ALL ABOUT THE EXPERIENCE

LMIR TRUST
LIPPO MALLS INDONESIA RETAIL TRUST

ANNUAL REPORT
2019

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

ABOUT LMIR TRUST

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

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

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

PORTFOLIO

As at 31 December 2019, LMIR Trust has a portfolio of 30 properties comprising 23 retail malls and seven retail spaces located in other shopping malls. With a total gross floor area (“GFA”) of 1,783,304 square metres and net lettable area (“NLA”) of 913,958 square metres, the portfolio’s asset value stood at Rp18,851.8 billion (values of Binjai Supermall and Pejaten Village are based on sales consideration).

LMIR Trust’s assets are strategically located in large middle-class population catchment areas in Greater Jakarta, Bandung, Yogyakarta, Medan, Palembang, Bali and Sulawesi, and cater mainly to the everyday needs of middle to upper-middle-income domestic consumers in Indonesia.

The malls boast a diversified tenant base of 3,767 that includes well-known retailers such as Carrefour, Hypermart, Matahari Department Store and Sogo, as well as popular consumer brands including Ace Hardware, Adidas, BreadTalk, Fitness First, Giordano, H&M, Muji, Miniso, Starbucks, Timezone, Uniqlo and Zara, among others.

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

SPONSOR

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

For its retail malls business, the Sponsor owns and/or manages 51 malls throughout Indonesia.

We are focused on building a strong and resilient portfolio of retail assets, supported by our Sponsor's healthy pipeline of malls. Our malls are relevant to the needs and lifestyles of today's consumers and we are ever ready to grow our footprint.

ALL ABOUT THE MALLS

ALL FOR TENANT SUPPORT

Our tenants form the core of our business and we are committed to supporting them in creating an attractive destination for shoppers. Through various asset enhancement initiatives and exciting mall activities, we reinvent the shopping experience for all.

ALL TO MAXIMISE RETURNS

Maximising returns to our Unitholders remains our key goal. In the face of an ever-evolving business landscape, we remain vigilant of the market and economic shifts, and prudent in the management of our assets and resources to achieve long-term growth.

KEY FINANCIAL HIGHLIGHTS

Gross Rental Income
S$155.3 million

Net Assets Value Per Unit
28.20 cents
▼ 1.6%

Tenants
3,767
▲ 1.9%

Gross Revenue
S$273.0 million
▲ 18.5%

Properties
30

Annual Shopper Traffic
168 million
▼ 1.2%

Net Property Income
S$176.2 million
▲ 6.8%

Portfolio Valuation
Rp18,851.8 billion
▼ 3.4%

Gearing
35.9%

Distribution to Unitholders
S$64.9 million
▲ 11.0%

Portfolio Occupancy
91.5%

Interest Cover
4.1x

Distribution Per Unit
2.23 cents
▲ 8.8%

Net Lettable Area
913,958
square metres

Average Cost of Debt
6.1%

Distribution Yield[1]
9.9%

(1) Based on closing price of S$0.225 as at 31 December 2019

UNIT PRICE PERFORMANCE

UNIT PRICE AND TRADING VOLUME

Closing Unit Price For The Period
(Singapore cents)

22.5 FY 2019

FY 2018 - 18.2

Daily Average Trading Volume
(million)

2.6 FY 2019

FY 2018 - 4.5

Highest Closing Unit Price
(Singapore cents)

25.5 FY 2019

FY 2018 - 42.0

Market Capitalisation
(S$'million)

651.4 FY 2019

FY 2018 - 520.5

Lowest Closing Unit Price
(Singapore cents)

18.3 FY 2019

FY 2018 - 18.0

DISTRIBUTION PER UNIT

Distribution Per Unit
(Singapore cents)

2.23 FY 2019

FY 2018 - 2.05

DPU Yield

9.9% FY 2019

FY 2018 - 11.3%

SIGNIFICANT EVENTS IN FY 2019

JUN

- Assigned 'Ba3' with stable rating outlook by Moody's Investors Service and an expected long-term Issuer Default Rating of 'BB (EXP)' with stable rating outlook by Fitch Ratings Singapore Pte Ltd
- Successfully priced inaugural US$250.0 million 5-year Guaranteed Senior Notes with a coupon rate of 7.25% per annum payable semi-annually

AUG

- Announced 2Q 2019 financial results on 1 August, declared DPU of 0.60 Singapore cents, up 1.7% YoY

OCT

- Fitch Ratings Singapore Pte Ltd assigned LMIR Trust a final long-term foreign-currency Issuer Default Rating of 'BB' with stable outlook, and a final rating of 'BB' to its US$250.0 million 7.25% senior unsecured notes due in 2024

NOV

- Announced 3Q 2019 financial results on 7 November, declared DPU of 0.56 Singapore cents, up 14.3% YoY
- Appointment of Mr Murray Dangar Bell as Lead Independent Director of the Board
- Cessation of Mr Douglas Chew as Lead Independent Director, Chairman of Nominating and Remuneration Committee and a member of the Audit and Risk Committee

DEC

- Cessation of Mr Ketut Budi Wijaya as Chairman, Non-Independent Non-Executive Director of the Board
- Re-designation of Ms Gouw Vi Ven from Executive Director to Non-Executive Non-Independent Director of the Board
- Appointment of Mr Murray Dangar Bell as Chairman of the Board
- Appointment of Mr Liew Chee Seng James as Executive Director of the Board
- Announced the divestment of Pejaten Village and Binjai Supermall for a total sale consideration of Rp1,280.7 billion

MR LIEW CHEE SENG JAMES
Executive Director and
Chief Executive Officer

MR MURRAY DANGAR BELL
Chairman and
Lead Independent Director

LETTER TO UNITHOLDERS

DEAR UNITHOLDERS,

The year 2019 was a turnaround year for LMIR Trust. The volatile Rupiah exchange rate movements in 2018 gave way to a much more stable economic and business environment in 2019 with the Rupiah exchange rate strengthening by 2.4% year-on-year ("YoY"). The re-election of President Joko Widodo for another five-year term further strengthened the outlook for Indonesia's economy as the President is expected to focus on attracting foreign investments. This stable business environment allowed LMIR Trust to begin to put in place strategic initiatives that would generate a stable and sustainable returns for all stakeholders over a medium to long term period.

Looking ahead into 2020, the global economic outlook is now overcast with the uncertainty caused by the COVID-19 outbreak. With a diversified portfolio of 30 properties located in 12 major cities across Indonesia, LMIR Trust is well positioned to weather this storm sweeping across the globe. Nevertheless, we will be monitoring the situation closely and contingency measures have been put in place within all our malls to protect the health of our staff, retailers, shoppers and contractors.

RESILIENT OPERATING PORTFOLIO PERFORMANCE

We are pleased to present a commendable set of results for financial year ended 31 December 2019 ("FY 2019"), underpinned by the recovering Indonesian Rupiah, ongoing portfolio optimisation strategy and effective cost control measures.

Annualised distribution per unit ("DPU") climbed 8.8% to 2.23 Singapore cents from 2.05 Singapore cents a year earlier ("FY 2018"), on the back of distributable income increasing 16.8% to S$68.3 million from S$58.4 million in FY 2018. The latest distribution provides an attractive 9.9% yield based on closing price of S$0.225 as at 31 December 2019.

Total gross revenue for the year rose 18.5% to S$273.0 million, boosted by the first full year of the internalisation of collection of service and utilities recovery charges directly from tenants. The higher gross revenue, improved collections of receivables together with more efficient operating cost management resulted in a 6.8% increase in net property income to S$176.2 million from S$165.0 million in FY 2018.

Fortified by our well-defined asset management strategy, our resilient portfolio of 30 properties

THE HIGHER GROSS REVENUE, IMPROVED COLLECTIONS OF RECEIVABLES TOGETHER WITH MORE EFFICIENT OPERATING COST MANAGEMENT RESULTED IN A 6.8% INCREASE IN NET PROPERTY INCOME TO S$176.2 MILLION FROM S$165.0 MILLION IN FY 2018.

LETTER TO UNITHOLDERS

> “ MAINTAINING A DISCIPLINED AND RESILIENT CAPITAL STRUCTURE HAS ALWAYS BEEN ONE OF LMIR TRUST'S KEY STRATEGIES TO MAINTAIN PORTFOLIO STABILITY AND TO FACILITATE FUTURE GROWTH.

strategically-located in high catchment areas across 12 major cities in Indonesia, closed the year with an average occupancy of 91.5% (versus the industry average of 81.1%) with 70 more tenants occupying our malls compared to the previous year.

MAXIMISING VALUE OF OUR EXISTING MALLS

In order to constantly differentiate our malls and enhance their value proposition, we work closely with our mall operator to ensure the right and balanced mix of tenants from various trade sectors comprising both local and international brands to cater to the evolving trends and changing lifestyle preferences of shoppers. Furthermore, we actively identify value-added asset enhancement initiatives ("AEI") to rejuvenate dated malls including the strategic reconfiguration of floor space to optimise the mall layout to attract the right tenants to boost footfall, rent and asset value.

During the year, Pluit Village, Lippo Plaza Kendari, Lippo Mall Cikarang and Lippo Plaza Jogja all completed minor AEI works and tenancy reconfigurations, allowing us to better enhance the experience of our shoppers. At Lippo Mall Kemang, plans are also underway to convert some car park and anchor tenant space to higher achieving specialty retail space. Sun Plaza, one of our star performing assets in Medan, Sumatra, commenced extensive AEI works in January 2019 with scheduled completion in late 2021. Gajah Mada Plaza, prominently located in the heart of Jakarta's Chinatown, has been identified as the next property to undergo extensive AEI works to capitalise on the upcoming Sawah Besar MRT, expected to be operational in 2024, which will provide direct access to the mall. We will continue to evaluate our portfolio to ascertain other viable malls suitable for extensive AEI works to enhance the value of these assets.

GROWTH OPPORTUNITIES TO MAXIMISE VALUE

In addition to organic growth achieved from maximising value from the portfolio of existing centres, the opportunity to maximise unitholder value inorganically continues as a strategy to enhance our income streams for sustainable long-term growth. This involves acquiring new assets aligned to our growth strategy plan for Indonesia and potential divestment of portfolio assets at the peak of their property cycle and/or are under threat from future competition.

In relation to new assets, the proposed acquisition of Lippo Mall Puri ("Puri Mall") presents high long-term growth potential as it is part of the largest premium mixed-use development in West Jakarta. Its strategic location in the heart of the Puri Indah Central Business District and affluent residential trade area makes shopper accessibility easy. This acquisition will be LMIR Trust's landmark mall and largest acquisition to date when completed and reaffirms our commitment to continually secure high-quality income-producing assets to sustain long-term growth.

In line with our portfolio optimisation strategy, on 30 December 2019, we announced the divestment of Pejaten Village for Rp997.4 billion and Binjai Supermall for Rp283.3 billion at a premium of 33.3% and 19.3% respectively over their purchase prices back in 2012. This marked our inaugural divestment since the listing of LMIR Trust in 2007, and allows us to unlock capital and increase our financial flexibility to fund growth through reinvestments, make distributions to Unitholders or pare down debt.

STABLE CAPITAL STRUCTURE

Maintaining a disciplined and resilient capital structure has always been one of LMIR Trust's key strategies to maintain portfolio stability and to facilitate future growth.

As at 31 December 2019, LMIR Trust's gearing was at 35.9% (compared to the regulated 45% ratio), interest cover at 4.1 times and a weighted average debt maturity of 3.2 years. Stability is further managed by 100% of LMIR

Trust's debt being on a fixed-rate basis to mitigate fluctuating interest rates.

To better match the long-term nature of our mall assets with long-term liabilities, we successfully placed our first US$250.0 million 5-year Guaranteed Senior Notes (the "Notes") with a coupon rate of 7.25% per annum in June to refinance our maturing debts in FY 2019 and FY 2020. Cross currency swap agreements were entered pursuant to which the US$250.0 million proceeds of the Notes were swapped into Singapore dollars with a weighted average fixed interest rate of 6.71% per annum payable semi-annually in arrears. Additionally, the notes were Asia Pacific's first U.S. dollar ("USD") high-yield bond issued by a REIT. We received a final order book of over US$475.0 million from 58 investor accounts. There was robust response from fixed income investors across Asia and Europe, which demonstrated their confidence in LMIR Trust. Through this opportunity, we were able to diversify our financing tools and tap into both a wider institutional investor base and new currency markets for our funding resources.

MARKET OUTLOOK

Indonesia's economy headed into 2020 with a subdued outlook with economists expecting household consumption, exports and investment to further weaken due to global economic risks including the COVID-19 crisis. Bank Indonesia still expects Indonesia's economic growth for 2020 to be within the range of 5.0% to 5.4% which is slightly lower than its earlier projection of between 5.1% and 5.5% due to the ongoing spread of COVID-19, which is feared to dampen economic activity around the world.

To further counter these global influences and to drive growth, the Indonesian government has proposed a record Rp2,540.4 trillion budget for 2020, raising spending by 8.5% compared to 2019. Key proposed reforms include gradually lowering the corporate tax level from 25.0% to 20.0% to encourage investment, and to make changes to improve labour laws[1]. Bank Indonesia also reduced its benchmark interest rate, the BI seven-day reverse repo rate, by 25 basis points to 4.75% as a pre-emptive measure to maintain the momentum of domestic economic growth.

In conclusion, we are continuing to focus on growing our portfolio both organically and inorganically. The prime objective is to build sustainable long-term growth for our Unitholders, while managing the impact of the current global headwinds and a slowing Indonesian economy.

ACKNOWLEDGEMENTS

We wish to take this opportunity to extend our gratitude to the Board for their guidance, and to the management team and staff for their dedication to LMIR Trust.

Specifically, our deep appreciation goes to the members of the Board who have stepped down during the year. To Mr Ketut Budi Wijaya, Chairman, Non-Independent Non-Executive Director and Mr Douglas Chew, Lead Independent Director, for their counsel and commitment during their tenures with the Manager. To Ms Gouw Vi Ven, who has stepped down as CEO but remained on the Board as Non-Executive Non-Independent Director, for her stewardship as CEO of the Manager.

Together as the new Chairman of the Board and CEO, we will work hard to weather the economic headwinds and strive to create sustained value for our Unitholders, who have continued to trust and support LMIR Trust. Thank you and we look forward to your continued support during the year.

MR MURRAY DANGAR BELL
Chairman
and Lead Independent Director

MR LIEW CHEE SENG JAMES
Executive Director and
Chief Executive Officer

(1) 11 December 2019, Bloomberg – Indonesia to ramp up stimulus next year, minister says

left to right
MR LEE SOO HOON, PHILLIP
MR LIEW CHEE SENG JAMES
MR MURRAY DANGAR BELL
MS GOUW VI VEN
MR GOH TIAM LOCK

BOARD OF DIRECTORS

MR MURRAY DANGAR BELL

Chairman,
Lead Independent Director

Date of Appointment
As Lead Independent Director on 1 November 2019
As Chairman on 31 December 2019

Board Committee
Member of Audit & Risk and Nominating & Remuneration

Mr Bell has more than 30 years of experience in real estate management, primarily in shopping malls management in the Asia Pacific and Middle East regions. He is also a proven commercial business leader with extensive experience in leading, managing and driving change management in both large and smaller property groups. Mr Bell was the Chief Executive Officer of Intergen Property Group, a Sydney-based boutique property fund management and property operating business servicing local and international investors, which he founded in 2015.

Prior to founding Intergen Property Group, Mr Bell held various leadership roles with leading real estate organisations, which included Managing Director - Retail at Al Futtaim Group Real Estate, United Arab Emirates, Head of Asset and Mall Management at AMP Capital Shopping Centres, Australia, Chief Executive Officer - Malls at Lippo Karawaci, Indonesia, Senior Vice President at Majid Al Futtaim, United Arab Emirates, Managing Director at Jones Lang LaSalle, South Korea and Chief Executive Officer - Malls at Lend Lease Retail, Australia. In the early years of his career, he also held various positions with Jones Lang LaSalle in Indonesia and Hong Kong.

Mr Bell holds a Bachelor of Arts, majoring in Economics and Law from the University of Sydney, Australia.

MR LIEW CHEE SENG JAMES

Executive Director and
Chief Executive Officer

Date of Appointment
As Executive Director on 31 December 2019

Mr Liew joined the Manager in June 2018 as Chief Operating Officer, appointed as Deputy Chief Executive Officer in October 2018 and subsequently as Chief Executive Officer in May 2019.

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

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

BOARD OF DIRECTORS

MS GOUW VI VEN

Non-Executive
Non-Independent Director

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

As Non-Executive Non-Independent Director on 31 December 2019

Board Committee
Member of Nominating & Remuneration

Past Directorship
- LMIRT Management Ltd (as Manager of LMIR Trust), Executive Director (2007 to 2017)
- LMIRT Management Ltd (as Manager of LMIR Trust), Executive Director (2018 to 2019)

Ms Gouw was formerly the CEO of the Manager from 2007 to April 2013, and Executive Director till March 2017. She returned as CEO from October 2018 to May 2019 and remained as Executive Director till December 2019.

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

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

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

MR GOH TIAM LOCK

Independent Director

Date of Appointment
As Independent Director on 27 September 2011

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

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

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

Mr Goh served as a member on the Strata Titles Board from 1999 till 2018. He is a Fellow of the Royal Institution of Chartered Surveyors, a Fellow of the Singapore Institute of Surveyors & Valuers and its President from 1986/87, as well as a Fellow of the Singapore Institute of Arbitrators and its Vice President from 1985 to 1987.

Mr Goh held the position of Property Manager in Supreme Holdings Ltd. before joining Jones Lang Wootton as a senior executive in 1974. In 1976, he became a partner in MH Goh, Tan & Partners, the legacy firm of Colliers International, and retired from the firm in 1991.

He was actively involved in community work, holding positions such as Chairman of the Marine Parade Community Club Management Committee from 1984 to 2001, and Master Mediator at the Marine Parade Community Mediation Centre. He is now a Patron of the Marine Parade Community Club Management Committee.

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

MR LEE SOO HOON, PHILLIP

Independent Director

Date of Appointment

As Independent Director on 4 August 2011

Board Committee

Chairman of Audit & Risk

Present Directorship

Independent Non-Executive Director at

- G K Goh Holdings Ltd
- Estate and Trust Agencies (1972) Ltd
- Kluang Rubber Company (Malaysia) Bhd
- Kuchai Development Bhd
- Sungei Bagan Rubber Company (Malaysia) Bhd

Past Directorship

- IPC Corporation Ltd, Independent Director (1998 to 2018)
- Transcorp Holdings Limited, Independent Director (2000 to 2015)
- Heatec Jietong Holdings Ltd, Independent Director (2009 to 2014)
- CSE Global Limited, Independent Non-Executive Director (1999 to 2019)

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

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

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

KEY MANAGEMENT

MR LIEW CHEE SENG JAMES
Executive Director and Chief Executive Officer

Please refer to page 17 for Mr Liew's biography.

MR WONG HAN SIANG
Chief Financial Officer

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

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

MS CHRISTINA LEE
Director, Compliance and Sustainability Development

Ms Lee joined the Manager in March 2017 and managed the compliance, legal, investor relations and company secretarial matters of LMIR Trust. From January 2020, her main focus will be in the compliance and sustainability development areas. She has more than 25 years of experience in banking, in the areas of internal audit, compliance and operations. Prior to joining the Manager, she amassed her experience from both local and international banks and audit firms including Raiffeisen Bank International AG, Singapore, United Overseas Bank Ltd, Hongkong & Shanghai Bank, Ernst & Young Singapore and PricewaterhouseCooper Malaysia.

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

MR HENG SHAO SHENG
Director, Asset Management

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

Mr Heng graduated with a Bachelor of Business in Accountancy from RMIT University and is also a Certified Practising Accountant, CPA Australia. He also obtained his Executive Certificate in Real Estate Finance from the National University of Singapore.

MS ELLA JIA
Financial Controller

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

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

MR CESAR AGOR
Manager, Legal and Compliance

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

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

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

PORTFOLIO OVERVIEW

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

BINJAI

- BINJAI SUPERMALL
  Jalan Soekarno, Hatta No. 14 Binjai

PALEMBANG

- PALEMBANG ICON
  Jalan POM IX, Palembang
- PALEMBANG SQUARE
  Jalan Angkatan 45/POM IX, Palembang
- PALEMBANG SQUARE EXTENSION
  Jalan Angkatan 45/POM IX, Palembang

BANDUNG

- ISTANA PLAZA
  Jalan Pasir Kaliki, Bandung
- BANDUNG INDAH PLAZA
  Jalan Merdeka, Bandung

SEMARANG

- JAVA SUPERMALL UNITS
  Jalan MT Haryono, Semarang

YOGYAKARTA

- LIPPO PLAZA JOGJA
  Jalan Laksda Adisucipto

JAKARTA

NORTH

- PLUIT VILLAGE
  Jalan Pluit Indah Raya, Penjaringan

SOUTH

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

JAKARTA

EAST

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

JAKARTA

WEST

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

CENTRAL

- GAJAH MADA PLAZA
  Jalan Gajah Mada

SULAWESI

- LIPPO PLAZA KENDARI
  Jalan MT Haryono

KEDIRI

- KEDIRI TOWN SQUARE
  Jalan Hasanudin,
  Balowerti Subdistrict

BALI

- LIPPO MALL KUTA
  Lingkungan Segara, Kuta

MALANG

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

MADIUN

- PLAZA MADIUN UNITS
  Jalan Pahlawan, Madiun

Retail Malls Retail Spaces

PORTFOLIO SUMMARY

Property	Acquisition Date	Purchase Price (Rp'billion)	Valuation (Rp'billion)	Valuation (S$'million)
Bandung Indah Plaza	19 November 2007	611.6	711.3	68.9
Cibubur Junction	19 November 2007	464.2	319.6	31.0
Lippo Plaza Ekalokasari Bogor	19 November 2007	333.0	357.2	34.6
Gajah Mada Plaza	19 November 2007	483.3	800.1	77.5
Istana Plaza	19 November 2007	585.3	606.4	58.8
Mal Lippo Cikarang	19 November 2007	367.2	752.2	72.9
The Plaza Semanggi	19 November 2007	1,013.8	1,016.0	98.4
Sun Plaza	31 March 2008	967.2	2,261.0	219.1
Plaza Medan Fair	6 December 2011	1,042.1	1,030.0	99.8
Pluit Village	6 December 2011	1,593.6	815.2	79.0
Lippo Plaza Kramat Jati	15 October 2012	539.6	660.6	64.0
Palembang Square Extension	15 October 2012	221.5	294.0	28.5
Tamini Square	14 November 2012	180.0	281.0	27.2
Palembang Square	14 November 2012	467.0	738.0	71.5
Pejaten Village(1)	20 December 2012	748.0	997.4	96.6
Binjai Supermall(1)	28 December 2012	237.5	283.3	27.5
Lippo Mall Kemang	17 December 2014	3,540.4	2,669.0	258.6
Lippo Plaza Batu	7 July 2015	265.0	265.2	25.7
Palembang Icon	10 July 2015	790.0	772.0	74.8
Lippo Mall Kuta(2)	29 December 2016	800.0	807.8	78.3
Lippo Plaza Kendari(2)	21 June 2017	310.0	358.0	34.7
Lippo Plaza Jogja(2)	22 December 2017	570.0	582.2	56.4
Kediri Town Square	22 December 2017	345.0	418.3	40.5
RETAIL MALLS		16,475.3	17,795.8	1,724.3
Depok Town Square Units	19 November 2007	131.5	157.9	15.3
Grand Palladium Units(3)	19 November 2007	134.0	95.0	9.2
Java Supermall Units	19 November 2007	133.1	139.6	13.5
Malang Town Square Units	19 November 2007	130.8	172.2	16.7
Mall WTC Matahari Units	19 November 2007	128.9	115.9	11.2
Metropolis Town Square Units	19 November 2007	171.8	144.7	14.0
Plaza Madiun Units	19 November 2007	171.2	230.7	22.4
RETAIL SPACES		1,001.3	1,056.0	102.3
		17,476.6	18,851.8	1,826.6

All information as at 31 December 2019
(1) For Pejaten Village and Binjai Supermall, the stated values are the sale considerations for the divestment of the two assets, as per the announcement on 30 December 2019. The valuation values for Pejaten Village and Binjai Supermall were Rp1,040.0 billion and Rp309.0 billion respectively as of 30 June 2019.
(2) Includes tangible assets.
(3) The Business Association of the mall is in the midst of consolidating all the strata title holders to refurbish the mall.

Gross Floor Area (sqm)	Net Lettable Area (sqm)	Occupancy (%)	Land Title	Land Lease Expiry	No. of Tenants
75,868	30,288	99.5	BOT	31 December 2030	250
66,935	34,023	98.1	BOT	28 July 2025	195
58,859	28,637	89.6	BOT	27 June 2032	94
79,830	36,535	67.5	Strata	24 January 2040	165
47,533	27,454	82.3	BOT	17 January 2034	163
39,604	28,627	91.8	HGB	5 May 2023	137
155,122	60,084	74.5	BOT	8 July 2054	391
167,000	69,783	96.5	HGB	24 November 2032	378
141,866	67,968	99.3	BOT	23 July 2027	442
150,905	86,591	95.4	BOT	9 June 2027	304
65,446	32,951	97.6	HGB	24 October 2024	112
23,825	18,036	98.0	BOT	25 January 2041	30
18,963	17,475	100.0	Strata	26 September 2035	13
50,000	30,510	97.6	Strata	1 September 2039	137
91,749	42,210	96.3	HGB	3 November 2027	152
44,153	23,432	98.0	HGB	2 September 2036	111
150,932	58,393	93.4	Strata	28 June 2035	217
34,340	18,569	76.9	HGB	8 June 2031	51
50,889	36,348	98.5	BOT	30 April 2040	179
48,467	20,350	94.0	HGB	22 March 2037	64
34,784	20,202	99.6	BOT	7 July 2041	44
66,098	24,363	96.9	HGB	27 December 2043	38
28,688	16,899	92.6	HGB	12 August 2024	67
1,691,856	829,728	92.6			3,734
13,045	12,824	99.5	Strata	27 February 2035	3
13,730	12,305	0.0	Strata	9 November 2028	0
11,082	11,082	98.8	Strata	24 September 2037	1
11,065	11,065	100.0	Strata	21 April 2033	3
11,184	10,753	80.3	Strata	8 April 2038	3
15,248	14,861	87.2	Strata	27 December 2029	4
16,094	11,340	99.8	Strata	9 February 2032	19
91,448	84,230	80.4			33
1,783,304	913,958	91.5			3,767

OPERATIONS REVIEW

VALUATIONS

LMIR Trust's total portfolio value stood at Rp18,851.8 billion as at 31 December 2019 (values for Binjai Supermall and Pejaten Village are based on sales considerations), compared to Rp19,514.1 billion as at 31 December 2018. The year-on-year ("YoY") decline was largely due to lower valuation for some of our Build, Operate and Transfer ("BOT") properties, as well as for Lippo Mall Kemang as a result of the expiration of its master leases in December 2019.

Out of the 10 properties with BOT land titles, six registered a decline in valuation as the expiration of their land titles draw closer.

On the other hand, most of the retail malls with Hak Guna Bangunana ("HGB") land titles saw an increase in valuation mainly due to lower overall discount rate ranging between 12.1% to 12.8% (FY 2018: 12.4% to 13.5%). The lower discount rate was consistent with the decline in the 10-year Indonesia Government Bond yield from 8.0% at end of 2018 to 7.1% at end of 2019, as Bank Indonesia cut its seven-day reverse repo rate to 5.0% in 2019 (6.0% at end of 2018).

In Singapore dollar terms, the portfolio value declined by a marginal 0.7% to S$1,826.6 million from S$1,840.4 million as at 31 December 2018.

MASTER LEASES

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

Currently, four of LMIR Trust's properties have master leases with the vendors. These include Palembang Icon (Sports & Convention Centre), Lippo Mall Kuta, Lippo Plaza Kendari and Lippo Plaza Jogja, with expiry dates in December 2020, December 2021, June 2022 and December 2022 respectively.

As part of our leasing strategy for Palembang Icon ("Picon"), we have revised the tenure of the existing master lease for Palembang Sports & Convention Center ("PSCC") to six years, with the master lease expiring in December 2020. Following which, LMIR Trust's property manager will take over the management and leasing of PSCC together with its retail spaces to create a more cohesive and exciting retail experience for visitors to the mall and PSCC.

At the point of acquisition, it was assessed that upon expiry of the master leases such rental rates can be attained and hence the underlying rental performance will continue to create a sustainable income for LMIR Trust. In December 2019, on the expiration of the master leases at Lippo Mall Kemang, LMIR Trust has managed to enter into new leases with the underlying tenants of the master lease areas.

LEASE EXPIRY PROFILE

LMIR Trust's weighted average lease expiry ("WALE") by NLA remained at a consistent 4.0 years as at 31 December 2019, compared to 4.2 years as at 31 December 2018.

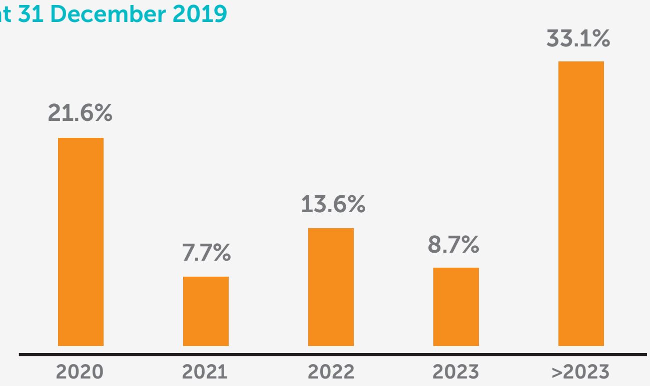
TENANCY

In FY 2019, our property manager managed to secure 81,145 square metres of new leases, representing an increase of 31.8% from the previous year. The weighted average lease expiry (based on commencement date of the new leases) for FY 2019 was 4.2 years. These new leases accounted for 12.8% of the gross rental income in FY 2019.

OCCUPANCY

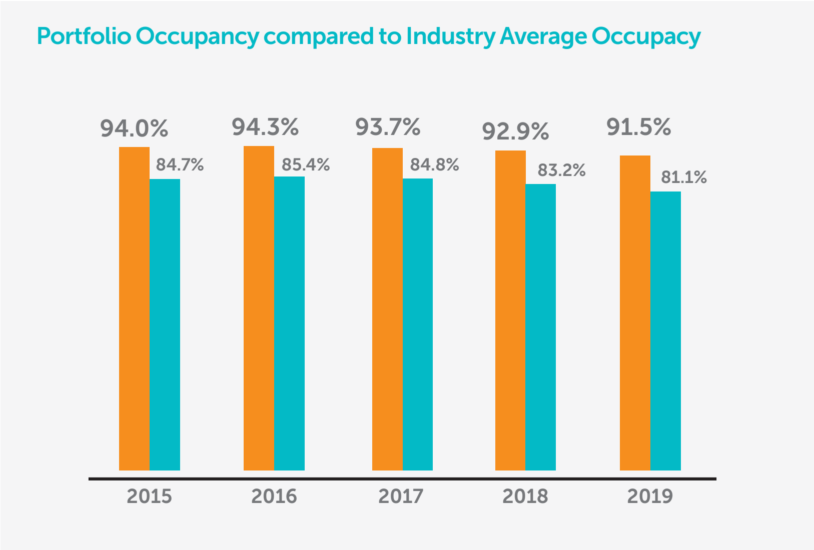
With active asset management and strategic leasing efforts, LMIR Trust has been able to maintain a consistently high average occupancy rate of over 90.0%, above industry average. As at 31 December 2019, the portfolio's

Long Lease Profile
Lease expiry profile by NLA as at 31 December 2019



Cibubur Junction

OPERATIONS REVIEW




Pluit Village Mall


Istana Plaza

average occupancy stood at 91.5% compared to industry average of 81.1% as reported by Cushman & Wakefield's Marketbeat Retail Snapshot Q4 2019, Jakarta.

ASSET ENHANCEMENT INITIATIVES ("AEI")

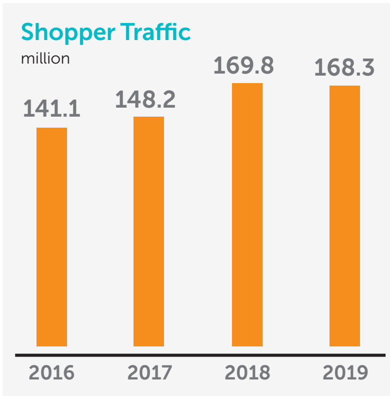
LMIR Trust strives to maximise potential returns from its assets through active asset enhancement initiatives. The AEI works at Sun Plaza have commenced and are progressing well. Phase one of renovation works which included reconfiguration of the mall atrium, a refreshed look to the parapet walls, new façade installed with LED lights, new floor tiles at level four, was completed by end of 2019. We expect full completion of the AEI by FY 2021.

The refurbishment works for Pluit Village's new dining hall "The Elevation" were completed in the first quarter of 2019. With the introduction of a myriad of dining options in one area, the new dining hall has been well-received by the mall shoppers. During the year, Istana Plaza also received a fresh coat of colour for its façade, giving it a brighter and fresher look.
To further enhance shoppers' experience and to boost the value of our malls, we have also identified some malls for potential AEIs in 2020. One of which is Lippo Mall Kemang where we intend to convert spaces previously occupied by anchor tenants into speciality units and community space.

SHOPPER TRAFFIC

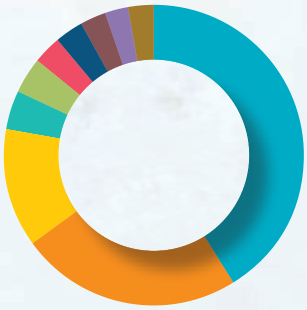
FY 2019 shopper traffic count remained consistent with FY 2018, despite a 13.9% drop in car count to 20.4 million from 23.7 million in FY 2018 as a result of increased usage of ride-hailing services. In FY 2019, in addition to the regular promotional events and activities held during festive seasons like Lunar New Year, Ramadan and Christmas, our malls put in place specially-curated advertising and promotional events as well as new loyalty programmes 'styles', to further enhance shopper experience.

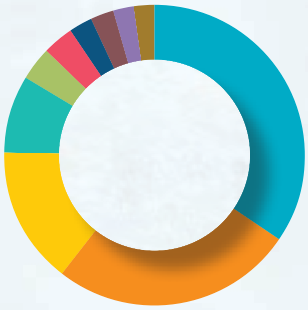
Other events that were popular among shoppers in 2019 included the Travel Fairs which were held in a number of our malls, Palembang Fashion Week in Palembang Icon, Food Carnival in Sun Plaza, Mobile Legend in Lippo Mall Kuta and Symphony Under The Stars in Lippo Mall Kemang. Plaza Medan Fair also organised a series of events to celebrate its 15th Anniversary in 2019, drawing a significant number of shoppers to the mall.



DIVESTMENT

FY 2019 marked LMIR Trust's maiden divestment since its initial public listing in 2007. The sale of Pejaten Village and Binjai Supermall was at a premium of 33.3% and 19.3% respectively over their purchase prices in 2012. In line with LMIR Trust's ongoing portfolio optimisation strategy to maximise returns to Unitholders, the sales proceeds will increase LMIR Trust financial flexibility to pursue assets with higher value and growth prospects.





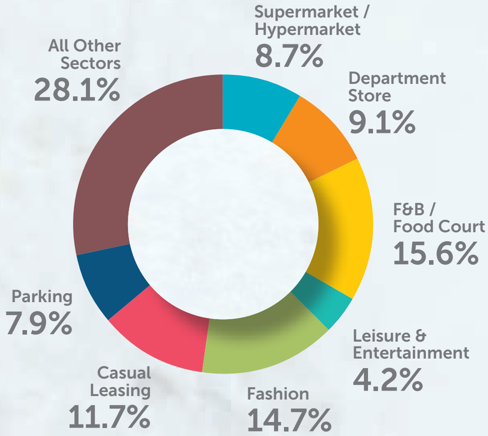
Top 10 Tenants by % of Gross Rental Income

Matahari Department Store	9.5%
Hypermart	5.5%
Carrefour	2.9%
Timezone	1.0%
Cinepolis	0.9%
Sport Station	0.7%
Solaria	0.7%
Miniso	0.6%
Ace Hardware	0.6%
Uniqlo	0.6%

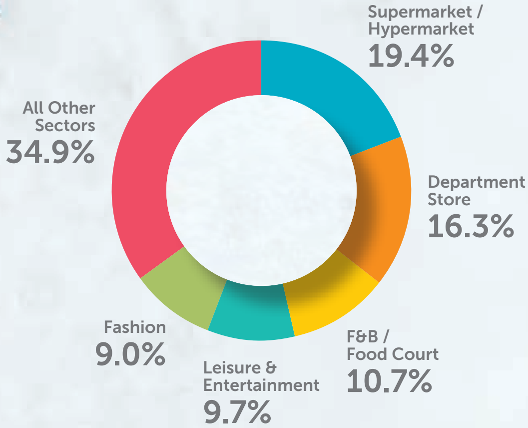
Top 10 Tenants by % of NLA

Matahari Department Store	15.2%
Hypermart	11.4%
Carrefour	6.5%
Cinepolis	3.7%
Sogo Department Store	1.6%
Timezone	1.4%
Ace Hardware	1.1%
Mr DIY	1.1%
Cinema XXI	1.0%
Gramedia	0.9%

Trade Sector Breakdown by Gross Revenue



Trade Sector Breakdown by NLA



Children playing in "Snow Village" in Pluit Village Mall

FINANCIAL REVIEW

LMIR Trust achieved gross revenue of S$273.0 million in FY 2019, representing an increase of 18.5% year-on year ("YoY") mainly due to the first full year of internalising the collection of service and utilities recovery charges directly from tenants which commenced in April 2018.

Gross rental income remained consistent backed by stable occupancy rates and positive rental revisions. This was further boosted by a stronger Indonesian Rupiah ("IDR") against Singapore Dollar ("SGD") which appreciated 2.4% since the end of the last financial year. The increase in gross rental income was partially offset by the expiry of master leases at Lippo Mall Kemang on 16 December 2019 amounting to S$0.4 million.

Carpark income decreased 4.9% or S$0.9 million against FY 2018, partly due to the expiry of car park master lease at Lippo Mall Kemang and the increased use of ride-hailing services. Other rental income declined 20.9% to S$3.4 million in FY 2019 mainly attributable to lower income from rental of electrical, mechanical and mall operating equipment following the termination of the Outsourced Agreements in FY 2018.

With the full year of internalising the collection of service and utilities recovery charges directly from tenants in FY 2019, service charge and utilities recovery revenue increased 86.2% YoY to S$91.6 million. Costs relating to maintenance and operation of the malls increased to S$80.5 million in FY 2019 compared to S$45.3 million in the prior year following the termination of the Outsourced Agreements.

Property management fees increased 2.8% to S$7.9 million in FY 2019 from S$7.7 million in FY 2018, in line with the higher gross revenue and higher net property income. Other property operating expenses declined to S$6.7 million in FY 2019 from S$10.7 million in FY 2018 as a result of improved collection of receivables. The higher gross revenue, improved collections of receivables together with more efficient operating cost management resulted in a 6.8% increase in net property income to S$176.2 million from S$165.0 million in FY 2018.

Interest income increased to S$1.0 million in FY 2019 from S$0.2 million a year ago arising from the Manager's efforts to actively manage the Group's surplus funds to maximise the interest income.

Finance expenses increased 19.4% to S$41.4 million in FY 2019 from a year ago mainly due to the refinancing of S$120.0 million revolving loan and S$175.0 million syndication loan by a 5-year USD Guaranteed Senior Notes ("Notes") at 7.25% coupon. Several cross-currency swap agreements were entered into to swap both the USD denominated principal and coupon rate to SGD denominated obligations with a weighted average fixed rate of 6.71% per annum. The total borrowings as of December 2019 stood at S$721.7 million.

The Manager's management fees increased 5.4% to S$12.2 million in FY 2019 from the previous year's S$11.6 million, in line with the higher net property income and higher value of deposited property. Other trust operating expenses increased 86.7% to S$3.0 million in FY 2019 mainly due to a one-off reversal of over accrued expenses in FY 2018 which was no longer required.

A fair value loss in investment properties of S$65.3 million was recognised in FY 2019, mainly due to (i) a fair value loss in Lippo Mall Kemang as a result of the expiry of its master leases coupled with the challenging car park business environment from increasing usage of ride-hailing services and (ii) recognition of the difference between the actual sales considerations and the FY 2018 recorded fair values of Pejaten Village and Binjai Supermall following the Manager's signing of a conditional sale and purchase agreements ("CSPA") with NWP Retail on the divestment of these two properties on 30 December 2019.

Realised net loss on hedging contracts was S$1.2 million in FY 2019 compared to S$3.0 million in FY 2018 due to the expiry of hedging contracts in 2Q 2019.

Financial Highlights	FY 2019 S$'000	FY 2018 S$'000
Gross revenue	273,001	230,299
Net Property income	176,205	164,967
Distribution to Unitholders	64,850	58,415
Distribution per unit (cents)	2.23	2.05
Net fair value of financial derivatives at end of period(1)	(13,671)	(2,604)
Proportion of financial derivatives to net assets attributable to Unitholders (%)	(1.67)	(0.32)
Total operating expenses(2)	138,401	117,859
Total operating expenses as a percentage of net assets attributable to Unitholders (%)	16.89	14.38
Taxation(3)	25,952	38,668

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

Realised net foreign exchange loss was at a lower S$3.1 million in FY 2019 compared to S$12.3 million in FY 2018. This was partly due to a one-time foreign exchange loss of S$3.6 million as a result of the exercise to repatriate excess cash held by the Indonesia subsidiaries to partial refinance LMIR Trust's maturing debt in 4Q 2018. Lower foreign exchange loss in FY 2019 is also attributable to a more stable exchange rate during the year.

Miscellaneous expenses increased to S$2.5 million in FY 2019 due to a one-off write-off of fixed assets in Pluit Village in 4Q 2019.

Amortisation of intangible assets increased 27.6% or S$0.7 million in FY 2019. This is due to the write-off of the unamortised intangibles related to the revision of the master lease of the PSCC. As part of the leasing strategy for Picon, the tenure of the existing master lease for PSCC was revised to six years expiring in December 2020. LMIR Trust's property manager – PT Lippo Malls Indonesia, will henceforth take over the management and leasing of PSCC alongside the retail spaces within Picon to create a more cohesive and exciting retail experience for visitors to the mall and PSCC.

Total distributable income to Unitholders increased 16.8% to S$68.3 million in FY 2019 from S$58.4 million in FY 2018, mainly attributable to stable rental reversion, lower allowance in doubtful receivables as well as more efficient operating cost management. A further S$3.4 million was retained for FY 2019 for capital management and ensuring overall stability of distributions. LMIR Trust declared total distribution to Unitholders of S$64.9 million, an 11% increase from S$58.4 million a year ago.

Total DPU for FY 2019 was 2.23 Singapore cents, representing an 8.8% increase over 2.05 Singapore cents in FY 2018.

ASSETS AND LIABILITIES

Current assets of S$300.2 million in FY 2019 comprised mainly cash and equivalents of S$109.7 million, trade and other receivables of S$50.5 million, prepaid taxes of S$16.0 million and investment properties held for divestment of S$124.1 million. On 30 December 2019, the Group announced that it has entered into a CSPA with NWP Retail to divest two of its properties, Pejaten Village and Binjai Supermall for a total sale consideration of Rp1,280.7 billion (S$124.3 million). Following which, these two investment properties were reclassified as investment properties held for divestment at the reporting date.

Excluding the two properties held for divestments, the value of LMIR Trust's investment properties comprising 21 retail malls and seven retail spaces stood at S$1.7 billion in FY 2019. The S$65.3 million decrease in the fair value as recognised in the current reporting period was offset by a translation gain of S$50.5 million as a result of appreciation of IDR against SGD.

Intangible assets, representing the unamortised aggregate rental receivables from certain master lease agreements at Lippo Mall Kuta, Lippo Plaza Kendari and Lippo Plaza Jogia, declined 35.2% to S$5.7 million.

Total liabilities comprised mainly total borrowings of S$721.7 million, trade and other payables of S$47.5 million, security deposits of S$47.7 million, deferred tax liabilities of S$11.5 million, and deferred income of S$103.9 million.

On 19 June 2019, LMIR Trust, through its wholly-owned subsidiary, LMIRT Capital, issued US$250.0 million 7.25% Guarantee Senior Notes due in 2024. The proceeds from the Notes issuance were mainly used to repay the S$120.0 million revolving credit facilities and the S$175.0 million term loan due in August 2020. LMIR Trust has also entered into a few cross-currency swap contracts to swap the USD Notes and the corresponding interest coupon payments into SGD obligations with a fixed interest rate of approximately 6.71% per annum payable semi-annually in arrears. Gearing (as defined under MAS guidelines) remained at a healthy 35.9%.

Overall, LMIR Trust's net assets value as at 31 December 2019 was S$1,075.9 million, marginally lower than the S$1,079.2 million in FY 2018, mainly attributed to higher borrowings in FY 2019.

Balance Sheet*	FY 2019 S$'000	FY 2018 S$'000
Non-current assets	1,712,762	1,851,031
Current assets	300,244	115,126
Total assets	2,013,006	1,966,157
Current liabilities	172,239	217,105
Non-current liabilities	764,822	669,841
Net assets	1,075,945	1,079,211
Net assets attributable to Unitholders	816,298	819,564
Net assets attributable to Unitholders per unit (cents)	28.20	28.66

* The exchange rates of FY 2019 and FY 2018 were Rp/S$ 10,320.74 and 10,602.97 respectively.

FINANCIAL REVIEW

Gross Revenue / Net Property Income	Gross Revenue (S$'million)		Net Property Income (S$'million)	
Property	2019	2018	2019	2018
Bandung Indah Plaza	14.0	12.0	9.3	8.7
Cibubur Junction	12.0	9.6	7.6	6.6
Lippo Plaza Ekalokasari Bogor	6.0	4.4	2.9	2.2
Gajah Mada Plaza	8.4	6.8	4.8	4.6
Istana Plaza	7.9	7.7	4.9	5.7
Mal Lippo Cikarang	9.9	8.2	6.3	5.7
The Plaza Semanggi	12.0	10.3	4.6	5.7
Sun Plaza	27.8	23.6	19.5	18.0
Plaza Medan Fair	25.2	21.3	17.4	15.9
Pluit Village	22.1	16.7	12.6	10.4
Lippo Plaza Kramat Jati	7.5	5.5	4.1	3.5
Palembang Square Extension	4.9	4.2	2.9	2.8
Tamini Square	2.2	2.2	1.9	1.4
Palembang Square	6.9	6.2	5.8	4.7
Pejaten Village	14.6	12.5	9.4	9.6
Binjai Supermall	5.4	4.3	3.3	2.8
Lippo Mall Kemang	38.0	31.8	26.5	25.4
Lippo Plaza Batu	2.5	2.5	1.3	1.8
Palembang Icon	12.8	10.7	8.2	7.1
Lippo Mall Kuta	8.8	7.7	5.7	6.0
Lippo Plaza Kendari	5.0	4.2	3.5	2.9
Lippo Plaza Jogja	7.0	6.3	4.7	5.0
Kediri Town Square	4.4	4.0	3.0	2.6
RETAIL MALLS	265.3	222.7	170.2	159.1
Depok Town Square Units	1.2	1.2	1.0	1.1
Grand Palladium Medan Units	-	-	-	(0.3)
Java Supermall Units	0.7	0.9	0.6	0.9
Malang Town Square Units	1.3	1.3	1.2	1.2
Mall WTC Matahari Units	0.9	0.9	0.8	0.8
Metropolis Town Square Units	0.7	0.6	0.4	0.4
Plaza Madiun Units	2.9	2.7	2.0	1.8
RETAIL SPACES	7.7	7.6	6.0	5.9
TOTAL	273.0	230.3	176.2	165.0

Valuation	2019 Valuation		2018 Valuation	
Property	Rp'billion	S$'million[1]	Rp'billion	S$'million[1]
Bandung Indah Plaza	711.3	68.9	764.7	72.1
Cibubur Junction	319.6	31.0	375.0	35.4
Lippo Plaza Ekalokasari Bogor	357.2	34.6	381.7	36.0
Gajah Mada Plaza	800.1	77.5	798.9	75.3
Istana Plaza	606.4	58.8	644.2	60.7
Mal Lippo Cikarang	752.2	72.9	689.1	65.0
The Plaza Semanggi	1,016.0	98.4	1,069.0	100.8
Sun Plaza	2,261.0	219.1	2,156.6	203.4
Plaza Medan Fair	1,030.0	99.8	1,008.2	95.1
Pluit Village	815.2	79.0	846.2	79.8
Lippo Plaza Kramat Jati	660.6	64.0	647.0	61.0
Palembang Square Extension	294.0	28.5	288.0	27.2
Tamini Square	281.0	27.2	276.0	26.0
Palembang Square	738.0	71.5	719.0	67.8
Pejaten Village[2]	997.4	96.6	1,157.0	109.1
Binjai Supermall[2]	283.3	27.5	302.0	28.5
Lippo Mall Kemang	2,669.0	258.6	3,143.1	296.4
Lippo Plaza Batu	265.2	25.7	251.0	23.7
Palembang Icon	772.0	74.8	770.0	72.6
Lippo Mall Kuta[3]	807.8	78.3	836.1	78.9
Lippo Plaza Kendari[3]	358.0	34.7	354.8	33.5
Lippo Plaza Jogja[3]	582.2	56.4	601.3	56.7
Kediri Town Square	418.3	40.5	396.2	37.4
RETAIL MALLS	17,795.8	1,724.3	18,475.1	1,742.4
Depok Town Square Units	157.9	15.3	155.5	14.7
Grand Palladium Medan Units	95.0	9.2	99.8	9.4
Java Supermall Units	139.6	13.5	148.4	14.0
Malang Town Square Units	172.2	16.7	170.0	16.0
Mall WTC Matahari Units	115.9	11.2	113.0	10.7
Metropolis Town Square Units	144.7	14.0	140.8	13.3
Plaza Madiun Units	230.7	22.4	211.5	19.9
RETAIL SPACES	1,056.0	102.3	1,039.0	98.0
TOTAL	18,851.8	1,826.6	19,514.1	1,840.4

(1) FY 2019 exchange rate Rp/S$: 10,320.74, FY 2018 exchange rate Rp/S$: 10,602.97

(2) For Pejaten Village and Binjai Supermall, the stated values are the sale considerations for the divestment of the two assets, as per the announcement on 30 December 2019. The valuation values for Pejaten Village and Binjai Supermall were Rp1,040.0 billion and Rp309.0 billion respectively as of 30 June 2019.

(3) Includes intangible assets.

CAPITAL MANAGEMENT

CAPITAL MANAGEMENT STRATEGY

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

The key objectives of its strategy include:

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

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

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

In June 2019, LMIRT Capital Pte. Ltd., the Trust's wholly-owned subsidiary, successfully raised a US$250.0 million 5-year Guaranteed Senior Notes (the "Notes"). The Notes with a rating of 'Ba3' by Moody's and 'BB' by Fitch are unconditionally and irrevocably guaranteed by Perpetual (Asia) Limited (in its capacity as trustee of LMIR Trust) (the "Trustee"). The Notes will mature on 19 June 2024 with a coupon rate of 7.25% per annum payable semi-annually in arrears. A cross currency swap transaction was entered into pursuant to which the USD proceeds of the Notes were swapped into Singapore dollars with a weighted average fixed interest rate of 6.71% per annum payable semi-annually in arrears.

Proceeds of the Notes were used to refinance the S$120.0 million of unsecured uncommitted revolving credit facilities and the S$175.0 million term loan due in August 2020, with the balance for general working capital purposes.

As at 31 December 2019, the Trust outstanding debt stood at approximately S$721.7 million, with a gearing ratio of 35.9%, and 100% of its investment properties unencumbered.

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

INTEREST RATE RISK MANAGEMENT

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

> **"LMIR TRUST COMPLIES STRICTLY TO REGULATORY GEARING LIMITS AND ENSURES INTEREST COVERAGE RATIOS ARE WITHIN APPROVED LIMITS AT ALL TIMES.**

As at 31 December 2019, LMIR Trust's fixed rate debt ratio stood at 100%. The weighted average interest rate was 6.1% per annum, with interest service coverage ratio at a healthy 4.1 times for the year.

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

FOREIGN EXCHANGE RISK MANAGEMENT

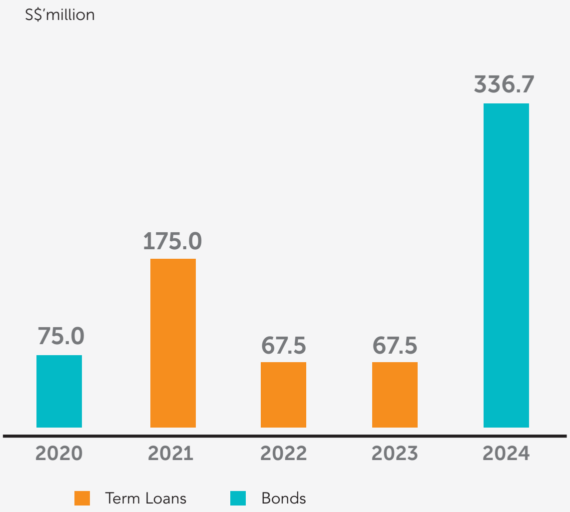
LMIR Trust is exposed to foreign exchange risk arising from its investments in Indonesia. The income generated from these investments and the value of its investments are all denominated in IDR.

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

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

Debt Maturity Profile

As at 31 December 2019



Notes:
1. S$75.0 million 4.10% bond due on 22 June 2020
2. S$175.0 million 3.15% + SOR term loan due on 21 August 2021
3. S$67.5 million 3.05% + SOR term loan due on 9 November 2022
4. S$67.5 million 3.25% + SOR term loan due on 9 November 2023
5. US$250.0 million 7.25% bond swapped to SGD at 6.71% due on 19 June 2024

35.9% Gearing ratio

100.0% Fixed/hedged debt ratio

100.0% Unencumbered assets ratio

6.1% Weighted average interest rate per annum

4.1x Interest cover

RISK MANAGEMENT

RISK MANAGEMENT FRAMEWORK

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

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

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

In addition, the internal audit function of the Manager has been outsourced to a third party, KPMG Services Pte. Ltd., who plans its internal audit work in consultation with management, but works independently by submitting its reports to the ARC for review at ARC meetings.

RISK MANAGEMENT STRATEGY

Property, financial market, operational and strategic risks and other externalities such as regulatory changes, natural disasters and act of terrorism may occur in the normal course of business. To address these areas, the Manager has adopted policies and processes which are regularly reviewed to ensure relevance and efficacy and designated staff continue to assess the potential impact of risks which may arise and the necessary response or action to effectively mitigate those risks.

Some of the key risks are:

(a) Operational Risk

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

(b) Credit Risk

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

(c) Investment Risk

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

(d) Financial Risk

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

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

INVESTOR RELATIONS

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

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

The Manager also proactively communicates and engages with the investment community through investor conferences, non-deal roadshows ("NDR"), one-on-one meetings, tele-conferences and quarterly results briefings. In 2019, we renewed our membership with REIT Association of Singapore to continue to extend our participation in investor programmes, and we have since renewed the membership for 2020.

INVESTOR ACTIVITIES IN FY 2019

February	4Q 2018 Results Briefing	Singapore
April	1Q 2019 Results Briefing 10th Annual General Meeting	Singapore Singapore
May	DBS-REITAS – HNW Investor Luncheon	Singapore
June	USD Senior Notes - Investor Roadshow Launch of SIAS 20th Anniversary	Singapore Hong Kong London Singapore
August	2Q 2019 Results Briefing	Singapore
September	SIAS 20th Anniversary Gala Dinner Celebration and Award Presentation Ceremony	Singapore
November	3Q 2019 Results Briefing	Singapore

FINANCIAL CALENDAR FOR FY 2020*

April 2020	1Q 2020 Results Announcement
May 2020	1Q 2020 Distribution to Unitholders
August 2020	2Q 2020 Results Announcement
September 2020	2Q 2020 Distribution to Unitholders
November 2020	3Q 2020 Results Announcement
December 2020	3Q 2020 Distribution to Unitholders
February 2021	4Q 2020 Results Announcement
March 2021	4Q 2020 Distribution to Unitholders

* Subject to change

CORPORATE INFORMATION

MANAGER

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

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

DIRECTORS OF THE MANAGER

Mr Murray Dangar Bell
Chairman, Lead Independent Director

Mr Liew Chee Seng James
Executive Director and Chief Executive Officer

Ms Gouw Vi Ven
Non-Executive Non-Independent Director

Mr Lee Soo Hoon, Phillip
Independent Director

Mr Goh Tiam Lock
Independent Director

AUDIT AND RISK COMMITTEE

Mr Lee Soo Hoon, Phillip (Chairman)
Mr Goh Tiam Lock
Mr Murray Dangar Bell

NOMINATING AND REMUNERATION COMMITTEE

Mr Goh Tiam Lock (Chairman)
Ms Gouw Vi Ven
Mr Murray Dangar Bell

STOCK EXCHANGE QUOTATION

BBG: LMRT SP
RIC: LMRT.SI

TRUSTEE

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

UNIT REGISTRAR

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

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

AUDITORS OF THE TRUST

RSM Chio Lim LLP
8 Wilkie Road
#03-08 Wilkie Edge
Singapore 228095

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

COMPANY SECRETARY OF THE MANAGER

Ms Tan Lay Hong

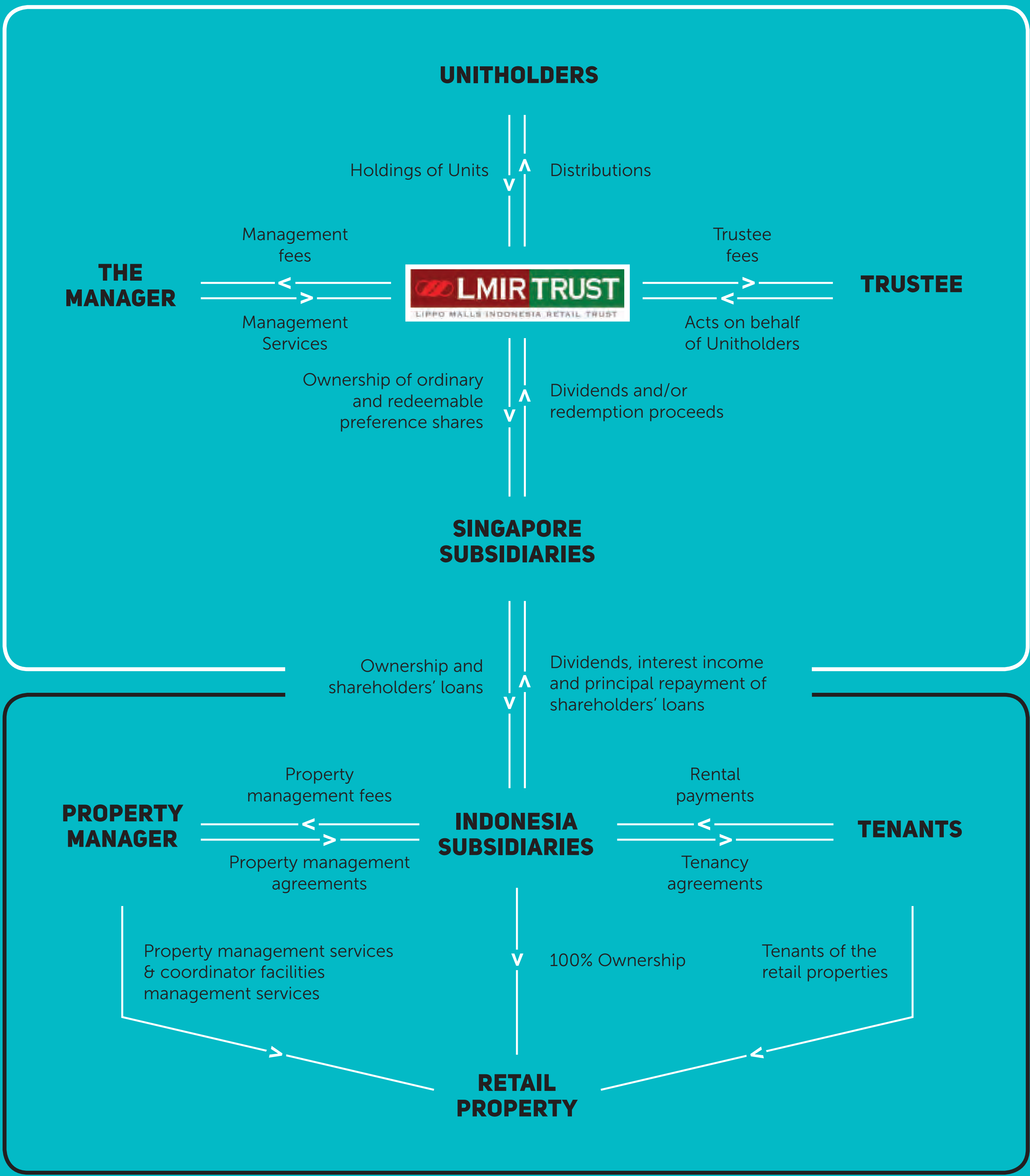
INVESTOR RELATIONS

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

WEBSITE & EMAIL ADDRESS

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

TRUST STRUCTURE



Singapore Indonesia

ALL ABOUT SUSTAINABILITY

SUSTAINABILITY REPORT

ABOUT THIS REPORT

Promoting sustainable development in our business activities has progressively taken an imperative role for Lippo Malls Indonesia Retail Trust ("LMIR Trust") and its manager, LMIRT Management Ltd (the "Manager") over the past three years. Building on the previous two years' disclosure of our sustainability practices, we are pleased to present LMIR Trust's third sustainability report.

This sustainability report covers the Environment, Social and Governance ("ESG") performances for all LMIR Trust's properties in Indonesia and its Manager for the financial year 1 January to 31 December 2019 ("FY 2019").

We have prepared this report to convey our continual ardour and enthusiasm in disclosing our commitment to sustainability and transparency to our various stakeholders, employees, investors, business partners, tenants, shoppers, and the wider community.

Our goal is to continually strengthen our sustainability focus and outreach to not only expand our portfolio and maximise value for stakeholders, but also to act responsibly as citizens of the corporate world who contribute to the communities we operate in.

REPORTING STANDARDS

This Report is aligned with the Global Reporting Initiative ("GRI") 2016 Standards: Core Option, the international standard for sustainability reporting unveiled by GRI in 2016. It is also in compliance with the sustainability reporting requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual (Rules 711A and 711B) on a "comply or explain" basis.

LMIR Trust observes the reporting principles established by the GRI Standards and the content of this report is defined by those reporting principles, including stakeholder inclusiveness, sustainability context, materiality, completeness, accuracy, comparability and consistency, reliability and quantifiability.

As part of our steady efforts to improve the coverage of our sustainability practices, stakeholders are welcome to submit their queries or feedback on our sustainability performance via the following:

MS CHRISTINA LEE
Director
Compliance and Sustainability Development
LMIRT Management Ltd

50 Collyer Quay
#06-07 OUE Bayfront
Singapore 049321

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

SUSTAINABILITY REPORT

BOARD STATEMENT

DEAR STAKEHOLDERS,

2019 saw LMIR Trust strengthening its commitment to operate as a sustainable organisation and improve on various sustainability performance metrics. Our business of managing retail property assets involves a wide range of stakeholders and therefore, managing these diverse interests and operating sustainably are cornerstones of our long-term growth strategy.

Our Sustainability Report for FY 2019, our third report, re-establishes the policies and practices we have in place, charts our performance in greater detail and provides greater clarity on relevant universal sustainability benchmarks.

We renewed our interaction with various stakeholders and organisations to develop a better understanding of the material ESG issues. Material topics are tagged with the relevant United Nations Sustainable Development Goals as well as corresponding GRI Standards, to offer visibility on the diversity of issues addressed.

For our unitholders, we continued to register stable performance with FY 2019 DPU at 2.23 Singapore cents compared to 2.05 Singapore cents a year before, underpinned by a 6.8% year-on-year ("YoY") growth in net property income to S$176.2 million and a 16.8% YoY increase in distributable income to S$68.3 million. This is achieved on the back of low gearing of 35.9%, offering ample headroom for further portfolio expansion.

The Manager continued to uphold its practices as an equal opportunities employer and dedicate resources towards nurturing human capital, viewing it as a key pillar to achieving sustainable growth. During the year, the Manager achieved 100% employee retention and doubled the average hours of training per employee against its target of 16 hours.

Giving back to the community in which we operate was carried out at both the Manager and LMIR Trust level, with various community service activities, tenant engagement activities and initiatives to make our malls more inclusive.

The past year saw climate change take centre-stage in the major global economic and development summit agendas and countries around the world are increasingly pledging greater efforts towards environmental preservation. In the same vein, LMIR Trust took steps to reduce the environmental footprint of its malls through achieving full participation from all its malls for the annual Earth Hour event and implementing a plastic-free day at some of its malls.

Underlying all these initiatives, our adherence to the value of integrity is key and corporate governance is practised throughout our business in accordance with statutory principles and guidelines.

Achieving greater levels of sustainability in our business and operations is the result of joint efforts from our different stakeholders, who in turn will benefit from the steps we take to become a more sustainable organisation. As such, we would like to thank the Board, management and staff for their continued participation and dedication towards our initiatives over the past year. This is a journey for the long term and we will continue to work hard towards raising the bar every year.

MR MURRAY DANGAR BELL
Chairman,
Lead Independent Director
LMIRT Management Ltd. as Manager of LMIR Trust

Cibubur Junction

ACHIEVING GREATER LEVELS OF SUSTAINABILITY IN OUR BUSINESS AND OPERATIONS IS THE RESULT OF JOINT EFFORTS FROM OUR DIFFERENT STAKEHOLDERS, WHO IN TURN WILL BENEFIT FROM THE STEPS WE TAKE TO BECOME A MORE SUSTAINABLE ORGANISATION.”

SUSTAINABILITY REPORT

FY 2019 PERFORMANCE HIGHLIGHTS

ECONOMIC

Gross Revenue
S$273.0
million

Net Property Income
S$176.2
million

Distributable Income
S$68.3
million

DPU
2.23
Singapore cents

Distribution Yield
9.9%

Portfolio Valuation
Rp18,851.8
billion

Portfolio Occupancy
91.5%

SOCIAL

DIVERSE AND EQUAL OPPORTUNITY

100% staff retention rate

More than 30% of the employees have been with the organisation for more than three years

Six out of 18 staff are non-Singaporeans

28% of staff are male while 72% are female

EMPLOYEE TRAINING AND DEVELOPMENT

Average hours of training per employee in 2019: **32 (exceeding target of 16)**

Training attendance for employees: **100% (based on every employee attending at least one training)**

Organised four company staff engagement events with at least 80% participation rate each time

Close to 70% participation rate at the JP Morgan run

15 out of 18 employees attended a health screening exercise

DIVERSE AND EQUAL OPPORTUNITY

Participation rate of over 90% for movie outing for children from the Chen Shui Lan Methodist Children's Home, far exceeding target rate of 50%

12,000 active users participated in the *Styles* app rewards programme designed for the malls

ENVIRONMENTAL

Full participation from all 23 malls for the Earth Hour event in 2019

MANAGING SUSTAINABILITY AT LMIR TRUST

The Manager established the Sustainability Committee ("SC") since 2018, with the intention to further strengthen the sustainability governance of LMIR Trust.

Chaired by the Chief Executive Officer ("CEO") of the Manager, the SC comprises representatives from the various departments such as Asset Management, Investor Relations, Compliance and Human Resource & Facility Management, covering a spectrum of the ESG factors.

Through integrating and organising sustainability practices, as well as monitoring these practices within LMIR Trust and its portfolio of assets, the SC is able to provide strategic direction and guidance for managing sustainability-related risks and opportunities. These include the development and improvement of frameworks, policies, guidelines, and processes to ensure that sustainability issues are effectively managed. Sustainability efforts originate from the Manager and the Property Manager in Indonesia, integrating both business and sustainability priorities.

The responsibilities of the Sustainability Committee are as follows:

STRATEGIC DIRECTIONS The Committee shall oversee, develop and provide inputs on LMIR Trust's policies, strategies and programmes related to matters of sustainability and corporate social responsibility. This will extend to include the environment, local community, employment practices, labour rights, health and safety, corporate accountability, public affairs and philanthropy.

PERFORMANCE GOALS The Committee shall determine and review the goals established for its performance with respect to matters of sustainability and corporate social responsibility, and monitor LMIR Trust's progress, on a regular basis, against those goals.

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

SUSTAINABILITY REPORT

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

MATERIALITY ASSESSMENT

A review of our materiality assessment framework is carried out every year to capture how the priorities and concerns of our stakeholders shift with time, amidst a rapidly-evolving business landscape.

In FY 2019, we reviewed the materiality assessment process and aligned our material topics with the framework. As part of the process, we engaged stakeholders through various programmes and channels to identify, assess and document material ESG issues which significantly impact our business operations and stakeholders. We collated important issues that surfaced from our interactions with strategic organisations such as the Singapore Exchange, REIT Association of Singapore, Securities Investors Association of Singapore and Monetary Authority of Singapore ("MAS"). We also gathered views on the materiality of the various ESG issues through our regular feedback channel. Following our assessment, our conclusion is that the material topics are still reflective of our current business direction and priorities. Therefore, our material topics remain unchanged.

A new feature of the report is the alignment of our material topics with the United Nations Sustainable Development Goals ("UNSDGs"). The UNSDGs act as a holistic guide to ensure that our sustainability practices and initiatives address a diverse range of issues and also keep our priorities in sustainability aligned with a more universal benchmark.

MATERIAL TOPICS - AT A GLANCE

Following our assessment process, we have shortlisted the following material topics categorised under the respective ESG issues.

Dimensions	Material Topic	Corresponding GRI Standards	Relevant United Nations Sustainability Development Goals
ECONOMIC	Economic Performance	GRI 201: Economic Performance 2016	8 DECENT WORK AND ECONOMIC GROWTH
SOCIAL	Diverse and Equal Opportunity	GRI 405: Diversity and Equal Opportunity 2016 GRI 406: Non Discrimination 2016	5 GENDER EQUALITY; 10 REDUCED INEQUALITIES; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	Employee Training and Development	GRI 404: Training and Education 2016	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 10 REDUCED INEQUALITIES
	Enriching Communities	GRI 413: Local Communities 2016	11 SUSTAINABLE CITIES AND COMMUNITIES; 10 REDUCED INEQUALITIES; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
GOVERNANCE	Corporate Governance	GRI 102: General Disclosures 2016	17 PARTNERSHIPS FOR THE GOALS; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
	Regulatory Compliance	GRI 307: Environmental Compliance 2016 GRI 419: Socioeconomic Compliance 2016	16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 17 PARTNERSHIPS FOR THE GOALS
ENVIRONMENTAL	Conservation of Energy and Water	GRI 302: Energy 2016 GRI: 303: Water and Effluents 2016	6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 14 LIFE BELOW WATER

SUSTAINABILITY REPORT

ECONOMIC

LMIR Trust has a responsibility in delivering returns to the various stakeholders who have invested time, effort and funds into the business. The expectation of long-term economic value aside, great importance is also placed on the sustainability of the business.

OUR COMMITMENT:

We are committed to delivering regular and stable distributions to our Unitholders, growing our portfolio through yield-accretive investments, enhancing returns from existing and future properties and achieving long-term growth to provide Unitholders with capital appreciation on their investments. In addition, we have a commitment to be responsible business partners to other stakeholders such as our tenants and suppliers.

OUR APPROACH:

Our strategic pillars to achieving economic performance include:

- Active management of our assets together with our mall operator to drive healthy occupancy
- Maintaining optimal property and tenant diversification across our portfolio
- Actively seeking to increase and optimise portfolio value through yield-accretive acquisitions and asset enhancement initiatives

OUR PERFORMANCE:

Gross Revenue
S$273.0 million

Net Property Income
S$176.2 million

Distributable Income
S$68.3 million

DPU
2.23 Singapore cents

Distribution Yield
9.9%

Portfolio Valuation
Rp18,851.8 billion

Portfolio Occupancy
91.5%

For further details of LMIR Trust's financial performance, please refer to the following sections in our 2019 Annual Report:

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

SOCIAL

The Manager recognises the immense value diversity brings to the business and LMIR Trust and we strive to maintain a workforce that is cohesive and diverse across age, gender, nationality and talent.

DIVERSE AND EQUAL OPPORTUNITY

OUR COMMITMENT:

We believe in creating equal opportunities for all employees regardless of race, gender and nationality in order for all employees to be able to achieve their full potential within the Manager. The Manager will ensure that these values are upheld in all aspects of our business and operations.

OUR APPROACH:

To build a diverse workforce, we have in place a set of practices that reward our employees based on merit and ensures everyone is entitled to equal opportunities and not subject to discrimination of any nature:

Fair Employment

Align practices with the Tripartite Alliance for Fair employment guidelines e.g. recruitment and selection of employees based on merit regardless of age, race, gender, religion, marital status and disability

Regulatory Compliance

Comply with labour laws and abide by the Tripartite guidelines on fair employment practices

Fair Rewards

Reward employees based on their ability, performance, contribution and experience

Equal Growth Opportunity

Provide employees with equal opportunity for training and development to achieve their full potential

OUR PERFORMANCE:

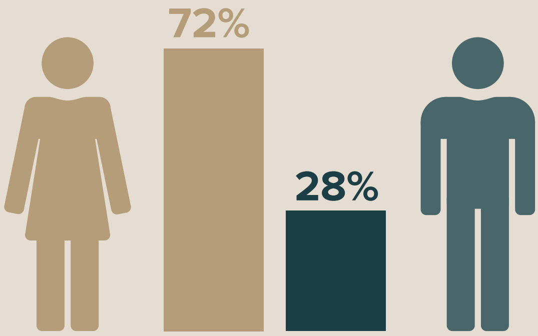
Workforce Snapshot

As at 31 December 2019, the Manager has 18 full time employees and no contract or part time employees. All the employees are based in Singapore. Employee turnover rate is low despite keen competition for talents in the real estate investment trust ("REIT") industry, and the Manager's fair employment practices and competitive remuneration have helped to retain existing talents and attract new employees. In 2019, the Manager had achieved 100% employee retention and welcomed a new staff. More than 30% of the employees have been with the organisation for more than three years.

SUSTAINABILITY REPORT

Manpower Breakdown

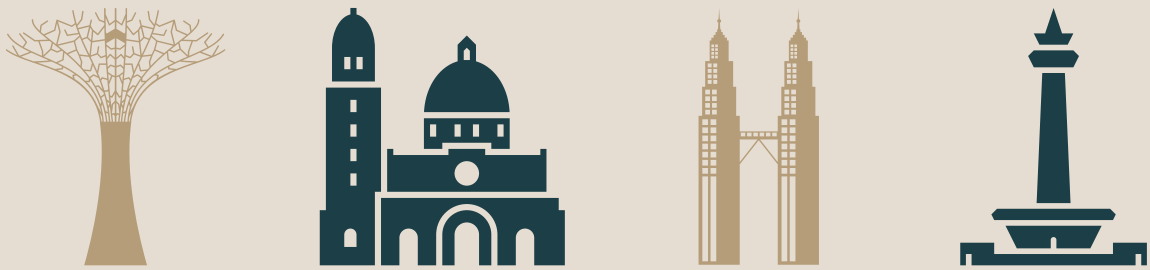
GENDER



ETHNICITY

CHINESE	INDIAN	OTHERS
88%	6%	6%

NATIONALITY



SINGAPOREAN	FILIPINO	MALAYSIAN	INDONESIAN
12	1	4	1

EMPLOYEE TRAINING AND DEVELOPMENT

OUR COMMITMENT:

Our employees are the key to our success as an organisation and we are committed to investing resources in our employees to ensure they receive high quality training, a conducive work environment, welfare benefits as well as a well-rounded career development opportunity.

OUR APPROACH:

Employee Growth Journey

We adopt a holistic approach towards charting the career paths of our employees, with the objective of ensuring a fulfilling career and personal growth alongside the growth of the company.

We conduct performance appraisals for all employees where the respective heads of departments ("HODs") will discuss work performance with their team mates, including work responsibilities, job improvement areas as well as their career aspirations. Salary recommendations will also be provided by the respective HODs.

Training and Development

The success of the business and the organisation rests on the ability of our employees. We are committed to investing in employee training and development to build a competent, competitive and sustainable workforce.

We conduct training needs analysis to determine the type of suitable training required for our employees to be adequately equipped with the foundational and functional competencies to perform their job. Employees are encouraged to attend relevant training or courses conducted both locally and overseas to further enhance their knowledge and skills.

Fostering Teamwork

The Manager believes in developing a happy, cohesive and productive workforce by fostering interaction and fellowship with the employees. We organised several activities, including festive activities, throughout the year to engage our employees and provide opportunities for team bonding.

Employee Wellness

The Manager places significant emphasis on the good health and well-being of the employees. We have introduced several programmes and sports activities to encourage our employees to stay healthy and to engage in a healthy and energetic lifestyle. In addition, we cover the insurance needs of our employees at a comprehensive level.

OUR PERFORMANCE:

Training and Development

Average hours of training per employee in 2019:

32

(exceeding target of 16)

Training attendance for employees:

100%

(based on every employee attending at least one training)

All our employees attended at least one training session in 2019 which includes work-related training programmes such as the REIT Management Course, Real Estate Finance and Securitisation, Rules and Ethics, and Accounting for Deferred Tax. These programmes provide them an opportunity to improve on their work-related skills and knowledge and to remain future-ready to take on challenging roles in the organisation.

Fostering Teamwork

Staff Engagement Events

A total of four company staff engagement events were organised in 2019, each with at least 80% participation rate.

SUSTAINABILITY REPORT

Employee Wellness

Healthy Diet

In 2019, as part of our ongoing effort to encourage staff to eat and stay healthy, we continued our weekly Fruit Day activity in which every employee received a packet of fruits every Friday.

Sports

We organised our maiden marathon run in 2019 with the 5.6-kilometre JP Morgan Run on 28 March. The event received overwhelming participation from employees with participation rate close to 70%. For 2020, we intend to continue to participate in this run while adding one more marathon event, totalling two marathon events.

Health Screening

We organised a complimentary on-site health screening session for our employees, in which they could be screened for risk factors, and check on various health status indicators such as blood pressure, cholestrol levels, body mass index and glucose levels. The screening also allows employees to be more aware of the importance of knowing their heatlh condition. Employees could choose between a basic or a more comprehensive health examination, which is reimbursable under their flexible benefits programme. A total of 15 employees attended the health screening in 2019 and we intend to organise this annually.

Flexible Benefits

We provide our employees with a wide range of life and medical insurance plans under the flexible benefits programme. Employees can complement their personal medical insurance coverage with those that we provide and also customise the benefits for their dependents.

ENRICHING COMMUNITIES

OUR COMMITMENT:

We are committed to volunteering our services in giving back to the communities in which we operate, contributing towards their well-being and improving their quality of life. The long-term sustainability of LMIR Trust's business is closely intertwined with the development of these communities and we want to see them grow together with us.

OUR APPROACH:

We strive to be a socially responsible business and we believe that part of the economic value that we generate should be distributed to the local community on an ongoing basis, especially to the less fortunate in our society. The Manager has always been involved in corporate social responsibility ("CSR") efforts and we encourage our employees to participate in at least one of the CSR events organised by the Manager.

OUR PERFORMANCE:

Godzilla Movie Screening for children

The Manager organised a movie screening of Godzilla at Eaglewings Cinema for over 40 children across different age groups and races from the Chen Shui Lan Methodist Children's Home. A staff participation rate of over 90% was achieved, far exceeding our targeted staff participation rate of 50%. We target to achieve a participation rate of 60% for future CSR activities.

Nursery Rooms in our malls

With the aim of providing an inclusive environment for mothers in our malls, we created nursery rooms in 22 out of 23 retail malls of our portfolio. This offers convenience and privacy for mothers when nursing their babies.

Community Service Work

On 28 July, our mall team from Gajah Mada Plaza supported North Petojo's Headman campaign to clean the drain gutters in North Petojo street. Together with 80 Jakarta citizens, they spent a total of 300 manhours to clear the drain gutters. The cleaning area spans one kilometre in radius of the North Petojo street.

The team at Cibubur Junction worked hand in hand with Cibubur Village residents to clean road drains and paint roadblocks on 2 August. It took approximately 122 manhours to paint 205 roadblocks along the 121-metre road at Cibubur Junction.

SUSTAINABILITY REPORT

Celebration of Lippo Malls Indonesia's 30th Anniversary

Lippo Malls Indonesia ("LMI") celebrated its 30th anniversary 'LMI 3dekade' with a gala event on 28 February 2019. LMI invited over 380 tenants representing a total of 570 brands to the gala to celebrate this event and thank them for their enduring partnership.

Launch of Styles App

In 2019, *Styles*, a mobile application for shoppers to collect rewards and redeem vouchers was launched by LMIR Trust's property manager. As at end of 2019, a total of 12,000 active users participated in the *Styles* app rewards programme designed for the malls.

PERFORMANCE SUMMARY

Average hours of training per employee in 2019:
32
(exceeding target of 16)

Training attendance for employees:
100%
(based on every employee attending at least one training)

Organised four company staff engagement events with at least
80%
participation rate each time

Close to
70%
participation rate at the JP Morgan run

15 out of 18
employees attended a health screening exercise

Participation rate of over
90%
for movie outing for children from the Chen Shui Lan Methodist Children's Home, far exceeding target rate of 50%

100%
Employee Retention Rate

More than
30%
of the employees have been with the organisation for more than three years

12,000
active users participated in the *Styles* app rewards programme designed for the malls

Six out of 18
employees are non-Singaporean

PERFORMANCE TARGETS FOR FY2020

60% employee participation rate for CSR projects

16 training hours per employee for the calendar year

To organise at least one marathon run (under sports activities) for the calendar year

GOVERNANCE

OUR COMMITMENT:

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

OUR APPROACH:

Corporate Governance

The Manager ensures that the business of LMIR Trust is conducted in a proper and efficient manner, adhering to the principles and guidelines of the Code of Corporate Governance 2018 (the "CG Code") and other applicable laws and regulations, including the SGX-ST Listing Manual, the Code on Collective Investment Schemes (the "Code on CIS") and the Securities and Futures Act ("SFA").

The revised CG Code was issued in August 2018, with key amendments in areas including Board composition of independent directors, remuneration disclosures of the Board and key management personnel as well as stakeholders' engagement. In line with the recommendations of the Code, our revisions include:

- Audit & Risk Committee (ARC) Terms of Reference;
- Nomination & Remuneration Committee (NRC) Terms of Reference;
- Board and Board Committee Evaluation Form;
- Board Diversity Policy;
- Terms of Reference for Chairman, CEO and Lead Independent Director;
- Policy on the multiple directorships

For more details on LMIR Trust's corporate governance, please refer to page 62 of this Annual Report.

Management Approach

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

Code of Conduct

The Manager has an internal Code of Conduct policy that forms the Manager's business principles and practices on matters which may have ethical implications.

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

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

Regulatory Compliance

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

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

In 2019, there were zero incidents of fraud and corruption across our business operations. Also, we had no incidents of non-compliance with any relevant laws and regulations for which significant fines or non-monetary sanctions would be issued to the Manager for non-compliance. Moving forward, the Manager looks to sustain its continual efforts in maintaining zero non-compliance breaches and zero incidence of bribery or corruption involving our employees.

"The Company adopts a zero-tolerance approach to bribery and corruption of any form as reflected in this anti-bribery / anti-corruption policy.

This Policy applies to all employees, officers and directors of the Company ("Employees").

Consultants and all other service providers that perform services for or on behalf of the Company (collectively, "Associated Persons") are also expected to comply with this Policy."

LMIR Trust's Code of Conduct

SUSTAINABILITY REPORT

Enterprise Risk Management

Enterprise Risk Management ("ERM") is integral to the business of LMIR Trust. The Manager practices a proactive approach towards risk management at both strategic and operational levels. This approach enables it to manage risks in a systematic and consistent manner, support its business objectives and strategy, thereby creating and preserving value.

The Board of Directors of the Manager is responsible for the governance of risks across LMIR Trust and its subsidiaries. It is assisted by the Audit and Risk Committee which provides oversight of risk management at the Board level. The Board approves LMIR Trust's risk appetite which determines the nature and extent of material risks that the Manager is willing to take to achieve its business objectives and corporate strategy.

Details on ERM can be found on page 36 of this Annual Report.

RISKS MANAGEMENT PROCESS

ENVIRONMENTAL

The move to stop climate change has never been more urgent than now and individuals and organisations have become more galvanised than before in taking steps towards fighting climate change and environmental degradation. Our business activities have a great impact on the environment around us and we take increasing responsibility in ensuring all our stakeholders, such as our employees, co-partners, shoppers and tenants, understand the environmental goals we are trying to achieve and work hand in hand with us to realise these goals.

OUR COMMITMENT:

We are committed to our role as a responsible corporate citizen and doing our part for environmental protection and conserving the earth's precious resources is something we hold with utmost importance. We are focussed on managing and minimising our ecological footprints created by our properties. We aim to operate our business sustainably for the long term.

OUR APPROACH:

Our current efforts in doing our part for environmental preservation can largely be categorised into educating our stakeholders, conservation of energy and water, as well as joint activities with our tenants and shoppers.

Education

We take responsibility in educating our various stakeholders including employees, co-partners, shoppers and tenants on measures to minimise our overall eco-consumption and improve usage efficiency.

Conservation of Energy and water

Water and electricity usage constitute the key environmental footprint created by our properties. In particular, electricity is needed to run our lightings, air-conditioning units and other essential building features such as lifts, escalators and air handling units.

In FY 2015, we began tracking energy and water consumption at our properties and also started investing in energy-saving products and driving water-use efficiency in our operations. Since FY 2017, we started to install energy-saving Philips Light Emitting Diode ("LED") lights at our properties. Currently, most of our malls have been retrofitted with LED lights, except for instances in which the current lights are being retained to avoid wastage. In addition, our Property Manager also schedules regular maintenance for the air-conditioning and ventilation units to ensure that they are running optimally and efficiently to prevent unnecessary energy use.

Involvement of tenants and shoppers in energy conservation

Our interaction with a large and varied group of stakeholders offers us an opportunity to spread the message of environmental conservation and multiply our efforts in this front. Starting 2018, LMIR Trust's malls have started participating in the global Earth Hour event which brings to attention environmental actions and issues and creates environmental awareness among our local communities.

OUR PERFORMANCE:

Education and Involvement of Tenants and Shoppers

Earth Hour

We achieved full participation from all 23 of our malls in the Earth Hour event in 2019, a marked improvement from five malls in 2018.

SUSTAINABILITY REPORT

World Earth Day

Further to Earth Hour participation, our malls also took an active approach to promote a greener environment in conjunction with World Earth Day in April. Physical posters, digital signages were posted around our malls. We also made use of social media platforms to help raise awareness of achieving a greener lifestyle.

No Plastic Bag Day

Our property manager organised a "No plastic bag" campaign which implemented a plastic bag-free day at all our malls. To raise awareness of the campaign, posters were displayed in various spots within the mall premises and promotional information and visuals were shared on various social media channels.

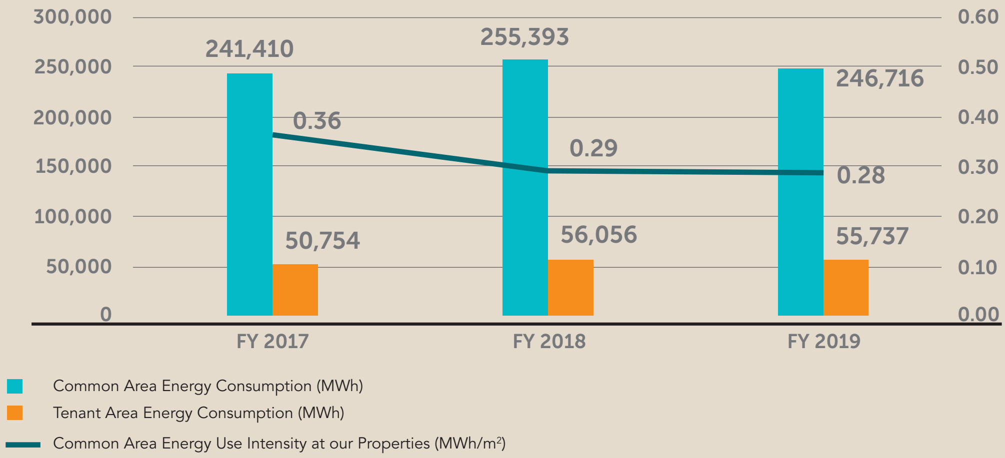
Tree Planting

LMIR Trust continued with its annual tree planting activity at Bogor, Indonesia. In addition, at Plaza Semanggi, Palembang Icon and Pejaten Village, 100 trees each were planted in the area around the malls.

Water and Energy consumption

Energy Consumption

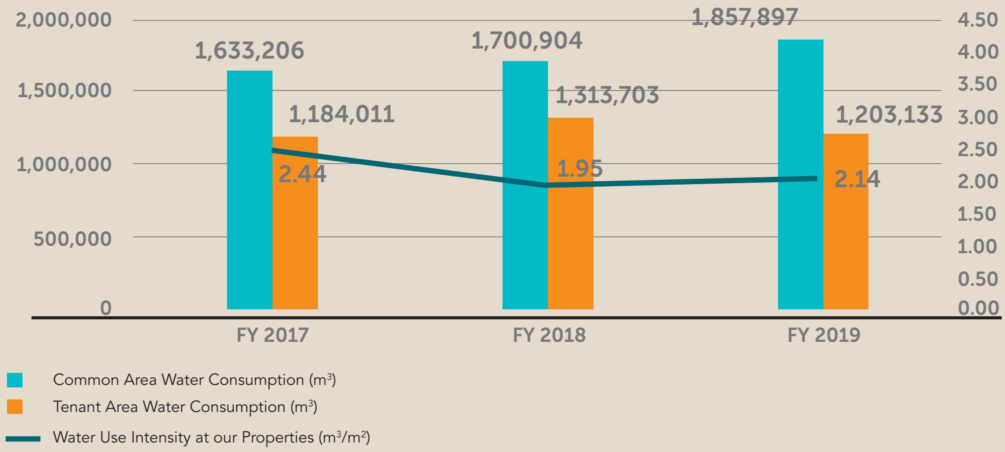
We saw a 3.4% decrease in energy consumption in our portfolio for the common areas. The drop was attributed to conscientious efforts to reduce the usage of electricity. We are still progressively replacing the fluorescent lights at our malls to LED lights, which are more energy-saving. We are looking into more ways to reduce energy consumption in the following year.



Notes:
FY 2017 energy consumption excludes newly-acquired properties Lippo Plaza Kendari, Lippo Plaza Jogja and Kediri Town Square.

Water Consumption

Water consumption for the common areas increased 9.2% in FY 2019 compared to FY 2018. We target to review our water usage in FY 2020 and explore more areas to reduce consumption.



Notes:
FY 2017 water consumption excludes newly-acquired properties Lippo Plaza Kendari, Lippo Plaza Jogja and Kediri Town Square.

PERFORMANCE SUMMARY

Full participation from all 23 malls in the Earth Hour event in 2019, compared with five malls in 2018

PERFORMANCE TARGETS FOR FY2020

Full participation from all 23 malls in the Earth Hour event

Full participation from all 23 malls in the "No Plastic Bag" campaign and the plastic bag-free day event

SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI Standard	Disclosure Title	Page Reference & Remarks
ORGANISATIONAL PROFILE		
Disclosure 102-1	Name of the Organisation	About LMIR Trust, Page 1
Disclosure 102-2	Activities, brands, products, and services	About LMIR Trust , Page 1
Disclosure 102-3	Location of headquarters	Corporate Information, Page 38
Disclosure 102-4	Location of operations	Portfolio Overview, Page 22
Disclosure 102-5	Ownership and legal form	Trust Structure, Page 39
Disclosure 102-6	Markets served	Portfolio Overview, Page 22
Disclosure 102-7	Scale of the Organisation	Our Employees, Page 51
Disclosure 102-8	Information on employees and other workers	Our Employees, Page 51
Disclosure 102-9	Supply Chain	Not significant to report on.
Disclosure 102-10	Significant changes to the organisation and its supply chain	Note Applicable
Disclosure 102-11	Precautionary Principle or approach	Risk Management, Page 36
Disclosure 102-12	External initiatives	None
Disclosure 102-13	Membership of associations	Investor Relations, Page 37
STRATEGY		
Disclosure 102-14	Statement from senior decision maker	Board's Statement, Page 42
Disclosure 102-15	Key impacts, risks, and opportunities	Board's Statement (we will include actual vs target and Trust's performance for the year), Page 42
ETHICS AND INTEGRITY		
Disclosure 102-16	Values, principles, standards, and norms of behaviour	Board Statement, Page 42; Corporate Governance report, Page 62
Disclosure 102-17	Mechanisms for advice and concerns about ethics	Corporate Governance report, Page 62
GOVERNANCE		
Disclosure 102-18	Governance structure	Corporate Governance Report, Page 62
STAKEHOLDER ENGAGEMENT		
Disclosure 102-40	List of stakeholder groups	Stakeholder Engagement, Page 46
Disclosure 102-41	Collective bargaining agreements	No collective bargaining agreements are in place.
Disclosure 102-42	Identifying and selecting stakeholders	Stakeholder Engagement, Page 46
Disclosure 102-43	Approach to stakeholder engagement	Stakeholder Engagement, Page 46
Disclosure 102-44	Key topics and concerns raised	Stakeholder Engagement, Page 46
REPORTING PRACTICE		
Disclosure 102-45	Entities included in the consolidated financial statements	Financial Contents, Page 86
Disclosure 102-46	Defining report content and topic boundaries	About This Report, Page 41
Disclosure 102-47	List of material topics	Material Topics – At A Glance, Page 47
Disclosure 102-48	Restatements of information	None
Disclosure 102-49	Changes in reporting	None
Disclosure 102-50	Reporting period	About This Report, Page 41
Disclosure 102-51	Date of most recent report	This is Company's third sustainability report.
Disclosure 102-52	Reporting cycle	Annual
Disclosure 102-53	Contact point for questions regarding the report	Corporate Information, Page 38
Disclosure 102-54	Claims of reporting in accordance with the GRI Standards	About This Report, Page 41
Disclosure 102-55	GRI content index	GRI Content Index, Page 60
Disclosure 102-56	External assurance	Not sought

GRI Standard	Disclosure Title	Page Reference & Remarks
MANAGEMENT APPROACH		
Disclosure 103-1	Explanation of the material topic and its Boundary	• Regulatory Compliance, Page 55 • Corporate Governance, Page 55 • Employee Training and Development, Page 51 • Conservation of Energy and Water, Page 57 • Enriching Communities, Page 53 • Diverse & Equal Opportunity, Page 49
Disclosure 103-2	The management approach and its components	
Disclosure 103-3	Evaluation of the management approach	
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Disclosure 201-1	Direct economic value generated and distributed	Economic Performance, Page 48
Disclosure 205-1	Operations assessed for risks related to corruption	Corporate Governance Report, Page 62
Disclosure 205-2	Communication and training about anti-corruption policies and procedures	
Disclosure 205-3	Confirmed incidents of corruption and actions taken	
ENERGY		
Disclosure 302-1	Energy consumption within the organisation	Energy Usage, Page 59
Disclosure 302-3	Energy intensity	Energy Usage, Page 59
Disclosure 302-4	Reduction of energy consumption	
Disclosure 302-5	Reductions in energy requirements of products and services	
WATER		
Disclosure 303-1	Water withdrawal by source	All water from our properties are obtained from public pipes managed by the local authorities which we have no control over.
EMPLOYMENT		
Disclosure 401-1	New employee hires and employee turnover	Social, Page 49
Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	
Disclosure 401-3	Parental leave	
OCCUPATIONAL HEALTH AND SAFETY		
Disclosure 403-6	Promotion of worker health	Social, Page 49
TRAINING AND EDUCATION		
Disclosure 404-1	Average hours of training per year per employee	Social, Page 49
Disclosure 404-2	Programmes for upgrading employee skills and transition assistance programmes	
Disclosure 404-3	Percentage of employees receiving regular performance and career development reviews	
DIVERSITY AND EQUAL OPPORTUNITY		
Disclosure 405-1	Diversity of governance bodies and employees	Social, Page 49
LOCAL COMMUNITIES		
Disclosure 413-1	Operations with local community engagement, impact assessments and development programmes	Enriching communities, Page 53

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

The Manager ensures that the business of LMIR Trust is carried on and conducted in a proper and efficient manner, adhering to the principles, guidelines and recommendations of the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore ("MAS") on 6 August 2018 (the "2018 CG Code") and other applicable laws and regulations, including the Listing Manual of SGX-ST (the "Listing Manual"), the Code on Collective Investment Schemes issued by the MAS (the "CIS Code"), in particular, Appendix 6 of the CIS Code (the "Property Funds Appendix") and the SFA. The Manager is committed to good corporate governance as it believes that such self-regulation is essential in protecting the interests of Unitholders and is critical to the performance of the Manager.

This report sets out the Manager's corporate governance practices for the financial year ended 31 December 2019, with specific reference to the 2018 CG Code. Save for the provisions in relation to the disclosures of remuneration for CEO and Key Management Personnel, the Manager has complied with the principles and provisions of the 2018 CG Code in all material aspects.

(A) BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1

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

As the Board exercises stewardship of the Manager, it establishes values, standards and a code of conduct so that the Manager and its personnel conduct themselves at the highest professional and ethical standards in order to meet their obligations to Unitholders and other stakeholders. The code of conduct puts in place deals with issues such as compliance of laws, confidentiality, conduct and work discipline, conflicts of interest and anti-bribery/anti-corruption.

The Board has also reviewed and considered sustainability issues in the environment, social and governance aspects driving LMIR Trust's business. The Board is pleased to present LMIR Trust's sustainability report for the financial year ended 31 December 2019 ("FY 2019"). More information on the material sustainability issues are set out in the Sustainability Report on pages 41 to 61 of this Annual Report.

CORPORATE GOVERNANCE REPORT (CONT'D)

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

Board Approval

In addition to its statutory responsibilities, matters which require the Board's approval are as follows:

(1) all acquisitions, investments, disposals and divestments;

(2) unit issuances, distributions 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;

(6) the adequacy of internal controls, risk management, financial reporting and compliance;

(7) assumption of corporate governance responsibilities and

(8) matters which involve a conflict of interest for a controlling Unitholder or a Director.

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

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

Board and Board Committees

The Board has established the Audit and Risk Committee ("ARC") and the Nominating and Remuneration Committee ("NRC") (collectively, the "Board Committees") with clear written terms of reference to assist it in the discharge of its functions. During the year, the terms of references for ARC and NRC were revised to align to the 2018 CG Code. The compositions and duties of these committees are described in this CG Report. Membership of these Board Committees is managed to ensure an equitable distribution of responsibilities among Board members so as to maximise the effectiveness of the Board and to foster active participation and contribution from Board members. Each of these Board Committees operates and makes decisions on certain board matters under delegated authority from the Board with the Board retaining overall oversight. These Board Committees report their decisions and recommendations for the Board's final endorsement and approval.

CORPORATE GOVERNANCE REPORT (CONT'D)

The Board meets at least once every quarter, and as required by business imperatives. If a Director is unable to attend a meeting, he/she will still receive all the papers and materials for discussion for that meeting for review. He/She will advise the Chairman of the Board or Board Committees or CEO on his/her views and comments on the matters to be discussed or to be conveyed to other members at the meeting. The constitution of the Manager permits the Directors to participate via teleconferencing or video conferencing, if necessary. Time is set aside for discussions amongst the Non-Executive Directors without the presence of Management at the end of each scheduled Board meeting. The Board and Board Committees may also make decisions by way of resolutions in writing. In addition to the meetings, the Directors have access to Management throughout the year, thereby allowing the Board continuous strategic oversight over the activities of LMIR Trust. A total of eight Board meetings were held in FY 2019. Additional board meetings on top of the quarterly meetings were held during the financial year to discuss LMIR Trust's budget, issuance of bond as well as acquisitions and divestments.

The attendance record of the Directors at meetings of the Board and Board Committee meetings in FY 2019 is set out below:

Name of Directors	Board Meeting Attendance / No. of Meeting held	Audit and Risk Committee Meeting Attendance / No. of meetings held	Nominating and Remuneration Meeting Attendance / No. of meetings held	Annual General Meeting Attendance / No. of meetings held
Mr Ketut Budi Wijaya*	8/8	4/4[(1)]	1/1	1/1
Mr Murray Dangar Bell**	3/3[(2)]	1/1[(1)]	–	–
Ms Gouw Vi Ven***	7/8	3/4[(1)]	1/1[(1)]	1/1
Mr Goh Tiam Lock	8/8	4/4	1/1	1/1
Mr Lee Soo Hoon, Phillip	8/8	4/4	1/1[(1)]	1/1
Mr Douglas Chew****	6/6	3/3	1/1	1/1
Mr Liew Chee Seng James*****	8/8[(1)]	4/4[(1)]	1/1[(1)]	1/1

Note:

* Resigned as Board Chairman on 31 December 2019

** Appointed as Lead Independent Director and members of the ARC and NRC on 1 November 2019 and Board Chairman of the Manager on 31 December 2019

*** Resigned as a CEO on 1 May 2019 and re-designated from Executive Director to Non-Executive Non-Independent Director on 31 December 2019

**** Resigned on 1 November 2019

***** Appointed as Executive Director on 31 December 2019, Mr Liew Chee Seng James attended the Board and ARC meetings in the capacity of Deputy CEO and CEO respectively before he was appointed as Executive Director.

(1) Attendance by invitation

(2) Mr Murray Dangar Bell attended the Board meeting as an invitee before his appointment.

Induction, Training and Development

The Board and NRC place 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 (including his/her role as executive, non-executive and independent director, as applicable). 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 briefings by Management. Likewise, site visits are organised to familiarise Directors with LMIR Trust's properties and to facilitate better understanding of the operations of LMIR Trust and its subsidiaries. During the financial year, Mr Murray Dangar Bell had visited some of the portfolio malls namely Pluit Village, Lippo Mall Kemang, Pejaten Village, The Plaza Semanggi and Gajah Mada Plaza as part of the induction programme for new Director.

For new Directors who do not have prior experience as a director of a public listed company in Singapore, they will also attend the mandatory training courses organised by the Singapore Institute of Directors ("SID") or other training institutions, where appropriate, in connection with their duties. Arrangements have been made for both Mr Murray Dangar Bell and Mr Liew Chee Seng James who were appointed as Directors during the financial year to attend the compulsory directors' training organized by SID to attend courses in 2019 and 2020. They will be completing these mandated trainings within one year from the date of their respective date of appointment.

On an ongoing basis, Directors were also briefed on any changes to regulations, policies and accounting standards that affects LMIR Trust or have an important bearing on the Manager's or Directors' disclosure obligations during Board meetings or at specially-convened sessions by Management or relevant professionals.

CORPORATE GOVERNANCE REPORT (CONT'D)

In FY 2019, the Directors attended several seminars and conferences such as the ACRA-SGX-SID Audit Committee Seminar 2019, Rules and Ethics, Real Estate Financing 2019, the Financial Services: Banking Risk & Regulations Conference 2019, Board Risk Committee Essentials, Cyber Security Threats and Data Breaches and Board Leadership for Cyber Resilience etc. These training programmes are arranged and fully funded by the Manager.

Access to Information

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 to take place in the board meeting. 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 or her nominee 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, whether individually or as a group, also has access to independent professional advice where appropriate, and at the Manager's expense.

BOARD COMPOSITION AND GUIDANCE

Principle 2

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

The Board presently consists of five Directors, of whom three (including the Chairman) are Independent Directors. In relation to gender diversity, one out of the five Directors is a female. Accordingly, more than half of the Board is made up of Independent Directors. There is no alternate director appointed. The Board comprises the following members:

Name of Directors	Nature of Designation	Appointment Date
Mr Murray Dangar Bell	Lead Independent Director and Chairman of the Board	Appointed as Lead Independent Director, ARC Member and NRC Member on 1 November 2019; and as Chairman of the Board on 31 December 2019
Ms Gouw Vi Ven	Non-Executive Non-Independent Director	Re-designated from Executive Director to Non-Executive Non-Independent Director on 31 December 2019
Mr Lee Soo Hoon, Phillip	Independent Director	Appointed as Independent Director and ARC Chairman on 4 August 2011
Mr Goh Tiam Lock	Independent Director	Appointed as Independent Director and ARC Member on 27 September 2011, NRC Member on 30 September 2017 and as NRC Chairman on 1 November 2019
Mr Liew Chee Seng James	Executive Director and Chief Executive Officer	Appointed as Chief Executive Officer on 1 May 2019 and as Executive Director on 31 December 2019

CORPORATE GOVERNANCE REPORT (CONT'D)

No Alternate Directors have been appointed to the Board. The profiles of the Directors are set out on pages 16 to 19 of this Annual Report.

Independence

The Board, through the NRC, assesses the independence of each Director, on an annual basis based on a declaration provided, in accordance with the 2018 CG Code, the Listing Manual as well as Regulations 13D to 13H of the Securities and Futures (Licensing and Conduct of Business) Regulations (the "SFLCB Regulations") (the "Enhanced Independence Requirements"). Under the Enhanced Independence Requirements, an independent director is one who:

(i) is independent from any management and business relationship with the Manager and LMIR Trust;

(ii) is independent from any substantial shareholder of the Manager and any substantial Unitholder of LMIR Trust;

(iii) is not a substantial shareholder of the Manager or a substantial Unitholder of LMIR Trust; and

(iv) has not served on the Board for a continuous period of nine years or longer.

Based on a review of the relationships between the Directors, the Manager and LMIR Trust in accordance with the requirements of the Code and the Enhanced Independence Requirements, the Board considers Mr Murray Dangar Bell, Mr Lee Soo Hoon Phillip and Mr Goh Tiam Lock to be independent. The Board is aware that both Mr Lee Soo Hoon Phillip and Mr Goh Tiam Lock would reach the nine years tenure during the financial year ending 31 December 2020 and has since commence the renewal of the Board composition through an identification and selection process of the appropriate individual to join the Board.

The Board has considered Ms Gouw Vi Ven as non-independent by virtue that she held the appointment of Chief Executive Officer until 1 May 2019 and as an Executive Director until she was re-designated as Non-Executive Director on 31 December 2019. During the financial year under review, she received remuneration and benefits in kind as an employee of the Manager.

Board Diversity

The Board has put in place a Board Diversity Policy which sets out the approach to diversity of the Board. The Board Diversity Policy would be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. The Board, through NRC, aims to ensure that there is an optimal blend in the Board of background, experience, skills expertise, independence and knowledge in business, banking and finance, real estate and management skills critical to LMIR Trust's business and that each Director can bring to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made in the interest of LMIR Trust. The Board will continue to review its composition regularly, taking into account the need for progressive renewal of the Board, to ensure that the Board has the appropriate balance and diversity such as gender and age to maximise its effectiveness and ensure that objectives as out in the Board Diversity Policy are met.

Board Guidance

The Non-Executive and Independent Directors contribute to the board process by monitoring and reviewing Management's performance. For the financial year under review, the Non-Executive and Independent Directors have constructively challenged Management's proposals and decisions and reviewed Management's performance. They have unrestricted access to Management for any information that they may require to discharge their oversight function effectively. Given that the majority of the Directors are non-executive and independent, this enables Management to benefit from their external, diverse and objective perspectives on issues that are brought before the Board. It also enables the Board to work with Management through robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the roles between the Chairman and the CEO, provide a healthy professional relationship between the Board and Management, with clarity of roles and robust oversight as they deliberate on the business activities of the Manager.

CORPORATE GOVERNANCE REPORT (CONT'D)

Meeting of Directors without Management

The Non-Executive Directors would meet without the presence of Management or Executive Directors at each Board meeting. The Chairman of the Board who is also Non-Executive Director would feedback to the CEO on any concerns or feedbacks raised by Non-Executive Directors during such meeting.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3

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.

As part of the succession planning, Mr Murray Dangar Bell was appointed as Chairman of the Board following the resignation of Mr Ketut Budi Wijaya on 31 December 2019. The Chairman of the Board is responsible for the leadership of the Board and to ensure overall effectiveness of the Board in discharging its duties. This includes setting the agenda of the Board in consultation with the CEO and promoting constructive engagement among the Directors as well as between the Board and CEO on strategic issues and discussions. The Chairman of the Board plays a significant leadership role by providing clear oversight, direction, advice and guidance to the CEO on strategies. The Chairman of the Board ensures effective communication with Unitholders and leads discussions with them. He also takes a leading role in promoting high standards of corporate governance with the full support of the Directors and Management. The Chairman is not part of the Management.

Mr Liew Chee Seng James was appointed CEO on 1 May 2019 following the resignation of Ms Gouw Vi Ven as CEO on 1 May 2019. The CEO has full executive responsibilities over the business directions and operational decisions of the Manager. He ensures that all approved strategies and policies, as set down by the Board, are fully implemented.

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

The current Chairman of the Board, Mr Murray Dangar Bell, is also the Lead Independent Director. The Lead Independent Director is available to Unitholders where they have concerns and for which contact through the normal channels of the CEO has failed to resolve or is inappropriate.

BOARD MEMBERSHIP

Principle 4

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

Mr Goh Tiam Lock (Chairman)(Independent Director)
Ms Gouw Vi Ven (Member) (Non-Executive Non-Independent Director)
Mr Murray Dangar Bell (Member) (Independent Director)

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

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

CORPORATE GOVERNANCE REPORT (CONT'D)

The NRC is guided by its term of reference. The key terms of reference has been updated to be in line with the 2018 CG Code, 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 taking into consideration the Board Diversity Policy and the balance between Executive and Non-Executive Directors as well as between Independent and Non-Independent Directors appointed to the Board;

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

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

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

(5) assessing the performance and effectiveness of the Board as a whole and the Board Committees and the contribution of each Director to the effectiveness of the Board proposing objective performance criteria for the Board's approval;

(6) recommending a general framework of remuneration for the board and key management personnel;

(7) 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;

(8) reviewing the Manager's obligations to ensure that contracts of service of CEO and key management personnel contain fair and reasonable termination clauses which are not overly generous.

Continuous Board Renewal and Succession Planning for the Board

The Board has started the progressive renewal of the Board during the financial year under review with the resignation of Mr Douglas Chew and the appointment of Mr Murray Dangar Bell on 1 November 2019. This renewal is undertaken to replace Directors whose tenure would reach the nine years period and the board diversity has been considered in these appointments.

When considering the appointment of Mr Murray Dangar Bell, the Board, through the NRC, has considered that with his 30 years of experience in real estate management, primarily in retail shopping malls experience, he would be able to complement the existing skill sets of the Board members and bring new insights into Board's deliberations.

Renewal or replacement of Board members does not necessarily reflect their contributions to date but may be driven by the need to position and shape the Board in line with the evolving needs of LMIR Trust and the Manager. The Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the Board is under continuous review.

Nomination and Selection of Directors

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 banking and finance;

(b) at least half of the Board should comprise Non-Executive Independent Directors. Where, among other things, the Chairman of the Board is not an Independent Director, at least half of the Board should comprise Independent Directors; and

(c) The prescribed factors under the Board Diversity Policy.

CORPORATE GOVERNANCE REPORT (CONT'D)

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

Review of Directors' Independence

The NRC conducts an annual review of each director's independence and takes into consideration 2018 CG Code, the Listing Manual as well as Enhanced Independence Requirements. The NRC has ascertained that, save for Messrs Gouw Vi Ven and Liew Chee Seng James, all Directors are considered independent according to these criteria. Directors must also immediately report any changes in their external appointments which may affect their independence.

Directors' Time Commitment

During the financial year, the Board revisited the Policy of Multiple Directorships and has determined that a Director may hold a maximum of six listed company board representations after due deliberation, taking into account the various factors, such as the estimated time and commitment required to act as a director of a listed company and the obligations and responsibilities associated with such a position. Notwithstanding the Directors' multiple listed company Board representations and/or other principal commitments, each Director is able to and has adequately carried out his/ her duties as a Director of the Manager. Factors taken into account which include, but are not limited to, the Director's regular attendance at the Board meetings, prompt and efficient discharge of his/her duties and responsibilities and the ability to deliver on matters needing the Director's advice, proposal and recommendations. The Board and NRC are satisfied that all Directors have discharged their duties adequately for the financial year ended 31 December 2019.

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 16 to 19 of this Annual Report.

BOARD PERFORMANCE

Principle 5

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

Board and Board Committee Evaluation

The NRC undertakes a process to assess the effectiveness of the Board and its Board Committees. Directors are requested to complete a Board and Board Committees Evaluation Questionnaires to assess the overall effectiveness of the Board and the Board Committees. To ensure confidentiality, the Company Secretary compiles the Directors' responses to the Board Evaluation Questionnaire on a collective basis and present the results to the NRC. The results of the evaluation exercises are considered by the NRC which then makes recommendations to the Board aimed at helping the Board and Board Committees to discharge its duties more effectively. The Chairman of the NRC, will act on the results of the performance evaluation and in consultation with the NRC propose recommendations to be implemented to further enhance the effectiveness of the Board, where appropriate. As part of the assessment of the performance and composition of the Board for FY 2019, the Board, after taking into account the NRC's views, is satisfied that it has the appropriate size and mix of expertise and experience, taking into account the skills, experience, gender and knowledge of the Directors in the financial year, including the level of attendance and participation at Board meetings.

Board Performance Criteria

The NRC has in place appraisal criteria as agreed by the Board which includes an evaluation of the size and composition of the Board, the Board's conduct of affairs, internal controls and risk management, Board accountability and communication with top management and standards of conduct. These performance criteria shall not change from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the NRC and the Board shall justify its decision for the change. The Manager also has in place quantitative and qualitative key performance indicators to appraise the performance of the CEO/Executive Director.

CORPORATE GOVERNANCE REPORT (CONT'D)

Individual Director Evaluation

Individual Director self-assessment is also conducted to provide performance feedback which can help individuals to evaluate their own skills and performance as directors and motivate them to more effective contributors. The Board is cognizant that individual director evaluations are an important complement to the evaluation of a board's overall performance and the results of the Individual Director self-assessment are also compiled by the Company Secretary and discussed by the NRC.

(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6

LEVEL AND MIX OF REMUNERATION

Principle 7

DISCLOSURE ON REMUNERATION

Principle 8

The NRC has established a framework of remuneration for the Board and Management and also reviews and recommends to the Board the specific remuneration packages for each Director and key management personnel. In addition, the NRC helps to ensure that the remuneration payable is in line with the objectives of the remuneration policies. The NRC seeks to structure the remuneration of Management so as to link reward to the performance and long term success of LMIR Trust. This ensures that the interest of Management is aligned with the interest of the Unitholders. The NRC also considers all aspects of remuneration, including termination terms, to ensure they are fair. The remuneration of the Non-Executive Directors in the form of directors' fees is paid wholly in cash and the remuneration of the CEO and key management personnel in the form of salaries, annual bonuses and benefits in kind is also paid wholly in cash. There is no non-monetary remuneration in the form of stock options or Units paid to the Non-Executive Directors, CEO or the key management personnel for FY 2019.

The NRC, when required, has access to expert advice both within and outside the Company, on remuneration of directors.

Non-Executive Director Remuneration

The fee structure for Director's fees is as follows:

Committee	Structure	Remuneration (S$)
Board	Basic fee	60,000
	Chair fee	35,000
Audit & Risk Committee	Basic fee	12,500
	Chair fee	12,500
Nominating & Remuneration Committee	Basic fee	3,000
	Chair fee	5,000
Additional Meeting	Per Meeting	4,000
For offsite meetings only	Attendance fee on a per diem per day	1,000

CORPORATE GOVERNANCE REPORT (CONT'D)

As part of the annual review of the Non-Executive Director Remuneration Framework, the NRC has considered the level and range of non-executive directors' fees of S-REITs with market capitalisation S$0.5 to S$1 billion. Based on the annual review, the Board through the NRC, is satisfied that the Non-Executive Director's fee is in line and within the range of such S-REITs of comparable size and they are not overcompensated to the extent that their independence is compromised. The remuneration for each Non-Executive Director takes into account the relevant Director's contribution and responsibilities, including attendance and time spent at Board and Board Committee meetings. The current remuneration framework for the Non-Executive Directors remains unchanged from that of the previous financial year.

The following table shows the Directors' fees paid in the year ended 31 December 2019:

Name of Non-Executive Director	Total Remuneration (S$)
Mr Ketut Budi Wijaya[1]	146,154
Mr Lee Soo Hoon, Phillip	101,000
Mr Goh Tiam Lock	92,335
Mr Douglas Chew[2]	109,375
Mr Murray Dangar Bell[3]	26,433
Total	475,297

Note:

(1) Mr Ketut Budi Wijaya resigned as Non-Executive Director on 31 December 2019. His fees was inclusive of withholding tax.

(2) Mr Douglas Chew resigned as Independent Director on 1 November 2019 and his fees is pro-rated to his date of resignation. Included in his fees was an ex-gratia payment made to him in recognition of his contribution during his tenure as a Director of the Manager.

(3) Mr Murray Dangar Bell was appointed as Lead Independent Director and member of Nominating Remuneration Committee and the Audit and Risk Committee on 1 November 2019 and his fees was pro-rated to his date of appointment. His fees was inclusive of withholding tax.

The NRC had recommended to the Board a total amount of $447,936 as Directors' fees for the financial year ending 31 December 2020, to be paid quarterly in arrears. This recommendation had been endorsed by the Board and will be tabled for approval at the Manager's forthcoming AGM for shareholder approval.

Executive Director Remuneration

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

The performance bonus and annual increment are based on an annual appraisal. In particular, the performance bonus is linked to the stability and performance of the net property income, distributable amount and distribution per unit of LMIR Trust as compared to the preceding year and as such, it is in alignment with the performance of LMIR Trust and is in the interests of Unitholders. The key performance indicators for the CEO include but are not limited to, the following:

(i) unit price performance and distribution per unit yield for LMIR Trust;

(ii) containment of budgeted operational cost for LMIR Trust and the Manager;

(iii) effective and productive asset acquisitions from the Sponsor and third parties;

(iv) effective capital management including competitive cost of funds and fund raising fees, and effective exchange rate management for LMIR Trust;

(v) compliance with regulatory requirements; and

(vi) More active engagement with Unitholders

CORPORATE GOVERNANCE REPORT (CONT'D)

For the avoidance of doubt, the CEO was not involved in the decision of the Board on his own remuneration.

The Manager is aware of the 2018 CG Code's requirement and the Notice to All Holders of a Capital Markets Service Licence for Real Estate Investment Trust Management (issued pursuant to Section 101 of the SFA) to disclose the exact quantum of the remuneration of the CEO and the Directors. The Board has assessed and decided against the disclosure of the exact quantum of the CEO's remuneration and has instead disclosed his remuneration in bands of S$250,000. The Manager believes that such disclosure, together with the disclosure on the remuneration policies, the type of remuneration and the factors taken into account in linking performance of LMIR Trust to remuneration of the key management personnel set out below, is sufficient for providing transparency to Unitholders without prejudicing the interest of Unitholders. In view of the highly competitive REIT management industry, the Manager believes that opting not to disclose the exact quantum of the remuneration of the CEO will minimise the risk of potential staff movements and loss of key personnel which would cause undue disruptions to the management of LMIR Trust and which would not be in the interests of Unitholders. However, the Manager has decided to disclose the aggregate remuneration of the key management personnel of the Manager (including the CEO) found on pages 73 of this Annual Report.

Remuneration of Key Management Personnel

The Manager's remuneration framework for key management personnel comprises fixed salary, performance bonuses and benefits in kind. 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 management personnel is linked to their contribution to the performance of the net property income, distributable amount and distribution per unit of LMIR Trust as compared to the preceding year and, as such, is in alignment with the performance of LMIR Trust and is in the interests of Unitholders.

The 2018 CG Code requires the Manager to disclose the remuneration of the Manager's top five key management personnel (who are not Directors or CEO) on a named basis in bands of S$250,000 as well as the aggregate remuneration paid to the top five key management personnel (who are not Directors or CEO). In addition, pursuant to MAS' "Notice to All Holders of a Capital Markets Services Licence for Real Estate investment Trust Management" (Notice No: SFA4-N14), the Manager is required to disclose the remuneration of the CEO and each individual director on a named basis, and the remuneration of at least the top five key management personnel (which shall not include the CEO and key management personnel who are directors), on a named basis, in bands of S$250,000. The Manager may provide an explanation if it does not wish to or is unable to comply with such requirement. 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. The Manager has decided (a) to disclose the Executive Director's (who is also the CEO) remuneration in bands of S$250,000 (instead of on a quantum basis), (b) not to disclose the remuneration of the key management personnel of the Manager in bands of S$250,000, and (c) to disclose the aggregate remuneration of all key management personnel of the Manager (including the CEO) for the following reasons:

(i) competition for talent in the REIT management industry is very keen and the Manager has, in the interests of Unitholders, opted not to disclose the exact remuneration of its CEO and Key Management Personnel as this may give rise to recruitment and talent retention issues as well as the risk of unnecessary key management turnover;

(ii) the composition of the current management team has been stable and to ensure the continuity of business and operations of LMIR Trust, it is important that the Manager continues to retain its team of competent and committed staff;

(iii) due to the confidentiality and sensitivity of staff remuneration matters, the Manager is of the view that such disclosure could be prejudicial to the interests of Unitholders; and

(iv) the remuneration of the CEO and Key Management Personnel are paid by the Manager and there is full disclosure of the total amount of fees paid to the Manager set out at page 81 of this Annual Report.

The Manager believes that such disclosure,together with the disclosure on the remuneration policies, the type of remuneration and the factors taken into account in linking performance of LMIR Trust to remuneration of the key management personnel set out herein, is sufficient for providing transparency to Unitholders without prejudicing the interest of Unitholders.

CORPORATE GOVERNANCE REPORT (CONT'D)

The level and mix of the remuneration of the Executive Director and CEO in the bands of S$250,000 are set out below:

Remuneration for Executive Director and Chief Executive Officer for FY 2019	Salary & AWS	Bonus	Allowance and Benefits[1]	Total
Between S$250,000 to S$500,000				
Ms Gouw Vi Ven* Mr Liew Chee Seng James**	78%	17%	5%	100%

* Resigned as a CEO on 1 May 2019 and re-designated from Executive Director to Non-Executive Non-Independent Director on 31 December 2019.

** Mr Liew Chee Seng James was earlier appointed as the Deputy CEO in October 2018. He was appointed as the new CEO on 1 May 2019 subsequent to the cessation of Ms Gouw Vi Ven and as Executive Director on 31 December 2019 subsequent to the redesignation of Ms Gouw Vi Ven.

Key Management Personnel (excluding Executive Director and CEO) For FY 2019	Salary & AWS	Bonus	Allowance and Benefits[1]	Total
Mr Wong Han Siang Ms Ella Jia Ms Christina Lee Mr Heng Shao Sheng Mr Cesar Agor	76%	19%	5%	100%
Aggregate Total Remuneration (including Executive Director & CEO)				**$2,096,229**

Note:

(1) The amount disclosed includes allowance, employer CPF, payment of income tax and benefits in kind such as professional membership and car park etc.

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

The Manager does not have any employee share or unit scheme and does not remunerate directors and key management personnel in the form of shares or interests in the Sponsor or its related entities or any other entities.

No remuneration consultants were engaged in FY 2019. 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 are:

(i) a substantial shareholder of the Manager;

(ii) a substantial Unitholder of LMIR Trust; or

(iii) an immediate family member of

a. a Director;

b. the CEO;

c. a substantial shareholder of the Manager; or

d. a substantial Unitholder of LMIR Trust,

and whose remuneration exceeded S$100,000 in FY 2019.

CORPORATE GOVERNANCE REPORT (CONT'D)

(C) ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9

Risk Management

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

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

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

Internal Controls

The Company's internal auditor conducts independent reviews of the adequacy and effectiveness of the internal controls of the LMIR Trust Group and the Manager, including financial, operational, compliance and information technology controls addressing the key risks identified in the enterprise risk management framework. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the ARC. The ARC also reviews the effectiveness of the actions taken by Management on the recommendations made by the internal auditors in this respect.

In the course of the statutory audit, the Company's external auditor will highlight any material internal control weaknesses which have come to their attention in the course of carrying out their audit procedures, which are designed primarily to enable them to express their opinion on the financial statements. Such material internal control weaknesses noted during their audit, and recommendations, if any, by the external auditors are reported to the ARC.

The Board has received assurance from the CEO and CFO that, as at 31 December 2019, the financial records of LMIR Trust have been properly maintained, and the financial statements give a true and fair view of the LMIR Trust's operations and finances.

The Board has also received assurance from the CEO and Key Management Personnel that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2019 to address the risks that the Manager considers relevant and material to LMIR Trust's operations.

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 as well as the assurances set out above, the Board, with the concurrence of the ARC, is of the opinion that LMIR Trust Group's present risk management systems and internal controls (including financial, operational, compliance and information technology controls), were adequate and effective as at 31 December 2019 to address risks which the Company considers relevant and material to the LMIR Trust Group's operations.

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

The Manager's approach to risk management and internal controls and the management of key business risks is set out in the "Risk Management" section of page 36 of this Annual Report.

AUDIT AND RISK COMMITTEE ("ARC")

Principle 10

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

Mr Lee Soo Hoon, Phillip (Chairman) (Independent Director)
Mr Goh Tiam Lock (Member) (Independent Director)
Mr Murray Dangar Bell (Member) (Lead Independent Director)

The members of the ARC are appropriately qualified to discharge their responsibilities and have recent and relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgment. None of the ARC members were previous partners or directors of the Company's external auditor, RSM Chio Lim LLP, within the last 24 months or hold any financial interest in the external auditor. The role of the ARC is to monitor and evaluate the effectiveness of the Manager's internal controls. The ARC also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance. With the assistance of the external auditors, the ARC assesses changes in accounting standards and issues that impact LMIR Trust.

The ARC's responsibilities are set forth in its terms of reference which was updated to align to the 2018 CG Code which include:

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

CORPORATE GOVERNANCE REPORT (CONT'D)

- 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 within LMIR Trust;

- ensuring, at least annually, the adequacy and effectiveness of the internal audit function and risk management systems;

- reviewing the assurances required under Provision 9.2 of the 2018 CG Code on financial records and financial statements as well as the adequacy and effectiveness of risk management and internal control systems;

- meeting with external and internal auditors, without the presence of the executive officers of the Manager, at least on an annual basis;

- reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of LMIR Trust and any formal announcements relating to LMIR Trust's financial performance;

- investigating any matters within the ARC's terms of reference, whenever it deems necessary; and

- reporting to the Board on material matters, findings and recommendations.

The ARC has the authority to investigate any matter within terms of reference, has full access to and co-operation from Management and has full discretion to invite any Director or executive officer of the Manager to attend its meetings. The ARC also has full access to reasonable resources to enable it to discharge its functions properly. In FY 2019, the ARC was briefed on the changes in accounting standards and the implications of these changes on LMIR Trust, in particular, on the direct impact on financial statements.

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

In FY 2019, 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;

CORPORATE GOVERNANCE REPORT (CONT'D)

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

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

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

RSM Chio Lim LLP audited LMIR Trust and the Singapore subsidiaries. A member firm of RSM International, of which RSM Chio Lim LLP is a member, audited the foreign subsidiaries. LMIR Trust is in compliance with Listing Rules 712 and 715 of the SGX-ST Listing Manual.

The ARC has undertaken a review of all non-audit services provided by the external auditors in FY 2019, and is satisfied that the extent of such services would not affect the independence of the external auditors before confirming their re-nomination. The aggregate amount of audit fees payable to external auditors for FY 2019 was S$920,000, of which audit fees amounted to S$702,000 and non-audit fees amounting to S$218,000.

In the review of the financial statements for FY 2019, the ARC has discussed with Management and the external auditors on the key audit matters, which is included in the Independent Auditor's Report.

Key Audit Matters	How the ARC reviewed these matters and what decisions were made
Valuation of investment properties	The ARC considered the methodologies and key assumptions applied by the valuers in arriving at the valuation of the investment properties. The valuation of the investment properties was also an area of focus of the external auditor. The external auditor has included this item as a key audit matter in their audit of report for the financial year ended 31 December 2019. Please refer to the Independent Auditor's Report of this Annual Report. The ARC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties. The ARC was satisfied with the valuation process, the methodologies used and the valuation for investment properties as adopted as at 31 December 2019.

The ARC, with the concurrence of the Board, had recommended the re-appointment of RSM Chio Lim LLP as the external auditors, which will be subject to approval of Unitholders at LMIR Trust's Annual General Meeting to be held on 23 April 2020.

Internal Audit

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

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

CORPORATE GOVERNANCE REPORT (CONT'D)

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES AND MANAGING STAKEHOLDERS RELATIONSHIPS

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETING

Principle 11

ENGAGEMENT WITH SHAREHOLDERS

Principle 12

The Manager is committed to treating all the Unitholders fairly and equitably and strives to uphold a strong culture of timely disclosure and transparent communication with Unitholders and the investing community. All Unitholders enjoy specific rights under the Trust Deed and the relevant rules and regulations. These include, among other things, the right to participate in profit or dividend distributions. Unitholders are also entitled to attend and vote at the general meetings of Unitholders and are accorded the opportunity to participate effectively.

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

The Manager's disclosure policy requires timely and full disclosure of all material information relating to LMIR Trust by way of public releases or announcements through the SGX-ST via SGXNet at first instance and thereafter including the release or announcement on LMIR Trust's website at www.lmir-trust.com. When there is an inadvertent disclosure made to a selected group, the Manager will make the same disclosure publicly to all others as soon as practicable.

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

- analysts' briefings on a quarterly basis;
- one-on-one/group meetings or conference calls on a quarterly basis, local/overseas non-deal specific roadshows;
- participation in forums and seminars organised by various financial institutions and attended by selected investors;
- responding to queries submitted to the Manager via electronic mail or telephone calls; and
- annual reports.

The list of investor activities for FY 2019 is disclosed on page 37 of this Annual Report.

CORPORATE GOVERNANCE REPORT (CONT'D)

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. We maintain a dedicated investor relations website http://lmir.listedcompany.com which provides comprehensive and updated information about LMIR Trust, as well as a dedicated IR email ir@lmir-trust.com to address all Unitholders' queries. All material information, corporate updates and quarterly financial results are posted in a timely manner on SGXNet and also on our dedicated investor relations website. The Directors, Chairmen of the Board Committees, representative(s) of the Trustee, external auditors, the Company Secretary, independent financial advisers, legal counsels and other professional advisers attend the annual or extraordinary general meetings to address Unitholders' queries. Unitholders are encouraged to participate in the question and answer sessions, whereby minutes of the proceedings, including any substantial queries raised by Unitholders in relation to the agenda and the accompanying responses from the Board and Management, are subsequently recorded, prepared and minuted. These minutes are made available to shareholders on the LMIR Trust's website.

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. Voting in absentia and by email, which are currently not permitted, may only be possible following careful study to ensure that the integrity of information and authentication of the identity of Unitholders through the web are not compromised, and legislative changes are effected to recognise remote voting.

The Manager conducts electronic poll voting for all the resolutions to be passed at general meetings of LMIR Trust for greater transparency in the voting process. An independent scrutineer firm is also present to validate the votes at each general meeting. The results of all votes for and against each resolution is tallied and instantaneously displayed at the meeting. The voting results are announced via SGXNet following each general meeting. There are separate resolutions at the general meetings on each substantially separate issue. Resolutions are not "bundled" unless resolutions are interdependent and linked so as to form one significant proposal.

LMIR Trust targets to provide sustainable distribution payouts. LMIR Trust current distribution policy is to distribute 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 LMIR Trust from redemption of redeemable preference shares in the Singapore subsidiaries. LMIR Trust's distributions are paid on a quarterly basis and for every dividend declaration made, Unitholders will be notified via an announcement made through SGXNet.

ENGAGEMENT WITH STAKEHOLDERS

Principle 13

The Manager believes that engaging stakeholders is imperative for the success of LMIR Trust's performance. LMIR Trust has identified its stakeholders based on their impact on LMIR Trust's business and those with a vested interest in LMIR Trust's operations. LMIR Trust's stakeholders include investors, tenants and the local community. Through various engagement initiatives, LMIR Trust was able to strengthen its relationships with its stakeholders and obtain valuable feedback. The Manager also proactively communicates and engages with the investment community through investor conferences, non-deal roadshows ("NDR"), one-on-one meetings, tele-conferences and quarterly results briefings.

LMIR Trust maintains a corporate website to communicate and engage with stakeholders which can be accessed at www.lmir-trust.com.

CORPORATE GOVERNANCE REPORT (CONT'D)

(E) ADDITIONAL INFORMATION

DEALING IN LMIR TRUST UNITS

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

In general, the Manager's Personal Trading Policy permits Directors and employees of the Manager to hold Units but prohibits them from dealing in such Units:

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

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

The Directors and employees of the Manager are expected to observe insider trading regulations at all times. The Manager issues quarterly reminders to its Directors, relevant officers and employees on the restrictions in dealing in LMIR Trust units as set out above.

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

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

FEES PAYABLE TO THE MANAGER

Under the CIS Code where fees are payable out of the deposited property of a property fund, the methodology and justifications for each type of fees payable should be disclosed. The methodology for computing the fees payable to the Manager is contained in Clause 15 of the Trust Deed (as amended), details of which are disclosed under the Notes to Financial Statements.

Pursuant to Clause 15.1.3, 15.1.4 and 15.1.5 of the Trust Deed, the Manager is entitled to (i) a base fee of 0.25% per annum of the value of the Deposited Property (excluding those authorised investments not in the nature of real estate, whether directly held by LMIR Trust or indirectly through one or more special purpose vehicles), (ii) an annual performance fee of 4.0% per annum of the Net Property Income (as defined in the Trust Deed) for each financial year (calculated before accounting for this fee in that financial year) and (iii) an authorised investment management fee of 0.5% per annum of the investment value of such authorised investment.

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.

CORPORATE GOVERNANCE REPORT (CONT'D)

For FY 2019, the breakdown of the management fees and frequency of payment is as follows:

	Group		LMIR Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Base fee	5,107	4,996	5,037	4,979
Performance fee	7,048	6,599	7,048	6,599
Authorised Investment fee	62	–	62	–
Total	12,217	11,595	12,147	11,578

In FY 2019, the Manager's performance fee is payable once a year after completion of the audited financial statements for the relevant financial year in arrears.

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

JUSTIFICATION OF FEES PAYABLE TO THE MANAGER

1. **Base fee**
   The Manager receives a base fee of 0.25% per annum of the value of all the assets (excluding those authorised investments not in the nature of real estate) for the time being of the Trust or deemed to be held upon the Trust constituted under the Trust Deed, representing the remuneration to the Manager for executing its core responsibility. The base fee compensates the Manager for the costs incurred in managing LMIR Trust, which includes day-to-day operational costs, compliance costs and costs incurred in managing and monitoring the portfolio. The base fee is calculated at a fixed percentage of asset value as the scope of the Manager's duties is commensurate with the size of LMIR Trust's asset portfolio.

   Since LMIR Trust's listing on 19 November 2007, the Manager has taken active steps to keep its portfolio relevant and adaptable to the changing economic and environmental landscapes. As at 31 December 2019, LMIR Trust existing portfolio comprises 23 retail malls and 7 retail spaces spread over Indonesia with a combined gross floor area of 1,783,304 square metres and valuation of S$1,826.6 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. For FY 2019, the authorised investment management fees was 0.5%.

   Since August 2019, the Manager has been actively managing surplus funds via weekly placements with domestic banks to generate interest income for the Trust. Interest income for FY 2019 was S$983,000 compared to S$150,000 in prior year.

CORPORATE GOVERNANCE REPORT (CONT'D)

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.

CORPORATE GOVERNANCE REPORT (CONT'D)

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

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

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

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

WHISTLE BLOWING POLICY

The ARC has put in place procedures to provide employees of the Manager and external parties such as suppliers, customers, contractors and other stakeholders with well-defined and accessible channels to report on suspected fraud, corruption, dishonest practices or other similar matters relating to LMIR Trust or the Manager, and for the independent investigation of any reports by employees or any third party and appropriate follow-up action. The aim of the whistle blowing policy is to encourage the reporting of such matters in good faith, with the confidence that a whistle-blower making such reports will be treated fairly, and to the extent possible, be protected from reprisal. Reports can be lodged via email at whistleblow@lmir-trust.com.

RELATED PARTY TRANSACTIONS

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

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

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

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

CORPORATE GOVERNANCE REPORT (CONT'D)

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

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

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

ROLE OF THE AUDIT AND RISK COMMITTEE FOR RELATED PARTY TRANSACTIONS

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

The Manager maintains a register to record all Related Party Transactions (and the bases, including any quotations from unrelated third parties and independent valuations obtained to support such bases, on which they are entered into) which are entered into by LMIR Trust. The Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix have been complied with. The ARC will periodically review all Related Party Transactions to ensure compliance with the Manager's internal control procedures and with the relevant provisions of the Property Funds Appendix and/or the Listing Manual. The review will include the examination of the nature of the transactions and its supporting documents or such other data deemed necessary by the ARC. If a member of the ARC has an interest in a transaction, he is required to abstain from participating in the review and approval process in relation to that transaction.

FINANCIAL CONTENTS

REPORT OF THE TRUSTEE

Perpetual (Asia) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Lippo Malls Indonesia Retail Trust (the "Trust") and its subsidiaries (collectively the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of LMIRT Management Ltd (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed dated 8 August 2007 (as amended by the First Supplemental Deed dated 18 October 2007, Second Supplemental Deed dated 21 July 2010, First Amending and Restating Deed dated 18 March 2016), Supplemental Deed of Retirement and Appointment of Trustee dated 1 November 2017 and Third Supplemental Deed dated 19 April 2018 (the "Trust Deed") between the Manager and the Trustee in each annual financial reporting year and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the financial year covered by these financial statements set out on pages 92 to 161 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
Perpetual (Asia) Limited

…………………………………………….
Sin Li Choo
Director

Singapore

16 March 2020

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 92 to 161 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 2019, 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

……………………………………………..
Liew Chee Seng James
Director

Singapore

16 March 2020

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF LIPPO MALLS INDONESIA RETAIL TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying financial statements of Lippo Malls Indonesia Retail Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and of the Trust and the statement of portfolio of the Group as at 31 December 2019, the statements of total return, statements of distribution, statements of changes in unitholders' funds of the Group and of the Trust, and the statement of cash flows of the Group for the reporting year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements of the Group and of the Trust are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants so as to present fairly, in all material respects, the financial positions of the Group and of the Trust and portfolio holdings of the Group as at 31 December 2019 and the financial performance and changes in unitholders' funds for the Group and Trust, and cash flows of the Group for the reporting year then ended.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

VALUATION OF INVESTMENT PROPERTIES

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

The Group owns a portfolio of investment properties comprising retail malls and retail spaces located within other malls in Indonesia. The investment properties are stated at fair value of $1,820,899,000 (including investment properties held for divestment) as at 31 December 2019 and there is a fair value loss of $65,329,000 accounted in the statement of total return. The valuation of the portfolio is a significant judgement area and the fair values are impacted by a number of assumptions and factors including contracted and future potential rental revenue, quality and condition of the properties, tenant covenants, and yields. All the valuations are carried out by third party independent professional valuers in accordance with the professional standards for valuation, FRS 40 and FRS 113. Sensitivity of the valuations to key assumptions are disclosed in Note 14 to the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE UNITHOLDERS OF LIPPO MALLS INDONESIA RETAIL TRUST

VALUATION OF INVESTMENT PROPERTIES (CONT'D)

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

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

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

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF MANAGER FOR THE FINANCIAL STATEMENTS

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE UNITHOLDERS OF LIPPO MALLS INDONESIA RETAIL TRUST

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.

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE UNITHOLDERS OF LIPPO MALLS INDONESIA RETAIL TRUST

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

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

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

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

16 March 2020
Engagement partner – effective from year ended 31 December 2018

STATEMENTS OF TOTAL RETURN

YEAR ENDED 31 DECEMBER 2019

	Notes	Group 2019 $'000	Group 2018 $'000	Trust 2019 $'000	Trust 2018 $'000
Gross revenue	4	273,001	230,299	78,156	97,185
Property operating expenses	5	(96,796)	(65,332)	–	–
Net property income		176,205	164,967	78,156	97,185
Interest income		983	150	2,373	4
Other income	6	911	159	359	–
Manager's management fees	7	(12,217)	(11,595)	(12,147)	(11,578)
Trustee's fees		(428)	(461)	(428)	(461)
Finance costs	8	(41,377)	(34,653)	(44,561)	(35,808)
Other expenses	9	(6,498)	(1,803)	(2,870)	(1,702)
Net income before the undernoted		117,579	116,764	20,882	47,640
Decrease in fair values of investment properties	14	(65,329)	(1,495)	–	–
Impairment loss on investments in subsidiaries	16	–	–	(31,511)	(133,017)
Realised losses on derivative financial instruments		(1,242)	(2,956)	(1,242)	(2,956)
Decrease in fair values of derivative financial instruments	28	(11,067)	(135)	(11,067)	(135)
Realised foreign exchange adjustment losses		(3,119)	(12,253)	(2,696)	(12,213)
Unrealised foreign exchange adjustment gains/(losses)		5,965	2,288	8,010	(3,450)
Amortisation of intangible assets	15	(3,335)	(2,613)	–	–
Total return/(loss) for the year before income tax		39,452	99,600	(17,624)	(104,131)
Income tax expense	10	(25,952)	(38,668)	(371)	(283)
Total return/(loss) for the year after income tax		13,500	60,932	(17,995)	(104,414)
<u>Other comprehensive return/(loss):</u>					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations, net of tax		52,796	(73,260)	–	–
Total comprehensive gain/(loss)		66,296	(12,328)	(17,995)	(104,414)
Total (loss)/return attributable to:					
Unitholders of Trust		(4,220)	43,212	(35,715)	(122,134)
Perpetual securities holders		17,720	17,720	17,720	17,720
		13,500	60,932	(17,995)	(104,414)
Total comprehensive income/(loss) attributable to:					
Unitholders of Trust		48,576	(30,048)	(35,715)	(122,134)
Perpetual securities holders		17,720	17,720	17,720	17,720
		66,296	(12,328)	(17,995)	(104,414)
		Cents	Cents		
Earnings per unit					
Basic and diluted earnings per unit	11	(0.15)	1.52		

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

STATEMENTS OF DISTRIBUTION

YEAR ENDED 31 DECEMBER 2019

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Total return/(loss) for the year after income tax	13,500	60,932	(17,995)	(104,414)
Add: net adjustments (Note A below)	54,750	(2,517)	86,245	162,829
Income available for distribution to Unitholders (Note B below)	68,250	58,415	68,250	58,415
Distributions to Unitholders:				
Total interim distribution paid in the year ended 31 December (Note 12A)	49,756	49,730	49,756	49,730
Total return for distribution to Unitholders for the quarter ended 31 December paid after year-end (Note 12A)	15,094	8,685	15,094	8,685
	64,850	58,415	64,850	58,415
Unitholders' distribution:				
– As distribution from operations	43,112	29,525	43,112	29,525
– As distribution of Unitholders' capital contribution	21,738	28,890	21,738	28,890
	64,850	58,415	64,850	58,415

Note A

Net adjustments:				
Decrease in fair values of investment properties, net of deferred tax	53,563	1,372	–	–
Manager's management fees settled in units	7,048	10,356	7,048	10,356
Depreciation of plant and equipment	3,422	3,015	–	–
Decrease in fair values of derivative financial instruments	11,067	135	11,067	135
Unrealised foreign exchange adjustment (gains)/losses	(5,965)	(2,288)	(8,010)	3,450
Amortisation of intangible assets	3,335	2,613	–	–
Amount reserved for distribution to perpetual securities holders	(17,720)	(17,720)	(17,720)	(17,720)
Capital repayment of shareholders' loans	–	–	21,738	28,890
Exchange differences arising from recognising dividend income	–	–	(230)	1,553
Impairment loss on investments in subsidiaries	–	–	31,511	133,017
Allocation of realised exchange differences to capital repayment of shareholders' loans	–	–	3,087	9,131
Net overseas income not distributed to the Trust	–	–	28,507	4,772
Other adjustments	–	–	9,247	(10,755)
	54,750	(2,517)	86,245	162,829

Note B

Include amount retained for general corporate and working capital purpose in financial year 2019.

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	Group 2019 $'000	Group 2018 $'000	Trust 2019 $'000	Trust 2018 $'000
Non-current assets					
Plant and equipment	13	10,255	10,595	–	–
Investment properties	14	1,696,813	1,831,646	–	–
Intangible assets	15	5,694	8,790	–	–
Investments in subsidiaries	16	–	–	1,463,831	1,521,282
Total non-current assets		1,712,762	1,851,031	1,463,831	1,521,282
Current assets					
Trade and other receivables	18	50,465	40,486	214,490	203,806
Other assets	19	15,967	21,964	949	6
Investment properties held for divestment	14	124,086	–	–	–
Cash and cash equivalents	20	109,726	52,676	5,312	17,524
Total current assets		300,244	115,126	220,751	221,336
Total assets		2,013,006	1,966,157	1,684,582	1,742,618
Non-current liabilities					
Deferred tax liabilities	10	11,475	23,241	–	–
Other financial liabilities, non-current	24	635,766	555,216	306,966	479,545
Other liabilities, non-current	25	103,910	89,499	–	–
Derivative financial instruments, non-current	28	13,671	1,885	13,671	1,885
Total non-current liabilities		764,822	669,841	320,637	481,430
Current liabilities					
Income tax payable		2,128	3,881	150	–
Trade and other payables, current	26	47,547	50,192	482,270	171,387
Other financial liabilities, current	24	74,858	120,034	–	120,000
Other liabilities, current	27	47,706	42,279	–	–
Derivative financial instruments, current	28	–	719	–	719
Total current liabilities		172,239	217,105	482,420	292,106
Total liabilities		937,061	886,946	803,057	773,536
Net assets		1,075,945	1,079,211	881,525	969,082
Represented by:					
Net assets attributable to Unitholders	21	816,298	819,564	621,878	709,435
Perpetual securities	23	259,647	259,647	259,647	259,647
Total net assets		1,075,945	1,079,211	881,525	969,082
Net assets attributable to Unitholders per unit (in cents)	21	28.20	28.66	21.48	24.81

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

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2019

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Total Unitholders' funds at beginning of the year	819,564	908,286	709,435	890,243
Operations				
Total return/(loss) for the year	13,500	60,932	(17,995)	(104,414)
Less: Amount reserved for distribution to perpetual securities holders	(17,720)	(17,720)	(17,720)	(17,720)
Net (decrease)/increase in net assets resulting from operations attributed to Unitholders	(4,220)	43,212	(35,715)	(122,134)
Unitholders' contributions				
Manager's management fees settled in units	6,599	12,428	6,599	12,428
Manager's acquisition fees settled in units	–	914	–	914
Change in net assets resulting from creation of units	6,599	13,342	6,599	13,342
Distributions (Note 12)	(58,441)	(72,016)	(58,441)	(72,016)
Total increase in net assets before movements in foreign currency translation reserve and perpetual securities	763,502	892,824	621,878	709,435
Foreign currency translation reserve*				
Net movement in other comprehensive gain/(loss)	52,796	(73,260)	–	–
Total Unitholders' funds at 31 December	816,298	819,564	621,878	709,435
Perpetual securities				
Balance at beginning of the year	259,647	259,647	259,647	259,647
Amount reserved for distribution to perpetual securities holders	17,720	17,720	17,720	17,720
Distributions to perpetual securities holders	(17,720)	(17,720)	(17,720)	(17,720)
Balance at 31 December	259,647	259,647	259,647	259,647
Total	1,075,945	1,079,211	881,525	969,082

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

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

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

	Group	
	2019 $'000	2018 $'000
Cash flows from operating activities		
Total return before tax	39,452	99,600
Adjustments for:		
Interest income	(983)	(150)
Interest expense	37,485	30,954
Amortisation of borrowing costs	3,892	3,699
Depreciation of plant and equipment	3,422	3,015
Amortisation of intangible assets	3,335	2,613
Decrease in fair values of investment properties	65,329	1,495
Fair value loss on derivative financial instruments	11,067	135
Unrealised foreign exchange adjustment gain	(5,965)	(2,288)
Manager's management fees settled in units	7,048	10,356
Operating cash flows before changes in working capital	164,082	149,429
Trade and other receivables	(10,809)	(108)
Other assets	6,381	8,622
Trade and other payables	11,051	14,903
Other liabilities, current	6,581	9,354
Net cash flows from operations before tax	177,286	182,200
Income tax paid	(39,471)	(40,625)
Net cash flows from operating activities	137,815	141,575
Cash flows from investing activities		
Capital expenditure on investment properties	(16,218)	(7,704)
Purchase of plant and equipment	(2,794)	(4,112)
Interest received	983	150
Net cash flows used in investing activities	(18,029)	(11,666)
Cash flows from financing activities		
Repayment of bank borrowings	(295,000)	(90,000)
Proceeds from bank borrowings	–	175,000
Net proceeds from bond issuance	333,056	–
Repayment of notes issued under EMTN	–	(100,000)
Distributions to Unitholders	(58,441)	(72,016)
Distributions to perpetual securities holders	(17,720)	(17,720)
Other financial liabilities, current	(68)	(3,723)
Other liabilities, non-current	11,964	(1,132)
Interest paid	(37,485)	(30,954)
Cash restricted in use for bank facilities	3,416	(2,264)
Net cash flows used in financing activities	(60,278)	(142,809)
Net increase/(decrease) in cash and cash equivalents	59,508	(12,900)
Effect of exchange rate changes on cash and cash equivalents	958	(1,588)
Cash and cash equivalents, statement of cash flows, beginning balance	45,299	59,787
Cash and cash equivalents, statement of cash flows, ending balance (Note 20)	105,765	45,299

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

STATEMENT OF PORTFOLIO

AS AT 31 DECEMBER 2019

By Geographical Area

Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value as at 31 December 2019 $'000	Percentage of Total Net Assets as at 31 December 2019 %	Fair Value as at 31 December 2018 $'000	Percentage of Total Net Assets as at 31 December 2018 %
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	79,830	Strata Title constructed on Hak Guna Bangunan ("HGB") Title common land. Expires on 24 January 2040. Revalued at 31 December 2019.	77,524	7.2	75,344	7.0
(2) Cibubur Junction Address: Jalan Jambore No.1 Cibubur, Sub-District of Ciracas, Regency of East Jakarta, Jakarta-Indonesia Acquisition date: 19 November 2007	66,935	Build, Operate and Transfer ("BOT") Scheme. Expires on 28 July 2025. Revalued at 31 December 2019.	30,967	2.9	35,367	3.3
(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 2019.	98,443	9.1	100,821	9.3
(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	39,604	HGB Title. Expires on 5 May 2023. Revalued at 31 December 2019.	72,881	6.8	64,995	6.0

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

STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2019

By Geographical Area

Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value as at 31 December 2019 $'000	Percentage of Total Net Assets as at 31 December 2019 %	Fair Value as at 31 December 2018 $'000	Percentage of Total Net Assets as at 31 December 2018 %
Indonesia **Retail Malls (cont'd)**						
(5) Lippo Plaza Ekalokasari Bogor Address: Jalan Siliwangi No. 123, Sub-District of Sukasari, District of Kota Bogor Timur, Administrative City of Bogor, West Java-Indonesia Acquisition date: 19 November 2007	58,859	BOT Scheme. Expires on 27 June 2032. Revalued at 31 December 2019.	34,606	3.2	35,999	3.3
(6) Bandung Indah Plaza Address: Jalan Merdeka No. 56, Sub-District of Citarum, District of Bandung Wetan, Regency of Bandung, West Java-Indonesia Acquisition date: 19 November 2007	75,868	BOT Scheme. Expires on 31 December 2030. Revalued at 31 December 2019.	68,924	6.4	72,122	6.7
(7) Istana Plaza Address: Jalan Pasir Kaliki No. 121 – 123, Sub-District of Pamoyanan, District of Cicendo, Regency of Bandung, West Java-Indonesia Acquisition date: 19 November 2007	47,533	BOT Scheme. Expires on 17 January 2034. Revalued at 31 December 2019.	58,758	5.5	60,752	5.6
(8) Sun Plaza Address: Jalan Haji Zainul Arifin No. 7, Madras Hulu, Medan Polonia, Medan, North Sumatra-Indonesia Acquisition date: 31 March 2008	167,000	HGB Title. Expires on 24 November 2032. Revalued at 31 December 2019.	219,073	20.4	203,399	18.8

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

STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2019

By Geographical Area

Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value as at 31 December 2019 $'000	Percentage of Total Net Assets as at 31 December 2019 %	Fair Value as at 31 December 2018 $'000	Percentage of Total Net Assets as at 31 December 2018 %
Indonesia **Retail Malls (cont'd)**						
(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	150,905	BOT Scheme. Expires on 9 June 2027. Revalued at 31 December 2019.	78,993	7.3	79,804	7.4
(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	141,866	BOT Scheme. Expires on 23 July 2027. Revalued at 31 December 2019.	99,799	9.3	95,084	8.8
(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	23,825	BOT Scheme. Expires on 25 January 2041. Revalued at 31 December 2019.	28,486	2.6	27,162	2.5
(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	65,446	HGB Title. Expires on 24 October 2024. Revalued at 31 December 2019.	64,007	5.9	61,021	5.7

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

STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2019

By Geographical Area

Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value as at 31 December 2019 $'000	Percentage of Total Net Assets as at 31 December 2019 %	Fair Value as at 31 December 2018 $'000	Percentage of Total Net Assets as at 31 December 2018 %
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 2019.	27,227	2.5	26,030	2.4
(14) Palembang Square Address: Jalan Angkatan 45/POM IX, Lorok Pakjo Sub District, Ilir Barat 1 District, Palembang City, South Sumatra Province, Indonesia Acquisition date: 14 November 2012	50,000	Strata Title constructed on HGB Title common land. Expires on 1 September 2039. Revalued at 31 December 2019.	71,507	6.6	67,811	6.3
(15) Lippo Mall Kemang Address: Jalan Kemang VI, Bangka Sub District, Mampang Prapatan District, South Jakarta, DKI Jakarta Province, Indonesia Acquisition date: 17 December 2014	150,932	Strata Title constructed on HGB Title common land. Expires on 28 June 2035. Revalued at 31 December 2019.	258,606	24.0	296,440	27.5
(16) 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	34,340	HGB Title. Expires on 8 June 2031. Revalued at 31 December 2019.	25,698	2.4	23,671	2.2

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

STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2019

By Geographical Area

Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value as at 31 December 2019 $'000	Percentage of Total Net Assets as at 31 December 2019 %	Fair Value as at 31 December 2018 $'000	Percentage of Total Net Assets as at 31 December 2018 %
Indonesia **Retail Malls (cont'd)**						
(17) Palembang Icon Address: Jalan POM IX, Sub District of Lorok Pakjo, District of Ilir Barat I, City of Palembang, Province of South Sumatra, Indonesia Acquisition date: 10 July 2015	50,889	HGB Title. BOT scheme. Expires on 30 April 2040. Revalued at 31 December 2019.	74,801	7.0	71,577	6.6
(18) 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	48,467	HGB Title. Expires on 22 March 2037. Revalued at 31 December 2019.	76,339	7.1	76,043	7.0
(19) Lippo Plaza Kendari Address: Jalan MT Haryono No.61-63, Kendari, South East Sulawesi 93117, Indonesia Acquisition date: 21 June 2017	34,784	BOT Scheme. Expires on 7 July 2041. Revalued at 31 December 2019.	34,021	3.2	32,563	3.0
(20) Lippo Plaza Jogja Address: Jalan Laksda Adi Sucipto No.32-34, Yogyakarta, Indonesia Acquisition date: 22 December 2017	66,098	HGB Title. Expires on 27 December 2043. Revalued at 31 December 2019.	53,303	5.0	52,681	4.9

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

STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2019

By Geographical Area

Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value as at 31 December 2019 $'000	Percentage of Total Net Assets as at 31 December 2019 %	Fair Value as at 31 December 2018 $'000	Percentage of Total Net Assets as at 31 December 2018 %
Indonesia **Retail Malls (cont'd)**						
(21) Kediri Town Square Address: Jalan Hasanudin No. 2, RT/22 RW/06, Balowerti Subdistrict, Kediri, East Java, Indonesia Acquisition date: 22 December 2017	28,688	HGB Title. Expires on 12 August 2024. Revalued at 31 December 2019.	40,537	3.8	37,363	3.5
(22) 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	91,749	HGB Title. Expires on 3 November 2027.	96,636	9.0	109,120	10.1
(23) Binjai Supermall* Address: Jalan Soekarno Hatta No.14, Timbang Langkat Sub District, East Binjai District, Binjai City, North Sumatra Province, Indonesia Acquisition date: 28 December 2012	44,153	HGB Title. Expires on 2 September 2036.	27,450	2.5	28,483	2.6

* The fair value of the investment properties held for divestment as at 31 December 2019 were based on the sale considerations to be received upon divestment.

STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2019

By Geographical Area

Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value as at 31 December 2019 $'000	Percentage of Total Net Assets as at 31 December 2019 %	Fair Value as at 31 December 2018 $'000	Percentage of Total Net Assets as at 31 December 2018 %
<u>Indonesia</u>						
<u>Retail Spaces</u>						
(1) Mall WTC Matahari Units Address: Jalan Raya Serpong No.39, Sub-District of Pondok Jagung, District of Serpong, Regency of Tangerang, Banten-Indonesia Acquisition date: 19 November 2007	11,184	Strata Title constructed on HGB Title common land. Expires on 8 April 2038. Revalued at 31 December 2019.	11,231	1.0	10,659	1.0
(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 2019.	14,021	1.3	13,276	1.2
(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 2019.	15,300	1.4	14,669	1.4
(4) Java Supermall Units Address: Jalan MT Haryono, No. 992-994, Sub-District of Jomblang, District of Semarang Selatan, Regency of Semarang, Central Java-Indonesia Acquisition date: 19 November 2007	11,082	Strata Title constructed on HGB Title common land. Expires on 24 September 2037. Revalued at 31 December 2019.	13,525	1.3	13,994	1.3
(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 2019.	16,681	1.6	16,032	1.5

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

STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2019

By Geographical Area

Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value as at 31 December 2019 $'000	Percentage of Total Net Assets as at 31 December 2019 %	Fair Value as at 31 December 2018 $'000	Percentage of Total Net Assets as at 31 December 2018 %
Indonesia						
Retail Spaces (cont'd)						
(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	16,094	Strata Title constructed on HGB Title common land. Expires on 9 February 2032. Revalued at 31 December 2019.	22,354	2.1	19,949	1.8
(7) Grand Palladium Units Address: Jalan Kapten Maulana Lubis, Sub-District of Petisah Tengah, District of Medan Petisah, Regency of Medan, North Sumatra-Indonesia Acquisition date: 19 November 2007	13,730	Strata Title constructed on HGB Title common land. Expires on 9 November 2028. Revalued at 31 December 2019.	9,201	0.8	9,415	0.9
Investment properties and investment properties held for divestment			1,820,899	169.2	1,831,646	169.6
Other net liabilities			(744,954)	(69.2)	(752,435)	(69.6)
Net assets values			1,075,945	100.0	1,079,211	100.0

As disclosed in the statement of financial position:

	2019 $'000	2018 $'000
Investment properties – non-current	1,696,813	1,831,646
Investment properties held for divestment –current	124,086	–
	1,820,899	1,831,646

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

1. GENERAL

Lippo Malls Indonesia Retail Trust ("LMIR Trust" or the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the Trust Deed dated 8 August 2007 ("Trust Deed") entered into between LMIRT Management Ltd (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"), governed by the laws of the Republic of Singapore. On 1 November 2017, the Manager entered into a Supplemental Deed of Retirement and Appointment of Trustee with HSBC Institutional Trust Services (Singapore) Limited as retiring Trustee and Perpetual (Asia) Limited as new Trustee. The change of trustee took effect on 3 January 2018.

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

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

The board of directors of the Manager approved and authorised these financial statements for issue on 16 March 2020.

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

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

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

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

Accounting convention

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

Other comprehensive return comprises items of income and expenses (including reclassification adjustments) that are not recognised in the profit or loss, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

1. GENERAL (CONT'D)

Basis of presentation

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

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within Unitholders' funds as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost and is subsequently accounted for as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

Basis of preparation of financial statements

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

The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Net assets attributable to Unitholders

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. Significant accounting policies

Income and revenue recognition

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

Rental revenue from operating leases

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

Revenue from rendering of services

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

Dividend income

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

Interest income

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

2A. Significant accounting policies (cont'd)

Income tax

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

Foreign currency transactions

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

Translation of financial statements of other entities

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

2A. Significant accounting policies (cont'd)

Segment reporting

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

Borrowing costs

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

Unit based payments

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

Plant and equipment

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

Plant and equipment – 25% to 33%

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

2A. Significant accounting policies (cont'd)

Investment property

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

Assets classified as held for sale

Identifiable assets and liabilities and any disposal groups are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by the financial reporting standard on non-current assets held for sale and discontinued operations in certain circumstances. It can include a subsidiary acquired exclusively with a view to resale. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal and are presented separately on the face of the statement of financial position. Once an asset is classified as held for sale or included in a group of assets held for sale no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

Assets classified as held for sale comprise investment properties held for divestment.

Lessor

As a lessor the reporting entity classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and it is presented in its statement of financial position as a receivable at an amount equal to the net investment in the lease. For a finance lease the finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Lease receipts from operating leases are recognised as income on either a straight-line basis or another systematic basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

2A. Significant accounting policies (cont'd)

Intangible assets

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

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

The useful life is as follows:

Rental guaranteed payments – Over the guarantee periods, which range from 3 to 6 years

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

Subsidiaries

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

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

Joint arrangements – joint operations

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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 no business combinations during the reporting year.

Impairment of non-financial assets

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

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

Financial instruments

Recognition and derecognition of financial instruments:

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Classification and measurement of financial assets:

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

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

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

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

Classification and measurement of financial liabilities:

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

Cash and cash equivalents

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

Hedging

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

2A. Significant accounting policies (cont'd)

Derivatives

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

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

2B. Other explanatory information

Provisions

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

Perpetual securities

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

2C. Critical judgements, assumptions and estimation uncertainties

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

2C. 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 trade receivables:
The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance matrix is based on its historical observed default rates (over a period of certain months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined accordingly. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note 18 on trade and other receivables.

Fair value of derivative financial instruments:
Some of the financial instruments stated at fair values are not based on quoted prices in active markets, and therefore there is significant measurement uncertainty involved in this valuation. Management makes any adjustments where necessary to reflect the assumptions that marketplace participants would use in similar circumstances. The assumptions and the fair values are disclosed in Note 28 on derivative financial instruments.

Measurement of impairment of subsidiaries:
Where an investee is in net equity deficit and or has suffered losses, a test is made whether the investment in the investee has suffered any impairment. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flows. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset affected. The carrying amount of the investment in subsidiaries at the end of the reporting year affected by the assumption is $917,990,000 (2018: $1,018,713,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

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

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

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

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

The ultimate controlling party is PT Lippo Karawaci Tbk.

3A. Related party transactions:

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

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

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

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

(A) Manager's management fees

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

(i) A base fee of 0.25% (2018: 0.25%) per annum of the value of the Deposited Property (excluding those authorised investments not in the nature of real estate), the manager may opt to receive the base fee in the form of units and/or cash.

(ii) A performance fee is fixed at 4.0% (2018: 4.0%) per annum of the Group's net property income ("NPI") (calculated before accounting for this additional fee expense in the reporting year). NPI in relation to real estate, whether held directly by the Trust or indirectly through a special purpose company, and in relation to any year or part thereof, means its property income less property operating expenses for such real estate for that year or part thereof. The Manager may opt to receive the performance fee in the form of units and/or cash. Based on the First Amending & Restating Deed dated 18 March 2016, the performance fees for the financial year is computed based on audited accounts of the Trust.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

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

(a) Manager's management fees (cont'd)

(iii) An authorised investment management fee of 0.5% (2018: 0.5%) per annum of the value of Authorised Investments which are not in the form of real estate (whether held directly by the Trust or indirectly through one or more subsidiaries). Where such authorised investment is an interest in a property fund (either a REIT or private property fund) wholly managed by a wholly-owned subsidiary of PT Lippo Karawaci Tbk ("Sponsor"), no authorised investment management fee shall be payable in relation to such authorised investment;

(iv) Manager's acquisition fee is determined at 1.0% (2018: 1.0%) flat of value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting). Payment of such acquisition fee must comply with Appendix 6: Investment Property Funds of the Code on Collective Investment Scheme; and

(v) Divestment fee at the rate of 0.5% (2018: 0.5%) flat of the sales price of any authorised investment directly or indirectly sold or divested from time to time by the Trustee on behalf of the Trust. The Manager may opt to receive the divestment fee in the form of units and/or cash.

(B) Property manager's fees

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

(i) 2.0% (2018: 2.0%) per annum of the gross revenue for the relevant Retail Mall and Retail Space;

(ii) 2.0% (2018: 2.0%) per annum of the net property income for relevant Retail Mall and Retail Space (after accounting for the fee expense of 2% per annum of the gross revenue for the relevant Retail Mall and Retail Space);

(iii) 0.5% (2018: 0.5%) per annum of the net property income for the relevant Retail Mall and Retail Space in lieu of leasing commissions otherwise payable to the property manager and/or third party agents; and

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

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

(C) Trustee's fees

The Trustee's fees shall not exceed 0.03% (2018: 0.03%) per annum of the value of the deposited property (as defined in the Trust Deed), subject to a minimum of $15,000 per month, excluding out-of-pocket expenses and GST. The Trustee's fee is presently charged on a scaled basis of up to 0.03% per annum of the value of the deposited property, subject to a minimum sum per month. Any increase in the rate of the remuneration of the Trustee above the permitted limit or any change in the structure of the remuneration of the Trustee shall be approved by an Extraordinary Resolution at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
The Manager[1]				
Manager's management fees expense (Note 7)	12,217	11,595	12,147	11,578
The Trustee				
Trustee's fees expense	428	461	428	461
The Property Manager[2]				
Property manager fees expense (Note 5)	7,927	7,714	–	–
Affiliates of Sponsor[3]				
Rental revenue, service charge and utilities recovery[4][5][6]	(61,200)	(62,743)	–	–

[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 Affiliates of the Sponsor are PT First Media Tbk, Yayasan Universitas Pelita Harapan, PT Bank National Nobu, PT Matahari Putra Prima Tbk, PT Gratia Prima Indonesia, PT Matahari Graha Fantasi, PT Maxx Coffee Prima, PT Maxx Food Pasifik, PT Matahari Department Store Tbk, PT Cinemaxx Global Pasifik, PT Internux, PT Sky Parking Utama, PT Solusi Ecommerce Global, PT Visionet Internasional, PT Grahaputra Mandirikharisma, PT Prima Cipta Lestari, PT Prima Wira Utama and PT Link Net. The Affiliates of the Sponsor are entities that either have common shareholders with the Sponsor, or in which the Sponsor has an interest.

[4] 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.

[5] 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.

[6] The amount also includes revenue from Lippo Plaza Jogja under Sponsor Lessees with PT Andhikarya Sukses Pratama, PT Manunggal Megah Serasi and PT Mulia Cipta Sarana Sukses.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

3C. Interest in the Trust:

	2019		2018	
	Number of units held	% interest held	Number of units held	% interest held
The Manager				
LMIRT Management Ltd	56,230,228	1.94	178,557,533	6.24

During the year, the Manager sold 157,296,347 units in LMIR Trust to Bridgewater International Limited, a subsidiary of the sponsor at market price of $0.21 per unit.

4. GROSS REVENUE

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Rental revenue	155,259	155,215	–	–
Car park revenue	18,203	19,141	–	–
Dividend income from subsidiaries	–	–	78,156	97,185
Service charge and utility recovery[1]	96,124	51,623	–	–
Income from rental of mechanical, electrical and mall operating equipment[2]	–	1,707	–	–
Other rental income	3,415	2,613	–	–
	273,001	230,299	78,156	97,185

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

5. PROPERTY OPERATING EXPENSES

	Group 2019 $'000	Group 2018 $'000
Land rental expense	1,734	1,614
Property management fees (Note 3)	7,927	7,714
Legal and professional fees	1,993	1,806
Depreciation of plant and equipment (Note 13)	3,422	3,015
Reversal of allowance for impairment loss on trade receivables (Note 18)	(56)	(546)
Allowance for impairment loss on trade receivables (Note 18)	81	5,321
Property operating and maintenance expenses	80,451	45,303
Other property operating expenses	1,244	1,105
	96,796	65,332

6. OTHER INCOME

Other income relates to miscellaneous amounts.

7. MANAGER'S MANAGEMENT FEES

	Group 2019 $'000	Group 2018 $'000	Trust 2019 $'000	Trust 2018 $'000
Base fee	5,107	4,996	5,037	4,979
Performance fee	7,048	6,599	7,048	6,599
Authorised investment fee	62	–	62	–
Total (Note 3)	12,217	11,595	12,147	11,578

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

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

8. FINANCE COSTS

	Group 2019 $'000	Group 2018 $'000	Trust 2019 $'000	Trust 2018 $'000
Interest expense	37,485	30,954	40,902	32,343
Amortisation of borrowing costs	3,892	3,699	3,659	3,465
	41,377	34,653	44,561	35,808

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

9. OTHER EXPENSES

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Bank charges	71	71	4	6
Professional fees	1,031	554	1,007	441
Investor relation expenses	79	81	79	81
Listing expenses	35	62	35	59
Security agent fees	60	60	60	60
Valuation expenses	728	282	728	282
Flood mitigating expenditures	2,202	–	–	–
Other expenses	2,292	693	957	773
	6,498	1,803	2,870	1,702

A wholly owned subsidiary contributed to the government led initiative to install flood mitigating/prevention equipment around the compound of the relevant mall amounting to $2.2 million (2018: Nil) to ensure operations would not be negatively impacted following occurrence of heavy rainfall.

	Group	
	2019 $'000	2018 $'000
Audit fees to the independent auditors of the Trust	397	397
Audit fees to the other independent auditors	305	280
Non-audit fees to the independent auditors of the Trust	110	130
Non-audit fees to the other independent auditors	108	–

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	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Current tax expense:				
Singapore income tax	150	–	150	–
Foreign income tax	27,813	28,033	–	–
Withholding tax	9,755	10,475	221	–
Under provision in respect of prior periods	–	283	–	283
Subtotal	37,718	38,791	371	283
Deferred tax (income)/expense:				
Deferred tax income	(12,413)	(312)	–	–
Change in foreign exchange rates	647	189	–	–
Subtotal	(11,766)	(123)	–	–
Total income tax expense	25,952	38,668	371	283

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

10. INCOME TAX (CONT'D)

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

The income tax in statements of total return varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17.0% (2018: 17.0%) to total return/(loss) before income tax as a result of the following differences:

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Total return/(loss) before tax	39,452	99,600	(17,624)	(104,131)
Income tax expense/(income) at the above rate	6,707	16,932	(2,996)	(17,702)
Not deductible expenses	28,933	22,035	3,146	17,702
Withholding tax	9,755	10,475	221	–
Effect of different tax rates in different countries	(20,417)	(12,181)	–	–
Deferred tax adjustments due to changes in foreign exchange rates	647	189	–	–
Under provision in respect of prior periods	–	283	–	283
Other minor items less than 3% each	327	935	–	–
Total income tax expense	25,952	38,668	371	283

The amount of current income taxes outstanding for the Group as at end of reporting year was $2,128,000 (2018: $3,881,000). Such an amount is net of tax advances, which, according to the tax rules, were paid before the year-end.

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

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

	Group	
	2019 $'000	2018 $'000
Deferred tax income relating to the changes in fair value of investment properties	11,766	123

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

	Group	
	2019 $'000	2018 $'000
Deferred tax liabilities recognised in statements of total return:		
Deferred tax relating to the changes in fair value of investment properties	11,475	23,241

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

10. INCOME TAX (CONT'D)

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

Taxation of income from Indonesia properties

Corporate income tax in Indonesia

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

Withholding tax in Indonesia

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

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

(b) Interest paid to a resident of Singapore.

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

Dividends from Indonesia subsidiaries

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

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

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

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

Dividends from Singapore subsidiaries

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

Interest Income from Indonesia subsidiaries

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

10. INCOME TAX (CONT'D)

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

Redemption of redeemable preference shares in Singapore subsidiaries

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

Receipt from Indonesia subsidiaries for repayment of shareholder loans

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

11. EARNINGS PER UNIT

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

	Group	
	2019	2018
Denominator: Weighted average number of units	2,886,663,345	2,842,849,699

	Group	
	2019 $'000	2018 $'000
Numerator: Earnings attributable to Unitholders		
Total return after tax	13,500	60,932
Less: Amount reserved for distribution to perpetual securities holders	(17,720)	(17,720)
Total (loss)/return attributable to Unitholders	(4,220)	43,212

	Group	
	2019 cents	2018 cents
Earnings per unit	(0.15)	1.52
Adjusted earnings per unit[(1)]	1.71	1.57

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

12. DISTRIBUTIONS TO UNITHOLDERS

	Group and Trust 2019 $'000	Group and Trust 2018 $'000
Total distributions paid during the year:		
Distribution of 0.79 cents per unit for the period from 1 October 2017 to 31 December 2017	–	22,286
Distribution of 0.67 cents per unit for the period from 1 January 2018 to 31 March 2018	–	19,018
Distribution of 0.59 cents per unit for the period from 1 April 2018 to 30 June 2018	–	16,816
Distribution of 0.49 cents per unit for the period from 1 July 2018 to 30 September 2018	–	13,896
Distribution of 0.30 cents per unit for the period from 1 October 2018 to 31 December 2018	8,685	–
Distribution of 0.55 cents per unit for the period from 1 January 2019 to 31 March 2019	16,079	–
Distribution of 0.60 cents per unit for the period from 1 April 2019 to 30 June 2019	17,481	–
Distribution of 0.56 cents per unit for the period from 1 July 2019 to 30 September 2019	16,196	–
	58,441	72,016

12A. Distributions per unit

Distribution Type

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

	Group and Trust 2019 cents per unit	2018 cents per unit	2019 $'000	2018 $'000
Tax-exempt income[1] :	1.09	0.95	31,787	26,954
Capital[2] :	0.62	0.80	17,969	22,776
Subtotal :	1.71	1.75	49,756	49,730

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

12. DISTRIBUTIONS TO UNITHOLDERS (CONT'D)

12A. Distributions per unit (cont'd)

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

	Group and Trust			
	2019 cents per unit	2018 cents per unit	2019 $'000	2018 $'000
Tax-exempt income[1] :	0.39	0.09	11,325	2,571
Capital[2] :	0.13	0.21	3,769	6,114
Subtotal :	0.52	0.30	15,094	8,685
Total distributions[3]	2.23	2.05	64,850	58,415

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

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

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

Current distribution policy:

The Trust's current distribution policy is to distribute at least 90% (2018: 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 at least 90% of its tax-exempt income (after deduction of applicable expenses) and capital receipts to-date.

13. PLANT AND EQUIPMENT

	Group	
	2019 $'000	2018 $'000
Cost:		
At beginning of year	20,132	16,757
Additions	2,794	4,112
Exchange difference adjustments	550	(737)
At end of year	23,476	20,132
Accumulated depreciation:		
At beginning of year	9,537	6,826
Depreciation for the year	3,422	3,015
Exchange difference adjustments	262	(304)
At end of year	13,221	9,537
Net book value:		
At beginning of year	10,595	9,931
At end of year	10,255	10,595

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

14. INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES HELD FOR DIVESTMENT

14A. Investment properties

	Group 2019 $'000	Group 2018 $'000
At valuation:		
Fair value at beginning of year	1,831,646	1,908,141
Enhancement expenditure capitalised	16,218	7,704
	1,847,864	1,915,845
Decrease in fair value included in profit or loss	(65,329)	(1,495)
Reversal of accrued adjustment sum*	(12,179)	–
Translation differences	50,543	(82,704)
Transfer to investment properties held for divestment	(124,086)	–
Fair value at end of year	1,696,813	1,831,646
Rental and service income from investment properties	273,001	230,299
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental revenue during the year	(96,796)	(65,332)

* The reversal of accrued adjustment sum in relation to termination of extension of lease period agreement for Plaza Medan Fair during the year.

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

2019:

Name of Independent Professional Valuers		Name of Retail Malls and Spaces
Colliers International Consultancy & Valuation (Singapore) Pte Ltd	–	Lippo Mall Kemang
Cushman & Wakefield VHS Pte Ltd	–	Lippo Plaza Kramat Jati, Tamini Square and Cibubur Junction
KJPP Wilson & Rekan (in association with Knight Frank)	–	Lippo Plaza Kendari, Lippo Plaza Ekalokasari Bogor, Lippo Plaza Batu, Lippo Plaza Jogja, Kediri Town Square, Istana Plaza, Bandung Indah Plaza
KJPP Rengganis, Hamid & Rekan (in association with CBRE)	–	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 Kuta, Gajah Mada Plaza, Mal Lippo Cikarang
Savills Valuation and Professional Services (S) Pte Ltd	–	The Plaza Semanggi, Palembang Square, Palembang Square Extension and Palembang Icon
Jones Lang LaSalle Property Consultants Private Limited	–	Pluit Village, Plaza Medan Fair, Sun Plaza

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

14. INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES HELD FOR DIVESTMENT (CONT'D)

14A. Investment properties (cont'd)

2018:

Name of Independent Professional Valuers		Name of Retail Malls and Spaces
Colliers International Consultancy & Valuation (Singapore) Pte Ltd	–	Lippo Mall Kemang, Bandung Indah Plaza and Istana Plaza.
Cushman & Wakefield VHS Pte Ltd	–	Lippo Plaza Kramat Jati, Tamini Square, Pejaten Village and Cibubur Junction.
KJPP Wilson & Rekan (in association with Knight Frank)	–	Pluit Village, Plaza Medan Fair, Lippo Plaza Kendari, Sun Plaza, Gajah Mada Plaza, Lippo Plaza Ekalokasari Bogor and Mal Lippo Cikarang.
KJPP Rengganis, Hamid & Rekan (in association with CBRE)	–	Mall WTC Matahari Units, Java Supermall Units, Plaza Madiun Units, Depok Town Square Units, Malang Town Square Units, Metropolis Town Square Units, Grand Palladium Units, Lippo Plaza Batu, Lippo Plaza Jogja, Kediri Town Square and Lippo Mall Kuta.
Savills Valuation and Professional Services (S) Pte Ltd	–	The Plaza Semanggi, Palembang Square, Palembang Square Extension, Binjai Supermall and Palembang Icon.

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

		2019	2018
1.	Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the properties	12.1% to 12.8%	12.4% to 13.5%
2.	Growth rates	3.0% to 6.0%	3.0% to 6.7%
3.	Terminal discount rates	8.0% to 10.0%	7.9% to 10.5%
4.	Cash flow forecasts derived from the most recent financial budgets and plans approved by management	Note 1	Note 1

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

Relationship of unobservable inputs to fair value:

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

14. INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES HELD FOR DIVESTMENT (CONT'D)

14A. Investment properties (cont'd)

Sensitivity analysis on management's estimates:

1. Discount rates

   A hypothetical 10% (2018: 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 $117,551,000; higher by $134,318,000 (2018: lower by $134,733,000; higher by $161,143,000).

2. Growth rates

   A hypothetical 10% (2018: 10%) increase or decrease in the rental revenue would have an effect on return before tax of – higher by $80,795,000; lower by $80,234,000 (2018: higher by $87,951,000; lower by $83,141,000).

3. Terminal discount rates

   A hypothetical 10% (2018: 10%) increase or decrease in the terminal discount rate would have an effect on return before tax of – lower by $41,102,000; higher by $76,628,000 (2018: lower by $63,725,000; higher by $77,261,000).

The decrease in fair value is mainly due to expiry of master leases of Lippo Mall Kemang on 16 December 2019 coupled with the challenging car park business environment and the revaluation of two properties, Pejaten Village and Binjai Supermall to the sales considerations to be received upon divestment.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

14. INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES HELD FOR DIVESTMENT (CONT'D)

14A. Investment properties (cont'd)

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

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

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

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

(c) Strata Title

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

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

As the lessor, the reporting entity manages the risk associated with any rights it retains in the underlying assets including any means to reduce that risk. Such means may include, insurance coverage and having clauses in the leases providing for compensation to the lessor when a property has been subjected to excess wear-and-tear during the lease term. Also see Note 32.

14B. Investment properties held for divestment

	Group	
	2019	2018
	$'000	$'000
At 1 January	–	–
Transfer from investment properties	124,086	–
At 31 December	124,086	–

On 30 December 2019, the Group has entered into conditional sale and purchase agreements ("CSPA") in relation to the divestment of the Pejaten Village and Binjai Supermall. The investment properties were transferred from investment properties to investment properties held for divestment at year end.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

15. INTANGIBLE ASSETS

	Group 2019 $'000	Group 2018 $'000
Cost:		
At the beginning of the year	44,455	46,421
Exchange differences adjustments	336	(1,966)
At the end of the year	44,791	44,455
Accumulated amortisation:		
At beginning of year	35,665	34,515
Amortisation for the year	3,335	2,613
Exchange difference adjustments	97	(1,463)
At the end of the year	39,097	35,665
Net book value:		
At the beginning of the year	8,790	11,906
At the end of the year	5,694	8,790

Intangible assets represent the unamortised aggregate rental guarantee amounts receivable by the Group from master leases upon the acquisition of Lippo Mall Kemang in 2014, Palembang Icon and Lippo Plaza Batu in 2015, Lippo Mall Kuta in 2016, Lippo Plaza Kendari and Lippo Plaza Jogja in 2017 respectively. The master leases range from 3 to 5 years apart from the sport centre at Palembang Icon, which is under a master lease that is revised from 25 years in prior year to 6 years. At the end of reporting year, the remaining rental guarantee periods are for 1 to 3 (2018: 4 to 21) years.

The master leases agreement signed with respective master lessors that are effective during the year are summarised as follows:

	Master leases period From	Master leases period To	Master leases Amount per annum Rp million
Lippo Mall Kemang*	17 December 2014	16 December 2019	199,613
Palembang Icon (Sports Centre)**	10 July 2015	31 December 2020	6,908
Lippo Mall Kuta	29 December 2016	28 December 2021	43,281
Lippo Plaza Kendari	21 June 2017	20 June 2022	15,100
Lippo Plaza Jogja	22 December 2017	21 December 2022	42,636
			307,538

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

** The master lease relating to sports centre has been revised to 6 years expiring 31 December 2020. The property manager, PT Lippo Malls Indonesia will henceforth take the management and leasing of the sports centre alongside the retail space within Palembang Icon so as to create a more coherent and exciting retail experience for visitors to the mall/ sports centre.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

15. INTANGIBLE ASSETS (CONT'D)

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

	2019			2018		
	Master leases $'000	Gross revenue of the Mall $'000	Master leases as % of the gross revenue %	Master leases $'000	Gross revenue of the Mall $'000	Master leases as % of the gross revenue %
Lippo Mall Kemang[1]	19,341	36,478	53.0	19,666	31,803	61.8
Palembang Icon[2]	669	12,756	5.2	1,709	10,742	15.9
Lippo Plaza Batu[2]	–	–	–	1,068	2,525	42.3
Lippo Mall Kuta	4,194	8,806	47.6	4,092	7,747	52.8
Lippo Plaza Kendari	1,463	5,037	29.0	1,428	4,242	33.7
Lippo Plaza Jogja	4,131	6,970	59.3	4,031	6,293	64.1
	29,798	70,047		31,994	63,352	

[1] The gross revenue from master leases is pro-rated to the date of expiry on 16 December 2019 for Lippo Mall Kemang. Gross revenue of the mall represents the full revenue for the reporting year.

[2] The gross revenue from master leases in 2018 is pro-rated to the date of expiry on 9 July 2018 and 6 July 2018 respectively for Palembang Icon and Lippo Plaza Batu. Gross revenue of the mall represents the full revenue for the reporting year.

16. INVESTMENTS IN SUBSIDIARIES

	Trust	
	2019 $'000	2018 $'000
Unquoted equity shares, at cost	984,733	984,733
Redeemable preference shares, at cost	801,035	826,975
Quasi equity loans[1]	22,339	22,339
Less: Allowance for impairment	(344,276)	(312,765)
	1,463,831	1,521,282
Net book value of subsidiaries	1,732,584	1,738,978
Analysis of above amount denominated in non-functional currency:		
United States Dollars (US$)	2,979	2,979
Indonesian Rupiah (Rupiah)	884,567	936,023

[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.

	2019	2018
Movements in allowance for impairment:		
Balance at beginning of the year	(312,765)	(179,748)
Impairment loss charged to profit or loss	(31,511)	(133,017)
Balance at the end of the year	(344,276)	(312,765)

The list of the subsidiaries is in Note 37.

The management has assessed that there are indicators of impairment for those subsidiaries with shortfalls between the cost of investment in subsidiaries and the recoverable amount of the investments. Based on the above assessment, the management had made net allowance for impairment loss of $31,511,000 (2018: $133,017,000) in the Trust's financial statements during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

17. INVESTMENTS IN JOINT OPERATION

Name of joint operation, country of incorporation, place of operation, principal activities and independent auditor	Percentage of equity held by the Group 2019 %	2018 %
Joint operation - PT Yogya Central Terpadu, Indonesia, owner of Lippo Plaza Jogja and Siloam Hospital Yogyakarta (RSM Amir Abadi Jusuf, Aryanto, Mawar & Rekan)	68.3	68.3

The Group has entered into a Joint Venture Deed through its wholly owned Singapore incorporated subsidiary Icon2 Investments Pte Ltd ("Icon2") on 13 October 2017 with Icon1 Holdings Pte Ltd ("Icon1"), a wholly owned Singapore incorporated subsidiary of Singapore-listed First Real Estate Investment Trust ("First REIT") to acquire an integrated development, comprising a hospital component known as Siloam Hospital Yogyakarta ("SHYG") and a retail mall component known as Lippo Plaza Jogja with carrying value of $53,303,000 at the reporting year end date.

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

PT Yogya Central Terpadu incorporated in Indonesia is audited by RSM Amir Abadi Jusuf, Aryanto, Mawar & Rekan (RSM Indonesia), a member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member.

18. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trade receivables:				
Outside parties	11,431	11,803	269	307
Related parties (Note 3)	15,723	18,148	–	–
Less: Allowance for impairment	(4,088)	(4,412)	–	–
Subtotal	23,066	25,539	269	307
Other receivables:				
Subsidiaries (Note 3)	–	–	214,221	203,499
Related parties (Note 3)	971	62	–	–
Other receivables	26,428	14,885	–	–
Subtotal	27,399	14,947	214,221	203,499
Total trade and other receivables	50,465	40,486	214,490	203,806

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

18. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Movements in above allowance:				
Balance at beginning of the year	(4,412)	(1,222)	–	–
Bad debt written back (Note 5)	56	546	–	–
Allowance used during the year	508	1,432	–	–
Charge for trade receivables to profit or loss included in property operating expenses (Note 5)	(81)	(5,321)	–	–
Effect of changes in exchange rates	(159)	153	–	–
Balance at end of the year	(4,088)	(4,412)	–	–

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied tenants and credit policy of obtaining security deposits from most tenants for leasing the Group's investment properties. These tenants comprise retailers engaged in a wide variety of consumer trades.

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

	Gross amount		Loss allowance	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trade receivables:				
Current	15,500	16,490	47	–
1 to 30 days past due	3,751	3,485	67	–
31 to 60 days past due	1,904	2,844	57	–
Over 61 days past due	5,999	7,132	3,917	4,412
Total	27,154	29,951	4,088	4,412

19. OTHER ASSETS

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Prepayments	6,431	4,964	949	6
Prepaid tax	9,536	17,000	–	–
	15,967	21,964	949	6

The prepaid tax ("value-added tax") included in prior year prepaid tax amounting to $8,219,000 relating to Lippo Plaza Jogja and Kediri Town Square acquisitions. It has been recovered in 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

20. CASH AND CASH EQUIVALENTS

	Group 2019 $'000	Group 2018 $'000	Trust 2019 $'000	Trust 2018 $'000
Not restricted in use	105,765	45,299	1,351	10,147
Cash pledged for bank facilities	3,961	7,377	3,961	7,377
Cash at end of the year	109,726	52,676	5,312	17,524
Interest earning balances	103,838	35,152	–	–

The rate of interest for the cash on interest earning accounts is between 0.2% and 6.5% (2018: 0.2% and 5.5%) per annum.

The cash pledged for bank facilities is to cover the interest payments for the bank loans.

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

	Group 2019 $'000	Group 2018 $'000
Amount as shown above	109,726	52,676
Less: Cash pledged for bank facilities	(3,961)	(7,377)
Cash and cash equivalents per statement of cash flows	105,765	45,299

20A. Non-cash and other transactions

During the year, the significant non-cash transaction was units that were issued as settlement of the Manager's management fees amounting to $6,599,000 (2018: $12,428,000).

20B. Reconciliation of liabilities arising from financing activities:

	2018 $'000	Cash flows $'000	Non-cash Changes $'000	Reclassification* $'000	2019 $'000
Non-current borrowings	553,983	158,056	(2,614)	(74,815)	634,610
Current borrowings	120,000	(120,000)	–	74,815	74,815
Finance lease liabilities	1,267	(68)	–	–	1,199
Cash pledged for bank facilities	7,377	(3,416)	–	–	3,961
Total liabilities from financing activities	682,627	34,572	(2,614)	–	714,585

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

21. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Group		Trust	
	2019	2018	2019	2018
Net assets attributable to Unitholders at end of the year ($'000)	816,298	819,564	621,878	709,435
Units in issue (Note 22)	2,894,902,627	2,859,933,585	2,894,902,627	2,859,933,585
Net assets attributable to Unitholders per unit (in cents)	28.20	28.66	21.48	24.81

Issuable at end of the reporting year:

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

21. 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% (2018: 45%) of the Group's deposited property. The Group had computed its aggregate leverage ratio as follows:

	Group	
	2019 $'000	2018 $'000
Total gross borrowings and deferred payments	721,725	680,000
Total deposited property	2,013,006	1,966,157
Aggregated leverage ratio (%)	35.9%	34.6%

The Group met the aggregate leverage ratio as at the end of the reporting year. The increase in the aggregate leverage ratio for the reporting year is due primarily from the increase in debt for working capital purposes.

22. UNITS IN ISSUE

	Group and Trust	
	2019	2018
Units at beginning of the year	2,859,933,585	2,823,987,723
Manager's management fees settled in units	34,969,042	33,619,215
Manager's acquisition fees settled in units	–	2,326,647
Units at end of the year	2,894,902,627	2,859,933,585

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

23. PERPETUAL SECURITIES

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

	Group and Trust	
	2019	2018
	$'000	$'000
Balance at 1 January	259,647	259,647
Amount reserved for distribution to perpetual securities holders	17,720	17,720
Distribution to perpetual securities holders	(17,720)	(17,720)
Perpetual securities per statement of financial position	259,647	259,647

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

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

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

In 2016 and 2017, the Trust issued perpetual securities of $140.0 million and $120.0 million under the $1.0 billion EMTS at a 7.0% and 6.6% per annum with the first reset date on 27 September 2021 and 19 December 2022 respectively and subsequent reset occurring every five years thereafter.

The distributions of $140.0 million and $120.0 million will be payable semi-annually on a discretionary basis and is non-cumulative. The perpetual securities of $140.0 million is payable on 27 March and 27 September each year and the perpetual securities of $120.0 million is payable on 19 June and 19 December each year.

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

- there is no fixed redemption date;
- the redemption of the security is at the option of the Trust, in whole, but not in part, on the first reset date or later;
- 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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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24. OTHER FINANCIAL LIABILITIES

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Non-current:				
Financial instruments with floating interest rates:				
Bank loans (unsecured) (Note 24A)	310,000	485,000	310,000	485,000
Less: Unamortised transaction costs	(3,034)	(5,455)	(3,034)	(5,455)
	306,966	479,545	306,966	479,545
Financial instruments with fixed interest rates:				
Medium term notes (unsecured) (Note 24B)	–	75,000	–	–
Less: Unamortised transaction costs	–	(562)	–	–
	–	74,438	–	–
Senior Note (unsecured) (Note 24C)	336,725	–	–	–
Less: Unamortised transaction costs	(9,081)	–	–	–
	327,644	–	–	–
Finance leases (Note 24D)	1,156	1,233	–	–
Non-current, total	635,766	555,216	306,966	479,545
Current:				
Financial instruments with floating interest rates:				
Bank loans (unsecured) (Note 24A)	–	120,000	–	120,000
Current, total	–	120,000	–	120,000
Financial instruments with fixed interest rates:				
Medium term notes (unsecured) (Note 24B)	75,000	–	–	–
Less: Unamortised transaction costs	(185)	–	–	–
	74,815	–	–	–
Finance leases (Note 24D)	43	34	–	–
Current, total	74,858	120,034	–	120,000
Total	710,624	675,250	306,966	599,545

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
The non-current portion is repayable as follows:				
Due within 2 to 5 years	635,732	555,182	306,966	479,545
Due after 5 years	34	34	–	–
Total non-current portion	635,766	555,216	306,966	479,545

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

24. OTHER FINANCIAL LIABILITIES (CONT'D)

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

	Group and Trust	
	2019	2018
Bank loans (unsecured)	5.10% to 5.30%	3.46% to 5.21%

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

	Group	
	2019	2018
Medium term notes (unsecured)	4.10%	4.10%
Senior notes (unsecured)	6.71%	–
Finance leases	14.00%	14.00%

The Trust has entered into interest rate swaps and cross currency swaps to convert floating borrowing rate to fixed borrowings rate and swap foreign currency interest to Singapore dollar interest. See Note 28A and 28C.

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

	Group		Trust	
	2019	2018	2019	2018
Bank loans (unsecured)	5.59%	5.02%	4.93%	4.87%
Medium term notes (unsecured)	4.62%	4.61%	–	–
Senior notes (unsecured)	7.31%	–	–	–

24A. Bank loans

Current bank loans (Unsecured)

The Trust drew $80.0 million and $40.0 million of unsecured uncommitted revolving credit facility in year 2017 and 2018 at interest rate of 1.80% per annum plus SOR. In June 2019, the revolving credit facility were fully repaid.

Non-current bank loans (Unsecured)

(i) The Trust drew $350.0 million in year 2016 and 2017 which consist of 2 tranches A & B of $175.0 million each, maturing in August 2020 and August 2021 at interest rates of 2.95% per annum plus SOR and 3.15% per annum plus SOR respectively.

In June 2019, an amount of $175.0 million was fully paid before maturity. As at 31 December 2019, the outstanding bank loan amounted to $175.0 million (2018: $350.0 million).

Non-current bank loans (Unsecured)

(ii) On 19 November 2018, the Trust drew $135.0 million which consist of 2 tranches A & B of $67.5 million each, maturing in November 2022 and November 2023 at interest rate of 3.05% per annum plus SOR 3.25% per annum plus SOR respectively.

As at 31 December 2019, the outstanding bank loan amounted to $135.0 million (2018: $135.0 million).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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24. OTHER FINANCIAL LIABILITIES (CONT'D)

24B. Medium term notes (Unsecured)

On 25 June 2012, a wholly-owned subsidiary, LMIRT Capital established a $750.0 million Guaranteed Euro Medium Term Note Programme ("EMTN").

$75.0 million notes were issued on 22 June 2015, bear a fixed rate of 4.10% per annum payable semi-annually in arrears and will mature on 22 June 2020.

At the end of the reporting year, $75.0 million notes are outstanding.

The fair value of the fixed rate notes (Level 1) is $74,565,000 (2018: $66,192,000).

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

24C. Senior notes (Unsecured)

On 19 June 2019, the Trust, through a wholly-owned subsidiary, LMIRT Capital issued US$ 250.0 million Guarantee Senior Notes due in 2024. The senior notes will bear a fixed interest rate of 7.25% per annum payable semi-annually in arrears and issued at an issue price of 98.973% of the principal of the Senior Notes.

The Trust has entered into a few cross currency swap contracts to swap the U.S. dollar proceeds of the Senior Notes. Please refer to Note 28C.

The proceeds from the senior notes were used to repay $120.0 million uncommitted revolving credit and $175.0 million of the bank loan respectively. The remaining balance of the proceeds are used for working capital purposes.

At the end of the reporting year, $336.7 million notes are outstanding.

The fair value of the fixed rate notes (Level 1) is $360,791,000 (2018: Nil).

Fitch has assigned the Group a final long term foreign-currency issuer default rating of "BB" with stable outlook, and a final rating of "BB" to the senior notes.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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24. OTHER FINANCIAL LIABILITIES (CONT'D)

24D. Finance leases

	Minimum payments $'000	Finance charges $'000	Present value $'000
Group			
2019			
Minimum lease payments payable:			
Due within one year	86	(43)	43
Due within 2 to 5 years	1,152	(30)	1,122
Due after 5 years	48	(14)	34
Total	1,286	(87)	1,199
2018			
Minimum lease payments payable:			
Due within one year	72	(38)	34
Due within 2 to 5 years	1,223	(24)	1,199
Due after 5 years	51	(17)	34
Total	1,346	(79)	1,267

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

The fixed rate of interest for finance leases is 14.00% (2018: 14.00%) per year. The finance lease is on fixed repayment term and no arrangements have been entered into for contingent rental payments.

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

25. OTHER LIABILITIES, NON-CURRENT

	Group	
	2019 $'000	2018 $'000
Advance payments by tenants	103,910	89,499

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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26. TRADE AND OTHER PAYABLES, CURRENT

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade payables:				
Outside parties and accrued liabilities	28,113	24,860	11,019	23,606
Related parties (Note 3)	1,796	1,562	–	–
Subtotal	29,909	26,422	11,019	23,606
Other payables:				
Loan payable to subsidiaries[1]	–	–	437,364	110,191
Subsidiaries (Note 3)	–	–	33,887	37,590
Other payables	17,638	23,770	–	–
Subtotal	17,638	23,770	471,251	147,781
Total trade and other payables, current	47,547	50,192	482,270	171,387

[1] The loan payable agreements provide that they are unsecured, with fixed interest rates ranging from 4.10% to 7.25% (2018: ranging from 4.10% to 5.00%) per annum and repayable on demand. The carrying amount is a reasonable approximation of fair value (Level 2).

27. OTHER LIABILITIES, CURRENT

	Group	
	2019	2018
	$'000	$'000
Security deposits from tenants	47,706	42,279

28. DERIVATIVE FINANCIAL INSTRUMENTS

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

	Group and Trust	
	2019	2018
	$'000	$'000
Liabilities – Derivatives with negative fair values:		
Interest rate swaps (Note 28A)	4,170	1,885
Currency option contracts (Note 28B)	197	719
Cross currency swap contracts (Note 28C)	9,304	–
	13,671	2,604
Non-current portion	13,671	1,885
Current portion	–	719
	13,671	2,604
Net balance	13,671	2,604

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

28. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

	Group and Trust	
	2019 $'000	2018 $'000
The movements during the year were as follows:		
Balance at beginning of year	2,604	2,469
Fair value losses recognised in profit or loss	11,067	135
Total net balance at end of the year	13,671	2,604

28A. Interest rate swaps

The notional amount of interest rate swaps for 2019 is $320.0 million (2018: $235.0 million). They are designed to convert floating rate borrowings to fixed rate exposure. The Group pays the fixed interest rates, ranging from 1.99% and 2.10% 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 between December 2021 to March 2022.

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

28B. Currency option contracts

	Notional amounts			Maturity		Fair value	
	2019 $'000	2018 $'000	Reference currency	2019	2018	2019 $'000	2018 $'000
Currency option contracts	52,322	28,531	Rupiah	December 2019 to February 2021	February 2017 to February 2019	(197)	(719)

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

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

28C. Cross currency swap contracts

	Notional amounts			Maturity		Fair value	
	2019 $'000	2018 $'000	Reference currency	2019	2018	2019 $'000	2018 $'000
Cross currency swap contracts	341,683	–	US$	June 2019 to June 2024	–	(9,304)	–

The Trust has entered into the cross currency swap contracts to swap the proceeds from the Senior Notes (Notes 24C) and the corresponding interest coupon payments into Singapore dollars obligations with a weighted average fixed interest rate of approximately 6.71% per annum payable semi-annually in arrears.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

28. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

28D. 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.

The applied valuation techniques currency swaps contracts include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. For these financial instruments, inputs into models are market observable (Level 2).

29. FINANCIAL RATIOS

	Group		Trust	
	2019	2018	2019	2018
Expenses to average net assets ratio – excluding performance related fee[1]	1.12%	0.65%	0.91%	0.67%
Expenses to average net assets ratio – including performance related fee[1]	1.78%	1.23%	1.67%	1.30%
Portfolio turnover ratio[2]	–	–	–	–

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

30A. Categories of financial assets and liabilities

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

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Financial assets:				
Financial assets at amortised cost	160,191	93,162	219,802	221,330
At end of the year	160,191	93,162	219,802	221,330
Financial liabilities:				
Financial liabilities at fair value through profit or loss (FVTPL)	13,671	2,604	13,671	2,604
Financial liabilities at amortised cost	758,171	725,442	789,236	770,932
At end of the year	771,842	728,046	802,907	773,536

Further quantitative disclosures are included throughout these financial statements.

30B. Financial risk management

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

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.

2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.

3. Enter into derivatives or any other similar instruments solely for hedging purposes.

4. All financial risk management activities are carried out and monitored by senior management staff.

5. All financial risk management activities are carried out following acceptable market practices.

6. May consider investing in shares, bonds or similar instruments.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

30C. Fair values of financial instruments

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

30D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables.

On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

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

30E. Liquidity risk – financial liabilities maturity analysis

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

	Less than 1 year $'000	1 to 3 years $'000	3 to 5 years $'000	Over 5 years $'000	Total $'000
Non-derivative financial liabilities:					
2019					
Group					
Gross borrowings commitments	115,896	309,434	442,951	–	868,281
Gross finance lease obligations	86	750	402	48	1,286
Trade and other payables	47,547	–	–	–	47,547
At end of the year	163,529	310,184	443,353	48	917,114
Trust					
Gross borrowings commitments	15,026	260,608	70,353	–	345,987
Trade and other payables	482,270	–	–	–	482,270
At end of the year	497,296	260,608	70,353	–	828,257

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

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

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

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

	Less than 1 year $'000	1 to 3 years $'000	3 to 5 years $'000	Total $'000
Derivative financial instruments:				
2019				
Group and Trust				
Net settled:				
Currency option contracts	–	(197)	–	(197)
Interest rate swaps	–	(4,170)	–	(4,170)
Cross currency swap contracts	–	–	(9,304)	(9,304)
At end of the year	–	(4,367)	(9,304)	(13,671)

	Less than 1 year $'000	1 to 3 years $'000	3 to 5 years $'000	Total $'000
Derivative financial instruments:				
2018				
Group and Trust				
Net settled:				
Currency option contracts	(719)	–	–	(719)
Interest rate swaps	–	(1,885)	–	(1,885)
At end of the year	(719)	(1,885)	–	(2,604)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 (2018: 30) days. The other payables are with short-term durations. The classification of the financial assets is shown in the statements of financial position as they may be available to meet liquidity need and no further analysis is deemed necessary.

A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management of the Manager to assist in monitoring the liquidity risk. The Manager also monitors and observes the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore concerning limits on total borrowings. The Manager is of the view that cash from operating activities will be sufficient to meet the current requirements to support ongoing operations, capital expenditures, and debt repayment obligations. The Trust's structure necessitates raising funds through debt financing and the capital markets to fund strategic acquisitions and capital expenditures. The Manager also ensures that there are sufficient funds for declared and payable distributions and any other commitments.

30F. Interest rate risk

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

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Financial liabilities with interest:				
Fixed rates	403,658	75,705	–	–
Floating rates	306,966	599,545	306,966	599,545
Total at end of the year	710,624	675,250	306,966	599,545

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

In order to manage the interest rate risk, the Trust entered into:

(i) Interest rate swaps to mitigate the fair value risk by converting floating rate borrowings to fixed rate borrowings, as described in Notes 24A and 28A.

(ii) Cross currency swaps contracts to swap foreign currencies interest into fixed Singapore dollar interest, as described in Notes 24C and 28C.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

30F. Interest rate risk (cont'd)

Sensitivity analysis:

	Group 2019 $'000	Group 2018 $'000
Financial liabilities:		
A hypothetical variation in interest rates by 10 (2018: 10) basis points with all other variables held constant, would have an increase/decrease in total return before tax for the year by	307	600

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).

30G. Foreign currency risk

Analysis of amounts denominated in non-functional currency:

	Indonesian Rupiah $'000	Singapore Dollar $'000	United States Dollar $'000	Total $'000
Group				
2019:				
Financial assets:				
Cash and cash equivalents	–	14,009	616	14,625
Trade and other receivables	–	34,905	–	34,905
Total financial assets	–	48,914	616	49,530
Financial liabilities:				
Loans and borrowings	–	–	336,725	336,725
Total financial liabilities	–	–	336,725	336,725
Net financial assets/(liabilities) at end of the year	–	48,914	(336,109)	(287,195)
2018:				
Financial assets:				
Cash and cash equivalents	–	67	39	106
Trade and other receivables	–	35,753	–	35,753
Total financial assets	–	35,820	39	35,859
Financial liabilities:				
Trade and other payables	11,412	–	–	11,412
Total financial liabilities	11,412	–	–	11,412
Net financial (liabilities)/assets at end of the year	(11,412)	35,820	39	24,447

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

30G. Foreign currency risk (cont'd)

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

	United States Dollar $'000	Indonesian Rupiah $'000	Total $'000
Trust			
2019:			
Financial assets:			
Other receivables from subsidiaries	–	185,613	185,613
Total financial assets	–	185,613	185,613
Financial liabilities:			
Other payables to subsidiaries	–	2,014	2,014
Loan payables to a subsidiary	336,725	–	336,725
Total financial liabilities	336,725	2,014	338,739
Net financial (liabilities)/assets at end of the year	(336,725)	183,599	(153,126)
2018:			
Financial assets:			
Other receivables from subsidiaries	–	176,874	176,874
Total financial assets	–	176,874	176,874
Financial liabilities:			
Trade and other payables	–	11,412	11,412
Other payables to subsidiaries	–	1,961	1,961
Total financial liabilities	–	13,373	13,373
Net financial assets at end of the year	–	163,501	163,501

There is exposure to foreign currency risk as part of its normal business. In particular, there is significant exposure to:

(i) Indonesian Rupiah currency risk due to the operations of the malls and retail spaces in Indonesia. In this respect, foreign currency contracts are entered into to take into consideration of anticipated revenues in Indonesian Rupiah over operating expenses. Note 28B illustrates the foreign currency derivatives in place at end of the reporting year.

(i) United States dollar currency risk due to the Group issued US$ 250.0 million Guarantee Senior Notes whose functional currency is in Singapore dollar, have been fully hedged using the cross currency swaps contract that mature on the same dates that the Senior Notes are due from repayment. Note 28C illustrates the cross currency swaps derivatives in place at end of the reporting year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

30G. Foreign currency risk (cont'd)

	Group 2019 $'000	Group 2018 $'000
A hypothetical 10% (2018: 10%) strengthening in the exchange rate of the functional currency SGD against Rupiah with all other variables held constant would have a favourable effect on total return before tax of	–	1,141
A hypothetical 10% (2018: 10%) strengthening in the exchange rate of the functional currency Rupiah against SGD with all other variables held constant would have an adverse effect on total return before tax of	(4,891)	(3,582)
A hypothetical 10% (2018: 10%) strengthening in the exchange rate of the functional currency SGD against US$ with all other variables held constant would have a favourable/(adverse) effect on total return before tax of	33,611	(4)

	Trust 2019 $'000	Trust 2018 $'000
A hypothetical 10% (2018: 10%) strengthening in the exchange rate of the functional currency SGD against Rupiah with all other variables held constant would have an adverse effect on total return before tax of	(18,360)	(16,350)
A hypothetical 10% (2018: 10%) strengthening in the exchange rate of the functional currency SGD against US$ with all other variables held constant would have a favourable effect on total return before tax of	33,673	–

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

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

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

31. CAPITAL COMMITMENTS

During the reporting year, the Group is committed to purchase of plant and equipment and assets enhancements in retail malls estimated amounting to $13,069,000 (2018: $3,058,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

32. OPERATING LEASE INCOME COMMITMENTS – AS LESSOR

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

	Group $'000
2019 – Operating lease income under FRS 116	
Not later than one year	111,326
Between 1 and 2 years	85,497
Between 2 and 3 years	64,543
Between 3 and 4 years	43,866
Between 4 and 5 years	27,766
More than five years	69,970
2018 – Operating lease income under FRS 17	
Not later than one year	103,015
Later than one year and not later than 5 years	222,539
More than five years	72,387

The rental revenue for the year is $155,259,000 (2018: $155,215,000).

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

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

Upon completion of the acquisition of Palembang Icon, the Group entered into 25 years of master leases for Sports Centre that were leased to the Vendor lessees for guaranteed rental receivables, in accordance with the terms and conditions of the master leases. As part of the revised leasing strategy, the tenor of the existing master lease for the Sport Centre was revised to 6 years expiring in December 2020.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

33. OTHER MATTERS

Right of First Refusal ("ROFR")

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

Proposed acquisition of strata title units of Lippo Mall Puri

On 12 March 2019, the Trust has announced the entry into a conditional sales and purchase agreement through its wholly-owned Indonesia-incorporated subsidiary, PT Puri Bintang Terang with PT Mandiri Cipta Gemilang to acquire strata title units of Lippo Mall Puri. The total consideration for the sale and purchase of the Property is $358,501,000 (Rupiah 3,700 billion).

34. EVENTS AFTER THE END OF THE REPORTING YEAR

On 19 February 2020, a final distribution of 0.52 cents per unit was declared totalling $15,094,000 in respect of the quarter ended 31 December 2019.

Subsequent to year-end, the Trust entered into two 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 $52,322,000 and would expire on February 2021.

35. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

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

FRS No.	Title
FRS 116	Leases and Leases – Illustrative Example & Amendments to Guidance on Other Standards
FRS 12	Improvements (2017) – Amendments: Income Taxes
FRS 23	Improvements (2017) – Amendments: Borrowing Costs

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

For the future reporting years certain new or revised financial reporting standards were issued and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

FRS No.	Title	Effective date for periods beginning on or after
FRS 1 and 8	Definition of Material – Amendments to The Conceptual Framework for Financial Reporting	1 January 2020

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	
	2019	2018
	$'000	$'000
Singapore		
Gajah Mada Investments Pte Ltd Investment holding	79,560	80,124
Mal Lippo Investments Pte Ltd Investment holding	50,575	51,640
Cibubur Holdings Pte Ltd Investment holding	50,079	50,079
Tangent Investments Pte Ltd Investment holding	76,238	76,238
Magnus Investments Pte Ltd Investment holding	97,476	97,476
Elok Holdings Pte Ltd Investment holding	49,955	51,433
PS International Holdings Pte Ltd Investment holding	126,185	126,185
Great Properties Pte Ltd Investment holding	59,360	59,360
Grace Capital Pte Ltd Investment holding	34,278	34,278
Realty Overseas Pte Ltd Investment holding	26,500	26,500

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost	
	2019 $'000	2018 $'000
Singapore		
Java Properties Pte Ltd Investment holding	17,758	17,952
Serpong Properties Pte Ltd Investment holding	14,327	14,688
Metropolis Properties Pte Ltd Investment holding	26,217	26,217
Matos Properties Pte Ltd Investment holding	19,877	19,877
Detos Properties Pte Ltd Investment holding	20,593	20,593
Palladium Properties Pte Ltd Investment holding	43,569	43,618
Madiun Properties Pte Ltd Investment holding	22,705	23,019
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	174,006	169,306
Pluit Village Investments Pte Ltd Investment holding	29,189	29,189
PMF Holdings Pte Ltd Investment holding	33,708	48,773

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost 2019 $'000	Cost 2018 $'000
Singapore		
Plaza Medan Investments Pte Ltd Investment holding	1*	1*
PSX Holdings Pte Ltd Investment holding	9,218	9,218
Palembang Square Holdings Pte Ltd Investment holding	50,187	50,407
Taminis Holdings Pte Ltd Investment holding	19,372	19,372
Kramati Holdings Pte Ltd Investment holding	35,407	36,330
Binjaimall Holdings Pte Ltd Investment holding	23,215	23,408
Pejaten Holdings Pte Ltd Investment holding	110,519	111,996
Super Binjai Investment Pte Ltd Investment holding	1*	1*
Pejatenmall Investment Pte Ltd Investment holding	2,151	2,151
Kramat Jati Investment Pte Ltd Investment holding	1*	1*
Tamini Square Investment Pte Ltd Investment holding	1*	1*
Palem Square Investment Pte Ltd Investment holding	1*	1*
PSEXT Investment Pte Ltd Investment holding	1*	1*
LMIRT Capital Pte Ltd Provision of treasury services	1*	1*
KMT 1 Holdings Pte Ltd Investment holding	307,514	312,449
KMT 2 Investment Pte Ltd Investment holding	16,104	16,104
Picon1 Holdings Pte Ltd Investment holding	78,635	80,550

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost 2019 $'000	Cost 2018 $'000
Singapore		
Picon2 Investments Pte Ltd Investment holding	16,475	16,475
Kuta1 Holdings Pte Ltd Investment holding	83,807	84,634
Kuta2 Investments Pte Ltd Investment holding	4,320	4,320
Icon2 Investments Pte Ltd Investment holding	52,799	53,857
Indonesia		
PT Graha Baru Raya Owner of Gajah Mada Plaza	805	805
PT Graha Nusa Raya Owner of Mal Lippo Cikarang	805	805
PT Cibubur Utama Owner of Cibubur Junction	1,772	1,772
PT Megah Semesta Abadi Owner of Bandung Indah Plaza	10,692	10,692
PT Suryana Istana Pasundan Owner of Istana Plaza	25,112	25,112
PT Indah Pesona Bogor Owner of Lippo Plaza Ekalokasari Bogor	1,208	1,208
PT Primatama Nusa Indah Owner of The Plaza Semanggi	3,222	3,222
PT Manunggal Wiratama Owner of Sun Plaza	10,476	10,476
PT Duta Wisata Loka Owner of Pluit Village	30,031	30,031
PT Anugrah Prima Owner of Plaza Medan Fair and Plaza Medan Fair Extension	14,630	14,630
PT Amanda Cipta Utama Owner of Binjai Supermall	6,270	6,270
PT Panca Permata Pejaten Owner of Pejaten Village and Kediri Town Square	24,532	24,532

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost 2019 $'000	Cost 2018 $'000
Indonesia		
PT Benteng Teguh Perkasa Owner of Lippo Plaza Kramat Jati	10,263	10,263
PT Cahaya Megah Nusantara Owner of Tamini Square	2,566	2,566
PT Jaya Integritas Owner of Palembang Square	2,566	2,566
PT Palembang Paragon Mall Owner of Palembang Square Extension	4,362	4,362
PT Cahaya Bimasakti Nusantara Owner of Palembang Square Extension	2,566	2,566
PT Dinamika Serpong Owner of Mall WTC Matahari Units	805	805
PT Gema Metropolis Modern Owner of Metropolis Town Square Units	805	805
PT Matos Surya Perkasa Owner of Malang Town Square Units	805	805
PT Megah Detos Utama Owner of Depok Town Square Units	805	805
PT Palladium Megah Lestari Owner of Grand Palladium Units and Lippo Plaza Batu	5,364	5,364
PT Madiun Ritelindo Owner of Plaza Madiun Units	805	805
PT Java Mega Jaya Owner of Java Supermall Units	805	805
PT Kemang Mall Terpadu Owner of Lippo Mall Kemang	64,417	64,417
PT Griya Inti Sejatera Insani Owner of Palembang Icon	5,223	5,223
PT Rekreasi Pantai Terpadu Owner of Lippo Mall Kuta	17,280	17,280
PT Mitra Anda Sukses Bersama Owner of Lippo Plaza Kendari	1,115	1,115

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost	
	2019 $'000	2018 $'000
Indonesia		
Joint operations held by subsidiary, Icon2 Investments Pte Ltd		
PT Yogya Central Terpadu	14,250	14,250
Owner of Lippo Plaza Jogja and Siloam Hospital Yogyakarta		
PT Puri Bintang Terang	1*	1*
Dormant during the year		

* Amount is less than $1,000.

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

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

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

INTERESTED PERSON TRANSACTIONS

YEAR ENDED 31 DECEMBER 2019

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

Name of Interest Person	Aggregate value of all interested person transactions during FY 2019 under review (excluding transactions less than S$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)[1] S$'000
PT Lippo Karawaci Tbk and its subsidiaries or associates		
– Manager's management fees expense	12,217	–
– Property management fees expense	7,927	–
– Rental revenue, service charge and utilities recover	61,200	–
Perpetual (Asia) Limited		
– Trustee's fees	428	–

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

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

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

SUBSCRIPTIONS OF LMIR TRUST

For the financial year ended 31 December 2019, the issued and subscribed units as at 31 December 2019 is an aggregate of 2,894,902,627 units.

STATISTICS OF UNITHOLDINGS

AS AT 28 FEBRUARY 2020

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No of Units	%
1 – 99	38	0.34	498	0.00
100 – 1,000	361	3.20	277,910	0.01
1,001 – 10,000	3,478	30.85	22,934,496	0.79
10,001 – 1,000,000	7,323	64.94	545,090,885	18.83
1,000,001 and above	76	0.67	2,326,598,838	80.37
TOTAL	**11,276**	**100.00**	**2,894,902,627**	**100.00**

TWENTY LARGEST UNITHOLDERS

No	Name of Unitholders	No. of Units	%
1	OCBC SECURITIES PRIVATE LIMITED	879,337,187	30.38
2	CITIBANK NOMINEES SINGAPORE PTE LTD	371,676,723	12.84
3	UOB KAY HIAN PRIVATE LIMITED	339,484,317	11.73
4	DBS NOMINEES (PRIVATE) LIMITED	161,572,154	5.58
5	RAFFLES NOMINEES (PTE.) LIMITED	102,933,779	3.56
6	LMIRT MANAGEMENT LTD	56,230,228	1.94
7	HSBC (SINGAPORE) NOMINEES PTE LTD	53,274,035	1.84
8	DBSN SERVICES PTE. LTD.	43,916,632	1.52
9	MAYBANK KIM ENG SECURITIES PTE. LTD.	36,037,856	1.24
10	KO OON JOO	29,502,100	1.02
11	PHILLIP SECURITIES PTE LTD	27,605,357	0.95
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	25,126,500	0.87
13	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	19,560,804	0.68
14	ABN AMRO CLEARING BANK N.V.	17,051,900	0.59
15	TAN CHWEE HUAT	14,536,000	0.50
16	DB NOMINEES (SINGAPORE) PTE LTD	12,136,000	0.42
17	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	11,998,300	0.41
18	KGI SECURITIES (SINGAPORE) PTE. LTD.	7,689,600	0.27
19	LIM & TAN SECURITIES PTE LTD	6,146,600	0.21
20	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	5,800,000	0.20
	TOTAL	**2,221,616,072**	**76.75**

STATISTICS OF UNITHOLDINGS (CONT'D)

AS AT 28 FEBRUARY 2020

SUBSTANTIAL UNITHOLDERS

(As recorded in the Register of Substantial Unitholders' Unitholdings as at 28 February 2020)

		No. of Units Direct Interest	No. of Units Deemed Interest
1.	Bridgewater International Ltd ("BIL")	857,741,287	–
2.	Mainland Real Estate Ltd. ("Mainland")	–	913,971,515(2)
3.	Lippo Karawaci Corporation Pte Ltd. ("LK Corp")	–	913,971,515(3)
4.	Jesselton Investment Limited ("Jesselton")	–	913,971,515(4)
5.	PT. Sentra Dwimandiri ("PTSD")	–	913,971,515 (5)
6.	PT. Lippo Karawaci Tbk ("LPKR")	–	913,971,515 (6)
7.	PT Inti Anugerah Pratama ("IAP")	–	913,971,515 (7)
8.	PT Trijaya Utama Mandiri ("TUM")	–	913,971,515 (8)
9.	James Tjahaja Riady	–	913,971,515 (9)
10.	Fullerton Capital Limited ("Fullerton")	–	913,971,515 (10)
11.	Sinovex Limited ("Sinovex")	–	913,971,515 (11)
12.	Dr Stephen Riady	–	913,971,515 (12)
13.	Wealthy Fountain Holdings Inc	161,938,500	–
14.	Shanghai Summit Pte Ltd	–	168,938,500(13)
15.	Tong Jinquan	–	168,938,500(13)

Notes:

1. BIL is directly held by PTSD, PT Prudential Development ("PD") and Mainland Real Estate Ltd. in the proportion of 47.61%, 0.01% and 52.38% respectively. LMIRT Management Ltd., the Manager of Lippo Malls Indonesia Retail Trust (the "Manager") is directly held by Peninsula Investment Limited ("PIL"), which in turn is directly held by Mainland and Jesselton in the proportion of 51.91% and 49.09% respectively. Mainland is directly held by PTSD, PD, Jesselton and LK Corp (together, the "subsidiaries of LPKR") in the proportion of 28%, 18%, 27% and 27% respectively.
2. Mainland is deemed to be interested in PIL's deemed interest in the (i) 56,230,228 Units held by the Manager and the (ii) 857,741,287 Units held by BIL.
3. LK Corp is deemed to be interested in Mainland's interest in the (i) 56,230,228 Units held by the Manager and the (ii) 857,741,287 Units held by BIL.
4. Jesselton is deemed to be interested in Mainland's interest in the (i) 56,230,228 Units held by the Manager and the (ii) 857,741,287 Units held by BIL.
5. PTSD is deemed to be interested (i) 857,741,287 Units held by BIL, and the (ii) 56,230,228 Units held by the Manager.
6. LPKR is deemed to be interested in (i) 857,741,287 Units held by its indirect wholly-owned subsidiary, BIL, and the (ii) 56,230,228 Units held by the Manager.
7. IAP directly holds 59.37% interest in the LPKR and is therefore deemed to be interested in LPKR's interest in 913,971,515 Units.
8. TUM effectively holds 60% interest in IAP and is therefore deemed to be interested in 913,971,515 Units in which IAP has an interest.
9. James Tjahaja Riady effectively holds 100% interest in TUM and is therefore deemed to be interested in 913,971,515 Units in which IAP has an interest.
10. Fullerton holds 40% interest in IAP and is therefore deemed to be interested in 913,971,515 Units in which IAP has an interest.
11. Sinovex holds 99% interest in Fullerton and is therefore deemed to be interested in 913,971,515 Units in which Fullerton has an interest.
12. Dr Stephen Riady effectively holds all the shares of Sinovex. Sinovex holds 99% interest and Dr Stephen Riady holds the remaining 1% interest in Fullerton which in turn holds 40% interest in IAP. Therefore, he is deemed to be interested in 913,971,515 Units in which Fullerton has an interest.
13. Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd are wholly owned by Tong Jinquan through Shanghai Summit Pte Ltd. Therefore, Tong Jinquan and Shanghai Summit Pte Ltd are deemed to be interested in 161,938,500 Units held by Wealthy Fountain Holdings Inc and 7,000,000 Units held by Skyline Horizon Consortium Ltd.

MANAGER'S DIRECTORS' UNITHOLDINGS

(As recorded in the Register of Directors' Unitholdings as at 21 January 2020)

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

FREE FLOAT

Based on the information made available to the Manager as at 28 February 2020, approximately 62.59% of the Units in LMIR Trust are held in the hands of the public. Accordingly Rule 723 of the Listing Manual of the SGX-ST has been complied with.

TREASURY UNITS AND SUBSIDIARY HOLDINGS

As at 28 February 2020, LMIR Trust does not hold any treasury units and there is no subsidiary holdings.

NOTICE OF ANNUAL GENERAL MEETING OF THE UNITHOLDERS

LIPPO MALLS INDONESIA RETAIL TRUST

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting ("**AGM**") of the holders of units of Lippo Malls Indonesia Retail Trust ("**LMIR Trust**", and the holders of units of LMIR Trust, "**Unitholders**") will be held on Thursday, 23 April 2020 at 9:30 a.m. at Mandarin Ballroom 3, Level 6, Main Tower, Mandarin Orchard, 333 Orchard Road, Singapore 238867 to transact the following business:

(A) AS ORDINARY BUSINESS

1. To receive and adopt the Report of the Trustee issued by Perpetual (Asia) Limited, as trustee of LMIR Trust (the "**Trustee**"), the Statement by the Manager issued by LMIRT Management Ltd, as manager of LMIR Trust (the "**Manager**"), and the Audited Financial Statements of LMIR Trust for the financial year ended 31 December 2019 together with the Auditors' Report thereon.

(Ordinary Resolution 1)

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

(Ordinary Resolution 2)

(B) AS SPECIAL BUSINESS

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

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

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

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

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

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

provided that:

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

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

(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; and

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

provided such adjustment in sub-paragraph (2)(a) is made in respect of new shares arising from exercise of Instruments or convertible securities which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(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 for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

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

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

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

(Please see Explanatory Note 1)

(Ordinary Resolution 3)

4. That:

(a) approval be and is hereby given to the proposed supplement to the Trust Deed to amend the provisions regarding the repurchase and redemption of Units in the manner set out in Annex A of the Letter to Unitholders dated 20 March 2020 which is available on LMIR Trust's website at http://lmir.listedcompany.com (the "**Unit Buy-Back Trust Deed Supplement**").

(b) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of LMIR Trust to give effect to Unit Buy-Back Trust Deed Supplement.

(Please see Explanatory Note 2)

(Extraordinary Resolution 4)

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

5. That subject to and conditional upon the passing of Extraordinary Resolution 4:

(a) the exercise of all the powers of the Manager to repurchase issued Units for and on behalf of LMIR Trust not exceeding the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Manager in accordance with the Trust Deed from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market repurchase(s) ("**Market Repurchase**") effected on the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted; and/or;

(ii) off-market repurchase(s) (which are not market repurchases) ("**Off-Market Repurchase**") in accordance with any equal access scheme(s) as may be determined or formulated by the Manager as it considers fit in accordance with the Trust Deed, as proposed to be supplemented by the Unit Buy-Back Trust Deed Supplement,

and otherwise in accordance with all applicable laws and regulations including the rules of the SGX-ST or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, be and is hereby authorised and approved generally and unconditionally (the "**Unit Buy-Back Mandate**").

(b) Unless revoked or varied by Unitholders in a general meeting, the Unit Buy-Back Mandate, if approved by Unitholders, will be in force from the period commencing from the date on which the AGM is held and the Unit Buy-Back Mandate is approved and expiring on the earliest of the following dates:

(i) the date on which the next AGM of LMIR Trust is held;

(ii) the date by which the next AGM of LMIR Trust is required by applicable laws and regulations or the provisions of the Trust Deed to be held; or

(iii) the date on which the repurchases of Units by the Manager pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated.

(c) in this Resolution:

"**Average Closing Price**" means the average of the closing market prices of the Units over the last five Market Days (as defined herein), on which transactions in the Units were recorded, immediately preceding the date of the Market Repurchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Repurchase, and deemed to be adjusted for any corporate action that occurs during the relevant five Market Days and the date on which the Market Repurchase(s) or, as the case may be, the date on which the offer pursuant to the Off-Market Repurchase(s), is made.

"**date of the making of the offer**" means the date on which the Manager makes an offer for an Off-Market Repurchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an Off-Market Repurchase calculated on the foregoing basis) for each Unit and the relevant terms of the equal access scheme for effecting the Off-Market Repurchase.

"**Market Day**" means a day on which the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted is open for trading in securities.

"**Maximum Limit**" means the total number of Units which may be repurchased pursuant to the Unit Buy-Back Mandate is limited to that number of Units representing not more than 10.0% of the total number of issued Units as at the date of the AGM.

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

"**Maximum Price**" in relation to a Unit to be repurchased, means the repurchase price (excluding brokerage, stamp duty, commission, applicable goods and services tax and other related expenses) which shall not exceed 105.0% of the Average Closing Price of the Units for both a Market Repurchase and an Off-Market Repurchase.

(d) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of LMIR Trust to give effect to the transactions contemplated and/or authorised by this Resolution.

(Ordinary Resolution 5)

6. 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

Tan Lay Hong
Company Secretary

Singapore
20 March 2020

EXPLANATORY NOTES:

1. *Ordinary Resolution 3*

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

For the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units (excluding treasury Units, if any) at the time this Ordinary Resolution is passed after adjusting for (a) new Units arising from the conversion or exercise of any Instruments; and (b) any subsequent bonus issue, consolidation or subdivision of Units provided such adjustment in sub-paragraphs (a) above is made in respect of new units arising from the conversion or exercise of any Instruments which were issued and outstanding or subsisting at the time of the passing of this Ordinary Resolution.

2 *Extraordinary Resolution 4*

Extraordinary Resolution 4, if passed, will approve the supplement to the Trust Deed with the Unit buy-Back Trust Deed Supplement, which is set out in Annex A of the Letter to Unitholders dated 20 March 2020.

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

3. *Ordinary Resolution 5*

Ordinary Resolution 5, if passed, will empower the Manager from the date of the AGM until (i) the date on which the next AGM of LMIR Trust is held; (ii) the date by which the next AGM of LMIR Trust is required by applicable laws and regulations or the provisions of the Trust Deed to be held or (iii) the date on which the repurchases of Units by the Manager pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated, whichever is the earliest, to exercise all powers to repurchase issued Units for and on behalf of LMIR Trust not exceeding in aggregated 10.0% of the total number of Units as at the date of the passing of Ordinary Resolution 5, whether by way of Market Repurchase(s) or Off-Market Repurchase(s), on the terms of the Unit Buy-Back Mandate set out in the Letter to Unitholders dated 20 March 2020, unless such authority is revoked or varied by the Unitholders in a general meeting.

As the Unit Buy-Back Trust Deed Supplement is required for the adoption of the Unit Buy-Back Mandate, Ordinary Resolution 5 is conditional upon the passing of the Extraordinary Resolution 4.

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 the Central Provident Fund Act, Chapter 36 of Singapore providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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

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

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

PERSONAL DATA PRIVACY:

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

PRECAUTIONARY MEASURES FOR COVID-19

In view of the COVID-19 situation, the following precautionary measures will be put in place for the Eleventh AGM of the holders of LMIR TRUST.

(a) Unitholders attending the AGM will undergo a temperature check to be carried out by Mandarin Orchard. Any Unitholder with presence of fever (37.5 °C and above) will not be permitted to enter Mandarin Orchard.

(b) Unitholders will be required to complete a health and travel declaration form by LMIR Trust (or its agents) to declare your recent travel history and provide contact details for the purpose of contact tracing, if required. We may also at our discretion deny entry to persons exhibiting cough and/or flu like symptoms. If you feel unwell or experience any COVID-19 symptoms, please do seek medical attention immediately, and take time to rest and fully recuperate at home. This exercising of social responsibility will help prevent the spread of viruses in shared spaces such as the meeting venue.

(c) To minimize contact between individuals, no food will be served at the AGM.

We request that you please arrive early for the AGM in order not to delay registration process due to the above precautionary measures in place.

We seek the understanding and cooperation of all Unitholders.

PROXY FORM
ANNUAL GENERAL MEETING

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

Personal Data Privacy
By submitting an instrument appointing a proxy(ies) and/or representatives(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 20 March 2020.

LIPPO MALLS INDONESIA RETAIL TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 8 August 2007 (as amended))

I/We ____ (Name)

of ____ (Address)

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

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

and/or (delete as appropriate)

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

or, both of whom failing, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM of LMIR Trust to be held on Thursday, 23 April 2020 at 9:30 a.m. at Mandarin Ballroom 3, Level 6, Main Tower, Mandarin Orchard, 333 Orchard Road, Singapore 238867 and any adjournment thereof. I/We direct my/our proxy/proxies to vote for, against and/or abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the AGM.

No.	Resolutions relating to:	No. of votes 'For'*	No. of votes 'Against'*	Abstain*
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 2019 and the Auditors' Report thereon (Ordinary Resolution)			
2	To re-appoint RSM Chio Lim LLP as Auditors of LMIR Trust and authorise the Manager to fix the Auditors' remuneration (Ordinary Resolution)			
SPECIAL BUSINESS				
3	To authorise the Manager to issue new Units and to make or grant convertible instruments (Ordinary Resolution)			
4	To approve the proposed Unit Buy-Back Trust Deed Supplement (Extraordinary Resolution)			
5	To approve the Unit Buy-Back Mandate (Ordinary Resolution)			

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

Dated this ______________ day of ______________ 2020

Total number of Units held

____

Signature(s) of Unitholder(s)/Common Seal of Corporate Unitholder

IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON REVERSE PAGE

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Glue all sides firmly. Do not staple or spot seal.

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to Proxy Form

1. A unitholder of Lippo Malls Indonesia Retail Trust ("**LMIR Trust**" and a unitholder of LMIR Trust, "**Unitholder**") who is not a relevant intermediary entitled to attend the meeting and vote is entitled to appoint not more than two proxies to attend and vote instead of the Unitholder. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the proportion of the Unitholder's holdings (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.
   "**Relevant intermediary**" means:
   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly owned subsidiary of such a banking corporation,
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under the Central Provident Fund Act, Chapter 36 of Singapore providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The instrument appointing a proxy (the "**Proxy Form**") must be deposited at the Unit Registrar's registered office at Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time set for the AGM.
4. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the meeting in person, and in such event, the LMIRT Management Ltd., in its capacity as manager of LMIR Trust (the "**Manager**") reserves the right to refuse to admit any person or persons appointed under the Proxy Form, to the meeting.
5. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against the Unitholder's name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), the Unitholder should insert that number of Units. If the Unitholder has Units registered in the Unitholder's name in the Register of Unitholders of LMIR Trust, the Unitholder should insert that number of Units. If the Unitholder has Units entered against the Unitholder's name in the said Depository Register and registered in the Unitholder's name in the Register of Unitholders of LMIR Trust, the Unitholder should insert the aggregate number of Units. If no number is inserted, this form of proxy will be deemed to relate to all the Units held by the Unitholder.
6. The Proxy Form must be executed, under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Manager) be lodged with the instrument appointing a proxy, failing which the Proxy Form may be treated as invalid.
8. A corporation, being a Unitholder, may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.
10. At any meeting, a resolution put to the vote of the meeting shall be decided on a poll.
11. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he is the Unitholder. A person entitled to more than one vote need not use all his votes or cast them the same way.

General

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

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BUSINESS REPLY SERVICE
PERMIT NO. 08564

LMIRT MANAGEMENT LTD.
(The Manager of Lippo Malls Indonesia Retail Trust)
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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LMIRT MANAGEMENT LTD
50 Collyer Quay,
#06-07, OUE Bayfront
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www.lmir-trust.com

ALL ABOUT THE EXPERIENCE

LIPPO MALLS INDONESIA RETAIL TRUST

ANNUAL REPORT 2019