ANNUAL REPORT 2016

Our Growth, **Your Trust**

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

CONTENTS

OUR GROWTH, YOUR TRUST

Lippo Malls Indonesia Retail Trust is in the Trust business. We drive growth by investing in a diversified portfolio of quality retail assets–20 retail malls and 7 retail spaces–in major cities in Indonesia, capitalising on the country's economic growth and rapidly expanding consumer class.

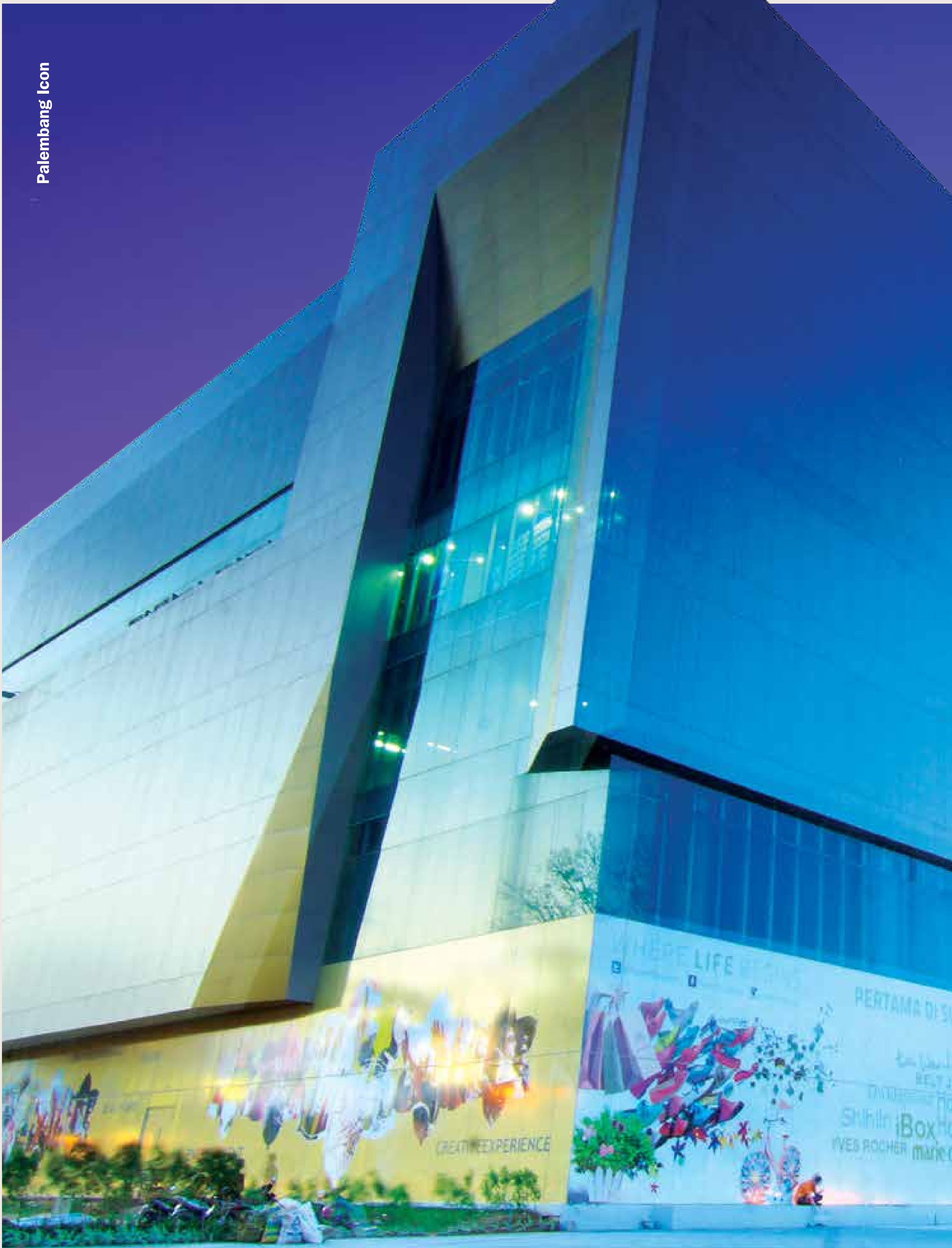
At the same time, we also grow by building trust with our stakeholders including unitholders, retailers, partners, consumers, and the community. This has been and will continue to be a key strategy for LMIR Trust in reinforcing our stability and delivering value.

LMIR Trust's consistent year-on-year growth and increasing distributable income affirm the effectiveness of our strategy, even in the face of challenging market conditions.

With abiding faith in our expertise and trust of stakeholders, we are committed to enhance our value proposition to all our stakeholders: stable returns for unitholders, more business for our tenants and better lifestyle experiences for consumers.

258.3 MILLION

Total Population 2016



Palembang Icon

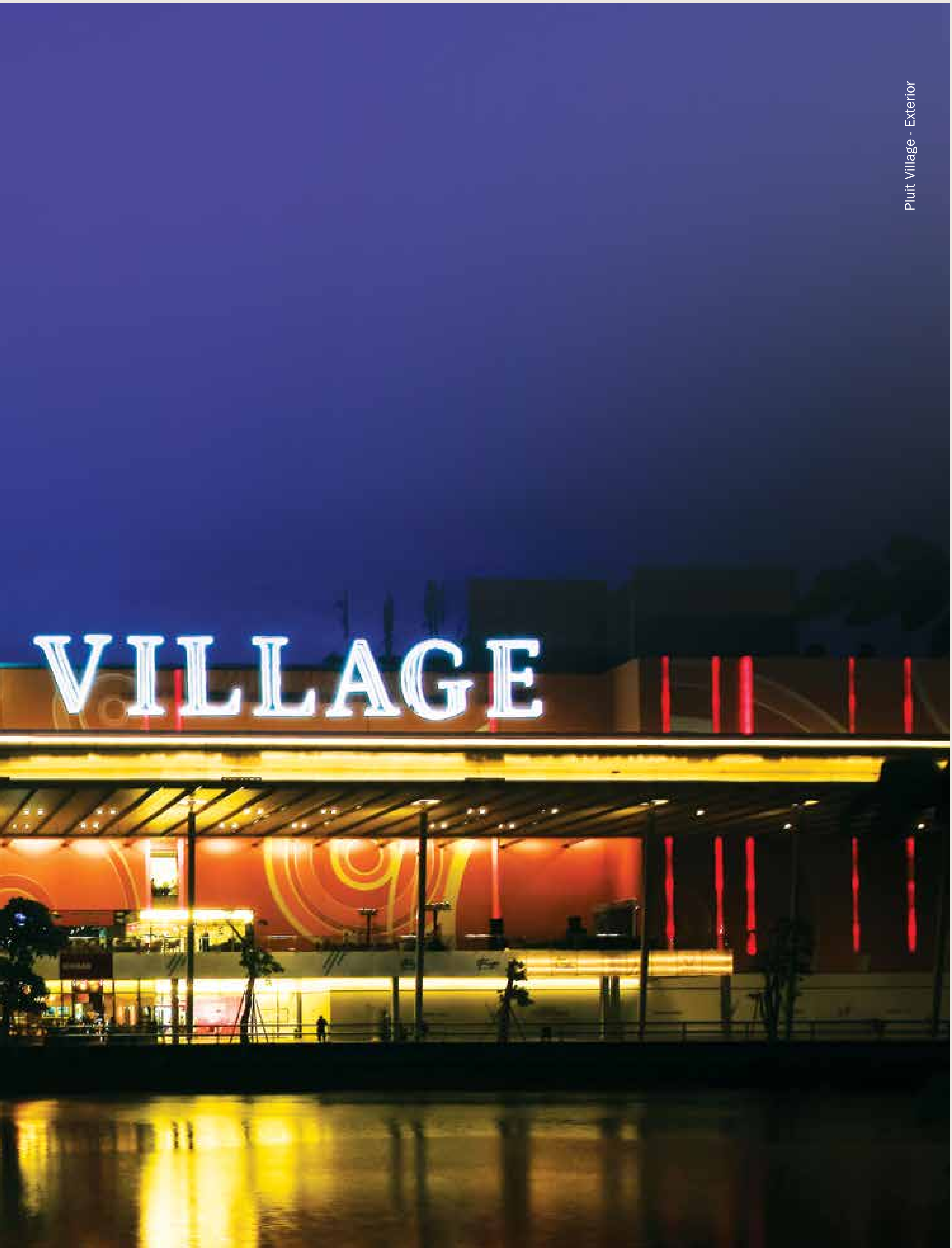
Our Commitment, **Your Experience**

True to our vision to be one of the region's most formidable REITs, LMIR Trust will continue to advance its distinct value proposition by investing in quality retail assets in Indonesia, meeting the market's demand for retail spaces that shape lifestyles and experiences.

Our Performance, **Your Value**

We combine our in-depth retail industry knowledge with our proven retail asset and prudent capital management expertise to generate consistent performances year-on-year which are translated into increased distributable income and higher yield value to unitholders.

3.41
cents
2016 DPU



Pluit Village - Exterior

4.2
MIL SQM

Retail Space in Jakarta

Our Asset Enhancement, **Your Brand Enhancement**

Our team of professionals of diverse talents strives not only to improve the aesthetic appeal of our malls but also to enhance their vibrancy and image, enabling our partners and tenants to benefit in greater brand equity through association with LMIR Trust.

ABOUT
LMIR TRUST

LMIR Trust's asset portfolio comprises 20 retail malls (collectively, the "Retail Malls") and 7 retail spaces in other malls (collectively, the "Retail Spaces"). The portfolio has a Total Net Lettable Area of 851,850 sqm and has a valuation of SGD1.94 billion.

WHO WE ARE

Lippo Malls Indonesia Retail Trust ("LMIR Trust") is the only Indonesian retail real estate investment trust listed on the Singapore Exchange Securities Trading Limited.

Since its listing in November 2007, LMIR Trust has grown from strength to strength, guided by a unique investment focus: to provide Unitholders exposure to the growing retail property sector of Indonesia, one of Asia's most dynamic markets.

WHAT WE DO

Committed to deliver stable and sustainable returns to Unitholders, LMIR Trust invests and owns quality, income-generating retail and retail-related real estate in key cities in Indonesia.

LMIRT Management Ltd, the Trust Manager, is focused on driving healthy occupancy rates, as well as balance property and tenant diversification across the portfolio. The Trust Manager is also responsible for increasing and optimising the portfolio's value through strategic acquisitions, proactive asset management and asset enhancement initiatives.

OUR PORTFOLIO

As at 31 December 2016, LMIR Trust's asset portfolio comprises 20 retail malls (collectively, the "Retail Malls") and 7 retail spaces in other malls (collectively, the "Retail Spaces"). The portfolio has a Total Net Lettable Area of 851,850 sqm and has a valuation of SGD1.94 billion.

Strategically located in large middle-class population catchment areas in Greater Jakarta, Bandung, Medan, Palembang and Bali, LMIR Trust's assets are everyday malls catering to middle to upper-middle-income domestic consumers in Indonesia.

Tenants at the Retail Malls and Retail Spaces include well-known retailers such as Matahari Department Store, Carrefour, Hypermart and Sogo. These anchor tenants are complemented by popular consumer brands such as Zara, Giordano, H&M, Adidas, Bread Talk, McDonald's, Starbucks, Ace Hardware, Fitness First and Time Zone.

The portfolio's occupancy rate is 94.3% as at 31 December 2016, which is consistently higher than the industry average. The portfolio is very defensively placed with staggered lease expiries in the next few years to ensure a steady earnings base.

OUR SPONSOR

PT Lippo Karawaci Tbk, the Sponsor of LMIR Trust, is Indonesia's largest listed company by total assets and revenue, with a market capitalisation of IDR16.6 trillion or USD1.2 billion as at 31 December 2016.

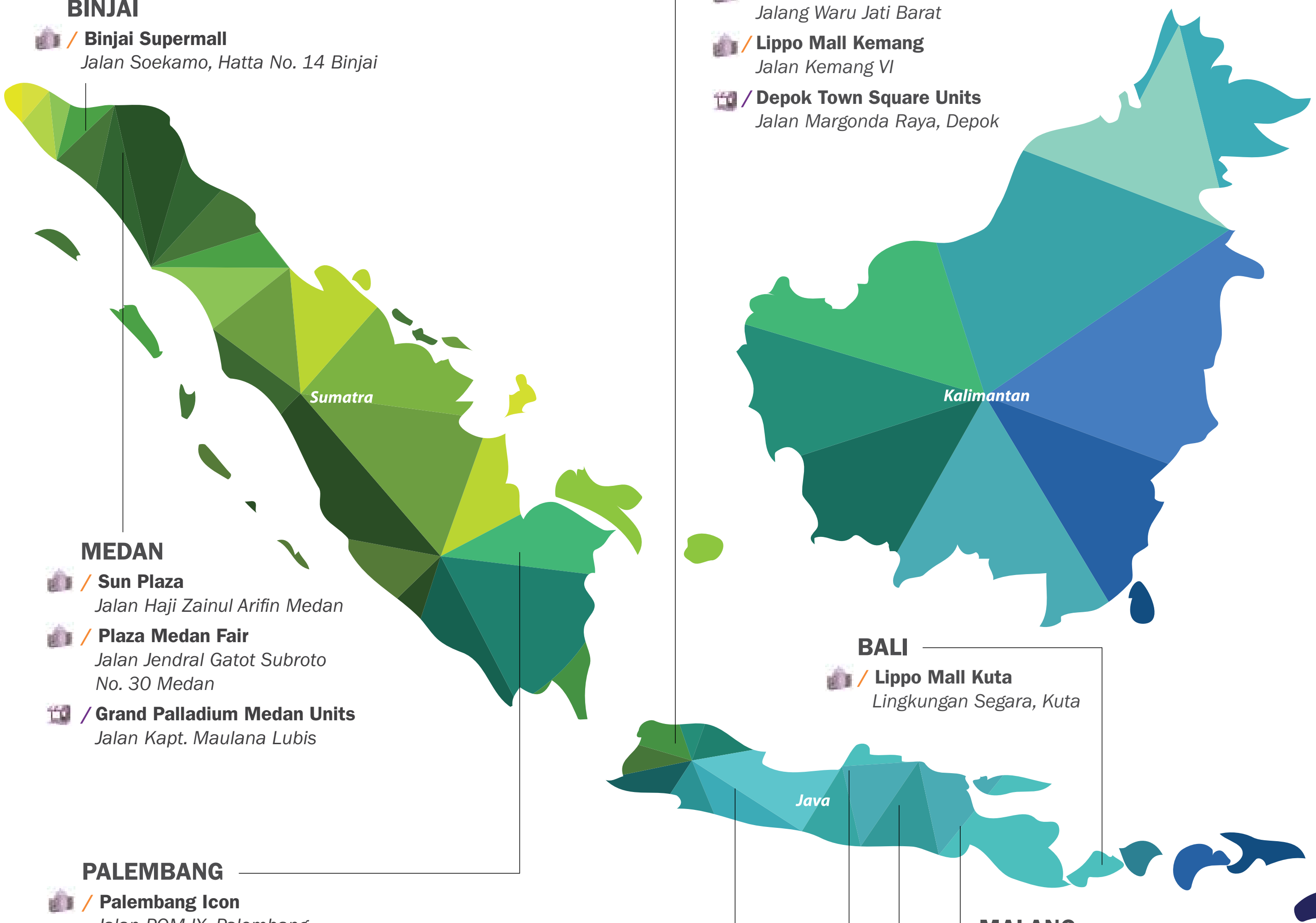
The Sponsor's businesses include urban development, large-scale integrated real estate, hospitals, retail malls, hotels and asset management. As at the end of 2016, PT Lippo Karawaci Tbk manages 46 malls across Indonesia with total Net Leasable Area of approximately 1.2 million sqm and over 19,100 retailers located in 21 major cities.

The Sponsor plans to develop 40 new retail malls in Indonesia and to increase the number of malls under management to over 80 retail malls by end of 2030 onwards, with a focus of developing and managing community malls which are located in cities with dense population.

The malls have an average occupancy rate of over 88% and cater to more than 300 million visitors per year.

OUR **INDONESIA PRESENCE**

LMIR Trust continues to strategically expand its pan-Indonesia footprint, focusing on increasingly urbanised areas where higher disposable income and emerging lifestyle trends are fuelling the demand for quality retail real estate.



BINJAI
- / **Binjai Supermall** *Jalan Soekamo, Hatta No. 14 Binjai*

MEDAN
- / **Sun Plaza** *Jalan Haji Zainul Arifin Medan*
- / **Plaza Medan Fair** *Jalan Jendral Gatot Subroto No. 30 Medan*
- / **Grand Palladium Medan Units** *Jalan Kapt. Maulana Lubis*

PALEMBANG
- / **Palembang Icon** *Jalan POM IX, Palembang*
- / **Palembang Square** *Jalan Angkatan 45/POM IX, Palembang*
- / **Palembang Square Extension** *Jalan Angkatan 45/POM IX, Palembang*

JAKARTA

North
- / **Pluit Village** *Jalan Pluit Indah Raya, Penjaringan*

South
- / **The Plaza Semanggi** *Jalan Jendermal Sudirman*
- / **Pejaten Village** *Jalang Waru Jati Barat*
- / **Lippo Mall Kemang** *Jalan Kemang VI*
- / **Depok Town Square Units** *Jalan Margonda Raya, Depok*

BALI
- / **Lippo Mall Kuta** *Lingkungan Segara, Kuta*

BANDUNG
- / **Istana Plaza** *Jalan Pasir Kaliki, Bandung*
- / **Bandung Indah Plaza** *Jalan Merdeka, Bandung*

MALANG
- / **Lippo Plaza Batu** *Jalan Diponegoro No. RT 07RW05, Batu City*
- / **Malang Town Square Units** *Jalan Veteran, Malang*

MADIUN
- / **Plaza Madiun Units** *Jalan Pahlawan, Madiun*

SEMARANG
- / **Java Supermall Units** *Jalan MT Haryono, Semarang*

/ Retail Malls
/ Retail Spaces

JAKARTA

East

- / **Mal Lippo Cikarang**
  Jalan MH Thamrin, Lippo Cikarang
- / **Lippo Plaza Kramat Jati**
  Jalan Raya Bogor Km 19, Kramat Jati
- / **Tamini Square**
  Jalan Raya Taman Mini
- / **Ekalokasari Plaza**
  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

20
Retail Malls

7
Retail Spaces

4TH
Most Populous Nation in the World

5.3%
World Bank's Forecast of Annual GDP Growth in 2017

258.3 MILLION
Total Population 2016

USD3,346
GDP per capita (Indonesia) 2015

4.2 MIL SQM
Retail Space in Jakarta

Sources:
- World Bank
- CIA World Factbook
- Cushman & Wakefield

SIGNIFICANT **EVENTS** 2016

JANUARY

> Announced on 8 January the proposed acquisition of Lippo Mall Kuta located in Kuta, Bali for purchase consideration of SGD81.6 million (IDR800.0 billion)

> Completed refinancing of the balance of the term loan of SGD200 million by internal funding and from the proceeds of a 3-year term loan facility of SGD100 million arranged on 4 January

FEBRUARY

> Announced 4Q FY2015 financial results on 23 February. Full year DPU up 12.3% y-o-y to 3.10 Singapore cents

MARCH

> Announced Mr Alvin Cheng, CEO and Executive Director would step down on 30 April

> Announced formation of Nominating & Remuneration Committee on 15 March

AUGUST

> Obtained on 22 August Unsecured Term Loan Facilities of up to SGD350.0 million with green shoe option of up to SGD70.0 million

> Announced 2Q FY2016 financial results on 4 August. DPU grew 16.4% y-o-y to 0.85 Singapore cents

SEPTEMBER

> Completed issuance of SGD140.0 million 7.00% Subordinated Perpetual Securities under the SGD1.0 billion Euro Medium Term Securities Programme

APRIL

> Convened Annual General Meeting on 22 April

> Ms Chan Lie Leng appointed Non-Executive Director with effect on 22 April (Ms Chan was re-designated Executive Director on 1 January 2017 and appointed CEO on 16 March 2017)

MAY

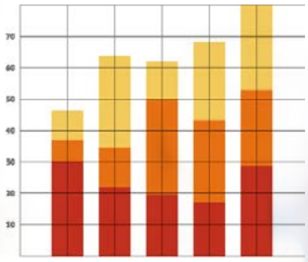
> Announced 1Q FY2016 financial results on 3 May. DPU for the quarter up 5.1% y-o-y to 0.83 Singapore cents

OCTOBER

> Redeemed SGD150 million 4.25% Notes Programme due 4 October 2016 issued under the SGD750 million Guaranteed Euro Medium Term Note Programme using proceeds from the Subordinated Perpetual Securities and drawndown from the Unsecured Term Loan Facilities

NOVEMBER

> Announced 3Q FY2016 financial results on 10 November. DPU increased to 0.86 Singapore cents, up 11.7% y-o-y



DECEMBER

> Completed acquisition of Lippo Mall Kuta on 29 December

GROUP FINANCIAL HIGHLIGHTS

Summary of Results	FY 2016 (SGD'000)	FY 2015 (SGD'000)	Change Favourable/ (Unfavourable)
Gross Revenue	188,066	173,004	8.7%
Property Operating Expenses	(16,206)	(14,439)	(12.2%)
Net Property Income	171,860	158,565	8.4%
Net Income Before Tax	53,367	44,277	20.5%
Distributable Income	95,468	85,553	11.6%
Distribution Per Unit (cents)	3.41	3.10	10.0%

Balance Sheet*	31 December 16 (SGD'000)	31 December 15 (SGD'000)
Non-current Assets	1,949,356	1,837,285
Current Assets	115,877	150,459
Total Assets	2,065,233	1,987,744
Current Liabilities	194,297	349,921
Non-current Liabilities	638,381	562,708
Net Assets	1,232,555	1,075,115

* The exchange rates for FY2016 and FY2015 were IDR/SGD 9,334 and 9,707 respectively

Net Asset Value (NAV)	31 December 16	31 December 15
Including fair value changes on investment properties (cents)	38.95	38.43

GEARING

31.5%

Gearing remained conservative as at 31 December 2016

INTEREST COVER RATIO

4.8 times

Refers to earnings before interest expense, tax, depreciation, amortisation and changes in fair value of investment properties (EBITDA), over interest expenses for FY2016

Debt Information	31 December 16	31 December 15
Term Loan Due December 2018 (All-in cost of debt 5.46%)	SGD145 million	SGD145 million
Bridging Loan Due January 2016 (All-in cost of debt 5.9%)	–	SGD100 million*
Term Loan Due August 2020 (All-in cost of debt 4.24%)	SGD103 million	–
Term Loan Due August 2021 (All-in cost of debt 4.29%)	SGD103 million	–

* Fully repaid in January 2016

Notes issued under the Guaranteed Euro Medium Term Notes/ Securities Programmes	31 December 16	31 December 15
4.25% Due October 2016 (All-in cost of debt: 5.0%)	**	SGD150 million
5.875% Due July 2017 (All-in cost of debt: 6.7%)	SGD50 million	SGD50 million
4.48% Due November 2017 (All-in cost of debt: 5.2%)	SGD75 million	SGD75 million
4.50% Due November 2018 (All-in cost of debt: 4.9%)	SGD100 million	SGD100 million
4.10% Due June 2020 (All-in cost of debt: 4.5%)	SGD75 million	SGD75 million

** Fully repaid in October 2016

Financial Derivatives and Expenses	FY 2016	FY 2015
Net Fair Value of Financial Derivatives at end of period (SGD'000) [1]	(3,120)	1,219
Proportion of Financial Derivatives to Net Assets Attributable to Unitholders (%)	(0.29)	0.11
Total Operating Expenses (SGD'000) [2]	54,933	46,002
Total Operating Expenses as a percentage of Net Asset Value (%)	4.46	4.28
Taxation (SGD'000) [3]	24,532	17,829

1 Financial derivatives include currency option contracts and interest rate swaps.
2 Total operating expenses includes all fees and charges paid to the Manager and interested parties (in both absolute terms, and as a percentage of the property fund's net asset value 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.

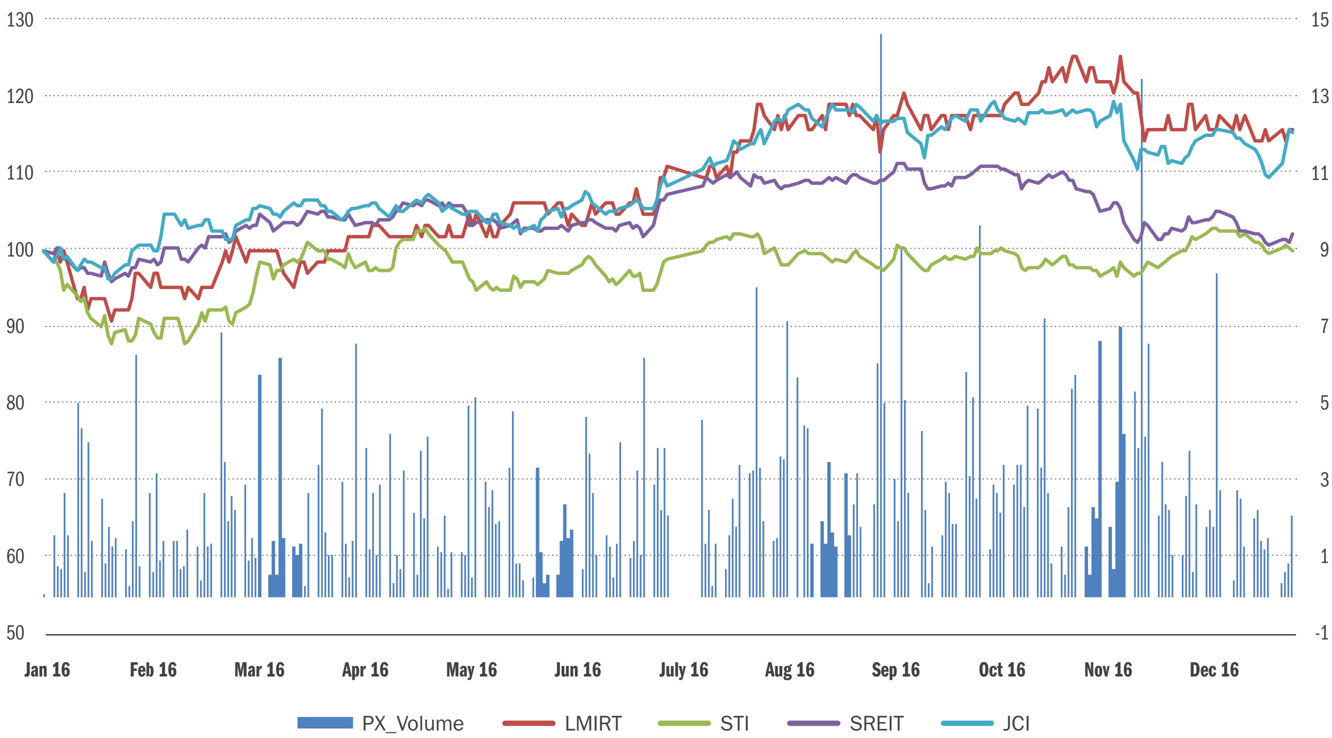
Total Units in Issue	31 December 16	31 December 15
Issued Units at the End of Period	2,802,992,873	2,797,814,196
Total Issued and Issuable Units including Acquisition Fee and Performance Fee for 4Q*	2,805,312,401	2,802,992,873

* The total performance fee for 2016 is issuable after the reporting year

Unit Performance	2016	2015
Last Trading Day	SGD0.370	SGD0.320
Highest Unit Price	SGD0.400	SGD0.375
Lowest Unit Price	SGD0.290	SGD0.300
Market Capitalisation (million)	SGD1,037	SGD895
Traded Volume for the Financial Year (million)	656	862

LMIR Trust Unit Price Performace

(1 January 2016 to 31 December 2016)



Source: Bloomberg

Total Shareholders Return

DISTRIBUTION YIELD [1&2]

9.2%

FY 2016 DISTRIBUTION PER UNIT [2]

3.41 CENTS

Note:
1 Based on closing price as at 30 December 2016 of SGD0.37.
2 If the Master Leases for Lippo Mall Kemang, Palembang Icon and Lippo Plaza Batu were disregarded and instead the actual amount of rental paid by the relevant tenants is taken into account, the DPU in FY 2016 will be 2.72 cents (with annualised DPU yield of 7.35%). The rental received under the Master Leases for FY2016 is approximately SGD26.3 million, whereas the corresponding underlying rental is approximately SGD3.9 million. The Master Leases represents 14.0% of the total revenue of FY2016.

LETTER TO UNITHOLDERS

ASSET UNDER MANAGEMENT

SGD1,949.4 million

PORTFOLIO OCCUPANCY

94.3%

DEAR UNITHOLDERS

We are pleased to present the annual report of Lippo Malls Indonesia Retail Trust ("LMIR Trust" or the "Trust") for the financial year ended 31 December 2016 (FY2016).

POSITIVE MACRO ENVIRONMENT

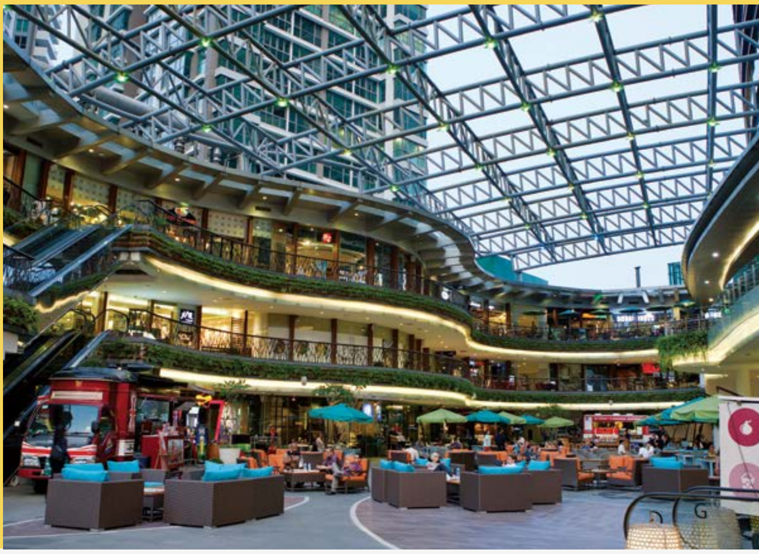
The Indonesian economy grew 5.0% in 2016 amidst a slower 2.6% growth for the global economy. It was Indonesia's fastest rate of growth since 2011. The robust growth was underpinned by buoyant household consumption, structural and fiscal reforms and stabilisation of commodity prices. Given that domestic consumption was the primary growth driver, Indonesia was also relatively less affected by uncertainties and disruptions that roiled the global economy.

With the fastest urbanisation rate in Asia, Indonesia's urban population of middle class and affluent consumers continue to drive household consumption which contributes 55% to GDP. Rising disposable income, low inflation and government's economic policy packages have combined to boost consumption. According to market research agency, Nielsen, consumer confidence index for Indonesia for the third quarter of 2016 was the third highest in the world.

Strong household consumption patterns and rapid rate of urbanisation have and will continue to enhance vibrancy in Indonesia's retail sector which in turn will be a positive growth driver for the performance of LMIR Trust's retail assets.

STRONG PERFORMANCE, INCREASING DISTRIBUTION

LMIR Trust delivered a strong performance and continued to deliver increasing distribution per unit ("DPU") to Unitholders for FY2016. Gross revenue increased 7.2% to SGD188,066,000 (IDR1,807 billion) from SGD173,004,000 (IDR1,678 billion) in FY2015. The higher income could be attributed to positive rental reversions of about 7.0% during the year and full year contributions from Lippo Plaza Batu and Palembang Icon malls acquired in FY2015. Net property income similarly grew 8.4% to SGD171,860,000 in tandem with higher gross income.



“The outlook for Indonesia’s economy for 2017 remains favourable. The economy is resilient, buoyed by robust domestic consumption, infrastructure development and economic reforms.”

Mr Albert Saychuan Cheok

Ms Chan Lie Leng

LETTER TO UNITHOLDERS

Benefitting from higher rental incomes and effective currency hedging strategies, distributable income for Unitholders has been increasing steadily during the year. The DPU for 4Q FY2016 was 0.87 cents, up 1.2% compared to 0.86 cents from the quarter earlier. This marked the sixth consecutive quarter in which DPU has increased since 2Q FY2015. Total DPU for the financial year under review totalled 3.41 cents, representing annualised yield of 9.2%. This brought aggregate distributable income for Unitholders to SGD95.5 million, a year-on-year increase of 11.6% compared to SGD85.6 million for FY2015.

PROACTIVE PORTFOLIO ENHANCEMENT AND MANAGEMENT

LMIR Trust's portfolio of quality retail real estate assets, strategically located within large urban communities with rising middle-class populations across Indonesia, provides a strong platform for generating stable returns and creating value for stakeholders. Nonetheless, the Indonesian retail market is constantly evolving, influenced by changing lifestyles of urbanised young middle-class consumers and increasing disposable income of families benefitting from steady economic growth. In this light, the Trust is focused on maximising the value of its portfolio through asset enhancement and implemention of innovative retail concepts to meet the changing needs of consumers.

During the financial year under review, the Trust successfully renewed or secured new leases covering 55,855 sqm comprising 6.6% of the portfolio's total net lettable area (NLA) of 851,850 sqm. Through proactive tenant engagement and rigorous marketing efforts, the Trust was able to achieve average positive rental reversion rate of 7.0%.

The 94.3% occupancy rate of the Trust's portfolio, compared to the industry average of 85.4% (Cushman & Wakefield: Retail Snapshot Q4 2016, Jakarta), also attests to the effectiveness of our sustained portfolio enhancement measures. LMIR Trust will continue to undertake refurbishing and upgrading works where appropriate, as well as launch initiatives to strengthen the position of our malls as the preferred destinations for shopping, entertainment, social and family activities, work and play.

The Trust will also strive to manage the tenant mix of the malls so as to meet the specific needs of consumers in the catchment areas and work with tenants on appropriate promotion events and activities to create greater buzz and increase footfall.

INVESTING FOR GROWTH

A portfolio of quality retail real estate assets is a keystone of our business. LMIR Trust is focused on investing and owning real estate in the retail sector that can generate stable income streams and deliver sustainable returns in the long term.

In this respect, we are pleased to inform that LMIR Trust successfully completed the acquisition of Lippo Mall Kuta in Bali on 29 December 2016. As the Trust's first foray into Indonesia's leading tourist destination, the Lippo Mall Kuta acquisition will not only enlarge the Trust's presence in the retail mall sector but also diversify its portfolio geographically and reduce asset concentration risks. In addition, the potential for revenue will be enhanced after the current asset enhancement initiative is completed. A hotel currently being constructed on top of the mall when completed by 2018 will increase tourist traffic and significantly enhance rental growth potential.

STRENGTHENING OUR CAPITAL BASE

Over the years, LMIR Trust has made prudent financial management the hallmark of its strategy for long-term sustainable growth. Moody's investment grade rating of Baa3 for the Trust attests to the strength and stability of its capital structure.

In FY2016, the Trust continued to strengthen its capital base by diversifying its funding sources and restructuring of its loan facilities. On 22 August 2016, LMIR Trust obtained an unsecured term loan facilities of up to SGD350 million with green shoe option of up to SGD70 million. The facilities were partly used for the acquisition of Lippo Mall Kuta and refinancing of existing debt obligations. LMIR Trust also successfully completed the issuance of SGD140 million 7.00% subordinated perpetual securities under the SGD1,000,000,000 Euro Medium Term Securities Programme on 20 September 2016. The securities were listed on SGX-ST on 28 September 2016.

As part of its efforts to optimise its debt structure, LMIR Trust, on 4 October 2016, redeemed the SGD150 million 4.25% Notes which were due on 4 October 2016. The funds for the redemption came partly from proceeds from the unsecured loan facilities and the issuance of the subordinated perpetual securities. The Trust's gearing ratio as at 31 December 2016 stood at 31.5%.

RISK MANAGEMENT

A key strategy for growth is to identify and invest in revenue-generating real estate in Indonesia's retail sector. Even as we continue to invest in projects and to explore partnership collaboration to drive growth, we will exercise prudence in reviewing and evaluating risks associated with any investment opportunity. We have always adopted a long-term value creation and sustainability perspective. While risks in business cannot be totally avoided, we will ensure that our vulnerabilities and exposure to unexpected changes in the macro economy, geopolitical disruptions and breach of internal controls will be reduced and appropriately managed.

In this respect, LMIR Trust has the support of its Sponsor PT Lippo Karawaci Tbk, the largest listed property company in Indonesia. With a stable of retail malls across Indonesia, PT Lippo Karawaci Tbk has and will continue to provide a pipeline of quality low-risk retail assets that LMIR Trust can consider for investment.

GOOD GOVERNANCE

We are committed to deliver long-term value to our stakeholders. One of the essential elements of a sustainable growth framework is a high standard of governance and integrity. We believe that good governance enhances our competitiveness. In this respect, the Group and its employees have and will continue to uphold the highest standards of ethical practices, regulatory compliance and integrity. Over the years, we have developed a strong reputation of trust, credibility and reliability among our partners, tenants and stakeholders which stand the Trust in good stead for sustainable growth.

OUTLOOK FOR FY2017

The outlook for Indonesia's economy for 2017 remains favourable. The economy is resilient, buoyed by robust domestic consumption, infrastructure development and economic reforms. The World Bank's projection for GDP growth in 2017 is 5.3%. The stronger growth will be supported by more robust private investment following monetary easing in 2016 and ongoing investment climate reform. The continued stabilisation of commodity prices, inflation and the Indonesian Rupiah (IDR) will further bolster growth.

Private consumption, accounting for approximately 55% of GDP, will continue to drive overall economic growth. According to the Association of Indonesian Retailers (Aprindo), retail sales posted 10% growth to IDR200 trillion (USD14.9 billion) in 2016. In turn, the outlook for the consumer market remains positive, driven by steady demographic and income growth. The vibrancy of the Indonesian retail sector was validated by its fifth ranking at the Kearney's Global Retail Development Index which measures the attractiveness of the retail sector in 30 developing countries with a minimum population of 5 million.

Indonesia's huge population (258.3 million in 2016) combined with a rapidly growing middle-class and affluent consumers (MACs) estimated to be more than 100 million, provide the driving force for sustained growth in the consumer market. In addition, steady economic growth and rising disposable income have increased consumer confidence. According to Nielsen's consumer confidence index, Indonesia improved to 122 points in the 3rd quarter of 2016, the third highest among 63 countries in the world.

A buoyant consumer market, steady influx of global brands and adoption of urban lifestyle such as the 'coffee culture' will underpin demand for retail space in 2017. The moratorium for licence issuance for new retail malls (with more than 5,000 sqm net leasable area) in Jakarta since 2011 will continue to keep supply to the minimal level, placing retail real estate owners and developers in a stronger position to maintain high occupancy and maximise rental income.

With the fastest urbanisation growth in Asia, the World Bank estimates that more than 68% of Indonesia's population will live in cities over the coming 10 years. As more urban centres sprout in cities outside major metropolitans like Jakarta, there is tremendous potential for retail real estate companies like LMIR Trust to tap growing opportunities in consumer markets in these urban centres. Our recent acquisitions of Lippo Plaza Batu, Palembang Icon and Lippo Mall Kuta are in line with the Trust's strategy to seek greater growth opportunities in fast-growing cities and provinces outside the cosmopolitan Jakarta area.

Going forward, the Trust will continue to leverage its resources and expertise to enhance the value of its portfolio and explore acquisition opportunities including appropriate properties from the Sponsor, PT Lippo Karawaci Tbk. All things considered, we are cautiously optimistic that barring any unforeseen circumstances, LMIR Trust will continue to achieve steady growth in FY2017.

ACKNOWLEDGEMENT

We would like to express our appreciation to members of the Board of LMIRT Management Ltd for their expert advice and guidance in propelling LMIR Trust to another profitable year. We also wish to thank our tenants and business partners for their continued support and co-operation throughout the year. We are grateful to our Unitholders for their patience and confidence, without which we would not be able to implement our strategies to deliver stable returns to them. We would like to thank the staff for their contribution and hard work over the past year.

On behalf of the Board of LMIRT Management Ltd, we also would like to take the opportunity to express our heartfelt appreciation to Ms Viven Gouw Sitiabudi who retired from her role on 16 March 2017 as an Executive Director since the listing of LMIR Trust in 2007 as well as acting CEO in the last one year. She has indeed contributed and provided guidance throughout her years with LMIR Trust. Likewise, she has been invaluable in the expansion of the Trust's asset size and we wish her all the best and hope that she will enjoy her retirement.

Finally, we would like to welcome on board Ms Chan Lie Leng who first joined the Manager as Non-Executive Director on 22 April 2016 and was later re-designated Executive Director on 1 January 2017. She was appointed as the new Chief Executive Officer on 16 March 2017. She brings into the organisation her strong commercial and management experience and we are confident that her leadership will strengthen the Trust's growth trajectory and ability to deliver greater value to our Unitholders with her wealth of experience and expertise. We look forward to working with her to bring LMIR Trust to the next level.

Mr Albert Saychuan Cheok
Chairman of the Board & Independent Director

Ms Chan Lie Leng
Executive Director and Chief Executive Officer

BOARD OF **DIRECTORS**

Mr Albert Saychuan Cheok
Ms Chan Lie Leng

Mr Albert Saychuan Cheok
Chairman and Independent Non-Executive Director

Mr Albert Saychuan Cheok was appointed to the Board on 29 July 2010. He is the Chairman of the Nominating and Remuneration Committee and a member of the Audit and Risk Committee.

Mr Cheok is a Fellow of the Australian Institute of Certified Public Accountants and has over 30 years of experience in banking within the Asia-Pacific region.

Between May 1979 and February 1982, he was an adviser to the Australian Government Inquiry into the Australian Financial System which introduced comprehensive reforms to the Australian banking system. He was Chief Manager at the Reserve Bank of Australia from October 1988 to September 1989 before becoming the Deputy Commissioner of Banking of Hong Kong for about three and a half years. He was subsequently appointed as the Executive Director in charge of Banking Supervision at the Hong Kong Monetary Authority from April 1993 to May 1995.

From September 1995 to November 2005, Mr Cheok was the Chairman of Bangkok Bank Berhad in Malaysia, a wholly owned-subsidiary of Bangkok Bank of Thailand. He also served as the Deputy Chairman of Asia Life (M) Berhad, a major life insurer in Malaysia from January 1999 to June 2008.

Mr Cheok was appointed as Non-Executive Director of Eoncap Islamic Bank Berhad and MIMB Investment Berhad from June 2009 to June 2011. He is the Independent Non-Executive Chairman of Auric Pacific Group Limited, Bowsprit Capital Corporation Limited (the manager of First Real Estate Investment Trust ("First REIT")), International Standard Resources Holdings Limited, and Amplefield Limited. He also holds Independent Non-Executive directorships in HongKong Chinese Limited, Adavale Resources Limited, and China Aircraft Leasing Group Holdings Limited.

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

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

Ms Chan Lie Leng
Executive Director and Chief Executive Officer

Ms Chan Lie Leng was first appointed as a Non-Executive Director of the Manager on 22 April 2016 and re-designated to Executive Director on 1 January 2017. On 16 March 2017, she assumed the position of Chief Executive Officer.

She brings with her more than 25 years of banking and corporate finance experience, including over seven years at management level. She was previously the General Manager of the Labuan Branch of Raiffeisen Bank International AG, a leading corporate and investment bank in Austria as well as Central and Eastern Europe, from November 2011 to October 2015. Prior to that, she was General Manager of

Mr Lee Soo Hoon, Phillip

Raiffeisen Bank International AG, Singapore Branch, from November 2008 to October 2011. She joined Raiffeisen Bank International AG as part of the pioneer batch of its offshore branch operations in Singapore in June 1998 and during her time there, oversaw a staff strength of 150 persons. Her responsibilities included running full branch operations with a loan book size of more than USD2 billion, including real estate and real estate-related financing transactions in Singapore, Indonesia and other overseas transactions.

Ms Chan has also gained corporate experience, having served as Deputy General Manager of Corporate Affairs for Envoi Impex Pte Ltd from September 1996 to February 1998, where her key responsibilities included heading the Finance & HR Departments and to set up a new division to oversee the corporate matters of both local and overseas subsidiaries in USA, Australia, Taiwan and Malaysia. She was also responsible for restructuring the group's borrowings and implementing sound corporate policies for the group. Ms Chan has held roles in ABN-AMRO Bank N.V., Singapore Branch, Bank of Hawaii, Singapore Branch, Nippon Credit Bank Ltd, Singapore Branch and DBS Bank, where she has gained extensive experience in corporate banking, loan syndications, project financing, credit administration and marketing, covering a portfolio of diverse companies in various industries. She began her career with DBS Bank in April 1988.

She graduated with a Bachelor of Science (Honours) from National University of Singapore in 1988, majoring in Mathematics.

Mr Lee Soo Hoon, Phillip
Independent Non-Executive Director

Mr Lee Soo Hoon, Phillip was appointed to the Board on 4 August 2011. He is the Chairman of the Audit and Risk Committee.

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

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

He has received awards for his community work, including the UK Order of St John in 1998, the Singapore Public Medal in 1998 and the Singapore Public Service Star in 2007.

BOARD OF **DIRECTORS**

Mr Douglas Chew
Mr Goh Tiam Lock

Mr Douglas Chew
Independent Non-Executive Director

Mr Douglas Chew was appointed to the Board on 4 August 2011. He is a member of the Audit and Risk Committee and Nominating and Remuneration Committee.

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

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

With extensive experience in general management, business strategies and risk management stretching back as far as 1977, he kick started his career in 1977 as a Credit Officer in ABN Bank, where he looked into credit analysis and evaluation. Thereafter, Mr Chew was an Account Manager at the Bank of Montreal from 1979 to 1984, where he was responsible for the development and maintenance of a sound and profitable loan portfolio. From 1984 onwards, Mr Chew served as a Manager of the Michigan-based Chemical Bank in Singapore where he was responsible for business development of corporate and trade businesses. In 1988, he was appointed as the Assistant General Manager of Banque Worms where he oversaw the business strategy and management of risks in the Singapore Branch. He served as the General Manager of RZB-Austria Singapore Branch and was involved in the bank's general management from 1997 to 2005.

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

Mr Goh Tiam Lock
Independent Non-Executive Director

Mr Goh Tiam Lock was appointed to the Board on 27 September 2011. He is a member of the Audit and Risk Committee.

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 for which Mr Goh is the Key Executive Officer. Besides estate agency, Mr Goh also advises clients on real estate taxation, development and management.

Mr Goh is a member of the Strata Titles Boards, a position he has held since 1999. He is also a Fellow of the Royal Institution of Chartered Surveyors, a Fellow of the Singapore

Mr Ketut Budi Wijaya

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 Singapore Chinese Chamber of Commerce & Industry Property Management Sub-committee from 1987 to 1989, the Chairman of the Marine Parade Community Club Management Committee from 1984 to 2001, and 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 awards in recognition of his contribution to Singapore, including the Pingkat Bakti Masyarakat (Public Service Medal) (PBM) in 1988 and the Bintang Bakti Masyarakat (Public Service Star) (BBM) in 1997.

He is an Independent Non-Executive Director of Bowsprit Capital Corporation Limited, the manager of First REIT.

Mr Ketut Budi Wijaya
Non-Executive Director

Mr Ketut Budi Wijaya was appointed to the Board on 1 June 2015. He is a member of the Nominating and Remumeration Committee.

Mr Wijaya has more than 20 years of in-depth expertise in accounting and corporate finance.

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

Mr Wijaya is currently a Non-Executive Director of Bowsprit Capital Corporation Limited (as manager of First REIT). He is also 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. He is also the President Commissioner of PT Gowa Makassar Tourism Development Tbk, Vice President Commissioner of PT Lippo Cikarang Tbk, as well as the Commissioner of PT Jababeka Tbk and other subsidiaries of the Lippo Group.

Mr Wijaya accompanied his accountancy study in Sekolah Tinggi Ekonomi Indonesia in 1982.

LIST OF **DIRECTORSHIPS**

DIRECTORSHIPS IN LISTED COMPANIES AND PRINCIPAL COMMITMENTS

As at 16 March 2017

Name of Director	Directorships in Listed Companies/ Principal Commitments	Appointment
Albert Saychuan Cheok	LMIRT Management Ltd (as Manager of LMIR Trust)	Chairman and Independent Non-Executive Director
	Bowsprit Capital Corporation Limited (as Manager of First REIT)	Chairman and Independent Non-Executive Director
	HongKong Chinese Limited	Non-Executive Director
	Malaysian Institute of Corporate Governance	Member, Board of Governance
	Amplefield Limited	Chairman and Independent Non-Executive Director
	Auric Pacific Group Limited	Chairman and Non-Executive Director
	International Standard Resources Holdings Limited	Chairman and Independent Non-Executive Director
	Adavale Resources Limited	Non-Executive Director
	China Aircraft Leasing Group Holdings Limited	Non-Executive Director
Chan Lie Leng	LMIRT Management Ltd (as Manager of LMIR Trust)	Executive Director and Chief Executive Officer
Lee Soo Hoon, Phillip	LMIRT Management Ltd (as Manager of LMIR Trust)	Independent Non-Executive Director
	Phillip Lee Management Consultants Pte Ltd	Managing Director
	IPC Corporation Ltd	Independent Non-Executive Director
	CSE Global Limited	Independent Non-Executive Director
	G K Goh Holdings Ltd	Independent Non-Executive Director
	Kluang Rubber Company (Malaya) Bhd	Independent Non-Executive Director
	Kuchai Development Bhd	Independent Non-Executive Director
	Sungei Bagan Rubber Company (Malaya) Bhd	Independent Non-Executive Director
	Estate and Trust Agencies (1927) Ltd	Independent Director
Douglas Chew	LMIRT Management Ltd (as Manager of LMIR Trust)	Independent Non-Executive Director
	SymAsia Singapore Fund	Non-Executive Member of the Board of Governors and member of Investment Review Committee
Goh Tiam Lock	LMIRT Management Ltd (as Manager of LMIR Trust)	Independent Non-Executive Director
	Bowsprit Capital Corporation Limited (as Manager of First REIT)	Independent Non-Executive Director
	Lock Property Consultants Pte Ltd	Managing Director
	Strata Titles Boards	Member
Ketut Budi Wijaya	LMIRT Management Ltd (as Manager of LMIR Trust)	Non-Executive Director
	Bowsprit Capital Corporation Limited (as Manager of First REIT)	Non-Executive Director
	Peninsula Investment Limited	Non-Executive Director
	PT Lippo Karawaci Tbk	President Director
	PT Lippo Cikarang Tbk	Vice President Commissioner
	PT Gowa Makassar Tourism Development Tbk	President Commissioner
	PT Jababeka Tbk	Commissioner

Past Directorships held over the preceding 3 years:

Mr Albert Saychuan Cheok – AcrossAsia Limited, Metal Reclamation Bhd and Macau Chinese Bank Limited; Ms Chan Lie Leng – PT Ciptadana Capital; Mr Lee Soo Hoon, Phillip – Transcorp Holdings Limited and Heatec Jietong Holdings Ltd; and Mr Ketut Budi Wijaya- PT Siloam International Hospitals Tbk

MANAGEMENT **TEAM**

01 **Ms Chan Lie Leng**
Executive Director and Chief Executive Officer

For biography of Ms Chan, please refer to Page 20 - 21 – the "Board of Directors" section of this report.

02 **Mr Lo Shye Ru**
Chief Financial Officer

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

He received his certification as a Certified Public Accountant (CPA) from AICPA, USA and as a Certified Management Accountant (CMA) from IMA, USA.

Mr Lo graduated with a Master's degree in Accountancy from the University of Georgia, USA and Bachelor's degree in Business Administration from the University of Windsor, Canada.

03 **Mr Wong Han Siang**
Financial Controller

Mr Wong Han Siang oversees the execution of the financial management and asset acquisition activities of LMIR Trust. Mr Wong has more than 15 years of accounting, auditing and corporate finance experience. Prior to joining the Manager in September 2008, Mr Wong was an Audit Manager with PricewaterhouseCoopers Singapore where he was responsible for handling audit engagements including local listed and multinational companies.

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

04 **Ms Ella Jia**
Senior Finance Manager

Ms Ella Jia joined the Manager in September 2013. She supports the CFO on treasury, accounting and assets acquisition activities. Ms Jia has more than 10 years of industry experience in REITs and private funds. She spent her first 4 years of 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 (ACCA).

05 **Mr Teo Kah Ming**
Asset Manager

Mr Teo Kah Ming joined the Manager in January 2015. He has more than 10 years of experience in the real estate industry, spanning in areas such as contracts management, property development and asset management. He has prior overseas experience working in India and Indonesia with CapitaLand and PT Farpoint respectively. Previously, in PT Farpoint and CapitaCommercial Trust Management Limited, Mr Teo held asset management roles covering a mixed portfolio of office, retail and serviced apartments.

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

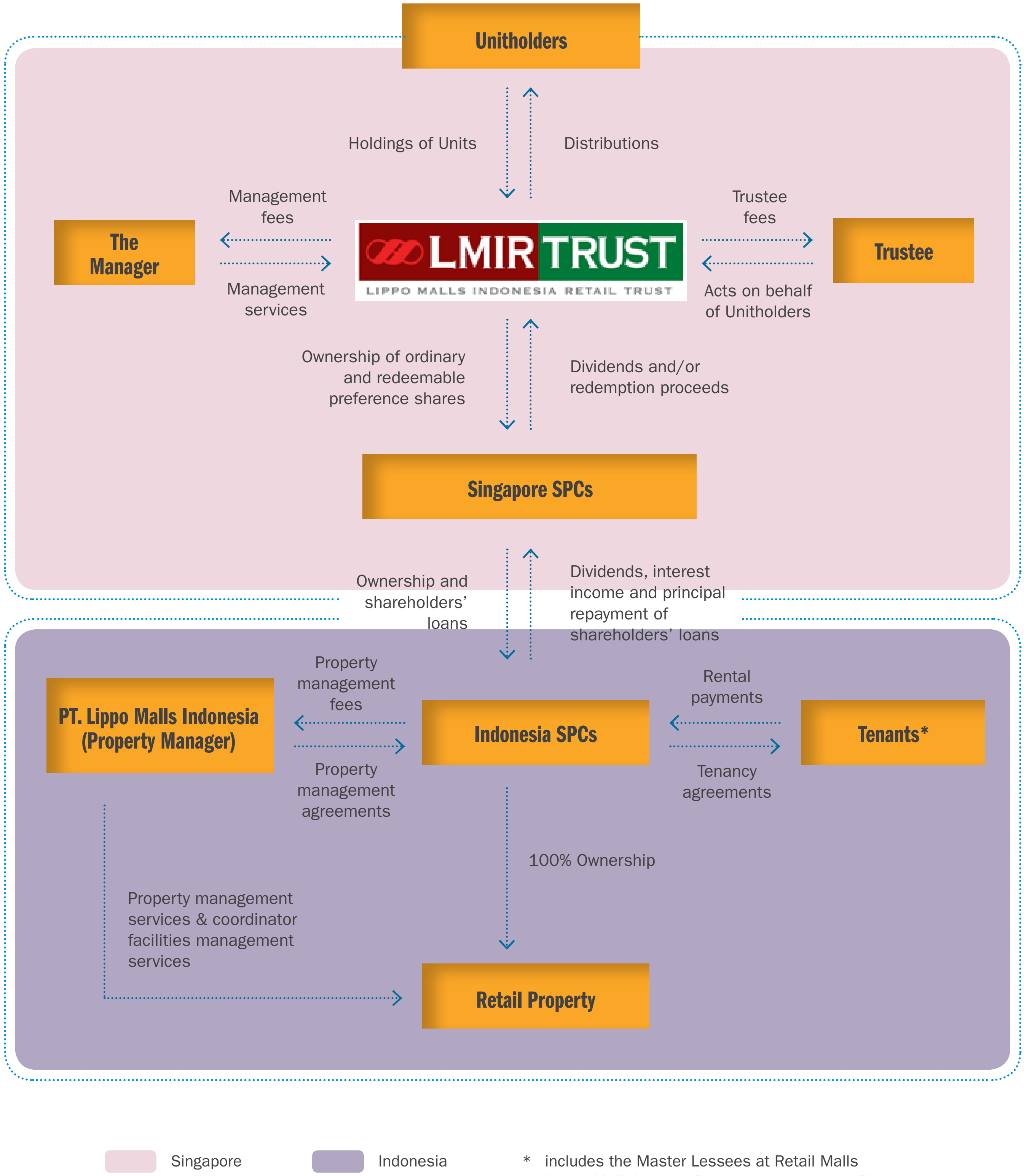
06 **Mr Cesar Agor**
Legal and Compliance Support Manager

Mr Cesar Agor supports the activities of the Manager in the areas of legal and compliance works since joining the Manager in July 2012.

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

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

TRUST
STRUCTURE



* includes the Master Lessees at Retail Malls (Lippo Mall Kemang, Palembang Icon, Lippo Plaza Batu and Lippo Mall Kuta) and Retail Spaces

MANAGER'S **REPORT**
Market Review

Indonesian Key Economic Indicators 2016

	2016	2015	2014	2013	2012
GDP Growth (% YoY)	5.0	4.9	5.1	5.6	6.0
Inflation Rate	3.0	3.4	8.4	8.4	4.3
Year-end Exchange Rate (IDR/SGD)	9,334	9,707	9,374	9,612	7,853
Average Exchange Rate (IDR/SGD)	9,609	9,697	8,338	8,305	7,860
Interest Rate – Central Bank Rate (%)	6.5	7.5	7.75	7.5	5.8
10 Year – Indonesian Government Bond Rate	7.9	8.9	8.8	8.4	5.3

Source: Statistics Indonesia, Bank Indonesia, Focus Economics, AsianBondsOnline

REVIEW OF THE MACRO ECONOMY

The global economy slowed to 2.6% growth in 2016, well below the 3.0% in 2015. The sluggish growth was caused by severe headwinds including geopolitical tensions, slowdown in global trade and financial volatility.

Amidst a lacklustre global economy, the Indonesian economy was able to demonstrate its resilience with GDP growing a healthy 5.0% year-on-year in 2016. Although it was below government's target and estimates of most analysts, nonetheless it was a rebound from the steadily declining growth rates since 2011. From the macro perspective, Indonesia has performed better in the region in 2016 compared to the average growth rate of 4.7% for ASEAN, and well above the 3.4% growth for emerging and developing economies.

After three quarters of consistent growth, the economy moderated in 4Q 2016, easing to 4.9% year-on-year, down slightly from 5.0% in 3Q. The moderate slowdown in the 4th quarter was caused by a decrease in government spending due to budget rationalisation, in compliance with regulations limiting budget deficit to 3 percent of gross domestic product. The decrease in government consumption was partly made up by solid domestic consumption which accounted for 55% of GDP. Retail sales expanded 10% to IDR200 trillion in 2016 from IDR176 trillion in 2015 according to the Association of Indonesian Retailers (Aprindo). The stabilisation of commodity prices, low inflation and easing of export rules for minerals also contributed to the steady GDP growth.

SUPPORTIVE GOVERNMENT POLICIES

During the year, the Indonesian government has initiated several reform and deregulation packages aimed at increasing tax revenue and stimulating private investments and consumption. In May 2016, the World Bank approved Indonesia's first Fiscal Reform Development Policy Loan. With a budget of USD400 million, the programme was aimed at supporting the government's efforts to improve tax revenue collection and increase funds for infrastructure development that would lift the living standards and increase household incomes, especially those living in the rural areas.

The government's easy monetary policy stance was effective in boosting economic growth. Bank Indonesia cut its benchmark interest rate six times in 2016, with the last cut in October 2016 during which its key interest rate was lowered by 25 bps to 4.75%. The move was aimed to boost lending and stimulate domestic consumption and investment. Meanwhile, inflation remained at a benign level of 3.0% for the year.

In 2016, the government continued to introduce a series of economic policy packages that began in September 2015. The 12 stimulus packages, generally known as Jokowi's Economic Package, included tax incentives for real estate investment trusts, deregulation, simplifying investment process, reduce red tape, financial support for export-oriented small businesses and opening certain sectors to foreign investments were initiated to boost economic growth. The benefits of these packages will take time to filter down to businesses and consumers. Nonetheless their pro-business orientation will contribute to improving business sentiments and consumer confidence.

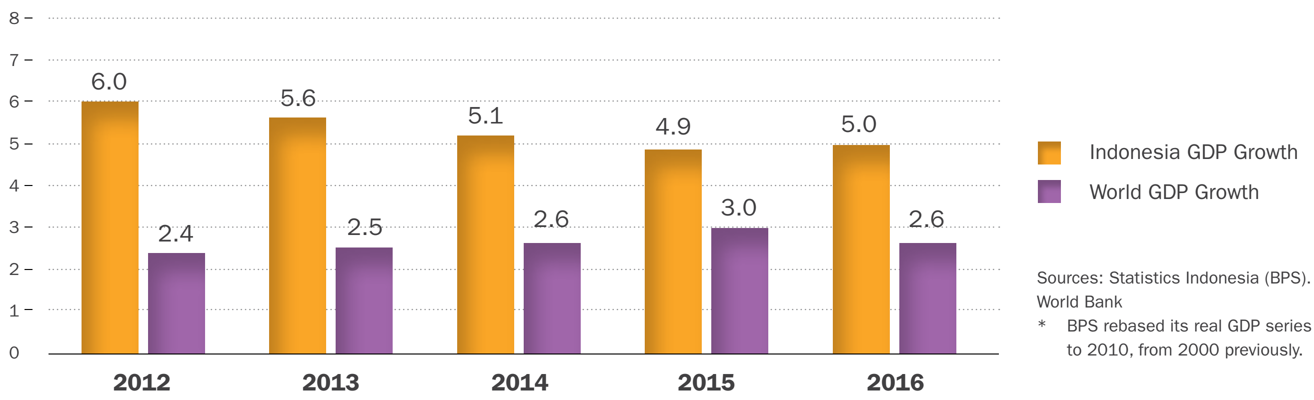
The government launched a tax amnesty programme in July 2016 with the objective of improving tax compliance, boosting tax revenue and encouraging the repatriation of offshore assets. The results of the programme were encouraging. At the end of the first phase, from July to September 2016, a total of IDR97 trillion (USD7 billion) were redeemed, achieving more than half of the government's target of IDR165 trillion (USD12.5 billion) in tax redemption. The success of the tax amnesty programme will boost revenue for government to implement infrastructure developments across the country in the long term.

VIBRANT RETAIL INDUSTRY

Steady economic growth, increasing disposable income and relatively stable inflation continued to spur the development of Indonesia's retail sector. Retail sales increased about 10% in 2016 to IDR200 trillion (USD14.9 billion) on the back of stronger consumer confidence, cheaper credit and low inflation.

MANAGER'S **REPORT**
Market Review

GDP Growth : Indonesia Vs The World (%)



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

Aside from accommodative fiscal and monetary policies, certain demographic and social trends will support the long-term growth of the retail industry. Indonesia is blessed not only with a huge population of about 258.3 million but it also has a high fertility rate of 2.5 births per woman. The steady rate of population growth will ensure that the ratio of dependent population (people aged zero to 14 plus those above 65 years old) to the size of the working age population (those aged 15 to 64) remains low and allows Indonesia to reap the demographic dividend. The potential benefits of the demographic dividend that are favourable to the retail industry include higher living standards, higher consumer spending and rising disposable income.

Indonesia is undergoing a transformation from a rural to urban economy. In 2016, more than 54% or about 140.7 million people are living in urban centres. The rate of urbanisation averaging 4.4% annually is among the highest in the world. The World Bank projected that 68% of the population will be living in urban centres within 10 years. The rise of urban centres will provide the impetus for the expansion of the retail industry.

Indonesia's steady economic growth and favourable demographic trends are providing support for the rise of a young and affluent middle class. The middle class and affluent consumers (MACs) numbering about 88 million in 2016 are set to increase to 141 million by 2020. They are young, more confident and more willing to spend on consumer goods and services. According to Nielsen's consumer confidence index, Indonesia's consumers are the third most confident among the 63 countries surveyed.

The outlook for the retail industry is encouraging. Steady economic growth, a growing population, urbanisation and a rising affluent middle class combine to provide the driving force for the development of the retail industry. Indonesia is ranked in the top 5 among 30 developing economies in AT Kearney's 2016 Global Retail Development Index which measures the attractiveness and investment opportunities in the retail sector. In turn, the positive retail outlook will provide the basis for the growth of the retail real estate sector.

RETAIL REAL ESTATE INDUSTRY

The retail real estate industry remained buoyant in 2016. Fashion and food & beverage establishments underpinned steady demand for retail spaces with several brands opening new stores in shopping centres. Retail centres in prime areas dominated leasing activities with global brands such as Adidas, Kate Spade, Kenzo, X SML, Bistro Baron, Nam Nam, Keeve, Uniqlo and H&M renewing their leases or expanding their presence. Many new international brands are expected to enter the Indonesian market in various retail centres across Jakarta enhancing the vibrancy of the industry.

As a result of the moderate supply increase and steady demand on the back of influx of global fashion and F&B brands, rental movements were generally more in favour of landlords who were able to record positive lease reversions and secure higher rentals for new leases. Average asking rents trended upwards steadily during the year. Mall operators were adjusting tenant mix and introducing new concepts in order to improve their market positioning and increase rental yield. As of December 2016, average gross rental of retail centres in Jakarta in Rupiah, increased 18.2% year-on-year compared to 2.6% growth in 2015.

The average base rent of specialty shops on premium locations on the ground floor of both primary and secondary retail centres as of December 2016 was IDR762,300 per sqm per month, an increase of 10.3% year-on-year. The average service charge was IDR169,000, up 26.7% over the same period in 2015.

MODERATE SUPPLY

The year 2016 saw the opening of three shopping centres in Jakarta including the Bassura City Mall, Pantai Indah Kapuk Avenue Mall and Neo Soho Mall. New retail space in Jakarta will remain limited until the end of 2017 when two shopping centres, Aeon Mall Garden City and Neo Harco Plaza, both currently under construction, are expected to be completed.

In addition to these two, several new retail centres–most of which are leased shopping centres–are expected to enter the market in 2017. Intiland, Agung Sedayu, Grand Dhika Daan Mogot and Daan Mogot City are expected to begin construction next year.

About 68.0% of the total retail spaces or around 3.1 million sqm were leased spaces in retail centres. The total space of strata-title shopping centres was recorded at 1.44 million sqm.

Occupancy rates varied according to the location and the grades of the mall. The overall occupancy for Jakarta stood at 85.4% in 4Q 2016. Average occupancy rates for middle and middle-lower class shopping centres were 86.0% and 77.0% respectively. Upper class shopping centres enjoyed slightly higher occupancy of 87.5%. Shopping centres in the CBD were able to achieve higher occupancy of 92.0%. Outside the CBD, occupancy was lower at 82.3%.

RISING DEMAND

Urbanisation, higher standards of living resulting from rising income and changing lifestyle patterns are enhancing the roles of malls and shopping centres for entertainment, social activities, work and play. Retail real estate developers and operators are increasingly focusing on creating innovative retailing concepts and optimal tenant mix to attract both strong brands and consumers. In addition to big retail chains, specialty fashion and F&B retailers are providing the boost for demand of retail space.

In the greater Jakarta area, brands such as Uniqlo and H&M have expanded their footprints and opened new outlets in middle to higher class shopping centres in prime districts. An impressive line-up of international brands have expanded or opened new stores during the year. Uniqlo and H&M opened news stores at PIK Avenue as their tenth and eighteenth stores in Indonesia respectively. Central Department Store took up six floors of Neo Soho. Other retailers that have opened stores during the year include Michael Kors' third Indonesian store at Kota Kasablanka and Muji in Lippo Mall Puri, MINI (Mini Cooper showroom) in Senayan City. Retailers that have entered the Indonesia retail market for the first time included Italian beauty care brand, Flormar in Kota Kasablanka and Sanukiseimen Mugimaru, Japanese udon restaurant which opened its first Indonesian outlet in Neo Soho.

OUTLOOK

The outlook for retail spaces especially in Jakarta remains bright. Favourable demographic trends, stable economic growth, expansionary fiscal and monetary policies and rising middle class with greater disposable incomes will support greater consumer spending, enhancing the vibrancy of retail real estate sector. A continuing influx of foreign retailing brands will underpin demand for retail spaces, especially in the middle to upper class shopping centres. Occupancy is expected to improve as the supply of new spaces will remain moderate and manageable. The level of existing rents in Indonesia is relatively low compared to other markets in the region, pointing to the potential for longer-term rental income growth.

MANAGER'S **REPORT**

Portfolio Summary

Since LMIR Trust's inception, we have been nurturing a retail asset portfolio that rides on the rising consumer appetite in opportunity-rich Indonesia.

The Trust's strong asset performance reflects the quality, relevance and staying power of our investments, and highlights the advantage we enjoy within our nationwide footprint.

No.	Property	Acquisition Date	Purchase Price (IDR'billion)	Valuation as at 31 December 2016 (IDR'billion)	Valuation as at 31 December 2016 (SGD'million)
1	Bandung Indah Plaza	19 November 2007	611.6	797.8	85.5
2	Cibubur Junction	19 November 2007	464.2	451.2	48.3
3	Ekalokasari Plaza	19 November 2007	333.0	410.3	44.0
4	Gajah Mada Plaza	19 November 2007	483.3	780.9	83.7
5	Istana Plaza	19 November 2007	585.3	713.0	76.4
6	Mal Lippo Cikarang	19 November 2007	367.2	609.1	65.3
7	The Plaza Semanggi	19 November 2007	1,013.8	1,173.7	125.8
8	Sun Plaza	31 March 2008	967.2	1,826.1	195.6
9	Plaza Medan Fair	6 December 2011	1,042.1	1,083.2	116.1
10	Pluit Village	6 December 2011	1,593.6	1,026.8	110.0
11	Lippo Plaza Kramat Jati	15 October 2012	539.6	573.8	61.5
12	Palembang Square Extension	15 October 2012	221.5	258.0	27.6
13	Tamini Square	14 November 2012	180.0	243.0	26.0
14	Palembang Square	14 November 2012	467.0	649.5	69.6
15	Pejaten Village	20 December 2012	748.0	973.7	104.3
16	Binjai Supermall	28 December 2012	237.5	266.9	28.6
17	Lippo Mall Kemang*	17 December 2014	3,540.4	3,235.0	346.6
18	Lippo Plaza Batu*	7 July 2015	265.0	260.7	27.9
19	Palembang Icon*	10 July 2015	790.0	774.9	83.0
20	Lippo Mall Kuta*	29 December 2016	800.0	805.0	86.2
	RETAIL MALLS		**15,250.2**	**16,912.6**	**1,812.0**
21	Depok Town Square Units	19 November 2007	131.4	169.7	18.2
22	Grand Palladium Units	19 November 2007	134.0	156.6	16.8
23	Java Supermall Units	19 November 2007	133.1	153.6	16.5
24	Malang Town Square Units	19 November 2007	130.8	172.6	18.5
25	Mall WTC Matahari Units	19 November 2007	128.9	146.0	15.6
26	Metropolis Town Square Units	19 November 2007	171.8	186.4	20.0
27	Plaza Madiun Units	19 November 2007	171.2	226.9	24.3
	RETAIL SPACES		**1,001.2**	**1,211.8**	**129.8**
	TOTAL		**16,251.4**	**18,124.4**	**1,941.9**

* Including intangible assets

** The master lessees are PT Matahari Putra Prima Tbk and PT Multipolar Tbk

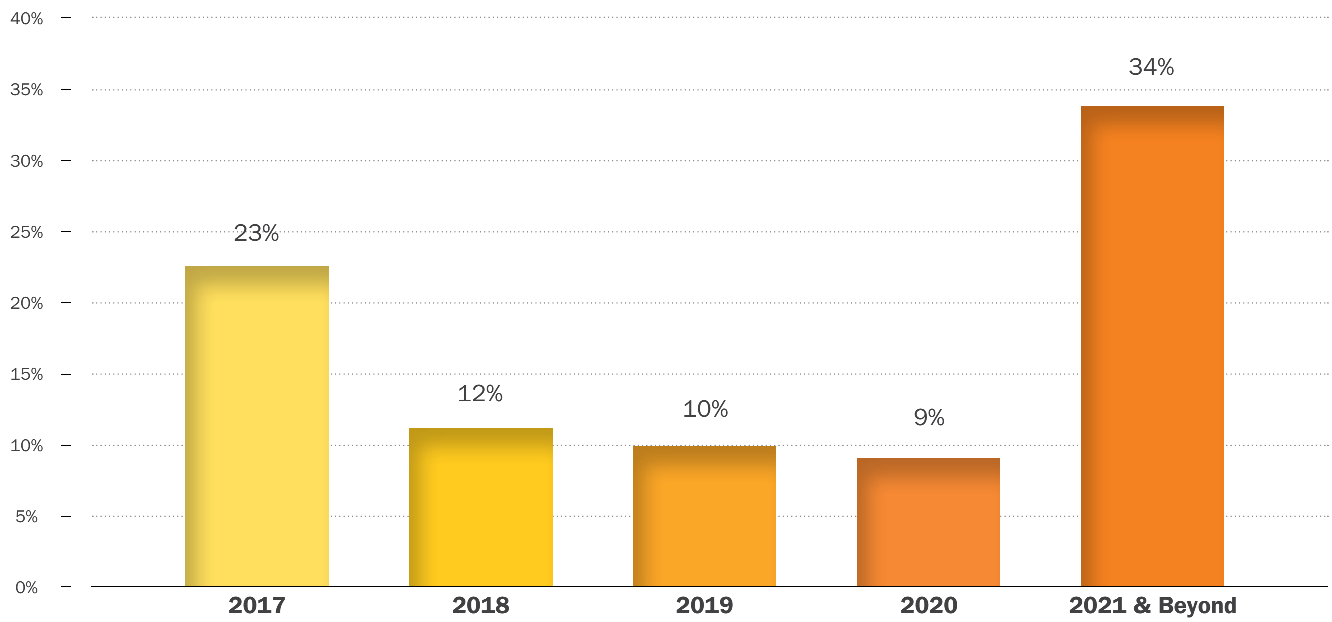
Gross Floor Area (sqm)	Net Lettable Area (sqm)	Occupancy (%)	Land Title	Land Lease Expiry	No. of Tenants
75,868	30,288	99.9	BOT	31 December 2030	258
66,071	34,558	98.7	BOT	28 July 2025	188
58,859	27,694	71.3	BOT	27 June 2032	67
66,160	36,544	75.1	HGB	25 January 2020	177
46,809	27,431	97.6	BOT	17 January 2034	172
39,293	29,924	96.9	HGB	5 May 2023	126
155,122	61,507	85.6	BOT	8 July 2054	416
107,373	67,836	99.1	HGB	24 November 2032	363
125,053	55,075	99.8	BOT	23 July 2027	437
134,576	87,394	90.4	BOT	9 June 2027	178
67,285	32,628	92.5	HGB	24 October 2024	105
22,527	17,392	98.8	BOT	24 January 2041	41
18,963	17,475	100.0	Strata	26 September 2035	13
46,546	31,641	93.3	Strata	1 September 2039	134
89,157	42,170	100.0	HGB	3 November 2027	147
28,760	23,315	94.0	HGB	2 September 2036	86
150,932	58,564	95.0	HGB	2 July 2036	202
34,586	20,161	95.3	HGB	8 June 2031	43
42,361	35,910	99.4	BOT	30 April 2040	170
36,312	20,273	96.2	HGB	22 March 2037	106
1,412,613	**757,780**	**93.6**			**3,429**
13,045	13,045	100.0	Strata	27 February 2035	**
13,417	13,417	100.0	Strata	9 November 2028	**
11,082	11,082	100.0	Strata	24 September 2017	**
11,065	11,065	100.0	Strata	21 April 2033	**
11,184	11,184	100.0	Strata	8 April 2018	**
15,248	15,248	100.0	Strata	27 December 2029	**
19,029	19,029	100.0	Strata	9 February 2032	**
94,070	**94,070**	**100.0**			
1,506,683	**851,850**	**94.3**			

MANAGER'S **REPORT**
Operations Review

PORTFOLIO LEASE PROFILE

The average lease tenure for special tenants in our portfolio ranges between three to five years whilst the same for anchor tenants is ten years. The total weighted average lease term for the portfolio as of 31 December 2016 was 4.51 years. For new leases commencing in 2016, the weighted average lease expiry as at 31 December 2016 was 2.83 years and accounted for 5.5% of the rental revenue.

Lease Expiry Profile by NLA as at 31 December 2016



WEIGHTED AVERAGE OCCUPANCY

As of 31 December 2016, LMIR Trust's portfolio occupancy of 94.3% remained higher than industry average of 85.4% as reported by Cushman & Wakefield's Marketbeat Retail Snapshot Q4 2016, Jakarta.

No.	Property	FY2016* (%)	FY2015* (%)
1	Bandung Indah Plaza	99.9	99.8
2	Cibubur Junction	98.7	99.0
3	Ekalokasari Plaza	71.3	92.3
4	Gajah Mada Plaza	75.1	75.9
5	Istana Plaza	97.6	100.0
6	Mal Lippo Cikarang	96.9	99.1
7	The Plaza Semanggi	85.6	80.2
8	Sun Plaza	99.1	98.3
9	Plaza Medan Fair	99.8	97.8
10	Pluit Village	90.4	87.7
11	Lippo Plaza Kramat Jati	92.5	91.9
12	Palembang Square Extension	98.8	94.4
13	Tamini Square	100.0	100.0
14	Palembang Square	93.3	92.6
15	Pejaten Village	100.0	99.0
16	Binjai Supermall	94.0	93.2
17	Lippo Mall Kemang	95.0	93.2
18	Lippo Plaza Batu	95.3	98.3
19	Palembang Icon	99.4	99.3
20	Lippo Mall Kuta**	96.2	–
A	**Mall Portfolio**	**93.6**	**93.2**
B	**Retail Spaces**	**100.0**	**100.0**
A+B	**TOTAL PORTFOLIO**	**94.3**	**94.0**

* Including temporary leasing
** Newly acquired mall in FY2016

MANAGER'S **REPORT**
Operations Review

LMIR Trust's portfolio remains well-diversified and relies on many different trade sectors for rental income. A breakdown of the trade sectors by NLA is as follow:

As at 31 December 2016, Food & Beverage remained as the largest contributor to rental revenue at 19.3% while Fashion is the second largest contributor at 17.6%. A breakdown of the trade sectors by rental revenue (excluding casual leasing) as follow:

Trade Sectors Breakdown by NLA

	Trade Sector %
Department Store	19.4
Supermarket / Hypermarket	18.5
F & B / Food Court	10.8
Leisure & Entertainment	10.5
Fashion	9.1
Services	4.3
Electronic / IT	3.8
Home Furnishing	2.9
Sports & Fitness	1.8
Books & Stationery	1.6
Education / School	0.8
Optic	0.7
Jewelry	0.5
Toys	0.5
Gifts & Specialty	0.4
Hobbies	0.3
Storage	0.1
Other	14.0
Total	**100.0**

Trade Sectors Breakdown by Rental Revenue

	Trade Sector %	Rental Revenue (SGD '000)
F & B / Food Court	19.3	24,309
Fashion	17.6	22,147
Supermarket / Hypermarket	13.8	17,342
Department Store	13.7	17,205
Services	6.3	7,916
Leisure & Entertainment	4.8	6,113
Electronic / IT	4.5	5,685
Home Furnishing	2.6	3,301
Sports & Fitness	1.6	2,070
Jewelry	1.6	1,962
Optic	1.3	1,628
Books & Stationery	1.2	1,540
Education / School	0.9	1,149
Gifts & Specialty	0.8	1,043
Toys	0.7	887
Hobbies	0.5	685
Storage	0.2	226
Other	8.6	10,870
Total	**100.0**	**126,078**

ASSET ENHANCEMENT INITIATIVES (AEIs)

As part of our continuous effort to improve and enhance our shoppers' experience at our malls amid the competitive retail landscape in Jakarta, we are currently studying and developing Asset Enhancement Initiatives at two of our malls – Gajah Mada Plaza and Plaza Semanggi.

Gajah Mada Plaza is a 35-year old mall located prominently in the heart of Jakarta's Chinatown, an established and well-known commercial area in the city. It is timely to rejuvenate the mall and keep up with the preferences of modern retail shoppers.

Plaza Semanggi is a 14-year old mall strategically located in the heart of Jakarta's CBD within the city's Golden Triangle at the Semanggi interchange, which is a junction channeling north-south and east-west traffic across central Jakarta. In view of the upcoming completion of the neighbouring Mangkuluhur City Project which is a mixed development consisting of residential, office and hotel, it is the right time to carry out AEI to enhance the mall and be able to capitalise the opportunity to benefit from the great potential growth in that area.

TOP 10 TENANTS

The top 10 tenants by revenue contribution comprise large local and international department store, supermarket, electrical/electronic and home appliance chains. As at 31 December 2016, the top 10 tenants contributed 31.5% to rental revenue (excluding casual leasing).

No.	Name of Tenants	% of Rental Revenue
1	Matahari Department Store	13.6
2	Hypermart	9.6
3	Carrefour	3.6
4	Electronic Solution	0.8
5	Ace Hardware	0.8
6	Solaria	0.7
7	Sport Station	0.7
8	Cinemaxx	0.6
9	Gramedia	0.6
10	Centro	0.5

Palembang Square Extension


Palembang Square Extension


Gajah Mada Plaza

MANAGER'S **REPORT**
Financial Review

GROSS REVENUE

Gross Revenue for the FY2016 was SGD188.1 million, which is 8.7% higher than FY2015.

NET PROPERTY INCOME

Net property income ("NPI") for FY2016 was at SGD171.9 million, which is SGD13.3 million or 8.4% higher compared to FY2015.

	Gross Revenue 2016		Net Property Income 2016	
	SGD'million	Contribution %	SGD'million	Contribution %
Bandung Indah Plaza	11.78	6.3	10.53	6.1
Cibubur Junction	9.19	4.9	8.36	4.9
Ekalokasari Plaza	2.28	1.2	1.94	1.1
Gajah Mada Plaza	6.56	3.5	5.85	3.4
Istana Plaza	8.27	4.4	8.07	4.7
Mal Lippo Cikarang	6.35	3.4	6.16	3.6
The Plaza Semanggi	10.33	5.5	9.08	5.3
Sun Plaza	18.72	10.0	17.61	10.2
Plaza Medan Fair	15.89	8.4	14.67	8.5
Pluit Village	12.35	6.6	10.96	6.4
Lippo Plaza Kramat Jati	3.96	2.1	3.54	2.1
Palembang Square Extension	3.66	1.9	2.85	1.7
Tamini Square	2.54	1.4	2.30	1.3
Palembang Square	7.14	3.8	5.04	2.9
Pejaten Village	11.56	6.1	10.38	6.0
Binjai Supermall	2.62	1.4	2.34	1.4
Lippo Mall Kemang	30.63	16.3	28.94	16.8
Lippo Plaza Batu	2.68	1.4	2.56	1.5
Palembang Icon	8.76	4.7	8.22	4.8
Lippo Mall Kuta	0.05	–	0.02	–
RETAIL MALLS	**175.32**	**93.3**	**159.42**	**92.7**
Depok Town Square Units	1.82	1.0	1.77	1.0
Grand Palladium Units	1.60	0.8	1.55	0.9
Java Supermall Units	1.73	0.9	1.69	1.0
Malang Town Square Units	1.71	0.9	1.67	1.0
Mall WTC Matahari Units	1.52	0.8	1.48	0.9
Metropolis Town Square Units	2.07	1.1	2.03	1.2
Plaza Madiun Units	2.30	1.2	2.26	1.3
RETAIL SPACES	**12.75**	**6.7**	**12.45**	**7.3**
TOTAL	**188.07**	**100.0**	**171.87**	**100.0**

DISTRIBUTION

Distributable income for FY2016 was at SGD95.5 million, which is an increase of SGD9.9 million or 11.6% compared to FY2015.

For FY2016, LMIR Trust distributed 3.41 cents per unit. This is 0.31 cents (or 10%) above FY2015 distribution of 3.10 cents.

ASSETS

The regulatory annual revaluation exercise for LMIR Trust's portfolio was completed on 31 December 2016, which recorded a total revaluation of SGD1.94 billion as at 31 December 2016, an increase of 6.0% compared to SGD1.83 billion as at 31 December 2015. As at 31 December 2016, based on the revalued property values, the net property income yield on the portfolio was about 9.0%.

	2016 Valuation		2015 Valuation	
Property	**IDR'billion**	**SGD'million[1]**	**IDR'billion**	**SGD'million[2]**
Bandung Indah Plaza	797.8	85.5	801.5	82.6
Cibubur Junction	451.2	48.3	485.3	50.0
Ekalokasari Plaza	410.3	44.0	375.8	38.7
Gajah Mada Plaza	780.9	83.7	751.4	77.4
Istana Plaza	713.0	76.4	737.6	76.0
Mal Lippo Cikarang	609.1	65.3	561.2	57.8
The Plaza Semanggi	1,173.7	125.8	1,232.2	126.9
Sun Plaza	1,826.1	195.6	1,693.7	174.5
Plaza Medan Fair	1,083.2	116.1	1,087.0	112.0
Pluit Village	1,026.8	110.0	1,146.0	118.1
Lippo Plaza Kramat Jati	573.8	61.5	565.0	58.2
Palembang Square Extension	258.0	27.6	248.1	25.6
Tamini Square	243.0	26.0	242.9	25.0
Palembang Square	649.5	69.6	642.6	66.2
Pejaten Village	973.7	104.3	970.0	99.9
Binjai Supermall	266.9	28.6	263.9	27.2
Lippo Mall Kemang[3]	3,235.0	346.6	3,477.9	358.3
Palembang Icon[3]	774.9	83.0	774.8	79.8
Lippo Plaza Batu[3]	260.7	27.9	272.0	28.0
Lippo Mall Kuta[3, 4]	805.0	86.2	–	–
TOTAL RETAIL MALLS	**16,912.6**	**1,812.0**	**16,328.9**	**1,682.2**
Depok Town Square Units	169.7	18.2	208.1	21.4
Grand Palladium Units	156.6	16.8	173.5	17.9
Java Supermall Units	153.6	16.5	193.7	20.0
Malang Town Square Units	172.6	18.5	213.5	22.0
Mall WTC Matahari Units	146.0	15.6	165.1	17.0
Metropolis Town Square Units	186.4	20.0	230.7	23.8
Plaza Madiun Units	226.9	24.3	250.7	25.8
TOTAL RETAIL SPACES	**1,211.8**	**129.9**	**1,435.3**	**147.9**
TOTAL PORTFOLIO	**18,124.4**	**1,941.9**	**17,764.2**	**1,830.1**

1 Exchange Rate (IDR/SGD): 9,334
2 Exchange Rate (IDR/SGD): 9,707
3 Including intangible assets
4 Newly acquired mall

CORPORATE **SOCIAL RESPONSIBILITY**

At LMIR Trust, we believe in making a difference in the communities where we operate by creating social value. Our retail properties are assets for the creation of value for stakeholders and Unitholders. However, we believe that the social value that we can create by engaging the community in activities that meet its social, environmental and health needs can enhance the sustainability of our business in the long term.

As a responsible corporate citizen, LMIR Trust is aware of the plight and needs of the less fortunate in the community. In 2016, several community projects were organised by LMIR Trust's malls, focusing on improving lives, providing relief and engaging communities by sharing the mall staff's time and effort to carry out these community projects.

GIVING OUR SHARE, SHOWING WE CARE

During the year, LMIR Trust organised several activities to show their care and love for the underprivileged children.

On 28 June 2016, the staff of Binjai Supermall visited an orphanage in the community. Items such as educational materials and daily necessities were collected through voluntary donations and support from tenants and shoppers at the mall.

Throughout 2016, similar charitable activities were also spearheaded by the staff of Sun Plaza, Gajah Mada Plaza and Plaza Semanggi. Donations collected were given to various orphanages within the local community which include Anugrah Sungai Hidup Orphanage in Medan.

More so, in the spirit of Christmas, mall staff of Lippo Plaza Batu organised a Christmas party for orphans and school children at the mall on 12 December 2016. Likewise, Pluit Village hosted a similar event on 16 December 2016.

A PINT OF LOVE, A BUCKET OF BLESSINGS

For a patient needing critical surgery to treat a major illness, the availability of even a pint of blood can make the difference between life and death.

Recognising the critical need of a well-stocked blood bank in hospitals to treat and save patients who need medical treatment and surgery, several malls in LMIR Trust portfolio organised blood donation drives.

On 9 August 2016, Binjai Supermall organised a blood donation drive with the co-operation of Adam Malik Medan Hospital and volunteers from Buddha Tzu Chi in Medan and Binjai. Altogether, 270 people came forward to donate blood. After the appropriate health screening, 230 pints of blood were finally collected.

A similar blood donation drive was held at Palembang Icon Mall which was supported by 75 donors and 10 staff members.

BREAKING FAST TOGETHER

Iftar or break-fast during the month of Ramadan provided opportunities for LMIR Trust to share love and charity with the less-fortunate in the community.

Cibubur Junction Mall was the venue where more than 25 orphans from Wajihudin Orphanage, 165 employees and 144 tenants gathering on 24 June 2016 to break their Ramadan fast. Likewise, more than 50 orphans and 200 children from the community gathered at Lippo Mall Kemang on 16 June 2016 for their Ramadan break-fast.

RELIEF FOR FLOOD VICTIMS

Torrential rains in early February 2016 caused severe floods and damage to homes and public facilities in North Sumatra. Many flood victims who had to evacuate their homes were left with limited shelter, food or medical care. Immediate relief and assistance were needed to avoid a humanitarian crisis.

LMIR Trust immediately recognised the urgency of providing flood relief in the face of the difficult situation. One of our malls, Binjai Supermall, was among the first corporate responders in the region to provide the necessary relief, comfort and aid to help victims in their hours of distress.

Under the leadership of the management of Binjai Supermall, a relief campaign was initiated for the collection of rice, sugar, blankets, hygiene kits, medical supplies and cash donations. The campaign involved appeals for donations to tenants and shoppers through print promotion materials and word-of-mouth appeals to donors in the mall by customer service executives.

Donation of food and supplies was handed over to the Camat (a district head) of Binjai Kota by the mall director and staff of Binjai Supermall.

CAPITAL **MANAGEMENT**

A PRUDENT CAPITAL MANAGEMENT STRATEGY

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

This strategy aims to:

- Optimise Unitholder's returns;
- Provide stable returns to Unitholders;
- Minimise refinancing risks;
- Maintain flexibility for working capital requirements; and
- Retain flexibility in the funding of future acquisitions.

HEDGING AGAINST INTEREST RATE RISKS

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

LMIR Trust has in place interest rate swap contracts for a period of 3.75 years commencing March 2015 to hedge against the floating interest rate of the borrowings of SGD145 million.

As at 31 December 2016, 70% of LMIR Trust's borrowings of SGD651 million are on fixed rates.

HEDGING AGAINST FOREIGN EXCHANGE RISKS

LMIR Trust has entered into foreign exchange hedges to hedge its estimated quarterly cash flows in Indonesian Rupiah until the end of 2018. The foreign exchange hedges are entered into so as to provide a degree of certainty that changes in the exchange rate between the Indonesian Rupiah and the Singapore Dollar will not have a significant negative impact on the distributions in Singapore Dollars to Unitholders.

As at 31 December 2016, the mark to market valuation of the foreign exchange hedges is approximately SGD4.2 million.

MODERATE GEARING LEVEL PROVIDES STABILITY IN CURRENT TIGHT CREDIT MARKET

As at 31 December 2016, LMIR Trust's gearing ratio stood at 31.5%*, which is well below the allowed leverage limit of 45%.

LMIR Trust has in place SGD651 million borrowings, of which SGD300 million are notes issued under the EMTN Programme and SGD351 million are loans drewdown from its term facilities. 70% of LMIR Trust's borrowings had been locked into fixed interest rates through fixed interest rate borrowings (EMTN notes), as well as by entering into interest rate swap contracts to hedge against the floating interest rate of the borrowings. LMIR Trust has continued to perform in accordance with the debts provision and have met all covenants to date.

The Manager will continue to focus on prudent capital management strategy by conserving cash through effective controls over operating and capital expenditure.

* Based on total deposited assets as at 31 December 2016

Bandung Indah Plaza

RISK MANAGEMENT

RISK MANAGEMENT FRAMEWORK

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

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

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

RISK MANAGEMENT STRATEGY

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

Some of the key risks 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 the third-party Property Manager. These include planning and control systems, operational guidelines, information technology systems, reporting and monitoring procedures, involving the management and the Board of Directors of the Manager. The risk management system is regularly monitored and examined to ensure effectiveness. The risk management framework is designed to ensure that operational risks are anticipated so that appropriate processes and procedures can be put in place to prevent, manage, and mitigate risks that may arise in the management and operation of LMIR Trust.

(b) 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.

(c) Interest Rate Risk

The Manager adopts a proactive strategy to manage the risk associated with changes in interest rates on any loan facility while seeking to ensure that LMIR Trust's ongoing cost of debt capital remains competitive. As at 31 December 2016, 70% of LMIR Trust's borrowings had been locked into fixed interest rates, through fixed interest rate borrowings (EMTN notes), as well as by entering into interest rate swap contracts to hedge against the floating interest rate of the borrowings.

(d) Foreign Exchange Risk

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

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

(e) Credit Risk

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

(f) Liquidity Risk

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

CORPORATE
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 dated 8 August 2007, as amended or supplemented (the "Trust Deed"). It is committed to high standards of corporate governance in the business and operations of the Manager, LMIR Trust and their respective 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 the 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, Cap 289 ("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 to deliver 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 includes capital management, treasury, co-ordination and preparation of consolidated budgets) and supervising property managers who perform the day-to-day property management functions for LMIR Trust properties.

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 Listing Manual of SGX-ST ("Listing Manual"), the Code on Collective Investment Schemes (the "Code on CIS") and the SFA. The Manager is committed to good corporate governance as it believes that such self-regulation is essential to protect the interests of the Unitholders, as well as critical to the performance of the Manager.

This corporate governance report ("CG Report") provides an insight on the Manager's corporate governance framework and practices in compliance with the principles and guidelines of the CG Code. The Board adheres to the "comply or explain" principle and hence, if there are any deviations from guidelines of the CG Code, such as in relation to the disclosure of the Directors' remuneration in bands instead of in exact quantum, and using other criteria instead of objective criteria in the evaluation of board performance, an explanation has been provided within this CG Report.

(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 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 its values, standards and code of conduct so that it and its personnel conduct themselves at the highest professional and ethical standards in order to meet its obligations to Unitholders and other stakeholders. In addition, the Board assumes such responsibility for corporate governance and considers sustainability issues such as environmental and social factors, as part of its strategic formulation.

In carrying out its responsibility as fiduciary, 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, 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 and 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 CEO/ Executive Directors and Management. It 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") 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, to maximize 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 will still receive all the papers and materials for discussion at that meeting for review. He will advise the Chairman of the Board or Board Committees or CEO on his views and comments on the matters to be discussed 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 of the Board 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's continuous strategic oversight over the activities of LMIR Trust.

A total of 10 Board meetings were held in FY2016. The attendance record of the Directors at meetings of the Board and ARC meetings in FY2016 is set out below:

	Board Meetings	**Audit and Risk Committee Meetings**
Name of Directors / Audit and Risk Committee Members	**Attendance / No. of meetings held**	**Attendance / No. of meetings held**
Mr Albert Saychuan Cheok	10/10	4/4
Mr Alvin Cheng Yu Dong*	4/10	N/A
Mr Lee Soo Hoon, Phillip	10/10	4/4
Mr Douglas Chew	10/10	4/4
Mr Goh Tiam Lock	10/10	4/4
Ms Viven Gouw Sitiabudi**	9/10	N/A
Mr Ketut Budi Wijaya	7/10	N/A
Ms Chan Lie Leng***	6/10	N/A

* Resigned on 30 April 2016.
** Resigned on 16 March 2017.
*** Appointed as a Non-Executive Director on 22 April 2016, re-designated as an Executive Director on 1 January 2017 and appointed as Chief Executive Officer on 16 March 2017.

Note: The inaugural NRC meeting was held on 15 February 2017.

On 22 April 2016, the Board welcomed a new Non-Executive Director, Ms Chan Lie Leng. She was later re-designated from Non-Executive Director to Executive Director on 1 January 2017 and later appointed as Chief Executive Officer on 16 March 2017.

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 familiarize 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 SGX, Accounting and Corporate Regulatory Authority, Singapore Institute of Directors (SID), Singapore Business Federation and by audit firms on accounting issues, corporate governance and other related matters. In FY2016, the Directors attended several seminars and conferences including "Cybersecurity for Directors" (14 October 2016), "Directors' Conference 2016" (5 September 2016), "The State of Corporate Governance Disclosures in Singapore" (16 August 2016), "Listed Company Director Essentials: Understanding the Regulatory Environment in Singapore - What Every Director Ought to Know" (12 July 2016) and "The Audit Committee Seminar" (12 January 2016).

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 six Directors, of which four (including the Chairman) are Non-Executive Directors and are considered by the NRC to be independent. The Board comprises:

Name of Directors	Nature of Designation	Appointment Date
Mr Albert Saychuan Cheok	Non-Executive Independent Director and Chairman of the Board	29 July 2010
Ms Chan Lie Leng	Executive Director and Chief Executive Officer	Appointed as Non-Executive on 22 April 2016, re-designated as an Executive Director on 1 January 2017 and appointed as Chief Executive Officer on 16 March 2017.
Mr Lee Soo Hoon, Phillip	Non-Executive Independent Director	4 August 2011
Mr Douglas Chew	Non-Executive Independent Director	Appointed as Non-Executive on 4 August 2011 and as an Independent Director on 26 November 2013.
Mr Goh Tiam Lock	Non-Executive Independent Director	27 September 2011
Mr Ketut Budi Wijaya	Non-Executive Director	1 June 2015

No Alternate Directors have been appointed to the Board.

The profiles of the Directors are set out on pages 20 to 24 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 each Director can bring to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made for the interest of LMIR Trust.

CORPORATE
GOVERNANCE REPORT (CONT'D)

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

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 guideline in the CG Code. An independent director is one who has no relationship with the Manager, its related corporations, its shareholders who hold 10% of the voting shares of the Manager or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgment with a view to the best interest of the Manager.

For FY2016, the Non-Executive Independent Directors had provided declarations of independence based on criteria of the definition of "independent director" as contemplated by the amended Securities and Futures (Licensing and Conduct of Business) Regulations ("Regulations").

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 set requirements that all Directors should disclose to the Board when any such relationship or circumstance as and when it arises. In the event of conflict of interest arising in respect of a matter under consideration by the Board, the Director concerned also complies with disclosure obligations and recuses himself/herself from participating in the Board's deliberation and decision on the matter.

The Board has also examined the different relationships identified by the CG Code that might impair the Directors' independence and objectivity.

As disclosed in this CG report, Mr Albert Saychuan Cheok and Mr Goh Tiam Lock are both members of the Board of Directors of Bowsprit Capital Corporation Limited (the manager of First Real Estate Investment Trust ("First REIT")). LMIR Trust and First REIT have the same Sponsor, PT Lippo Karawaci, Tbk, which is the controlling shareholder of the Manager and of the manager of First REIT. Despite the fact that both Mr Cheok and Mr Goh sit on the Board of Directors of the managers of LMIR Trust and First REIT, they are both considered to be independent directors since they both do not hold an executive position and LMIR Trust and First REIT's line of business are distinctly different from each other. LMIR Trust's investment mandate covers retail malls whilst First RET's covers healthcare and healthcare-related real estate assets. Thus, the Board is of the view that there is no conflict of interest that would undermine their independence.

In addition, Mr Cheok served as Chairman and Non-Executive Director of AcrossAsia Limited. The principal subsidiary of AccrossAsia is PT First Media Tbk which is a related party to the Sponsor of LMIR Trust. Despite such role of Mr Cheok, considering that the industry which AcrossAsia is engaged in, which is cable provider/telecommunications, is completely different from LMIR Trust, the Board similarly believes that Mr Cheok is independent. At any rate, Mr Cheok resigned from AcrossAsia Limited on 26 August 2016.

Mr Lee Soo Hoon, Phillip and Mr Douglas Chew have no relationship with the Manager, its related corporations, its shareholders who hold 10% of the voting shares of the Manager or its officers and thus, they are considered independent.

Hence, in FY2016, the Board has determined that Mr Albert Saychuan Cheok, Mr Lee Soon Hoon, Phillip, Mr Goh Tiam Lock and Mr Douglas Chew are Independent Directors as contemplated by the CG Code and the Regulations.

There are no Non-Executive Independent Directors who have served on the Board beyond nine years from the date of his/her first appointment. The Board will observe the guideline in the CG Code should any independent director serve beyond the nine-year term, and such independent director should be subject to particularly rigorous review.

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.

CORPORATE
GOVERNANCE REPORT (CONT'D)

The Non-Executive Independent Chairman, Mr Albert Saychuan Cheok is responsible for 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 plays a significant leadership role by providing clear oversight, direction, advice and guidance to the CEO on strategies.

Ms Chan Lie Leng is an Executive Director and CEO and 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. Ms Chan assumed the position of CEO in March 2017.

The Chairman and the CEO are not immediate family members. The separation of the roles of the Chairman and the CEO and the resulting clarity of roles provides 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 Chairman is a Non-Executive Independent Director, is a different individual from and not an immediate family member to the CEO, and is also not part of the management team, the Board is of the view that there is no necessity to appoint a Lead Independent Director in 2016.

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 Non-Executive Independent Directors and all of whom are Non-Executive Directors:

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

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

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

The NRC meets at least once a year. The inaugural NRC meeting was held on 15 February 2017.

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 and 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 for 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 performance criteria other than objective 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 and key management personnel.

CORPORATE
GOVERNANCE REPORT (CONT'D)

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.

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 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 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 (10) listed company board representatives. 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 Directors' regular attendance at the Board meetings, prompt and efficient discharge of their duties and responsibilities and ability to deliver on matters needing the Directors' advice, proposal and recommendations to the Manager.

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 FY2016, there is 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 20 to 24 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 Board appraisal criteria 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 results of this assessment is collated and 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.

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 as well as for key management personnel. The NRC seeks to structure the remuneration of Management so as to link rewards to the performance and long term success of LMIR Trust and to be aligned with the interest of the Unitholders.

For FY2016, the remuneration for each Non-Executive Independent Director takes into account the relevant Directors' contribution and responsibilities, including attendance and time spent at Board and Board Committee meetings. The remuneration framework for Non-Executive Independent Directors comprises a base fee for membership on the Board and Board Committees, chairing the Board and Board Committees, and attendance fees for offsite meetings.

All Non-Independent Directors, including Mr Ketut Budi Wijaya (Non-Executive Director), Ms Chan Lie Leng (Executive Director and CEO) and Ms Viven Gouw Sitiabudi (Executive Director; resigned on 16 March 2016), do not receive any Director's fees. (Mr Wijaya is remunerated by the Sponsor and Ms Chan received compensation in a form of consultancy from the Sponsor during her tenure as Non-Executive Director).

REMUNERATION OF NON-EXECUTIVE INDEPENDENT DIRECTORS FOR FY2016

	Director's Fees SGD
Mr Albert Saychuan Cheok	127,543
Mr Lee Soo Hoon, Phillip	70,000
Mr Douglas Chew	62,500
Mr Goh Tiam Lock	62,500

None of the Directors were involved in the deliberation and decision in respect of his own fees.

The remuneration and terms of appointment of Executive Director, Ms Viven Gouw Sitiabudi, were negotiated and endorsed by the Board. Her remuneration includes a fixed salary and benefits relating to payment of employment tax by the Manager.

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 over the preceding year and as such it is in alignment with the performance of LMIR Trust and the interests of Unitholders. Some of the key performance indicators for the CEO/Executive Directors 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) Execution of asset acquisitions from the Sponsor/Group 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.

For the avoidance of doubt, the Executive Directors were not involved in the decision of the Board on their remuneration.

The Manager is aware of the CG Code's requirement to disclose the exact quantum of the remuneration of the CEO and Directors. The Board has assessed and decided against the disclosure of the exact quantum of the CEO's/Executive Directors' remuneration and has instead disclosed their remuneration in bands of SGD250,000. 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/Executive Directors 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 and performance bonuses. The Manager does not have any employee share or unit scheme. 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 over the preceding year and as such it is in alignment with the performance of LMIR Trust and the interests of Unitholders.

The CG Code also encourages the Manager to disclose the remuneration of the Manager's top five key management personnel (who are not CEO or Directors) on a named basis in bands of SGD250,000; as well as the aggregate remuneration paid. The Board has identified five 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 term of risk of potential staff movement and loss of key personnel will outweigh the benefits to Unitholders.

A breakdown in percentage terms of the remuneration in bands of executive officers is set below:

REMUNERATION OF EXECUTIVE DIRECTORS* FOR FY2016

Below SGD250,000	Salary	Bonus	Allowances and Benefits	Total
Ms Viven Sitiabudi**	74%	0%	26%	100%

* While Ms Chan is an Executive Director and CEO, there is no disclosure for FY2016 as she only assumed the position of Executive Director on 1 January 2017 and CEO position on 16 March 2017.

** Resigned on 16 March 2017.

REMUNERATION OF KEY MANAGEMENT PERSONNEL FOR FY2016

Between SGD250,000 to SGD500,000	Salary	Bonus	Total
Mr Lo Shye Ru	78%	22%	100%

Below SGD250,000	Salary	Bonus	Total
Mr Wong Han Siang	78%	22%	100%
Ms Ella Jia Yali	79%	21%	100%
Mr Teo Kah Ming	79%	21%	100%
Mr Cesar Agor	77%	23%	100%

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 FY2016. 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 in FY2016. "Immediate family member" refers to the spouse, child, adopted child, step-child, sibling or parent.

(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. 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, to enable the Directors to keep abreast, and make a balanced and informed assessment, of LMIR Trust's financial performance, position and prospects.

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 a fundamental part of LMIR Trust's business strategy. Recognising and managing risk is central to the business and to protecting Unitholders' interests and value. 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 controls system. 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 risk, the Board considers the economic environment and risk 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 ARC assists the Board in carrying out the above-mentioned responsibility of overseeing the Manager's risk management framework and policies.

The Manager has in place a Risk Management Policy which details the following:

(i) interest rate risk management process and policy guidelines;
(ii) exchange rate risk management process and policy guidelines;
(iii) capital management guidelines;
(iv) accounting requirements for derivative transactions; and
(v) the roles and responsibilities of the parties involved in the management of financial risks for LMIR Trust.

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 recognized 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 internal auditors report directly to the ARC. The ARC is of the view that the internal auditors have adequate resources to perform its functions.

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 its 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.

CORPORATE
GOVERNANCE REPORT (CONT'D)

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 Executive Director and the Chief Financial Officer ("CFO") of the Manager, the Board, with the concurrence of the ARC, is of the opinion that LMIR Trust Group's internal controls, addressing financial, operational, compliance and information technology risks, were adequate and effective as at 31 December 2016.

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 regards, 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.

For FY2016, Ms Viven Gouw Sitiabudi, Executive Director 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 system which has been put in place is effective in addressing the material risks faced by LMIR Trust in its current business environment.

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 four members, all of whom (including the Chairman of the ARC) are Non-Executive Independent Directors:

Mr Lee Soo, Hoon, Phillip (Chairman) (Non-Executive Independent Director)

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

Mr Goh Tiam Lock (Member) (Non-Executive Independent Director)

Mr Douglas Chew (Member) (Non-Executive 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 FY2016, 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 has recommended the outsourcing of the Manager's internal audit function and this has been accepted by the Board.

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

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

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

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

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

- reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by 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 full access to and co-operation from Management and enjoys 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 FY2016, the ARC was briefed on the key changes to the Companies Act and 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 Committee in Singapore and the reports issued from time to time in relation to Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority.

In FY2016, 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 control systems, 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 Rules 712 and 715 of the Listing Manual.

The ARC has undertaken a review of all non-audit services provided by the external auditors in FY2016, and is satisfied that the extent of such services would not affect the independence of the external auditors. The aggregate amount of audit fees payable to external auditors for FY2016 was SGD432,000, of which audit fees amounted to SGD397,000 and non-audit fees amounted to SGD35,000, respectively.

In the review of the financial statements for FY2016, 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 approach and assumptions applied to the fair value measurements. The valuation of the investment properties was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 December 2016. Refer to the Independent Auditor's Report of this Annual Report.

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 the Unitholders at LMIR Trust's Annual General Meeting to be held on 21 April 2017.

(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."

The Manager is committed to treating all its 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. They are also entitled to attend and vote at the general meetings and are accorded the opportunity to participate effectively.

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 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 then including the release 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 email or telephone calls; and
- Annual reports.

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 the Unitholders' queries. Unitholders are encouraged to participate in the question and answer sessions, whereby minutes of the proceedings, including any substantial queries raised by Unitholders in relation to the agenda and the accompanying responses from the Board and 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 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 percentages 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 recognize remote voting.

(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 policy permits Directors and employees of the Manager to hold Units but prohibits them from dealing in such Units:

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

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

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

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

FEES PAYABLE TO THE MANAGER

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

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. The foregoing does not apply to Retail Spaces as the management fees are fixed.

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 FY2016, the breakdown of the management fees and frequency of payment is as follows:

	Group and LMIR Trust	
	2016	2015
	SGD'000	SGD'000
Base fees	5,066	4,823
Performance fees	6,874	6,343
	11,940	11,166

In FY2016, the Manager's Performance Fee is payable once a year after completion of the audited financial statements for the relevant financial year in arrears.

Note: With effect from 1 January 2016, under the Property Funds Appendix of the CIS Code, crystallisation of the annual performance fee has been revised to be no more frequent than once a year. Accordingly, from 1 January 2016 onwards, 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 at the rate of 1.0% of purchase price and a divestment fee of 0.5% of sale price on all acquisitions or disposals of properties respectively.

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 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 2016, LMIR Trust existing portfolio comprises 20 retail malls and 7 retail spaces spread over Indonesia with a combined gross floor area of 1,506,683 square metres and valuation of SGD1,941.9 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 FY2016.

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.

BRIBERY AND CORRUPTION PROCEDURE

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 to the highest standards the value of integrity in all the employees' dealings at work.

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

RELATED PARTY TRANSACTIONS

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

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

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

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

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

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

CORPORATE
GOVERNANCE REPORT (CONT'D)

For Related Party Transactions entered into or to be entered into by the Trustee (as trustee of LMIR Trust), the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on an arm's length basis and on normal commercial terms, are not prejudicial to the interests of LMIR Trust and the Unitholders, and are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question. Further, the Trustee (as trustee of LMIR Trust) has the ultimate discretion under the Trust Deed to decide whether or not to enter into a Related Party Transaction. If the Trustee (as trustee of LMIR Trust) is to sign any Related Party Transaction contract, the Trustee will review the contract to ensure that it complies with the requirements relating to Related Party Transaction as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to 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 Manager incorporates into its internal audit plan a review of all Related Party Transactions entered into by LMIR Trust. The ARC reviews the internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. In addition, the Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix have been complied with. The ARC will periodically review all Related Party Transactions to ensure compliance with the Manager's internal control procedures and with the relevant provisions of the Property Funds Guidelines and/or the Listing Manual. The review will include the examination of the nature of the transactions and its supporting documents or such other data deemed necessary by the ARC.

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

FINANCIAL **CONTENTS**

REPORT OF
THE TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Lippo Malls Indonesia Retail Trust (the "Trust") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of LMIRT Management Ltd (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed dated 8 August 2007 (as amended by the First Supplemental Deed dated 18 October 2007, Second Supplemental Deed dated 21 July 2010 and First Amending and Restating Deed dated 18 March 2016) (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 reporting year covered by these financial statements, set out on pages 65 to 135 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

....
Esther Fong
Senior Vice President, Trustee Services

Singapore

21 March 2017

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 65 to 135 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 2016, 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

....
Ms Chan Lie Leng
Director

Singapore

21 March 2017

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 consolidated statements of financial position of the Group and of the Trust and the statement of portfolio of the Group as at 31 December 2016, 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 and portfolio holdings of the Group and of the Trust as at 31 December 2016 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 company 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, 2B 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 matters.

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 SGD1,922,642,000 as at 31 December 2016 and there is a fair value loss of SGD48,045,000 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 income, 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 external valuers, the determination of the scope of work of these valuers, and the review of the valuations reported by these valuers. The 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 external valuers used by management in assessing their objectivity, professional qualifications and resources; assessed the results of the 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.

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 external valuers, such as lease data, rental income and property costs, to supporting documents including lease agreements

VALUATION OF INVESTMENT PROPERTIES (CONT'D)

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

Management 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 MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

The Manager is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and Financial Reporting Standards ("FRS"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management 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 directors' 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.

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.

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

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 directors 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 directors 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 directors, 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the company and by the subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chow Khen Seng.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

21 March 2017
Engagement partner – effective from year ended 31 December 2013

STATEMENTS OF **TOTAL RETURN**

To the Unitholders of Lippo Malls Indonesia Retail Trust

	NOTES	GROUP 2016 $'000	GROUP 2015 $'000	TRUST 2016 $'000	TRUST 2015 $'000
GROSS REVENUE	4	188,066	173,004	104,239	98,584
Property operating expenses	5	(16,206)	(14,439)	–	–
NET PROPERTY INCOME		171,860	158,565	104,239	98,584
Interest income		1,678	2,201	10	27
Other gains	6	–	77	–	82
Manager's management fees	7	(11,940)	(11,166)	(11,940)	(11,166)
Trustee's fees		(332)	(335)	(332)	(335)
Finance costs	8	(44,509)	(44,408)	(48,096)	(48,336)
Other expenses	9	(1,923)	(2,233)	(1,808)	(2,021)
NET INCOME BEFORE THE UNDERNOTED		114,834	102,701	42,073	36,835
Decrease in fair values of investment properties	14	(48,045)	(53,316)	–	–
Impairment loss on investments in subsidiaries	16	–	–	(8,294)	(49,378)
Realised gains on derivative financial instruments		13,556	10,813	13,556	10,813
(Decrease)/Increase in fair values of derivative financial instruments	27	(3,120)	1,219	(3,120)	1,219
Realised foreign exchange adjustment losses		(6,853)	(5,650)	(5,295)	(5,992)
Unrealised foreign exchange adjustment (losses)/gains		(5,116)	(116)	2,647	(2,926)
Amortisation of intangible assets	15	(11,889)	(11,374)	–	–
TOTAL RETURN/(LOSS) FOR THE YEAR BEFORE INCOME TAX		53,367	44,277	41,567	(9,429)
Income tax (expense)/income	10	(24,532)	(17,829)	309	658
TOTAL RETURN/(LOSS) FOR THE YEAR AFTER INCOME TAX		28,835	26,448	41,876	(8,771)
OTHER COMPREHENSIVE RETURN/(LOSS):					
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:					
Exchange differences on translating foreign operations, net of tax		82,531	(55,240)	–	–
Total comprehensive return/(loss)		111,366	(28,792)	41,876	(8,771)
TOTAL RETURN/(LOSS) ATTRIBUTABLE TO:					
Unitholders of Trust		26,258	26,448	39,299	(8,771)
Perpetual securities holders		2,577	–	2,577	–
		28,835	26,448	41,876	(8,771)
TOTAL COMPREHENSIVE RETURN/(LOSS) ATTRIBUTABLE TO:					
Unitholders of Trust		108,789	(28,792)	39,299	(8,771)
Perpetual securities holders		2,577	–	2,577	–
		111,366	(28,792)	41,876	(8,771)
		CENTS	**CENTS**		
EARNINGS PER UNIT					
Basic and diluted earnings per unit	11	0.94	0.96		

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

STATEMENTS OF **DISTRIBUTION**

Year ended 31 December 2016

	GROUP 2016 $'000	GROUP 2015 $'000	TRUST 2016 $'000	TRUST 2015 $'000
TOTAL RETURN/(LOSS) FOR THE YEAR AFTER INCOME TAX	28,835	26,448	41,876	(8,771)
Add: net adjustments (Note A below)	66,633	59,105	53,592	94,324
INCOME AVAILABLE FOR DISTRIBUTION TO UNITHOLDERS	95,468	85,553	95,468	85,553
DISTRIBUTIONS TO UNITHOLDERS:				
Total interim distribution paid in the year ended 31 December (Note 12)	71,134	62,863	71,134	62,863
Total return available for distribution to Unitholders for the quarter ended 31 December paid after year-end (Note 12)	24,334	22,690	24,334	22,690
	95,468	85,553	95,468	85,553
UNITHOLDERS' DISTRIBUTION:				
- As distribution from operations	61,549	53,044	61,549	53,044
- As distribution of Unitholders' capital contribution	33,919	32,509	33,919	32,509
	95,468	85,553	95,468	85,553

NOTE A

NET ADJUSTMENTS:	GROUP 2016 $'000	GROUP 2015 $'000	TRUST 2016 $'000	TRUST 2015 $'000
Decrease in fair values of investment properties, net of deferred tax	40,483	41,433	–	–
Manager's management fees settled in units	6,874	6,343	6,874	6,343
Depreciation of plant and equipment	1,728	1,058	–	–
Decrease/(Increase) in fair values of derivative financial instruments	3,120	(1,219)	3,120	(1,219)
Unrealised foreign exchange adjustment losses/(gains)	5,116	116	(2,647)	2,926
Amortisation of intangible assets	11,889	11,374	–	–
Amount reserved for distribution to perpetual securities holders	(2,577)	–	(2,577)	–
Capital repayment of shareholders' loans	–	–	33,919	32,509
Exchange differences arising from recognising dividend income	–	–	(589)	2,309
Impairment loss on investments in subsidiaries	–	–	8,294	49,378
Allocation of realised exchange differences to capital repayment of shareholders' loans	–	–	5,685	3,784
Other adjustments [1]	–	–	1,513	(1,706)
	66,633	59,105	53,592	94,324

[1] Including income not distributed to the Trust of Nil (2015: SGD1,828,000) due to foreign exchange differences.

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

STATEMENTS OF **FINANCIAL POSITION**

As at 31 December 2016

	NOTES	GROUP 2016 $'000	GROUP 2015 $'000	TRUST 2016 $'000	TRUST 2015 $'000
NON-CURRENT ASSETS					
Plant and equipment	13	7,508	5,337	–	–
Investment properties	14	1,922,642	1,804,930	–	–
Derivative financial instruments, non-current	27	–	1,906	–	1,906
Intangible assets	15	19,206	25,112	–	–
Investments in subsidiaries	16	–	–	1,709,440	1,746,570
TOTAL NON-CURRENT ASSETS		1,949,356	1,837,285	1,709,440	1,748,476
CURRENT ASSETS					
Trade and other receivables	17	17,223	19,758	219,126	189,369
Other assets	18	20,900	50,111	110	62
Cash and cash equivalents	19	77,754	80,590	7,053	22,554
TOTAL CURRENT ASSETS		115,877	150,459	226,289	211,985
TOTAL ASSETS		2,065,233	1,987,744	1,935,729	1,960,461
NON-CURRENT LIABILITIES					
Deferred tax liabilities	10	31,662	39,224	–	–
Other financial liabilities, non-current	23	517,869	439,491	343,380	141,930
Other liabilities, non-current	24	87,039	83,306	–	–
Derivative financial instruments, non-current	27	1,811	687	1,811	687
TOTAL NON-CURRENT LIABILITIES		638,381	562,708	345,191	142,617
CURRENT LIABILITIES					
Income tax payable		6,154	6,871	–	–
Trade and other payables, current	25	31,180	60,205	383,774	699,120
Other financial liabilities, current	23	124,291	249,521	–	–
Other liabilities, current	26	32,582	33,324	–	–
Derivative financial instruments, current	27	90	–	90	–
TOTAL CURRENT LIABILITIES		194,297	349,921	383,864	699,120
TOTAL LIABILITIES		832,678	912,629	729,055	841,737
NET ASSETS		1,232,555	1,075,115	1,206,674	1,118,724
Represented by:					
Issued equity		1,393,642	1,392,034	1,393,642	1,392,034
Retained earnings/(accumulated losses)		170,027	237,593	(325,258)	(273,310)
Foreign currency translation reserve (adverse balance)		(471,981)	(554,512)	(2,577)	–
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	20	1,091,688	1,075,115	1,065,807	1,118,724
Perpetual securities	22	140,867	–	140,867	–
NET ASSETS ATTRIBUTABLE TO PERPETUAL SECURITIES HOLDERS		140,867	–	140,867	–
		1,232,555	1,075,115	1,206,674	1,118,724
NET ASSETS PER UNIT (IN CENTS)	20	38.95	38.43	38.02	39.99

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

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

Year ended 31 December 2016

	GROUP 2016 $'000	GROUP 2015 $'000	TRUST 2016 $'000	TRUST 2015 $'000
TOTAL UNITHOLDERS' FUNDS AT BEGINNING OF THE YEAR	1,075,115	1,149,730	1,118,724	1,173,318
OPERATIONS				
Total return/(loss) for the year	28,835	26,448	41,876	(8,771)
Less: Amount reserved for distribution to perpetual securities holders	(2,577)	–	(2,577)	–
NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTED TO UNITHOLDERS	26,258	26,448	39,299	(8,771)
UNITHOLDERS' CONTRIBUTIONS				
Issuance of new units net of related costs (Note 20)	–	24,965	–	24,965
Manager's management fees settled in units	1,608	6,050	1,608	6,050
Manager's acquisition fees settled in units	–	3,620	–	3,620
Change in net assets resulting from creation of units	1,608	34,635	1,608	34,635
Distributions (Note 12)	(93,824)	(80,458)	(93,824)	(80,458)
Total increase in net assets before movements in foreign currency translation reserve and perpetual securities	1,009,157	1,130,355	1,065,807	1,118,724
FOREIGN CURRENCY TRANSLATION RESERVE				
Net movement in other comprehensive income/(loss)	82,531	(55,240)	–	–
TOTAL UNITHOLDERS' FUNDS AT 31 DECEMBER	1,091,688	1,075,115	1,065,807	1,118,724
PERPETUAL SECURITIES				
Balance at 1 January	–	–	–	–
Issue of perpetual securities	140,000	–	140,000	–
Issue expense	(1,710)	–	(1,710)	–
Amount reserved for distribution to perpetual securities holders	2,577	–	2,577	–
Balance at 31 December	140,867	–	140,867	–
TOTAL	1,232,555	1,075,115	1,206,674	1,118,724

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

STATEMENT OF **CASH FLOWS**

Year ended 31 December 2016

	GROUP 2016 $'000	GROUP 2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Total return before tax	53,367	44,277
Adjustments for:		
Interest income	(1,678)	(2,201)
Interest expense	38,652	38,808
Amortisation of borrowing costs	5,857	5,600
Depreciation of plant and equipment	1,728	1,058
Amortisation of intangible assets	11,889	11,374
Decrease in fair values of investment properties	48,045	53,316
Fair value loss/(gains) on derivative financial instruments	3,120	(1,219)
Unrealised foreign exchange adjustment losses	5,116	116
Manager's management fees settled in units	6,874	6,343
Operating cash flows before changes in working capital	172,970	157,472
Trade and other receivables	14,920	(2,383)
Other assets	29,211	4,072
Trade and other payables	(40,846)	(9,919)
Other liabilities, current	(1,996)	5,688
Net cash flows from operations before tax	174,259	154,930
Income tax paid	(32,810)	(29,584)
Net cash flows from operating activities	141,449	125,346
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment properties [(1)]	(87,485)	(79,359)
Capital expenditure on investment properties	(11,218)	(8,220)
Purchase of plant and equipment	(3,629)	(1,648)
Interest received	1,678	2,201
Net cash flows used in investing activities	(100,654)	(87,026)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank borrowings	(200,000)	(110,000)
Proceeds from bank borrowings	305,710	200,000
Net proceeds from issuance of perpetual securities	138,290	–
Repayment of notes issued under EMTN	(150,000)	(200,000)
Proceeds from notes issued under Programmes	–	175,000
Distributions to Unitholders	(93,824)	(80,458)
Other financial liabilities, current [(2)]	(5,774)	(5,219)
Other financial liabilities, non-current [(2)]	(2,645)	(874)
Other liabilities, non-current	399	248
Interest paid	(38,652)	(38,808)
Cash restricted in use for bank facilities	(1,983)	–
Net cash flows used in financing activities	(48,479)	(60,111)

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

STATEMENT OF
CASH FLOWS (CONT'D)

Year ended 31 December 2016

	GROUP	
	2016 $'000	2015 $'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,684)	(21,791)
Effect of exchange rate changes on cash and cash equivalents	2,865	(1,539)
Cash and cash equivalents, statement of cash flows, beginning balance	79,090	102,420
CASH AND CASH EQUIVALENTS, STATEMENT OF CASH FLOWS, ENDING BALANCE (NOTE 19)	74,271	79,090

(1) Acquisition of investment property in 2016 is in relation to the acquisition of Lippo Mall Kuta recorded in Notes 14 and 15 respectively. The total settlement amount is SGD88,349,000 which consists of an amount settled in cash of SGD87,485,000 and an amount settled in units of SGD864,000.

Acquisitions of investment properties in 2015 are in relation to the acquisition of Palembang Icon and Lippo Plaza Batu recorded in Notes 14 and 15 respectively. The total settlement amount is SGD106,881,000, which consists of an amount settled in cash of SGD79,359,000, an amount of SGD2,522,000 to be settled, and an amount settled in units of SGD25,000,000 respectively.

(2) Includes unamortised transaction costs from issuance of the Euro Medium Term Note Programme and bank loan payable of SGD9,858,000 (2015: SGD7,999,000).

STATEMENT OF **PORTFOLIO** As at 31 December 2016

BY GEOGRAPHICAL AREA

GROUP

DESCRIPTION OF PROPERTY/LOCATION/ ACQUISITION	GROSS FLOOR AREA IN SQUARE METER	TENURE OF LAND/LAST VALUATION DATE	FAIR VALUE AS AT 31 DECEMBER 2016	PERCENTAGE OF TOTAL NET ASSETS AS AT 31 DECEMBER 2016	FAIR VALUE AS AT 31 DECEMBER 2015	PERCENTAGE OF TOTAL NET ASSETS AS AT 31 DECEMBER 2015
			$'000	%	$'000	%
INDONESIA						
RETAIL MALLS						
(1) Gajah Mada Plaza Address: Jalan Gajah Mada 19-26 Sub-District of Petojo Utara, District of Gambir, Regency of Central Jakarta, Jakarta-Indonesia Acquisition date: 19 November 2007	66,160	Strata Title constructed on Hak Guna Bangunan ("HGB") Title common land. Expires on 25 January 2020. Revalued at 31 December 2016.	83,670	6.79	77,409	7.20
(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 2016.	48,339	3.91	49,995	4.65
(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 2016.	125,753	10.20	126,942	11.81

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

STATEMENT OF PORTFOLIO (CONT'D)

As at 31 December 2016

BY GEOGRAPHICAL AREA

GROUP

DESCRIPTION OF PROPERTY/LOCATION/ ACQUISITION	GROSS FLOOR AREA IN SQUARE METER	TENURE OF LAND/LAST VALUATION DATE	FAIR VALUE AS AT 31 DECEMBER 2016	PERCENTAGE OF TOTAL NET ASSETS AS AT 31 DECEMBER 2016	FAIR VALUE AS AT 31 DECEMBER 2015	PERCENTAGE OF TOTAL NET ASSETS AS AT 31 DECEMBER 2015
			$'000	%	$'000	%
INDONESIA						
RETAIL MALLS (CONT'D)						
(4) Mal Lippo Cikarang Address: Jalan MH Thamrin, Lippo Cikarang, Sub-District of Cibatu, District of Lemah Abang, Regency of Bekasi, West Java-Indonesia Acquisition date: 19 November 2007	39,293	HGB Title. Expires on 5 May 2023. Revalued at 31 December 2016.	65,256	5.29	57,820	5.38
(5) Ekalokasari Plaza Address: Jalan Siliwangi No. 123, Sub-District of Sukasari, District of Kota Bogor Timur, Administrative City of Bogor, West Java-Indonesia Acquisition date: 19 November 2007	58,859	BOT Scheme. Expires on 27 June 2032. Revalued at 31 December 2016.	43,958	3.57	38,714	3.60
(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 2016.	85,471	6.92	82,571	7.68

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

STATEMENT OF PORTFOLIO (CONT'D)

As at 31 December 2016

BY GEOGRAPHICAL AREA

GROUP

DESCRIPTION OF PROPERTY/LOCATION/ ACQUISITION	GROSS FLOOR AREA IN SQUARE METER	TENURE OF LAND/LAST VALUATION DATE	FAIR VALUE AS AT 31 DECEMBER 2016	PERCENTAGE OF TOTAL NET ASSETS AS AT 31 DECEMBER 2016	FAIR VALUE AS AT 31 DECEMBER 2015	PERCENTAGE OF TOTAL NET ASSETS AS AT 31 DECEMBER 2015
			$'000	%	$'000	%
INDONESIA						
RETAIL MALLS (CONT'D)						
(7) Istana Plaza Address: Jalan Pasir Kaliki No. 121 – 123, Sub-District of Pamayonan, District of Cicendo, Regency of Bandung, West Java-Indonesia Acquisition date: 19 November 2007	46,809	BOT Scheme. Expires on 17 January 2034. Revalued at 31 December 2016.	76,392	6.20	75,987	7.07
(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 2016.	195,650	15.87	174,485	16.23
(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 2016.	110,016	8.93	118,062	10.98

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

STATEMENT OF PORTFOLIO (CONT'D)

As at 31 December 2016

BY GEOGRAPHICAL AREA

GROUP

DESCRIPTION OF PROPERTY/LOCATION/ ACQUISITION	GROSS FLOOR AREA IN SQUARE METER	TENURE OF LAND/LAST VALUATION DATE	FAIR VALUE AS AT 31 DECEMBER 2016	PERCENTAGE OF TOTAL NET ASSETS AS AT 31 DECEMBER 2016	FAIR VALUE AS AT 31 DECEMBER 2015	PERCENTAGE OF TOTAL NET ASSETS AS AT 31 DECEMBER 2015
			$'000	%	$'000	%
INDONESIA						
RETAIL MALLS (CONT'D)						
(10) Plaza Medan Fair Address: Jalan Jendral Gatot Subroto, Sub-District of Sekip, District of Medan Petisah, City of Medan, Province of North Sumatera, Indonesia Acquisition date: 6 December 2011	125,053	BOT Scheme. Expires on 23 July 2027. Revalued at 31 December 2016.	116,059	9.42	111,989	10.42
(11) Palembang Square Extension Address: Jalan Angkatan 45/POM IX, Lorok Pakjo Sub District, Ilir Barat 1 District, Palembang City, South Sumatera Province, Indonesia Acquisition date: 15 October 2012	22,527	BOT Scheme. Expires on 24 January 2041. Revalued at 31 December 2016.	27,641	2.24	25,559	2.38
(12) Lippo Plaza Kramat Jati Address: Jalan Raya Bogor Km 19, Kramat Jati Sub District, Kramat Jati District, East Jakarta Region, DKI Jakarta Province, Indonesia Acquisition date: 15 October 2012	67,285	HGB Title. Expires on 24 October 2024. Revalued at 31 December 2016.	61,473	4.99	58,205	5.41

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

STATEMENT OF PORTFOLIO (CONT'D) As at 31 December 2016

BY GEOGRAPHICAL AREA

GROUP

DESCRIPTION OF PROPERTY/LOCATION/ ACQUISITION	GROSS FLOOR AREA IN SQUARE METER	TENURE OF LAND/LAST VALUATION DATE	FAIR VALUE AS AT 31 DECEMBER 2016	PERCENTAGE OF TOTAL NET ASSETS AS AT 31 DECEMBER 2016	FAIR VALUE AS AT 31 DECEMBER 2015	PERCENTAGE OF TOTAL NET ASSETS AS AT 31 DECEMBER 2015
			$'000	%	$'000	%
INDONESIA						
RETAIL MALLS (CONT'D)						
(13) Tamini Square Address: Jalan Raya Taman Mini Pintu 1 No.15, Pinang Ranti Sub District, Makasar Distrik, East Jakarta Region, DKI Jakarta Province, Indonesia Acquisition date: 14 November 2012	18,963	Strata Title constructed on HGB Title common land. Expires on 26 September 2035. Revalued at 31 December 2016.	26,032	2.11	25,023	2.33
(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 2016.	69,589	5.65	66,199	6.16
(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 2016.	104,319	8.46	99,927	9.29

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

STATEMENT OF **PORTFOLIO** (CONT'D)

As at 31 December 2016

BY GEOGRAPHICAL AREA

GROUP

DESCRIPTION OF PROPERTY/LOCATION/ ACQUISITION	GROSS FLOOR AREA IN SQUARE METER	TENURE OF LAND/LAST VALUATION DATE	FAIR VALUE AS AT 31 DECEMBER 2016	PERCENTAGE OF TOTAL NET ASSETS AS AT 31 DECEMBER 2016	FAIR VALUE AS AT 31 DECEMBER 2015	PERCENTAGE OF TOTAL NET ASSETS AS AT 31 DECEMBER 2015
			$'000	%	$'000	%
INDONESIA						
RETAIL MALLS (CONT'D)						
(16) Binjai Supermall Address: Jalan Soekarno Hatta No.14, Timbang Langkat Sub District, East Binjai District, Binjai City, North Sumatera Province, Indonesia Acquisition date: 28 December 2012	28,760	HGB Title. Expires on 2 September 2036. Revalued at 31 December 2016.	28,597	2.32	27,186	2.53
(17) Lippo Mall Kemang Address: Jalan Kemang VI, Bangka Sub District, Mampang Prapatan District, South Jakarta, DKI Jakarta Province, Indonesia Acquisition date: 17 December 2014	150,932	Strata Title. Constructed on HGB Title common land. Expires on 2 July 2036. Revalued at 31 December 2016.	335,205	27.20	336,372	31.29
(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	Strata Title constructed on HGB Title common land. Expires on 8 June 2031. Revalued at 31 December 2016.	26,787	2.17	26,187	2.44

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

STATEMENT OF PORTFOLIO (CONT'D)

As at 31 December 2016

BY GEOGRAPHICAL AREA

GROUP

DESCRIPTION OF PROPERTY/LOCATION/ ACQUISITION	GROSS FLOOR AREA IN SQUARE METER	TENURE OF LAND/LAST VALUATION DATE	FAIR VALUE AS AT 31 DECEMBER 2016	PERCENTAGE OF TOTAL NET ASSETS AS AT 31 DECEMBER 2016	FAIR VALUE AS AT 31 DECEMBER 2015	PERCENTAGE OF TOTAL NET ASSETS AS AT 31 DECEMBER 2015
			$'000	%	$'000	%
INDONESIA						
RETAIL MALLS (CONT'D)						
(19) Palembang Icon Address: Jalan POM IX, Sub District of Lorok Pakjo, District of Ilir 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 2016.	81,678	6.63	78,444	7.30
(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 2016.	80,925	6.57	–	–
INDONESIA						
RETAIL SPACES						
(1) Mall WTC Matahari Units Address: Jalan Raya Serpong No.39, Sub-District of Pondok Jagung, District of Serpong, Regency of Tangerang, Banten-Indonesia Acquisition date: 19 November 2007	11,184	Strata Title constructed on HGB Title common land. Expires on 8 April 2018. Revalued at 31 December 2016.	15,642	1.27	17,011	1.58

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

STATEMENT OF PORTFOLIO (CONT'D)

As at 31 December 2016

BY GEOGRAPHICAL AREA

GROUP

DESCRIPTION OF PROPERTY/LOCATION/ ACQUISITION	GROSS FLOOR AREA IN SQUARE METER	TENURE OF LAND/LAST VALUATION DATE	FAIR VALUE AS AT 31 DECEMBER 2016	PERCENTAGE OF TOTAL NET ASSETS AS AT 31 DECEMBER 2016	FAIR VALUE AS AT 31 DECEMBER 2015	PERCENTAGE OF TOTAL NET ASSETS AS AT 31 DECEMBER 2015
			$'000	%	$'000	%
INDONESIA						
RETAIL SPACES						
(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 2016.	19,971	1.62	23,761	2.21
(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 2016.	18,182	1.48	21,438	1.99
(4) Java Supermall Units Address: Jalan MT Haryono, No. 992-994, Sub-District of Jomblang, District of Semarang Selatan, Regency of Semarang, Central Java-Indonesia Acquisition date: 19 November 2007	11,082	Strata Title constructed on HGB Title common land. Expires on 24 September 2017. Revalued at 31 December 2016.	16,457	1.34	19,955	1.86

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

STATEMENT OF **PORTFOLIO** (CONT'D)

As at 31 December 2016

BY GEOGRAPHICAL AREA

GROUP

DESCRIPTION OF PROPERTY/LOCATION/ ACQUISITION	GROSS FLOOR AREA IN SQUARE METER	TENURE OF LAND/LAST VALUATION DATE	FAIR VALUE AS AT 31 DECEMBER 2016	PERCENTAGE OF TOTAL NET ASSETS AS AT 31 DECEMBER 2016	FAIR VALUE AS AT 31 DECEMBER 2015	PERCENTAGE OF TOTAL NET ASSETS AS AT 31 DECEMBER 2015
			$'000	%	$'000	%
INDONESIA						
RETAIL SPACES						
(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 2016.	18,492	1.50	21,993	2.05
(6) Plaza Madiun Units Address: Jalan Pahlawan No. 38-40, Sub-District of Pangongangan, District of Manguharjo, Regency of Madiun, East Java-Indonesia Acquisition date: 19 November 2007	19,029	HGB Title. Expires on 9 February 2032. Revalued at 31 December 2016.	24,310	1.97	25,825	2.40
(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 2016.	16,778	1.36	17,871	1.64
Portfolio of Investment Properties at Valuation			1,922,642	155.98	1,804,930	167.88
Other Net Liabilities			(690,087)	(55.98)	(729,815)	(67.88)
Net assets values			1,232,555	100.00	1,075,115	100.00

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

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

NOTES TO THE **FINANCIAL STATEMENTS** 31 December 2016

1. GENERAL

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

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

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

The board of directors of the Manager approved and authorised these financial statements for issue on 21 March 2017.

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

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

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements. In addition, the notes to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk, foreign currency risk, interest rate risk and liquidity risk. The current liabilities are more than the current assets. The Group's forecasts and projections, taking account of reasonably possible changes in performance, show that the Group should be able to operate within its current facilities. The Group has considerable financial resources together with good relationships with its bankers, tenants and suppliers. As a consequence, the Manager believes that the Group is well placed to manage its business risks successfully. Accordingly, the management continues to adopt the going concern basis in preparing the financial statements.

ACCOUNTING CONVENTION

The financial statements have been prepared in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires that the accounting policies should generally comply with the principles relating to recognition and measurement of the Financial Reporting Standards ("FRS") issued by the Accounting Standards Council. The financial statements are prepared on a going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial.

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 available-for-sale financial assets in accordance with FRS 39.

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. SIGNIFICANT ACCOUNTING POLICIES

REVENUE RECOGNITION

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

Rental income from operating leases

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

Interest income

Interest revenue is recognised using the effective interest method.

Dividend income

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

Revenue from rendering of services

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

INCOME TAX

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

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

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FOREIGN CURRENCY TRANSACTIONS

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

TRANSLATION OF FINANCIAL STATEMENTS OF OTHER ENTITIES

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

SEGMENT REPORTING

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

BORROWING COSTS

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

UNIT BASED PAYMENTS

The issued capital is increased by the fair value of the transaction. Incidental costs directly attributable to the issuance of units are deducted against Unitholders' funds.

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

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

PLANT AND EQUIPMENT

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

Plant and equipment – 25%

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

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

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

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

INVESTMENT PROPERTY

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

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

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

LEASES

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

INTANGIBLE ASSETS

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

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

The useful life is as follows:

Rental guaranteed payments – Over the guarantee periods, which range from 1 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.

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 ASSETS

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statements of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading.

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

Subsequent measurement:

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

1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss.

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

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FINANCIAL ASSETS (CONT'D)

Subsequent measurement (cont'd):

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

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

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

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank and cash balances, and on demand deposits. For the statement of cash flows, the items include cash and cash equivalents less cash subject to restriction.

HEDGING

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

DERIVATIVES

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

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

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FINANCIAL LIABILITIES

Initial recognition, measurement and derecognition:

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

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

Subsequent measurement:

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

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method.

FAIR VALUE MEASUREMENT

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Group and Trust's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

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

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

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FAIR VALUE MEASUREMENT (CONT'D)

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

PROVISIONS

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

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.

2B. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

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

Fair values of investment properties:
Certain judgements and assumptions are made in the valuation of the investment properties based on calculations and these calculations require the use of estimates in relation to future cash flows, growth rates, discount rates and market capitalisation as disclosed in Note 14.

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

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

2B. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONT'D)

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

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

Fair value of derivative financial instruments:
Some of the financial instruments stated at fair values are not based on quoted prices in active markets, and therefore there is significant measurement uncertainty involved in this valuation. Management 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 27 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 SGD651,359,000 (2015: SGD513,470,000).

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

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

The ultimate controlling party is PT Lippo Karawaci Tbk.

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

3A. RELATED PARTY TRANSACTIONS:

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

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

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

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

(A) Manager's management fees

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

(i) A base fee ("Base Fee") of 0.25% (2015: 0.25%) per annum of the value of the Deposited Property;

(ii) A performance fee ("Performance Fee") is fixed at 4.0% (2015: 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;

(iii) An authorised investment management fee of 0.5% (2015: 0.5%) per annum of the value of Authorised Investments which are not in the form of real estate (whether held directly by the Trust or indirectly through one or more subsidiaries). Where such authorised investment is an interest in a property fund (either a REIT or private property fund) wholly managed by a wholly-owned subsidiary of PT Lippo Karawaci Tbk ("Sponsor"), no authorised investment management fee shall be payable in relation to such authorised investment;

(iv) Manager's acquisition fee ("Acquisition Fee") is determined at 1.0% (2015: 1.0%) of value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting); and

(v) Divestment fee ("Divestment Fee") at the rate of 0.5% (2015: 0.5%) of the sales price of any Authorised Investment directly or indirectly sold or divested from time to time by the Trustee on behalf of the Trust. The Manager may opt to receive the divestment fee in the form of units and/or cash.

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

3A. RELATED PARTY TRANSACTIONS (CONT'D):

(B) Property manager's fees

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

(i) 2.0% (2015: 2.0%) per annum of the gross revenue for the relevant Retail Mall;

(ii) 2.0% (2015: 2.0%) per annum of the net property income for relevant Retail Mall (after accounting for the fee expense of 2% per annum of the gross revenue for the relevant Retail Mall);

(iii) 0.5% (2015: 0.5%) per annum of the net property income for the relevant Retail Mall in lieu of leasing commissions otherwise payable to the Property Manager and/or third party agents; and

(iv) IDR60,000,000 (2015: IDR60,000,000) per annum for the relevant Retail Space.

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

With effect from 1 January 2016, the performance fee of the Manager will be paid annually, in accordance with the revised Code on Collective Investment Schemes issued on 1 January 2016.

(C) Trustee's fees

The Trustee's fees shall not exceed 0.03% (2015: 0.03%) per annum of the value of the Deposited Property (as defined in the Trust Deed), subject to a minimum of SGD15,000 per month, excluding out-of-pocket expenses and GST. The Trustee's fee is presently charged on a scaled basis of up to 0.03% per annum of the value of the Deposited Property, subject to a minimum sum per month. Any increase in the rate of the remuneration of the Trustee above the permitted limit or any change in the structure of the remuneration of the Trustee shall be approved by an Extraordinary Resolution at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

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

3A. RELATED PARTY TRANSACTIONS (CONT'D):

	GROUP		TRUST	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
The Manager [1]				
Manager's management fees expense (Note 7)	11,940	11,166	11,940	11,166
Manager's acquisition fees (Note 14)	864	1,069	864	1,069
The Trustee				
Trustee's fees expense	332	335	332	335
The Property Manager [2]				
Property Manager fees expense (Note 5)	4,393	4,223	–	–
Master Lessees [3]				
Rental revenue	(12,741)	(12,818)	–	–
Affiliates of Sponsor [4]				
Rental revenue, service charge and utilities recovery [5][6]	(43,087)	(32,059)	–	–
Acquisition of Lippo Mall Kuta	86,402	–	–	–
Fees recoverable relating to put option for Lippo Mall Kemang	841	531	841	531

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

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

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

(4) The Affiliates of the Sponsor are PT First Media Tbk, Yayasan Universitas Pelita Harapan, PT Bank National Nobu, PT Matahari Putra Prima Tbk, PT Gratia Prima Indonesia, PT Matahari Graha Fantasi, PT Maxx Coffee Prima, PT Maxx Food Pasifik, PT Matahari Department Store Tbk, PT Nusantara Trimultiprima, 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.

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:

	2016		2015	
	NUMBER OF UNITS HELD	% INTEREST HELD	NUMBER OF UNITS HELD	% INTEREST HELD
The Manager				
LMIRT Management Ltd	121,616,821	4.34	116,438,144	4.16
The director of the Manager				
Mr Albert Saychuan Cheok	400,000	0.01	400,000	0.01

4. GROSS REVENUE

	GROUP		TRUST	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Rental revenue	152,878	142,558	–	–
Car park revenue	26,439	23,534	–	–
Dividend income from subsidiaries	–	–	104,239	98,584
Income from rental of mechanical, electrical and mall operating equipment (1)	6,789	4,822	–	–
Other rental income	1,960	2,090	–	–
	188,066	173,004	104,239	98,584

(1) A third party operating company was engaged to co-manage the individual retail malls and agreed to be responsible for all costs directly related to the maintenance and operation of the individual malls, as well as pay for the rental of office and use of electrical, mechanical and mall operating equipment of the individual malls subject to the terms in the operating agreements.

5. PROPERTY OPERATING EXPENSES

	GROUP 2016 $'000	2015 $'000
Land rental expense	2,054	1,534
Property management fees (Note 3)	4,393	4,223
Legal and professional fees	1,266	1,216
Depreciation of plant and equipment (Note 13)	1,728	1,058
Allowance for impairment loss on trade receivables (Note 17)	614	2,615
Property operating and maintenance expenses	6,151	3,793
	16,206	14,439

6. OTHER GAINS

	GROUP		TRUST	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Other income	–	77	–	82
	–	77	–	82

7. MANAGER'S MANAGEMENT FEES

	GROUP AND TRUST 2016 $'000	2015 $'000
Base fees	5,066	4,823
Performance fees	6,874	6,343
Total (Note 3)	11,940	11,166

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

	GROUP AND TRUST			
	2016	2015	2016	2015
	NUMBER OF UNITS		$'000	$'000
Settled during the year through the issuance of units	5,178,677	17,822,463	1,608	6,050
Settled subsequent to year-end through the issuance of units (Note 20)	2,319,528	5,178,677	864	1,608
	7,498,205	23,001,140	2,472	7,658

8. FINANCE COSTS

	GROUP		TRUST	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Interest expense	38,652	38,808	42,491	42,935
Amortisation of borrowing costs	5,857	5,600	5,605	5,401
	44,509	44,408	48,096	48,336

9. OTHER EXPENSES

	GROUP		TRUST	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Bank charges	48	46	4	4
Professional fees	1,158	1,007	1,140	989
Investor relation expenses	20	13	20	13
Listing expenses	48	99	43	95
Security agent fees	75	41	75	41
Valuation expenses	176	301	176	301
Other expenses	398	726	350	578
	1,923	2,233	1,808	2,021

	GROUP	
	2016	2015
	$'000	$'000
Audit fees to the independent auditors of the Trust	397	389
Audit fees to the other independent auditors	247	225
Non-audit fees to the independent auditors of the Trust	35	71

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

10. INCOME TAX

10A. COMPONENTS OF TAX EXPENSE RECOGNISED IN STATEMENTS OF TOTAL RETURN INCLUDE:

	GROUP		TRUST	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current tax expense/(income):				
Foreign income tax	20,303	18,865	–	–
Foreign withholding tax	12,100	11,538	–	–
Over provision in respect of prior periods	(309)	(691)	(309)	(658)
Subtotal	32,094	29,712	(309)	(658)
Deferred tax (income)/expense:				
Deferred tax income	(9,128)	(10,130)	–	–
Change in foreign exchange rates	1,566	(1,753)	–	–
Subtotal	(7,562)	(11,883)	–	–
Total income tax expense/(income)	24,532	17,829	(309)	(658)

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% (2015: 17.0%) to total return/(loss) before income tax as a result of the following differences:

	GROUP		TRUST	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Total return/(loss) before tax	53,367	44,277	41,567	(9,429)
Income tax expense/(income) at the above rate	9,072	7,527	7,066	(1,603)
Not deductible/(not liable to tax) items	15,031	13,221	(7,066)	1,603
Foreign withholding tax	12,100	11,538	–	–
Effect of different tax rates in different countries	(13,583)	(12,790)	–	–
Deferred tax adjustments due to changes in foreign exchange rates	1,566	(1,753)	–	–
Over provision in respect of prior periods	(309)	(691)	(309)	(658)
Other minor items less than 3% each	655	777	–	–
Total income tax expense/(income)	24,532	17,829	(309)	(658)
Effective tax rate	46.0%	40.3%	0.7%	(7.0%)

The amount of current income taxes outstanding for the Group as at end of reporting year was SGD6,155,000 (2015: SGD6,871,000). Such an amount is net of tax advances, which, according to the tax rules, were paid before the year-end.

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

10. INCOME TAX (CONT'D)

10B. DEFERRED TAX INCOME RECOGNISED IN STATEMENTS OF TOTAL RETURN INCLUDES:

	GROUP	
	2016 $'000	2015 $'000
Deferred tax income relating to the changes in fair value of investment properties	(7,562)	(11,883)

10C. DEFERRED TAX BALANCE IN THE STATEMENTS OF FINANCIAL POSITION:

	GROUP	
	2016 $'000	2015 $'000
Deferred tax liabilities recognised in statements of total return:		
Deferred tax relating to the changes in fair value of investment properties	31,662	39,224

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

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

Taxation of Income from Indonesia Properties

Corporate Income Tax in Indonesia

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

Withholding Tax in Indonesia

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

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

(b) Interest paid to a resident of Singapore.

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

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.

10. INCOME TAX (CONT'D)

10C. DEFERRED TAX BALANCE IN THE STATEMENTS OF FINANCIAL POSITION (CONT'D):

Dividends from Singapore Subsidiaries

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

Interest Income from Indonesia Subsidiaries

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

Redemption of Redeemable Preference Shares in Singapore Subsidiaries

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

Receipt from Indonesia Subsidiaries for Repayment of Shareholder Loans

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

11. EARNINGS PER UNIT

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

	GROUP	
	2016	2015
Denominator: weighted average number of units	2,801,228,708	2,745,602,850
	$'000	$'000
Numerator: Earnings attributable to Unitholders		
Total return after tax	28,835	26,448
Less: Amount reserved for distribution to perpetual securities holders	(2,577)	–
Total return attributable to Unitholders	26,258	26,448

	GROUP	
	2016	2015
	CENTS	CENTS
Earnings per unit	0.94	0.96
Adjusted earnings per unit (1)	2.38	2.47

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

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

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

12. DISTRIBUTIONS

Distribution Type

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

	GROUP AND TRUST			
	2016	2015	2016	2015
	CENTS PER UNIT	CENTS PER UNIT	$'000	$'000
Tax-exempt income [(1)] :	1.63	1.43	45,948	38,949
Capital [(2)] :	0.91	0.86	25,186	23,914
Subtotal :	2.54	2.29	71,134	62,863

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

	GROUP AND TRUST			
	2016	2015	2016	2015
	CENTS PER UNIT	CENTS PER UNIT	$'000	$'000
Tax-exempt income [(1)] :	0.56	0.50	15,601	14,095
Capital [(2)] :	0.31	0.31	8,733	8,595
Subtotal :	0.87	0.81	24,334	22,690
Total distributions [(3)]	3.41	3.10	95,468	85,553

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

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

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

The amount of the distributions paid in the year totalled SGD93,824,000 (2015: SGD80,458,000).

Current distribution policy:
The Trust's current distribution policy is to distribute at least 90% (2015: 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 2016 $'000	GROUP PLANT AND EQUIPMENT 2015 $'000
Cost:		
At beginning of year	8,314	6,897
Additions	3,629	1,648
Exchange difference adjustments	440	(231)
At end of year	12,383	8,314
Accumulated depreciation:		
At beginning of year	2,977	1,989
Depreciation for the year	1,728	1,058
Exchange difference adjustments	170	(70)
At end of year	4,875	2,977
Net book value:		
At beginning of year	5,337	4,908
At end of year	7,508	5,337

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

14. INVESTMENT PROPERTIES

	GROUP 2016 $'000	GROUP 2015 $'000
At valuation:		
Fair value at beginning of year	1,804,930	1,806,944
Acquisition of investment properties [(1)]	82,977	103,332
Enhancement expenditure capitalised	11,218	8,220
	1,889,125	1,918,496
Decrease in fair value included in profit or loss	(48,045)	(53,316)
Translation differences	71,562	(60,250)
Fair value at end of year	1,922,642	1,804,930
Rental and service income from investment properties	188,066	173,004
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the year	(16,206)	(14,439)

(1) The acquisition in 2016 relates to the acquisition of Lippo Mall Kuta. This amount also included an acquisition fee of SGD864,000 and other acquisition related expenses of SGD1,082,000 respectively.

The acquisitions in 2015 relate to the acquisitions of Palembang Icon and Lippo Plaza Batu. This amount also included acquisition fees of SGD1,069,000 and other acquisition related expenses of SGD1,980,000.

14. INVESTMENT PROPERTIES (CONT'D)

These investment properties include the mechanical and electrical equipment located in the respective properties. The fair value of each investment property was measured in December 2016 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair value was based on valuations made by independent professional valuers on a systematic basis at least once yearly. The independent professional valuers hold recognised and relevant professional qualifications with sufficient recent experience in the location and category of the investment property being valued. The valuations were based on the discounted cash flow method and the market capitalisation method as appropriate. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

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

2016:

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 and Binjai Supermall, Palembang Icon, Lippo Plaza Batu and Lippo Mall Kuta.
KJPP Rengganis, Hamid & Rekan	- Bandung Indah Plaza, Gajah Mada Plaza, Mal Lippo Cikarang, Ekalokasari Plaza, Plaza Semanggi, Istana Plaza, Cibubur Junction, Sun Plaza, Pluit Village and Plaza Medan Fair.
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, Lippo Mall Kemang.

2015:

Name of Independent Professional Valuers	Name of Retail Malls and Spaces
KJPP Wilson & Rekan	- Bandung Indah Plaza, Gajah Mada Plaza, Mal Lippo Cikarang, Ekalokasari Plaza, Plaza Semanggi, Istana Plaza, Cibubur Junction, Sun Plaza, Palembang Icon and Lippo Plaza Batu.
KJPP Rengganis, Hamid & Rekan	- Mall WTC Matahari Units, Java Supermall Units, Plaza Madiun Units, Depok Town Square Units, Malang Town Square Units, Metropolis Town Square Units, Grand Palladium Units, Lippo Mall Kemang, Pluit Village and Plaza Medan Fair.
Savills Valuation and Professional Services (S) Pte Ltd	- Tamini Square, Lippo Plaza Kramat Jati, Palembang Square, Palembang Square Extension, Pejaten Village and Binjai Supermall.

14. INVESTMENT PROPERTIES (CONT'D)

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

	2016	2015
1. Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the properties	12.9% to 13.3%	13.0% to 13.6%
2. Growth rates	2.2% to 9.0%	0.0% to 9.1%
3. Terminal discount rates	8.4% to 9.5%	7.0% to 9.7%
4. Market capitalisation rate (Note 1)	–	8.50%
5. Cash flow forecasts derived from the most recent financial budgets and plans approved by management	Note 2	Note 2

Note 1: In 2016, no market capitalisation method was used for the valuation of investment properties.

Note 2: Discounted cash flow analysis over the remaining lease period for existing Build, Operate and Transfer ("BOT") malls, over a 10-year projection for non-BOT malls and for retail spaces.

Relationship of unobservable inputs to fair value:

1. Discount rates – The higher the discount rates, the lower the fair value.
2. Growth rates – The higher the growth rates, the higher the fair value.
3. Terminal discount rates – The higher the terminal discount rates, the lower the fair value.
4. Market capitalisation rate – The higher the market capitalisation rates, the lower the fair value.

Sensitivity analysis on management's estimates:

1. Discount rates

   A hypothetical 10% (2015: 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 SGD157,517,000; higher by SGD212,451,000 (2015: lower by SGD157,723,000; higher by SGD218,181,000).

2. Growth rates

   A hypothetical 10% (2015: 10%) increase or decrease in the rental income would have an effect on return before tax of – higher by SGD131,262,000; lower by SGD132,909,000 (2015: higher by SGD135,277,000; lower by SGD156,746,000).

3. Terminal discount rates

   A hypothetical 10% (2015: 10%) increase or decrease in the terminal discount rate would have an effect on return before tax of – lower by SGD49,692,000; higher by SGD65,551,000 (2015: lower by SGD56,068,000; higher by SGD93,656,000).

4. Market capitalisation rates

   In 2015, a hypothetical 10% increase or decrease in the market capitalisation rate would have an effect on return before tax of – lower by SGD37,581,000, higher by SGD20,531,000.

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

14. INVESTMENT PROPERTIES (CONT'D)

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.

(d) Hak Pengelolaan ("HPL") Title

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

(e) Kiosks Sale and Purchase Binding Agreement

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

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

Certain investment properties at a carrying value of SGD470,567,000 (2015: SGD463,025,000) are pledged as security for the bank facilities (Note 23A).

15. INTANGIBLE ASSETS

	GROUP 2016 $'000	GROUP 2015 $'000
Cost:		
At the beginning of the year	36,474	34,033
Additions	5,372	3,549
Exchange differences adjustments	1,417	(1,108)
At the end of the year	43,263	36,474
Accumulated amortisation:		
At the beginning of the year	11,362	–
Amortisation for the year	11,889	11,374
Exchange differences adjustments	806	(12)
At the end of the year	24,057	11,362
Net book value:		
At the beginning of the year	25,112	34,033
At end of year	19,206	25,112

Intangible assets represent the unamortised aggregate rental guarantee amounts receivable by the Group from master lease agreements for its 100% interest acquired in Lippo Mall Kemang in 2014, Palembang Icon, Lippo Plaza Batu in 2015, and Lippo Mall Kuta in 2016 respectively (Note 31). The remaining rental guarantee periods are for 1 to 23 (2015: 2 to 24) years.

16. INVESTMENTS IN SUBSIDIARIES

	TRUST 2016 $'000	TRUST 2015 $'000
Unquoted equity shares, at cost	984,205	983,570
Redeemable preference shares, at cost	760,568	789,440
Quasi equity loans (1)	22,339	22,938
Less: Allowance for impairment	(57,672)	(49,378)
	1,709,440	1,746,570
Net book value of subsidiaries	1,876,382	1,670,902
Analysis of above amount denominated in non-functional currency:		
United States Dollars	2,979	3,578
Indonesian Rupiah	1,218,851	1,223,752

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

Movements in allowance for impairment:	TRUST 2016 $'000	TRUST 2015 $'000
Balance at beginning of the year	(49,378)	–
Impairment loss charged to profit or loss	(8,294)	(49,378)
Balance at the end of the year	(57,672)	(49,378)

The list of the subsidiaries is in Note 37.

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Movements in allowance for impairment (cont'd):

The management has assessed that there are indicators of impairment for those subsidiaries with shortfalls between the cost of investment translated at year-end rates and the revalued net asset value ("NAV"). Such shortfalls would indicate that the NAV of these subsidiaries have declined against their costs. Based on the above assessment, the management had made an allowance for impairment loss of SGD8,294,000 (2015: SGD49,378,000) in the Trust's financial statements as at 31 December 2016.

17. TRADE AND OTHER RECEIVABLES

	GROUP		TRUST	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade receivables:				
Outside parties	8,128	8,613	837	244
Less: Allowance for impairment	(3,554)	(2,917)	–	–
Related parties (Note 3)	4,142	1,569	–	–
Subtotal	8,716	7,265	837	244
Other receivables:				
Subsidiaries (Note 3)	–	–	217,148	188,074
Related parties (Note 3)	528	5,501	842	1,034
Other receivables	7,979	6,992	299	17
Subtotal	8,507	12,493	218,289	189,125
Total trade and other receivables	17,223	19,758	219,126	189,369
Movements in above allowance:				
Balance at beginning of the year	(2,917)	(310)	–	–
Bad debt written back/(written-off)	65	(2)	–	–
Charge for trade receivables to profit or loss included in property operating expenses (Note 5)	(614)	(2,615)	–	–
Effect of changes in exchange rates	(88)	10	–	–
Balance at end of the year	(3,554)	(2,917)	–	–

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied tenants and credit policy of obtaining security deposits from most tenants for leasing the Group's investment properties. These tenants comprise retailers engaged in a wide variety of consumer trades. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. Please refer to Note 29D for ageing analysis.

18. OTHER ASSETS

	GROUP 2016 $'000	GROUP 2015 $'000	TRUST 2016 $'000	TRUST 2015 $'000
Prepayments	1,560	1,055	110	62
Prepaid tax	19,340	49,056	–	–
	20,900	50,111	110	62

Prepaid tax includes prepaid VAT ("value-added tax") amounting to SGD8,163,000 relating to Lippo Mall Kuta acquisition that is recoverable from the relevant tax authority in Indonesia.

19. CASH AND CASH EQUIVALENTS

	GROUP 2016 $'000	GROUP 2015 $'000	TRUST 2016 $'000	TRUST 2015 $'000
Not restricted in use	74,271	79,090	3,570	21,054
Cash pledged for bank facilities	3,483	1,500	3,483	1,500
Cash at end of the year	77,754	80,590	7,053	22,554
Interest earning balances	62,778	45,231	–	–

The rate of interest for the cash on interest earning accounts is between 0.35% and 7.00% (2015: 0.50% and 9.50%) per annum.

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

	GROUP 2016 $'000	GROUP 2015 $'000
Amount as shown above	77,754	80,590
Less: Cash pledged for bank facilities	(3,483)	(1,500)
Cash and cash equivalents per statement of cash flows	74,271	79,090

19A. NON-CASH AND OTHER TRANSACTIONS

During the year, the significant non-cash transaction was units that were issued as settlement of performance fee element of the Manager's management fees (Note 7).

20. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	GROUP		TRUST	
	2016	2015	2016	2015
Net assets attributable to Unitholders at beginning of the year ($'000)	1,075,115	1,149,730	1,118,724	1,173,318
Net assets attributable to Unitholders at end of the year ($'000)	1,091,688	1,075,115	1,065,807	1,118,724
Units in issue (Note 21)	2,802,992,873	2,797,814,196	2,802,992,873	2,797,814,196
Net assets attributable to Unitholders per unit (in cents)	38.95	38.43	38.02	39.99

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

Issues in 2016:

On 29 December 2016, the Trust acquired Lippo Mall Kuta, which is located in the city of Kuta Bali, for a total purchase consideration of SGD88,349,000.

The acquisition of Lippo Mall Kuta was carried out by the Trust indirectly via its subsidiaries, namely Kuta1 Holdings Pte Ltd, Kuta2 Investment Pte Ltd and PT Rekreasi Pantai Terpadu. The acquisition was funded from issuance of new units, bank borrowings and the Group's operating cashflows. The management's rationale for the acquisition of Lippo Mall Kuta was to benefit from the stable occupancies in this mall located in a strategic location in Bali with organic growth potential.

Issues in 2015:

In 2015, the Trust acquired:

(1) Lippo Plaza Batu, which is located at Jalan Diponegoro RT. 07 RW. 05, Sub District of Sisir, District of Batu, City of Batu, Province of East Java, Indonesia, for a total purchase consideration of SGD26,852,000; and

(2) Palembang Icon, which is located at Jalan POM IX, Sub District of Lorok Pakjo, District of Ilir Barat I, City of Palembang, Province of South Sumatera, Indonesia, for a total consideration of SGD80,029,000.

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

On 5 August 2015, 67,567,000 units ("Consideration Units") were issued at an issue price of SGD0.37 per unit as part of the consideration for the acquisitions of Lippo Plaza Batu and Palembang Icon. The Consideration Units, upon issue and allotment, rank pari passu in all respect with the units prior to the Consideration Units, and are entitled to any distributions from the period from 5 August 2015, being the date on which the Consideration Units were issued.

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

Issuable at end of the reporting year:

At the end of the reporting year, Nil (2015: 5,178,677) units and 2,319,528 units are issuable as settlement for the performance fee element of the Manager's management fees for the last quarter of the reporting year (Note 7), and for the acquisition fee for purchase of Lippo Mall Kuta in 2016. The new units, upon issue and allotment, will rank pari passu in all respect with the units of the Trust.

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

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.

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

Capital management:

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

The only externally imposed capital requirement is that for the Group to maintain its listing on the SGX-ST it has to have issued equity with a free float of at least 10% of the units. Management receives a report from the 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% (2015: 35%) of the Group's deposited property.

The Group has been assigned a rating of "Baa3" (2015: "Baa3") by Moody's Investors Services. The Group had computed its aggregate leverage ratio as follows:

	GROUP	
	2016 $'000	2015 $'000
Total borrowings and deferred payments	650,710	695,000
Total deposited property	2,065,233	1,987,744
Aggregated leverage ratio (%)	31.5%	35.0%

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

The favourable change as shown by the decrease in the aggregate leverage ratio for the reporting year resulted primarily from the decrease in debt.

21. UNITS IN ISSUE

	GROUP AND TRUST	
	2016 $'000	2015 $'000
Units at beginning of the year	2,797,814,196	2,701,802,668
Manager's management fees settled in units	5,178,677	17,822,463
Manager's acquisition fees settled in units	–	10,622,065
Issuance of new units for acquisition (Note 20)	–	67,567,000
Units at end of the year	2,802,992,873	2,797,814,196

22. PERPETUAL SECURITIES

On 9 September 2015, LMIRT Capital and the Trustee established another SGD1,000,000,000 Guaranteed Euro Medium Term Securities Programme ("EMTS") (together with EMTN, "Programmes"). Under EMTS,

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

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

On 27 September 2016, the Trust issued perpetual securities of SGD140,000,000 under the SGD1 billion EMTS to partially refinance the SGD150,000,000 4.25% EMTN notes (Note 23B). The remaining SGD10,000,000 was being refinanced by the drawdown from facility A & B of SGD5,000,000 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 a 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% 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
- 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

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

	GROUP AND TRUST	
	2016	**2015**
	$'000	**$'000**
Issue of perpetual securities	140,000	–
Issue expense	(1,710)	–
Amount reserved for distribution to perpetual securities holders	2,577	–
Perpetual securities per statement of financial position	140,867	–

23. OTHER FINANCIAL LIABILITIES

	GROUP 2016 $'000	GROUP 2015 $'000	TRUST 2016 $'000	TRUST 2015 $'000
Non-current:				
Financial instruments with floating interest rates:				
Bank loans (secured) (Note 23A)	145,000	145,000	145,000	145,000
Less: Unamortised transaction costs	(1,704)	(3,070)	(1,704)	(3,070)
	143,296	141,930	143,296	141,930
Bank loans (unsecured) (Note 23A)	205,710	–	205,710	–
Less: Unamortised transaction costs	(5,626)	–	(5,626)	–
	200,084	–	200,084	–
Financial instruments with fixed interest rates:				
Medium term notes (unsecured) (Note 23B)	175,000	300,000	–	–
Less: Unamortised transaction costs	(1,796)	(4,112)	–	–
	173,204	295,888	–	–
Finance leases (Note 23C)	1,285	1,673	–	–
Non-current, total	517,869	439,491	343,380	141,930
Current:				
Financial instruments with floating interest rates:				
Bank loans (unsecured) (Note 23A)	–	100,000	–	–
Financial instruments with fixed interest rates:				
Medium term notes (unsecured) (Note 23B)	125,000	150,000	–	–
Less: Unamortised transaction costs	(731)	(817)	–	–
	124,269	149,183	–	–
Finance leases (Note 23C)	22	338	–	–
Current, total	124,291	249,521	–	–
Total	642,160	689,012	343,380	141,930
The non-current portion is repayable as follows:				
Due within 2 to 5 years	517,154	438,172	343,380	141,930
Due after 5 years	715	1,319	–	–
Total non-current portion	517,869	439,491	343,380	141,930

23. OTHER FINANCIAL LIABILITIES (CONT'D)

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

	GROUP AND TRUST	
	2016	2015
Bank loans	3.13% to 4.63%	3.28% to 3.82%

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

	GROUP	
	2016	2015
Medium term notes (unsecured)	4.10% to 5.875%	4.10% to 5.875%
Finance leases	14%	14%

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

	GROUP		TRUST	
	2016	2015	2016	2015
Bank loan (secured and unsecured)	4.76%	5.73%	4.76%	5.57%
Medium term notes (unsecured)	5.06%	5.11%	–	–

23A. BANK LOANS

Secured

In December 2014, the Trust drew down on its secured bank loan facility of SGD155,000,000, maturing in December 2018 at an interest rate of 3.0% per annum plus SGD swap offer rate ("SOR"). An amount of SGD10,000,000 was repaid in 2015. As at 31 December 2016, the outstanding bank loan amounted to SGD145,000,000 (2015: SGD145,000,000).

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

(i) The Trust to procure that none of its subsidiaries will create or have any outstanding security over the relevant retail malls and spaces, the shares and the charged assets (collectively "Relevant Assets"). The carrying amount of the relevant assets at the end of the reporting year was SGD470,567,000 (2015: SGD463,025,000).

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

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

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

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

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

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

23. OTHER FINANCIAL LIABILITIES (CONT'D)

23A. BANK LOANS (CONT'D)

Secured (cont'd)

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

In 2015, the Trust entered into interest rate swap contracts to convert the floating interest rate borrowings to fixed rate exposure, ranging from 1.85% to 1.88% per annum, for a total notional amount of SGD155,000,000 (Note 27A). The contracts will expire on 16 December 2018.

Unsecured

On 22 August 2016, the Trust signed the facility agreements A & B for a total commitment of SGD175,000,000 each, totalling SGD350,000,000, which matures in August 2020 and August 2021 at interest rate of 2.95% per annum plus SOR and 3.15% per annum plus SOR respectively. On 26 August 2016, the Trust drew down SGD50,000,000 each from facility A & B totalling SGD100,000,000 to refinance the SGD100,000,000 4 January 2016 term loan.

On 27 September 2016, the Trust drew down SGD5,000,000 each from facility A & B, totalling SGD10,000,000 to partially refinance the SGD150,000,000 4.25% EMTN notes (Note 23B).

On 29 December 2016, the Trust drew down SGD47,855,000 each from facility A & B respectively, totalling SGD95,710,000 to finance the acquisition of Lippo Mall Kuta.

23B. MEDIUM TERM NOTES (UNSECURED)

On 25 June 2012, a wholly-owned subsidiary, LMIRT Capital Pte Ltd ("LMIRT Capital") established a SGD750,000,000 Guaranteed Euro Medium Term Note Programme ("EMTN"). Under the EMTN, LMIRT Capital may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes in series or tranches. Each series or tranches of notes may be issued in various currencies and tenor, and may bear fixed, floating or variable rates of interest. All sum payable in respect of the notes will be unconditionally and irrevocably guaranteed by the Trustee.

As at 31 December 2016, notes issued by LMIRT Capital are as follows:

(i) SGD50,000,000 5.875% notes due 2017. The SGD50,000,000 notes were issued on 6 July 2012, will mature on 6 July 2017, and bear a fixed interest rate of 5.875% per annum payable semi-annually in arrears;

(ii) SGD75,000,000 4.48% notes due 2017. The SGD75,000,000 notes were issued on 28 November 2012, will mature on 28 November 2017, and bear a fixed interest rate of 4.48% per annum payable semi-annually in arrears;

(iii) SGD75,000,000 4.10% notes due 2020. The SGD75,000,000 notes were issued on 22 June 2015, will mature on 22 June 2020, and bear a fixed rate of 4.10% per annum payable semi-annually in arrears; and

(iv) SGD100,000,000 4.50% notes due 2018. The SGD100,000,000 notes were issued on 23 November 2015, will mature on 23 November 2018, and bear a fixed rate of 4.50% per annum payable semi-annually in arrears.

On 4 October 2016, the SGD150,000,000 4.25% notes payable semi-annually in arrears issued on 4 October 2013 were fully repaid upon maturity (Note 23A).

The fair value of the fixed rate notes (Level 1) is SGD297,375,000 (2015: SGD444,927,000).

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

23. OTHER FINANCIAL LIABILITIES (CONT'D)

23C. FINANCE LEASES

GROUP	MINIMUM PAYMENTS $'000	FINANCE CHARGES $'000	PRESENT VALUE $'000
2016			
Minimum lease payments payable:			
Due within one year	56	(34)	22
Due within 2 to 5 years	691	(121)	570
Due after 5 years	830	(115)	715
Total	1,577	(270)	1,307

	MINIMUM PAYMENTS $'000	FINANCE CHARGES $'000	PRESENT VALUE $'000
2015			
Minimum lease payments payable:			
Due within one year	415	(77)	338
Due within 2 to 5 years	364	(10)	354
Due after 5 years	1,514	(195)	1,319
Total	2,293	(282)	2,011

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

PT Cibubur Utama

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

Cibubur has the following payment obligations to Sarana:

(a) USD2,260,000 including VAT that is to be paid by instalments from the year 2004 until 2024 as follows:

  (i) USD75,500 per year for the first 5 years;

  (ii) USD100,500 per year for the second 5 years;

  (iii) USD125,500 per year for the third 5 years; and

  (iv) USD150,500 per year for the fourth 5 years.

  The pegged rate of payment shall be USD1 equal to IDR8,500.

(b) Goodwill compensation of IDR1,500,000,000 that was paid as follows:

  (i) IDR500,000,000 was paid on 20 December 2004; and

  (ii) IDR1,000,000,000 was paid from 2005 until 2009 in 5 instalments of IDR200,000,000 per year with the first instalment commencing 1 February 2005.

(c) Monitoring fee of IDR5,000,000 per month including VAT that is to be paid quarterly on 15 January, 15 April, 15 July and 15 October from 2004 until 2024.

23. OTHER FINANCIAL LIABILITIES (CONT'D)

23C. FINANCE LEASES (CONT'D)

PT Duta Wisata Loka

PT Duta Wisata Loka ("PT DWL") entered into a BOT agreement with Governor of Special City of Jakarta. PT DWL has the right to build, operate and transfer the property for a period of 30 years commencing June 1995.

PT DWL has the following payment obligations:

(a) IDR19,500,000,000 including VAT that is to be paid by instalments from the year 1995 until 2021 as follows:

(i) IDR1,812,500,000 was paid in 1996;

(ii) IDR1,993,750,000 was paid in 2001;

(iii) IDR2,193,125,000 was paid in 2006;

(iv) IDR4,212,437,500 was paid in 2011;

(v) IDR4,453,681,250 was paid in 2016; and

(vi) IDR4,834,506,250 is to be paid in 2021.

PT DWL has entered into an agreement with the previous owner of Pluit Village, whereby the previous owner has agreed to undertake the payment portion of the fee of IDR732,050,000 in 2016 and IDR805,255,000 in 2021.

(b) Goodwill compensation of IDR500,000,000 that was paid in 1995.

PT Anugrah Prima

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

PT AP has the following payment obligations:

(a) USD1,089,770 including VAT that is to be paid by instalments of USD49,535 per year from the year 2005 until 2026.

(b) Goodwill compensation of USD99,070 that was paid as follows:

(i) USD84,000 was paid in 2002; and

(ii) USD15,070 was paid in 2003.

23. OTHER FINANCIAL LIABILITIES (CONT'D)

23C. FINANCE LEASES (CONT'D)

PT Palembang Paragon Mall

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

PT PPM has the following payment obligations:

(a) IDR3,750,000,000 that is to be paid by instalments from year 2011 until 2040 as follows:

(i) IDR100,000,000 per year for the first 5 years;

(ii) IDR110,000,000 per year for the second 5 years;

(iii) IDR120,000,000 per year for the third 5 years;

(iv) IDR130,000,000 per year for the fourth 5 years;

(v) IDR140,000,000 per year for the fifth 5 years; and

(vi) IDR150,000,000 per year for the sixth 5 years.

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

PT Griya Inti Sejahtera Insani

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

PT GISI has the following obligations:

(a) IDR20,604,677,199 that is to be paid by instalments on a yearly instalment from the year March 2012 until 2039; and

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

The fixed rate of interest for finance leases is 14% (2015: 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.

24. OTHER LIABILITIES, NON-CURRENT

	GROUP	
	2016 $'000	2015 $'000
Advance payments by tenants	87,039	83,306

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

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25. TRADE AND OTHER PAYABLES, CURRENT

	GROUP		TRUST	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade payables:				
Outside parties and accrued liabilities	15,278	12,738	11,840	6,057
Related parties (Note 3)	860	37,101	–	–
Subtotal	16,138	49,839	11,840	6,057
Other payables:				
Loan payable to a subsidiary (1)	–	–	325,107	576,074
Subsidiaries (Note 3)	–	–	46,827	116,989
Other payables	15,042	10,366	–	–
Subtotal	15,042	10,366	371,934	693,063
Total trade and other payables, current	31,180	60,205	383,774	699,120

(1) This amount is for loan payable to LMIRT Capital Pte Ltd mainly from the proceeds of the Programmes (Note 23B). The loan payable agreements provide that they are unsecured, with fixed interest rates ranging from 4.10% to 5.875% (2015: 4.10% to 5.875%) per annum and repayable on demand. The carrying amount is a reasonable approximation of fair value (Level 2).

26. OTHER LIABILITIES, CURRENT

	GROUP	
	2016 $'000	2015 $'000
Security deposits from tenants	32,582	33,324

27. 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	
	2016 $'000	2015 $'000
Assets – Derivatives with positive fair values:		
Interest rate swaps (Note 27A)	–	1,691
Currency option contracts (Note 27B)	–	215
Total	–	1,906
Non-current portion	–	1,906
	–	1,906
Liabilities – Derivatives with negative fair values:		
Interest rate swaps (Note 27A)	(927)	–
Currency option contracts (Note 27B)	(974)	(687)
	(1,901)	(687)
Non-current portion	(1,811)	(687)
Current portion	(90)	–
	(1,901)	(687)
Net balance	(1,901)	1,219

27. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

The movements during the year were as follows:

	GROUP AND TRUST	
	2016	2015
	$'000	$'000
Balance at beginning of year	1,219	(30)
Settlement	–	30
Fair value gains recognised in profit or loss	(3,120)	1,219
Total net balance at end of the year	(1,901)	1,219

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

27A. INTEREST RATE SWAPS

The notional amount of interest rate swaps for 2016 is SGD155,000,000 (2015: SGD155,000,000). 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 will expire on 16 December 2018. Information on the maturities of the borrowings is provided in Note 23A.

27B. CURRENCY OPTION CONTRACTS

	NOTIONAL AMOUNTS		REFERENCE CURRENCY	MATURITY		FAIR VALUE	
	2016	2015		2016	2015	2016	2015
	$'000	$'000				$'000	$'000
Currency Option Contracts	49,820	33,481	Indonesian Rupiah	February 2017 to February 2019	February 2016	(455)	215
Currency Option Contracts	50,892	38,632	Indonesian Rupiah	February 2017 to February 2019	February 2016	(392)	(162)
Currency Option Contracts	60,266	83,702	Indonesian Rupiah	February 2017 to February 2019	February 2016	(127)	(525)
	160,978	155,815				(974)	(472)

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

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

27C. 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.

28. FINANCIAL RATIOS

	GROUP 2016	GROUP 2015	TRUST 2016	TRUST 2015
Expenses to average net assets ratio – excluding performance related fee [1]	0.63%	0.66%	0.62%	0.62%
Expenses to average net assets ratio – including performance related fee [1]	1.22%	1.23%	1.15%	1.18%
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.

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

29A. 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 2016 $'000	GROUP 2015 $'000	TRUST 2016 $'000	TRUST 2015 $'000
Financial assets:				
Cash and cash equivalents	77,754	80,590	7,053	22,554
Loans and receivables	17,223	19,758	219,126	189,369
Financial assets at fair value through profit or loss	–	1,906	–	1,906
At end of the year	94,977	102,254	226,179	213,829
Financial liabilities:				
Financial liabilities at fair value through profit or loss	1,901	687	1,901	687
Measured at amortised cost:				
- Borrowings	640,853	687,001	343,380	141,930
- Trade and other payables	31,180	60,205	383,774	699,120
- Finance leases	1,307	2,011	–	–
At end of the year	675,241	749,904	729,055	841,737

Further quantitative disclosures are included throughout these financial statements.

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

29B. 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.

29C. 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.

29D. CREDIT RISK ON FINANCIAL ASSETS

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

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

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

As part of the process of setting customer credit limits, different credit terms are used. The average credit period granted to trade receivables customers is about 30 (2015: 30) days.

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

29D. CREDIT RISK ON FINANCIAL ASSETS (CONT'D)

Ageing analysis of the trade receivable amounts that are past due as at the end of reporting year:

	GROUP	
	2016 $'000	2015 $'000
Trade receivables:		
Less than 30 days	1,850	1,143
31 to 60 days	50	620
Over 61 days	6,034	3,541
At end of year	7,934	5,304

The allowance totalling SGD3,554,000 (2015: SGD2,917,000) is based on individual accounts that are determined to be impaired at the reporting year end date. These are not secured.

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

Revenue from the Group's top customer amounted to SGD17,134,000 (2015: SGD15,833,000) of the Group's total revenue.

29E. 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:					
2016					
Group					
Gross borrowings commitments	150,211	275,741	291,143	–	717,095
Gross finance lease obligations	56	158	533	830	1,577
Trade and other payables	31,180	–	–	–	31,180
At end of the year	181,447	275,899	291,676	830	749,852
Trust					
Gross borrowings commitments	13,084	165,572	214,676	–	393,332
Trade and other payables	383,774	–	–	–	383,774
At end of the year	396,858	165,572	214,676	–	777,106

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

29E. 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:					
2015					
Group					
Gross borrowings commitments	274,119	399,733	79,541	–	753,393
Gross finance lease obligations	415	83	281	1,514	2,293
Trade and other payables	60,205	–	–	–	60,205
At end of the year	334,739	399,816	79,822	1,514	815,891
Trust					
Gross borrowings commitments	5,366	155,512	–	–	160,878
Trade and other payables	699,120	–	–	–	699,120
At end of the year	704,486	155,512	–	–	859,998

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:			
2016:			
Group and Trust			
Net settled:			
Currency option contracts	(90)	(884)	(974)
Interest rate swaps	–	(927)	(927)
At end of the year	(90)	(1,811)	(1,901)

	LESS THAN 1 YEAR $'000	1 TO 3 YEARS $'000	TOTAL $'000
Derivative financial instruments:			
2015:			
Group and Trust			
Net settled:			
Currency option contracts	–	472	472
Interest rate swaps	–	(1,691)	(1,691)
At end of the year	–	(1,219)	(1,219)

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

29E. LIQUIDITY RISK – FINANCIAL LIABILITIES MATURITY ANALYSIS (CONT'D)

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

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 (2015: 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.

Bank facilities:

	GROUP		TRUST	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Undrawn borrowing facilities	144,290	–	144,290	–

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations.

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.

29F. 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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial liabilities with interest:				
Fixed rates	298,780	447,082	–	–
Floating rates	343,380	241,930	343,380	141,930
Total at end of the year	642,160	689,012	343,380	141,930

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

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

In order to manage the interest rate risk, interest rate swaps are entered into to mitigate the fair value risk by converting floating rate borrowings to fixed rate borrowings, as described in Notes 23A and 27A.

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

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

29F. INTEREST RATE RISK (CONT'D)

Sensitivity analysis:

	GROUP	
	2016	2015
	$'000	$'000
Financial liabilities:		
A hypothetical variation in interest rates by 10 (2015: 10) basis points with all other variables held constant, would have an increase/decrease in total return before tax for the year by	343	242

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).

29G. FOREIGN CURRENCY RISK

Analysis of amounts denominated in non-functional currency:

	SINGAPORE DOLLARS $'000	UNITED STATES DOLLARS $'000	Total $'000
Group			
2016:			
Financial assets:			
Cash and cash equivalents	11,361	160	11,521
Total financial assets	11,361	160	11,521
Financial liabilities:			
Other financial liabilities	–	–	–
Net financial assets at end of the year	11,361	160	11,521
2015:			
Financial assets:			
Cash and cash equivalents	11,823	1,232	13,055
Total financial assets	11,823	1,232	13,055
Financial liabilities:			
Other financial liabilities	–	–	–
Net financial assets at end of the year	11,823	1,232	13,055

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

29G. FOREIGN CURRENCY RISK (CONT'D)

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

	INDONESIAN RUPIAH $'000
Trust	
2016:	
Financial assets:	
Trade and other receivables	165,036
Total financial assets	165,036
Financial liabilities:	
Trade and other payables	2,227
Net financial assets at end of the year	162,809
2015:	
Financial assets:	
Trade and other receivables	146,345
Total financial assets	146,345
Financial liabilities:	
Trade and other payables	12,119
Net financial assets at end of the year	134,226

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 27B illustrates the foreign currency derivatives in place at end of the reporting year.

Sensitivity analysis:

	GROUP	
	2016 $'000	2015 $'000
A hypothetical 10% (2015: 10%) strengthening in the exchange rate of the functional currency IDR against USD with all other variables held constant would have an adverse effect on total return before tax of	(16)	(123)
A hypothetical 10% (2015: 10%) strengthening in the exchange rate of the functional currency IDR against SGD with all other variables held constant would have an adverse effect on total return before tax of	(1,136)	(1,182)

	TRUST	
	2016 $'000	2015 $'000
A hypothetical 10% (2015: 10%) strengthening in the exchange rate of the functional currency SGD against IDR with all other variables held constant would have an adverse effect on total return before tax of	(16,281)	(13,423)

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.

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

29G. FOREIGN CURRENCY RISK (CONT'D)

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.

30. 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	
	2016 $'000	2015 $'000
Commitments for purchase of plant and equipment and assets enhancements in retail malls	4,032	4,407

31. 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	
	2016 $'000	2015 $'000
Not later than one year	114,899	106,931
Later than one year and not later than five years	214,139	216,835
More than five years	121,359	154,633
Rental income for the year (Note 4)	152,878	142,558

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

The Group has entered into commercial property leases for retail malls and spaces. The lease rental income terms are negotiated for an average term of five to ten years for anchor tenants and an average of three to five years for speciality tenants. These leases are cancellable with conditions and rentals are subject to an escalation clause.

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

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

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

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

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

Upon completion of the acquisition of Lippo Mall Kuta, the Group entered into 3 Master Leases Agreements, 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 Agreements. The Master Lease Agreements are valid for a period of 5 years.

32. OTHER MATTERS

(I) RIGHT OF FIRST REFUSAL ("ROFR")

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

(II) BUILD, OPERATE AND TRANSFER ("BOT") AGREEMENTS

<u>Plaza Semanggi</u>

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

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

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

32. OTHER MATTERS (CONT'D)

(II) BUILD, OPERATE AND TRANSFER ("BOT") AGREEMENTS (CONT'D)

Bandung Indah Plaza

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

PT Megah has the following obligations to PDJK:

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

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

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

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

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

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

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

Palembang Icon

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

33. EVENTS AFTER THE END OF THE REPORTING YEAR

On 17 January 2017, Icon1 Holdings Pte. Ltd., a wholly-owned subsidiary of First Real Estate Investment Trust ("First REIT SingCo") (listed on Singapore Exchange), and Icon2 Investments Pte. Ltd., a wholly-owned subsidiary of LMIR Trust ("LMIRT SingCo"), decided to mutually terminate the conditional sale and purchase agreement ("Property CSPA") which was entered into on 3 February 2016 with PT Mulia Citra Abadi (the "Vendor") for the acquisition of the Yogyakarta Property. First REIT SingCo and LMIRT SingCo have also mutually terminated the joint venture agreement ("JVA") entered into on 3 February 2016 with each other in connection with the joint acquisition of the Yogyakarta Property. The parties have decided to terminate the Property CSPA and JVA to provide more time for the Vendor to carry out asset enhancement works to Lippo Plaza Jogja as well as to obtain the relevant licenses for the operation of Siloam Hospitals Yogyakarta.

On 15 February 2017, a final distribution of 0.87 cents per unit was declared totalling SGD24,335,000, in respect of the quarter ended 31 December 2016.

Subsequent to year-end, the Trust entered into 3 foreign currency option contracts to take into consideration of the anticipated revenues in Indonesian Rupiah over operating expenses. The total notional amount of contracts amounted to SGD130,711,000 and would expire on 15 February 2019.

34. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

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

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

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

For the future reporting years new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 7	Amendments to FRS 7: Disclosure Initiative	1 January 2017
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 116	Leases	1 January 2019

36. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation. These are not significant.

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	
	2016 $'000	2015 $'000
Singapore		
Gajah Mada Investments Pte Ltd Investment holding	81,069	83,599
Mal Lippo Investments Pte Ltd Investment holding	55,352	61,049
Cibubur Holdings Pte Ltd Investment holding	52,523	64,576
Tangent Investments Pte Ltd Investment holding	78,887	89,545
Magnus Investments Pte Ltd Investment holding	97,476	97,856
Elok Holdings Pte Ltd Investment holding	39,607	44,820
PS International Holdings Pte Ltd Investment holding	126,185	160,202
Great Properties Pte Ltd Investment holding	59,360	59,360
Grace Capital Pte Ltd Investment holding	34,278	34,878
Realty Overseas Pte Ltd Investment holding	26,500	26,500
Java Properties Pte Ltd Investment holding	18,697	19,028
Serpong Properties Pte Ltd Investment holding	16,524	17,159
Metropolis Properties Pte Ltd Investment holding	26,408	26,535
Matos Properties Pte Ltd Investment holding	20,197	20,369
Detos Properties Pte Ltd Investment holding	21,150	21,460
Palladium Properties Pte Ltd Investment holding	45,970	47,025

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

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	COST 2016 $'000	COST 2015 $'000
Singapore		
Madiun Properties Pte Ltd Investment holding	24,604	24,965
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	42,153	48,159
Plaza Medan Investments Pte Ltd Investment holding	1*	1*
PSX Holdings Pte Ltd Investment holding	10,912	11,605
Palembang Square Holdings Pte Ltd Investment holding	51,963	61,011
Taminis Holdings Pte Ltd Investment holding	19,757	19,952
Kramati Holdings Pte Ltd Investment holding	39,614	40,766
Binjaimall Holdings Pte Ltd Investment holding	23,430	29,693

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

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	COST 2016 $'000	COST 2015 $'000
Singapore		
Pejaten Holdings Pte Ltd Investment holding	86,462	88,015
Super Binjai Investment Pte Ltd Investment holding	1*	1*
Pejatenmall Investment Pte Ltd Investment holding	1*	1*
Kramat Jati Investment Pte Ltd Investment holding	1*	1*
Tamini Square Investment Pte Ltd Investment holding	1*	1*
Palem Square Investment Pte Ltd Investment holding	1*	1*
PSEXT Investment Pte Ltd Investment holding	1*	1*
LMIRT Capital Pte Ltd Provision of treasury services	1*	1*
KMT 1 Holdings Pte Ltd Investment holding	341,062	354,398
KMT 2 Investment Pte Ltd Investment holding	16,104	16,104
Picon1 Holdings Pte Ltd Investment holding	75,416	78,272
Picon2 Investments Pte Ltd Investment holding	10,807	10,807
Kuta1 Holdings Pte Ltd Investment holding	86,403	1*
Kuta2 Investments Pte Ltd Investment holding	4,320	1*
Icon1 Holdings Pte Ltd Investment holding	–	1*
Icon2 Investments Pte Ltd Investment holding	1*	1*

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

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	COST 2016 $'000	2015 $'000
Indonesia		
PT Graha Baru Raya Owner of Gajah Mada Plaza	805	805
PT Graha Nusa Raya Owner of Mal Lippo Cikarang	805	805
PT Cibubur Utama Owner of Cibubur Junction	1,772	1,772
PT Megah Semesta Abadi Owner of Bandung Indah Plaza	10,692	10,692
PT Suryana Istana Pasundan Owner of Istana Plaza	25,112	25,112
PT Indah Pesona Bogor Owner of Ekalokasari Plaza	1,208	1,208
PT Primatama Nusa Indah Owner of The Plaza Semanggi	3,222	3,222
PT Manunggal Wiratama Owner of Sun Plaza	10,476	10,476
PT Duta Wisata Loka Owner of Pluit Village	30,031	30,031
PT Anugrah Prima Owner of Plaza Medan Fair	14,630	14,630
PT Amanda Cipta Utama Owner of Binjai Supermall	6,270	6,270
PT Panca Permata Pejaten Owner of Pejaten Village	15,929	15,929
PT Benteng Teguh Perkasa Owner of Lippo Plaza Kramat Jati	10,263	10,263
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

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

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	COST 2016 $'000	COST 2015 $'000
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
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	8,775	–

* Amount is less than SGD1,000.

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.

The share certificates of certain subsidiaries are pledged as security for bank facilities (Note 23A).

INTERESTED PERSON **TRANSACTION** Year ended 31 December 2016

The transactions entered into with interested persons during the financial year ended 31 December 2016, which fall under the Listing Manual and the Code of Collective Investment Schemes, are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during FY2016 under review (excluding transactions less than SGD100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920) SGD'000	Aggregate value of all interested person transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000) [1] SGD'000
PT Lippo Karawaci Tbk and its subsidiaries or associates		
- Manager's management fees	11,940	–
- Acquisition fee	864	–
- Property management fees and reimbursables	4,393	–
- Rental and service charge income	43,388	–
- Fees recoverable relating to put option for Lippo Mall Kemang	842	–
HSBC Institutional Trust Services (Singapore) Limited		
- Trustee's fees	332	–

[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 of less than SGD100,000 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 2007 are not subject to Rules 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 UNITS

For the financial year ended 31 December 2016, the issued and subscribed units as at 31 December 2016 is an aggregate of 2,802,992,873 units.

NON-DEAL ROADSHOW EXPENSES

Non-deal roadshow expenses of SGD16,733 were incurred during the year ended 31 December 2016.

STATISTICS OF **UNITHOLDINGS** As at 16 March 2017

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NUMBER OF UNITHOLDERS	%	NUMBER OF UNITS	%
1 - 99	37	0.37	441	0.00
100 - 1,000	267	2.69	234,980	0.01
1,001 - 10,000	3,270	32.88	21,558,865	0.77
10,001 - 1,000,000	6,317	63.51	451,380,817	16.09
1,000,001 and above	55	0.55	2,332,137,298	83.13
TOTAL	**9,946**	**100.00**	**2,805,312,401**	**100.00**

TWENTY LARGEST UNITHOLDERS

NO.	NAME OF UNITHOLDERS	NUMBER OF UNITS	%
1	OCBC SECURITIES PRIVATE LIMITED	722,114,240	25.74
2	CITIBANK NOMINEES SINGAPORE PTE LTD	411,111,322	14.65
3	UOB KAY HIAN PRIVATE LIMITED	313,895,476	11.19
4	DBS NOMINEES (PRIVATE) LIMITED	220,148,069	7.85
5	LMIRT MANAGEMENT LTD	123,936,349	4.42
6	HSBC (SINGAPORE) NOMINEES PTE LTD	107,214,175	3.82
7	RAFFLES NOMINEES (PTE) LIMITED	100,984,296	3.60
8	PHILLIP SECURITIES PTE LTD	47,194,735	1.68
9	DBSN SERVICES PTE. LTD.	41,683,909	1.49
10	KO OON JOO	29,468,300	1.05
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	27,783,400	0.99
12	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	26,123,000	0.93
13	DB NOMINEES (SINGAPORE) PTE LTD	16,804,388	0.60
14	KGI SECURITIES (SINGAPORE) PTE. LTD.	13,526,500	0.48
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	13,258,904	0.47
16	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	13,195,777	0.47
17	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	11,635,691	0.41
18	MAYBANK KIM ENG SECURITIES PTE. LTD.	9,034,443	0.32
19	TAN CHWEE HUAT	6,736,000	0.24
20	WING HUAT LOONG PTE LTD	6,675,000	0.24
	TOTAL	**2,262,523,974**	**80.64**

STATISTICS OF UNITHOLDINGS (CONT'D)

As at 16 March 2017

SUBSTANTIAL UNITHOLDERS
(As at 16 March 2017)

		NO. OF UNITS DIRECT INTEREST	NO. OF UNITS DEEMED INTEREST
1.	Bridgewater International Ltd ("BIL")	700,444,940	–
2.	PT. Sentra Dwimandiri ("PTSD")	–	700,444,940[1]
3.	PT. Lippo Karawaci Tbk ("LPKR")	–	824,381,289[2]
4.	Wealthy Fountain Holdings Inc	202,938,500	–
5.	Shanghai Summit Pte Ltd	–	224,938,500[3]
6.	Tong Jinquan	–	224,938,500[4]

Notes:

1. BIL is controlled by PTSD. PTSD is therefore deemed to be interested in 700,444,940 Units in which BIL has an interest.

2. (i) BIL is controlled by PTSD, which is in turn controlled by LPKR. LPKR is therefore deemed to have an interest in 700,444,940 Units in which BIL has an interest.
   (ii) The Manager, LMIRT Management Ltd is controlled by Peninsula Investment Limited, which in turn, is controlled by LPKR. LPKR is therefore also deemed to be interested in 123,936,349 Units held by the Manager.

3. Shanghai Summit Pte Ltd is the sole shareholder of Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd and is therefore deemed to be interested in 202,938,500 Units held by Wealthy Fountain Holdings Inc and 22,000,000 Units held by Skyline Horizon Consortium Ltd.

4. Tong Jinquan is the sole shareholder of Shanghai Summit Pte Ltd which is the sole shareholder of Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd and accordingly is deemed to be interested in 202,938,500 Units held by Wealthy Fountain Holdings Inc and 22,000,000 Units held by Skyline Horizon Consortium Ltd.

MANAGER'S DIRECTORS' UNITHOLDINGS
(As recorded in the Register of Directors' Unitholdings as at 21 January 2017)

	NO. OF UNITS DIRECT INTEREST	NO. OF UNITS DEEMED INTEREST
1. Albert Saychuan Cheok	400,000	–

FREE FLOAT
Based on the information made available to the Manager as at 16 March 2017, approximately 62.58% of the Units in LMIR Trust are held in the hands of the public. Accordingly Rule 723 of the Listing Manual of the SGX-ST has been complied with.

NOTICE OF **ANNUAL GENERAL MEETING OF THE UNITHOLDERS**

LIPPO MALLS INDONESIA RETAIL TRUST

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting ("**AGM**") of the holders of units of Lippo Malls Indonesia Retail Trust ("LMIR Trust", and the holders of units of LMIR Trust, "**Unitholders**") will be held at Oriental Ballroom, Lobby Level at Mandarin Oriental Singapore, 5 Raffles Avenue, Marina Square, Singapore 039797 on Friday, 21 April 2017 at 2:00 p.m. to transact the following business:

(A) AS ORDINARY BUSINESS

1. To receive and adopt the Report of the Trustee of LMIR Trust issued by HSBC Institutional Trust Services (Singapore) Limited, as trustee of LMIR Trust (the "**Trustee**"), the Statement by the Manager issued by LMIRT Management Ltd, as manager of LMIR Trust (the "**Manager**"), and the Audited Financial Statements of LMIR Trust for the financial year ended 31 December 2016 together with the Auditors' Report thereon.

   (Ordinary Resolution 1)

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

   (Ordinary Resolution 2)

(B) AS SPECIAL BUSINESS

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

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

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

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

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

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

   provided that:

   (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to existing Unitholders (including Units to be issued in pursuance of Instruments to be made or granted pursuant to this Resolution) shall not exceed twenty per cent (20.0%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

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

(a) new Units arising from the conversion or exercise of the Instruments or any convertible securities which are outstanding or subsisting at the time of the passing of this Resolution;

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

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

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

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

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

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

(Please see Explanatory Note) **(Ordinary Resolution 3)**

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

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

Lynn Wan Tiew Leng
Company Secretary

Singapore
31 March 2017

Explanatory Note:

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

For the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units (excluding treasury Units, if any) at the time this Ordinary Resolution is passed after adjusting for new Units arising from the conversion or exercise of any Instruments, the exercise of unit options or the vesting of unit awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Important Notice:

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

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

   "**Relevant intermediary**" means:

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

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

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

3. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the office of LMIR Trust's Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than seventy-two (72) hours before the time appointed for holding the AGM.

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

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by LMIR Trust (or its agents) for the purpose of the processing and administration by LMIR Trust (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for LMIR Trust (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to LMIR Trust (or its agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by LMIR Trust (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify LMIR Trust in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

PROXY FORM

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend and vote at the Annual General Meeting (please see Note 2 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy units in Lippo Malls Indonesia Retail Trust, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. **PLEASE READ THE NOTES TO THE PROXY FORM**.

<u>Personal data privacy</u>

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 31 March 2017.

ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

LIPPO MALLS INDONESIA RETAIL TRUST

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 8 August 2007)

I/We,____________________(Name)____________________(NRIC/Passport No.)

of____(Address)

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

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

and/or (delete as appropriate)

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

or, both of whom failing, the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Eighth AGM of Unitholders of LMIR Trust to be held at Oriental Ballroom, Lobby Level at Mandarin Oriental Singapore, 5 Raffles Avenue, Marina Square, Singapore 039797 on Friday, 21 April 2017 at 2:00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolutions	No. of votes 'For'*	No. of votes 'Against'*
ORDINARY BUSINESS			
1.	To receive and adopt the Report of the Trustee, the Statement by the Manager, the Audited Financial Statements of LMIR Trust for the financial year ended 31 December 2016 and the Auditors' Report thereon		
2.	To re-appoint RSM Chio Lim LLP as Auditors of LMIR Trust and authorise the Manager to fix the Auditors' remuneration		
SPECIAL BUSINESS			
3.	To authorise the Manager to issue new Units and to make or grant convertible instruments		

**If you wish to exercise all your votes 'For' or 'Against', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ______ day of __________________ 2017.

Total number of Units held in:	No. of Units
(a) CDP Register	
(b) Register of Unitholders	

____

Signature(s) Unitholder(s)/Common Seal of Corporate Unitholder

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

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 and vote at the AGM is entitled to appoint one or two proxies to attend and vote on 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 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 and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

   "**Relevant intermediary**" means:
   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity,
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than seventy two (72) hours before the time set for the AGM.
4. Completion and return of the instrument appointing a proxy or proxies shall not preclude a Unitholder from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the AGM in person, and in such event, 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 instrument of proxy, to the AGM.
5. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his or her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289) maintained by The Central Depository (Pte) Limited ("**CDP**"), he or she should insert that number of Units. If the Unitholder has Units registered in his or her name in the Register of Unitholders of LMIR Trust, he or she should insert that number of Units. If the Unitholder has Units entered against his or her name in the said Depository Register and registered in his or her name in the Register of Unitholders of LMIR Trust, he or she should insert the aggregate number of Units entered against his or her name in the Depository Register and registered in his or her name in the Register of Unitholders. If no number is inserted, this Proxy Form 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 or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.
7. Where the Proxy Form is executed by an attorney on behalf of the appointer, the letter or power of attorney or a notarially certified copy thereof must be lodged with the Proxy Form, failing which the instrument may be treated as invalid.
8. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.
9. At any meeting, a resolution put to the vote of the meeting shall be decided by way of a poll.
10. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he or she is the Unitholder. There shall be no division of votes between a Unitholder who is present and voting at the AGM and his or her proxy(ies). A person entitled to more than one vote need not use all his or her votes or cast them the same way.

General

The Manager and the Trustee shall have the right to reject any Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager: (a) may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his or her name in the Depository Register as at seventy two (72) hours before the time appointed for holding the AGM, 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 a time not earlier than 72 hours prior to the time of the AGM, supplied by CDP to the Manager and to accept as 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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Affix
Postage
Stamp

LMIRT MANAGEMENT LTD.

(as Manager of Lippo Malls Indonesia Retail Trust)
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

2nd fold here *Glue and seal overleaf. Do not staple.*

CORPORATE **INFORMATION**

MANAGER

LMIRT Management Ltd
50 Collyer Quay
OUE Bayfront, #06-07
Singapore 049321
Tel: (65) 6410 9138
Fax: (65) 6509 1824

DIRECTORS OF THE MANAGER

Mr Albert Saychuan Cheok
Chairman & Independent Non-Executive Director

Ms Chan Lie Leng
Executive Director and Chief Executive Officer

Mr Lee Soo Hoon, Phillip
Independent Non-Executive Director

Mr Goh Tiam Lock
Independent Non-Executive Director

Mr Douglas Chew
Independent Non-Executive Director

Mr Ketut Budi Wijaya
Non-Executive Director

AUDIT AND RISK COMMITTEE

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

NOMINATING AND REMUNERATION COMMITTEE

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

STOCK EXCHANGE QUOTATION

BBG: LMRT SP
RIC: LMRT.SI

TRUSTEE

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

UNIT REGISTRAR

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

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

AUDITORS OF THE TRUST

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

INVESTOR RELATIONS

August Consulting
101 Thomson Road
#03-02 United Square
Singapore 307591
ir@lmir-trust.com

COMPANY SECRETARY OF THE MANAGER

Ms Lynn Wan Tiew Leng

WEBSITE & EMAIL ADRESS

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ir@lmir-trust.com

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