Executive Officer. Besides estate agency, Mr Goh also advises clients on real estate taxation, development charges and management issues.

Mr Goh served as a member on the Strata Titles Board from 1999 till 2018. He 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 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 was actively involved in community work, holding positions such as Chairman of the Marine Parade Community Club Management Committee from 1984 to 2001, and Master Mediator at the Marine Parade Community Mediation Centre. He is now a Patron of the Marine Parade Community Club Management Committee.

Mr Goh has received several awards for his involvement in community service, including the Pingkat Bakti Masyarakat (PBM) or the (Public Service Medal) in 1988, and the Bintang Bakti Masyarakat (BBM) or the Public Service Star in 1997. In 2018 he received the People's Association's Platinum Award for Community Service.

MR LEE SOO HOON, PHILLIP
Independent Director

Date of Appointment
As Independent Director on 4 August 2011

Board Committee
Chairman of Audit & Risk

Present Directorship in Listed Companies
Independent Non-Executive Director at
- CSE Global Limited
- G K Goh Holdings Ltd
- Estate and Trust Agencies (1972) Ltd
- Kluang Rubber Company (Malaysia) Bhd
- Kuchai Development Bhd
- Sungei Bagan Rubber Company (Malaysia) Bhd

Past Directorship in Listed Companies
- IPC Corporation Ltd, Independent Director (1998 to 2018)
- Transcorp Holdings Limited, Independent Director (2000 to 2015)
- Heatec Jietong Holdings Ltd, Independent Director (2009 to 2014)

Mr Lee is the Managing Director of Phillip Lee Management Consultants Pte Ltd. Prior to this, he was a Partner at Ernst & Young from 1978 to 1997. Mr Lee's areas of experience include audit, investigations, reorganisations, valuations and liquidations.

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

He has also 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.

MANAGEMENT TEAM

1


2


3


4


5


6


7


1

MS GOUW VI VEN
Executive Director and Chief Executive Officer

Please refer to page 17 for Ms Gouw Vi Ven's biography.

2

MR LIEW CHEE SENG JAMES
Deputy Chief Executive Officer

Mr Liew joined the Manager in June 2018 as Chief Operating Officer and was appointed as Deputy Chief Executive Officer in October 2018. In this role, he assists the CEO in the management of daily operations of LMIR Trust.

Prior to joining the Manager, he was Senior Director, Corporate Finance and Asset Enhancement at Lippo Group from September 2015 to May 2018, where he worked on various real estate projects in Indonesia. Mr Liew has more than 20 years of experience in the finance and real estate industries, having served in various capacities with Temasek Holdings, United Overseas Bank, UOB Asset Management and Raiffeisen Bank.

Mr Liew obtained his Masters in Business Administration (Strategic Management) and Bachelor of Business, Banking and Finance (First Class Honours) from the Nanyang Technological University.

3

MR WONG HAN SIANG
Chief Financial Officer

Mr Wong joined the Manager in September 2008 as Finance Manager and then as Financial Controller from January 2011 until June 2017. In July 2017, he was appointed as the Chief Financial Officer. Mr Wong is responsible for LMIR Trust's financial management functions. He oversees all matters relating to financial reporting, taxation, capital management, treasury and risk management. Mr Wong has more than 15 years of accounting, auditing and corporate finance experience. Prior to joining the Manager, he was an Audit Manager with PricewaterhouseCoopers LLP Singapore.

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

4

MS CHRISTINA LEE
Director, Legal and Compliance

Ms Lee joined the Manager in March 2017 and oversees the compliance, legal, investor relations and company secretarial matters of LMIR Trust. She brings with her more than 25 years of experience in banking, in the areas of internal audit, compliance and operations. Prior to joining the Manager, she amassed her experience from both local and international banks and audit firms including Raiffeisen Bank International AG, Singapore, United Overseas Bank Ltd, Hongkong & Shanghai Bank, Ernst & Young Singapore and PricewaterhouseCooper Malaysia.

Ms Lee graduated with a BSc (Hons) in Accounting and Financial Analysis from the University of Warwick, England and is a Certified Internal Auditor and Certified Financial Services Auditor. She also obtained her Diploma in Compliance (FICS Specialist) from the International Compliance Association.

5

MR HENG SHAO SHENG
Director, Asset Management and Business Development

Mr Heng joined the Manager in April 2017. He has more than 15 years of experience in the banking and finance industry covering areas such as management information services, operations control, accounting and finance. Prior to joining the Manager, Mr Heng was Deputy Head of Accounting and Finance at Raiffeisen Banking International, where he was involved in statutory compliance reporting, IFRS reporting, data and operations control and accounts payable. He started his career with BNP Paribas and has also worked for ABN Amro.

Mr Heng obtained his Bachelor of Business in Accountancy from RMIT University and is also a Certified Practising Accountant, CPA Australia.

6

MS ELLA JIA
Financial Controller

Ms Jia joined the Manager in September 2013 as Finance Manager and then as Senior Manager, Treasury and Financial Accounting from July 2016 to December 2018. In January 2019, she was appointed as Financial Controller. She supports the CFO on financial reporting, treasury, taxation and assets acquisition activities of LMIR Trust. Ms Jia has more than 10 years of industry experience in REITs and private funds. Prior to joining the Manager, she spent her first four years of her finance career with BDO Raffles and Deloitte & Touche LLP, and subsequently worked for Frasers Commercial Trust as a Finance Manager and Prologis Singapore as the Reporting Manager.

Ms Jia graduated with a Bachelor of Arts in English Literature and Linguistics and is a Chartered Accountant of the Institute of Singapore Chartered Accountants as well as a fellow member of the Association of Chartered Certified Accountants (FCCA).

7

MR CESAR AGOR
Manager, Legal and Compliance

Mr Agor joined the Manager in July 2012. He supports the activities of the Manager in the areas of legal and compliance.

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

Mr Agor obtained his Bachelor of Arts in Legal Management and Bachelor of Laws from the Catholic University of Santo Tomas, Philippines. He is currently pursuing his Master of Laws at the University of London International Programmes.

GROWING OUR FOOTPRINT

GROSS REVENUE
S$230.3 MILLION

NET PROPERTY INCOME
S$165.0 MILLION

DISTRIBUTION PER UNIT
2.05 CENTS

Palembang Icon

PORTFOLIO OVERVIEW

JAKARTA
NORTH
- PLUIT VILLAGE
  Jalan Pluit Indah Raya, Penjaringan

SOUTH
- THE PLAZA SEMANGGI
  Jalan Jenderal Sudirman
- PEJATEN VILLAGE
  Jalang Warung Jati Barat
- LIPPO MALL KEMANG
  Jalan Kemang VI
- DEPOK TOWN SQUARE UNITS
  Jalan Margonda Raya, Depok

JAKARTA
EAST
- MAL LIPPO CIKARANG
  Jalan MH Thamrin, Lippo Cikarang
- LIPPO PLAZA KRAMAT JATI
  Jalan Raya Bogor Km 19, Kramat Jati
- TAMINI SQUARE
  Taman Mini Jalan Raya
- LIPPO PLAZA EKALOKASARI BOGOR
  Jalan Siliwangi 123, Bogor
- CIBUBUR JUNCTION
  Jalan Jambore, Cibubur

JAKARTA
WEST
- METROPOLIS TOWN SQUARE UNITS
  Jalan Hartono Raya, Tangerang, Banten
- MALL WTC MATAHARI UNITS
  Jalan Raya Serpong, Tangerang, Banten

CENTRAL
- GAJAH MADA PLAZA
  Jalan Gajah Mada

SULAWESI
- LIPPO PLAZA KENDARI
  Jalan MT Haryono

KEDIRI
- KEDIRI TOWN SQUARE
  Jalan Hasanudin,
  Balowerti Subdistrict

BALI
- LIPPO MALL KUTA
  Lingkungan Segara, Kuta

MALANG
- LIPPO PLAZA BATU
  Jalan Diponegoro
  No. 1 RT 07RW05, Batu City
- MALANG TOWN SQUARE UNITS
  Jalan Veteran, Malang

MADIUN
- PLAZA MADIUN UNITS
  Jalan Pahlawan, Madiun

Retail Malls   Retail Spaces

PORTFOLIO SUMMARY

PROPERTY	ACQUISITION DATE	PURCHASE PRICE (RP'BILLION)	VALUATION (RP'BILLION)
Bandung Indah Plaza	19 November 2007	611.6	764.7
Cibubur Junction	19 November 2007	464.2	375.0
Lippo Plaza Ekalokasari Bogor	19 November 2007	333.0	381.7
Gajah Mada Plaza	19 November 2007	483.3	798.9
Istana Plaza	19 November 2007	585.3	644.2
Mal Lippo Cikarang	19 November 2007	367.2	689.1
The Plaza Semanggi	19 November 2007	1,013.8	1,069.0
Sun Plaza	31 March 2008	967.2	2,156.6
Plaza Medan Fair	6 December 2011	1,042.1	1,008.2
Pluit Village	6 December 2011	1,593.6	846.2
Lippo Plaza Kramat Jati	15 October 2012	539.6	647.0
Palembang Square Extension	15 October 2012	221.5	288.0
Tamini Square	14 November 2012	180.0	276.0
Palembang Square	14 November 2012	467.0	719.0
Pejaten Village	20 December 2012	748.0	1,157.0
Binjai Supermall	28 December 2012	237.5	302.0
Lippo Mall Kemang	17 December 2014	3,540.4	3,143.1
Lippo Plaza Batu	7 July 2015	265.0	251.0
Palembang Icon(2)	10 July 2015	790.0	770.0
Lippo Mall Kuta(2)	29 December 2016	800.0	836.1
Lippo Plaza Kendari(2)	21 June 2017	310.0	354.8
Lippo Plaza Jogja(2)	22 December 2017	570.0	601.3
Kediri Town Square	22 December 2017	345.0	396.2
RETAIL MALLS		**16,475.3**	**18,475.1**
Depok Town Square Units	19 November 2007	131.5	155.5
Grand Palladium Units(3)	19 November 2007	134.0	99.8
Java Supermall Units	19 November 2007	133.1	148.4
Malang Town Square Units	19 November 2007	130.8	170.0
Mall WTC Matahari Units	19 November 2007	128.9	113.0
Metropolis Town Square Units	19 November 2007	171.8	140.8
Plaza Madiun Units	19 November 2007	171.2	211.5
RETAIL SPACES		**1,001.3**	**1,039.0**
TOTAL		**17,476.6**	**19,514.1**

Notes:

(1) All information as at 31 December 2018.
(2) Includes intangible assets.
(3) The Business Association of the mall is in the midst of consolidating all the strata title holders to refurbish the mall.

VALUATION (S$'MILLION)	GROSS FLOOR AREA (SQM)	NET LETTABLE AREA (SQM)	OCCUPANCY (%)	LAND TITLE	LAND LEASE EXPIRY	NO. OF TENANTS
72.1	75,868	30,288	98.3%	BOT	31 December 2030	245
35.4	66,071	34,100	98.0%	BOT	28 July 2025	155
36.0	58,859	28,212	91.5%	BOT	27 June 2032	98
75.3	66,160	36,535	73.8%	Strata	24 January 2020	158
60.7	46,809	27,471	93.0%	BOT	17 January 2034	181
65.0	39,293	29,926	94.9%	HGB	5 May 2023	125
100.8	155,122	60,084	81.5%	BOT	8 July 2054	419
203.4	107,373	69,541	96.8%	HGB	24 November 2032	379
95.1	138,767	67,258	99.3%	BOT	23 July 2027	469
79.8	134,576	87,394	94.4%	BOT	9 June 2027	273
61.0	67,285	32,908	96.1%	HGB	24 October 2024	112
27.2	22,527	18,093	96.0%	BOT	25 January 2041	32
26.0	18,963	17,475	97.8%	Strata	26 September 2035	12
67.8	46,546	30,513	97.2%	Strata	1 September 2039	131
109.1	89,157	42,184	99.9%	HGB	3 November 2027	160
28.5	28,760	23,430	98.8%	HGB	2 September 2036	117
296.4	150,932	58,490	93.6%	Strata	28 June 2035	186
23.7	34,586	17,673	91.3%	HGB	8 June 2031	48
72.6	42,361	36,348	96.2%	BOT	30 April 2040	170
78.9	36,312	20,350	93.2%	HGB	22 March 2037	64
33.5	34,831	20,184	99.4%	BOT	7 July 2041	38
56.7	66,098	21,452	98.2%	HGB	27 December 2043	39
37.4	28,688	16,848	99.3%	HGB	12 August 2024	53
1,742.4	**1,555,944**	**826,757**	**94.2%**			**3,664**
14.7	13,045	12,490	100.0%	Strata	27 February 2035	4
9.4	13,417	12,305	4.3%	Strata	9 November 2028	1
14.0	11,082	11,082	100.0%	Strata	24 September 2037	2
16.0	11,065	11,065	100.0%	Strata	21 April 2033	3
10.7	11,184	10,753	100.0%	Strata	8 April 2038	3
13.3	15,248	14,861	66.2%	Strata	27 December 2029	3
19.9	19,029	11,436	99.1%	Strata	9 February 2032	17
98.0	**94,070**	**83,992**	**79.9%**			**33**
1,840.4	**1,650,014**	**910,749**	**92.9%**			**3,697**

OPERATIONS REVIEW

VALUATIONS

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

Most of the retail malls with HGB land titles saw an increase in value due to higher cash flow forecasts by the Independent Valuers compared to last year's valuation. The valuations improved despite a higher overall discount rate, consistent with the increase in the 10-year Indonesia Government Bond yield from 6.3% at end 2017 to 8.0% at end 2018, as Bank Indonesia raised its seven-day reverse repo rate six times in FY 2018 to 6.00% (4.25% at end FY 2017).

Six out of 10 properties with BOT land titles registered a decline in value due to the shortening of the remaining lease period as the titles edge closer to their land lease expiry dates. Notwithstanding the declining values of BOT properties, the cumulative value of the portfolio remained stable in Indonesian Rupiah ("IDR") terms.

In Singapore Dollar ("SGD") terms, the portfolio value declined from S$1,920.0 million to S$1,840.4 million as IDR depreciated against SGD to Rp10,602.97 as at December 2018 (Rp10,143.21 as at December 2017).

MASTER LEASES

As part of its acquisition strategy, LMIR Trust may enter into master leases with the vendors of the properties. These master leases, with tenors of three to five years, are usually over certain areas of the properties which include specialty and anchor areas, casual leasing and parking space, and are structured to provide a stable rental income while the properties continue to mature.

Currently, five of LMIR Trust's properties have master leases with the vendors, which are Palembang Icon, Lippo Mall Kuta, Lippo Plaza Kendari, Lippo Plaza Jogja and Lippo Mall Kemang. At the point of acquisition, it was assessed that upon expiry of the master leases such rental rates can be attained and hence the underlying rental performance will continue to create a sustainable income for LMIR Trust. In July 2018, the master leases at Palembang Icon (except for the Palembang Sports & Convention Centre master

Palembang Icon

lease) and at Lippo Plaza Batu expired, and LMIR Trust has entered into leases with the underlying tenants of the master lease areas.

As of December 2018, the master leases representing 13.9% of total revenue was S$32.0 million whereas the underlying performance was S$7.4 million accounting for 23.2% of the master lease revenue. The master leases for Lippo Mall Kemang, Lippo Mall Kuta, Lippo Plaza Kendari and Lippo Plaza Jogja will expire in December 2019, December 2021, June 2022 and December 2022 respectively, while the Palembang Sports & Convention Centre's master lease will expire in April 2040.

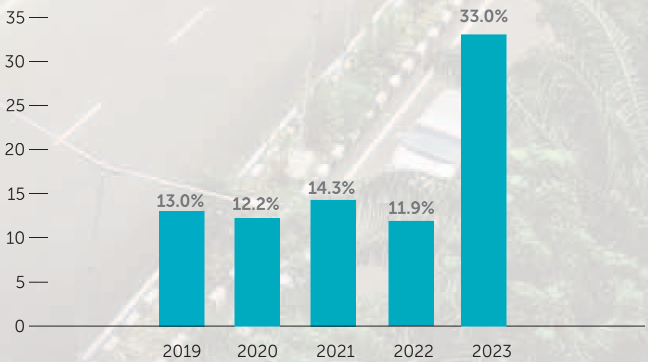
LEASE EXPIRY PROFILE

We continue to enjoy a long lease profile with weighted average lease expiry ("WALE") above four years. WALE by NLA stood at 4.2 years as at 31 December 2018.

TENANCY MIX

Supported by proactive leasing efforts by our property manager, we secured a total of 61,576 square metres of new leases in FY 2018, a 60.9% increase to FY 2017. The weighted lease expiry (based on lease commencement date) for FY 2018 new leases is 3.2 years. These new leases contributed to 3.7% of the gross rental income in FY 2018. Our continuous efforts in creating the best tenancy mix for our portfolio, also made big strides in FY 2018 with the team bringing in international brands like Uniqlo, Make Up Forever, The North Face and Melissa to set up their first flagship store in Sun Plaza.

Long Lease Profile
Lease expiry profile by NLA as at 31 December 2018



OPERATIONS REVIEW (CONT'D)

Lippo Mall Kemang

Top 10 Tenants by % of Gross Rental Income

Trade Name	% of Gross Rental Income
Matahari Department Store	9.5%
Hypermart	5.8%
Carrefour	2.7%
Cinemaxx	0.8%
SPH	0.7%
Sport Station	0.6%
Solaria	0.6%
Timezone	0.6%
Miniso	0.5%
Ace Hardware	0.5%
	22.3%

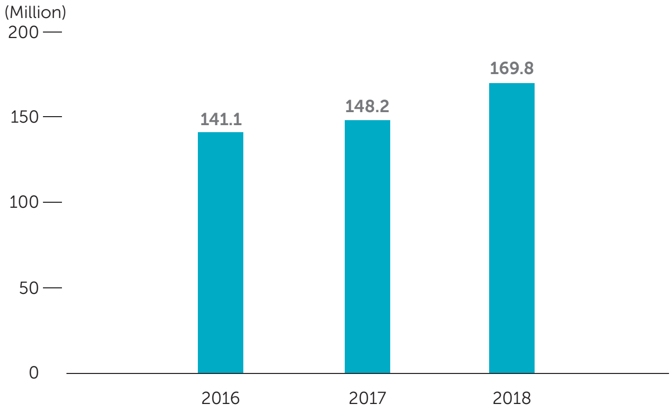
Top 10 Tenants by % of Net Lettable Area

Trade Name	% of Net Lettable Area
Matahari Department Store	15.5%
Hypermart	12.6%
Carrefour	6.6%
Cinemaxx	3.1%
SOGO	1.6%
Cinema XXI	1.2%
Ace Hardware	1.1%
SPH	1.0%
Gramedia	0.9%
Centro	0.9%
	44.5%

SHOPPER TRAFFIC

In FY 2018, total shopper traffic to our malls saw a 14.6% jump to 169,848,136 from 148,207,604 in FY 2017. Similarly, car count rose by 13.0% to 23,612,288 from 20,886,855 in FY 2017. The growth was mainly attributable to active efforts in organising promotion events and activities in the malls such as SneakerPeak in Lippo Mall Kemang, Fashion Week in Palembang Icon and Bali Guitar Experience in Lippo Mall Kuta. These are popular events in Indonesia which helped to draw crowds to our malls.

Shopper Traffic



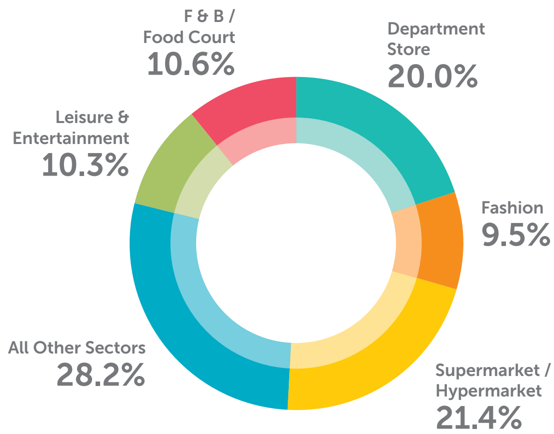
ASSET ENHANCEMENT INITIATIVES ("AEI")

LMIR Trust believes in creating organic growth by unlocking additional asset value through asset enhancement initiatives.

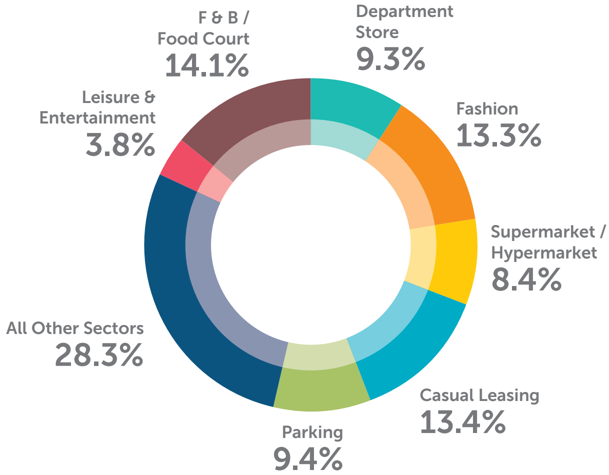
In Q4 2018, we commenced AEI works for Sun Plaza. The refurbishment works will include a total uplift of both its façade and interiors, reconfiguration of the mall's layout to maximise space, an additional atrium space as well as upgrading of amenities such as toilets. These works are expected to be completed in 2021.

To improve shopper traffic and create new experiences for our shoppers, we work closely with our property manager to actively refresh and reconfigure the layout of our malls and tenant mix. One of LMIR Trust's key leasing strategies is to bring in more food and beverage tenants. Cibubur Junction launched a new dining concept "The Flavour Garden" in November 2018 which has been well received, while Pluit Village also plans to introduce a new dining hall "The Elevation", with renovation works commencing in Q1 2019.

Trade Sector Breakdown by NLA



Trade Sector Breakdown by Gross Revenue



FINANCIAL REVIEW

LMIR Trust achieved gross revenue of S$230.3 million in FY 2018, representing an increase of 16.7% compared to the same period last year. Revenue growth was mainly attributed to (i) additional revenue of S$51.6 million from collection of service charges and utilities recovery charges for mall operation and maintenance services commencing May 2018, of which such services were previously outsourced to an external service provider, (ii) positive contributions from the acquisition of Lippo Plaza Kendari, in July 2017 and Lippo Plaza Jogja and Kediri Town Square in December 2017, and (iii) generally positive rental revisions achieved on new and renewed leases. This was partially offset by depreciation of IDR against SGD by 9.5% since the end of the last financial year, expiry of master leases for Lippo Plaza Batu and Palembang Icon, as well as lower rental income from the seven retail spaces following the entry into new leases after the expiry of the 10-year master leases in November 2017.

Carpark income, which remained consistent with FY 2017 in IDR terms, decreased by 8.5% in SGD terms due to depreciation of IDR against SGD in FY 2018.

Other rental income mainly comprises income from rental of electrical, mechanical and mall operating equipment collected from an external service provider under the outsourced mall operation and maintenance services agreements ("Outsourced Agreements"). It decreased 64.8% to S$4.3 million in FY 2018 compared to S$12.3 million in FY 2017 due to the termination of the Outsourced Agreements during FY 2018.

Property management fees increased 15.3% to S$7.7 million in FY 2018 from S$6.7 million in FY 2017 as a result of higher gross revenue. Property operating and maintenance expenses of S$45.3 million relate to costs incurred for maintenance and operation of the malls following the termination of the Outsourced Agreements. Other property operating expenses increased to S$10.7 million in FY 2018 from S$4.5 million in FY 2017, mainly due to a net allowance for doubtful debts made in FY 2018 of S$4.8 million, as opposed to a net reversal of allowance for doubtful debts made in FY 2017 of S$2.0 million.

The higher gross revenue, offset by negative impact arising from depreciation of IDR against SGD in FY 2018 and higher property operating expenses, resulted in a 10.5% decrease in net property income to S$165.0 million in FY 2018 from S$184.3 million in FY 2017.

Finance expenses increased 9.7% to S$34.7 million in FY 2018 from a year ago mainly due to additional borrowings for the acquisition of Lippo Plaza Kendari in July 2017 as well as Lippo Plaza Jogja and Kediri Town Square in December 2017. The effect on increase in finance expenses was partly offset by partial repayment of S$100.0 million bond due in November 2018 and S$90.0 million term loan due in December 2018 using internal cash resources.

Manager's management fees decreased 7.4% to S$11.6 million in FY 2018 from the previous year, mainly due to lower net property income and value of deposited property. Other operating expenses decreased 49.0% to S$1.7 million in FY 2018 due mainly to a one-time cost incurred in FY 2017 relating to the change of Trustee from HSBC Institutional Trust Services (Singapore) Limited to Perpetual (Asia) Limited.

LMIR Trust recorded a decrease in fair value of investment properties of S$1.5 million in FY 2018, representing the net revaluation loss of LMIR Trust's retail malls and retail spaces in Indonesia, mainly attributed to the depreciation of LMIR Trust's IDR-denominated property assets against the SGD in FY 2018.

Net loss on hedging contracts was S$3.0 million in FY 2018, as opposed to a net gain on hedging contracts of S$1.5 million in FY 2017, due to the depreciation of IDR against SGD in FY 2018. Net foreign exchange loss was at a higher

FINANCIAL HIGHLIGHTS	FY 2018 S$'000	FY 2017 S$'000
Gross revenue	230,299	197,376
Net property income	164,967	184,251
Distributable income	58,415	96,960
Distribution per unit (cents)	2.05	3.44
Net fair value of financial derivatives at end of period[1]	(2,604)	(2,469)
Proportion of financial derivatives to net assets attributable to Unitholders (%)	(0.32)	(0.27)
Total operating expenses[2]	117,859	54,996
Total operating expenses as a percentage of net assets attributable to Unitholders (%)	14.38	6.05
Taxation[3]	38,668	25,392

(1) Financial derivatives include currency option contracts and interest rate swaps.
(2) Total operating expenses include all fees and charges paid to the Manager and interested parties (in both absolute terms, and as a percentage of the property fund's net assets attributable to Unitholders as at the end of the financial year) and taxation incurred in relation to the property fund's real estate assets.
(3) Taxation includes corporate tax, withholding tax and deferred tax.

S$12.3 million in FY 2018 compared to S$5.5 million in FY 2017, mainly due to negative foreign exchange impact on repatriation of cash at current exchange rates against historical exchange rates at point of initial investment.

Amortisation of intangible assets decreased 79.9% to S$2.6 million in FY 2018 from S$13.0 million in FY 2017, following the expiry of certain master lease agreements in Palembang Icon and all the master lease agreements in Lippo Plaza Batu in July 2018 and full amortisation of Lippo Mall Kemang in FY 2017.

Income tax expenses rose 52.3% to S$38.7 million in FY 2018 from S$25.4 million in FY 2017, primarily due to the change in the service charge and utilities recovery arrangement, as well as lower deferred tax asset being recognised in FY 2018 as compared to FY 2017.

Total distributable income decreased 39.8% to S$58.4 million in FY 2018 from S$97.0 million in FY 2017, mainly attributable to depreciation of IDR against SGD, higher finance expenses, increased income tax expenses, higher realised loss on hedging contracts and foreign exchange loss, and increased distribution reserved for perpetual securities holders following the issuance of the S$120.0 million 6.60% perpetual securities in July 2017. The lower distribution to unitholders was partially offset by positive contributions from Lippo Plaza Kendari, Lippo Plaza Jogja and Kediri Town Square.

Total DPU for FY 2018 was 2.05 cents, representing a 40.4% decrease over the 3.44 cents in FY 2017.

ASSETS AND LIABILITIES

Current assets of S$115.1 million in FY 2018 comprised mainly cash and equivalents of S$52.7 million, trade and other receivables of S$40.5 million and prepaid taxes of S$17.0 million.

The value of LMIR Trust's investment properties, comprising 23 retail malls and seven retail spaces, remained stable at Rp19,514.1 billion in FY 2018 compared to Rp19,475.4 billion in FY 2017. However in SGD terms, LMIR Trust's investment properties recorded a 4.0% year-on-year decrease to S$1,831.6 million.

Intangible assets, representing the unamortised aggregate rental receivables from certain master lease agreements in Palembang Icon, Lippo Mall Kuta, Lippo Plaza Kendari and Lippo Plaza Jogja, decreased 26.2% to S$8.8 million due to the expiry of certain master leases agreements in Palembang Icon and all the master lease agreements in Lippo Plaza Batu.

LMIR Trust successfully refinanced the S$100.0 million bond due in November 2018 and S$90.0 million term loan due in December 2018 with new S$135.0 million unsecured term loan facilities and S$55.0 million internal cash resources. Following the refinancing exercise, total borrowings decreased to S$680.0 million in FY 2018 from S$695.0 million in FY 2017. The Group's property portfolio is fully unencumbered since March 2018, thereby providing LMIR Trust with greater financing flexibility at minimal financing cost impact. Gearing (as defined under MAS guidelines) remained at a healthy 34.6%.

Total liabilities decreased 1.0% to S$886.9 million in FY 2018 from S$895.9 million in FY 2017. Total liabilities comprised mainly total borrowings of S$680.0 million, trade and other payables of S$50.2 million, security deposits of S$42.3 million, deferred tax liabilities of S$23.2 million, and deferred income of S$89.5 million.

Overall, LMIR Trust's net assets value as at 31 December 2018 was S$1,079.2 million, representing a 7.6% decline from S$1,167.9 million in FY 2017, mainly attributed to depreciation of IDR against SGD by 9.5% since the end of the last financial year.

BALANCE SHEET*	31 December 2018 S$'000	31 December 2017 S$'000
Non-current assets	1,851,031	1,930,372
Current assets	115,126	133,502
Total assets	1,966,157	2,063,874
Current liabilities	217,105	354,845
Non-current liabilities	669,841	541,096
Net assets	1,079,211	1,167,933
Net assets attributable to Unitholders	819,564	908,286
Net assets attributable to Unitholders per unit (cents)	28.66	32.16

* The exchange rates for FY 2018 and FY 2017 were IDR/SGD 10,602.97 and 10,143.21 respectively.

GROSS REVENUE / NET PROPERTY INCOME	GROSS REVENUE (S$'MILLION)		NET PROPERTY INCOME (S$'MILLION)	
Property	FY 2018	FY 2017	FY 2018	FY 2017
Bandung Indah Plaza	12.0	11.6	8.7	10.0
Cibubur Junction	9.6	8.8	6.6	8.3
Lippo Plaza Ekalokasari Bogor	4.4	3.2	2.2	2.9
Gajah Mada Plaza	6.8	6.0	4.6	5.6
Istana Plaza	7.7	7.5	5.7	7.0
Mal Lippo Cikarang	8.2	7.1	5.7	6.8
The Plaza Semanggi	10.3	9.8	5.7	8.6
Sun Plaza	23.6	19.1	18.0	18.5
Plaza Medan Fair	21.3	16.8	15.9	15.8
Pluit Village	16.7	12.8	10.4	11.8
Lippo Plaza Kramat Jati	5.5	4.1	3.5	3.7
Palembang Square Extension	4.2	3.5	2.8	3.0
Tamini Square	2.2	2.5	1.4	2.3
Palembang Square	6.2	6.6	4.7	5.4
Pejaten Village	12.5	10.9	9.6	10.2
Binjai Supermall	4.3	2.9	2.8	2.6
Lippo Mall Kemang	31.8	30.5	25.4	30.5
Lippo Plaza Batu	2.5	2.7	1.8	2.6
Palembang Icon	10.7	9.2	7.1	8.3
Lippo Mall Kuta	7.7	7.1	6.0	6.4
Lippo Mall Kendari	4.2	2.1	2.9	1.8
Lippo Plaza Jogja	6.3	0.1	5.0	0.1
Kediri Town Square	4.0	0.1	2.6	–
RETAIL MALLS	**222.7**	**185.0**	**159.1**	**172.2**
Depok Town Square Units	1.2	1.8	1.1	1.8
Grand Palladium Medan Units	–	1.4	(0.3)	1.4
Java Supermall Units	0.9	1.7	0.9	1.6
Malang Town Square Units	1.3	1.7	1.2	1.7
Mall WTC Matahari Units	0.9	1.5	0.8	1.4
Metropolis Town Square Units	0.6	2.0	0.4	2.0
Plaza Madiun Units	2.7	2.3	1.8	2.2
RETAIL SPACES	**7.6**	**12.4**	**5.9**	**12.1**
TOTAL	**230.3**	**197.4**	**165.0**	**184.3**

VALUATION

Property	2018 VALUATION Rp'billion	2018 VALUATION S$'million+	2017 VALUATION Rp'billion	2017 VALUATION S$'million+
Bandung Indah Plaza	764.7	72.1	756.2	74.5
Cibubur Junction	375.0	35.4	430.9	42.5
Lippo Plaza Ekalokasari Bogor	381.7	36.0	396.8	39.1
Gajah Mada Plaza	798.9	75.3	799.0	78.8
Istana Plaza	644.2	60.7	664.2	65.5
Mal Lippo Cikarang	689.1	65.0	643.9	63.5
The Plaza Semanggi	1,069.0	100.8	1,148.8	113.3
Sun Plaza	2,156.6	203.4	1,967.1	193.9
Plaza Medan Fair	1,008.2	95.1	1,103.0	108.8
Pluit Village	846.2	79.8	953.0	93.9
Lippo Plaza Kramat Jati	647.0	61.0	595.3	58.7
Palembang Square Extension	288.0	27.2	276.3	27.2
Tamini Square	276.0	26.0	269.7	26.6
Palembang Square	719.0	67.8	689.5	68.0
Pejaten Village	1,157.0	109.1	1,073.4	105.8
Binjai Supermall	302.0	28.5	282.1	27.8
Lippo Mall Kemang	3,143.1	296.4	3,193.0	314.8
Lippo Plaza Batu	251.0	23.7	274.1	27.0
Palembang Icon#	770.0	72.6	770.0	75.9
Lippo Mall Kuta#	836.1	78.9	835.7	82.4
Lippo Mall Kendari#	354.8	33.5	316.0	31.2
Lippo Plaza Jogja#	601.3	56.7	599.3	59.1
Kediri Town Square	396.2	37.4	363.7	35.8
RETAIL MALLS	**18,475.1**	**1,742.4**	**18,401.0**	**1,814.1**
Depok Town Square Units	155.5	14.7	163.0	16.1
Grand Palladium Medan Units	99.8	9.4	118.7	11.7
Java Supermall Units	148.4	14.0	143.3	14.1
Malang Town Square Units	170.0	16.0	162.0	16.0
Mall WTC Matahari Units	113.0	10.7	124.4	12.3
Metropolis Town Square Units	140.8	13.3	163.7	16.1
Plaza Madiun Units	211.5	19.9	199.3	19.6
RETAIL SPACES	**1,039.0**	**98.0**	**1,074.4**	**105.9**
TOTAL	**19,514.1**	**1,840.4**	**19,475.4**	**1,920.0**

Includes intangible assets
+ FY 2018 exchange rate (Rp/S$): 10,602.97
+ FY 2017 exchange rate (Rp/S$): 10,143.21

CAPITAL MANAGEMENT

CAPITAL MANAGEMENT STRATEGY

The Manager maintains a policy of prudent and proactive capital management with adequate financial flexibility to facilitate steady growth of LMIR Trust and the returns for Unitholders.

The key objectives of its strategy include:

- Optimising Unitholder's returns;
- Providing stable returns to Unitholders;
- Minimising refinancing risks;
- Maintaining flexibility for working capital requirements; and
- Retaining flexibility in the funding of future acquisitions.

LMIR Trust complies strictly to regulatory gearing limits and ensures interest coverage ratios are within approved limits at all times.

As part of LMIR Trust's capital reset strategy to free up its debt headroom, LMIR Trust issued S$140.0 million 7.0% and $120.0 million 6.6% perpetual securities under its S$1.0 billion Euro Medium Term Securities Programme in September 2016 and in June 2017 respectively. The funds raised were used to refinance its maturing debts, acquisition of asset and to meet capital expenditure and working capital needs.

In January 2018, in conjunction with the retirement of the previous Trustee (HSBC Institutional Trust Services (Singapore) limited) and appointment of the current Trustee, LMIR Trust successfully negotiated to discharge all the security under the S$180.0 million secured term loan facility obtained in 2014, including mortgages on properties granted for the facility other than a charge over interest escrow account and sale account. The actual draw-down from the S$180.0 million facility was S$155.0 million. Following LMIR Trust's partial prepayment of S$10.0 million and S$55.0 million of such facility in 2015 and 2017 respectively, the remaining balance of outstanding loan under the facility, which was due in December 2018, was S$90.0 million. With the completion of the discharge of the security in March 2018, LMIR Trust's property portfolio is fully unencumbered, thereby providing greater financial flexibility for its future growth and financing needs.

In March 2018, LMIR Trust obtained a S$40.0 million unsecured uncommitted revolving credit facility for general corporate funding purpose including for working capital and asset enhancement initiatives. This additional credit facility enriches LMIR Trust's resources for refinancing, working capital and growth initiatives through assets enhancements in the financial year of 2018.

In November 2018, LMIR Trust obtained unsecured term loan facilities totalling S$135.0 million, which consist of a S$67.5 million 4-year and a S$67.5 million 5-year unsecured term loan facility respectively for its refinancing requirements. In the same month, with the proceeds received from the draw down of the S$135.0 million unsecured term loan facilities, and internal cash resources of S$55.0 million (totalling S$190.0 million), LMIR Trust successfully completed its refinancing requirements of S$190.0 million for the year, which consist of a S$100.0 million 4.5% notes due in November 2018 and a S$90.0 million term loan facility due in December 2018, of which the S$90.0 million term loan facility was refinanced ahead of its maturity.

As at 31 December 2018, LMIR Trust's outstanding debt stood at approximately S$680.0 million, with a gearing ratio of 34.6%, and 100% of its investment properties unencumbered.

LMIR Trust's current financial risk management policy is described in greater details below.

INTEREST RATE RISK MANAGEMENT

In order to protect LMIR Trust's earnings from interest rate volatility and provide a steady return to Unitholders, the Manager actively manages its interest rate exposure in the short to medium term by using fixed rate debt and interest rate derivatives including interest rate swaps.

As at 31 December 2018, LMIR Trust's fixed rate debt ratio was 45.6%, and it was subsequently increased to 47.1% as at the date of this report by entering into interest swap contracts. The weighted average interest rate was 4.7% per annum, with interest service coverage ratio at a healthy 4.4 times for the year.

GEARING RATIO

34.6%

FIXED/HEDGED DEBT RATIO

45.6%

UNENCUMBERED ASSETS RATIO

100%

WEIGHTED AVERAGE INTEREST RATE PER ANNUM

4.7%

INTEREST COVER

4.4x

The Manager intends to continue to secure diversified funding sources from both financial institutions and capital markets when opportunities arise, with the aim to maintain LMIR Trust's ongoing cost of debt competitive.

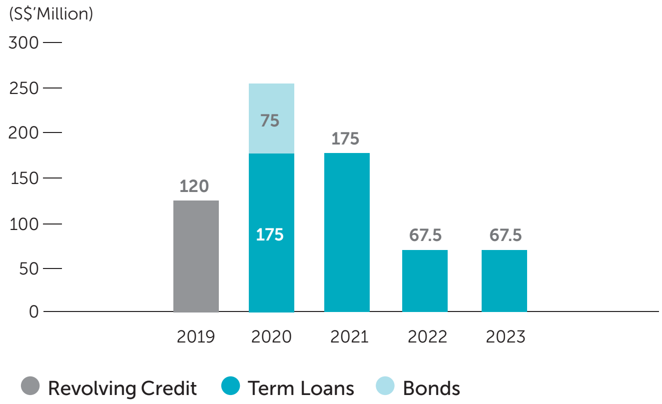
FOREIGN EXCHANGE RISK MANAGEMENT

LMIR Trust is exposed to foreign exchange risk arising from its investments in Indonesia. The income generated from these investments and the value of its investments are all denominated in IDR.

To manage the foreign exchange exposure associated with the anticipated quarterly cashflows in IDR, the Manager utilises various foreign exchange hedging instruments, including currency options.

As the investment in overseas asset are generally long term in nature, the Manager is of the view that it is not cost effective to embark on capital hedging. Hence the capital values of the investments are subject to exchange rate fluctuation.

Debt Maturity Profile
As at 31 December 2018



Notes:
1 S$120.0 million 1.80% + SOR revolving credit facility
2 S$75.0 million 4.10% bond due 22 June 2020
3 S$175.0 million 2.95% + SOR term loan due 25 August 2020
4 S$175.0 million 3.15% + SOR term loan due 25 August 2021
5 S$67.5 million 3.05% + SOR term loan due 9 November 2022
6 S$67.5 million 3.25% + SOR term loan due 9 November 2023

RISK MANAGEMENT

RISK MANAGEMENT FRAMEWORK

The Manager has established an enterprise risk management ("ERM") framework for a more structured and systematic approach to identify, review and manage the key risks arising from the management and operations of the LMIR Trust's portfolio of assets.

Effective risk management is an integral part of LMIR Trust's business at both the strategic and operational level to protect Unitholders' interests and value. To this end, the Manager is constantly working towards strengthening its risk management processes which include event identification, risk assessment and mitigation, control activities, information and communication and monitoring, and ensuring the adequacy and effectiveness of the risk management framework and policies.

All significant risk developments and incidences are reported to the Board and the Audit and Risk Committee ("ARC") on a quarterly basis, or when it is deemed necessary.

In addition, the internal audit function of the Manager has been outsourced to a third-party, KPMG Services Pte. Ltd., 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. To address these areas, the Manager has adopted policies and processes which are regularly reviewed to ensure relevance and efficacy and designated staff continue to assess the potential impact of risks which may arise and the necessary response or action to effectively mitigate those risks.

Some of the key risks are:

(a) 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 a third-party Property Manager. These include planning and control systems, operational guidelines, information technology systems, reporting and monitoring procedures. 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.

(b) Credit Risk

Credit risk relates to the potential earnings volatility caused by tenants' inability and/or unwillingness to fulfil their contractual lease obligations. To minimise the risk of tenant default on rental payment, the Manager has put in place standard operating procedures for debt collection and recovery of debts. 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.

(c) Investment Risk

As LMIR Trust's growth is partly driven by the 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 Manager to determine actions that need to be taken to manage or mitigate risks as early as possible.

(d) Financial Risk

Financial risks are closely monitored and the capital structure of LMIR Trust is actively managed by the Manager and reported to the Board on a quarterly basis. LMIR Trust's returns are mainly from net operating income, which are exposed to financial risks including credit, liquidity, interest rates and foreign currency risks. LMIR Trust hedges its portfolio exposure to interest rate volatility by way of fixed rate borrowings and entering into interest rate swap contracts. LMIR Trust, which is exposed to foreign currency risks, utilises foreign exchange hedges based on LMIR Trust's estimated quarterly cash distributions to mitigate the impact arising from movement in the exchange rate between Indonesian Rupiah and Singapore Dollar to its distributions to Unitholders.

The Manager also actively monitors LMIR Trust's cash flow position to ensure sufficient liquid reserves to fund operations and meet short term obligations. Refinancing risk is also quantified, taking into account the concentration of the debt maturity profile and credit spread volatility. The limit on LMIR Trust's aggregate leverage ratio is observed and monitored to ensure compliance with the Property Fund Guidelines issued by the Monetary Authority of Singapore. The Manager continuously monitors the financial risk management process to ensure that an appropriate balance between risk and control is achieved.

INVESTOR RELATIONS

LMIR Trust is committed to upholding high standards in disclosures and strives to ensure that all corporate developments and financial results are disclosed to the investment community in a clear and timely manner.

As part of our Investor Relations ("IR") initiatives, we maintain a dedicated investor website which provides comprehensive and updated information about LMIR Trust, as well as a dedicated IR email to address all stakeholders' queries. All material information, corporate updates and quarterly financial results are posted in a timely manner on SGXNet and also on our dedicated investor website.

The Manager also proactively communicates and engages with the investment community through investor conferences, non-deal roadshows ("NDR"), one-on-one meetings, tele-conferences and quarterly results briefings. In 2018, we registered with REIT Association of Singapore to further extend our participation in investor programmes, and we have since renewed the membership for 2019.

Investor Activities in FY 2018		
February	SGX-DBS Corporate Day	Seoul, Korea
	4Q 2017 Results Briefing	Singapore
March	SGX-DBS Corporate Day	Tokyo, Japan
	SGX-Goldman Sach ASEAN Consumption Play Corporate Day	Singapore
	Investor Roadshow	Singapore
April	Analyst Briefing – Corporate Updates	Singapore
	Ninth Annual General Meeting	Singapore
May	SGX-REITAS Webinar Series	Singapore
	1Q 2018 Results Briefing	Singapore
	SGX-REITAS Education Series	Singapore
August	2Q 2018 Results Briefing	Singapore
November	3Q 2018 Results Briefing	Singapore

Financial Calendar for FY 2019*	
April 2019	1Q 2019 Results Announcement
May 2019	1Q 2019 Distribution to Unitholders
August 2019	2Q 2019 Results Announcement
September 2019	2Q 2019 Distribution to Unitholders
November 2019	3Q 2019 Results Announcement
December 2019	3Q 2019 Distribution to Unitholders
February 2020	4Q 2019 Results Announcement
March 2020	4Q 2019 Distribution to Unitholders

* Subject to change.

CORPORATE INFORMATION

MANAGER

LMIRT Management Ltd
50 Collyer Quay
#06-07 OUE Bayfront
Singapore 049321

Tel: (65) 6410 9138
Fax: (65) 6509 1824

DIRECTORS OF THE MANAGER

Mr Ketut Budi Wijaya
Chairman and Non-Independent Non-Executive Director

Ms Gouw Vi Ven
Executive Director and Chief Executive Officer

Mr Douglas Chew
Lead Independent Director

Mr Lee Soo Hoon, Phillip
Independent Director

Mr Goh Tiam Lock
Independent Director

AUDIT AND RISK COMMITTEE

Mr Lee Soo Hoon, Phillip (Chairman)
Mr Douglas Chew
Mr Goh Tiam Lock

NOMINATING AND REMUNERATION COMMITTEE

Mr Douglas Chew (Chairman)
Mr Goh Tiam Lock
Mr Ketut Budi Wijaya

STOCK EXCHANGE QUOTATION

BBG: LMRT SP
RIC: LMRT.SI

TRUSTEE

Perpetual (Asia) Limited
8 Marina Boulevard
#05-02 Marina Bay Financial Centre
Singapore 018981

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 LMIR TRUST

RSM Chio Lim LLP
8 Wilkie Road
#04-08 Wilkie Edge
Singapore 228095

Partner-in-charge: Derek How Beng Tiong
(Appointment since financial year ended 31 December 2018)

COMPANY SECRETARY OF THE MANAGER

Mr Victor Lai Kuan Loong

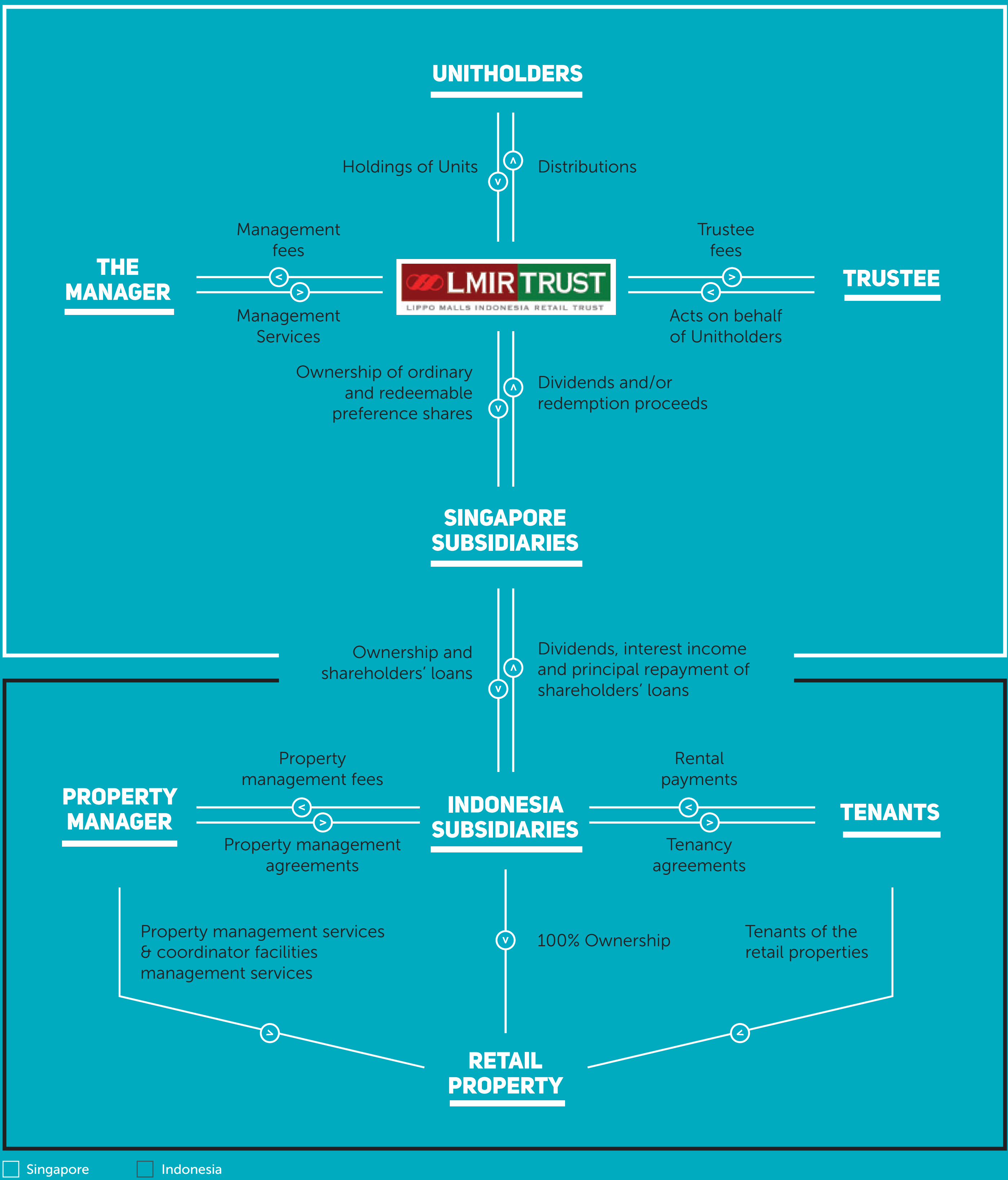
INVESTOR RELATIONS

August Consulting Pte Ltd
101 Thomson Road
#03-02 United Square
Singapore 307591

WEBSITE & EMAIL ADDRESS

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

TRUST STRUCTURE



SUSTAINABILITY REPORT

ABOUT THIS REPORT

Lippo Malls Indonesia Retail Trust ("LMIR Trust") together with LMIRT Management Ltd ("Manager") affirm our commitment to sustainability with the publication of the second Sustainability Report. This Sustainability Report covers our performance and initiatives in the Environmental, Social and Governance ("ESG") aspects.

The scope of this report covers the financial year from 1 January to 31 December 2018. The Sustainability Report has been prepared in accordance with the Global Reporting Initiative ("GRI") standards 2016, Core option. Unless otherwise stated, the report covers the ESG performance of LMIR Trust's portfolio of properties in Indonesia.

Through this report, we hope to share our commitment in sustainability and transparency with our various stakeholders, including employees, investors, business partners, tenants, shoppers and the community.

As part of our continual efforts to improve the coverage of our sustainability practices in the report, we welcome stakeholders to submit their questions or feedback on any aspect of our sustainability performance via the following:

Investor Relations Team
LMIRT Management Ltd

50 Collyer Quay
#06-07 OUE Bayfront
Singapore 049321

Tel: +65 6410 9138
Fax: +65 6509 2824
Email: ir@lmir-trust.com

Pluit Village

ABOUT LMIR TRUST

With a growing presence in Indonesia's property sector, LMIR Trust is the only Indonesian retail real estate investment trust listed on the Singapore Exchange Securities Trading Limited (SGX-ST). Through its unwavering commitment to only invest and acquire strategic real estates, LMIR Trust strives to consistently deliver stable and sustainable returns to unitholders.

LMIR Trust's portfolio of 30 properties comprises 23 retail malls and seven retail spaces located in other retail malls. The 23 malls are strategically located in large population catchment areas in Greater Jakarta, Bandung, Yogyakarta, Medan, Palembang, Bali and Sulawesi, catering to the consumers in Indonesia as well as tourists.


Lippo Mall Kemang

FINANCIAL HIGHLIGHTS

FY2018

GROSS REVENUE

S$230.3 MILLION

NET PROPERTY INCOME

S$165.0 MILLION

DISTRIBUTION PER UNIT

2.05 CENTS

BOARD'S STATEMENT

DEAR STAKEHOLDERS,

We are pleased to present our second sustainability report, which outlines how sustainability is embedded in our business operations and practices. The report is prepared in accordance to the GRI Standards 2016, core option, covering key material aspects of sustainability and how they impact on the Environment, Social and Governance ("ESG") factors.

DELIVERING SUSTAINABLE PERFORMANCE

In line with our commitment to deliver long-term value for our Unitholders, LMIR Trust integrates sustainability into our business strategies and operations. Our sustainability practices and performance are detailed in this report and interrelated to our overall financial performance from the environmental and socioeconomic perspectives.

We adhere to the principles of good governance and continue to uphold a high standard of integrity and corporate conduct which in turn enhances the sustainability of our business.

Looking beyond the external factors, we also recognise that our human capital is crucial in delivering sustainable growth. As a testament to this, we have continuously invested our efforts in our employees' professional development, clocking in an average of 27 training hours per employee for FY 2018.

LOOKING TO THE FUTURE

The economic outlook for the Indonesian economy in 2019 continues to be positive in spite of the weakened Rupiah currency.

In accordance to FocusEconomics (2018), domestic demand in Indonesia should continue to underpin growth going forward, with fixed investment supported by higher commodity prices and government consumption likely receiving a boost ahead of elections in April 2019. As such, the prospects remain encouraging with Indonesia's economic growth being forecasted at approximately 5.3% in 2019.

Our Board and management will continue to leverage our resources and expertise to enhance the value of our portfolio and explore acquisition opportunities including suitable properties from our Sponsor, PT Lippo Karawaci Tbk.

ACKNOWLEGDEMENTS

We would like to also take this opportunity to express our gratitude to the Board, management and staff for their continual commitment and dedication this past year.

We look forward to scaling greater heights together in the year ahead and continue to deliver sustainable value to our valued Unitholders.

MR KETUT BUDI WIJAYA
Chairman, Non-Independent
Non-Executive Director
LMIRT Management Ltd.
As Manager of LMIR Trust

WE ADHERE TO THE PRINCIPLES OF GOOD GOVERNANCE AND CONTINUE TO UPHOLD A HIGH STANDARD OF INTEGRITY AND CORPORATE CONDUCT WHICH IN TURN ENHANCES THE SUSTAINABILITY OF OUR BUSINESS.

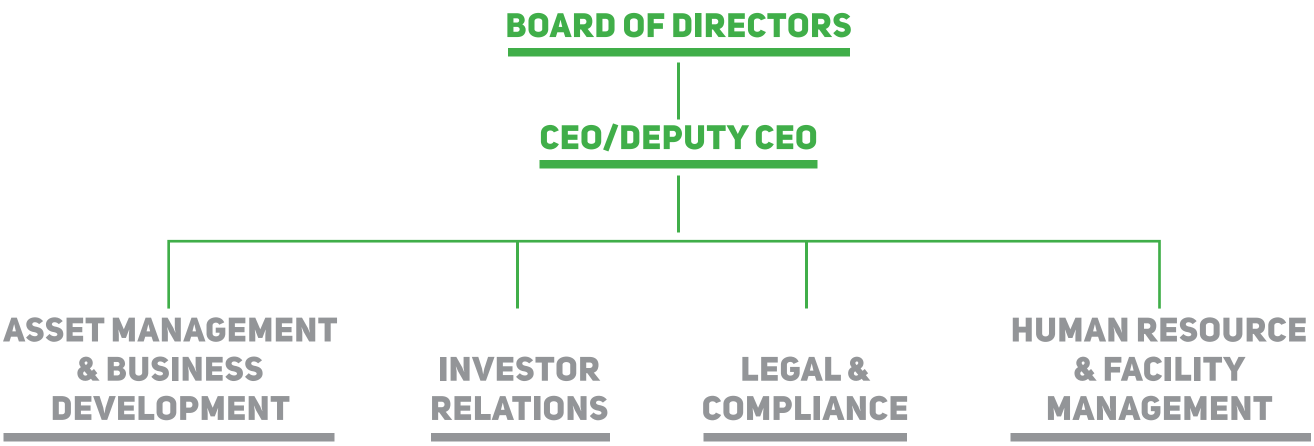
Lippo Plaza Ekalokasari Bogor

"OUR COMPANY'S FOUNDATION IS BUILT ON OUR VALUES, AS WELL AS CREATING AND DELIVERING LONG-TERM SUSTAINABLE VALUES FOR OUR STAKEHOLDERS"

MANAGING SUSTAINABILITY AT LMIR TRUST

The Manager established a Sustainability Committee ("SC"), chaired by the Chief Executive Officer (CEO)/Deputy CEO and reporting directly to the Board. The SC comprises representatives from the departments of Asset Management & Business Development, Investor Relations, Legal & Compliance, Human Resource & Facility Management, covering the various scope of the ESG factors.

The main purpose of the SC is to provide strategic direction for managing sustainability-related risks and opportunities. It also guides the development and improvement of frameworks, policies, guidelines and processes to ensure that sustainability issues are effectively managed. Sustainability efforts originate from the Manager and the Property Manager in Indonesia, integrating both business and sustainability priorities.



Sustainability Committee structure as at 31 December 2018

The responsibilities of the Sustainability Committee are as follows:

The Committee shall oversee and provide input to management on LMIR Trust's policies, strategies and programmes related to matters of sustainability and corporate social responsibility. This includes environment, local community, employment practices, labour rights, health and safety, corporate accountability, public affairs and philanthropy.

Performance Goals: The Committee shall set and review the goals established for its performance with respect to matters of sustainability and corporate social responsibility and monitor LMIR Trust's progress against those goals.

The Committee shall receive periodic feedback from the Manager's management regarding relationships with key external stakeholders that may have a significant impact on LMIR Trust's business activities and performance.

SUSTAINABILITY REPORT (CONT'D)

Stakeholder	Platforms	Frequency	Key feedbacks / concerns	Commitments to Sustainability
Employees	Employee engagement	Ad-hoc	• Employee safety and welfare • Staff training and development opportunities • Work-life balance • Remuneration and benefits	• Provide fair and equal opportunities to all employees • Improve job satisfaction and reward performance • Create a safe and cohesive working environment
	Recreational bonding activities	Bi-monthly		
	Training and development programmes	Ad-hoc		
Investors	Annual and Extraordinary General Meetings	Annual	• Updates on financial performance • Industry developments and market outlook • Investment strategies • Investment plans in the pipeline • Major events that may potentially impact assets located in Indonesia (Natural disasters, Government regulations)	• Work to generate sustainable returns on investment • Adhere to timely and transparent dissemination of accurate and relevant information to the market • Business continuity plans in place
	Financial results announcements	Quarterly		
	Annual report, Sustainability report	Annual		
	SGX announcements, media release and interviews	Ad-hoc		
	Seminars and trade shows	Ad-hoc		
	Company website	Perpetual		
Business Partners (i.e. government, vendors etc.)	Regular meetings and networking sessions	Ad-hoc	• Corporate governance • Operational efficiency	• Compliance with laws and regulations • Fair and reasonable business practices
	Correspondences through email and letters	Ad-hoc		
The Community	Sustainability report	Annual	• Availability of common spaces • Safe environment • Eco-sustainability	• Management of impacts on the Community • Understand and support initiatives by the local community/ government • Place public health and safety as priority • Environmentally sustainable
	Supporting CSR activities by Property Manager	Ad-hoc		
Shoppers	Online and social media platform	Ad-hoc	• Diverse brands and types of merchandise • Availability of amenities • Traffic and crowd management	• Provide enhanced and refreshed shopping experience • Safe mall environment with adequate amenities
	Customer service and shoppers' feedback	Ad-hoc		
Tenants	Meetings and feedback sessions	Monthly	• Rental increment • Mall operations • Traffic and crowd control • Advertising and promotional activities	• Create value and experiences through high-quality services and shopping environment

MATERIALITY ASSESSMENT

Recognising that risks and opportunities are constantly changing with rapid economic growth and political trends, a review of our materiality assessment framework helps to assess any changes in our priorities with our stakeholders.

Following our materiality assessment conducted in the prior financial year, we continue to look at material sustainability matters with significant ESG impact, of which will substantially influence the decision-making process of stakeholders and affect the achievement of our goals. The findings from the assessment has helped us to prioritise the important topics and provide an opportunity for us to understand and address our stakeholders' concerns. Through engagement with with the stakeholders and the SC's validation and confirmation, we expanded the material topics under the Governance and Social aspect.

Anti-Corruption and Anti-Bribery was categorised into Corporate Governance and Regulatory Compliance. Similarly, Sound Employment Practices was also categorised into Diverse & Equal Opportunity and Employee Training & Development. The findings of the materiality assessment have been plotted in the materiality matrix based on the impact to LMIR Trust, and against their importance to the stakeholders.

2018 Sustainability Materiality Matrix

FOLLOWING OUR MATERIALITY ASSESSMENT CONDUCTED IN THE PRIOR FINANCIAL YEAR, WE CONTINUE TO LOOK AT MATERIAL SUSTAINABILITY MATTERS WITH SIGNIFICANT ESG IMPACT, OF WHICH WILL SUBSTANTIALLY INFLUENCE THE DECISION-MAKING PROCESS OF STAKEHOLDERS AND AFFECT THE ACHIEVEMENT OF OUR GOALS.

SUSTAINABILITY REPORT (CONT'D)

Material Topics	Relevance	How are we addressing issue
Economic Dimensions		
Economic Performance	Committed to delivering regular and stable distributions to Unitholders, we are responsible for the optimisation of the portfolio's value through strategic acquisitions and proactive asset management.	We seek to maintain investment discipline at all times, providing regular distributions to Unitholders and strive to achieve long-term growth in Net Asset Value per unit to maximise Unitholders' return.
Social Dimensions		
Diverse and Equal Opportunity	We believe in fair employment practices, ensuring that everyone is given fair opportunities regardless of ethnicity, gender and age.	Our employment practices are aligned with the Tripartite Alliance for Fair Employment guidelines, allowing no discrimination and prejudice against any ethnic group, nationality or gender in our hiring process.
Employee Training and Development	Our people are critical assets to implementing organisational strategies and creating value for our stakeholders.	We send our employees for training programmes to upgrade and improve their skillsets. Some of the training courses include Real Estate Investment and Valuation, Enterprise Risk Management, Legal & Practical Considerations in REIT Structures and Taxation.
Enriching Communities	The community's continued patronage and the loyalty of our customers are critical to the long-term viability and prosperity of LMIR Trust.	We strive to be a socially conscious business by giving back to the local community on an ongoing basis. Some of the activities that we supported include Asian Games 2018 and lending out spaces for fund-raising activities for the victims of the Lombok Earthquake and the Palu Tsunami.
Governance Dimensions		
Corporate Governance	As a listed entity accountable to our Unitholders and the wider community, we must have strong corporate governance with zero tolerance towards any unethical practices.	We are committed to good corporate governance and transparency in its endeavours, ensuring that its corporate code of conduct is abided by all employees. Additionally, monthly reports are prepared and submitted to the trustee for review.
Regulatory Compliance	We are committed to conduct and manage our business and assets in compliance with applicable laws and regulations, which is essential for the long-term sustainability of the business.	We have put in place internal controls and procedures to embed compliance into our day-to-day operations, while proactively identifying and responding to applicable new rules and regulations.
Environmental Dimensions		
Conservation of Energy and Water	Responsible use of resources such as electricity and water would reduce the environmental impact on the local ecology and make us a more cost-effective organisation.	In an effort to reduce the environmental footprint of LMIR Trust, initiatives have been launched to improve our environmental performance. An example is the partnership with Philips on changing our light bulbs to LED lightbulbs for higher savings in electricity.

ECONOMIC

LMIR Trust places a strong emphasis on delivering long-term value to our Unitholders in a sustainable manner. For FY 2018, LMIR Trust recorded gross revenue of S$230.3 million, S$58.4 million of distributable income and distribution yield of 11.3%.

For further details of LMIR Trust's financial performance, please refer to the following sections in our 2018 Annual Report:

- Key Financial Highlights
- Unit Price Performance
- Financial Review
- Financial Contents

SOCIAL

A diverse and inclusive culture plays a vital role in the long-term sustainability of our organisation. As such, we are supportive of fair employment practices that are aligned with our beliefs.

Diverse and Equal Opportunity

Employees are one of our most important stakeholders and we are committed to creating a fair, equitable, harmonious and collaborative working environment for them. Diversity is valued and we respect the rights of each and every employee.

The Manager engages in fair employment practices that are aligned with the Tripartite Alliance for Fair Employment guidelines. As an equal opportunity employer, all job applicants are treated fairly regardless of ethnicity, age or gender. We recruit and select employees on the basis of merit, such as skills, experience and ability, regardless of age, race, gender, religion or family status.

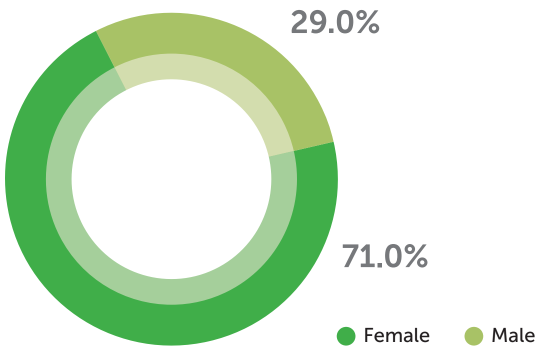
"WE BELIEVE THAT EVERYONE SHOULD RECEIVE THE SAME OPPORTUNITIES REGARDLESS OF RACE, GENDER AND NATIONALITY.

WITH A POSITIVE WORK ENVIRONMENT, OUR EMPLOYEES ARE HIGHLY MOTIVATED AND ARE ALWAYS STRIVING FOR EXCELLENCE."

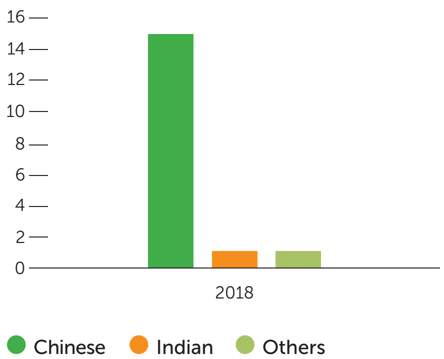
As at 31 December 2018, the Manager has 17 employees, with diversity in terms of age and gender. During the year, we welcomed five new joiners into the team and had two employees that left us. At present, we are proud to have a diverse workforce with the female and male employees constituting 71.0% and 29.0% respectively.

The breakdown of our manpower is as follows:

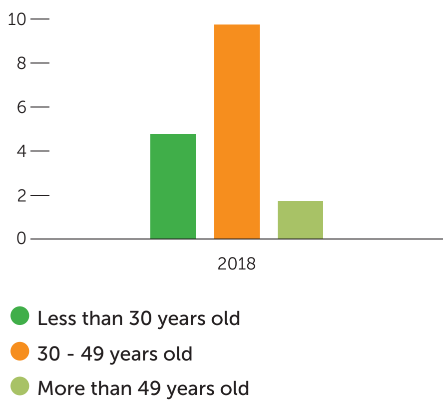
Gender Diversity



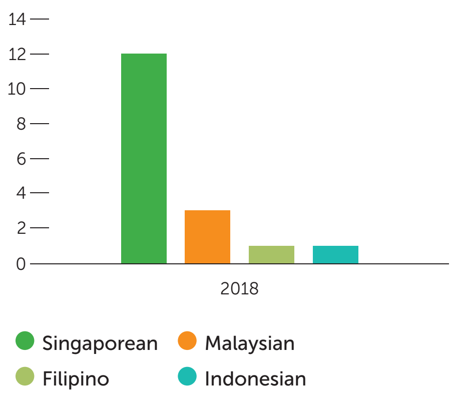
Ethnicity



Employee Age Profile



Nationality



SUSTAINABILITY REPORT (CONT'D)

Christmas gathering with the staff and the Board of Directors

Chinese New Year's staff lunch

Graduates of our Bahasa language programme

Employees Wellness

On top of providing basic benefits such as employee health insurance, we encourage our employee to engage in an active and healthy lifestyle. We recognise that our employees have diverse needs, and a flexible benefits plan would enable them to meet their individual needs by choosing from a wide array of staff benefits provided. We have successfully rolled out the flexible benefits scheme, with positive feedback received from our employees.

Growing our employees

Each year, all full-time employees will also undergo an annual performance review. We adopt an appraisal system where employees discuss with their superior on target setting, areas for improvement and personal and career development plan for the next financial year.

In addition, employees who have been in continuous employment with the Manager for at least five years and above will be awarded with long service award. This award will be given every subsequent five years of service to appreciate employee for their length of service. Our heartfelt appreciation goes out to two employees who have been with the Manager for five and ten years respectively.

The Manager is also committed to forging stronger relationships with our employees. From time to time, we organise staff bonding sessions such as Christmas and Chinese New Year lunches, karaoke sessions and ice-cream get-togethers with our employees.

Employee Training and Development

The Manager believes that continual learning and development is a fundamental building block of organisational growth and capability building. The Manager is supportive of employees' personal and professional development. As such, staff are provided with appropriate job-related training to ensure they are better equipped with the necessary skills and knowledge to contribute effectively to the Manager's performance.

Our employees have participated in training sessions in areas such as Anti-Money Laundering, Real Estate Investment Valuation, Financial Mathematics and Applied Economics for Financial Reporting. In addition, we also engaged Bahasa Indonesia teachers to conduct language lessons for employees in the office on a weekly basis from May 2018 to October 2018.

Our average training hours per employee have increased from 8.3 hours in FY 2017 to 27 hours in FY 2018, significantly better than our target of 12 hours. We have achieved the target for implementing paid examination leaves, with examination leave being granted to employees for courses that are relevant to their course of work.

Encouraged by our outstanding achievement, we aim to sustain the amount of training hours for the next financial year. Moreover, we will continue with our "fruit day" on a weekly basis in the next financial year to ensure the well-being of our valued employees. We also intend to organise health wellness programme such as on-site health screening for our employee. In FY 2019, the Manager targets to participate in a community service project, involving at least 30% participation from our employees.

Tenant engagement

Indonesia Tree Planting day

Health checks conducted by Yayasan Jantung Indonesia

Enriching communities

As a responsible corporate citizen, LMIR Trust is committed to giving back to the less-privileged, as well as making positive contributions wherever it operates. We adopt a proactive approach in engaging our stakeholders and leverage our collective resources beyond financial funding to create that sustainable and desired impact.

Engaging Tenants

Within our commercial properties, we aim to promote a more vibrant work-life and tenant community. As such, we actively engage our tenants via regular tenant gatherings. In FY 2018, 25 of our malls held tenant gatherings, a platform for our Property Manager to engage and understand the concerns and feedback from the tenants. Through these engagements, we strive to build long-term partnerships with our tenants by working to address their concerns on property maintenance and marketing activities in our malls.

Supporting the community

Contributing to the local community continues to be an important component of our sustainability commitment. We collaborate actively throughout the year with the Property Manager in extending our support to worthy community causes related to the environment, provision of disaster relief and assisting to promote health awareness. In FY 2018, we participated in the Indonesia Tree Planting Day in Bogor, Indonesia for the second year running. We planted a total of 50 trees during the event as part of LMIR Trust's commitment towards a greener environment for the local community.

Palang Merah Indonesia (Indonesian Red Cross) ("PMI"), a member of International Federation of Red Cross and Red Crescent Societies, dedicates their resources in providing emergency disaster relief, health care, and running blood donation campaign for the Indonesian citizens. Continuing from last year, our Trust remains supportive towards PMI's causes by providing several of our malls as free venues for them to conduct regular blood donation drives.

Apart from PMI, we also supported Yayasan Jantung Indonesia (Indonesian Heart Foundation), a non-profit organisation that focuses on increasing public knowledge and awareness of the importance of efforts to prevent heart diseases in Indonesia. We supported the Foundation by providing our malls as venues for health checks on cholesterol, blood sugar and gout for the shoppers in the mall.

SUSTAINABILITY REPORT (CONT'D)

Fundraising Activities

In the second half of 2018, Indonesia witnessed several natural disasters including the Lombok Earthquake and Palu Tsunami. During the year, LMIR Trust supported several initiatives through collaborations with third parties by providing spaces in the mall for fund-raising activities to be carried out for the victims of the Lombok Earthquake and the Palu Tsunami. On top of that, the Manager also donated a total of 8,600 school bags to the students in Palu.

Asian Games 2018

Apart from providing support to the fund-raising activities, LMIR Trust is also very supportive of international sporting events. For the first time since 1962, Jakarta, the Indonesian capital hosted the 2018 Asian Games. Two of the Manager's malls, Lippo Mall Kemang and Lippo Plaza Kramat Jati participated in the torch relays of the Asian Games 2018.

Moreover, 25 other malls of LMIR Trust also supported the Asian Games 2018 through promotions that were placed in the malls, as well as providing shuttle bus service from the malls to the games arena.

Health and Safety

LMIR Trust views health and safety management of our properties as an area of critical importance. We continue to put in place measures and carry out assessments on our properties, creating a safe environment for all.

GOVERNANCE

The Manager observes the highest standard of corporate governance, which is vital to the sustainability of LMIR Trust and the Unitholders' interests.

Corporate Governance

The Manager ensures that the business of LMIR Trust is carried on and conducted in a proper and efficient manner, adhering to the principles and guidelines of the Code of Corporate Governance 2012 (the "CG Code") and other applicable laws and regulations, including the Singapore Exchange Securities Trading Limited's (SGX-ST) Listing Manual ("Listing Manual"), the Code on Collective Investment Schemes (the "Code on CIS") and the Securities and Futures Act ("SFA").

A revised Corporate Governance Code was issued in August 2018 ("2018 Code"), with key amendments in areas including Board composition of independent directors, remuneration disclosures of the Board and key management personnel as well as stakeholders' engagement. We will ensure full compliance with the 2018 Code, which will be effective for subsequent financial years beginning 1 January 2019. For further and more comprehensive details, please refer to Pages 60 to 79 of the Annual Report.

Fund raising activity for the victims of Lombok Earthquake


Torch relay during the Asian Games 2018

Donated 8,600 school bags to the students in Palu

Free shuttle bus for Asian Games

Management Approach

The Board and management are dedicated in conducting business with integrity and business ethics consistently, ensuring that LMIR Trust complies with all relevant laws and regulatory requirements. This helps to set the tone at the top, shaping a culture of responsibility among all employees.

Code of Business Conduct and Ethics

The Manager has an internal Code of Business Conduct and Ethics forming the Manager's business principles and practices on matters which may have ethical implications.

The code provides a clear and concise framework for staff to observe the Manager's principles such as integrity and accountability at all levels of the organisation and in conducting their day-to-day work.

The code provides guidance on issues such as:

- Compliance with all relevant laws and regulations
- Conflict of interests and the appropriate disclosures and reporting to be made
- The Manager's stance against bribery and corruption and the reporting guidelines of actual or suspected wrongdoing
- Adherence to the Manager's policy on Confidentiality, Personal Data Protection and Whistle Blowing
- Compliance to guidelines on contracting with Associated Persons

Regulatory Compliance

Recognising that non-compliance with laws and regulations can have significant adverse reputational and financial impact, high emphasis is placed on regulatory compliance in all our business operations.

LMIR Trust and the Manager comply with applicable laws and regulations, including the Listing Manual, Code on CIS SFA and conditions of the Capital Markets Services Licence of the Manager issued by the Monetary Authority of Singapore, as well as the tax rulings issued by the Inland Revenue Authority of Singapore.

In 2018, there were zero incidents of fraud and corruption across our business operations. Also, we had no incidents of non-compliance with any relevant laws and regulations for which significant fines or non-monetary sanctions would be issued to the Manager for non-compliance. Moving forward, the Manager looks to sustain its continual efforts in maintaining zero non-compliance breaches and zero incident of bribery or corruption involving our employees.

Risk Assessment and Management of Business Risk

The ability to identify and mitigate risks timely and effectively is vital to the sustainability of LMIR Trust and the Unitholders' interests. The Manager, working seamlessly with the Property Manager and within the overall strategy outlined by the Board, is constantly working towards strengthening its risk management processes.

LMIR Trust's Enterprise Risk Management framework ("ERM Framework") provides LMIR Trust and the Manager with a systematic and holistic approach in risk management. The Manager continues to enhance this ERM Framework through periodic risk reviews and assessment, in an effort to identify ongoing business risks and mitigating actions. Details of the Manager's approach to risk management and the management of key business risks are set out in the "Risk Management" section on page 38 of the Annual Report.

LMIR Trust's ERM Framework

PROCESS	Organisation Objectives and Risk Strategy	Risk Management Process	Communication and Monitoring
ASSURANCE	Enterprise Risk Assessment	Internal Audit	External Audit
	Standard Operating Procedures	Whistle-blowing Policies	Compliance Checklist
BUSINESS RISK	Operational Risk	Strategic Risk	Regulatory Risk
	Financial Risk	Reputation Risk	Political Risk

SUSTAINABILITY REPORT (CONT'D)

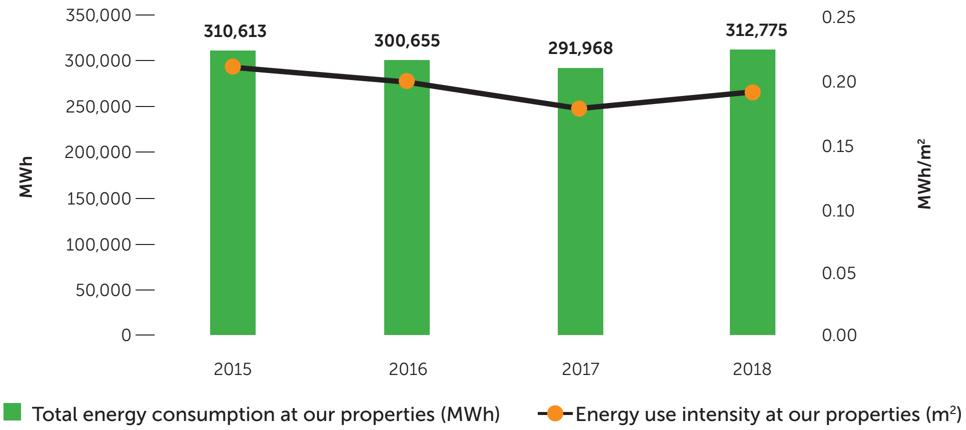
ENVIRONMENTAL

As a global citizen, we recognise our role and the importance of conserving Earth's precious resources. As such, LMIR Trust is committed to managing and minimising our ecological footprints created by our properties. We take responsibility in educating our employees, co-partners, shoppers and tenants on measures to minimise our overall eco-consumption and improve usage efficiency.

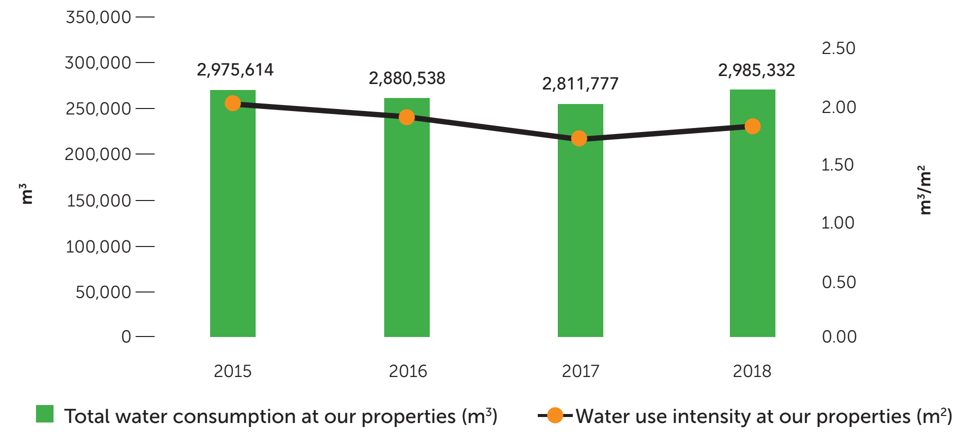
Conservation of Energy and Water

The environmental footprint created by our properties mainly stems from the usage of electricity to run our lightings, air-conditioning units and other essential building features such as lifts, escalators and air handling units. Since FY 2015, we have begun tracking energy and water consumption at our properties, with the historical trend being illustrated as follows:

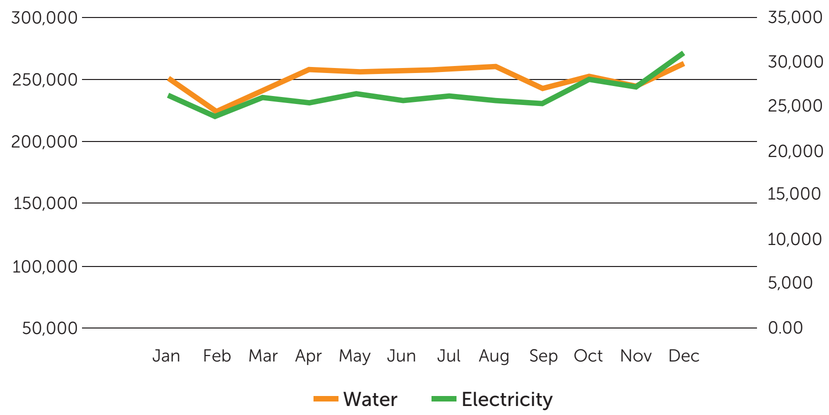
Energy Consumption



Water Consumption



Utilities Consumption for 2018



Based on the illustrations, there was an increase in energy and water consumption from FY 2017 to FY 2018. The rise in the consumption for energy and water in FY 2018 was largely due to the acquisition of Lippo Plaza Kendari in June 2017 as well as Lippo Plaza Jogja and Kediri Town Square in December 2017. Nonetheless, we are committed to continuously optimising the usage of such precious resources by investing in energy-saving products and driving water-use efficiency in our operations.

Since FY 2017, the Manager has been working with Philips Lighting & Synergy Efficiency Solutions to install energy-saving Philips Light Emitting Diode (LED) lights at our properties. As at the end of our period of review, 17 of our malls have been retrofitted with LED light installations. We target to complete the remaining retrofitting by FY 2019. On of top that, our Property Manager also schedules regular maintenance for the air-conditioning and ventilation units, ensuring that they are running optimally and efficiently to prevent unnecessary energy use.

Involving our tenants and shoppers in energy conservation

As part of our annual initiatives, five of our properties, namely Sun Plaza, Lippo Mall Kemang, Lippo Mall Kuta, Cibubur Junction and Lippo Plaza Ekalokasari Bogor participated in the Global Earth Hour event on 24 March 2018.

A total of 188 countries and territories participated in Earth Hour 2018, where it highlights environmental actions and issues such as protecting biodiversity, sustainable lifestyles, deforestation, plastics and stronger climate policy.

Lights were switched off at an approximate 17,900 landmarks, including the Sydney Opera House (Sydney), Big Ben and the Houses of Parliament (London). We are proud to be a part of this meaningful global action, creating environmental awareness to our local communities. Through our initiatives and efforts, we hope to build a sustainable future for all.

SUSTAINABILITY REPORT (CONT'D)

GRI Standard	Disclosure Title	Page Reference & Remarks
Organisational Profile		
Disclosure 102-1	Name of the Organisation	About LMIR Trust, Page 4
Disclosure 102-2	Activities, brands, products, and services	About LMIR Trust , Page 4
Disclosure 102-3	Location of headquarters	Corporate Information, Page 40
Disclosure 102-4	Location of operations	Portfolio Overview, Page 24
Disclosure 102-5	Ownership and legal form	Trust Structure, Page 41
Disclosure 102-6	Markets served	Portfolio Overview, Page 24
Disclosure 102-7	Scale of the Organisation	Our Employees, Page 51
Disclosure 102-8	Information on employees and other workers	Our Employees, Page 51
Disclosure 102-9	Supply Chain	About LMIR Trust, Page 4
Disclosure 102-10	Significant changes to the organisation and its supply chain	Significant Events in FY 2018, Page 8
Disclosure 102-11	Precautionary Principle or approach	Risk Management, Page 38
Disclosure 102-12	External initiatives	Corporate Governance Report, Page 60
Disclosure 102-13	Membership of associations	Not applicable
Strategy		
Disclosure 102-14	Statement from senior decision maker	Board's Statement, Page 45
Disclosure 102-15	Key impacts, risks, and opportunities	Board's Statement (we will include actual vs target and Trust's performance for the year), Page 45
Ethics And Integrity		
Disclosure 102-16	Values, principles, standards, and norms of behaviour	Board Statement, Page 45; Corporate Governance report, Page 60
Disclosure 102-17	Mechanisms for advice and concerns about ethics	Corporate Governance report, Page 60
Governance		
Disclosure 102-18	Governance structure	Corporate Governance Report, Page 60
Stakeholder Engagement		
Disclosure 102-40	List of stakeholder groups	Stakeholder Engagement, Page 47
Disclosure 102-41	Collective bargaining agreements	No collective bargaining agreements are in place.
Disclosure 102-42	Identifying and selecting stakeholders	Stakeholder Engagement, Page 47
Disclosure 102-43	Approach to stakeholder engagement	Stakeholder Engagement, Page 47
Disclosure 102-44	Key topics and concerns raised	Stakeholder Engagement, Page 47
Reporting Practice		
Disclosure 102-45	Entities included in the consolidated financial statements	Financial Contents, Page 80
Disclosure 102-46	Defining report content and topic boundaries	About This Report, Page 42
Disclosure 102-47	List of material topics	Material Topics – At A Glance, Page 48
Disclosure 102-48	Restatements of information	None
Disclosure 102-49	Changes in reporting	None
Disclosure 102-50	Reporting period	About This Report, Page 42
Disclosure 102-51	Date of most recent report	This is Company's second sustainability report.
Disclosure 102-52	Reporting cycle	Annual
Disclosure 102-53	Contact point for questions regarding the report	Corporate Information, Page 40
Disclosure 102-54	Claims of reporting in accordance with the GRI Standards	About This Report, Page 42
Disclosure 102-55	GRI content index	GRI Content Index, Page 58
Disclosure 102-56	External assurance	Not sought

GRI Standard	Disclosure Title	Page Reference & Remarks
Management Approach		
Disclosure 103-1	Explanation of the material topic and its Boundary	• Regulatory Compliance, Page 55 • Corporate Governance, Page 54 • Employee Training and Development, Page 52 • Conservation of Energy and Water, Page 56 • Enriching Communities, Page 53 • Diverse & Equal Opportunity, Page 51
Disclosure 103-2	The management approach and its components	
Disclosure 103-3	Evaluation of the management approach	
Economic Performance		
Disclosure 201-1	Direct economic value generated and distributed	Economic Performance, Page 51 Corporate Governance Report, Page 60
Disclosure 205-1	Operations assessed for risks related to corruption	
Disclosure 205-2	Communication and training about anti-corruption policies and procedures	
Disclosure 205-3	Confirmed incidents of corruption and actions taken	
Energy		
Disclosure 302-1	Energy consumption within the organisation	Energy Usage, Page 56
Disclosure 302-3	Energy intensity	
Disclosure 302-4	Reduction of energy consumption	
Disclosure 302-5	Reductions in energy requirements of products and services	
Water		
Disclosure 303-1	Water withdrawal by source	All water from our properties are obtained from public pipes managed by the local authorities which we have no control over.
Employment		
Disclosure 401-1	New employee hires and employee turnover	Social, Page 51
Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	
Disclosure 401-3	Parental leave	
Occupational Health And Safety		
Disclosure 403-6	Promotion of worker health	Social, Page 51
Training And Education		
Disclosure 404-1	Average hours of training per year per employee	Social, Page 51
Disclosure 404-2	Programmes for upgrading employee skills and transition assistance programmes	
Disclosure 404-3	Percentage of employees receiving regular performance and career development reviews	
Diversity And Equal Opportunity		
Disclosure 405-1	Diversity of governance bodies and employees	Social, Page 51
Local Communities		
Disclosure 413-1	Operations with local community engagement, impact assessments and development programmes	Enriching communities, Page 53

CORPORATE GOVERNANCE REPORT

LMIRT Management Ltd (the "Manager" or "LMIRT Management") is appointed as the manager of Lippo Malls Indonesia Retail Trust ("LMIR Trust") in accordance with the terms of the trust deed constituting LMIR Trust dated 8 August 2007, as amended or supplemented (the "Trust Deed"). The Manager is committed to high standards of corporate governance in the business and operations of the Manager, LMIR Trust and its subsidiaries ("LMIR Trust Group") so as to protect the interest of, and enhance the value of Unitholders' investments in LMIR Trust.

LMIR Trust is a real estate investment trust ("REIT") listed on the Main Board of Singapore Exchange Securities Trading Limited (the "SGX-ST") and the Manager is an indirect wholly-owned subsidiary of PT Lippo Karawaci Tbk, the flagship company of diversified Indonesian conglomerate, Lippo Group ,and sponsor to LMIR Trust.

The Manager is licensed under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") to conduct real estate investment trust management with effect from 6 May 2010 and its officers are authorised representatives.

The Manager has general powers of management over the assets of LMIR Trust. The Manager's key responsibility is to manage LMIR Trust's assets and liabilities for the benefit of Unitholders, with a focus on delivering a stable and sustainable distribution to Unitholders and, where appropriate, enhance the values of existing properties and increase the property portfolio over time.

The other functions and responsibilities of the Manager include preparing annual asset plans and undertaking regular individual asset performance analysis and market research analysis, managing finance functions relating to LMIR Trust (which include capital management, treasury, co-ordination and preparation of consolidated budgets) and supervising the property manager who performs the day-to-day property management functions for the properties of LMIR Trust.

The Manager ensures that the business of LMIR Trust is carried on and conducted in a proper and efficient manner, adhering to the principles, guidelines and recommendations of the Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore ("MAS") on 2 May 2012 (the "2012 CG Code") and other applicable laws and regulations, including the Listing Manual of SGX-ST (the "Listing Manual"), the Code on Collective Investment Schemes issued by the MAS (the "CIS Code"), in particular, Appendix 6 of the CIS Code (the "Property Funds Appendix") and the SFA. The Manager is committed to good corporate governance as it believes that such self-regulation is essential in protecting the interests of Unitholders and is critical to the performance of the Manager.

This corporate governance report ("CG Report") provides an insight to the Manager's corporate governance framework and practices in compliance with the principles and guidelines of the 2012 CG Code. The Board adheres to the "comply or explain" principle and hence, if there are any deviations from the guidelines of the 2012 CG Code, an explanation will be provided within this CG Report. Save for the guidelines in relation to the disclosure of the Directors' remuneration, the Manager has complied with the principles, guidelines and recommendations of the 2012 CG Code in all material aspects.

The Manager is aware that the MAS had on 6 August 2018 issued a revised Code of Corporate Governance (the "2018 CG Code"). The 2018 CG Code will take effect for annual reports covering financial years commencing 1 January 2019 and the Manager will work towards the implementation of the 2018 CG Code.

(A) BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

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."

The board of directors of the Manager (the "Directors", and the board of Directors, the "Board") is collectively responsible for the business affairs and long-term success of LMIR Trust and the Manager.

As the Board exercises stewardship of the Manager, it sets values, standards and code of conduct so that the Manager and its personnel conduct themselves at the highest professional and ethical standards in order to meet their obligations to Unitholders and other stakeholders. The Board has also reviewed and considered sustainability issues in the environment, social and governance aspects driving LMIR Trust's business. The Board is pleased to present LMIR Trust's sustainability report for the financial year ended 31 December 2018 ("FY 2018"). More information on the material sustainability issues are set out from pages 42 to 59 of this Annual Report.

The Board is involved strategically in the business direction and establishment of performance objectives for both LMIR Trust and the Manager, financial planning, budget creation and monitoring, material operational initiatives, investment and asset enhancement initiatives, and financial and operational performance reviews. It establishes a framework of prudent risk management policies and procedures (covering different aspects of risk including operational, investment, credit and capital management) to enable the Manager and LMIR Trust to assess and address risks effectively to ensure LMIR Trust's assets and Unitholders' interests are safeguarded.

The Board has reserved authority to approve certain material transactions and these include:

1) all acquisitions, investments, disposals and divestments;
2) unit issuances, dividends and other returns to Unitholders;
3) corporate and financial restructuring;
4) fund raising for new acquisitions and/or refinancing;
5) approving and assessing LMIR Trust's/Manager's performance budgets; and
6) matters which involve a conflict of interest for a controlling Unitholder or a Director.

The Board has a clear fiduciary duty to act in the interest of the Manager and LMIR Trust, and all Directors have been objectively discharging their duties and responsibilities at all times. The Directors are collectively and individually obliged to act honestly, with diligence, and in the best interest of the Manager. The Board has delegated certain responsibilities and limits for ease of operational efficiency (such as certain expenditure for regular maintenance of the properties and for expenses) to the Chief Executive Officer ("CEO")/ Executive Director, Deputy CEO and the management team ("Management"). The Board continues, however, to maintain an oversight over such costs through regular reporting.

Any changes to regulations, policies and accounting standards are closely monitored. 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 during Board meetings or at specially-convened sessions involving relevant professionals.

The Board has established the Audit and Risk Committee ("ARC") and the Nominating and Remuneration Committee ("NRC") (collectively, the "Board Committees") with clear written terms of reference to assist it in the discharge of its functions. The compositions and duties of these committees are described in this CG Report. Membership of these Board Committees is managed to ensure an equitable distribution of responsibilities among Board members so as to maximise the effectiveness of the Board and to foster active participation and contribution from Board members. Each of these Board Committees operates and makes decisions on certain board matters under delegated authority from the Board with the Board retaining overall oversight. These Board Committees report their decisions and recommendations for the Board's final endorsement and approval.

The Board meets at least once every quarter, and as required by business imperatives. If a Director is unable to attend a meeting, he/she will still receive all the papers and materials for discussion for that meeting for review. He/She will advise the Chairman of the Board or Board Committees or CEO on his/her views and comments on the matters to be discussed or to be conveyed to other members at the meeting. The constitution of the Manager permits the Directors to participate via teleconferencing or video conferencing, if necessary. Time is set aside for discussions before/after scheduled meetings amongst the Directors without the presence of Management, if required. The Board and Board Committees may also make decisions by way of resolutions in writing. In addition to the meetings, the Directors have access to Management throughout the year, thereby allowing the Board continuous strategic oversight over the activities of LMIR Trust. A total of seven Board meetings were held in FY 2018.

The attendance record of the Directors at meetings of the Board and Board Committee meetings in FY 2018 is set out below:

Name of Directors	Board Meeting Attendance/No. of meetings held	Audit and Risk Committee Meeting Attendance/No. of meetings held	Nominating and Remuneration Meeting Attendance/No. of meetings held
Mr Ketut Budi Wijaya	7/7	4/4[(1)]	1/1
Ms Gouw Vi Ven*	3/4	1/1[(1)]	–
Mr Douglas Chew	7/7	4/4	1/1
Mr Goh Tiam Lock	7/7	4/4	1/1
Mr Lee Soo Hoon, Phillip	7/7	4/4	1/1[(1)]
Ms Chan Lie Leng**	3/3	3/3[(1)]	1/1[(1)]

* Appointed as Executive Director and CEO on 5 October 2018
** Resigned on 31 August 2018
(1) Attendance by invitation

The Board places great emphasis on a proper induction and orientation of new Directors and continued training of existing Directors. 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. Newly appointed Directors are required to undertake an induction programme to familiarise themselves with the Manager's business and strategies. This includes meeting with the Board members and the executive management of the Manager. Likewise, site visits are organised to familiarise Directors with LMIR Trust's properties and to facilitate better understanding of the operations of LMIR Trust and its subsidiaries.

Both the new and existing Directors receive regular formal training 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 training programmes are arranged and fully funded by the Manager. Some of these training programmes attended by the Directors include those organised by the Singapore Institute of Directors (SID) and by audit firms on accounting issues, corporate governance, board committees and other related matters. In FY 2018, the Directors attended several seminars and conferences such as the ACRA-SGX-SID Audit Committee Seminar 2018, the Financial Services: Banking Risk & Regulations Conference 2018 and the Board Risk Committee Essentials etc.

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 Board, through the NRC, periodically reviews the size, structure and composition of the Board, to ensure that the size of the Board is appropriate in fully discharging its functions and facilitating effective decision-making for the Manager and that the Board has a strong independent element.

The Board presently consists of five Directors, of which four (including the Chairman) are Non-Executive Directors and three are Independent Directors. As such, there is a strong and independent element on the Board. The Board comprises the following members:

Name of Directors	Nature of Designation	Appointment Date
Mr Ketut Budi Wijaya	Non-Independent Non-Executive Director and Chairman of the Board	Appointed as Non-Independent Non-Executive Director on 1 June 2015, as NRC Member on 15 March 2016 and as Chairman of the Board on 30 September 2017
Ms Gouw Vi Ven	Executive Director and Chief Executive Officer	Appointed as Executive Director and Chief Executive Officer on 5 October 2018
Mr Lee Soo Hoon, Phillip	Independent Director	Appointed as Independent Director and ARC Chairman on 4 August 2011

Name of Directors	Nature of Designation	Appointment Date
Mr Douglas Chew	Lead Independent Director	Appointed as Non-Executive Director on 4 August 2011, as an Independent Director on 26 November 2013, as ARC Member on 27 July 2015 and as Lead Independent Director and NRC Chairman on 30 September 2017
Mr Goh Tiam Lock	Independent Director	Appointed as Independent Director and ARC Member on 27 September 2011 and as NRC Member on 30 September 2017

No Alternate Directors have been appointed to the Board. The profiles of the Directors are set out on pages 17 to 19 of this Annual Report. The Board, through NRC, aims to ensure that there is an optimal blend in the Board of background, experience, expertise, knowledge in business, banking and finance, real estate and management skills critical to LMIR Trust's business and that each Director can bring to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made in the interest of LMIR Trust. The Board will continue to review its composition regularly, taking into account the need for progressive renewal of the Board, to ensure that the Board has the appropriate balance and diversity to maximise its effectiveness.

The majority of the Directors are non-executive and independent. This enables Management to benefit from their external, diverse and objective perspectives 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, provide 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. To facilitate open discussions and the review of the performance and effectiveness of Management, the Directors meet at least once annually without the presence of Management.

The Board, taking into account the view of the NRC, assesses the independence of each Non-Executive Independent Director, on an annual basis, in accordance with the 2012 CG Code, the Listing Manual as well as the enhanced independence requirements as contemplated by the Securities and Futures (Licensing and Conduct of Business) Regulations (the "SF Regulations") (the "Enhanced Independence Requirements"). Under the Enhanced Independence Requirements, an independent director is one who:

(i) is independent from any management and business relationship with the Manager and LMIR Trust;
(ii) is independent from any substantial shareholder of the Manager and any substantial Unitholder;
(iii) is not a substantial shareholder of the Manager or a substantial Unitholder; and
(iv) has not served on the Board for a continuous period of nine years or longer.

For FY 2018, the Independent Directors had provided declarations of independence based on the criteria of the definition of "independent director" under the 2012 CG Code as well as the SF Regulations and the Listing Manual. None of the Independent Directors have any of the relationships as set out in the 2012 CG Code or the SF Regulations and the Listing Manual. The NRC has ascertained that for the financial year under review, Mr Lee Soo Hoon, Phillip, Mr Douglas Chew and Mr Goh Tiam Lock, are independent. None of the Independent Directors have served on the Board for more than nine years from the date of their first appointment.

The Board has also examined the relationships or circumstances under which the Directors are involved and has confirmed that no such relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgment. The Board has put in place requirements that all Directors should disclose to the Board as and when any such relationship or circumstance arises. In the event of conflict of interest arising in respect of a matter under consideration by the Board, the Director concerned shall comply with disclosure obligations and shall recuse himself/herself from participating in the Board's deliberation and decision on the matter.

CHAIRMAN AND 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."

To maintain due accountability and capacity of the Board for independent decision making, the roles and responsibilities of the Chairman and the CEO are clearly segregated and held by different individuals.

Mr Ketut Budi Wijaya was appointed as Chairman of the Board on 30 September 2017. The Chairman of the Board is responsible for the leadership of the Board and to ensure overall effectiveness of the Board in discharging its duties. This includes setting the agenda of the Board in consultation with the CEO and promoting constructive engagement among the Directors as well as between the Board and CEO on strategic issues and discussions. The Chairman of the Board plays a significant leadership role by providing clear oversight, direction, advice and guidance to the CEO on strategies. The Chairman of the Board ensures effective communication with Unitholders and leads discussions with them. He also takes a leading role in promoting high standards of corporate governance with the full support of the Directors and Management. The Chairman is not part of the Management.

Ms Gouw Vi Ven was appointed Executive Director and CEO on 5 October 2018. The CEO has full executive responsibilities over the business directions and operational decisions of the Manager. She ensures that all approved strategies and policies, as set down by the Board, are fully implemented.

Mr Liew Chee Seng James was appointed as Chief Operating Officer of the Manager on 12 June 2018 and was later re-designated as the Deputy CEO in order to provide full support to Ms Gouw Vi Ven.

The Chairman of the Board, the CEO and Deputy CEO are not immediate family members. The separation of the roles of the Chairman of the Board and the CEO and the resulting clarity of roles provide a healthy professional relationship between the Board and Management, facilitates robust deliberations on LMIR Trust's activities and the exchange of ideas and views to help shape the strategic process.

As the current Chairman of the Board, Mr Ketut Budi Wijaya, is a Non-Independent Non-Executive Director, Mr Douglas Chew was appointed as Lead Independent Director on 30 September 2017. The Lead Independent Director is available to Unitholders where they have concerns and for which contact through the normal channels of the CEO/Deputy CEO has failed to resolve or is inappropriate.

BOARD MEMBERSHIP

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

The NRC, which was established on 15 March 2016, comprises three members, a majority of whom (including the Chairman of NRC) are Independent Directors and all of whom are Non-Executive Directors. As at the date of this Annual Report, the members are as follows:

Mr Douglas Chew (Chairman) (Lead Independent Director)
Mr Goh Tiam Lock (Member) (Independent Director)
Mr Ketut Budi Wijaya (Member) (Non-Independent Non-Executive Director)

During the financial year under review, the NRC had one meeting.

The NRC makes recommendations to the Board on all appointments to the Board and Board Committees. The NRC seeks to ensure that the composition of the Board provides an appropriate balance and diversity of skills, experience, gender and knowledge of the industry, and that the Directors, as a group, have the necessary core competencies relevant to LMIR Trust's business.

The NRC is guided by its term of reference. The key terms of reference, which sets out its responsibilities, include:

(1) making recommendations to the Board on the appointment of Executive and Non-Executive Directors, including making recommendations on the size and composition of the Board generally and the balance between Executive and Non-Executive Directors as well as between Independent and Non-Independent Directors appointed to the Board;

(2) reviewing and recommending to the Board the training and professional development programmes for new and existing Directors;

(3) reviewing and making plans for succession of Directors, in particular, for the Chairman of the Board and CEO;

(4) determining annually, and as and when required, if a Director is independent;

(5) assessing the performance and effectiveness of the Board as a whole and the Board Committees and the contribution of each Director to the effectiveness of the Board;

(6) deciding how the Board's performance will be evaluated and proposing objective performance criteria for the Board's approval;

(7) recommending a general framework of remuneration for the Board and key management personnel; and

(8) reviewing and recommending to the Board the specific remuneration packages and terms of employment (where applicable) for each Director, the CEO/Deputy CEO and key management personnel.

The composition of the Board, including the selection of candidates for appointments 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 half of the Board should comprise Non-Executive Independent Directors. Where, among other things, the Chairman of the Board is not an Independent Director, at least half of the Board should comprise Independent Directors.

In addition, as part of the regulatory requirements, the MAS also gives approval for any change of CEO or of any appointment of Director. Directors of the Manager are not subject to periodic retirement by rotation.

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 LMIR Trust and the Manager. The Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the Board is under continuous review.

The selection of candidates for appointment takes into account various factors including the current and mid-term needs and goals of LMIR 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 2012 CG 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 listed company board representations after due deliberation, taking into account various factors, such as the estimated time and commitment required to act as a director of a listed company and the obligations and responsibilities associated with such a position. Notwithstanding the Directors' multiple listed company Board representations and/or other principal commitments, each Director is able to and has adequately carried out his/her duties as a Director of the Manager. Factors taken into account include, but are not limited to, the Director's regular attendance at the Board meetings, prompt and efficient discharge of his/her duties and responsibilities and the ability to deliver on matters needing the Director's advice, proposal and recommendations.

Accordingly, the Board is of the view that the current commitments of each Director are reasonable and the Directors are able to and have been adequately carrying out his or her duties.

The Board will not approve the appointment of Alternate Directors unless in exceptional cases of medical emergency. In FY 2018, there was no necessity for such appointment.

The profile and key information regarding the Directors such as academic and professional qualifications, list of the present and past directorships and chairmanships held over the last three years, and other principal commitments are found on pages 17 to 19 of this Annual Report.

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 Manager believes that board performance is ultimately reflected in the long-term performance of LMIR Trust.

The Manager has in place appraisal criteria as agreed by the Board which include an evaluation of the size and composition of the Board, the Board's access to information, its accountability and processes, communication with Management, standards of Directors' conduct and independence, as well as the Directors' discharge of their principal responsibilities (including attendance and participation at meetings, time and effort accorded to LMIR Trust and the Manager). The Manager also has in place quantitative and qualitative key performance indicators to appraise the performance of the CEO/Executive Directors.

Based on the established criteria, the Board has implemented a process for evaluating the performance of the Board as a whole. A collective assessment is conducted annually by means of a questionnaire individually completed by each Director. The Directors' responses to the assessment are collated by the Company Secretary and the consolidated report is discussed by the NRC and the Board. Based on feedback from the Directors in the questionnaire, recommendations will be implemented to further enhance the effectiveness of the Board, where appropriate. The Board is also able to assess the Board Committees through their regular reports to the Board on their activities. Pursuant to the Board evaluation process, the Board is satisfied that it has achieved its performance objectives for FY 2018.

As part of the assessment of the performance and composition of the Board for FY 2018, the Board, after taking into account the NRC's views, is also satisfied that it has the appropriate size and mix of expertise and experience, taking into account the skills, experience, gender and knowledge of the Directors in the financial year, including the level of attendance and participation at Board meetings.

ACCESS TO INFORMATION

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

The Board is provided with complete, adequate and timely information through regular updates on financial results, market trends and business developments prior to any Board meeting and/or when necessary.

Management 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, the operations and financial performance of LMIR Trust, are likewise provided. Prompt communication to the Directors (outside of Board meetings) is made through several mediums such as email, teleconferencing and video conferencing.

The Manager's policy is to furnish the Directors with board papers at least one week 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 meetings set for this purpose.

The appointment and removal of the Company Secretary of the Manager is a matter for the Board to decide as a whole. The Company Secretary attends to corporate secretarial administration and corporate governance matters, attends all Board and Board Committee meetings and provides relevant and complete information to the Directors in a timely manner when requested. The Board has separate and independent access to Management and the Company Secretary at all times and vice versa.

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.

(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: "There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration."

LEVEL AND MIX OF 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."

DISCLOSURE ON REMUNERATION

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."

The NRC has established a framework of remuneration for the Board and Management and also reviews and recommends to the Board the specific remuneration packages for each Director and key management personnel. In addition, the NRC helps to ensure that the remuneration payable is in line with the objectives of the remuneration policies. The NRC seeks to structure the remuneration of Management so as to link reward to the performance and long term success of LMIR Trust. This ensures that the interest of Management is aligned with the interest of the Unitholders. The remuneration of the Non-Executive Directors in the form of directors' fees is paid wholly in cash and the remuneration of the key management personnel in the form of salaries, annual bonuses and benefits in kind is also paid wholly in cash. There is no non-monetary remuneration in the form of stock options or Units paid to the Non-Executive Directors or the key management personnel for FY 2018.

For FY 2018, the remuneration for each Non-Executive Director takes into account the relevant Director's contribution and responsibilities, including attendance and time spent at Board and Board Committee meetings. The remuneration framework for Non-Executive Directors comprises a base fee for membership on the Board and Board Committees, chairing the Board and Board Committees meetings, and attendance fees for offsite meetings.

Remuneration of Non-Executive Directors for FY 2018	Director's Fees S$
Mr Ketut Budi Wijaya	125,641
Mr Lee Soo Hoon, Phillip	85,000
Mr Douglas Chew	80,500
Mr Goh Tiam Lock	75,500

The NRC had recommended to the Board a total amount of S$366,641 as Directors' fees for the financial year ending 31 December 2019, to be paid quarterly in arrears. This recommendation had been endorsed by the Board and will be tabled for approval at the Manager's forthcoming AGM for shareholder approval.

The remuneration and terms of appointment of the Executive Director/CEO and Deputy CEO were negotiated and endorsed by the Board. The remuneration of the Executive Director and CEO comprised of a fixed salary, performance bonus and benefits in kind relating to payment of employment tax by the Manager. The Executive Director does not receive any director's fees.

The performance bonus and annual 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 as compared to the preceding year and as such, it is in alignment with the performance of LMIR Trust and is in the interests of Unitholders. The key performance indicators for the CEO and Deputy CEO include but are not limited to, the following:

(i) unit price performance and distribution per unit yield for LMIR Trust;
(ii) containment of budgeted operational cost for LMIR Trust and the Manager;
(iii) effective and productive asset acquisitions from the Sponsor and third parties;
(iv) effective capital management including competitive cost of funds and fund raising fees, and effective exchange rate management for LMIR Trust; and
(v) compliance with regulatory requirements.

None of the Directors were involved in the deliberation and decision in respect of his/her own fees or remuneration.

The Manager is aware of the 2012 CG Code's requirement and the Notice to All Holders of a Capital Markets Service Licence for Real Estate Investment Trust Management (issued pursuant to Section 101 of the SFA) to disclose the exact quantum of the remuneration of the CEO and the Directors. The Board has assessed and decided against the disclosure of the exact quantum of the CEO's remuneration and has instead disclosed their remuneration in bands of S$250,000. The Manager believes that such disclosure is sufficient for providing 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 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 remuneration framework for all employees (including key management personnel) comprises fixed salary, performance bonuses and benefits in kind. The Manager does not have any employee share or unit scheme and does not remunerate directors and key management personnel in the form of shares or interests in the Sponsor or its related entities or any other entities. The performance bonus and annual increment are based on an annual appraisal of each individual employee of the Manager. In particular, the performance bonus of the key personnel management is linked to their contribution to the performance of the net property income, distributable amount and distribution per unit of LMIR Trust as compared to the preceding year and, as such, is in alignment with the performance of LMIR Trust and is in the interests of Unitholders.

The 2012 CG Code also encourages the Manager to disclose the remuneration of the Manager's top six key management personnel (who are not Directors or CEO) on a named basis in bands of S$250,000 as well as the aggregate remuneration paid to the top six key management personnel (who are not Directors or CEO). The Board has identified six key management personnel who 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 them. The Board is of the view that the disadvantage of such disclosure in terms of risk of potential staff movement and loss of key personnel will outweigh the benefits to Unitholders.

The level and mix of the remuneration of the CEO and each of the key management personnel in the bands of S$250,000, are set out below:

REMUNERATION OF CEO FOR FY 2018

Between S$250,000 - S$500,000	Salary & AWS	Bonus, Allowance and Benefits[1]	Total
Ms Chan Lie Leng*	99%	1%	100%

Below S$250,000	Salary & AWS	Bonus, Allowance and Benefits[1]	Total
Ms Gouw Vi Ven**	96%	4%	100%

* Pro-rated to date of resignation on 31 August 2018
** Pro-rated to date of appointment on 5 October 2018
(1) The amount disclosed includes bonus earned, allowance and benefits in kind such as long service award, professional membership etc.

REMUNERATION OF KEY MANAGEMENT PERSONNEL FOR FY 2018

Between S$250,000 -S$500,000	Salary & AWS	Bonus, Allowance and other Benefits[1]	Total
Mr Wong Han Siang	80%	20%	100%
Ms Christina Lee	77%	23%	100%

Below S$250,000	Salary & AWS	Bonus, Allowance and other Benefits[1]	Total
Mr Liew Chee Seng James***	98%	2%	100%
Mr Heng Shao Sheng	77%	23%	100%
Ms Ella Jia	73%	27%	100%
Mr Cesar Agor	75%	25%	100%

*** Pro-rated to date of appointment as Chief Operating Officer on 12 June 2018 and as Deputy Chief Executive Officer on 5 October 2018
(1) The amount disclosed includes bonus earned, allowance and benefits in kind such as long service award, professional membership etc.

There is no existing service agreement entered into by the Directors or key management personnel with the Manager that provides for benefits upon termination of appointment or post-employment. The Manager has also not set aside nor accrued any amounts to provide for pension, retirement or similar benefits for the Directors and key management personnel.

No remuneration consultants were engaged in FY 2018. The NRC may seek expert advice from remuneration consultants on remuneration matters, as and when necessary.

There were no employees of the Manager and its subsidiaries who were immediate family members of a Director or the CEO and whose remuneration exceeded S$50,000 in FY 2018. "Immediate family member" refers to the spouse, child, adopted child, step-child, sibling or parent.

CORPORATE GOVERNANCE REPORT (CONT'D)

(C) ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

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

The Manager provides Unitholders with quarterly and annual financial statements through the SGXNET. In presenting these financial statements to Unitholders, the Board aims to provide these Unitholders with a balanced, clear and understandable assessment of the Manager and LMIR Trust's performance, position and prospects on a quarterly basis. To achieve this, the Management provides the Board with management information and accounts as any Director may require from time to time in order to enable the Directors to keep abreast and make a balanced and informed assessment of LMIR Trust's financial performance, position and prospects. Other material information is also disseminated to Unitholders through announcements via SGXNET, press releases and LMIR Trust's website.

The Manager adheres to such policies and procedures that aim to deliver maximum sustainable value to its Unitholders which include prompt fulfillment of statutory reporting requirements. This is one of the means to maintain Unitholders' trust and confidence in the capability and integrity of the Manager.

RISK MANAGEMENT AND INTERNAL CONTROLS

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."

Effective risk management is an integral part of LMIR Trust's business at both strategic and operations level. Recognising and managing risk is central to the business and to protecting Unitholders' interests and value. The Board has overall responsibility for the governance of risk and oversees the Manager in the design, implementation and monitoring of the risk management and internal control systems. The ARC assists the Board in carrying out the Board's responsibility of overseeing the risk management framework and policies of LMIR Trust. The Manager has established an enterprise risk management (ERM) framework and policies which have been approved by the Board that provide a more structured approach to identifying, reviewing and managing the key risks arising from management and operations of LMIR Trust's portfolio of assets. The ERM framework and policies are monitored and reviewed by the Board regularly and major developments or significant revisions to the ERM framework or policies will be submitted to the Board for approval.

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

The Manager mantains a risk register to track and monitor risks faced by LMIR Trust in the areas of strategic, operational, financial, compliance and information technology. The risk register is updated on a periodic basis and top-tier risks, as well as risk mitigation measures for top-tier risks, are reported to the ARC and the Board for review.

The Manager's approach to risk management and internal controls and the management of key business risks is set out in the "Risk Management" section of page 38 of this Annual Report.

For FY 2018, the CEO and the CFO of the Manager had 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 systems which have been put in place are effective in addressing the material risks faced by LMIR Trust in its current business environment.

Based on the internal controls established and maintained by LMIR Trust Group, work performed by the internal and external auditors, reviews performed by Management, the ARC and the Board and the 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 present risk management systems and internal controls, addressing financial, operational, compliance and information technology risks, were adequate and effective as at 31 December 2018.

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.

AUDIT AND RISK COMMITTEE ("ARC") AND INTERNAL AUDIT

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

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

The ARC comprises three members, all of whom (including the Chairman of the ARC) are Independent Directors. As at the date of this report, the members are as follows:

Mr Lee Soo Hoon, Phillip (Chairman) (Independent Director)
Mr Goh Tiam Lock (Member) (Independent Director)
Mr Douglas Chew (Member) (Lead Independent Director)

The members of the ARC are appropriately qualified to discharge their responsibilities and have recent and relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgment. For FY 2018, none of the members of the ARC is a former partner or director of, or hold any financial interest in, the Manager's existing auditing firm. 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 external auditors, the ARC assesses changes in accounting standards and issues that impact LMIR Trust.

The ARC's responsibilities are set forth in its terms of reference which include:

- monitoring the procedures established to regulate Related Party Transactions (as defined herein), including ensuring compliance with the provisions of the Listing Manual relating to "interested person transactions" (as defined therein) and the provisions of the Appendix 6: Investment Property Funds of the code on CIS ("Property Funds Appendix") relating to "interested party transactions") (as defined therein) (both such types of transactions constituting "Related Party Transactions");

- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Appendix;

- reviewing arrangements by which whistle-blowers may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action;

- examining the effectiveness of financial, operating, compliance and information technology controls and risk management policies and systems at least annually;

- reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by Management;
- making recommendations to the Board on the appointment, re-appointment and removal of external auditors and approving the remuneration and terms of engagement of external auditors;
- reviewing, on an annual basis, the scope and result of the external audit, 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 and effectiveness 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.

The ARC has the authority to investigate any matter within terms of reference, has full access to and co-operation from Management and has full discretion to invite any Director or 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. In FY 2018, the ARC was briefed on the key changes to the Companies Act, Chapter 50 of Singapore and the Singapore Financial Reporting Standards and the implications of these changes on LMIR Trust, in particular, on the direct impact on financial statements.

Other ways the ARC keeps abreast of changes to accounting standards and issues that may have a direct impact on financial statements include referring to the best practices and guidance in the Guidebook for Audit Committees in Singapore and the reports issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority.

In FY 2018, the ARC had:

(i) held four meetings during the year;

(ii) reviewed and approved the internal and external audit plans, including the nature and scope of work before commencement of these audits;

(iii) met with the internal and external auditors without the presence of Management, to discuss their findings as set out in their respective reports to the ARC. Both the internal and external auditors had confirmed that they had received the full co-operation of management and no restrictions were placed on the scope of audits;

(iv) reviewed and recommended to the Board, the quarterly and full-year financial statements and audit report;

(v) reviewed all services provided by the external auditors and were satisfied that the provision of such services did not affect their independence. The external auditors had also affirmed their independence in their report to the ARC;

(vi) reviewed Related Party Transactions on a quarterly basis;

(vii) reviewed and determined the adequacy and effectiveness of risk management and internal controls system, including financial, operational, compliance and information technology controls and made the requisite recommendation to the Board; and

(viii) reviewed the Manager's Risk Management Policy.

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 is in compliance with Listing Rules 712 and 715 of the SGX-ST Listing Manual.

The ARC has undertaken a review of all non-audit services provided by the external auditors in FY 2018, and is satisfied that the extent of such services would not affect the independence of the external auditors before confirming their re-nomination. The aggregate amount of audit fees payable to external auditors for FY 2018 was S$527,000, of which audit fees amounted to S$397,000 and non-audit fees amounted to S$130,000, respectively.

In the review of the financial statements for FY 2018, the ARC has discussed with Management and the external auditors on the key audit matters, which is included in the Independent Auditor's Report.

Key Audit Matters	How the ARC reviewed these matters and what decisions were made
Valuation of investment properties	The ARC considered the methodologies and key assumptions applied by the valuers in arriving at the valuation of the investment properties. The valuation of the investment properties was also an area of focus of the external auditor. The external auditor has included this item as a key audit matter in their audit of report for the financial year ended 31 December 2018. Please refer to the Independent Auditor's Report of this Annual Report. The ARC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties. The ARC was satisfied with the valuation process, the methodologies used and the valuation for investment properties as adopted as at 31 December 2018.

The ARC, with the concurrence of the Board, had recommended the re-appointment of RSM Chio Lim LLP as the external auditors, which will be subject to approval of Unitholders at LMIR Trust's Annual General Meeting to be held on 24 April 2019.

Internal Audit

The internal audit function of the Manager is outsourced to KPMG Services Pte Ltd, a reputable accounting/auditing firm. The internal auditors will ensure that the internal audit function is carried out according to the standards set by nationally or internationally recognised professional bodies, including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors by persons with the relevant qualifications and experience. The ARC approves the hiring, removal and evaluation of the internal auditors .The internal auditors report directly to the ARC. The ARC is of the view that the internal auditors are adequately resourced, qualified to perform their function, have appropriate standing within the LMIR Trust Group and have maintained their independence from the activities that they audit.

In the financial year under review, the internal auditors have conducted audit reviews based on the internal audit plan approved by the ARC. They have full and unfettered access to the ARC and to all the documents, records, properties and personnel of the Manager. Upon completion of each audit assignment, they report their findings and recommendations to the Manager who would respond on the actions to be taken, before the audit report is submitted to ARC for deliberation and validation of the follow up actions taken.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

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."

COMMUNICATIONS WITH SHAREHOLDERS

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 Manager is committed to treating all the Unitholders fairly and equitably. All Unitholders enjoy specific rights under the Trust Deed and the relevant rules and regulations. These include, among other things, the right to participate in profit or dividend distributions. Unitholders are also entitled to attend and vote at the general meetings of Unitholders and are accorded the opportunity to participate effectively.

The Listing Manual requires that a listed entity disclose to the market matters that would be likely to have a material effect on the price of the entity's securities. The Manager strives to uphold a strong culture of timely disclosure and transparent communication with 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 thereafter including the release or announcement on LMIR Trust's website at www.lmir-trust.com. When there is an inadvertent disclosure made to a selected group, the Manager will make the same disclosure publicly to all others as soon as practicable.

The Manager, through its Investor Relations Officer, also uses other channels of communication with Unitholders and investors to keep them informed regularly of corporate developments, such as:

- analysts' briefings on a quarterly basis;
- one-on-one/group meetings or conference calls on a quarterly basis, 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 mail or telephone calls; and
- annual reports.

The list of investor activities for FY2018 is disclosed on page 39 of this Annual Report.

The Board has taken active steps to solicit and understand the views of Unitholders by according them 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, the Company Secretary, independent financial advisers, legal counsels and other professional advisers attend the annual or extraordinary general meetings to address 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 Management, are subsequently recorded, prepared and minuted. Minutes of the general meetings are available to Unitholders for their inspection upon prior request.

Unitholders who are unable to attend general meetings can appoint up to two proxies to attend, participate and vote in general meetings on his/her behalf. Corporations providing nominee and custodial services can appoint more than two proxies to attend, participate and vote in general meetings on behalf of Unitholders who hold Units through such corporations.

As recommended by the 2012 CG 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. All polls are conducted in the presence of independent scrutineers.

The voting results of all votes cast for or against each resolution with the respective percentage are announced at the meeting and via SGXNET after the meeting. Voting in absentia and by email, which are currently not permitted, may only be possible following careful study to ensure that the integrity of information and authentication of the identity of Unitholders through the web are not compromised, and legislative changes are effected to recognise remote voting.

LMIR Trust targets to provide sustainable distribution payout.

(E) ADDITIONAL INFORMATION

DEALING 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 Personal Trading Policy permits Directors and employees of the Manager to hold Units but prohibits them from dealing in such Units:

(i) 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

(ii) 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. The Manager issues quarterly reminders to its Directors, relevant officers and employees on the restrictions in dealing in LMIR Trust units as set out above.

In addition, as part of its undertaking to 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.

The Manager has complied with Rule 1207(19) of the Listing Manual of SGX-ST.

FEES PAYABLE TO THE MANAGER

Under the revised Code on CIS 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 the Notes to Financial Statements.

Pursuant to Clause 15.1.3, 15.1.4 and 15.1.5 of the Trust Deed, the Manager is entitled to (i) a base fee 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), (ii) an annual performance fee of 4.0% per annum of the Net Property Income (as defined in the Trust Deed) for each financial year (calculated before accounting for this fee in that financial year) and (iii) an authorised investment management fee of 0.5% per annum of the investment value of such authorised investment.

CORPORATE GOVERNANCE REPORT (CONT'D)

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 the period of 10 Business Days (as defined in the Trust Deed) immediately preceding the relevant Business Day.

For FY 2018, the breakdown of the management fees and frequency of payment is as follows:

	Group		LMIR Trust	
	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000
Base fee	4,996	5,148	4,979	5,148
Performance fee	6,599	7,370	6,599	7,370
Total	11,595	12,518	11,578	12,518

In FY 2018, the Manager's performance fee is payable once a year after completion of the audited financial statements for the relevant financial year in arrears.

Pursuant to clause 15.2.1 of the Trust Deed, the Manager is also entitled to receive an acquisition fee in respect of the properties acquired.

JUSTIFICATION OF FEES PAYABLE TO THE MANAGER

1. **Base fee**
   The Manager receives a base fee of 0.25% per annum of the value of all the assets for the time being of the Trust or deemed to be held upon the Trust constituted under the Trust Deed, representing the remuneration to the Manager for executing its core responsibility. The base fee 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.

   Since LMIR Trust's listing on 19 November 2007, the Manager has taken active steps to keep its portfolio relevant and adaptable to the changing economic and environmental landscapes. As at 31 December 2018, LMIR Trust existing portfolio comprises 23 retail malls and 7 retail spaces spread over Indonesia with a combined gross floor area of 1,650,014 square metres and valuation of S$1,840.4 million.

2. **Performance fee**
   The Manager receives an annual performance fee of 4.0% per annum on the Net Property Income of the Trust or (as the case may be) the Net Property Income of the relevant Special Purpose Vehicles (as defined in the Trust Deed) for each financial year.

   The performance fee, which is based on Net Property Income, aligns the interests of the Manager with Unitholders as the Manager is motivated and incentivised to 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.

3. **Authorised investment management fee**
   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 such fee was payable for FY 2018.

4. **Acquisition and divestment fees**

In line with the Manager's key objective of managing LMIR Trust for the benefit of Unitholders, the Manager regularly reviews its portfolio of properties and considers the acquisition and/or recycling of assets, where appropriate, to optimise its portfolio. This involves a thorough review of the exposures, risks and returns as well as the overall value-add of acquisitions or divestments to LMIR Trust's existing portfolio and future growth expectations.

In undertaking a proposed acquisition, the Manager is expected to spend time and effort in conducting due diligence, structuring the acquisition, negotiating transaction documentation with the vendor, liaising with the valuers and working with the professional advisers and regulatory authorities to seek the necessary approvals from the regulators and/or Unitholders (where required). Similarly, in undertaking a proposed divestment, the Manager is expected to spend time and effort in negotiating with the prospective purchaser, structuring the divestment, liaising with the valuers and working with the professional advisers and regulatory authorities to seek the necessary approvals from regulators and/or the Unitholders (where required).

The Manager receives an acquisition fee of 1.0% on the acquisition price upon the completion of an acquisition, and a divestment fee of 0.5% on the sale price upon the completion of a divestment. 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 acquisition and divestment fees seek to motivate and compensate the Manager for the time, cost and effort spent in sourcing, evaluating and executing potential opportunities to acquire new properties to further grow LMIR Trust asset portfolio (in the case of an acquisition) or, in rebalancing and unlocking the underlying value of the existing properties (in the case of 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.

As required by the Property Funds Appendix, where acquisition fees or divestment fees are to be paid to the Manager for the acquisition of assets from, or divestment of assets to, an interested party, the acquisition fees or divestment fees are to be paid in the form of units in LMIR Trust issued at the prevailing market price, which should not be sold for a period of one year from their date of issuance. This additional requirement for interested party acquisitions and divestments further aligns the Manager's interests with Unitholders.

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 half 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.

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

The Manager has zero tolerance towards bribery and corruption. In addition to clear guidelines and procedures for giving and receipt of corporate gifts and concessionary offers, all employees of LMIR Trust are required to uphold the Manager's core values and not to engage in any corrupt or unethical practices. This is geared towards maintaining the value of integrity, in all the employees' dealings at work, to the highest standards.

As a further extension of its policy stance, the Manager requires that agreements entered into with third parties contain provisions against bribery and corruption.

WHISTLE BLOWING POLICY

The ARC has put in place procedures to provide employees of the Manager and external parties such as suppliers, customers, contractors and other stakeholders 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. Reports can be lodged via email at whistleblow@lmir-trust.com.

RELATED PARTY TRANSACTIONS

The Manager has established procedures to ensure that all Related Party Transactions will be undertaken on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of LMIR Trust and 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;

- for 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.

CORPORATE GOVERNANCE REPORT (CONT'D)

For Related Party Transactions entered into or to be entered into by the Trustee, 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 has the ultimate discretion under the Trust Deed to decide whether or not to enter into a Related Party Transaction. If the Trustee 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 REITs.

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 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 Appendix 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.

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REPORT OF THE TRUSTEE

Perpetual (Asia) 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 (collectively 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, Second Supplemental Deed dated 21 July 2010, First Amending and Restating Deed dated 18 March 2016) and Supplemental Deed of Retirement and Appointment of Trustee dated 1 November 2017 (the "Trust Deed") 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 year covered by these financial statements set out on pages 86 to 154 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,
Perpetual (Asia) Limited

....
Sin Li Choo
Director

Singapore

15 March 2019

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 86 to 154 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 2018, 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

....
Gouw Vi Ven
Director

Singapore

15 March 2019

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF LIPPO MALLS INDONESIA RETAIL TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying financial statements of Lippo Malls Indonesia Retail Trust (the "Trust") and its subsidiaries (the "Group"), 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 2018, 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 notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements of the Group and of the Trust are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants so as to present fairly, in all material respects, the financial positions of the Group and of the Trust and portfolio holdings of the Group as at 31 December 2018 and the financial performance and changes in unitholders' funds for the Group and Trust, and cash flows of the Group for the reporting year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VALUATION OF INVESTMENT PROPERTIES

Please refer to Note 2A on accounting policies, 2C on critical judgements, assumptions and estimation uncertainties, Note 14 on investment properties and the annual report on the section on the audit committee's views and responses to the reported key audit matter.

The Group owns a portfolio of investment properties comprising retail malls and retail spaces located within other malls in Indonesia. The investment properties are stated at fair value of $1,831,646,000 as at 31 December 2018 and there is a fair value loss of $1,495,000 accounted in the statement of total return. The valuation of the portfolio is a significant judgement area and the fair values are impacted by a number of assumptions and factors including contracted and future potential rental revenue, quality and condition of the properties, tenant covenants, and yields. All the valuations are carried out by third party independent professional valuers in accordance with the professional standards for valuation, FRS 40 and FRS 113. Sensitivity of the valuations to key assumptions is disclosed in Note 14 to the financial statements.

We assessed the processes used by management for the selection of the independent professional valuers, the determination of the scope of work of these independent professional valuers, and the review of the valuations reported by these independent professional valuers. The independent professional valuers used by management have considerable experience in the markets in which the properties are located. With assistance from our own internal valuation specialists, we assessed the independence, competence and experience of the independent professional valuers used by management in assessing their objectivity, professional qualifications and resources; assessed the results of the independent professional valuers' reports by checking whether the valuations were in accordance with international valuation professional standards and that the methodology adopted was appropriate by reference to acceptable valuation practice, FRS 40 and FRS 113. We tested the integrity of inputs of the projected cash flows used in the valuations to supporting leases and other documents.

VALUATION OF INVESTMENT PROPERTIES (CONT'D)

We challenged the key assumptions upon which the valuations were based including those relating to forecast rents, yields, capital expenditure by making a comparison to our own understanding of the market and obtained an understanding of the reasons for significant or unusual movements in the property values by forming our own view on the general market conditions with reference to the key assumptions noted above. We compared the information provided by management to the independent professional valuers, such as lease data, rental revenue and property costs, to supporting documents including lease agreements and purchase agreements. We also considered the adequacy of the disclosures about the degree of estimation made when valuing these properties as disclosed in Note 14.

The testing performed in relation to the final fair values of the investment properties proved to be satisfactory.

OTHER INFORMATION

The Manager of the Trust (LMIRT Management Ltd) is responsible for the other information. The other information comprises the information included in the report of the trustee, statement by the manager and the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGER FOR THE FINANCIAL STATEMENTS

The Manager 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" ("RAP 7") 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.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Derek How Beng Tiong.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

15 March 2019
Engagement partner – effective from year ended 31 December 2018

STATEMENTS OF TOTAL RETURN

YEAR ENDED 31 DECEMBER 2018

	Notes	Group 2018 $'000	Group 2017 $'000	Trust 2018 $'000	Trust 2017 $'000
Gross revenue	4	230,299	197,376	97,185	116,131
Property operating expenses	5	(65,332)	(13,125)	–	–
Net property income		164,967	184,251	97,185	116,131
Interest income		150	1,148	4	6
Other income	6	159	312	–	–
Manager's management fees	7	(11,595)	(12,518)	(11,578)	(12,518)
Trustee's fees		(461)	(423)	(461)	(423)
Finance costs	8	(34,653)	(31,589)	(35,808)	(32,736)
Other expenses	9	(1,803)	(3,538)	(1,702)	(3,450)
Net income before the undernoted		116,764	137,643	47,640	67,010
Decrease in fair values of investment properties	14	(1,495)	(30,399)	–	–
Impairment loss on investments in subsidiaries	16	–	–	(133,017)	(122,076)
Realised (losses)/gains on derivative financial instruments		(2,956)	1,452	(2,956)	1,452
Decrease in fair values of derivative financial instruments	28	(135)	(568)	(135)	(568)
Realised foreign exchange adjustment losses		(12,253)	(5,521)	(12,213)	(5,161)
Unrealised foreign exchange adjustment gains/(losses)		2,288	(1,509)	(3,450)	(11,180)
Amortisation of intangible assets	15	(2,613)	(12,996)	–	–
Total return/(loss) for the year before income tax		99,600	88,102	(104,131)	(70,523)
Income tax (expense)/income	10	(38,668)	(25,392)	(283)	283
Total return/(loss) for the year after income tax		60,932	62,710	(104,414)	(70,240)
Other comprehensive return/(loss):					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations, net of tax		(73,260)	(140,788)	–	–
Total comprehensive loss		(12,328)	(78,078)	(104,414)	(70,240)
Total return/(loss) attributable to:					
Unitholders of Trust		43,212	48,657	(122,134)	(84,293)
Perpetual securities holders		17,720	14,053	17,720	14,053
		60,932	62,710	(104,414)	(70,240)
Total comprehensive loss attributable to:					
Unitholders of Trust		(30,048)	(92,131)	(122,134)	(84,293)
Perpetual securities holders		17,720	14,053	17,720	14,053
		(12,328)	(78,078)	(104,414)	(70,240)
		Cents	Cents		
Earnings per unit					
Basic and diluted earnings per unit	11	1.52	1.73		

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

STATEMENTS OF DISTRIBUTION
YEAR ENDED 31 DECEMBER 2018

	Group		Trust	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Total return/(loss) for the year after income tax	60,932	62,710	(104,414)	(70,240)
Add: net adjustments (Note A below)	(2,517)	34,250	162,829	167,200
Income available for distribution to Unitholders	58,415	96,960	58,415	96,960
Distributions to Unitholders:				
Total interim distribution paid in the year ended 31 December (Note 12A)	49,730	74,674	49,730	74,674
Total return available for distribution to Unitholders for the quarter ended 31 December paid after year-end (Note 12A)	8,685	22,286	8,685	22,286
	58,415	96,960	58,415	96,960
Unitholders' distribution:				
- As distribution from operations	29,525	63,637	29,525	63,637
- As distribution of Unitholders' capital contribution	28,890	33,323	28,890	33,323
	58,415	96,960	58,415	96,960

Note A

Net adjustments:				
Decrease in fair values of investment properties, net of deferred tax	1,372	22,102	–	–
Manager's management fees settled in units	10,356	8,671	10,356	8,671
Depreciation of plant and equipment	3,015	2,457	–	–
Decrease in fair values of derivative financial instruments	135	568	135	568
Unrealised foreign exchange adjustment (gains)/losses	(2,288)	1,509	3,450	11,180
Amortisation of intangible assets	2,613	12,996	–	–
Amount reserved for distribution to perpetual securities holders	(17,720)	(14,053)	(17,720)	(14,053)
Capital repayment of shareholders' loans	–	–	28,890	33,323
Exchange differences arising from recognising dividend income	–	–	1,553	3,230
Impairment loss on investments in subsidiaries	–	–	133,017	122,076
Allocation of realised exchange differences to capital repayment of shareholders' loans	–	–	9,131	4,176
Other adjustments	–	–	(5,983)	(1,971)
	(2,517)	34,250	162,829	167,200

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	Group 2018 $'000	Group 2017 $'000	Trust 2018 $'000	Trust 2017 $'000
Non-current assets					
Plant and equipment	13	10,595	9,931	–	–
Investment properties	14	1,831,646	1,908,141	–	–
Derivative financial instruments, non-current	28	–	394	–	394
Intangible assets	15	8,790	11,906	–	–
Investments in subsidiaries	16	–	–	1,521,282	1,712,880
Total non-current assets		1,851,031	1,930,372	1,521,282	1,713,274
Current assets					
Trade and other receivables	18	40,486	38,989	203,806	231,924
Other assets	19	21,964	29,613	6	198
Cash and cash equivalents	20	52,676	64,900	17,524	9,560
Total current assets		115,126	133,502	221,336	241,682
Total assets		1,966,157	2,063,874	1,742,618	1,954,956
Non-current liabilities					
Deferred tax liabilities	10	23,241	23,364	–	–
Other financial liabilities, non-current	24	555,216	421,090	479,545	345,732
Other liabilities, non-current	25	89,499	94,688	–	–
Derivative financial instruments, non-current	28	1,885	1,954	1,885	1,954
Total non-current liabilities		669,841	541,096	481,430	347,686
Current liabilities					
Income tax payable		3,881	5,715	–	–
Trade and other payables, current	26	50,192	45,337	171,387	287,262
Other financial liabilities, current	24	120,034	268,469	120,000	169,209
Other liabilities, current	27	42,279	34,415	–	–
Derivative financial instruments, current	28	719	909	719	909
Total current liabilities		217,105	354,845	292,106	457,380
Total liabilities		886,946	895,941	773,536	805,066
Net assets		1,079,211	1,167,933	969,082	1,149,890
Represented by:					
Net assets attributable to Unitholders	21	819,564	908,286	709,435	890,243
Perpetual securities	23	259,647	259,647	259,647	259,647
Total net assets		1,079,211	1,167,933	969,082	1,149,890
Net assets attributable to Unitholders per unit (in cents)	21	28.66	32.16	24.81	31.52

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

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2018

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Total Unitholders' funds at beginning of the year	908,286	1,091,688	890,243	1,065,807
Operations				
Total return/(loss) for the year	60,932	62,710	(104,414)	(70,240)
Less: Amount reserved for distribution to perpetual securities holders	(17,720)	(14,053)	(17,720)	(14,053)
Net increase/(decrease) in net assets resulting from operations attributed to Unitholders	43,212	48,657	(122,134)	(84,293)
Unitholders' contributions				
Manager's management fees settled in units	12,428	6,874	12,428	6,874
Manager's acquisition fees settled in units	914	864	914	864
Change in net assets resulting from creation of units	13,342	7,738	13,342	7,738
Distributions (Note 12)	(72,016)	(99,009)	(72,016)	(99,009)
Total increase in net assets before movements in foreign currency translation reserve and perpetual securities	892,824	1,049,074	709,435	890,243
Foreign currency translation reserve				
Net movement in other comprehensive loss	(73,260)	(140,788)	–	–
Total Unitholders' funds at 31 December	819,564	908,286	709,435	890,243
Perpetual securities				
Balance at beginning of the year	259,647	140,867	259,647	140,867
Issue of perpetual securities	–	120,000	–	120,000
Issue expense	–	(1,502)	–	(1,502)
Amount reserved for distribution to perpetual securities holders	17,720	14,053	17,720	14,053
Distributions to perpetual securities holders	(17,720)	(13,771)	(17,720)	(13,771)
Balance at 31 December	259,647	259,647	259,647	259,647
Total	1,079,211	1,167,933	969,082	1,149,890

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

STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2018

	Group	
	2018	2017
	$'000	$'000
Cash flows from operating activities		
Total return before tax	99,600	88,102
Adjustments for:		
Interest income	(150)	(1,148)
Interest expense	30,954	27,041
Amortisation of borrowing costs	3,699	4,548
Depreciation of plant and equipment	3,015	2,457
Amortisation of intangible assets	2,613	12,996
Decrease in fair values of investment properties	1,495	30,399
Fair value loss on derivative financial instruments	135	568
Unrealised foreign exchange adjustment (gain)/losses	(2,288)	1,509
Manager's management fees settled in units	10,356	8,671
Operating cash flows before changes in working capital	149,429	175,143
Trade and other receivables	(108)	(23,078)
Other assets	8,622	(10,368)
Trade and other payables	14,903	28,959
Other liabilities, current	9,354	4,434
Net cash flows from operations before tax	182,200	175,090
Income tax paid	(40,625)	(34,128)
Net cash flows from operating activities	141,575	140,962
Cash flows from investing activities		
Acquisition of investment properties [1]	–	(132,486)
Capital expenditure on investment properties	(7,704)	(45,638)
Purchase of plant and equipment	(4,112)	(5,630)
Interest received	150	1,148
Net cash flows used in investing activities	(11,666)	(182,606)
Cash flows from financing activities		
Repayment of bank borrowings	(90,000)	(55,000)
Proceeds from bank borrowings	175,000	224,290
Net proceeds from issuance of perpetual securities	–	118,498
Repayment of notes issued under EMTN	(100,000)	(125,000)
Distributions to Unitholders	(72,016)	(99,009)
Distributions to perpetual securities holders	(17,720)	(13,771)
Other financial liabilities, current	(3,723)	(4,566)
Other liabilities, non-current	(1,132)	14,597
Interest paid	(30,954)	(27,041)
Cash restricted in use for bank facilities	(2,264)	(1,630)
Net cash flows (used in)/from financing activities	(142,809)	31,368
Net decrease in cash and cash equivalents	(12,900)	(10,276)
Effect of exchange rate changes on cash and cash equivalents	(1,588)	(4,208)
Cash and cash equivalents, statement of cash flows, beginning balance	59,787	74,271
Cash and cash equivalents, statement of cash flows, ending balance (Note 20)	45,299	59,787

[1] Acquisitions of investment properties in 2017 are in relation to the acquisitions of Lippo Plaza Kendari, Lippo Plaza Jogja and Kediri Town Square recorded in Notes 14 and 15 respectively. The total settlement amount is $133,400,000 which consists of an amount settled in cash of $132,486,000 and amounts payable in units of $914,000.

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

STATEMENT OF PORTFOLIO
AS AT 31 DECEMBER 2018

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 2018 $'000	Percentage of Total Net Assets as at 31 December 2018 %	Fair Value as at 31 December 2017 $'000	Percentage of Total Net Assets as at 31 December 2017 %
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 2018.	75,344	7.0	78,768	6.7
(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 2018.	35,367	3.3	42,480	3.6
(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 2018.	100,821	9.3	113,260	9.7

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

STATEMENT OF PORTFOLIO (CONT'D)
AS AT 31 DECEMBER 2018

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 2018 $'000	Percentage of Total Net Assets as at 31 December 2018 %	Fair Value as at 31 December 2017 $'000	Percentage of Total Net Assets as at 31 December 2017 %
<u>Indonesia</u> **<u>Retail Malls (cont'd)</u>**						
(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 2018.	64,995	6.0	63,479	5.4
(5) Lippo Plaza Ekalokasari Bogor 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	58,859	BOT Scheme. Expires on 27 June 2032. Revalued at 31 December 2018.	35,999	3.3	39,115	3.3
(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 2018.	72,122	6.7	74,555	6.4
(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 2018.	60,752	5.6	65,480	5.6

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

STATEMENT OF PORTFOLIO (CONT'D)
AS AT 31 DECEMBER 2018

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 2018 $'000	Percentage of Total Net Assets as at 31 December 2018 %	Fair Value as at 31 December 2017 $'000	Percentage of Total Net Assets as at 31 December 2017 %
Indonesia **Retail Malls (cont'd)**						
(8) Sun Plaza Address: Jalan Haji Zainul Arifin No. 7, Madras Hulu, Medan Polonia, Medan, North Sumatra-Indonesia Acquisition date: 31 March 2008	107,373	HGB Title. Expires on 24 November 2032. Revalued at 31 December 2018.	203,399	18.8	193,937	16.6
(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 2018.	79,804	7.4	93,958	8.0
(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	138,767	BOT Scheme. Expires on 23 July 2027. Revalued at 31 December 2018.	95,084	8.8	108,740	9.3
(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 25 January 2041. Revalued at 31 December 2018.	27,162	2.5	27,237	2.3

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

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 2018 $'000	Percentage of Total Net Assets as at 31 December 2018 %	Fair Value as at 31 December 2017 $'000	Percentage of Total Net Assets as at 31 December 2017 %
Indonesia **Retail Malls (cont'd)**						
(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 2018.	61,021	5.7	58,688	5.0
(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 2018.	26,030	2.4	26,593	2.3
(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 2018.	67,811	6.3	67,979	5.8
(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 2018.	109,120	10.1	105,827	9.1

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

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 2018 $'000	Percentage of Total Net Assets as at 31 December 2018 %	Fair Value as at 31 December 2017 $'000	Percentage of Total Net Assets as at 31 December 2017 %
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 2018.	28,483	2.6	27,812	2.4
(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 28 June 2035. Revalued at 31 December 2018.	296,440	27.5	314,792	27.0
(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	34,586	HGB Title. Expires on 8 June 2031. Revalued at 31 December 2018.	23,671	2.2	26,675	2.3
(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 2018.	71,577	6.6	74,755	6.4

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

STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2018

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 2018 $'000	Percentage of Total Net Assets as at 31 December 2018 %	Fair Value as at 31 December 2017 $'000	Percentage of Total Net Assets as at 31 December 2017 %
Indonesia						
Retail Malls (cont'd)						
(20) Lippo Mall Kuta Address: Jalan Kartika Plaza, Sub District of Kuta, District of Kuta, Regency of Badung, Province of Bali, Indonesia Acquisition date: 29 December 2016	36,312	HGB Title. Expires on 22 March 2037. Revalued at 31 December 2018.	76,043	7.0	78,463	6.7
(21) Lippo Plaza Kendari Address: Jalan MT Haryono No.61-63, Kendari, South East Sulawesi 93117, Indonesia Acquisition date: 21 June 2017	34,831	BOT Scheme. Expires on 7 July 2041. Revalued at 31 December 2018.	32,563	3.0	29,944	2.6
(22) Lippo Plaza Jogja Address: Jalan Laksda Adi Sucipto No.32-34, Yogyakarta, Indonesia Acquisition date: 22 December 2017	66,098	HGB Title. Expires on 27 December 2043. Revalued at 31 December 2018.	52,681	4.9	53,823	4.6
(23) Kediri Town Square Address: Jalan Hasanudin No. 2, RT/22 RW/06, Balowerti Subdistrict, Kediri, East Java, Indonesia Acquisition date: 22 December 2017	28,688	HGB Title. Expires on 12 August 2024. Revalued at 31 December 2018.	37,363	3.5	35,858	3.1

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

STATEMENT OF PORTFOLIO (CONT'D)
AS AT 31 DECEMBER 2018

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 2018 $'000	Percentage of Total Net Assets as at 31 December 2018 %	Fair Value as at 31 December 2017 $'000	Percentage of Total Net Assets as at 31 December 2017 %
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 2038. Revalued at 31 December 2018.	10,659	1.0	12,264	1.1
(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 2018.	13,276	1.2	16,139	1.4
(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 2018.	14,669	1.4	16,070	1.4
(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 2037. Revalued at 31 December 2018.	13,994	1.3	14,128	1.2

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

STATEMENT OF PORTFOLIO (CONT'D)
AS AT 31 DECEMBER 2018

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 2018 $'000	Percentage of Total Net Assets as at 31 December 2018 %	Fair Value as at 31 December 2017 $'000	Percentage of Total Net Assets as at 31 December 2017 %
<u>Indonesia</u>						
<u>Retail Spaces (cont'd)</u>						
(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 2018.	16,032	1.5	15,971	1.4
(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	Strata Title constructed on HGB Title common land. Expires on 9 February 2032. Revalued at 31 December 2018.	19,949	1.8	19,649	1.7
(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 2018.	9,415	0.9	11,702	1.0
Portfolio of Investment Properties at Valuation			1,831,646	169.6	1,908,141	163.4
Other Net Liabilities			(752,435)	(69.6)	(740,208)	(63.4)
Net Assets Values			1,079,211	100.0	1,167,933	100.0

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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. On 1 November 2017, the Manager entered into a Supplemental Deed of Retirement and Appointment of Trustee with HSBC Institutional Trust Services (Singapore) Limited as retiring Trustee and Perpetual (Asia) Limited as new Trustee. The change of trustee took effect on 3 January 2018.

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 15 March 2019.

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 existing 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 FRS may not be applied when the effect of applying them is immaterial. The disclosures required by FRS need not be made if the information is immaterial.

Other comprehensive return comprises items of income and expenses (including reclassification adjustments) that are not recognised in the profit or loss, 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.

1. GENERAL (CONT'D)

Basis of presentation

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

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within 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 equity investments financial assets in accordance with the financial reporting standard on financial instruments.

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

Income and revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year. Revenue is recognised as follows:

<u>Rental revenue from operating leases</u>

Rental revenue, service charge revenue, income from rental of mechanical, electrical and mall operating equipment and other rental income are recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.

<u>Dividend income</u>

Dividend from equity instruments is recognised in profit or loss only when the entity's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount of the dividend can be measured reliably.

<u>Revenue from rendering of services</u>

Car park revenue is recognised when the entity satisfies the performance obligation at a point in time. Utility recovery revenue is recognised over time at the amount that the entity has right to bill a fixed amount for service provided.

<u>Interest income</u>

Interest income is recognised using the effective interest method.

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

2A. Significant accounting policies (cont'd)

Income tax

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

Foreign currency transactions

The functional currency of the Trust is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in 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.

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

2A. Significant accounting policies (cont'd)

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.

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% to 33%

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.

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

2A. Significant accounting policies (cont'd)

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 independent professional valuers having an appropriate recognised professional qualification and recent experience in the location and category of property being valued.

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 revenue 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.

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

2A. Significant accounting policies (cont'd)

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 life 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.

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.

Joint arrangements – joint operations

A joint arrangement (that is, either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which the reporting entity is party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities (that is, activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a joint operation, the parties with joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement. The reporting entity recognises its share of the operation's assets, liabilities, income and expenses that are combined line by line with similar items in the reporting entity's financial statements and accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRSs applicable to the particular assets, liabilities, revenues and expenses. When the reporting entity enters into a transaction with a joint operation, such as a sale or contribution of assets, the reporting entity recognises gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation.

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

2A. Significant accounting policies (cont'd)

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.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.

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

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

3. Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.

4. Financial asset classified as measured at fair value through profit or loss (FVTPL): All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

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

A derivative financial instrument is a financial instrument with all three of the following characteristics (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices, credit ratings or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date. The derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently classified as measured at FVTPL unless the derivative is designated and effective as a hedging instrument.

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

2A. Significant accounting policies (cont'd)

Fair value measurement

The fair value is 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. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account. 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.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

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.

In making the fair value measurement for a non-financial asset, management determines the highest and best use of the asset and whether the asset is used in combination with other assets or a stand-alone basis.

2B. Other explanatory information

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.

Perpetual securities

Proceeds from the issuance of perpetual securities have been recognised as equity. Distributions to the perpetual securities holders will be payable semi-annually in arrears on a discretionary basis and will be non-cumulative. The expenses relating to the issue of the perpetual securities are deducted against the proceeds from the issue.

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

2C. 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 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.

Allowance for trade receivables:
The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance matrix is based on its historical observed default rates (over a period of certain months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined accordingly. 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 the Note 18 on trade and other receivables.

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

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

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 makes any adjustments where necessary to reflect the assumptions that marketplace participants would use in similar circumstances. The assumptions and the fair values are disclosed in Note 28 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 $1,018,713,000 (2017: $794,617,000).

Classification of joint arrangements:
The joint venture agreements in relation to the PT Yogya Central Terpadu partnership require unanimous consent from all parties for all relevant activities. The two partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. This entity is therefore classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses as described in 2A.

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.

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.

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

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

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 of 0.25% (2017: 0.25%) per annum of the value of the Deposited Property, the manager may opt to receive the base fee in the form of units and/or cash.

(ii) A performance fee is fixed at 4.0% (2017: 4.0%) per annum of the Group's net property income ("NPI") (calculated before accounting for this additional fee expense 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. Based on the First Amending & Restating Deed dated 18 March 2016, the performance fees for the financial year is computed based on audited accounts of the Trust.

The performance fee of the Manager is paid annually, in accordance with the Code on Collective Investment Schemes.

(iii) An authorised investment management fee of 0.5% (2017: 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 is determined at 1.0% (2017: 1.0%) flat of value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting). Payment of such acquisition fee must comply with Appendix 6: Investment Property Funds of the Code on Collective Investment Scheme; and

(v) Divestment fee at the rate of 0.5% (2017: 0.5%) flat 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.

(B) Property manager's fees

Under the Property Management Agreements in respect of each Retail Mall and Retail Space, the property manager is entitled to the following fees:

(i) 2.0% (2017: 2.0%) per annum of the gross revenue for the relevant Retail Mall and Retail Space;

(ii) 2.0% (2017: 2.0%) per annum of the net property income for relevant Retail Mall and Retail Space (after accounting for the fee expense of 2% per annum of the gross revenue for the relevant Retail Mall and Retail Space);

(iii) 0.5% (2017: 0.5%) per annum of the net property income for the relevant Retail Mall and Retail Space in lieu of leasing commissions otherwise payable to the property manager and/or third party agents; and

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

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

(B) Property manager's fees (cont'd)

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.

(C) Trustee's fees

The Trustee's fees shall not exceed 0.03% (2017: 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.

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
The Manager [1]				
Manager's management fees expense (Note 7)	11,595	12,518	11,578	12,518
Manager's acquisition fees (Note 14)	–	1,237	–	1,205
The Trustee				
Trustee's fees expense	461	423	461	423
The Property Manager [2]				
Property manager fees expense (Note 5)	7,714	6,691	–	–
Master Lessee [3]				
Rental revenue	–	(12,396)	–	–
Affiliates of Sponsor [4]				
Rental revenue, service charge and utilities recovery [5] [6] [7]	(62,743)	(52,705)	–	–
Acquisition of investment properties (Notes 14 and 15)	–	96,753	–	–

(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 Lessee of the retail spaces is 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 Maxx Coffee Prima, PT Maxx Food Pasifik, PT Matahari Department Store Tbk, PT Cinemaxx Global Pasifik, PT Internux, PT Sky Parking Utama, and PT Solusi Ecommerce Global. 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.

(6) The amount also includes revenue from Lippo Mall Kuta under Sponsor Lessees with PT Kencana Agung Pratama, PT Kridakarya Anugerah Utama and PT Trimulia Kencana Abdi.

(7) The amount also includes revenue from Lippo Plaza Jogja under Sponsor Capital Lessees with PT Andhikarya Sukses Pratama, PT Manunggal Megah Serasi and PT Mulia Cipta Sarana Sukses.

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 are no charges made other than the fees disclosed above.

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 Report on Corporate Governance of the Trust's Annual Report.

3C. Interest in the Trust:

	2018		2017	
	Number of units held	% interest held	Number of units held	% interest held
The Manager				
LMIRT Management Ltd	178,557,533*	6.24	142,611,671	5.05

* On 17 January 2019, the Manager sold 157,296,347 units in LMIR Trust to Bridgewater International Limited, a subsidiary of the sponsor at a price of $0.21 per unit. Following the sale, the Manager holds 21,261,186 units, representing 0.74% of the total number of issued units of the Group at the date of the report.

4. GROSS REVENUE

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Rental revenue	155,215	164,203	–	–
Car park revenue	19,141	20,908	–	–
Dividend income from subsidiaries	–	–	97,185	116,131
Service charge and utility recovery [(1)]	51,623	–	–	–
Income from rental of mechanical, electrical and mall operating equipment [(2)]	1,707	10,290	–	–
Other rental income	2,613	1,975	–	–
	230,299	197,376	97,185	116,131

(1) Since May 2012, certain maintenance services for the Group, such as cleaning and maintenance of utilities, are outsourced to a third party service provider. Pursuant to the outsourced agreements, the third party service provider has the right to collect service charges and utilities recovery charges from the tenants of the retail malls, and is responsible for all costs directly related to the maintenance and operation of the retail malls, as well as to pay for the rental for use of electrical, mechanical and mall operating equipment of the retail malls. The latter forms part of the other rental income and is subject to Indonesian Corporate Tax of 25%.

Pursuant to Government Regulation Number 34 of 2017, which came into effect on 2 January 2018, all income received or earned from land and/or building leases in Indonesia are subject to income tax at 10% of the gross amount of the value of the land and/or building lease which comprises the total amount that is paid or acknowledged as debt by a tenant in any form whatsoever, including service charges and utilities recovery charges. Previously, property owners were not liable to pay income tax on such charges which are paid by tenants to a third-party operator appointed by the property owner to manage and maintain the property. However, following the implementation of Government Regulation Number 34 of 2017, tenants are now required to withhold income tax on service charges and utilities recovery charges as well, notwithstanding that these are not paid to the property owner. As such, LMIR Trust has incurred higher tax expenses in year 2018 resulting from this change.

Following the implementation of Government Regulation Number 34 of 2017, the Group has terminated all outsourced agreements with the third party service provider over two phases - phase one is for five retail malls by end April 2018 and phase two is for the rest of the retail malls by end June 2018. Hence after the termination of such agreements, all the malls collect service charges and utilities recovery charges from the tenants and pay for all costs for the maintenance and operation of the malls directly.

(2) This relates to the rental income from the third party operating company for use of electrical, mechanical and mall operating equipment of the retail malls.

Car park revenue is recognised based on point in time. The customers are visitors of the retail malls. The operating of the car park is outsourced to a related party service provider, PT Sky Parking Utama based on profit sharing arrangement.

Utility recovery revenue is recognised over time. The customers are tenants of the retail malls and spaces.

5. PROPERTY OPERATING EXPENSES

	Group	
	2018	2017
	$'000	$'000
Land rental expense	1,614	1,974
Property management fees (Note 3)	7,714	6,691
Legal and professional fees	1,806	1,584
Depreciation of plant and equipment (Note 13)	3,015	2,457
Reversal of allowance for impairment loss on trade receivables (Note 18)	(546)	(3,390)
Allowance for impairment loss on trade receivables (Note 18)	5,321	1,361
Property operating and maintenance expenses	45,303	–
Other property operating expenses	1,105	2,448
	65,332	13,125

6. OTHER INCOME

Other income relates to miscellaneous income.

7. MANAGER'S MANAGEMENT FEES

	Group		Trust	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Base fee	4,996	5,148	4,979	5,148
Performance fee	6,599	7,370	6,599	7,370
Total (Note 3)	11,595	12,518	11,578	12,518

Included in the base fee of the Group are management fees paid in cash by the subsidiaries to the manager for managing investment related activities in current year.

The Manager elected to receive certain of the above fees in the form of units as shown in Note 22.

8. FINANCE COSTS

	Group		Trust	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Interest expense	30,954	27,041	32,343	28,930
Amortisation of borrowing costs	3,699	4,548	3,465	3,806
	34,653	31,589	35,808	32,736

9. OTHER EXPENSES

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Bank charges	71	110	6	46
Professional fees	554	670	441	652
Investor relation expenses	81	95	81	95
Listing expenses	62	71	59	65
Security agent fees	60	82	60	82
Valuation expenses	282	327	282	327
Expenses relating to change of Trustee [1]	–	1,433	–	1,433
Other expenses	693	750	773	750
	1,803	3,538	1,702	3,450

[1] Including expenses incurred for a consent solicitation exercise by LMIRT Capital Pte. Ltd. and HSBC Institutional Trust Services (Singapore) Limited (in its capacity as Trustee of Lippo Malls Indonesia Retail Trust) in connection with certain perpetual securities.

	Group	
	2018 $'000	2017 $'000
Audit fees to the independent auditors of the Trust	397	397
Audit fees to the other independent auditors	280	288
Non-audit fees to the independent auditors of the Trust	130	82

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	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Current tax expense/(income):				
Foreign income tax	28,033	21,515	–	–
Foreign withholding tax	10,475	12,458	–	–
Under/(over) provision in respect of prior periods	283	(283)	283	(283)
Subtotal	38,791	33,690	283	(283)
Deferred tax (income)/expense:				
Deferred tax income	(312)	(5,777)	–	–
Change in foreign exchange rates	189	(2,521)	–	–
Subtotal	(123)	(8,298)	–	–
Total income tax expense/(income)	38,668	25,392	283	(283)

10. INCOME TAX (CONT'D)

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

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% (2017: 17.0%) to total return/(loss) before income tax as a result of the following differences:

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Total return/(loss) before tax	99,600	88,102	(104,131)	(70,523)
Income tax expense/(income) at the above rate	16,932	14,977	(17,702)	(11,989)
Not deductible	22,035	13,676	17,702	11,989
Foreign withholding tax	10,475	12,458	–	–
Effect of different tax rates in different countries	(12,181)	(13,601)	–	–
Deferred tax adjustments due to changes in foreign exchange rates	189	(2,521)	–	–
Under/(over) provision in respect of prior periods	283	(283)	283	(283)
Other minor items less than 3% each	935	686	–	–
Total income tax expense/(income)	38,668	25,392	283	(283)
Effective tax rate	38.8%	28.8%	0.3%	0.4%

The amount of current income taxes outstanding for the Group as at end of reporting year was $3,881,000 (2017: $5,715,000). 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.

10B. Deferred tax income recognised in statements of total return includes:

	Group	
	2018 $'000	2017 $'000
Deferred tax income relating to the changes in fair value of investment properties	(123)	(8,298)

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

	Group	
	2018 $'000	2017 $'000
Deferred tax liabilities recognised in statements of total return:		
Deferred tax relating to the changes in fair value of investment properties	23,241	23,364

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.

10. INCOME TAX (CONT'D)

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

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 spaces, shops, shop-cum-houses, warehouses, and industrial spaces 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.

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.

10. INCOME TAX (CONT'D)

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

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	
	2018	2017
Denominator: Weighted average number of units	2,842,849,699	2,819,472,796
	$'000	$'000
Numerator: Earnings attributable to Unitholders		
Total return after tax	60,932	62,710
Less: Amount reserved for distribution to perpetual securities holders	(17,720)	(14,053)
Total return attributable to Unitholders	43,212	48,657

	Group	
	2018 cents	2017 cents
Earnings per unit	1.52	1.73
Adjusted earnings per unit [1]	1.57	2.51

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

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

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

12. DISTRIBUTIONS TO UNITHOLDERS

	Group and Trust 2018 $'000	Group and Trust 2017 $'000
Total distributions paid during the year:		
Distribution of 0.87 cents per unit for the period from 1 October 2016 to 31 December 2016	–	24,335
Distribution of 0.89 cents per unit for the period from 1 January 2017 to 31 March 2017	–	25,120
Distribution of 0.90 cents per unit for the period from 1 April 2017 to 30 June 2017	–	25,403
Distribution of 0.86 cents per unit for the period from 1 July 2017 to 30 September 2017	–	24,151
Distribution of 0.79 cents per unit for the period from 1 October 2017 to 31 December 2017	22,286	–
Distribution of 0.67 cents per unit for the period from 1 January 2018 to 31 March 2018	19,018	–
Distribution of 0.59 cents per unit for the period from 1 April 2018 to 30 June 2018	16,816	–
Distribution of 0.49 cents per unit for the period from 1 July 2018 to 30 September 2018	13,896	–
	72,016	99,009

12A. Distributions per unit

Distribution Type

Name of Distribution — Distribution during the year (interim distributions)

Distribution Type — Income / Capital

	Group and Trust 2018 cents per unit	Group and Trust 2017 cents per unit	Group and Trust 2018 $'000	Group and Trust 2017 $'000
Tax-exempt income [(1)] :	0.95	1.79	26,954	50,410
Capital [(2)] :	0.80	0.86	22,776	24,264
Subtotal :	1.75	2.65	49,730	74,674

12. DISTRIBUTIONS TO UNITHOLDERS (CONT'D)

12A. Distributions per unit (cont'd)

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

	Group and Trust			
	2018 cents per unit	2017 cents per unit	2018 $'000	2017 $'000
Tax-exempt income [1] :	0.09	0.47	2,571	13,227
Capital [2] :	0.21	0.32	6,114	9,059
Subtotal :	0.30	0.79	8,685	22,286
Total distributions [3]	2.05	3.44	58,415	96,960

[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.

Current distribution policy:
The Trust's current distribution policy is to distribute at least 90% (2017: 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	
	2018 $'000	2017 $'000
Cost:		
At beginning of year	16,757	12,383
Additions	4,112	5,630
Exchange difference adjustments	(737)	(1,256)
At end of year	20,132	16,757
Accumulated depreciation:		
At beginning of year	6,826	4,875
Depreciation for the year	3,015	2,457
Exchange difference adjustments	(304)	(506)
At end of year	9,537	6,826
Net book value:		
At beginning of year	9,931	7,508
At end of year	10,595	9,931

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

14. INVESTMENT PROPERTIES

	Group 2018 $'000	Group 2017 $'000
At valuation:		
Fair value at beginning of year	1,908,141	1,922,642
Acquisitions of investment properties [1]	–	126,640
Enhancement expenditure capitalised	7,704	45,638
	1,915,845	2,094,920
Decrease in fair value included in profit or loss	(1,495)	(30,399)
Translation differences	(82,704)	(156,380)
Fair value at end of year	1,831,646	1,908,141
Rental and service income from investment properties	230,299	197,376
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental revenue during the year	(65,332)	(13,125)

(1) The acquisitions in 2017 relate to the acquisitions of Lippo Plaza Kendari, Lippo Plaza Jogja, Kediri Town Square. This amount also included an acquisition fee of $1,237,000 and other acquisition related expenses of $1,748,000.

Acquisitions in prior year

In 2017, the Trust acquired:

(1) Lippo Plaza Kendari, which is located at Jalan MT Haryono No.61-63, Kendari, South East Sulawesi 93117, Indonesia for a total purchase consideration of $32,241,290;

(2) Lippo Plaza Jogja, which is located at Demangan Subdistrict, Gondokusuman District, Yogyakarta, with postal address Jalan Laksda Adi Sucipto No.32-34, Yogyakarta for a total purchase consideration of $57,000,000; and

(3) Kediri Town Square, which is located at Jalan Hasanudin No. 2, RT/22 RW/06, Balowerti Subdistrict, Kediri, East Java for a total purchase consideration of $34,413,965.

The acquisitions of Lippo Plaza Kendari, Lippo Plaza Jogja and Kediri Town Square were carried out by the Trust indirectly via its subsidiaries, namely Picon1 Holdings Pte Ltd and Picon2 Investments Pte Ltd for Lippo Plaza Kendari, Icon2 Investments Pte Ltd and PT Yogya Central Terpadu for Lippo Plaza Jogja and Pejaten Holdings Pte Ltd, Pejatenmall Investment Pte Ltd and PT Panca Permata Pejaten, for Kediri Town Square respectively. The acquisitions were funded from bank borrowings, issuance of perpetual securities and the Group's operating cash flows.

Lippo Plaza Kendari is a family mall strategically located in the heart of Kendari, the capital of Southeast Sulawesi. Kendari's economy is mostly agricultural with some industrial centres near the city. The government of Sulawesi has rolled out a series of major infrastructure projects to improve connectivity and spur economic development in Southeast Sulawesi, including a railway network which will connect all major cities in Sulawesi. The Manager believes that the property would benefit from such developments in the region. Further, there is minimal competition in the near future for retail space in the property's vicinity.

Lippo Plaza Jogja is situated in Yogyakarta, is renowned as a centre of education with large numbers of schools and universities, as well as classical Javanese fine art. As such, the city has attracted large numbers of students from all over Indonesia. Yogyakarta also attracts plenty of foreign visitors, majority of whom are foreign students that usually stay to learn Bahasa or Javanese culture.

14. INVESTMENT PROPERTIES (CONT'D)

Kediri Town Square is a lifestyle mall strategically located in East Java and well connected to other parts of East Java. Kediri city is a vibrant trading hub for tobacco and sugar and its economy is mostly agricultural with some industrial centres. It also has a growing tourism industry from its cultural heritage as well as its transport connections with cities such as Surabaya and Yogyakarta.

The acquisitions of these properties with their stable occupancies are expected to contribute to the organic growth of the Group.

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

2018:

Name of Independent Professional Valuers		Name of Retail Malls and Spaces
Colliers International	-	Lippo Mall Kemang, Bandung Indah Plaza and Istana Plaza.
Cushman & Wakefield	-	Lippo Plaza Kramat Jati, Tamini Square, Pejaten Village and Cibubur Junction.
KJPP Wilson & Rekan	-	Pluit Village, Plaza Medan Fair, Lippo Plaza Kendari, Sun Plaza, Gajah Mada Plaza, Lippo Plaza Ekalokasari Bogor and Mal Lippo Cikarang.
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 Plaza Batu, Lippo Plaza Jogja, Kediri Town Square and Lippo Mall Kuta.
Savills Valuation and Professional Services (S) Pte Ltd	-	The Plaza Semanggi, Palembang Square, Palembang Square Extension, Binjai Supermall and Palembang Icon.

2017:

Name of Independent Professional Valuers		Name of Retail Malls and Spaces
KJPP Wilson & Rekan	-	Tamini Square, Lippo Plaza Kramat Jati, Palembang Square, Palembang Square Extension, Pejaten Village, Binjai Supermall, Pluit Village, Plaza Medan Fair and Lippo Mall Kuta.
KJPP Rengganis, Hamid & Rekan	-	Bandung Indah Plaza, Gajah Mada Plaza, Mal Lippo Cikarang, Lippo Plaza Ekalokasari Bogor, The Plaza Semanggi, Istana Plaza, Cibubur Junction, Sun Plaza, Palembang Icon, Lippo Plaza Batu, Lippo Plaza Kendari, Kediri Town Square and Lippo Plaza Jogja.
Savills Valuation and Professional Services (S) Pte Ltd	-	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.

14. INVESTMENT PROPERTIES (CONT'D)

All fair value measurements of investment properties are based on the discounted cash flow 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:

		2018	2017
1.	Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the properties	12.4% to 13.5%	12.4% to 14.6%
2.	Growth rates	3.0% to 6.7%	3.0% to 6.9%
3.	Terminal discount rates	7.9% to 10.5%	8.1% to 9.5%
4.	Cash flow forecasts derived from the most recent financial budgets and plans approved by management	Note 1	Note 1

Note 1: Discounted cash flow analysis over the remaining lease period for existing Build, Operate and Transfer ("BOT") malls and 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.

Sensitivity analysis on management's estimates:

1. Discount rates

   A hypothetical 10% (2017: 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 $134,733,000; higher by $161,143,000 (2017: lower by $162,951,000; higher by $195,959,000).

2. Growth rates

   A hypothetical 10% (2017: 10%) increase or decrease in the rental revenue would have an effect on return before tax of – higher by $87,951,000; lower by $83,141,000 (2017: higher by $189,302,000; lower by $187,300,000).

3. Terminal discount rates

   A hypothetical 10% (2017: 10%) increase or decrease in the terminal discount rate would have an effect on return before tax of – lower by $63,725,000; higher by $77,261,000 (2017: lower by $50,996,000; higher by $62,436,000).

14. INVESTMENT PROPERTIES (CONT'D)

The decrease in fair value is mainly due to the weakening Rupiah currency.

By relying on the valuation reports, the management is satisfied that the independent professional 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.

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

In 2017, certain investment properties at a carrying value of $428,192,000 were pledged as security for the bank facilities. On 7 March 2018, the Trust discharged all the securities including mortgage on properties granted for the facility, other than a charge over interest escrow account and sale account, With the completion of discharge, the Trust's property portfolio is now unencumbered.

15. INTANGIBLE ASSETS

	Group 2018 $'000	Group 2017 $'000
Cost:		
At the beginning of the year	46,421	43,263
Additions	–	6,760
Exchange differences adjustments	(1,966)	(3,602)
At the end of the year	44,455	46,421
Accumulated amortisation:		
At beginning of year	34,515	24,057
Amortisation for the year	2,613	12,996
Exchange difference adjustments	(1,463)	(2,538)
At the end of the year	35,665	34,515
Net book value:		
At the beginning of the year	11,906	19,206
At the end of the year	8,790	11,906

Intangible assets represent the unamortised aggregate rental guarantee amounts receivable by the Group from master leases upon the acquisition of Palembang Icon and Lippo Plaza Batu in 2015, Lippo Mall Kuta in 2016, Lippo Plaza Kendari and Lippo Plaza Jogja in 2017 respectively (Note 32). The master leases range from 3 to 5 years apart from the sports centre at Palembang Icon, which is under a master lease of 25 years. At the end of reporting year, the remaining rental guarantee periods are for 4 to 21 (2017: 1 to 22) years.

The master leases agreement signed with respective master lessors are summarised as follows:

	Master leases period From	Master leases period To	Master leases Amount per annum Rp million
Lippo Mall Kemang*	17 December 2014	16 December 2019	208,000
Palembang Icon**	10 July 2015	9 July 2018	19,142
Palembang Icon (Sports Centre)	10 July 2015	30 April 2040	6,908
Lippo Plaza Batu**	7 July 2015	6 July 2018	18,219
Lippo Mall Kuta	29 December 2016	28 December 2021	43,281
Lippo Plaza Kendari	21 June 2017	20 June 2022	15,100
Lippo Plaza Jogja	22 December 2017	21 December 2022	42,636
			353,286

* The group has renewed the master lease for 2 years from 17 December 2017 to 16 December 2019 for no consideration.

** The master lease accounts represent the annual amount and not prorated for the year of expiry.

15. INTANGIBLE ASSETS (CONT'D)

The master leases as a percentage of the respective mall's gross revenue are as follows:

	2018			2017		
	Master leases $'000	Gross revenue of the Mall $'000	Master leases as % of the gross revenue %	Master leases $'000	Gross revenue of the Mall $'000	Master leases as % of the gross revenue %
Lippo Mall Kemang	19,666	31,803	61.8	21,529	30,453	70.7
Palembang Icon [(1)]	1,709	10,742	15.9	2,696	9,155	29.4
Lippo Plaza Batu [(1)]	1,068	2,525	42.3	1,886	2,704	69.7
Lippo Mall Kuta	4,092	7,747	52.8	4,480	7,046	63.6
Lippo Plaza Kendari	1,428	4,242	33.7	781	2,114	36.9
Lippo Plaza Jogja	4,031	6,293	64.1	119	138	86.2
	31,994	63,352		31,491	51,610	

(1) The gross revenue from master leases is pro-rated to the date of expiry on 9 July 2018 and 6 July 2018 respectively for Palembang Icon and Lippo Plaza Batu. Gross revenue of the mall represents the full revenue for the financial year.

16. INVESTMENTS IN SUBSIDIARIES

	Trust 2018 $'000	Trust 2017 $'000
Unquoted equity shares, at cost	984,733	984,733
Redeemable preference shares, at cost	826,975	885,556
Quasi equity loans [(1)]	22,339	22,339
Less: Allowance for impairment	(312,765)	(179,748)
	1,521,282	1,712,880
Net book value of subsidiaries	1,738,978	1,838,738
Analysis of above amount denominated in non-functional currency:		
United States Dollars (US$)	2,979	2,979
Indonesian Rupiah (Rupiah)	936,023	1,197,420

(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.

	2018 $'000	2017 $'000
Movements in allowance for impairment:		
Balance at beginning of the year	(179,748)	(57,672)
Impairment loss charged to profit or loss	(133,017)	(122,076)
Balance at the end of the year	(312,765)	(179,748)

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The list of the subsidiaries is in Note 37.

The management has assessed that there are indicators of impairment for those subsidiaries with shortfalls between the cost of investment in subsidiaries and the recoverable amount of the investments. Based on the above assessment, the management had made an allowance for impairment loss of $133,017,000 (2017: $122,076,000) in the Trust's financial statements as at 31 December 2018.

17. INVESTMENTS IN JOINT OPERATION

Name of joint operation, country of incorporation, place of operation, principal activities and independent auditor	Percentage of equity held by the Group	
	2018	2017
	%	%
Joint operation - PT Yogya Central Terpadu, Indonesia, owner of Lippo Plaza Jogja and Siloam Hospital Yogyakarta (RSM Amir Abadi Jusuf, Aryanto, Mawar & Rekan)	68.3	68.3

The Group has entered into a Joint Venture Deed through its wholly owned Singapore incorporated subsidiary Icon2 Investments Pte Ltd ("Icon2") on 13 October 2017 with Icon1 Holdings Pte Ltd ("Icon1"), a wholly owned Singapore incorporated subsidiary of Singapore-listed First Real Estate Investment Trust ("First REIT") to acquire an integrated development, comprising a hospital component known as Siloam Hospital Yogyakarta ("SHYG") and a retail mall component known as Lippo Plaza Jogja with carrying value of $52,681,000 at the reporting year end date.

Icon2 and Icon1 each holds 100.0% of the Class B Shares and Class A Shares respectively in Indonesia incorporated PT Yogya Central Terpadu, which acquired the integrated development on 22 December 2017. Class B shares entitle it to, inter alia, all the rights to the revenue and profits and all the obligations for the expenses and losses relating to Lippo Plaza Jogja and Class A shares entitle it to, inter alia, all the rights to the revenue and profits and all the obligations for the expenses and losses relating to SHYG. The Class B Shares comprises 68.3% and Class A shares 31.7% of the total issued share capital of PT Yogya Central Terpadu. The Group has classified it as a joint operation.

PT Yogya Central Terpadu incorporated in Indonesia is 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.

18. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Trade receivables:				
Outside parties	11,803	11,564	307	180
Related parties (Note 3)	18,148	16,658	–	–
Less: Allowance for impairment	(4,412)	(1,222)	–	–
Subtotal	25,539	27,000	307	180

18. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Other receivables:				
Subsidiaries (Note 3)	–	–	203,499	231,445
Related parties (Note 3)	62	96	–	–
Other receivables	14,885	11,893	–	299
Subtotal	14,947	11,989	203,499	231,744
Total trade and other receivables	40,486	38,989	203,806	231,924

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Movements in above allowance:				
Balance at beginning of the year	(1,222)	(3,554)	–	–
Bad debt written back (Note 5)	546	3,390	–	–
Allowance used during the year	1,432	–	–	–
Charge for trade receivables to profit or loss included in property operating expenses (Note 5)	(5,321)	(1,361)	–	–
Effect of changes in exchange rates	153	303	–	–
Balance at end of the year	(4,412)	(1,222)	–	–

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 trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined as follows for trade receivables:

	Gross amount		Loss allowance	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Trade receivables:				
Current	16,490	17,374	–	–
1 to 30 days past due	3,485	3,425	–	–
31 to 60 days past due	2,844	2,137	–	–
Over 61 days past due	7,132	5,286	4,412	1,222
Total	29,951	28,222	4,412	1,222

19. OTHER ASSETS

	Group 2018 $'000	Group 2017 $'000	Trust 2018 $'000	Trust 2017 $'000
Prepayments	4,964	2,093	6	198
Prepaid tax	17,000	27,520	–	–
	21,964	29,613	6	198

Prepaid tax includes prepaid VAT ("value-added tax") amounting to $8,219,000 (2017: $8,591,000) relating to Lippo Plaza Jogja and Kediri Town Square acquisitions that is recoverable from the relevant tax authority in Indonesia.

20. CASH AND CASH EQUIVALENTS

	Group 2018 $'000	Group 2017 $'000	Trust 2018 $'000	Trust 2017 $'000
Not restricted in use	45,299	59,787	10,147	4,447
Cash pledged for bank facilities	7,377	5,113	7,377	5,113
Cash at end of the year	52,676	64,900	17,524	9,560
Interest earning balances	35,152	49,283	–	–

The rate of interest for the cash on interest earning accounts is between 0.2% and 5.5% (2017: 0.2% and 6.0%) per annum.

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

	Group 2018 $'000	Group 2017 $'000
Amount as shown above	52,676	64,900
Less: Cash pledged for bank facilities	(7,377)	(5,113)
Cash and cash equivalents per statement of cash flows	45,299	59,787

20A. Non-cash and other transactions

During the year, the significant non-cash transaction was units that were issued as settlement of the Manager's management fees amounting to $12,428,000 (2017: $6,874,000).

20. CASH AND CASH EQUIVALENTS (CONT'D)

20B. Reconciliation of liabilities arising from financing activities:

	2017 $'000	Cash flows $'000	Non-cash Changes $'000	Reclassification $'000	2018 $'000
Non-current borrowings	419,810	135,000	(827)	–	553,983
Current borrowings	268,460	(150,000)	1,540	–	120,000
Finance lease liabilities	1,289	(43)	21	–	1,267
Cash pledged for bank facilities	5,113	2,264	–	–	7,377
Total liabilities from financing activities	694,672	(12,779)	734	–	682,627

	2016 $'000	Cash flows $'000	Non-cash Changes $'000	Reclassification* $'000	2017 $'000
Non-current borrowings	516,584	89,290	3,936	(190,000)	419,810
Current borrowings	124,269	(45,000)	(809)	190,000	268,460
Finance lease liabilities	1,307	(56)	38	–	1,289
Cash pledged for bank facilities	3,483	1,630	–	–	5,113
Total liabilities from financing activities	645,643	45,864	3,165	–	694,672

* Reclassification between long-term borrowings and short-term borrowing due to change in maturity of the borrowings.

21. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Group		Trust	
	2018	2017	2018	2017
Net assets attributable to Unitholders at end of the year ($'000)	819,564	908,286	709,435	890,243
Units in issue (Note 22)	2,859,933,585	2,823,987,723	2,859,933,585	2,823,987,723
Net assets attributable to Unitholders per unit (in cents)	28.66	32.16	24.81	31.52

21. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONT'D)

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

Issuable at end of the reporting year:

At the end of the reporting year, Nil (2017: 3,252,120) units are issuable as settlement for the Manager's management fees for the last quarter of the reporting year.

The issue price for determining the number of units issued and issuable as Manager's management base fee, performance fee 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, year end date and issuance date respectively. The new units, upon issue and allotment, will rank pari passu in all respect with the units of the Trust.

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

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

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

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

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

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

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

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.

21. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONT'D)

Capital management (cont'd):

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 registrar frequently on substantial unit interests showing the non-free float and it demonstrated continuing compliance with the SGX-ST requirement on the 10% limit throughout the year.

In accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the total borrowings and deferred payments of the Group should not exceed 45% (2017: 45%) of the Group's deposited property. The Group had computed its aggregate leverage ratio as follows:

	Group	
	2018 $'000	2017 $'000
Total gross borrowings and deferred payments	680,000	695,000
Total deposited property	1,966,157	2,063,874
Aggregated leverage ratio (%)	34.6%	33.7%

The Group met the aggregate leverage ratio as at the end of the reporting year. The increase in the aggregate leverage ratio for the reporting year is due primarily from weakening of Rupiah currency resulting in a decrease in the fair value of investment properties.

22. UNITS IN ISSUE

	Group and Trust	
	2018	2017
Units at beginning of the year	2,823,987,723	2,802,992,873
Manager's management fees settled in units	33,619,215	18,675,322
Manager's acquisition fees settled in units	2,326,647	2,319,528
Units at end of the year	2,859,933,585	2,823,987,723

23. PERPETUAL SECURITIES

The perpetual securities are classified as equity instruments and recorded in equity in the statement of financial position. The details are:

	Group and Trust	
	2018 $'000	2017 $'000
Balance at 1 January	259,647	140,867
Issue of perpetual securities	–	120,000
Issue expense	–	(1,502)
Amount reserved for distribution to perpetual securities holders	17,720	14,053
Distribution to perpetual securities holders	(17,720)	(13,771)
Perpetual securities per statement of financial position	259,647	259,647

23. PERPETUAL SECURITIES (CONT'D)

LMIRT Capital and the Trustee established a $1.0 billion Guaranteed Euro Medium Term Securities Programme ("EMTS") (together with EMTN as per Note 24B, "Programmes") on 9 September 2015. 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.

On 19 June 2017, the Trust issued perpetual securities of $120.0 million under the $1.0 billion EMTS to finance the acquisition of Lippo Plaza Kendari, repayment of matured $50.0 million EMTN notes and for working capital purposes.

The key terms and conditions of the perpetual securities are as follows:

- there is no fixed redemption date;

- the redemption of the security is at the option of the Trust, in whole, but not in part, on 19 December 2022 or later;

- the holders have the right to receive distribution payments at a rate of 6.6% per annum with the first reset date falling on 19 December 2022 and subsequent resets occurring every five years thereafter;

- the distributions will be payable semi-annually in arrears on 19 June and 19 December in each year on a discretionary basis and is non cumulative; and

- the payment obligations of the Trust under the perpetual securities will at all times rank ahead of the holders of junior obligations of the Trust.

In 2016, the Trust issued perpetual securities of $140.0 million under the $1.0 billion EMTS to partially refinance the $150.0 million 4.25% EMTN notes. The remaining $10.0 million was being refinanced by the drawdown from facility A & B of $5.0 million each.

The key terms and conditions of the perpetual securities are as follows:

- there is no fixed redemption date;

- the redemption of the security is at the option of the Trust, in whole, but not in part, on 27 September 2021 or later;

- the holders have the right to receive distribution payments at a rate of 7.0% per annum with the first reset date falling on 27 September 2021 and subsequent resets occurring every five years thereafter;

- the distributions will be payable semi-annually in arrears on 27 March and 27 September in each year on a discretionary basis and is non cumulative; and

- the payment obligations of the Trust under the perpetual securities will at all times rank ahead of the holders of junior obligations of the Trust.

24. OTHER FINANCIAL LIABILITIES

	Group 2018 $'000	Group 2017 $'000	Trust 2018 $'000	Trust 2017 $'000
Non-current:				
Financial instruments with floating interest rates:				
Bank loans (unsecured) (Note 24A)	485,000	350,000	485,000	350,000
Less: Unamortised transaction costs	(5,455)	(4,268)	(5,455)	(4,268)
	479,545	345,732	479,545	345,732
Financial instruments with fixed interest rates:				
Medium term notes (unsecured) (Note 24B)	75,000	75,000	–	–
Less: Unamortised transaction costs	(562)	(922)	–	–
	74,438	74,078	–	–
Finance leases (Note 24C)	1,233	1,280	–	–
Non-current, total	555,216	421,090	479,545	345,732
Current:				
Financial instruments with floating interest rates:				
Bank loans (secured) (Note 24A)	–	90,000	–	90,000
Less: Unamortised transaction costs	–	(791)	–	(791)
	–	89,209	–	89,209
Bank loans (unsecured) (Note 24A)	120,000	80,000	120,000	80,000
Current, total	120,000	169,209	120,000	169,209
Financial instruments with fixed interest rates:				
Medium term notes (unsecured) (Note 24B)	–	100,000	–	–
Less: Unamortised transaction costs	–	(749)	–	–
	–	99,251	–	–
Finance leases (Note 24C)	34	9	–	–
Current, total	120,034	268,469	120,000	169,209
Total	675,250	689,559	599,545	514,941
The non-current portion is repayable as follows:				
Due within 2 to 5 years	555,182	421,056	479,545	345,732
Due after 5 years	34	34	–	–
Total non-current portion	555,216	421,090	479,545	345,732

24. OTHER FINANCIAL LIABILITIES (CONT'D)

At the end of reporting year, the range of floating interest rates paid per annum was as follows:

	Group and Trust	
	2018	2017
Bank loans (secured and unsecured)	3.46% to 5.02%	2.88% to 4.30%

At the end of reporting year, the ranges of fixed interest rates paid per annum were as follows:

	Group	
	2018	2017
Medium term notes (unsecured)	4.1%	4.1% to 4.5%
Finance leases	14.0%	14.0%

The weighted effective interest rates for outstanding bank loans and medium term notes paid per annum were as follows:

	Group		Trust	
	2018	2017	2018	2017
Bank loans (secured and unsecured)	4.87%	4.73%	4.87%	4.73%
Medium term notes (unsecured)	4.61%	5.02%	–	–

24A. Bank loans

Bank loans (Unsecured)

In December 2014, the Trust drew down on its secured bank loan facility of $155.0 million maturing in December 2018 at an interest rate of 3.0% per annum plus SGD swap offer rate ("SOR"). An amount of $10.0 million and $55.0 million were repaid in 2015 and 2017 respectively. On 19 November 2018, the outstanding $90.0 million under this facility were fully repaid before maturity.

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.

On 13 November 2017, the Trust signed a facility agreement for a $80.0 million unsecured uncommitted revolving credit facility at interest rate of 1.8% per annum plus SOR. The full amount of $80.0 million was drawn in 2017. As at 31 December 2018, the outstanding bank loan amounted to $80.0 million (2017: $80.0 million).

On 5 March 2018, the Trust signed a facility agreement for a $40.0 million unsecured uncommitted revolving credit facility at interest rate of 1.8% per annum plus SOR. The full amount of $40.0 million was drawn during the year. As at 31 December 2018, the outstanding bank loan amounted to $40.0 million.

24. OTHER FINANCIAL LIABILITIES (CONT'D)

24A. Bank loans (cont'd)

Non-current bank loans (Unsecured)

(i) On 22 August 2016, the Trust signed a facility agreement of $350.0 million which consists of 2 tranches A & B of $175.0 million each, maturing in August 2020 and August 2021 at interest rates of 2.95% per annum plus SOR and 3.15% per annum plus SOR respectively. Each drawdown is equal share from each of the tranche A & B.

The Trust drew the entire $350.0 million in year 2016 and 2017 for the purpose of refinancing its EMTN notes and acquisition of Lippo Mall Kuta, Lippo Plaza Kendari and Kediri Town Square respectively.

As at 31 December 2018, the outstanding bank loan amounted to $350.0 million (2017: $350.0 million).

(ii) On 9 November 2018, the Trust signed a facility agreement of $135.0 million which consists of 2 tranches A & B of $67.5 million each, maturing in November 2022 and November 2023 at interest rates of 3.05% per annum plus SOR and 3.25% per annum plus SOR respectively. Each drawdown is equal share from each of the tranche A & B.

On 19 November 2018, the Trust drew $135.0 million to partially refinance the $90.0 million term loan that expired on 15 December 2018 and to redeem the $100.0 million 4.5% EMTN notes (Note 24B) due on 23 November 2018.

As of 31 December 2018, the outstanding bank loan amounted to $135.0 million.

24B. Medium term notes (Unsecured)

On 25 June 2012, a wholly-owned subsidiary, LMIRT Capital Pte Ltd ("LMIRT Capital") established a $750.0 million 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. All sum payable in respect of the notes will be unconditionally and irrevocably guaranteed by the Trustee.

In November 2018, notes issued by LMIRT Capital on 23 November 2015 amounted to $100.0 million was repaid upon maturity.

At the end of the reporting year, $75.0 million notes are outstanding. The $75.0 million notes were issued on 22 June 2015, bear a fixed rate of 4.1% per annum payable semi-annually in arrears and will mature on 22 June 2020.

The fair value of the fixed rate notes (Level 1) is $66,192,000 (2017: $174,779,500).

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

24. OTHER FINANCIAL LIABILITIES (CONT'D)

24C. Finance leases

	Minimum payments $'000	Finance charges $'000	Present value $'000
Group			
2018			
Minimum lease payments payable:			
Due within one year	72	(38)	34
Due within 2 to 5 years	1,223	(24)	1,199
Due after 5 years	51	(17)	34
Total	1,346	(79)	1,267
2017			
Minimum lease payments payable:			
Due within one year	43	(34)	9
Due within 2 to 5 years	1,307	(61)	1,246
Due after 5 years	60	(26)	34
Total	1,410	(121)	1,289

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

The fixed rate of interest for finance leases is 14% (2017: 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.

25. OTHER LIABILITIES, NON-CURRENT

	Group	
	2018 $'000	2017 $'000
Advance payments by tenants	89,499	94,688

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

26. TRADE AND OTHER PAYABLES, CURRENT

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Trade payables:				
Outside parties and accrued liabilities	24,860	21,247	23,606	29,558
Related parties (Note 3)	1,562	221	–	–
Subtotal	26,422	21,468	23,606	29,558
Other payables:				
Loan payable to subsidiaries [(1)]	–	–	110,191	228,832
Subsidiaries (Note 3)	–	–	37,590	28,872
Other payables	23,770	23,869	–	–
Subtotal	23,770	23,869	147,781	257,704
Total trade and other payables, current	50,192	45,337	171,387	287,262

(1) The loan payable agreements provide that they are unsecured, with fixed interest rates ranging from 4.1% to 5.0% (2017: ranging from 4.1% to 5.0%) per annum and repayable on demand. The carrying amount is a reasonable approximation of fair value (Level 2).

27. OTHER LIABILITIES, CURRENT

	Group 2018 $'000	Group 2017 $'000
Security deposits from tenants	42,279	34,415

28. 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 2018 $'000	Group and Trust 2017 $'000
Assets – Derivatives with positive fair values:		
Currency option contracts (Note 28B)	–	394
Total	–	394
Non-current portion	–	394
	–	394
Liabilities – Derivatives with negative fair values:		
Interest rate swaps (Note 28A)	(1,885)	(909)
Currency option contracts (Note 28B)	(719)	(1,954)
	(2,604)	(2,863)
Non-current portion	(1,885)	(1,954)
Current portion	(719)	(909)
	(2,604)	(2,863)
Net balance	(2,604)	(2,469)

	Group and Trust 2018 $'000	Group and Trust 2017 $'000
The movements during the year were as follows:		
Balance at beginning of year	(2,469)	(1,901)
Fair value losses recognised in profit or loss	(135)	(568)
Total net balance at end of the year	(2,604)	(2,469)

28. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

28A. Interest rate swaps

The notional amount of interest rate swaps for 2018 is $100,000,000 and $135,000,000 respectively. They are designed to convert floating rate borrowings to fixed rate exposure. The Group pays the fixed interest rates of 2.02% and 2.098% per annum respectively, 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 13 December 2021 and 3 December 2021 respectively.

The notional amount of interest rate swaps for 2017 is $155,000,000. 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 expired on 16 December 2018.

Information on the maturities of the borrowings is provided in Note 24A.

28B. Currency option contracts

	Notional amounts 2018 $'000	Notional amounts 2017 $'000	Reference currency	Maturity 2018	Maturity 2017	Fair value 2018 $'000	Fair value 2017 $'000
Currency option contracts	8,347	43,625	Rupiah	February 2017 to February 2019	February 2017 to February 2019	(200)	(613)
Currency option contracts	8,300	43,379	Rupiah	February 2017 to February 2019	February 2017 to February 2019	(203)	(670)
Currency option contracts	4,716	24,647	Rupiah	February 2017 to February 2019	February 2017 to February 2019	(80)	(255)
Currency option contracts	3,584	18,732	Rupiah	February 2017 to February 2019	February 2017 to February 2019	(118)	394
Currency option contracts	3,584	18,732	Rupiah	February 2017 to February 2019	February 2017 to February 2019	(118)	(416)
	28,531	149,115				(719)	(1,560)

The purpose of the currency option contracts is to mitigate the fluctuation of income denominated in 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.

28. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

28C. 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.

29. FINANCIAL RATIOS

	Group		Trust	
	2018	2017	2018	2017
Expenses to average net assets ratio – excluding performance related fee [1]	0.65%	0.75%	0.67%	0.76%
Expenses to average net assets ratio – including performance related fee [1]	1.23%	1.37%	1.30%	1.38%
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.

30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

30A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Financial assets:				
Financial assets at fair value through profit or loss (FVTPL)	–	394	–	394
Financial assets at amortised cost	93,162	103,889	221,330	241,484
At end of the year	93,162	104,283	221,330	241,878
Financial liabilities:				
Financial liabilities at fair value through profit or loss (FVTPL)	2,604	2,863	2,604	2,863
Financial liabilities at amortised cost	725,442	734,896	770,932	802,203
At end of the year	728,046	737,759	773,536	805,066

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

30A. Categories of financial assets and liabilities (cont'd)

Further quantitative disclosures are included throughout these financial statements.

The Group's financial assets that were classified as "cash and cash equivalents" and "loans and receivables" under FRS 39 in previous financial year have been classified as "financial assets at amortised cost" for the current financial year under FRS 109.

The Group's financial liabilities that were classified as "borrowings measured at amortised cost" and "trade and other payables measured at amortised cost" under FRS 39 in previous financial year have been classified as "financial liabilities at amortised cost" for the current financial year under FRS 109.

30B. 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 acceptable 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.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

30C. 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 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.

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

30D. 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. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets 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. For expected credit losses (ECL) on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 20 discloses the maturity of the cash and cash equivalents balances. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

30E. 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 $'000	1 to 3 years $'000	3 to 5 years $'000	Over 5 years $'000	Total $'000
Non-derivative financial liabilities:					
2018					
Group					
Gross borrowings commitments	147,056	453,452	144,088	–	744,596
Gross finance lease obligations	72	313	910	51	1,346
Trade and other payables	50,192	–	–	–	50,192
At end of the year	197,320	453,765	144,998	51	796,134
Trust					
Gross borrowings commitments	143,981	376,986	144,088	–	665,055
Trade and other payables	171,387	–	–	–	171,387
At end of the year	315,368	376,986	144,088	–	836,442

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

30E. Liquidity risk – financial liabilities maturity analysis (cont'd)

	Less than 1 year $'000	1 to 3 years $'000	3 to 5 years $'000	Over 5 years $'000	Total $'000
Non-derivative financial liabilities:					
2017					
Group					
Gross borrowings commitments	295,731	280,948	179,800	–	756,479
Gross finance lease obligations	43	146	1,161	60	1,410
Trade and other payables	45,337	–	–	–	45,337
At end of the year	341,111	281,094	180,961	60	803,226
Trust					
Gross borrowings commitments	188,637	201,407	179,800	–	569,844
Trade and other payables	287,262	–	–	–	287,262
At end of the year	475,899	201,407	179,800	–	857,106

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

	Less than 1 year $'000	1 to 3 years $'000	Total $'000
Derivative financial instruments:			
2018			
Group and Trust			
Net settled:			
Currency option contracts	(719)	–	(719)
Interest rate swaps	–	(1,885)	(1,885)
At end of the year	(719)	(1,885)	(2,604)

	Less than 1 year $'000	1 to 3 years $'000	Total $'000
Derivative financial instruments:			
2017			
Group and Trust			
Net settled:			
Currency option contracts	–	(1,560)	(1,560)
Interest rate swaps	(909)	–	(909)
At end of the year	(909)	(1,560)	(2,469)

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.

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

30E. Liquidity risk – financial liabilities maturity analysis (cont'd)

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 (2017: 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.

30F. 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	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Financial liabilities with interest:				
Fixed rates	75,705	174,618	–	–
Floating rates	599,545	514,941	599,545	514,941
Total at end of the year	675,250	689,559	599,545	514,941

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.

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 24A and 28A.

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	
	2018 $'000	2017 $'000
Financial liabilities:		
A hypothetical variation in interest rates by 10 (2017: 10) basis points with all other variables held constant, would have an increase/decrease in total return before tax for the year by	600	515

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).

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

30G. Foreign currency risk

Analysis of amounts denominated in non-functional currency:

	Indonesian Rupiah $'000	Singapore Dollar $'000	United States Dollar $'000	Total $'000
Group				
2018:				
Financial assets:				
Cash and cash equivalents	–	67	39	106
Trade and other receivables	–	35,753	–	35,753
Total financial assets	–	35,820	39	35,859
Financial liabilities:				
Trade and other payables	11,412	–	–	11,412
Total financial liabilities	11,412	–	–	11,412
Net financial (liabilities)/assets at end of the year	(11,412)	35,820	39	24,447

	Indonesian Rupiah $'000	Singapore Dollar $'000	United States Dollar $'000	Total $'000
Group				
2017:				
Financial assets:				
Cash and cash equivalents	–	6,770	38	6,808
Total financial assets	–	6,770	38	6,808
Financial liabilities:				
Trade and other payables	12,179	–	–	12,179
Total financial liabilities	12,179	–	–	12,179
Net financial (liabilities)/assets at end of the year	(12,179)	6,770	38	(5,371)

	Indonesian Rupiah $'000
Trust	
2018:	
Financial assets:	
Other receivables from subsidiaries	176,874
Total financial assets	176,874
Financial liabilities:	
Trade and other payables	11,412
Other payables to subsidiaries	1,961
Total financial liabilities	13,373
Net financial assets at end of the year	163,501

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

30G. Foreign currency risk (cont'd)

Analysis of amounts denominated in non-functional currency (cont'd):

	Indonesian Rupiah $'000
Trust	
2017:	
Financial assets:	
Trade and other receivables	172,847
Total financial assets	172,847
Financial liabilities:	
Trade and other payables	12,179
Other payables to subsidiaries	2,050
Total financial liabilities	14,229
Net financial assets at end of the year	158,618

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 and retail spaces 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 28B illustrates the foreign currency derivatives in place at end of the reporting year.

	Group	
	2018 $'000	2017 $'000
A hypothetical 10% (2017: 10%) strengthening in the exchange rate of the functional currency SGD against Rupiah with all other variables held constant would have a favourable effect on total return before tax of	1,141	1,218
A hypothetical 10% (2017: 10%) strengthening in the exchange rate of the functional currency Rupiah against SGD with all other variables held constant would have an adverse effect on total return before tax of	(3,582)	(677)

	Trust	
	2018 $'000	2017 $'000
A hypothetical 10% (2017: 10%) strengthening in the exchange rate of the functional currency SGD against Rupiah with all other variables held constant would have an adverse effect on total return before tax of	(16,350)	(15,862)

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.

31. 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	
	2018 $'000	2017 $'000
Commitments for purchase of plant and equipment and assets enhancements in retail malls	3,058	5,934

32. 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	
	2018 $'000	2017 $'000
Not later than one year	103,015	109,830
Later than one year and not later than five years	222,539	225,769
More than five years	72,387	95,573
Rental revenue for the year (Note 4)	155,215	164,203

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

The Group has 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 may be subject to an escalation clause.

Upon the completion of the acquisition of Lippo Mall Kemang, the Group entered into 3 master leases 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 leases. The master leases were valid for a period of 3 years from 17 December 2014 to 16 December 2017 with an option for the Sponsor lessees to renew for a further term of 2 years from 17 December 2017 to 16 December 2019. The Group has renewed the master leases based on substantially the same terms and conditions to 16 December 2019.

Upon completion of the acquisition of Lippo Plaza Batu, the Group entered into 4 master leases, 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 leases. The master leases were valid for a period of 3 years from 7 July 2015 to 6 July 2018. The master leases have expired during the year.

Upon completion of the acquisition of Palembang Icon, the Group entered into 5 master leases, 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 leases. Other than the master lease for Sports Centre, the other master leases were valid for a period of 3 years from 10 July 2015 to 9 July 2018 with no option to renew. These master leases have expired during the year. The master leases for the Sports Centre will run for the remaining period of the BOT agreement which expires on 30 April 2040.

Upon completion of the acquisition of Lippo Mall Kuta, the Group entered into 3 master leases, pursuant to which casual leasing, car park and certain specialty retail spaces were leased to the Vendor lessees for guaranteed rental receivables, in accordance with the terms and conditions of the master lease. The master lease are valid for a period of 5 years from 29 December 2016 to 28 December 2021.

32. OPERATING LEASE INCOME COMMITMENTS – AS LESSOR (CONT'D)

Upon completion of the acquisition of Lippo Plaza Kendari, the Group entered into 2 master leases, pursuant to which casual leasing and certain anchor and specialty retail spaces were leased to the Vendor lessees for guaranteed rental receivables, in accordance with the terms and conditions of the master leases. The master leases are valid for a period of 5 years from 21 June 2017 to 20 June 2022.

Upon completion of the acquisition of Lippo Plaza Jogja, the Group entered into 3 master leases, pursuant to which casual leasing, car park and certain anchor and specialty retail spaces were leased to the Vendor lessees for guaranteed rental receivables, in accordance with the terms and conditions of the master leases. The master leases are valid for a period of 5 years from 22 December 2017 to 21 December 2022.

33. OTHER MATTERS

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.

34. EVENT AFTER THE END OF THE REPORTING YEAR

On 12 March 2019, the Trust has announced the entry into a conditional sales and purchase agreement through its wholly-owned Indonesia-incorporated subsidiary, PT Puri Bintang Terang with PT Mandiri Cipta Gemilang to acquire strata title unit of Lippo Mall Puri. The total consideration for the sale and purchase of the Property is Rupiah 3,700 billion.

35. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised Financial Reporting Standards in Singapore 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 7	Amendments to FRS 7: Disclosure Initiative
FRS 12	Amendments to FRS 12: Recognition Of Deferred Tax Assets For Unrealised Losses
FRS 109	Financial Instruments
FRS 115	Revenue from Contracts with Customers. Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers

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

For the future reporting years certain new or revised financial reporting standards were issued 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 any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

36. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE (CONT'D)

FRS No.	Title	Effective date for periods beginning on or after
FRS 116	Leases and Leases - Illustrative Examples & Amendments to Guidance on Other Standards	1 January 2019

37. 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	
	2018 $'000	2017 $'000
Singapore		
Gajah Mada Investments Pte Ltd Investment holding	80,124	80,540
Mal Lippo Investments Pte Ltd Investment holding	51,640	54,316
Cibubur Holdings Pte Ltd Investment holding	50,079	50,314
Tangent Investments Pte Ltd Investment holding	76,238	76,818
Magnus Investments Pte Ltd Investment holding	97,476	97,476
Elok Holdings Pte Ltd Investment holding	51,433	53,889
PS International Holdings Pte Ltd Investment holding	126,185	126,185
Great Properties Pte Ltd Investment holding	59,360	59,360
Grace Capital Pte Ltd Investment holding	34,278	34,278
Realty Overseas Pte Ltd Investment holding	26,500	26,500
Java Properties Pte Ltd Investment holding	17,952	18,428
Serpong Properties Pte Ltd Investment holding	14,688	15,879

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

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost 2018 $'000	Cost 2017 $'000
Singapore		
Metropolis Properties Pte Ltd Investment holding	26,217	26,261
Matos Properties Pte Ltd Investment holding	19,877	19,938
Detos Properties Pte Ltd Investment holding	20,593	20,817
Palladium Properties Pte Ltd Investment holding	43,618	44,952
Madiun Properties Pte Ltd Investment holding	23,019	24,226
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	169,306
Pluit Village Investments Pte Ltd Investment holding	29,189	29,189
PMF Holdings Pte Ltd Investment holding	48,773	57,083

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

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost 2018 $'000	Cost 2017 $'000
Singapore		
Plaza Medan Investments Pte Ltd Investment holding	1*	1*
PSX Holdings Pte Ltd Investment holding	9,218	9,938
Palembang Square Holdings Pte Ltd Investment holding	50,407	51,216
Taminis Holdings Pte Ltd Investment holding	19,372	19,565
Kramati Holdings Pte Ltd Investment holding	36,330	38,432
Binjaimall Holdings Pte Ltd Investment holding	23,408	23,430
Pejaten Holdings Pte Ltd Investment holding	111,996	117,066
Super Binjai Investment Pte Ltd Investment holding	1*	1*
Pejatenmall Investment Pte Ltd Investment holding	2,151	2,151
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*
LMIRT Capital Pte Ltd Provision of treasury services	1*	1*
KMT1 Holdings Pte Ltd Investment holding	312,449	332,043

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

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost	
	2018 $'000	2017 $'000
Singapore		
KMT2 Investment Pte Ltd Investment holding	16,104	16,104
Picon1 Holdings Pte Ltd Investment holding	80,550	86,873
Picon2 Investments Pte Ltd Investment holding	16,475	16,375
Kuta1 Holdings Pte Ltd Investment holding	84,634	86,129
Kuta2 Investments Pte Ltd Investment holding	4,320	4,320
Icon2 Investments Pte Ltd Investment holding	53,857	57,000
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 Lippo Plaza Ekalokasari Bogor	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

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

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost	
	2018 $'000	2017 $'000
Indonesia		
PT Anugrah Prima Owner of Plaza Medan Fair and Plaza Medan Fair Extension	14,630	14,630
PT Amanda Cipta Utama Owner of Binjai Supermall	6,270	6,270
PT Panca Permata Pejaten Owner of Pejaten Village and Kediri Town Square	24,532	24,532
PT Benteng Teguh Perkasa Owner of Lippo Plaza Kramat Jati	10,263	10,263
PT Cahaya Megah Nusantara Owner of Tamini Square	2,566	2,566
PT Jaya Integritas Owner of Palembang Square	2,566	2,566
PT Palembang Paragon Mall Owner of Palembang Square Extension	4,362	4,362
PT Cahaya Bimasakti Nusantara Owner of Palembang Square Extension	2,566	2,566
PT Dinamika Serpong Owner of Mall WTC Matahari Units	805	805
PT Gema Metropolis Modern Owner of Metropolis Town Square Units	805	805
PT Matos Surya Perkasa Owner of Malang Town Square Units	805	805
PT Megah Detos Utama Owner of Depok Town Square Units	805	805
PT Palladium Megah Lestari Owner of Grand Palladium Units and Lippo Plaza Batu	5,364	5,364
PT Madiun Ritelindo Owner of Plaza Madiun Units	805	805
PT Java Mega Jaya Owner of Java Supermall Units	805	805

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

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost 2018 $'000	Cost 2017 $'000
Indonesia		
PT Kemang Mall Terpadu Owner of Lippo Mall Kemang	64,417	64,417
PT Griya Inti Sejatera Insani Owner of Palembang Icon	5,223	5,223
PT Rekreasi Pantai Terpadu Owner of Lippo Mall Kuta	17,280	17,280
PT Mitra Anda Sukses Bersama Owner of Lippo Plaza Kendari	1,115	1,115
Joint operations held by subsidiary, Icon2 Investments Pte Ltd		
PT Yogya Central Terpadu Owner of Lippo Plaza Jogja and Siloam Hospital Yogyakarta	14,250	14,250
PT Puri Bintang Terang Dormant during the year	1*	N.A.

* Amount is less than $1,000.

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.

INTERESTED PERSON TRANSACTIONS

YEAR ENDED 31 DECEMBER 2018

The transactions entered into with interested persons during the financial year, which fall under the SGX-ST's Listing Manual and the Code on Collective Investment Schemes, are as follows:

Name of Interest Person	Aggregate value of all interested person transactions during FY 2018 under review (excluding transactions less than S$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)[1] S$'000
PT Lippo Karawaci Tbk and its subsidiaries or associates		
– Manager's management fees expense	11,595	–
– Property management fees expense	7,714	–
– Rental revenue, service charge and utilities recover	62,743	–
Perpetual (Asia) Limited		
– Trustee's fees	461	–

[1] LMIR Trust has not sought any general mandate from its Unitholders for interested person transactions pursuant to Rule 920 of the Listing Manual.

Saved as disclosed above, there were no additional interested person transactions (excluding transactions less than S$100,000 each) entered into during the financial year under review or any material contracts entered into by LMIR Trust that involved the interests of the Chief Executive Officer, any Director or controlling Unitholder of LMIR Trust.

Fees payable to the Manager in accordance with the terms and conditions of the Trust Deed dated 8 August 2008 are not subject to Rule 905 and 906 of the SGX-ST's Listing Manual. Accordingly, such fees are not subject to aggregation and other requirements under Rules 905 and 906 of the SGX-ST's Listing Manual.

SUBSCRIPTIONS OF LMIR TRUST

For the financial year ended 31 December 2018, the issued and subscribed units as at 31 December 2018 is an aggregate of 2,859,933,585 units.

STATISTICS OF UNITHOLDINGS
AS AT 8 MARCH 2019

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 – 99	39	0.34	505	0.00
100 – 1,000	336	2.99	272,480	0.01
1,001 – 10,000	3,508	31.21	23,237,596	0.81
10,001 – 1,000,000	7,292	64.87	530,454,943	18.55
1,000,001 AND ABOVE	66	0.59	2,305,968,061	80.63
TOTAL	**11,241**	**100.00**	**2,859,933,585**	**100.00**

TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1	OCBC SECURITIES PRIVATE LIMITED	883,018,187	30.88
2	RAFFLES NOMINEES (PTE.) LIMITED	432,590,200	15.13
3	CITIBANK NOMINEES SINGAPORE PTE LTD	339,943,794	11.89
4	DBS NOMINEES (PRIVATE) LIMITED	266,903,692	9.33
5	HSBC (SINGAPORE) NOMINEES PTE LTD	47,294,875	1.65
6	DBSN SERVICES PTE. LTD.	39,466,810	1.38
7	KO OON JOO	31,534,300	1.10
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	27,710,140	0.97
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	23,854,400	0.83
10	PHILLIP SECURITIES PTE LTD	22,421,107	0.78
11	LMIRT MANAGEMENT LTD	21,261,186	0.74
12	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	18,052,004	0.63
13	TAN CHWEE HUAT	13,766,000	0.48
14	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	10,474,431	0.37
15	KGI SECURITIES (SINGAPORE) PTE. LTD.	10,471,600	0.37
16	ABN AMRO CLEARING BANK N.V.	10,292,200	0.36
17	UOB KAY HIAN PRIVATE LIMITED	7,645,617	0.27
18	HENG SIEW ENG	6,091,900	0.21
19	DB NOMINEES (SINGAPORE) PTE LTD	5,585,288	0.20
20	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	5,405,000	0.19
	TOTAL	**2,223,782,731**	**77.76**

STATISTICS OF UNITHOLDINGS
AS AT 8 MARCH 2019

SUBSTANTIAL UNITHOLDERS

(As recorded in the Register of Substantial Unitholders' Unitholdings as at 8 March 2019)

		NO. OF UNITS DIRECT INTEREST	NO. OF UNITS DEEMED INTEREST
1.	BRIDGEWATER INTERNATIONAL LTD ("BIL")	857,741,287	–
2.	PT. SENTRA DWIMANDIRI ("PTSD")	–	879,002,473 [1]
3.	PT. LIPPO KARAWACI TBK ("LPKR")	–	879,002,473 [2]
4.	PT INTI ANUGERAH PRATAMA ("IAP")	–	879,002,473 [3]
5.	PT TRIJAYA UTAMA MANDIRI ("TUM")	–	879,002,473 [4]
6.	JAMES TJAHAJA RIADY	–	879,002,473 [5]
7.	FULLERTON CAPITAL LIMITED ("FULLERTON")		879,002,473 [6]
8.	SINOVEX LIMITED ("SINOVEX")		879,002,473 [7]
9.	DR STEPHEN RIADY		879,002,473 [8]
10.	WEALTHY FOUNTAIN HOLDINGS INC	161,938,500	–
11.	SHANGHAI SUMMIT PTE LTD	–	168,938,500 [9]
12.	TONG JINQUAN	–	168,938,500 [9]

Notes:

1. BIL is directly held by PTSD and PT Prudential Development ("PD") in the proportion of 99.98% and 0.02% respectively. LMIRT Management Ltd., the Manager of Lippo Malls Indonesia Retail Trust (the "Manager") is directly held by Peninsula Investment Limited ("PIL"), which in turn is directly held by Mainland Real Estate Limited ("Mainland") and Jesselton Investment Limited ("Jesselton") in the proportion of 51.91% and 49.09% respectively. Mainland is directly held by PTSD, PD, Jesselton and Lippo Karawaci Corporation Pte Ltd ("LK Corp") (together, the "subsidiaries of LPKR") in the proportion of 28%, 18%, 27% and 27% respectively. PTSD is therefore deemed to be interested in (i) 857,741,287 Units held by BIL, and the (ii) 21,261,186 Units held by the Manager.
2. LPKR is deemed to be interested in (i) 857,741,287 Units held by its indirect wholly-owned subsidiary, BIL, and the (ii) 21,261,186 Units held by the Manager.
3. IAP directly holds 59.37% interest in LPKR and is therefore deemed to be interested in LPKR's interest in 879,002,473 Units.
4. TUM effectively holds 60% interest in IAP and is therefore deemed to be interested in 879,002,473 Units in which IAP has an interest.
5. James Tjahaja Riady effectively holds 100% interest in TUM and is therefore deemed to be interested in 879,002,473 Units in which IAP has an interest.
6. Fullerton holds 40% interest in IAP and is therefore deemed to be interested in 879,002,473 Units in which IAP has an interest.
7. Sinovex holds 99% interest in Fullerton and is therefore deemed to be interested in 879,002,473 Units in which Fullerton has an interest.
8. Dr Stephen Riady effectively holds all the shares of Sinovex. Sinovex holds 99% interest and Dr Stephen Riady holds the remaining 1% interest in Fullerton which in turn holds 40% interest in IAP. Therefore, he is deemed to be interested in 879,002,473 Units in which Fullerton has an interest.
9. Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd are wholly owned by Tong Jinquan through Shanghai Summit Pte Ltd. Therefore, Tong Jinquan and Shanghai Summit Pte Ltd are deemed to be interested in 161,938,500 Units held by Wealthy Fountain Holdings Inc and 7,000,000 Units held by Skyline Horizon Consortium Ltd.

MANAGER'S DIRECTORS' UNITHOLDINGS

(As recorded in the Register of Directors' Unitholdings as at 21 January 2019)

None of the Directors of the Manager has Unitholdings in LMIR Trust.

FREE FLOAT

Based on the information made available to the Manager as at 8 March 2019, approximately 63.36% 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.

TREASURY UNITS AND SUBSIDIARY HOLDINGS

As at 8 March 2019, LMIR Trust does not hold any treasury units and there is no subsidiary holdings.

NOTICE OF ANNUAL GENERAL MEETING OF THE UNITHOLDERS

LIPPO MALLS INDONESIA RETAIL TRUST

NOTICE IS HEREBY GIVEN that the Tenth 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 on Wednesday, 24 April 2019 at 9:30 a.m. at Mandarin Ballroom 3, Level 6, Main Tower, Mandarin Orchard, 333 Orchard Road, Singapore 238867 to transact the following business:

(A) AS ORDINARY BUSINESS

1. To receive and adopt the Report of the Trustee issued by Perpetual (Asia) 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 2018 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 (as amended) (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 constituting LMIR Trust (as amended) 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 until (i) 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

Victor Lai Kuan Loong
Company Secretary

Singapore
25 March 2019

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

EXPLANATORY NOTE:

The Ordinary Resolution (3) in item 3 above, if passed, will empower the Manager from the date of this AGM until (i) the date by which the next AGM of the Unitholders of LMIR Trust, or (ii) the date by which the next AGM of the Unitholders is required by law to be held, or (iii) 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 that 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 the Central Provident Fund Act, Chapter 36 of Singapore 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.

4. A corporation, being a Unitholder, may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

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
ANNUAL GENERAL MEETING

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting ("AGM") and vote (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 Annual 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 is 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 representatives(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 25 March 2019.

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

I/We ____ (Name)

of ____ (Address)

being a unitholder/unitholders of Lippo Malls Indonesia Retail Trust ("**LMIR Trust**"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Unitholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Unitholdings	
		No. of Units	%
Address			

or, both of whom failing, the Chairman of the AGM as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM of LMIR Trust to be held on Wednesday, 24 April 2019 at 9:30 a.m. at Mandarin Ballroom 3, Level 6, Main Tower, Mandarin Orchard, 333 Orchard Road, Singapore 238867 and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the AGM.

No.	Resolutions relating to:	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 2018 and the Auditors' Report thereon (Ordinary Resolution)		
2	To re-appoint RSM Chio Lim LLP as Auditors of LMIR Trust and authorise the Manager to fix the Auditors' remuneration (Ordinary Resolution)		
SPECIAL BUSINESS			
3	To authorise the Manager to issue new Units and to make or grant convertible instruments (Ordinary Resolution)		

* *If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of Units in the boxes provided.*

Dated this ______________ day of ______________ 2019

Total number of Units held

____

Signature(s) 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 Proxy Form

1. A unitholder of Lippo Malls Indonesia Retail Trust ("**LMIR Trust**" and a unitholder of LMIR Trust, "**Unitholder**") who is not a relevant intermediary entitled to attend the meeting and vote is entitled to appoint not more than two proxies to attend and vote instead of the Unitholder. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the proportion of the Unitholder's holdings (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote 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.
   "**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,
   (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 the Central Provident Fund Act, Chapter 36 of Singapore 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 (the "**Proxy Form**") must be deposited at the Unit Registrar's registered office at Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time set for the AGM.
4. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the meeting in person, and in such event, the LMIRT Management Ltd., in its capacity as manager of LMIR Trust (the "**Manager**") reserves the right to refuse to admit any person or persons appointed under the Proxy Form, to the meeting.
5. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against the Unitholder's name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), the Unitholder should insert that number of Units. If the Unitholder has Units registered in the Unitholder's name in the Register of Unitholders of LMIR Trust, the Unitholder should insert that number of Units. If the Unitholder has Units entered against the Unitholder's name in the said Depository Register and registered in the Unitholder's name in the Register of Unitholders of LMIR Trust, the Unitholder should insert the aggregate number of Units. If no number is inserted, this form of proxy will be deemed to relate to all the Units held by the Unitholder.
6. The Proxy Form must be executed, under the hand of the appointor or of his/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 its attorney or a duly authorised officer.
7. Where Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Manager) be lodged with the instrument appointing a proxy, failing which the Proxy Form may be treated as invalid.
8. A corporation, being a Unitholder, may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.
10. At any meeting, a resolution put to the vote of the meeting shall be decided on a poll.
11. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he is the Unitholder. A person entitled to more than one vote need not use all his votes or cast them the same way.

General

The Manager shall be entitled to reject a 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 and/or attached to the Proxy Form. In addition, in the case of Units entered in the Depository Register; (a) the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against the Unitholder's name in the Depository Register not less than 72 hours before the time appointed for holding the meeting, as certified by CDP to the Manager; (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 the time not earlier than 72 hours prior to the time of the meeting, supplied by CDP to the Manager and to accept the maximum number of votes which in aggregate that Unitholder and his/her 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.

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BUSINESS REPLY SERVICE
PERMIT NO. 08564

LMIRT MANAGEMENT LTD.
(The Manager of Lippo Malls Indonesia Retail Trust)
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