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LIPPO MALLS INDONESIA RETAIL TRUST

**LMIRT CAPITAL PTE. LTD.**

(incorporated in Singapore with limited liability)  
(Company registration number: 201212428M)

**HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED**

(in its capacity as trustee of Lippo Malls Indonesia Retail Trust)

**S\$1,000,000,000**

**Euro Medium Term Securities Programme**

unconditionally and irrevocably guaranteed, in the case of Notes (as defined below) issued by LMIRT Capital Pte. Ltd., by  
HSBC Institutional Trust Services (Singapore) Limited  
(in its capacity as trustee of Lippo Malls Indonesia Retail Trust)

Under the Programme described in this Offering Circular and subject to compliance with all relevant laws, regulations and directives (i) each of LMIRT Capital Pte. Ltd. ("**LMIRT Capital**") and HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Lippo Malls Indonesia Retail Trust ("**LMIR Trust**" or "**LMIRT**")) (the "**LMIRT Trustee**") may from time to time issue Medium Term Notes (the "**Notes**") which, in the case of Notes issued by LMIRT Capital, will be guaranteed (the "**Guarantee**") by the LMIRT Trustee (the "**Guarantor**"); and (ii) the LMIRT Trustee may from time to time issue perpetual securities (the "**Perpetual Securities**").

For the purposes of this Offering Circular (i) the LMIRT Trustee (in its capacity as issuer of the Notes and Perpetual Securities) and LMIRT Capital will be referred to together as the "**Issuers**" and individually as an "**Issuer**" and references to "**relevant Issuer**" shall be to LMIRT Capital or the LMIRT Trustee (as the case may be) as issuer of the Notes, or to the LMIRT Trustee as issuer of the Notes and the Perpetual Securities, under the Programme as specified in the relevant Pricing Supplement (as defined herein); and (ii) the Notes and Perpetual Securities will be referred to together as the "**Securities**".

The LMIRT Trustee acts as trustee of LMIR Trust pursuant to the LMIRT Trust Deed (as defined herein). The aggregate nominal amount of Securities outstanding will not at any time exceed S\$1,000,000,000 (or the equivalent in other currencies), subject to increases as described herein. Defined terms used in this Offering Circular shall have the meanings given to such terms in "*Definitions*" and "*Summary of the Programme*".

The Securities may be issued by the relevant Issuer (as defined below) on a continuing basis to one or more Dealers appointed under the Programme from time to time (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an on-going basis. References in this Offering Circular to the "**Relevant Dealer**" shall, in the case of an issue of Securities being (or intended to be) subscribed for by more than one Dealer be to all Dealers agreeing to subscribe for such Securities.

**An investment in Securities issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".**

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and for the listing of any Securities which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST. Unlisted series of Securities may also be issued pursuant to the Programme and Securities may also be listed on stock exchanges other than SGX-ST. The relevant Pricing Supplement (as defined herein) in respect of any series of Securities will specify whether or not such Securities will be listed on the SGX-ST or on any other stock exchange. There is no assurance that the application to the SGX-ST for the listing of the Securities will be approved. Admission to the Official List of the SGX-ST and listing of any Securities on the SGX-ST is not to be taken as an indication of the merits of the relevant Issuer, the Guarantor, LMIR Trust, their respective subsidiaries (LMIR Trust and its subsidiaries taken as a whole, the "**Group**") or such Securities. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Circular.

The Securities and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Securities may include Bearer Notes and Bearer Perpetual Securities (as defined in "*Summary of the Programme*") that are subject to U.S. tax law requirements. Subject to certain exceptions, the Securities may not be offered, sold, or, in the case of Bearer Notes and Bearer Perpetual Securities, delivered within the United States. Registered Notes and Registered Perpetual Securities (as defined in "*Summary of the Programme*") are subject to certain restrictions on transfer, see "*Subscription and Sale*".

The relevant Issuer and the Guarantor may agree with any Dealer and the Trustee that Securities may be issued in a form not contemplated by the Terms and Conditions of the Notes, or the Terms and Conditions of the Perpetual Securities (as applicable), herein, in which event a supplementary Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Securities.

Where a Tranche (as defined herein) of Securities is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme or other Tranches of Securities. Where a Tranche of Securities is rated, the applicable rating(s) will be specified in the relevant Pricing Supplement (as defined herein). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Arrangers**

**BNP PARIBAS**

**Standard Chartered Bank**

**Dealers**

**BNP PARIBAS**

**CIMB**

**J.P. Morgan**

**OCBC Bank**

**Standard Chartered Bank**

LMIRT Capital and the LMIRT Trustee (in relation to the information about LMIR Trust, LMIRT Management Ltd., itself and the Group), having made all reasonable enquiries, confirm that this Offering Circular contains or incorporates by reference all information relating to the Issuers, the Guarantor, LMIR Trust, LMIRT Management Ltd. and the Group which is material in the context of the issuance and offering of Securities, that the information contained or incorporated by reference in this Offering Circular is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading in any material respect. Each of the Issuers and the Guarantor accepts responsibility accordingly.

Each Tranche of Notes and Perpetual Securities will be issued on the terms set out herein under “*Terms and Conditions of the Notes*” and “*Terms and Conditions of the Perpetual Securities*” (as applicable), as amended and/or supplemented by a document specific to such Tranche of Notes or Perpetual Securities called a pricing supplement (a “**Pricing Supplement**”). This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Securities, must be read and construed together with the relevant Pricing Supplement.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated by reference in this Offering Circular (see “*Documents Incorporated by Reference*”). This Offering Circular shall be read and construed on the basis that such documents are incorporated in, and form part of, this Offering Circular.

No person is or has been authorised by the Issuers or the Guarantor to give any information or to make any representation other than those contained in this Offering Circular and the relevant Pricing Supplement in connection with any issue or sale of Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, the Guarantor, the Arrangers or any Dealers, the Trustee or any Agent.

Neither the delivery of this Offering Circular nor any other information supplied in connection with the Programme or any Securities (i) is intended to provide the basis of any credit or other evaluation of the Issuers, the Guarantor, LMIR Trust or the Group or (ii) should be considered as a recommendation by the Issuers, the Guarantor, Arrangers or Dealers, the Trustee or the Agents that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Securities should purchase any Securities. Each investor contemplating purchasing any Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuers, the Guarantor, LMIR Trust and the Group. Each potential purchaser of Securities should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Securities should be based upon such investigation as it deems necessary.

Neither the delivery of this Offering Circular nor any sale of Securities made in connection herewith shall, under any circumstances, create any implication that there has been no change in the relevant Issuer’s, the Guarantor’s, LMIR Trust’s or the Group’s affairs since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the relevant Issuer’s, the Guarantor’s, LMIR Trust’s or the Group’s financial position since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offering or sale of the Securities in certain jurisdictions may be restricted by law. The Issuers, the Guarantor, the Arrangers, the Dealers, the Trustee and the Agents do not represent that this Offering Circular may be lawfully distributed, or that any Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuers, the Guarantor, the Arrangers, the Dealers, the Trustee or the Agents which would permit a public offering of any Securities

or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Securities may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published, in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular comes are required by the Issuers, the Guarantor, the Arrangers and the Dealers to inform themselves about and to observe any such restriction. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Securities in the United States, the European Economic Area, the United Kingdom, the Hong Kong, Singapore and Japan (see “*Subscription and Sale*”).

The Securities and the Guarantee have not been and will not be registered under the Securities Act and the Securities include Securities in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Securities may not be offered, sold or delivered within the United States. For a description of certain restrictions on offers and sales of Securities and on distribution of this Offering Circular, see “*Subscription and Sale*”. The Securities are being offered and sold outside the United States in reliance on Regulation S under the Securities Act (“**Regulation S**”). For a description of these and certain further restrictions on offers, sales and transfers of Securities and distribution of this Offering Circular, see “*Subscription and Sale*”.

**THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OF SECURITIES OR THE ACCURACY OR THE ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.**

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the relevant Issuer, the Guarantor, the Arrangers, the Dealers, the Trustee or the Agents to subscribe for, or purchase, any Securities in any jurisdiction where such offer would be prohibited.

To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Trustee or the Agents accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Arrangers, any Dealer, the Trustee or any Agent or on their behalf in connection with the Issuers, the Guarantor or the issue and offering of any Securities. Each of the Arrangers, the Dealers, the Trustee and the Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Arrangers, any Dealer, the Trustee or any Agent undertakes to review the financial condition or affairs of the Issuers, the Guarantor or LMIR Trust during the life of the arrangements contemplated by this Offering Circular nor to advise any investor of any information coming to the attention of any of them.

This Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor’s particular circumstances) of an investment in Securities of a particular issue. Each potential purchaser of Securities should refer to and consider carefully the relevant Pricing Supplement for each particular issue of Securities, which may describe additional risks and investment considerations associated with such Securities. The risks and investment considerations identified in this Offering Circular and the relevant Pricing Supplement are provided as general information only. Investors should consult their own financial, tax, accounting and legal advisers as to the risks and investment considerations arising from an investment in an issue of Securities and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances.

In making an investment decision, investors must rely on their own examination of the Issuers, the Guarantor, LMIR Trust and the Group and the terms of the Securities being offered, including the merits and risks involved. None of the Issuers, the Guarantor, the Arrangers, any Dealer, the Trustee or any Agent makes any representation to any investor regarding the legality of its investment under any applicable laws. Investors should be able to bear the economic risk of an investment in the Securities for an indefinite period of time.

## **Stabilisation**

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilising manager(s) (the “**Stabilising Manager(s)**”) (or persons acting on behalf of any Stabilising Manager(s)) in the relevant Pricing Supplement may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Securities and 60 days after the date of the allotment of the relevant Tranche of Securities. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

## **Currencies**

This Offering Circular contains conversions of Singapore Dollar amounts to U.S. Dollars at specific rates solely for the convenience of the reader. For convenience, certain U.S. Dollar amounts have been translated into Singapore Dollar amounts, based on the prevailing exchange rate on 31 August 2016 of S\$1.36213 = U.S.\$1.00, as quoted on [www.oanda.com](http://www.oanda.com) for that date. Such translations should not be construed as representations that the Singapore Dollar or U.S. Dollar amounts referred to could have been, or could be, converted into Singapore Dollars or U.S. Dollars, as the case may be, at that or any other rate or at all.

Figures in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown for the same item of information may vary and figures which are totals may not be an arithmetic aggregate of their components.

## **Forward-Looking Statements**

This Offering Circular includes forward-looking statements regarding, amongst other things, the business, results of operations, financial conditions, cash flow, future expansion plans and business strategy of the Issuers, the Guarantor, LMIR Trust and the Group. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “anticipates”, “believes”, “estimates”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Circular and include statements regarding the intentions, beliefs or current expectations of the Issuers, the Guarantor and LMIR Trust concerning, among other things, the results of operations, financial condition, liquidity, prospects, growth and strategies of the Issuers, the Guarantor, LMIR Trust or the Group, and the industries in which the Issuers, the Guarantor, LMIR Trust or the Group operates.

By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Issuers and the Guarantor caution investors that forward-looking statements are not guarantees of future performance and that their actual results of operations, financial condition and liquidity, and the development of the industries in which they operate, may differ materially from those made in or suggested by the forward-looking statements contained in this Offering Circular. In addition, even if the results of operations, financial condition and liquidity of the Issuers, the Guarantor, LMIR Trust or the Group, and the development of the industries in which the Issuers, the Guarantor, LMIR Trust or the Group operates, are consistent with the forward-looking statements contained in this Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods.

The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Issuers, the Guarantor or persons acting on their behalf may issue. The Issuers and the Guarantor do not undertake any obligation to review or confirm analysts’ expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Offering Circular.

Investors should read the factors described in the “*Risk Factors*” section of this Offering Circular to understand the risks and uncertainties inherent in LMIRT Capital’s, LMIR Trust’s and the Group’s business and underlying any forward-looking statements.

Any forward-looking statements that the Issuers and/or the Guarantor make in this Offering Circular speak only as at the date of this Offering Circular, and the Issuers and the Guarantor undertake no obligation to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, and should only be viewed as historical data.

## **Financial Statements**

LMIR Trust has prepared audited consolidated financial statements as at and for the years ended 31 December 2013, 2014 and 2015 and unaudited and unreviewed consolidated financial information as at and for the six-month periods ended 30 June 2015 and 30 June 2016.

The audited consolidated financial statements as at and for the year ended 31 December 2015 (including comparative data as at and for the year ended 31 December 2014) and the audited consolidated financial statements as at and for the year ended 31 December 2014 (including comparative data as at and for the year ended 31 December 2013) of LMIR Trust are included in this Offering Circular and are prepared in conformity with Singapore Financial Reporting Standards (“**SFRS**”) issued by the Singapore Accounting Standards Council. See “*Index to Financial Statements*” and “*Summary Financial Information*”.

The unaudited and unreviewed financial information as at and for the six-month periods ended 30 June 2016 and 30 June 2015 of LMIR Trust are included in this Offering Circular, and have been prepared by LMIRT Management Ltd. (the manager of LMIR Trust) pursuant to the Singapore Exchange Listing Manual Appendix 7.2 and in accordance with, *inter alia*, the Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants. Whilst this financial information has been the subject of agreed-upon procedures performed by the auditors of LMIR Trust, they have not been subject to an audit or review or prepared in conformity with SFRS. Accordingly, there can be no assurance that, had an audit or review been conducted in respect of such financial statements, the information presented therein would not have been materially different, and investors should not place undue reliance on them. See “*Risk Factors – Risks Related to the Securities Issued under the Programme – Risks relating to unaudited and unreviewed interim financial information included in this Offering Circular and deemed incorporated by reference*”, “*Index to Financial Statements*” and “*Summary Financial Information*”.

## **Documents Incorporated by Reference**

This Offering Circular should be read and construed in conjunction with (i) each relevant Pricing Supplement, (ii) the most recently published audited consolidated annual financial statements and any interim financial information (whether audited or unaudited or reviewed or unreviewed) published subsequently to such annual financial statements of LMIR Trust from time to time (if any), in each case with the report of the auditors in connection therewith and any notes to the accounts in connection therewith (if any), and (iii) all amendments and supplements from time to time to this Offering Circular, each of which shall be deemed to be incorporated by reference in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents. Copies of all such documents which are so deemed to be incorporated by reference in, and to form part of, this Offering Circular will be available free of charge during usual business hours on any weekday (Saturdays and public holidays excepted) from the specified offices of the Issuing and Paying Agent set out at the end of this Offering Circular.

**Any published unaudited interim financial information of LMIR Trust which are, from time to time, deemed to be incorporated by reference in this Offering Circular may not have been audited or subject to review by the auditors of LMIR Trust. Accordingly, there can be no assurance that, had an audit or review been conducted in respect of such financial information, the information presented therein would not have been materially different, and investors should not place undue reliance upon them (see “*Risk Factors – Risks Related to the Securities Issued under the Programme – Risks relating to unaudited and unreviewed interim financial information included in this Offering Circular and deemed incorporated by reference*”).**

## **Supplementary Offering Circular**

Each of the Issuers and the Guarantor has given undertakings to the Arrangers that (i) unless the Issuers have notified the Permanent Dealers in writing that they do not intend to issue Securities under the Programme for the time being, each of the Issuers, the Guarantor and the LMIRT Manager shall prepare and publish an amendment or supplement to the Offering Circular if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy that arises or is noted relating to information contained in this Offering Circular which is capable of affecting the assessment by investors of the assets and liabilities, financial position, profits and losses and prospects of the relevant Issuer, the Guarantor, the LMIRT Manager, LMIR Trust, the Group, the rights attaching to such Securities or the Guarantee; (ii) each of the relevant Issuer, the Guarantor (as applicable) and the LMIRT Manager shall advise the Permanent Dealers (or in the case of a change affecting a specific issue of Securities, the Relevant Dealer or, if more than one, the Arrangers on behalf of the Relevant Dealers) promptly of any proposal to amend, supplement or replace the Offering Circular; (iii) each of the relevant Issuer, the Guarantor (as applicable) and the LMIRT Manager shall provide the Permanent Dealers, Relevant Dealer or Arrangers, as the case may be, with a copy of any such proposed amendment, supplement or replacement immediately prior to its publication.

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## DEFINITIONS

The following definitions have, where appropriate, been used in this Offering Circular:

<b>“£” or “sterling”</b>	The lawful currency of the United Kingdom
<b>“BOT Schemes”</b>	A contractual arrangement in which a grantor grants a grantee, a right to build and operate specific land for a particular period
<b>“CDP”</b>	The Central Depository (Pte) Limited
<b>“euro” or “€”</b>	The lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty establishing the European Community, as amended from time to time
<b>“GDP”</b>	Gross domestic product
<b>“GFA”</b>	Gross floor area
<b>“GRDP”</b>	Gross regional domestic product
<b>“Global Certificates”</b>	Certificates representing Registered Notes or Registered Perpetual Securities that are registered in the name of a nominee for one or more clearing systems
<b>“HK\$”</b>	The lawful currency of Hong Kong SAR
<b>“Hong Kong” or “Hong Kong SAR”</b>	Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Indonesian SPCs”</b>	Each of the special purpose corporations established under the laws of the Republic of Indonesia that directly hold title to the Retail Malls and Retail Spaces (each as defined herein)
<b>“IRAS”</b>	Inland Revenue Authority of Singapore
<b>“ITA”</b>	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time
<b>“LMIRT” or “LMIR Trust”</b>	Lippo Malls Indonesia Retail Trust, a unit trust constituted on 8 August 2007 under the laws of the Republic of Singapore
<b>“LMIRT Manager”</b>	LMIRT Management Ltd. (previously known as Lippo Malls Indonesia Retail Trust Management Ltd), as manager of LMIR Trust
<b>“LMIRT Trust Deed”</b>	The trust deed dated 8 August 2007 constituting LMIR Trust and made between the LMIRT Manager and the LMIRT Trustee, as amended or supplemented
<b>“LMIRT Trustee”</b>	HSBC Institutional Trust Services (Singapore) Limited, acting in its capacity as trustee of LMIR Trust, or any other person that replaces HSBC Institutional Trust Services (Singapore) Limited as trustee of LMIR Trust under the LMIRT Trust Deed

<b>“MAS”</b>	The Monetary Authority of Singapore
<b>“Master Lessee”</b>	The head tenant of the LMIR Trust’s Retail Space
<b>“Master Lease Agreement”</b>	The agreement between LMIR Trust and the Master Lessee
<b>“NAV”</b>	Net asset value
<b>“NLA”</b>	Net lettable area
<b>“Property Funds Appendix”</b>	The guidelines for real estate trusts issued by the MAS as Appendix 6 to the Code on Collective Investment Schemes, as amended, varied or supplemented from time to time
<b>“Property Manager”</b>	PT Lippo Malls Indonesia (formerly, PT Consulting & Management Services Division)
<b>“Properties”</b>	Together, the Retails Malls and the Retail Spaces
<b>“Prospectus Directive”</b>	Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State of the EEA), and includes any relevant implementing measure in each such relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU
<b>“Real GDP”</b>	Gross domestic product as adjusted for inflation
<b>“Rp” or “Rupiah”</b>	The lawful currency of Indonesia
<b>“S\$” or “Singapore Dollars”</b>	The lawful currency of Singapore
<b>“Securities and Futures Ordinance”</b>	The Securities and Futures Ordinance (Cap. 571) of Hong Kong
<b>“SFA”</b>	The Securities and Futures Act, Chapter 289 of Singapore
<b>“SFRS”</b>	Singapore Financial Reporting Standards
<b>“Singapore”</b>	The Republic of Singapore
<b>“Singapore SPCs”</b>	Each of the special purpose corporations established under the laws of the Republic of Singapore that directly hold the shares of the Indonesian SPCs
<b>“Sponsor”</b>	PT Lippo Karawaci Tbk
<b>“Unit(s)”</b>	An undivided interest in LMIR Trust as provided for in the LMIRT Trust Deed
<b>“U.S.\$” or “U.S. Dollars”</b>	The lawful currency of the United States of America

## SUMMARY OF THE GROUP

### Background

LMIR Trust is a Singapore-based real estate investment trust constituted by the LMIRT Trust Deed and the first and only Indonesian retail REIT listed on the SGX-ST on 19 November 2007. It was established with the principal investment objective of owning and investing on a long-term basis in a diversified portfolio of income-producing real estate properties in Indonesia that are primarily used for retail and/or retail-related purposes, and real estate related assets in connection with the foregoing purposes.

LMIR Trust seeks to produce regular and stable cash flows and to achieve long-term growth in NAV per Unit through growth in rental yields and acquisitions. LMIR Trust's asset portfolio, as at 30 June 2016, comprises Retail Malls and Retail Spaces, all of which are located in Indonesia. For the year ended 31 December 2015, LMIR Trust had net property income of S\$158.6 million. As at 30 June 2016, LMIR Trust had total assets of S\$1,944.2 million and a market capitalisation of S\$981.0 million.

### Competitive strengths

The LMIRT Manager believes that the competitive strengths of LMIR Trust include:

***The Properties are located in major cities of Indonesia amidst a growing and affluent urban middle class, allowing LMIR Trust to leverage on sound Indonesian macroeconomic and retail industry fundamentals***

The existing properties are mainly located within Greater Jakarta, Bandung, Medan and Palembang, Indonesia's first, third, fifth and ninth most populous cities, respectively, aligning LMIR Trust's growth with a significant portion of urban economic growth in Indonesia.

Indonesia is the largest economy in South East Asia and has the world's fourth largest population. In recent years, Indonesia has been South East Asia's fastest growing economy by Real GDP, experiencing a corresponding increase in purchasing power as a result of growth in GDP per capita at 7.8 per cent. from 2014 to 2015, driven largely by private consumption. Further, economic development in Indonesia has seen a significant growth of the middle income population over the past several years in major urban centres. It is estimated that the middle income population in Indonesia currently totals approximately 170 million as of 2014, or 68 per cent. of the Indonesian population. This particular group is a major target market for modern retail shopping centres and is expected to grow as the Indonesian economy continues to expand and the relatively youthful population drives consumption.

Retail spending has been further boosted by a shift in lifestyle towards a higher level of consumerism, partially brought about by the introduction of foreign brands and designer labels. These foreign brands and designer labels typically have higher margins. Retailers selling such merchandise are willing to pay higher rentals for prime and sizeable retail space. The proliferation of hypermarkets and supermarkets over traditional markets has also increased shopper traffic to modern retail malls. This growth in retail traffic provides an opportunity for the significant expansion of the retail base in Indonesia, as rental rates and retail space per capita in the market continue to lag behind other key retail markets in the region.

***Leading position as one of Indonesia's largest retail property owners***

LMIR Trust's position as one of the largest retail property owners in Indonesia allows it to capitalise on economies of scale, leading to more efficient portfolio and property management and provides it with relative bargaining power when negotiating with existing and potential future tenants.

The Property Manager, a wholly-owned subsidiary of the Sponsor, manages all of the Retail Malls. As the Retail Spaces are master-leased to Matahari Department Store, there is no similar property management support required for the Retail Spaces. The Property Manager comprises a specialised team of professionals managing the key areas of operations, leasing, marketing and finance. Best practices are standardised and strictly adhered to across all assets in the portfolio.

The Retail Malls are able to leverage upon the Property Manager's and the Sponsor's experience in areas including contractor management, retailer relationships and key negotiations, cost control mechanisms and strategic leasing, marketing and management initiatives. This helps to enhance the position of LMIR

Trust's properties in the market, enabling them to seek to take advantage of increased foreign retailer interest in the sector. For example, Carrefour, Metro, Parkson and Lotte have all announced that they intend to expand their Indonesian footprint in the coming years. Additionally, the LMIRT Manager, in discussion with the Property Manager, believes that there are ongoing opportunities to realise efficiencies and enhance the performance of each Retail Mall.

### ***Strong and committed Sponsor***

The Sponsor's position as the largest listed real estate company in Indonesia by revenue and assets for the full year 2015 allows LMIR Trust the opportunity to benefit from expert knowledge and significant client relationships in the Indonesian retail property market. The Sponsor is a developer of retail, residential and industrial land in Indonesia and also has a significant recurring revenue stream through its REIT management, hospitality and healthcare operations. It is also affiliated with Matahari, one of the largest retailers in Indonesia and a significant anchor tenant in certain of LMIR Trust's properties. The Sponsor demonstrated its commitment to LMIR Trust by undertaking to subscribe for its *pro rata* entitlement and any remaining unsubscribed units in LMIR Trust's 2011 rights issuance. As at 30 June 2016, the Sponsor held, directly and indirectly, 29.32 per cent. of the units in LMIR Trust.

### ***Properties strategically located within well-established population catchment areas***

The geographic diversification of the Properties reduces LMIR Trust's dependence on any single regional market and accordingly contributes to the stability of LMIR Trust's projected future income.

The Retail Malls are strategically located throughout Greater Jakarta as well as in Bandung and Medan. Located in middle to upper middle income demographic regions, each of the Retail Malls has a variety of strong characteristics such as:

- *Gajah Mada Plaza* — Located in the Chinatown district of Jakarta, with a hypermarket, executive club and a swimming pool;
- *Cibubur Junction* — Located in the heart of Cibubur, one of the most affluent and upmarket residential areas in Jakarta;
- *The Plaza Semanggi* — Located in the golden triangle of the Jakarta CBD and accessible from all areas of the capital city;
- *Mal Lippo Cikarang* — The main shopping centre in the growing residential and industrial Lippo Cikarang estate with limited competition within a 10 kilometre radius;
- *Ekalokasari Plaza* — The first modern shopping centre in Bogor and a five-minute drive from the Bogor exit gate of the Jagorawi toll road, the highway connecting Jakarta to Bogor;
- *Pluit Village* — Surrounded by affluent residential estates with a majority ethnic Chinese community in North Jakarta;
- *Bandung Indah Plaza* — Strategic location at the heart of Bandung's CBD and easily accessible to the greater Bandung population;
- *Istana Plaza* — Easily accessible from several transportation hubs in the vicinity, such as the Husein Sastranegara Airport, Bandung train station and Pasteur tollgate;
- *Sun Plaza* — One of the upmarket malls in the growing city of Medan, the most populous Indonesian city outside of Java;
- *Plaza Medan Fair* — Strategically located in the shopping and business district of Medan, surrounded by affluent residential complexes and within walking distance to key hotels in Medan;
- *Tamini Square* — Located within close proximity of one of Jakarta's popular tourist destinations (Tamini Mini Indonesia Indah), surrounded by recreational areas and highly accessible due to the nearby toll road gate and public transportation, including Trans Jakarta Busway;

- *Lippo Plaza Kramat Jati (formerly known as Kramat Jati Indah Plaza)* — Situated in the vicinity Taman Mini Indonesia Indah, which is one of Jakarta’s most popular tourist destinations and culture-based recreational area and Halim Perdanakusuma Airport. The mall, situated 2.5 km south of Jakarta’s Jagorawi toll road, is easily accessible from the main road with a high level of accessibility to passing traffic;
- *Palembang Square* — Located in the heart of Palembang City and is part of a mixed-use development consisting of a hotel, a hospital and Palembang Square Extension;
- *Palembang Square Extension* — Located in the heart of Palembang City and is part of a mixed-use development consisting of a hotel, a hospital and an existing mall;
- *Pejaten Village* — Situated within a strategic area in the heart of South Jakarta, surrounded by commercial developments such as medium-rise office buildings, shop houses and hotels within proximity to the Kemang, a popular residential area for the expatriates in Jakarta. It offers both destination and convenience shopping and is supported by its central location, which is easily accessible by cars and public transport;
- *Binjai Supermall* — Strategically located along the main road connecting the Binjai City and Medan City, it is the first and only modern retail mall in Binjai City;
- *Lippo Mall Kemang* — Strategically located in close proximity to several residential apartments, a hotel, a wedding chapel, a school and a country club in South Jakarta, it also serves as the podium of the proposed J.W. Marriott Hotel, Pelita Harapan school campus, a planned hospital and three condominium towers;
- *Lippo Plaza Batu* — Strategically located in Batu City, Indonesia giving LMIR Trust access to the dense population located in this city; and
- *Palembang Icon* — Strategically located in Palembang which is the second largest city on Sumatra island and the capital city of the South Sumatra province in Indonesia, helping to ensure high retail traffic.

The Retail Spaces are strategically located throughout Greater Jakarta and in the major cities of Semarang, Medan, Madiun and Malang. For example:

- the Mall WTC Matahari Units are located in Serpong which is part of Tangerang, one of the residential areas on the outskirts of Jakarta;
- Mall WTC Matahari is strategically located along a main road which connects to BSD City, the largest residential estate in Greater Jakarta that has a proposed development area of 6,000 ha with currently 1,500 ha developed and is occupied by over 15,000 households; and
- the Malang Town Square Units which are located in the city of Malang which is the second largest city in the East Java province and a popular tourist destination due to its natural attractions. The city is also home to five universities.

***Quality Retail Malls which cater to the daily needs of shoppers***

The Retail Malls are strategically positioned as “everyday” shopping destinations for shoppers and their families, catering to their daily as well as lifestyle and entertainment needs. The Retail Malls are anchored by supermarkets, hypermarkets and department stores, which draw significant shopper traffic to the malls and are designed to provide a comfortable and hassle-free environment for shoppers to purchase their daily necessities. The specialty, food and beverage and lifestyle and entertainment tenants, which include foreign labels and brands, restaurants, cinemas and entertainment centres provide shoppers with a wide range of product offerings and a complete shopping experience.

Further, the Retail Malls are managed by experienced professionals with retail expertise and experience, as reflected in the historically high occupancy rates and the ability of each Retail Mall to differentiate itself from its competitors within its catchment area. As at 30 June 2016 the Retail Malls had a weighted average occupancy of approximately 94.8 per cent., compared to an industry average of 84.8 per cent., reflecting the robust demand for space in the Retail Malls.

### **Quality tenant base**

The Retail Malls benefit from the quality and balanced mix of their tenants. These properties are well complemented with both locally and internationally renowned “favourite” specialty brands such as *H&M, Debenhams, Sogo, M&S, Zara, Ace Hardware, Fitness First, Sushi Tei, J.Co Donut & Coffee, Starbucks, McDonald’s, Bread Talk, Timezone, Adidas, Giordano* and leading household names including *Matahari Department Store, Carrefour, Best Denki* and *Cinema 21* to enhance their appeal as “everyday” one stop destination malls for both discretionary and non-discretionary consumer spending.

The Retail Malls have a large combined tenant base of over 3,200 tenants (as at 31 December 2015). The top ten tenants in the Retail Malls constituted 22.2 per cent. of LMIR Trust’s gross rental income as at 30 June 2016.

### **Historically stable performance underpinned by a well-developed regulatory environment, a favourable lease profile and an advance rental payment structure, which helps to minimise debtor risks due to potential rental arrears**

As a REIT listed on the SGX-ST, LMIR Trust is subject to a well-developed regulatory regime that is designed to minimise development risks and interested party dealings while promoting income stability. In addition to the Singapore regulatory environment, the stability of LMIR Trust’s portfolio has been further underpinned by a favourable lease profile, including a weighted average lease expiry of 4.67 years as at 30 June 2016 with only 5.0 per cent. of leases by NLA expiring in 2016. Anchor and major tenants in the Properties typically enter into leases with a term of 10 years, while specialty tenants typically enter into leases with terms between three and five years. The Retail Spaces are master leased to PT Matahari Putra Prima Tbk, Indonesia’s largest retailer by market value and PT Multipolar Tbk with an initial term of 10 years and rent based on fixed annual increases through 2011, switching to a revenue sharing formula thereafter with a minimum base rent. The table below illustrates LMIR Trust’s portfolio occupancy rates by NLA from 2007 to 30 June 2016:

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Q2 2016</u>
<i>(per cent. occupied)</i>									
92.8	95.7	96.9	98.3	94.1	94.5	95.0	94.7	94.0	94.8

Additionally, retail tenants in Indonesia typically pay an advance rental of approximately 10 per cent. to 20 per cent. of the total rent payable for the duration of the lease upon signing of the lease agreement. This advance rental payment helps to minimise LMIR Trust’s cash flow debtor risks due to potential rental arrears, thus enhancing LMIR Trust’s cash flow stability.

### **Strategy**

By utilising a prudent funding approach, the LMIRT Manager endeavours to leverage on Indonesia’s growing segment of middle and upper-middle class consumers to strategically expand LMIR Trust’s business. By drawing on LMIR Trust’s competitive strengths, the LMIRT Manager believes LMIR Trust has developed clear and focused strategies to achieve consistent and sustainable growth and to expand its revenue base. The LMIRT Manager strives to optimise the value of LMIR Trust’s assets through asset management. The LMIRT Manager seeks to manage LMIR Trust’s balance sheet prudently by only expanding in growth markets and diversifying its business where appropriate. The LMIRT Manager also pursues a prudent capital management strategy through adopting and maintaining a conservative gearing level as well as an active currency and interest rate management policy.

The LMIRT Manager's strategies includes the following:

***Continued focus on acquisitions***

The LMIRT Manager intends to continue to enhance its business portfolio by continuing to review and investigate potential strategic acquisitions. The LMIRT Manager believes that there exists a large pipeline of potential acquisitions from both the Sponsor and unrelated parties. The fragmented and diverse nature of the retail property market provides LMIR Trust with further acquisition growth opportunities that the LMIRT Manager is actively exploring.

***Focus on organic growth***

The LMIRT Manager strives to grow the business organically by capitalising on improved macroeconomic fundamentals. The LMIRT Manager believes LMIR Trust is well-positioned to benefit from the increasing consumer demand of the growing urban middle income class in Indonesia. The LMIRT Manager believes that through portfolio management and comprehensive strategies for tenant repositioning, LMIR Trust will be able to continue to expand its business. For example, LMIR Trust has introduced elements of step-up leases in order to promote organic growth and have implemented asset enhancement for our properties. LMIR Trust also achieves organic growth through causal leasing, rental revision and encouraging tenants to move to smaller units, thus leading to a higher lease price paid per square metre ("**sq m**").

***Invest in asset enhancement initiatives***

The LMIRT Manager plans to continue investing in asset enhancement works in order to provide improved products and services to customers. In order to accomplish this, the LMIRT Manager continually reviews and investigates asset enhancement works for each property, to create additional income streams and maximise the retail offering at each mall.

***Recent developments***

LMIRT Manager announced on 8 January 2016 that LMIR Trust had entered into a conditional sale and purchase agreement with the Sponsor for the acquisition of the retail mall in Kuta, Bali, known as "Lippo Mall Kuta". LMIRT Manager continues to be in discussions with the vendor of "Lippo Mall Kuta" to finalise the details of the acquisition.

LMIRT Manager also announced on 3 February 2016 that LMIR Trust had entered into a joint venture with First Real Estate Investment Trust in connection with the joint acquisition of an integrated development, comprising a hospital component known as "Siloam Hospitals Yogyakarta" and a retail mall component known as "Lippo Plaza Jogja" located in Yogyakarta, Indonesia, from the Sponsor. LMIRT Manager continues to be in discussions with the Manager of First Real Estate Investment Trust and the vendor of the development to finalise the details of the joint acquisition.

Both acquisitions remain subject to approval by the unitholders of LMIR Trust.

## SUMMARY FINANCIAL INFORMATION

LMIR Trust has prepared the summary financial information below from its audited consolidated financial statements as at and for the years ended 31 December 2015, 2014 and 2013 and unaudited consolidated financial information as at and for the six-month periods ended 30 June 2016 and 30 June 2015. This summary financial information should be read in conjunction with such audited consolidated financial statements and such unaudited consolidated financial information, as the case may be, and, in each case, the notes thereto, which are reproduced elsewhere in this Offering Circular. The financial information of LMIR Trust as at and for the six-month periods ended 30 June 2016 and 30 June 2015 included in this Offering Circular have not been audited or reviewed. Investors should accordingly not place undue reliance on these. See “*Risk Factors – Risks Related to the Securities Issued under the Programme – Risks relating to unaudited and unreviewed interim financial information included in this Offering Circular and deemed incorporated by reference*”.

### Statements of Total Return

	Year ended 31 December				Six months ended 30 June		
	2013	2014	2015	2015	2015	2016	2016
	S\$ Thousands		U.S.\$ Thousands		S\$ Thousands		U.S.\$ Thousands
Gross Revenue.....	152,599	136,985	173,004	127,010	84,229	92,330	67,784
Property Operating Expenses.....	(9,239)	(10,978)	(14,439)	(10,600)	(6,154)	(8,374)	(6,148)
<b>Net Property Income</b> .....	<b>143,360</b>	<b>126,007</b>	<b>158,565</b>	<b>116,410</b>	<b>78,075</b>	<b>83,956</b>	<b>61,636</b>
Interest Income.....	1,687	2,925	2,201	1,616	506	145	106
Other Credits.....	3,645	642	77	57	674	454	333
Manager's Management Fees.....	(10,349)	(9,408)	(11,166)	(8,197)	(5,462)	(5,782)	(4,245)
Trustee's Fees.....	(322)	(300)	(335)	(246)	(162)	(164)	(120)
Finance Costs.....	(30,602)	(34,409)	(44,408)	(32,602)	(20,837)	(22,144)	(16,257)
Other Expenses.....	(1,470)	(1,355)	(2,233)	(1,639)	(956)	(730)	(536)
<b>Net Income Before the Undernoted...</b>	<b>105,949</b>	<b>84,102</b>	<b>102,701</b>	<b>75,399</b>	<b>51,838</b>	<b>55,735</b>	<b>40,917</b>
Increase (Decrease) in Fair Values of Investment Properties.....	(24,022)	4,536	(53,316)	(39,142)	-	-	-
Realised (Losses) Gains on Derivative Financial Instruments.....	(8,409)	7,454	10,813	7,938	3,861	7,015	5,150
Increase (Decrease) in Fair Values of Derivative Financial Instruments.....	9,492	221	1,219	895	(946)	(3,324)	(2,440)
Realised Foreign Exchange Adjustment (Losses).....	(3,542)	(5,035)	(5,650)	(4,148)	(3,831)	(4,181)	(3,069)
Unrealised Foreign Exchange Adjustment Gains (Losses).....	1,627	(1,363)	(116)	(85)	262	1,713	1,258
Amortisation of intangible assets.....	-	-	(11,374)	(8,350)	(5,623)	(5,901)	(4,332)
<b>Total Return for the Year Before Income Tax</b> .....	<b>81,095</b>	<b>89,915</b>	<b>44,277</b>	<b>32,507</b>	<b>45,561</b>	<b>51,057</b>	<b>37,484</b>
Income Tax Expense.....	(10,655)	(26,093)	(17,829)	(13,089)	(14,132)	(15,712)	(11,535)
<b>Total Return for the Year After Income Tax</b> .....	<b>70,440</b>	<b>63,822</b>	<b>26,448</b>	<b>19,418</b>	<b>31,429</b>	<b>35,345</b>	<b>25,949</b>
<b>Other Comprehensive (Loss) Return</b>							
Exchange Differences on Translating Foreign Operations.....	(321,109)	52,467	(55,240)	(40,554)	(80,007)	(4,950)	(3,634)
<b>Total Comprehensive (Loss) Return..</b>	<b>(250,669)</b>	<b>116,289</b>	<b>(28,792)</b>	<b>(21,136)</b>	<b>(48,578)</b>	<b>30,395</b>	<b>22,315</b>
<b>Earnings Per Unit In Cents</b> .....	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Basic and Diluted Earnings per Unit.....	3.17	2.59	0.96	0.70	1.16	1.26	0.93



## Statements of Financial Position

	As at 31 December			As at 30 June		
	2013	2014	2015	2015	2016	
		S\$ Thousands		U.S.\$ Thousands	S\$ Thousands	U.S.\$ Thousands
<b>ASSETS</b>						
<b><u>Non-Current Assets</u></b>						
Plant and Equipment.....	3,324	4,908	5,337	3,918	5,590	4,104
Investment Properties .....	1,412,204	1,806,944	1,804,930	1,325,079	1,798,817	1,320,591
Derivatives Financial Instruments .....	128	-	1,906	1,399	-	-
Intangible Assets .....	-	24,033	25,112	18,436	19,128	14,043
<b>Total Non-Current Assets .....</b>	<b>1,415,656</b>	<b>1,845,885</b>	<b>1,837,285</b>	<b>1,348,832</b>	<b>1,823,535</b>	<b>1,338,738</b>
<b><u>Current Assets</u></b>						
Trade and Other Receivables.....	14,893	19,893	19,758	14,505	23,244	17,064
Other Assets.....	12,093	47,675	50,111	36,789	22,276	16,354
Derivatives Financial Instruments .....	515	116	-	-	-	-
Cash and Cash Equivalents .....	370,711	103,920	80,590	59,165	75,156	55,175
<b>Total Current Assets .....</b>	<b>398,212</b>	<b>171,604</b>	<b>150,459</b>	<b>110,459</b>	<b>120,676</b>	<b>88,593</b>
<b>Total Assets .....</b>	<b>1,813,868</b>	<b>2,017,489</b>	<b>1,987,744</b>	<b>1,459,291</b>	<b>1,944,211</b>	<b>1,427,331</b>
<b>UNITHOLDERS' FUNDS AND LIABILITIES</b>						
<b><u>Unitholders' Funds</u></b>						
Issued Equity.....	1,269,285	1,357,399	1,392,034	1,021,954	1,393,642	1,023,134
Retained Earnings.....	292,005	291,603	237,593	174,428	227,070	166,702
Currency Translation (Adverse) .....	(551,739)	(499,272)	(554,512)	(407,092)	(559,462)	(410,726)
<b>Total Unitholders' Funds.....</b>	<b>1,009,551</b>	<b>1,149,730</b>	<b>1,075,115</b>	<b>789,290</b>	<b>1,061,250</b>	<b>779,110</b>
<b><u>Non-Current Liabilities</u></b>						
Deferred Tax Liabilities .....	49,287	51,107	39,224	28,796	39,224	28,796
Other Financial Liabilities .....	470,160	425,365	439,491	322,650	538,501	395,337
Other Liabilities.....	80,324	86,009	83,306	61,159	83,878	61,579
Derivative financial instruments.....	-	-	687	504	1,991	1,462
<b>Total Non-Current Liabilities .....</b>	<b>599,771</b>	<b>562,481</b>	<b>562,708</b>	<b>413,109</b>	<b>663,594</b>	<b>487,174</b>
<b><u>Current Liabilities</u></b>						
Income Tax Payable.....	9,010	6,538	6,871	5,044	7,834	5,751
Trade and Other Payables.....	24,222	70,982	60,205	44,199	31,586	23,189
Other Financial Liabilities .....	146,100	198,994	249,521	183,184	149,715	109,912
Other Liabilities.....	24,664	28,618	33,324	24,465	29,780	21,863
Derivative financial instruments – Current .....	550	146	-	-	452	332
<b>Total Current Liabilities .....</b>	<b>204,546</b>	<b>305,278</b>	<b>349,921</b>	<b>256,892</b>	<b>219,367</b>	<b>161,047</b>
<b>Total Liabilities.....</b>	<b>804,317</b>	<b>867,759</b>	<b>912,629</b>	<b>670,001</b>	<b>882,961</b>	<b>648,221</b>
<b>Total Unitholders' Funds and Liabilities .....</b>	<b>1,813,868</b>	<b>2,017,489</b>	<b>1,987,744</b>	<b>1,459,291</b>	<b>1,944,211</b>	<b>1,427,331</b>
<b>Net Asset Value per Unit in Cents</b>	Cents	Cents	Cents	Cents	Cents	Cents
Net Asset Value per Unit .....	41.15	42.55	38.43	31.24	37.86	27.79

## Statements of Distribution

	Year ended 31 December				Six months ended 30 June		
	2013	2014	2015	2015	2015	2016	2016
	S\$ Thousands		US\$ Thousands		S\$ Thousands		US\$ Thousands
<b>Total Return for the Year After Income Tax</b> .....	70,440	63,822	26,448	19,417	31,429	35,345	25,948
Less: Net Adjustments.....	2,583	4,192	59,105	43,391	9,947	11,635	8,541
<b>Total Distribution to Unitholders</b> .....	<b>73,023</b>	<b>68,014</b>	<b>85,553</b>	<b>62,808</b>	<b>41,376</b>	<b>46,980</b>	<b>34,489</b>
<b>Distributions Made to Unitholders</b>							
Distribution of 0.79 cents in 2015, 0.68 cents in 2014, 0.89 cents in 2013 per unit, for the period from 1 January to 31 March.....	19,619	16,741	21,501	15,784	21,501	23,178	17,016
Distribution of 0.73 cents in 2015, 0.68 cents in 2014, 0.93 cents in 2013 per unit for the period from 1 April to 30 June.....	20,462	16,607	19,875	14,591	19,875	23,802	17,473
Distribution of 0.77 cents in 2015, 0.69 cents in 2014 per unit for the period from 1 July to 30 September ..	19,136	17,071	21,487	15,775	-	-	-
<b>Total Interim Distribution Paid in the Year Ended 31 December</b> .....	<b>59,217</b>	<b>50,418</b>	<b>62,863</b>	<b>46,150</b>	<b>41,376</b>	<b>46,980</b>	<b>34,489</b>
Total Return Available for Distribution to Unitholders for the Quarter Ended 31 December Paid After Year End .....	13,806	17,596	22,690	16,658	-	-	-
	<b>73,023</b>	<b>68,014</b>	<b>85,553</b>	<b>62,808</b>	<b>41,376</b>	<b>46,980</b>	<b>34,489</b>
<b>Unitholders' Distribution</b>							
— As Distribution from Operations.....	53,668	46,422	53,044	38,942	25,233	31,533	23,150
— As Distribution of Unitholders' Capital Contribution .....	19,355	21,592	32,509	23,866	16,143	15,447	11,340
<b>Total</b> .....	<b>73,023</b>	<b>68,014</b>	<b>85,553</b>	<b>62,808</b>	<b>41,376</b>	<b>46,980</b>	<b>34,489</b>

## SUMMARY OF THE PROGRAMME

*The following overview is qualified in its entirety by the remainder of this Offering Circular.*

<b>Issuers</b>	In relation to: <ul style="list-style-type: none"><li>(i) the Notes, LMIRT Capital Pte. Ltd.; and</li><li>(ii) the Perpetual Securities and the Notes, HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Lippo Malls Indonesia Retail Trust).</li></ul>
<b>Guarantee</b>	Notes issued by LMIRT Capital will be guaranteed by HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Lippo Malls Indonesia Retail Trust).
<b>Description</b>	Euro Medium Term Securities Programme.
<b>Size</b>	Up to S\$1,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Securities outstanding at any time. The Issuers and the Guarantor (as applicable) may increase the aggregate nominal amount of the Programme in accordance with the terms of the Dealer Agreement.
<b>Arrangers</b>	BNP Paribas Standard Chartered Bank
<b>Dealers</b>	BNP Paribas CIMB Bank Berhad J.P. Morgan (S.E.A.) Limited Oversea-Chinese Banking Corporation Limited Standard Chartered Bank
	The relevant Issuer and the Guarantor (as applicable) may from time to time appoint any dealer either in respect of one or more Tranches (as defined below) or in respect of the whole Programme or terminate the appointment of any dealer under the Programme. References in this Offering Circular to “ <b>Permanent Dealers</b> ” are to the persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “ <b>Dealers</b> ” are to the Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
<b>Trustee</b>	Citicorp International Limited
<b>Issuing and Paying Agent Registrar (in the case of Securities other than Securities cleared through CDP (“CDP Securities”))</b>	Citibank, N.A., London Branch Citigroup Global Markets Deutschland AG
<b>Transfer Agent</b>	Citibank, N.A., London Branch
<b>CDP Paying Agent, CDP Transfer Agent and CDP Registrar (in the case of CDP Securities)</b>	Citicorp Investment Bank (Singapore) Limited

**Method of Issue**

The Securities will be issued on a syndicated or non-syndicated basis. The Securities will be issued in series (each a “**Series**”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Securities of each Series being intended to be interchangeable with all other Securities of that Series. Each Series may be issued in tranches (each a “**Tranche**”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the relevant Pricing Supplement.

**Specified Denomination**

Securities will be in such denominations as may be specified in the relevant Pricing Supplement save that unless otherwise permitted by then current laws and regulations, (i) Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies) and (ii) that the minimum denomination of each Security admitted to trading on a regulated market within the European Economic Area (“**EEA**”) or offered to the public in a Member State of the EEA in circumstances which will require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Securities are denominated in a currency other than euro, the equivalent amount in such currency).

**Initial Delivery of Securities**

On or before the issue date for each Tranche, the Global Security representing Bearer Securities or Exchangeable Bearer Securities or the Global Certificate representing Registered Securities may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or deposited with CDP or any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the relevant Issuer, the Guarantor (as applicable), the Trustee, the Issuing and Paying Agent and the Relevant Dealer. Registered Securities that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee for, such clearing systems.

**Listing and Admission to Trading**

Application has been made to the SGX-ST for permission to deal in and listing of any Securities which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST. There is no assurance that the application to the SGX-ST for the listing of any Securities will be approved. Admission to the Official List of the SGX-ST and listing of any Securities on the SGX-ST is not to be taken as an indication of the merits of the relevant Issuer, the Guarantor (as applicable), LMIR Trust, the Group, the Guarantee (as applicable) or such Securities. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. If the application to the SGX-ST to list a particular series of Securities is approved, such Securities listed on the SGX-ST will be traded on the SGX-ST in a board lot size of at least S\$200,000 (or its equivalent in other currencies).

Unlisted Series of Securities may also be issued pursuant to the Programme. The Securities may also be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer, the Guarantor (as applicable) and the Relevant Dealer in relation to each Series of Securities. The Pricing Supplement relating to each Series of Securities will state whether or not the Securities of such Series will be initially listed on any stock exchange(s) and, if so, on which stock exchange(s) the Securities are to be initially listed.

**Selling Restrictions**

The United States, the Public Offer Selling Restriction under the Prospectus Directive (in respect of Securities having a specified denomination of less than €100,000 or its equivalent in any other currency as at the date of issue of the Securities), the United Kingdom, Hong Kong, Singapore, Japan and Indonesia. See “*Subscription and Sale*”.

**Risk Factors**

Investing in Securities issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the relevant Issuer and/or the Guarantor (as applicable) to fulfil their respective obligations under the Securities are discussed in “*Risk Factors*” below.

**Ratings**

Tranches of Securities to be issued under the Programme will be rated or unrated. Where a Tranche of Securities is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme. Where a Tranche of Securities is rated, the applicable rating(s) will be specified in the relevant Pricing Supplement. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Clearing Systems**

Euroclear, Clearstream, Luxembourg and/or CDP, in relation to any Tranche, such other clearing system as may be agreed between the relevant Issuer, the Guarantor (as applicable), the Issuing and Paying Agent, the Trustee and the Relevant Dealer.

**NOTES**

**Issue Price**

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.

Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

**Form of Notes**

The Notes may be issued in bearer form only (“**Bearer Notes**”) or in registered form only (“**Registered Notes**”). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “— *Selling Restrictions*” below), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series.

Registered Notes sold in an “offshore transaction” within the meaning of Regulation S will initially be represented by a Global Certificate.

**Maturities**

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued with any maturity as may be agreed between the relevant Issuer, the Guarantor (as applicable) and the Relevant Dealer(s).

**Fixed Rate Notes**

In respect of Fixed Rate Notes, fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.

**Floating Rate Notes**

Floating Rate Notes (as defined in “*Terms and Conditions of the Notes*”) will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency (as defined in “*Terms and Conditions of the Notes*”) governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or
- (ii) by reference to LIBOR, EURIBOR or SIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin.

Interest periods will be specified in the relevant Pricing Supplement.

**Zero Coupon Notes**

Zero Coupon Notes (as defined in “*Terms and Conditions of the Notes*”) may be issued at their nominal amount or at a discount to it and will not bear interest.

**Dual Currency Notes**

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes (as defined in “*Terms and Conditions of the Notes*”) will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Pricing Supplement.

**Index Linked Notes**

Payments of principal in respect of Index Linked Redemption Notes (as defined in “*Terms and Conditions of the Notes*”) or of interest in respect of Index Linked Interest Notes (as defined in “*Terms and Conditions of the Notes*”) will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement.

**Other Notes**

Terms applicable to Notes such as high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, Partly Paid Notes and any other type of Note that the relevant Issuer, the Guarantor (as applicable) and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement and any relevant supplemental Offering Circular.

**Interest Periods and Rate of Interest**

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.

**Redemption of Notes**

The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 (“**FSMA**”) must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

**Optional Redemption of Notes**

The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the relevant Issuer’s option (either in whole or in part) and/ or at the option of the holders, and if so the terms applicable to such redemption.

**Status of Notes and the Guarantee**

The Notes and the Guarantee (as applicable) will constitute unsubordinated and unsecured obligations of the relevant Issuer and/ or, as the case may be, the Guarantor, as described in “*Terms and Conditions of the Notes — Guarantee and Status*”.

**Negative Pledge and Financial Covenants**

See “*Terms and Conditions of the Notes — Covenants*”.

**Events of Default**

See “*Terms and Conditions of the Notes — Events of Default*”.

**Early Redemption for Taxation reasons**

Except as provided in “*Optional Redemption of Notes*” above, Notes will be redeemable at the option of the relevant Issuer prior to maturity for tax reasons. See “*Terms and Conditions of the Notes — Redemption, Purchase and Options*”.

**Redemption upon a Change of Control**

The Pricing Supplement issued in respect of each issue of Notes will state whether, following the occurrence of a Change of Control Event, the relevant Issuer may, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days’ notice to the relevant Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

A “**Change of Control Event**” occurs when:

- (i) there is a change of control of the LMIRT Management Ltd. (in its capacity as manager of LMIRT) whilst it is the manager of LMIRT save where LMIRT Management Ltd. remains controlled, directly or indirectly, by PT Lippo Karawaci Tbk or one of its affiliates; or
- (ii) LMIRT Management Ltd. is replaced by a new manager of LMIRT not controlled by PT Lippo Karawaci Tbk or one of its affiliates; or
- (iii) there is a direct or indirect sale, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the properties or assets of LMIRT and its Subsidiaries, taken as a whole, to any “person” or “group” (within the meaning of Section 13(d) and 14(d) of the Exchange Act); or
- (iv) a plan is adopted relating to the liquidation or dissolution of LMIRT.

#### **Withholding Tax**

All payments of principal and interest by or on behalf of the relevant Issuer or the Guarantor (as applicable) in respect of the Notes, the Receipts and the Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the relevant Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders, Receiptholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain conditions as set out in the Terms and Conditions of the Notes. See the section “*Terms and Conditions of the Notes — Taxation*” below.

#### **Governing Law**

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.

#### **PERPETUAL SECURITIES**

##### **Issue Price**

Perpetual Securities may be issued at their nominal amount or at a discount or premium to their nominal amount.

##### **Form of Perpetual Securities**

The Perpetual Securities may be issued in bearer form only (“**Bearer Perpetual Securities**”) or in registered form only (“**Registered Perpetual Securities**”). Each Tranche of Bearer Perpetual Securities and Exchangeable Bearer Perpetual Securities will be represented on issue by a temporary Global Perpetual Security if (i) definitive Perpetual Securities are to be made available to Securityholders following the expiry of 40 days after their issue date or (ii) such Perpetual Securities are being issued in compliance with the D Rules (as defined in “— *Selling Restrictions*” below), otherwise such Tranche will be represented by a permanent Global Perpetual Security. Registered Perpetual Securities will be



represented by Certificates, one Certificate being issued in respect of each Perpetual Securityholder's entire holding of Registered Perpetual Securities of one Series.

Registered Perpetual Securities sold in an "offshore transaction" within the meaning of Regulation S will initially be represented by a Global Certificate.

**No Fixed Maturity**

The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the relevant Issuer shall only have the right to redeem or purchase them in accordance with the provisions of the Terms and Conditions of the Perpetual Securities.

**Fixed Rate Perpetual Securities**

Fixed Rate Perpetual Securities will confer a right to receive fixed distribution payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.

**Floating Rate Perpetual Securities**

Floating Rate Perpetual Securities (as defined in "*Terms and Conditions of the Perpetual Securities*") will confer a right to receive Distribution determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency (as defined in "*Terms and Conditions of the Perpetual Securities*") governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or
- (ii) by reference to LIBOR, EURIBOR or SIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin.

Distribution periods will be specified in the relevant Pricing Supplement.

**Distribution Periods and Rate of Distribution**

The length of the interest periods for the Perpetual Securities and the applicable rate of distribution or its method of calculation may differ from time to time or be constant for any Series. Perpetual Securities may have a maximum rate of distribution, a minimum rate of distribution, or both. The use of distribution accrual periods permits the Perpetual Securities to bear distribution at different rates in the same distribution period. All such information will be set out in the relevant Pricing Supplement.

**Redemption of Perpetual Securities at the Option of the Issuer**

The Pricing Supplement issued in respect of each issue of Perpetual Securities will state whether, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Perpetual Securityholders (or such other notice period as may be specified in the Pricing Supplement) redeem all or, if so provided, some of the Perpetual Securities on any Optional Redemption Date. See "*Terms and Conditions of the Perpetual Securities — Redemption, Purchase and Options*".

**Redemption for Taxation reasons**

Perpetual Securities will be redeemable at the option of the Issuer for tax reasons. See "*Terms and Conditions of the Perpetual Securities — Redemption, Purchase and Options*".

**Redemption for Accounting Reasons**

The Pricing Supplement issued in respect of each issue of Perpetual Securities will state whether the Perpetual Securities may be redeemed at the option of the Issuer for changes in Relevant Accounting Standards. See “*Terms and Conditions of the Perpetual Securities — Redemption, Purchase and Options*”.

**Redemption upon a Ratings Event**

The Pricing Supplement issued in respect of each issue of Perpetual Securities will state whether the Perpetual Securities may be redeemed at the option of the Issuer for the occurrence of an amendment, clarification or change in the equity credit criteria, guidelines or methodology of any relevant rating agency granting an equity classification to the Perpetual Securities. See “*Terms and Conditions of the Perpetual Securities — Redemption, Purchase and Options*”.

**Redemption upon a Regulatory Event**

The Pricing Supplement issued in respect of each issue of Perpetual Securities will state whether the Perpetual Securities may be redeemed at the option of the Issuer as a result of any change in, or amendment to, the Property Funds Appendix, or any change in the application or official interpretation of the Property Funds Appendix, relating to the Aggregate Leverage under the Property Funds Appendix. See “*Terms and Conditions of the Perpetual Securities — Redemption, Purchase and Options*”.

**Redemption upon a Change of Control**

The Pricing Supplement issued in respect of each issue of Perpetual Securities will state whether, following the occurrence of a Change of Control Event, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date (if this Perpetual Security is a Floating Rate Perpetual Security) or at any time (if this Perpetual Security is a Fixed Rate Perpetual Security), in each case on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Early Redemption Amount as specified in the applicable Pricing Supplement, together (if appropriate) with Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if applicable).

**Redemption in the case of Minimal Outstanding Amount**

The Pricing Supplement issued in respect of each issue of Perpetual Securities will state whether the Issuer may redeem the Perpetual Securities if the aggregate principal amount of the Perpetual Securities outstanding is less than 20 per cent. of the aggregate principal amount originally issued. See “*Terms and Conditions of the Perpetual Securities — Redemption, Purchase and Options*”.

**Status of Perpetual Securities**

The applicable Pricing Supplement will indicate whether the Perpetual Securities are Senior Perpetual Securities or Subordinated Perpetual Securities.

- (i) *Status of Senior Perpetual Securities*: The Perpetual Securities and the Coupons relating to them will constitute unsecured obligations of the Issuer as described in “*Terms and Conditions of the Perpetual Securities — Status – Senior Perpetual Securities*”.

- (ii) *Status of Subordinated Perpetual Securities*: The Perpetual Securities and the Coupons relating to them will constitute unsecured and subordinated obligations of the Issuer as described in “*Terms and Conditions of the Perpetual Securities — Status – Subordinated Perpetual Securities*”.

**Distribution Discretion**

The Pricing Supplement issued in respect of each issue of Perpetual Securities will state whether the Issuer may, at its sole discretion, elect not to pay a Distribution (or pay only a part of a Distribution) which is scheduled to be paid on a Distribution Payment Date. See “*Terms and Conditions of the Perpetual Securities — Distribution and other Calculations – Distribution Discretion*”.

**Dividend Pusher**

The Pricing Supplement issued in respect of each issue of Perpetual Securities will state whether the Issuer is restricted from deferring any Distribution upon the occurrence of a Compulsory Distribution Payment Event during any specified reference period(s). See “*Terms and Conditions of the Perpetual Securities — Distribution and other Calculations – Distribution Discretion*”.

**Cumulative Deferral and Non-Cumulative Deferral**

The Pricing Supplement issued in respect of each issue of Perpetual Securities will state whether distributions are cumulative or non-cumulative.

If Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement, any Distribution deferred pursuant to the Terms and Conditions of the Perpetual Securities shall constitute “**Arrears of Distribution**”. The Issuer may, at its sole discretion, elect to further defer any Arrears of Distribution by complying with the notice requirement applicable to any deferral of an accrued Distribution. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distribution can or shall be deferred pursuant to the Terms and Conditions of the Perpetual Securities except that Condition 4(j) of the Terms and Conditions of the Perpetual Securities.

If Additional Distribution is specified as being applicable in the applicable Pricing Supplement, each amount of Arrears of Distribution shall confer the right to distribution as if it constituted the principal of the Perpetual Securities at the Rate of Distribution and the amount of such Distribution (the “**Additional Distribution Amount**”) with respect to Arrears of Distribution shall be due and payable pursuant to the Terms and Conditions of the Perpetual Securities and shall be calculated by applying the applicable Rate of Distribution to the amount of the Arrears of Distribution. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

If Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement, and the Issuer elects not to pay a Distribution in whole or in part pursuant to the Terms and Conditions of the Perpetual Securities, the Issuer is not under any obligation to pay that or any other Distributions that have not been paid in whole or in part. Such unpaid Distributions or part thereof are non-cumulative and do not accrue distribution. The Issuer may, at its sole discretion, and at any time, elect to pay an optional amount up to the amount of Distribution which is unpaid (an “**Optional Distribution**”).

Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the Perpetual Securityholders or Couponholders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis. An Optional Distribution in respect of a prior Distribution may be paid on the same day as a scheduled Distribution and/or any distributions or any other payment with respect to the Junior Obligations.

**Restrictions in the case of Deferral**

The Pricing Supplement issued in respect of each issue of Perpetual Securities will state whether the Issuer is restricted from (i) declaring or paying any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on any of the Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Parity Obligations; or (ii) redeem, reduce, cancel, buy-back or acquire for any consideration any of the Junior Obligations; or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Parity Obligations), in the event it does not make payment of all distributions scheduled to be made in accordance with the Terms and Conditions of the Perpetual Securities.

**Limited right to institute proceedings in relation to Perpetual Securities**

The right to institute Winding-Up (as defined in Condition 4(k) of the Perpetual Securities) proceedings against LMIRT is limited to circumstances where payment has become due. In the case of any Distribution, such Distribution will not be due if the Issuer has elected not to pay that Distribution, in whole or in part, to the extent the amount so elected to be unpaid, in accordance with the Terms and Conditions of the Perpetual Securities.

**Proceedings for Winding-Up**

If (i) a Winding-Up of LMIRT occurs or (ii) the Issuer shall not make payment in respect of the Perpetual Securities or the Coupons for a period of 15 Business Days or more after the date on which such payment is due (together, the “**Enforcement Events**”), the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of the Terms and Conditions of the Perpetual Securities, institute proceedings for the Winding-Up of LMIRT and/or prove in the Winding-Up of LMIRT and/or claim in the liquidation or termination of LMIRT for such payment.

**Withholding Tax**

Where the Perpetual Securities are recognised as debt securities for Singapore income tax purposes, all payments of principal, Distributions, Optional Distributions, Arrears of Distribution and Additional Distribution Amounts (if applicable) by or on behalf of the LMIRT Trustee in respect of such Perpetual Securities and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, where such Perpetual Securities are recognised as debt securities for Singapore income tax purposes, the LMIRT Trustee shall pay such additional amounts as shall result in receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain conditions as set out in the Terms and Conditions of the Perpetual Securities.

Where the Perpetual Securities are not recognised as debt securities for Singapore income tax purposes, all payments, or part thereof, of Distributions, Optional Distributions, Arrears of Distribution and Additional Distribution Amounts (if applicable) in respect of such Perpetual Securities by or on behalf of the LMIRT Trustee may be subject to any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Singapore or any political subdivision thereof or any authority therein or thereof having power to tax in the same manner as distributions on ordinary units of LMIR Trust, and the LMIRT Trustee may be obliged (in certain circumstances) to withhold or deduct tax at the rate of 10.0 per cent. or 17.0 per cent. under Section 45G of the Income Tax Act, Chapter 134 of Singapore. In that event, the LMIRT Trustee will not pay any additional amounts in respect of any such withholding or deduction from payments in respect of such Perpetual Securities and the Coupons for or on account of any such taxes or duties.

See the section “*Terms and Conditions of the Perpetual Securities — Taxation*” below.

## **Governing Law**

The Perpetual Securities and any non-contractual obligations arising out of or in connection with the Perpetual Securities will be governed by, and shall be construed in accordance with, English law, except that the subordination provisions set out in Conditions 3(b)(i) to 3(b)(iii) of the Terms and Conditions of the Perpetual Securities shall be governed by and construed in accordance with Singapore law.

## RISK FACTORS

*Before making an investment decision, investors should carefully consider all of the information set out in this Offering Circular, including the risk factors set forth below. Any of the risks described below could materially and adversely affect the relevant Issuer's and/or the Guarantor's ability to satisfy their respective obligations, including those under the Securities and/or the Guarantee, as the case may be, and have a material adverse effect on the relevant Issuer's, the Guarantor's, LMIR Trust's or the Group's business, operations and prospects. In that event, the market price of the Securities could decline, and investors may lose all or part of their investments in the Securities. The risks and uncertainties described below are not the only risks and uncertainties the Issuers, the Guarantor, LMIR Trust and the Group face. Additional risks and uncertainties not presently known to the Issuers, the Guarantor, LMIR Trust or the Group or that the Issuers, the Guarantor, LMIR Trust or the Group currently deem immaterial may also impair the relevant Issuer's, the Guarantor's, LMIR Trust's or the Group's business operations. The risks discussed below also include forward-looking statements and the actual results of the Issuers, the Guarantor, LMIR Trust and the Group may differ substantially from those discussed in these forward-looking statements. Sub-headings are for convenience only and risk factors that appear under a particular sub-heading may also apply to one or more other sub-headings.*

### **RISKS RELATING TO LMIR TRUST'S OPERATIONS**

#### ***LMIR Trust's principal strategy of investing in retail assets may entail a higher level of risk compared to other types of unit trusts that have a more diverse range of investments***

LMIR Trust's principal strategy is focused on owning and investing on a long-term basis in a diversified portfolio of income-producing real estate and/or real estate-related assets in Indonesia that are primarily used for retail and/or retail-related purposes. As such, LMIR Trust will be subject to risks inherent in concentrating on investments in a single industry. The level of risk could be higher compared to other types of unit trusts that have a more diverse range of investments.

A concentration of investments in a portfolio of such specific real estate assets in Indonesia exposes LMIR Trust to both a downturn in the real estate market as well as the retail industry in Indonesia. In addition, the nature of the retail industry makes it particularly susceptible to a downturn in the economy. A lagging Indonesian economy could lead to retrenchments and job losses, which, in turn, would lead to a reduction in consumer spending. Such downturn could also lead to a decline in occupancy for retail properties including those in LMIR Trust's portfolio thereby affecting LMIR Trust's rental income from the tenants of the properties in LMIR Trust's portfolio, and/or a decline in the capital value of LMIR Trust's portfolio, which may result in an adverse effect on LMIR Trust's business, financial condition and results of operations.

#### ***The LMIRT Manager may not be able to implement its investment strategy for LMIR Trust***

LMIR Trust's investment policy is to invest on a long-term basis in a diversified portfolio of income producing real estate and/or real estate-related assets in Indonesia that are primarily used for retail and/or retail-related purposes.

There can be no assurance that the LMIRT Manager will be able to implement its investment strategy successfully or that it will be able to expand LMIR Trust's portfolio at all, or at any specified rate or to any specified size. The LMIRT Manager may not be able to make acquisitions or investments on favourable terms or within a desired time frame. LMIR Trust faces active competition in acquiring suitable properties, especially in a low interest rate environment where other investment vehicles are highly leveraged. As such, LMIR Trust's ability to make new property acquisitions under its acquisition growth strategy may be adversely affected.

LMIR Trust will be relying on external sources of funding to expand its asset portfolio, which may not be available on favourable terms, or at all. Even if LMIR Trust were able to successfully make additional property acquisitions or investments, there can be no assurance that LMIR Trust will achieve its intended return on such acquisitions or investments. Since the amount of borrowings that LMIR Trust can incur to finance acquisitions is limited by the Property Funds Appendix, such acquisitions may be dependent on

LMIR Trust's ability to raise equity capital. Potential vendors may also take a negative view towards the prolonged time frame and lack of certainty generally associated with the raising of equity capital to fund any such purchase and may prefer other potential purchasers.

***LMIR Trust may be exposed to risks associated with exchange rate fluctuations between the currencies of the countries in which LMIR Trust invests and the currencies in which it borrows and the Singapore Dollar***

LMIR Trust's current investments and any future foreign investments and borrowings may be denominated in foreign currencies. However, LMIR Trust will maintain its financial statements in Singapore Dollars. A proportion of its expenses and liabilities will also be denominated in Singapore Dollars. LMIR Trust and investors in LMIR Trust will therefore be exposed to risks associated with exchange rate fluctuations between the Singapore Dollar and the local currency of any other foreign countries in which LMIR Trust invests, in particular the Rupiah and the currencies in which it borrows. Furthermore, LMIR Trust may not, as a result of these exchange rate fluctuations, be able to adhere to the Aggregate Leverage limit under the Property Funds Appendix and/or comply with some of the financial covenants in its existing and future borrowings.

***There are potential conflicts of interest among LMIR Trust, the LMIR Manager, the Property Manager and the Sponsor***

The LMIR Manager is an indirect wholly-owned subsidiary of the Sponsor.

PT Lippo Malls Indonesia (formerly PT Consulting & Management Services Division) (the "**Property Manager**") is the property manager of the retail malls in LMIR Trust's portfolio and is a wholly-owned subsidiary of the Sponsor. The Property Manager has also entered into property management agreements with each of the Indonesian SPCs, and is currently the property manager of each of the Properties. The Property Manager is a full service property management company which is engaged in the business of managing properties in Indonesia. Therefore, the Property Manager may manage retail properties owned by other clients. There can be no assurance that the Property Manager will not favour other properties which it manages or operates over those owned by LMIR Trust.

The Sponsor, its subsidiaries and associates are engaged in, and/or may engage in, among others, portfolio management, investment in, and the development, management and operation of, retail properties in Indonesia and elsewhere in the region. Furthermore, an affiliate of the Sponsor, PT Lippo General Insurance Tbk., provides insurance coverage for certain properties in LMIR Trust's portfolio.

As a result, the strategy and activities of LMIR Trust may be influenced by the overall interests of the Sponsor. Moreover, the Sponsor may in the future sponsor, manage or invest in other real estate investment trusts or other vehicles which may compete directly with LMIR Trust. There can be no assurance that conflicts of interest will not arise between them in the future, or that LMIR Trust's interests will not be subordinated to those of the Sponsor whether in relation to the future acquisition of properties or property-related investments or in relation to competition for tenants within the Indonesia market or regionally.

***LMIR Trust operates substantially through Singapore SPCs and Indonesian SPCs and its liquidity and financial position is dependent on the financial position of the Indonesian SPCs and to a lesser extent, the financial position of the Singapore SPCs***

LMIR Trust operates substantially through the Singapore SPCs and the Indonesian SPCs and relies on payments and other distributions from the Singapore SPCs and the Indonesian SPCs for its income and cash flows. The ability of the Singapore SPCs to make such payments may be restricted by, among other things, the Indonesian SPCs' business and financial positions, the availability of distributable profits, applicable laws and regulations or the terms of agreements to which they are, or may become, a party.

There can be no assurance that the Indonesian SPCs will have sufficient distributable or realised profits or surplus in any future period to make dividend payments or make advances to the Singapore SPCs and therefore to LMIR Trust. The level of profit or surplus of each Indonesian SPC available for distribution by way of dividends and payments to each Singapore SPC and therefore to LMIR Trust may be affected by a number of factors including:

- (i) operating losses incurred by the Indonesian SPCs in any financial year;

- (ii) changes in accounting standards, taxation regulations, corporation laws and regulations relating thereto; and
- (iii) insufficient cash flows received by the Singapore SPCs from the Indonesian SPCs.

The occurrence of these or other factors that affect the ability of the Singapore SPCs to pay dividends or other distributions to LMIR Trust may adversely affect the liquidity and financial position of LMIR Trust.

***LMIR Trust may not be able to secure funding to fund future acquisitions or significant capital expenditure which the properties in LMIR Trust's portfolio or any future properties may require***

The properties in LMIR Trust's portfolio and properties to be acquired by LMIR Trust may require periodic capital outlay for the purpose of refurbishments, renovation and improvements in order to remain competitive. Acquisitions or enhancement of existing properties by LMIR Trust may require significant capital expenditure.

LMIR Trust may not be able to fund future acquisitions, capital improvements or expenditure, solely from cash derived from its operating activities and liquid assets and LMIR Trust may not be able to obtain additional equity or debt financing or be able to obtain such financing on favourable terms or at all.

***LMIR Trust may have a higher level of gearing than certain other types of unit trusts and it may face risks associated with future debt financing***

LMIR Trust may, from time to time, require additional debt financing to fund working capital requirements, to support the future growth of its business and/or to refinance existing debt obligations, including the Securities. In addition, LMIR Trust's indebtedness means that a material portion of its expected cash flow may be required to be dedicated to the repayment of principal and payment of interest on its indebtedness, thereby reducing the funds available to LMIR Trust for use in its general business operations. LMIR Trust's indebtedness may also restrict its ability to obtain additional financing for capital expenditure, acquisitions or general corporate purposes and may cause it to be particularly vulnerable in the event of a general economic downturn. The willingness of financial institutions to make capital commitments by way of investing in debt or equity instruments of LMIR Trust may, for an indeterminate period, be adversely affected by any financial crisis. LMIR Trust's level of borrowings may represent a higher level of gearing as compared to certain other types of unit trust, such as non-specialised collective investment schemes which invest in equities and/or fixed income instruments.

As at the date of this Offering Circular, LMIR Trust has in place a secured loan facility of S\$145 million maturing in December 2018 and an unsecured term loan facility of up to S\$350 million with a greenshoe option to upsize to S\$420 million. LMIR Trust will also be subject to the risk that it may not be able to refinance its existing and/or future borrowings or that the terms of such refinancing will not be as favourable as the terms of its existing borrowings, particularly in light of current uncertainty and instability in the global market conditions. In addition, LMIR Trust is subject to restrictive covenants in its existing borrowings and may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations. Such covenants may also restrict LMIR Trust's ability to acquire properties or undertake other capital expenditure or may require it to set aside funds for maintenance or repayment of security deposits. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make real estate loans) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase, which would adversely affect LMIR Trust's cash flow.

***The amount LMIR Trust may borrow is limited, which may affect the operations of LMIR Trust and the borrowing limit may be exceeded if there is a downward revaluation of assets***

The properties in LMIR Trust's portfolio and future properties to be acquired by LMIR Trust may require periodic capital expenditures, refurbishments, renovation and improvements in order to remain competitive. Acquisitions of new properties or enhancement of existing properties by LMIR Trust may require significant capital expenditure in respect of LMIR Trust's portfolio. LMIR Trust may not be able to fund future acquisitions, capital improvements or expenditure, solely from cash provided from its operating activities and LMIR Trust may not be able to obtain additional equity or debt financing or be able to obtain such financing on favourable terms or at all.



Under the current restrictions set out in the Property Funds Appendix, LMIR Trust is permitted to borrow only up to 45.0 per cent. of the value of its Deposited Property, as defined in the Property Funds Appendix, at the time the borrowing is incurred. A decline in the value of LMIR Trust's Deposited Property may affect LMIR Trust's ability to borrow further.

Adverse business consequences of this limitation on borrowings may include:

- (i) an inability to fund capital expenditure requirements in relation to LMIR Trust's properties;
- (ii) an inability to fund acquisitions of properties; and
- (iii) cash flow shortages.

A downward revaluation of any of LMIR Trust's properties or investments may result in a breach of the borrowing limit under the Property Funds Appendix. In the event of such a breach, LMIR Trust would not be able to incur further indebtedness and may be required to reduce its indebtedness to certain lenders and/or creditors. In such circumstances, while LMIR Trust may not be required to dispose of its assets to reduce its indebtedness, the inability to incur further indebtedness may constrain its operational flexibility.

***The due diligence exercises conducted prior to any property acquisitions may not identify all material defects, breaches of laws, regulations and contracts and other deficiencies***

There can be no assurance that any reviews, surveys or inspections (if any) conducted by independent valuers, technical consultants and surveyors in connection with a proposed acquisition of property will reveal all defects or deficiencies in such properties, including latent defects requiring repair or maintenance, thereby adversely affecting the operations of LMIR Trust and incurring significant capital expenditures, or payment or other obligations to third parties.

In addition, acquired properties may be in breach of laws and regulations (including those in relation to real estate and environmental laws) or fail to comply with certain regulatory requirements (including those in relation to the registration of certain deeds and other legal documents with the relevant regulatory authorities in Indonesia), which the LMIRT Manager's due diligence investigations may not uncover. Further, when property acquisitions involve the acquisition of an operating entity that owns the subject property, it is possible that these acquired operating entities will have entered into agreements with third parties that the LMIRT Manager's due diligence may not have uncovered or the LMIRT Manager's due diligence may not uncover all breaches of these agreements by such operating entity. As a result, LMIR Trust may incur additional financial or other obligations in relation to such breaches or non-compliance.

The representations, warranties and any guarantees given by vendors to LMIR Trust in connection with the acquisition of new properties are typically subject to limitations as to the scope of such representations, warranties and guarantees, the aggregate liability of vendors in respect of all claims under such representations, warranties and guarantees, and the period within which such claims can be made. There can be no assurance that LMIR Trust will be able to recover all losses or liabilities suffered or incurred by it as a result of future property acquisitions. Should LMIR Trust not be able to recover such losses or liabilities, this would in turn adversely affect LMIR Trust's operating results and its ability to generate revenue and honour its obligations under the Securities.

***LMIR Trust depends on certain key personnel, and the loss of any key personnel may adversely affect its operations***

LMIR Trust's performance depends, in part, upon the continued service and performance of key staff members of the LMIRT Manager. These key personnel may leave the LMIRT Manager in the future and may potentially compete with the LMIRT Manager and LMIR Trust. The loss of any of these individuals, or of one or more of the LMIRT Manager's other key employees, could have a material adverse effect on LMIR Trust's financial condition and results of operations.

***The LMIRT Manager may change LMIR Trust's investment strategy***

LMIR Trust's policies with respect to certain activities, including investments and acquisitions, will be determined by the LMIRT Manager, subject to applicable laws and regulations. The LMIRT Manager has stated its intention to restrict investments to income-producing real estate and/or real estate-related assets in Indonesia that are primarily used, for retail and/or retail-related purposes, and real estate

related assets in connection with the foregoing purposes. A Trust Deed, dated 8 August 2007, between the LMIRT Manager and the Guarantor, as supplemented by a First Supplemental Trust Deed, dated 18 October 2007, and a Second Supplemental Trust Deed, dated 21 July 2010, (as so supplemented, the “LMIRT Trust Deed”) grants the LMIRT Manager wide powers to invest in other types of assets, including any real estate, real estate-related assets as well as listed and unlisted securities in Singapore and other jurisdictions subject to the relevant statutory and regulatory limitations.

***LMIR Trust may suffer material losses in excess of insurance proceeds***

LMIR Trust’s properties could suffer physical damage caused by fire, natural disasters, or other causes, or LMIR Trust may suffer public liability claims, all of which may result in losses (including loss of rent) that may not be fully compensated by insurance proceeds. In addition, certain types of risks (such as war risk and losses caused by the outbreak of contagious diseases and contamination or other environmental law breaches) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Currently, LMIR Trust’s insurance policies for the properties in LMIR Trust’s portfolio do not cover acts of war, outbreak of contagious diseases or contamination or other environmental breaches.

Should an uninsured loss or a loss in excess of insured limits occur, LMIR Trust could be required to pay compensation and/or lose capital which it had invested in the affected property in LMIR Trust’s portfolio as well as anticipated future revenue from that property in LMIR Trust’s portfolio. LMIR Trust will also remain liable for any debt or other financial obligation related to that property in LMIR Trust’s portfolio. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

***Occurrence of any acts of God, war and other hostilities may adversely and materially affect the business, financial condition and results of operations of LMIR Trust***

Acts of God, such as natural disasters, are beyond the control of LMIR Trust or the LMIRT Manager. These may materially and adversely affect the economy, infrastructure and the disposable income of the local population. LMIR Trust’s business and income available for distribution may be adversely affected should such acts of God occur. There is no assurance that any war or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have an adverse effect on the operations, revenues and profitability of LMIR Trust. Additionally, fire, severe weather conditions, natural disasters or other causes may cause substantial structural and physical damage to the properties in LMIR Trust’s portfolio. Such damage, where not fully compensated by insurance proceeds, could result in expenses to repair the damage caused. The consequences of any of these acts of God or armed conflicts are unpredictable, and LMIR Trust may not be able to foresee events that could have an adverse effect on its business, financial condition and results of operations.

***Uncertainties and instability in global market conditions could adversely affect LMIR Trust’s business, financial condition and results of operations***

Global financial markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries in Europe, the United States and elsewhere. The outlook for financial markets and general economy around the world remains uncertain. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow or both. In the Middle East, political unrest in various countries has resulted in economic instability and uncertainty.

Concerns about the outlook of China’s economy, Britain’s possible exit from the European Union and the expectation of an interest rate hike in the United States have impacted global financial markets and commodity prices.

In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum. The referendum was advisory, and the terms of any withdrawal are subject to a negotiation period that could last at least two years after the government of the United Kingdom formally initiates a withdrawal process. Nevertheless, the referendum has created significant uncertainty about the future relationship between the United Kingdom and the European Union, including with respect to the law and regulations that will apply when the United Kingdom leaves the European Union. The referendum has also given rise to calls for the governments of other European Union member states to consider withdrawal. These developments or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global

financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. In addition, there are also still lingering concerns about sovereign debt in certain European nations which have continued to have a significant impact on the global capital markets but also with the global credit and financial markets as a whole.

These and other related events have had a significant impact on the global capital, credit and financial markets, including those of Indonesia. These events could adversely affect LMIR Trust, including:

- (i) a negative impact on the ability of the tenants of LMIR Trust to pay their rents in a timely manner;
- (ii) a loss of tenants, thus reducing LMIR Trust's cash flow;
- (iii) an increase in counterparty risk; and
- (iv) an increased likelihood that one or more of LMIR Trust's banking counterparties or insurers may be unable to honour their commitments to LMIR Trust.

See “— *Fluctuations in the value of the Rupiah may materially and adversely affect the operations of the properties in LMIR Trust's portfolio, thereby materially and adversely affecting the ability of the tenants of the properties in LMIR Trust's portfolio to make rental payments to LMIR Trust*”.

#### ***LMIR Trust and the LMIRT Manager are subject to regulation***

LMIR Trust, the LMIRT Manager and their directors, officers and/or employees are subject to a wide variety of laws and regulations, including in respect of LMIR Trust's and the LMIRT Manager's operations, LMIR Trust's borrowings (See “- *The amount LMIR Trust may borrow is limited, which may affect the operations of LMIR Trust and the borrowing limit may be exceeded if there is a downward revaluation of assets*”) and the composition and conduct of the LMIRT Manager's board of directors. Regulators may find that LMIR Trust, the LMIRT Manager and/or their directors, officers or employees are not in compliance with applicable laws and regulations, and may take formal or informal actions against the LMIR Trust, the LMIRT Manager and/or their directors, officers and employees. If taken, such formal or informal actions might force the LMIR Trust or the LMIRT Manager to adopt new compliance policies, remove personnel or undertake other changes, or may lead to the disqualification of their directors, officers and/or employees from acting in such capacities in the LMIR Trust or the LMIRT Manager and/or may hinder the effective performance of their duties. LMIR Trust and the LMIRT Manager could also be affected by changes in laws, regulations and regulatory policies of Singapore. Such changes may include new, revised or more burdensome standards which could also cause increased compliance costs associated with such laws and regulations. Regulatory issues and changes in law may have an adverse impact on LMIR Trust's business, financial condition or results of operations.

#### ***LMIR Trust may be involved in legal and other proceedings from time to time***

LMIR Trust may be involved from time to time in disputes with various parties such as tenants, contractors, sub-contractors, consultants, suppliers, construction companies, purchasers and other partners involved in the asset enhancement, operation and purchase of its properties. These disputes may lead to legal and other proceedings, and may cause LMIR Trust to suffer additional costs and delays. In addition, LMIR Trust may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees that result in financial losses and delay the construction or completion of its projects.

## **RISKS RELATING TO LMIR TRUST'S PORTFOLIO**

### ***LMIR Trust is solely dependent on rental payments from the tenants of the properties in LMIR Trust's portfolio***

LMIR Trust is dependent on rental payments from the tenants of the properties in LMIR Trust's portfolio, and the properties are operated by property managers and, as such, LMIR Trust does not directly operate the properties in the portfolio. Therefore, LMIR Trust's revenue and cash flow will depend to a large extent upon the ability of the tenants of the properties in the portfolio to make rental payments. As such, the prospects of the other businesses of the tenants of the properties in LMIR Trust's portfolio, aside from those relating to LMIR Trust, could impact on the ability of the tenants of the properties in the portfolio to make rental payments to LMIR Trust.

Factors that affect shoppers' volume and, thereby, the ability of the tenants of the properties in the portfolio to meet their obligations include, but are not limited to:

- (i) the financial position of the tenants;
- (ii) unemployment levels in Indonesia;
- (iii) the national and local economies in Indonesia;
- (iv) seasonal retail cycles;
- (v) local retail competitors and competition in the retail industry;
- (vi) the ability to attract and retain successful tenants;
- (vii) unfavourable publicity;
- (viii) material losses in excess of insurance proceeds;
- (ix) the possibility of social unrest and union activities disrupting the operations of the properties in the portfolio, severely impacting on its reputation and ability to function normally; and
- (x) natural disasters.

There can be no assurance that the tenants of the properties in LMIR Trust's portfolio will have sufficient assets, income and access to financing in order to enable them to satisfy their obligations under their respective lease agreements.

### ***The tenants of the properties in LMIR Trust's portfolio may not renew or may terminate their respective leases of the properties in the portfolio***

No assurance can be given that the tenants of the properties in LMIR Trust's portfolio will exercise any option to renew their leases of the properties in the portfolio upon the expiry of their respective leases. In such a situation, LMIR Trust may not be able to locate suitable replacement lessees or master lessee, as a result of which LMIR Trust may lose a significant or its only source of revenue. In addition, replacement of the tenants of the properties in the portfolio on satisfactory terms may not be possible in a timely manner.

The failure on the part of the tenants of the properties in LMIR Trust's portfolio to renew their leases of the properties in the portfolio upon the expiry of their respective leases, or the termination of any of the lease agreements with the tenants of the properties in the portfolio, may have an adverse effect on LMIR Trust's gross revenue.

### ***LMIR Trust is dependent on the Master Lessee for rental payments for the Retail Spaces***

LMIR Trust is dependent on rental payments from the Master Lessee for the Retail Spaces, as LMIR Trust does not directly operate the Retail Spaces. The Master Lessee is the head tenant of each of the Retail Spaces. In 2014 and 2015, the Retail Spaces contributed 9 per cent. and 7.4 per cent. of LMIR Trust's rental revenue, respectively. Therefore, LMIR Trust's revenue will depend largely upon the ability of the Master Lessee to make rental payments. As such, the prospects of the Master Lessee's other

businesses, aside from those relating to LMIR Trust, could impact on the Master Lessee's ability to make rental payments to LMIR Trust. There can be no assurance that the Master Lessee will have sufficient assets, income and access to financing in order to enable it to satisfy its obligations under the respective Master Lease Agreement.

Additionally, under the Master Lease Agreements, if any of the Retail Spaces is damaged or destroyed such that the Retail Space cannot be used or becomes inaccessible, the relevant landlord has the option to reinstate or replace such Retail Space (or the affected part, as the case may be) using insurance proceeds received under the insurance policies. If the relevant landlord opts to reinstate or replace the Retail Space, the Master Lessee will not be liable to pay rent in respect of the period when the Retail Space cannot be used or is inaccessible. The non-payment of rent by the Master Lessee will have a material adverse effect on LMIR Trust's gross revenue.

***The Master Lessee may not renew its leases of the Retail Spaces***

No assurance can be given that the Master Lessee will exercise any option to renew its leases of the Retail Spaces upon the expiry of the initial 10-year term of the Master Leases. If the Master Leases are not renewed, LMIR Trust may not be able to find a suitable purchaser of the Retail Spaces or a suitable replacement master lessee, as a result of which LMIR Trust may lose a significant source of revenue. In any event, it may not be possible to replace the Master Lessee immediately upon the expiry of the Master Leases and this may lead to temporary vacancy.

The failure to renew the Master Lease Agreements, or the termination of any of these Master Lease Agreements, may have a material adverse effect on LMIR Trust's gross revenue.

Under the Master Lease Agreements, the Master Lessee is entitled to terminate the leases if, as a result of any change in the laws or regulations, it is prohibited from carrying out its current operations at the Retail Spaces. In the event of such termination, the security deposit of the Master Lessee will be forfeited to the landlord but no compensation is payable by the Master Lessee.

The termination of the leases will have a material adverse effect on LMIR Trust's gross revenue.

***Some of the anchor tenants of LMIR Trust's portfolio may terminate their leases pursuant to a termination clause***

Under the respective lease agreements, some of the anchor tenants of LMIR Trust's portfolio may, subject to the approval of the property manager of the properties and the imposition of certain penalties, terminate their leases with a notice period which ranges from six months to 12 months.

The loss of any of these anchor tenants could result in periods of vacancy, which could adversely affect the revenue of the relevant property, consequently impacting the Indonesian SPCs' ability to make distributions to the Singapore SPCs and in turn to LMIR Trust.

***The properties in LMIR Trust's portfolio may be revalued downwards***

There can be no assurance that LMIR Trust will not be required to make downward revaluations of the properties in LMIR Trust's portfolio in the future. Any fall in the gross revenue or net property income earned from LMIR Trust's properties may result in downward revaluations of the properties held by LMIR Trust.

In addition, LMIR Trust is required under SFRS to measure investment properties at fair value at each balance sheet date, with such fair value determined by an independent valuer annually, and any change in the fair value of the investment properties is recognised in the statements of total return. The changes in fair value may have an adverse effect on LMIR Trust's financial results in the financial years where there is a significant decrease in the valuation of LMIR Trust's investment properties which will result in revaluation losses that will be charged to its statements of total return.

***LMIR Trust may be liable for encroachment on neighbouring properties***

Neither the LMIRT Manager nor the Guarantor has independently verified whether there has been encroachment by any of the structures or boundary walls of each of the properties in LMIR Trust's portfolio on neighbouring state or private land. If there are encroachments, LMIR Trust may be required to remove the encroachment or reinstate the relevant land, and the cost of such removal or reinstatement may have an adverse effect on the net income of LMIR Trust.

***All of the properties in LMIR Trust's portfolio are subject to various types of taxes in Indonesia***

The properties in LMIR Trust's portfolio are subject to property taxes in Indonesia. Such tax rates are subject to change as property tax rates change and as the properties in the portfolio are assessed or reassessed by the relevant tax authorities. If LMIR Trust's property tax liabilities increase, its financial position could be adversely affected.

In addition, the income and gains derived from investment in properties in Indonesia will be subject to various types of taxes in Indonesia, including income tax, withholding tax, capital gains tax and such other taxes which may be imposed specifically for ownership of real estate. All these taxes, which are subject to changes in laws and regulations that may lead to an increase in tax rates or the introduction of new taxes, could adversely affect and erode the returns from these properties and hence the yield to investors. There is also no assurance that LMIR Trust will be able to repatriate to Singapore the income and gains derived from its investment in properties outside Singapore on a timely and regular basis.

***LMIR Trust is exposed to general risks associated with relying on third-party contractors to provide various services***

LMIR Trust may engage third-party contractors to provide various services, such as in connection with asset enhancement projects. LMIR Trust is exposed to the risk that a third-party contractor may incur costs in excess of project estimates, which may have to be borne by LMIR Trust in order to complete the project.

Furthermore, major third-party contractors may experience financial or other difficulties which may affect their ability to carry out construction or other works, thus delaying the completion of development projects or resulting in additional costs to LMIR Trust. There can also be no assurance that the services rendered by the third-party contractors will always be satisfactory or match LMIR Trust's targeted quality levels.

All of these factors may result in an adverse effect on LMIR Trust's business, financial condition and results of operations.

***The properties in LMIR Trust's portfolio may be affected by contamination and other environmental issues***

While the LMIRT Manager believes that reasonable environmental due diligence investigations have been conducted with respect to the properties in LMIR Trust's portfolio prior to their acquisition, the properties in LMIR Trust's portfolio and other properties owned by LMIR Trust may from time to time be affected by contamination or other environmental issues which may not previously have been identified and/or rectified. This gives rise to a number of risks including:

- (i) the risk of prosecution by relevant authorities;
- (ii) the requirement for unbudgeted additional expenditure to remedy such issues; and
- (iii) the adverse impact on the financial position of tenants arising from the above, affecting their ability to trade and meet their tenancy obligations,

which may result in an adverse effect on LMIR Trust's business, financial condition and results of operations.

***A downturn in the retailing industry will likely have a direct impact on LMIR Trust's revenues and cash flow***

As a landlord for retail businesses, LMIR Trust's financial performance is linked to economic conditions in the Indonesian property market for retail space generally. The demand for Indonesian retail space has historically been, and could be in the future, adversely affected by any of the following:

- (i) a weakness in the national, regional and local economies;
- (ii) the adverse financial condition of some large retailing companies;
- (iii) ongoing consolidation in the retail sector in Indonesia;
- (iv) the excess amount of retail space in a number of Indonesian regional markets;
- (v) an increase in consumer purchases through catalogues or the Internet and reduction in the demand for tenants to occupy LMIR Trust's shopping centres as a result of the Internet and e-commerce;
- (vi) the timing and costs associated with property improvements and rentals;
- (vii) any changes in taxation and zoning laws; and
- (viii) adverse government regulation.

To the extent that any of these factors occur, they are likely to impact market rents for retail space and LMIR Trust's financial condition and results of operations.

***Renovation works to properties in LMIR Trust's portfolio may disrupt the operations of LMIR Trust and collection of rental income or otherwise result in an adverse impact on the financial condition of LMIR Trust***

The properties in LMIR Trust's portfolio may need to undergo renovation works from time to time and may also require unforeseen *ad hoc* maintenance or repairs in respect of faults or problems that may develop over structural defects or other parts of the buildings or because of new planning laws or regulations. The costs of maintaining a property and the risk of unforeseen maintenance or repair requirements tend to increase over time as the building ages.

Operations of properties in LMIR Trust's portfolio may also suffer disruption and it may not be possible to collect the full rate of, or, as the case may be, any rental income on space affected by such renovation works. If any leases are due for renewal at that time, the existing tenants may either choose not to renew the leases upon their expiry or negotiate for lower rentals and this will adversely affect the revenue of the affected property.

***Losses or liabilities from latent building or equipment defects may adversely affect earnings and cash flow***

Design, construction or other latent property or equipment defects in properties in LMIR Trust's portfolio may require additional capital expenditure, special repair or maintenance expenses or the payment of damages or other obligations to third parties. Costs or liabilities arising from such property or equipment defects may involve significant and potentially unpredictable patterns and levels of expenditure which may have a material adverse effect on LMIR Trust's earnings and cash flows.

Statutory or contractual representations, warranties and indemnities given by any seller of real estate are unlikely to afford satisfactory protection from costs or liabilities arising from such property or equipment defects. All of these factors may result in an adverse effect on LMIR Trust's business, financial condition and results of operations.

***The Retail Spaces, which are located within and are part of retail malls, are subdivided developments, and there is no assurance that the other owners or tenants of strata lots in these retail malls will not vote against the interests of the Retail Spaces in matters relating to the common area, common land and common property***

The Retail Spaces are part of retail malls which are subdivided developments comprising strata lots, common area, common land and common property. The common area, common land and common property are jointly owned or used by owners or tenants of the strata lots as tenants-in-common in proportion to the rights to use attributable to their respective strata lots.

Under the Indonesian law on Strata Title Buildings (*Undang Rumah Susun*), the ownership of the strata lots is evidenced by strata titles (i.e. certificates of title to each lot or *Hak Milik Atas Rumah Susun*) which include the right to the common area, common land and common property which constitutes an inseparable part of the ownership of the strata lots. In order to preserve the common interest among the owners and/or tenants on the use of the common area, common land and common property, the owners or tenants must establish a tenants association (*Perhimpunan Pemilik dan Penghuni*). Subject to the rules and regulations of the tenants association, certain matters require prior consent of the tenants association, including, for example, the use or the service charge payable in respect of the common area, common land and common property.

Each of the owners of strata lots in a Strata Title Building has a proprietary interest, collectively, in accordance with its undivided proportionate interest, in the common property of the relevant Strata Title Building. Certain matters or legal actions as described in the rules and regulations (including certain legal actions related to the ownership or management of a Strata Title Building or tenant's interest therein) will require an approval at the meeting of the tenants association in which a majority of owners or tenants, or certain owners or tenants holding majority interest in such Strata Title Building (as the case may be) attend and give their affirmative votes on the matter or legal action. As the aggregate share value (proportional value or *Nilai Perbandingan Proporsional*) of each of the Retail Spaces ranges from 25 per cent. to 55 per cent. of the total rights value of the strata lots comprised in the respective retail malls within which they are located, there is no assurance that the other owners or tenants will not vote against the interests of LMIR Trust as represented by the Retail Spaces. Further, LMIR Trust may not freely deal with the common area, common land and common property of the retail malls within which the Retail Spaces are located, unlike in the case of a development which is wholly-owned by it.

***If the ownership of the BOT land is transferred, there is no assurance that the transferee of the land will recognise the right of the BOT Grantee***

Eight of the Retail Malls are held via BOT Schemes. Pursuant to BOT Schemes, the owner of the land on which the relevant Retail Mall is situated or the party that is appointed by the land owner (the “**BOT Grantor**”) has granted the relevant Indonesian SPC (the “**BOT Grantee**”), a right to build and operate a retail mall for a particular period of time as stipulated in the contract between the parties (the “**BOT Agreement**”). Based on the BOT Agreement, the BOT Grantor is obliged to provide the relevant land (the “**BOT Land**”) and the BOT Grantee is obliged to build and operate the building over the BOT Land and to pay a certain amount as compensation to the BOT Grantor. Therefore, if the BOT Grantor transfers the BOT Land to another party during the term of the BOT Agreement, the BOT Grantee can make a claim against the BOT Grantor based on a breach of contract.

Should the BOT Grantor be wound up, any claims by the BOT Grantee may not be satisfied in part or at all by the BOT Grantor. In addition, there is no assurance that the transferee of the BOT Land will recognise the right of the BOT Grantee to build and operate a retail mall on the BOT Land. Under such circumstances, the BOT Grantee may be required to surrender the ownership of the retail mall to the transferee of the BOT Land before the expiry date of the relevant BOT Agreement and this may result in an adverse effect on LMIR Trust's business, financial condition, results of operations and its level of distributable income.

***If the tenure of the underlying BOT Land is less than the term of the BOT Agreement, there is no assurance that the BOT Grantee will be able to renew the title of the BOT Land***

Under Indonesian law, the terms of a BOT Agreement may not exceed 30 years. As a BOT Agreement is a contractual arrangement, the term of the respective BOT Agreement may be extended if agreed upon between the BOT Grantor and the BOT Grantee. There is no assurance that the respective BOT Grantor



will agree to extend the term of any of the BOT Agreements. If a BOT Grantor for whatever reason does not agree to extend the term of a BOT Agreement, the relevant Indonesian SPC as BOT Grantee will have to deliver the property situated on the BOT Land without any compensation from the BOT Grantor. This could result in an adverse effect on LMIR Trust's business, financial condition and results of operations.

***Epidemic diseases in Asia and elsewhere may adversely affect LMIR Trust's operations***

Several countries in Asia, including Indonesia, have suffered from outbreaks of communicable diseases such as Severe Acute Respiratory Syndrome ("SARS") avian flu and the Zika virus. A new and prolonged outbreak of such diseases may have a material adverse effect on LMIR Trust's business and financial condition and results of operations. Although the long-term effect of such diseases cannot be predicted, previous occurrences of SARS and avian flu had an adverse effect on the economies of those countries in which they were most prevalent. In the event a mutant strain of the avian flu virus allowing for easy human- to-human transmission is discovered, the consequence for LMIR Trust's business could be severe. An outbreak of a communicable disease, like SARS, in Indonesia may affect LMIR Trust in a number of ways, including, but not limited to, a decline in demand for consumer goods, a reduction in the number of visitors to the retail property, a decline in revenue of tenants of the retail property and increased costs of cleaning and maintaining the public facilities in the retail property. The impact of these factors on the operations of the retail property could materially and adversely affect the business, financial condition and results of operations of LMIR Trust.

**RISKS RELATING TO INVESTING IN REAL ESTATE**

***Properties held by LMIR Trust may be subject to increases in operating and other expenses***

LMIR Trust's financial position could be adversely affected if operating and other expenses increase without a corresponding increase in revenues or tenant reimbursements of operating and other costs.

Factors that could increase operating and other expenses include increases or changes in property taxes and other statutory charges; statutory laws, regulations or government policies that increase the cost of compliance with such laws, regulations or policies; sub-contracted service costs; labour costs; repair and maintenance costs; the rate of inflation; insurance premiums; and cost of utilities.

***LMIR Trust may be adversely affected by the illiquidity of real estate investments***

LMIR Trust invests primarily in retail property and retail-related assets. This involves a higher level of risk as compared to a portfolio which has a diverse range of investments. Real estate investments, particularly investments in high value properties such as those in which LMIR Trust has invested or intends to invest in, are relatively illiquid. Such illiquidity may affect LMIR Trust's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market or other conditions. For instance, LMIR Trust may be unable to sell its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets in order to ensure a quick sale. Moreover, LMIR Trust may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors may result in an adverse effect on LMIR Trust's business, financial condition and results of operations.

***LMIR Trust's properties and/or future acquisitions, or a part of them, may be acquired compulsorily***

In Indonesia, pursuant to Law No. 20 of 1961 concerning Revocation of Rights of Land and the Properties Thereon and in conjunction with Presidential Regulation No. 36 of 2005 (as amended by the Presidential Regulation No. 65 of 2006) concerning Land Procurement for the Development of Public Interest, the Indonesian Government has the right to acquire land and any property thereon owned by any party by providing compensation to the previous owner of such land, in order to fulfil any public needs. Therefore, there is no assurance that the Indonesian government will not compulsorily acquire land on which the properties in LMIR Trust's portfolio are located.

Compensation to be awarded pursuant to any such compulsory acquisition would be based on factors, including the market value of the property at the time of the acquisition. Accordingly, if the market value of a property or part thereof that is compulsorily acquired is greater than the compensation paid in respect of the acquired property this could have an adverse effect on the assets of LMIR Trust.

***The Properties may face increased competition from future retail developments in Indonesia***

The retail property industry is competitive and may become increasingly so. Each of the properties in LMIR Trust's portfolio is located in an area that has competing retail malls. They may also compete with retail malls in Indonesia developed in the future, particularly in the Central Jakarta area. The income from, and market value of, LMIR Trust's portfolio will be largely dependent on the ability of the portfolio to compete against other retail properties in Indonesia in attracting and retaining tenants. An increase in the number of competitive retail malls in Indonesia, particularly in the areas where the portfolio are located, could have an adverse effect on the revenue of the portfolio, as such increased competition may have an adverse impact on the ability of the lessees of the properties in the portfolio to make rental payments.

***Amenities and transportation infrastructure near LMIR Trust's portfolio may be closed, relocated or terminated***

The proximity of amenities and transportation infrastructures, such as train stations and bus interchanges, to LMIR Trust's properties provides convenient access and a constant flow of shopper traffic. There can be no assurance that the amenities and transportation infrastructure and shuttle services will not be closed, relocated or terminated in the future. Such closure, relocation or termination may adversely affect the accessibility of the properties which will reduce the flow of shopper traffic. This may have an adverse effect on the demand for and the rental rates of LMIR Trust's portfolio and may result in an adverse effect on LMIR Trust's business, financial condition and results of operations.

***A substantial number of the leases of the Retail Malls are for terms of three to five years, which exposes the Retail Malls to significant rates of lease expiries each year***

A substantial number of the leases for the Retail Malls are for terms of three to five years. As a result, the Properties experience lease cycles in which a substantial number of such leases expire each year. This exposes LMIR Trust to certain risks, including the risk that vacancies following the non-renewal of leases may lead to reduced occupancy rates, which will in turn reduce LMIR Trust's gross revenue.

**RISKS RELATING TO INDONESIA**

***Political and social instability may adversely affect the operations of all the properties in LMIR Trust's portfolio***

The properties in LMIR Trust's portfolio are located in Indonesia. The LMIR Trust Manager's asset acquisition strategy also contemplates future acquisitions of properties located in Indonesia.

Indonesia has held free elections since 2004. The first direct presidential elections in the history of Indonesia were held in Indonesia on 5 July 2004 and 20 September 2004. In the second round, the former coordinating minister for politics and security Susilo Bambang Yudhoyono, defeated then incumbent President Megawati Sukarnoputri. Former President Yudhoyono was inaugurated on 20 October 2004. Upon taking office in October 2004, former President Yudhoyono appointed a new cabinet and announced plans to improve economic conditions. However, past political instability continued to have an adverse effect on investor confidence in the Indonesian economy during the first part of former President Yudhoyono's term. Former President Yudhoyono's first term was scheduled to expire in October 2009, and, therefore, a new presidential election took place on 8 July 2009. According to certified final results, former President Yudhoyono and his vice-presidential running mate, Boediono, won approximately 61 per cent. of the popular vote to win a second term as President. On 20 October 2009, former President Yudhoyono was inaugurated for his second five-year term, which expired in October 2014. The Indonesian Constitution limits presidential tenure to two five-year terms. As a result, President Yudhoyono was not eligible to run for president in the 2014 elections. President Joko Widodo was elected President in October 2014.

Political and social developments in Indonesia have been unpredictable in the past and, as a result, confidence in the Indonesian economy has remained low. Any resurgence of political instability could adversely affect the Indonesian economy, which in turn could have adverse effects on the operations of the Properties, consequently impacting on the ability of the tenants of the Properties to make rental payments to LMIR Trust.

***Fluctuations in the value of the Rupiah may materially and adversely affect the operations of the properties in LMIR Trust's portfolio, thereby materially and adversely affecting the ability of the tenants of the properties in LMIR Trust's portfolio to make rental payments to LMIR Trust***

One of the most important immediate causes of the economic crisis which began in Indonesia in mid-1997 was the depreciation and volatility of the value of the Rupiah as measured against other currencies, such as the U.S. Dollar. Although the Rupiah has appreciated considerably from the low point of approximately Rp17,000 per one U.S. Dollar in January 1998, the Rupiah continues to experience significant volatility. For example, the Rupiah depreciated from Rp12,189 per U.S. dollar as of 31 December 2013 to Rp13,276 per U.S. dollar as of 31 March 2016. There can be no assurance that the Rupiah will not be subject to depreciation and continued volatility, that the current exchange rate policy will remain the same, or that the Government will, or will be able to, act when necessary to stabilise, maintain or increase the value of the Rupiah, and will not act to devalue the Rupiah, or that any such action, if taken, will be successful. Modification of the current floating exchange rate policy could result in significantly higher domestic interest rates, liquidity shortages, capital or exchange controls or the withholding of additional financial assistance by multinational lenders. This could result in a reduction of economic activity, an economic recession, loan defaults and increases in the price of imports. Any of the foregoing consequences could have a material adverse effect on the operations of the properties in LMIR Trust's portfolio, thereby materially and adversely affecting the ability of the tenants of the properties in LMIR Trust's portfolio to make rental payments to LMIR Trust.

***LMIR Trust is dependent on the quality of the titles to the Properties***

Due to the nature of Indonesian property law and the lack of a uniform title system in Indonesia, there is potential for disputes over the quality of title acquired from previous landowners. In addition, there is a need to negotiate with the actual owner of the land each time land is acquired under the land title, which may result in purchases of property (and thereby the obtaining of title to the relevant land) being delayed or not proceeding in the event that negotiations are unsuccessful. Such delays in acquiring properties required for development activities may result in an adverse effect on LMIR Trust's business, financial condition, results of operations and its level of distributable income.

***Terrorist attacks in Indonesia could destabilise the country***

In recent years, there have been various bombing incidents in Indonesia directed towards the Indonesian and foreign governments, and public and commercial buildings frequented by foreigners. In July 2009, bomb blasts at the JW Marriott Hotel and Ritz-Carlton Hotel in Jakarta killed a total of nine people and wounded 53 people. Most recently, on 14 January 2016, two suicide bombers and two gunmen exchanged gunfire with police before bombing a police post and cafe in central Jakarta, killing at least four people and injuring more than 20. Indonesian, Australian and U.S. government officials have indicated that these bombings may be linked to an international terrorist organisation.

Further terrorist acts could destabilise Indonesia and increase internal divisions within the Indonesian Government as it considers responses to such instability and unrest, thereby adversely affecting purchasers' confidence in Indonesia and the Indonesian economy. Violent acts arising from and leading to instability and unrest have had, and could continue to have, a material adverse effect on investment and confidence in, and the performance of, the Indonesian economy, and may have an adverse effect on LMIR Trust's business, financial condition, results of operations, its level of distributable income and prospects of the tenants of the properties in LMIR Trust's portfolio. This could adversely impact the ability of the tenants of the properties in LMIR Trust's portfolio to make rental payments to LMIR Trust.

***Economic changes in Indonesia may adversely affect the business of the tenants of the properties in LMIR Trust's portfolio***

The economic crisis which affected Southeast Asia, including Indonesia, from mid-1997 was characterised in Indonesia by, among other effects, currency depreciation, negative economic growth, high interest rates, social unrest and extraordinary political developments. These conditions had an adverse effect on Indonesian businesses and Indonesia entered a recessionary phase with relatively low levels of growth between 1999 to 2003. Indonesia's economy remains significantly affected by the Asian economic crisis, and more recently, by the global economic crisis that begun in 2008, as evidenced by the decrease in its rate of growth from 5.5 per cent. in 2008 from 6.3 per cent. in 2007 due to a slowdown in the global economic growth rate. The Indonesian Government has had to rely on the support of international agencies and governments to prevent sovereign debt defaults.

Indonesia also relies heavily on aid from the International Monetary Fund, loans from the World Bank and the members of the Paris Club, as well as from the Consultative Group for Indonesia. The inability of the Indonesian Government to obtain adequate funding, in the event of a termination of the International Monetary Fund programme, or a reduction or elimination of funding from the World Bank or the Consultative Group for Indonesia, could have adverse economic, political and social consequences in Indonesia, which in turn, could have an adverse effect on LMIR Trust's business, financial condition, results of operations, its level of distributable income and prospects of the tenants of the properties in LMIR Trust's portfolio.

While the interest rate for one month Bank Indonesia certificates has declined from 69.7 per cent. in September 1998 to 6.4 per cent. for nine month Bank Indonesia certificates (noting that Bank Indonesia stopped issuing one month certificates after 2010) in August 2016, there can be no assurance the recent improvement in economic condition will continue or the previous adverse economic condition in Indonesia and the rest of the Asia Pacific region will not occur in the future. In particular, a loss of investor confidence in the financial systems of emerging and other markets, or other factors, may lead to increased volatility in the Indonesian financial markets and inhibit or reverse the growth of the Indonesian economy. The global economic crisis which began in 2008 affected the global economy, including Indonesia and Southeast Asia, and is characterised by, among other things, a shortage in the availability of credit, a reduction in foreign direct investment, the failure of global financial institutions, a drop in global stock markets and a slowdown in global economic growth. The properties in LMIR Trust's portfolio are situated in Indonesia. As a result, LMIR Trust's gross revenue and results of operations depend to a large extent on the performance of the Indonesian economy. An economic decline in Indonesia could adversely affect LMIR Trust's results of operations and financial growth. Political upheavals, natural disasters, insurgency movements, riots and governmental policies all play a pivotal role in the performance of the properties in LMIR Trust's portfolio.

In particular, slowing global economic growth may adversely affect the operations of the properties in LMIR Trust's portfolio, thereby materially and adversely affecting the ability of the tenants of the properties in LMIR Trust's portfolio to make rental payments to LMIR Trust.

***LMIR Trust is exposed to changes in fiscal policies in Indonesia***

LMIR Trust will be subject to Indonesian real estate laws, securities laws, tax laws, any applicable laws relating to foreign exchange and related policies and any unexpected changes to the same. There may be a negative impact on LMIR Trust's investments located in Indonesia as a result of measures and policies adopted by the Indonesian government and regulatory authorities at national, provincial or local levels, including governmental control over property investments or the imposition of foreign exchange restrictions. Legal protection and recourse available to LMIR Trust in Indonesia may be limited.

***The Indonesian legal system is subject to considerable discretion and uncertainty***

Indonesia's legal system is a civil law system based on written statutes in which judicial and administrative decisions do not constitute binding precedent and are not systematically published. Indonesia's commercial and civil laws are historically based on Dutch law as in effect prior to Indonesia's independence in 1945, and some of these laws have not been revised to reflect the complexities of modern financial transactions and instruments. Indonesian courts may be unfamiliar with sophisticated commercial or financial transactions, leading to uncertainty in the interpretation and application of legal principles in Indonesia. The application of legal principles in Indonesia depends upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy, the practical effect of which is difficult or impossible to predict. Indonesian judges have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised. As a result, the administration and enforcement of laws and regulations by Indonesian courts and Indonesian governmental agencies may be subject to considerable discretion and uncertainty. For instance, Indonesian laws and regulations may impose certain obligations, such as the registration of deeds with the Company Registry Office, the failure to register may attract fines or imprisonment. However, in practice, certain of these laws and regulations may not be actively enforced, if at all, and this may result in a widespread practice of companies, including companies that LMIR Trust acquires, of not adhering to the strict requirements of the applicable law and regulation. In addition, Indonesian legal principles relating to the rights of debtors and creditors, or their practical implementation by Indonesian courts, may differ materially from those that would apply in other countries. On 8 December 2014, the Supervisory Judge in proceedings before the Commercial Court of the Central Jakarta District Court determined that

noteholders were not creditors of Bakrie Tel for purposes of its court-supervised debt restructuring, known as Bakrie Tel PKPU. Bakrie Tel, an Indonesian telecommunications company, is the guarantor of US\$380 million of senior notes issued in 2010 and 2011 by a Singapore-incorporated special purpose vehicle that is a subsidiary of Bakrie Tel. The proceeds from the offering of the notes were on-lent to Bakrie Tel pursuant to an intercompany loan agreement, which was guaranteed by Bakrie Tel and assigned to the noteholders as collateral. In its decision affirming the composition plan, the Commercial Court accepted the Supervisory Judge's determination that the relevant creditor of Bakrie Tel in respect of the US\$380 million notes was the issuer subsidiary, rather than the noteholders or the trustee, and gave no effect to the guarantee. As such, only the intercompany loan was recognised by the Commercial Court as indebtedness on which Bakrie Tel was liable for purposes of the Bakrie Tel PKPU. As a result, only the issuer subsidiary had standing as a Bakrie Tel creditor to vote in the Bakrie Tel PKPU proceedings, which substantially altered the terms of the U.S. dollar bonds and the guarantee.

Similar with the Bakrie Tel PKPU case, an Indonesian company, PT Trikonsel Oke Tbk ("**Trikonsel**"), in early 2016 was entered into a suspension of payment obligation (PKPU) under the Indonesia bankruptcy law regime. The PKPU administrators were reported to reject claims that arose from their two Singapore dollar bonds and have taken the stance that the trustees do not have any standing to make claims on behalf of the bondholders. Further, they asserted that only individual bondholders that had filed claims on their own would be able to participate in the PKPU proceedings and to vote on the restructuring plan. Various sources indicate that the PKPU administrators have instead acknowledged Trikonsel's affiliates' intercompany loan, by which the proceeds of bond issuance have been streamed. The PKPU process is currently extended until mid-June and further extended until early August, therefore discussion on the restructuring plan is still ongoing.

As a result, it may be more difficult for LMIR Trust to pursue a claim against the tenants of the properties in the portfolio in Indonesia than it would be in other jurisdictions. This may adversely affect or eliminate entirely LMIR Trust's ability to obtain and/or enforce a judgment against the tenants of the properties in LMIR Trust's portfolio in Indonesia.

#### ***Indonesia is located in an earthquake zone and is subject to significant geological risk***

Indonesia is located in one of the most volcanically active regions in the world and is subject to significant seismic activity that can lead to destructive earthquakes and tsunamis. In December 2004, an underwater earthquake off the coast of Sumatra created a tsunami that devastated coastal communities in Indonesia, Thailand and Sri Lanka and caused billions of U.S. Dollars in damages. In Indonesia, more than 220,000 people died or were recorded as missing in the disaster. In May 2006, a 6.3 magnitude earthquake struck roughly 30 miles southwest of Mount Merapi, killing over 6,000 people and leaving over 200,000 people homeless in the Yogyakarta region. In July 2006, a 7.7 magnitude earthquake struck approximately 220 miles south of Jakarta and the resulting tsunami killed over 500 people and left over 35,000 people homeless. In September and October 2009, a series of earthquakes ranging in magnitude of up to 7.6 struck various parts of Indonesia. In October 2010, a 7.7 magnitude earthquake shook the islands of Mentawai, West Sumatra, claiming more than 500 lives and leaving thousands homeless. In the same month, Mount Merapi erupted once again, this time killing 353 people and resulted in the evacuation of 350,000 people. More recently, in April 2012, a 8.6 magnitude earthquake again struck North Sumatra. In early February 2014, Mount Sinabung located on Sumatra Island erupted, killing 15 people. Also, in February 2014, Mount Kelud located on East Java erupted, killing at least four people.

There can be no assurance that future geological occurrences will not significantly impact the operations of the properties in LMIR Trust's portfolio. A significant earthquake or other geological disturbance in any of Indonesia's more populated cities and financial centres could severely disrupt the Indonesian economy and the operations of the properties in LMIR Trust's portfolio, thereby materially and adversely affecting the ability of the tenants of the properties in LMIR Trust's portfolio to make rental payments to LMIR Trust.

#### ***Labour activism and unrest may materially and adversely affect the Properties***

Laws and regulations that facilitate the formation of labour unions, combined with weak economic conditions, have in the past resulted, and may in the future result, in labour unrest and activism in Indonesia. A labour union law passed in 2000 permits employees to form unions without intervention from their employers. The labour law passed in 2003 (the "**Labour Law**") increased the amount of mandatory severance, service and compensation payments payable to terminated employees. The Labour Law requires implementation of regulations that may substantially affect labour regulations in Indonesia. Under

the Labour Law, employees who voluntarily resign are entitled to payments for unclaimed annual leave, relocation expenses (if any), housing expenses, medical expenses, service payments, severance pay and other expenses as specified by the employment agreements, company policies or collective labour agreements. The Labour Law requires companies to form bilateral forums consisting of both employers and employees, and the participation of more than half of a company's employees in negotiating collective labour agreements. The law also set up more permissive procedures for staging strikes. Although several labour unions challenged the Labour Law on constitutional grounds, the Indonesian Constitutional Court declared it valid, except for certain provisions, such as the procedures for terminating the employment of an employee who commits a serious mistake and criminal sanctions against an employee who instigates or participates in an illegal labour strike.

Labour unrest and activism in Indonesia could disrupt operations of the properties in LMIR Trust's portfolio, and thus could materially and adversely affect the ability of the tenants of the properties in the portfolio to make rental payments to LMIR Trust.

***Downgrades of credit ratings of the Government or Indonesian companies could adversely affect LMIR Trust's business***

Certain recognised statistical rating organisations, including Moody's Investors Service Inc. ("**Moody's**") and Fitch Ratings ("**Fitch**"), have previously downgraded Indonesia's sovereign rating and the credit ratings of various credit instruments of the Government and a large number of Indonesian banks and other companies. Indonesia's sovereign foreign currency long-term debt now is rated as investment grade by Moody's and Fitch but there is no assurance as to future performance and ratings. Any future ratings downgrade could have an adverse impact on liquidity in the Indonesian financial markets, the ability of the Government and Indonesian companies, including LMIR Trust, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. Interest rates on any floating rate Rupiah-denominated debt that LMIR Trust may have in the future would also likely increase. Such events could have material adverse effects on LMIR Trust's business, financial condition, results of operations and prospects.

**RISKS RELATED TO THE SECURITIES ISSUED UNDER THE PROGRAMME**

***Where rated, the rating of the Programme and of any Securities issued under the Programme may be changed at anytime***

Tranches of Securities to be issued under the Programme will be rated or unrated. Where a Tranche of Securities is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme or other Tranches of Securities. Where a Tranche of Securities is rated, the applicable rating(s) will be specified in the relevant Pricing Supplement. The ratings may not reflect the potential impact of all risks relating to structure, market and other factors that may affect the value of the Securities. A rating is not a recommendation to buy, sell or hold any security, does not address the likelihood or timing of repayment of the Securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. There can be no assurance that the ratings assigned to the Programme or any Securities will remain in effect for any given period or that the ratings will be revised by the rating agencies in the future if, in their judgment, the circumstances so warrant. A downgrade in the ratings of the Programme or any Securities may affect the market price of the Securities.

***The Securities may not be a suitable investment for all investors***

Each potential investor in any Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Securities, the merits and risks of investing in the relevant Securities and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Securities and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Securities, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the relevant Securities and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Securities may be complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the purchaser's overall portfolios. A potential investor should not invest in Securities which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of such Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Securities are legal investments for it, (2) Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

#### ***Modification and waivers***

The Terms and Conditions of the Notes and the Terms and Conditions of the Perpetual Securities, respectively, contain provisions for calling meetings of Noteholders (in the case of Notes) and Perpetual Securityholders (in the case of Perpetual Securities) to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders and Perpetual Securityholders (as applicable) including Noteholders and Perpetual Securityholders who did not attend and vote at the relevant meeting and Noteholders and Perpetual Securityholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes and the Terms and Conditions of the Perpetual Securities also provide that the Trustee may, without the consent of Noteholders (in the case of Notes), Perpetual Securityholders (in the case of Perpetual Securities) or Couponholders agree, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders or Perpetual Securityholders (as applicable).

#### ***A change in English law which governs the Securities may adversely affect Noteholders (in the case of Notes) and Perpetual Securityholders (in the case of Perpetual Securities)***

The Terms and Conditions of the Notes and the Terms and Conditions of the Perpetual Securities are each governed by English law (other than with respect to the subordination provisions, as applicable, in the case of Perpetual Securities, which are governed by Singapore law). No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Securities.

#### ***Limited Recourse to the LMIRT Trustee***

Securityholders should note that in relation to the Notes issued by LMIRT Capital the Guarantee is issued by the LMIRT Trustee, and Securityholders should note that, where applicable, the Securities are issued by, the LMIRT Trustee, and not LMIR Trust since LMIR Trust is not a legal entity. Securityholders should note that under the terms of the Guarantee and the Securities, Securityholders shall only have recourse in respect of the Guarantee and/or the Securities, as the case may be, to the assets comprised

in LMIR Trust which the LMIRT Trustee (in its capacity as trustee of LMIR Trust) has recourse to under the LMIRT Trust Deed and not to the LMIRT Trustee personally nor any other properties held by the LMIRT Trustee as trustee of any trust (other than LMIR Trust). Further, Securityholders do not have direct access to the assets comprised in LMIR Trust but can only gain access to such assets through the LMIRT Trustee and if necessary seek to subrogate to the LMIRT Trustee's right to indemnity out of such assets and, accordingly, any claim of the Securityholders to the assets comprised in LMIR Trust is derivative in nature. A Securityholder's right of subrogation, therefore, could be limited by the LMIRT Trustee's right of indemnity under the LMIRT Trust Deed. Securityholders should also note that such right of indemnity of the LMIRT Trustee may be limited or lost through fraud, gross negligence, wilful default, breach of trust or breach of the LMIRT Trust Deed.

### ***Performance of contractual obligations***

The ability of the relevant Issuer or the Guarantor to make payments in respect of the Securities may depend upon the due performance by the other parties to the transaction documents of the obligations thereunder including the performance by the Issuing and Paying Agent, CDP Paying Agent, Transfer Agent, the relevant Registrar, and/or the Calculation Agent of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the relevant Issuer or the Guarantor of their obligations to make payments in respect of the Securities, the relevant Issuer and/or the Guarantor may not, in such circumstances, be able to fulfil their respective obligations to the Securityholders and the Couponholders.

### ***Securityholders are exposed to financial risk***

Interest or distribution payment, where applicable, and principal repayment for debts occur at specified periods regardless of the performance of the relevant Issuer, the Guarantor and/or the Group. The relevant Issuer and the Guarantor may be unable to make interest or distribution payments or, where applicable, principal repayments under a series of Securities should they suffer a serious decline in net operating cash flows.

### ***The Securities may be represented by Global Notes, Global Perpetual Securities or Global Certificates and holders of a beneficial interest in a Global Note or a Global Perpetual Security must rely on the procedures of the relevant Clearing System(s)***

Securities issued under the Programme may be represented by one or more Global Notes, Global Perpetual Securities or Global Certificates. Such Global Notes, Global Perpetual Securities and Global Certificates will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or lodged with the CDP (each of Euroclear, Clearstream, Luxembourg and/or CDP, a "**Clearing System**"). Except in the circumstances described in the relevant Global Note, Global Perpetual Security, or Global Certificate, investors will not be entitled to receive definitive Notes or definitive Perpetual Securities. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Notes, Global Perpetual Securities and Global Certificates. While the Securities are represented by one or more Global Notes, Global Perpetual Securities or Global Certificates, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Securities are represented by one or more Global Notes, Global Perpetual Securities or Global Certificates the relevant Issuer will discharge its payment obligations under the Securities by making payments to the common depositary for Euroclear and Clearstream, Luxembourg or to CDP, as the case may be, for distribution to their account holders. A holder of a beneficial interest in a Global Note, Global Perpetual Security or Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Securities. The relevant Issuer and the Guarantor have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes, Global Perpetual Securities or Global Certificates.

Holders of beneficial interests in the Global Notes, Global Perpetual Securities and Global Certificates will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies.



***Risks relating to unaudited and unreviewed interim financial information included in this Offering Circular and deemed incorporated by reference***

The financial information of LMIR Trust as at and for the six-month periods ended 30 June 2015 and 30 June 2016 included in this Offering Circular have not been audited or reviewed. See “*Financial Statements*”. Accordingly, that financial information and any published unaudited and unreviewed interim financial information of LMIR Trust (whether prepared on a consolidated or a non-consolidated basis) which are, from time to time, deemed to be incorporated by reference in this Offering Circular will not have been audited or subject to a review by the auditors of LMIR Trust. Accordingly, there can be no assurance that, had an audit or a review been conducted in respect of such financial information, the information presented therein would not have been materially different, and investors should not place undue reliance on them.

***Singapore taxation risk***

The Notes to be issued from time to time under the Programme during the period from the date of this Offering Circular to 31 December 2018 are intended to be “qualifying debt securities” for the purposes of the ITA subject to the fulfilment of certain conditions more particularly described in the section “*Taxation – Singapore Taxation*”.

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

***Securityholders should be aware that Definitive Securities which have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade***

Securities may be issued with a minimum denomination. The Pricing Supplement of a Tranche of Securities may provide that, for so long as the Securities are represented by a Global Note, Global Perpetual Security or Global Certificate and the relevant Clearing System(s) so permit, the Securities will be tradable in nominal amounts (a) equal to, or integral multiples of, the minimum denomination, and (b) equal to the minimum denomination plus integral multiples of an amount lower than the minimum denomination.

Definitive Securities will only be issued if the relevant Clearing System(s) is/are closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business. The relevant Pricing Supplement may provide that, if Definitive Securities are issued, such Securities will be issued in respect of all holdings of Securities equal to or greater than the minimum denomination. However, Securityholders should be aware that Definitive Securities which have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade. Definitive Securities will in no circumstances be issued to any person holding Securities in an amount lower than the minimum denomination and such Securities will be cancelled and holders will have no rights against the relevant Issuer (including rights to receive principal or interest or to vote or attend meetings of Securityholders) in respect of such Securities.

***The Trustee may request Securityholders to provide an indemnity and/or security and/or prefunding to its satisfaction***

In certain circumstances, the Trustee may (at its sole discretion) request Securityholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of Securityholders. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed (as defined in the relevant Terms and Conditions) and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Securityholders to take such actions directly.

***The relevant Issuer may not be able to redeem the Notes upon the due date for redemption thereof***

The relevant Issuer may, and at maturity will, be required to redeem all of the Notes. If such an event were to occur, the relevant Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem such Notes in such event may also be limited by the terms of other debt instruments. The relevant Issuer's failure to repay, repurchase or redeem tendered Notes could constitute an event of default under such Notes, which may also constitute a default under the terms of the relevant Issuer's other indebtedness (if any).

**RISKS RELATED TO THE STRUCTURE OF A PARTICULAR ISSUE OF SECURITIES**

A wide range of Securities may be issued under the Programme. A number of such Securities may have features which contain particular risks for potential investors. Set out below is a description of certain such features.

***Securities subject to optional redemption by the relevant Issuer may have a lower market value than Securities that cannot be redeemed***

Unless in the case of any particular Tranche of Securities the relevant Pricing Supplement specifies otherwise and unless the relevant Perpetual Securities are treated as equity instruments by the IRAS, in the event that the relevant Issuer would be obliged to increase the amounts payable in respect of any Securities due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Singapore or any political subdivision thereof or any authority therein or thereof having power to tax, the relevant Issuer may redeem all outstanding Securities in accordance with the relevant Terms and Conditions.

An optional redemption feature is likely to limit the market value of Securities. During any period when the relevant Issuer may elect to redeem Securities, the market value of those Securities generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The relevant Issuer may be expected to redeem Securities when its cost of borrowing is lower than the interest or distributions rate on the Securities. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest or distributions rate on the Securities being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

***Dual currency securities have features which are different from single currency issues***

The relevant Issuer may issue Securities with principal or interest payable in one or more currencies which may be different from the currency in which the Securities are denominated. Potential investors should be aware that:

- (i) the market price of such Securities may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected; and
- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Securities or even zero.

***Failure by an investor to pay a subsequent instalment of partly paid Notes or Perpetual Securities may result in an investor losing all of its investment***

The relevant Issuer may issue Securities where the issue price is payable in more than one instalment. Failure to pay any subsequent instalments could result in an investor losing all of its investment.

***The market price of variable rate Securities with a multiplier or other leverage factor may be volatile***

Securities with variable interest rates can be volatile securities. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include such features.

***Inverse Floating Rate Securities are typically more volatile than conventional floating rate debt***

Inverse Floating Rate Securities have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as the London Interbank Offered Rate (“LIBOR”). The market values of such Securities typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Securities are more volatile because an increase in the reference rate not only decreases the interest or distribution rate of the Securities, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Securities.

***Securities carrying an interest or distribution rate which may be converted from fixed to floating interest or distribution rates and vice-versa, may have lower market values than other Securities***

Fixed/Floating Rate Securities may bear interest at a rate that the relevant Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such Issuer’s ability to convert the interest or distribution rate will affect the secondary market and the market value of such Securities since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the relevant Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Securities may be less favourable than then prevailing spreads on comparable Floating Rate Securities tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Securities. If the relevant Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Securities.

***The market prices of Securities issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities***

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities. Investors may lose part or all of their investment in any index linked Securities issued. If, in the case of a particular tranche of Securities, the relevant Pricing Supplement specifies that the Securities are index linked Securities or variable redemption amount Securities, there is a risk that the investor may lose the value of its entire investment or part of it.

***Investors may lose part or all of their investment in any Index Linked Notes issued***

If, in the case of a particular tranche of Notes, the relevant Pricing Supplement specifies that the Notes are Index Linked Notes or variable redemption amount Notes, there is a risk that the investor may lose the value of its entire investment or part of it.

**RISKS RELATED TO THE MARKET GENERALLY**

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk, inflation risk and credit risk.

***Securities issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity***

Securities issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Securities which is already issued). If the Securities are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general

economic conditions and the financial condition of the relevant Issuer and the Guarantor. If the Securities are trading at a discount, investors may not be able to receive a favourable price for their Securities, and in some circumstances investors may not be able to sell their Securities at all or at their fair market value. Although an application has been made for the Securities issued under the Programme to be admitted to listing on the SGX-ST, there is no assurance that such application will be accepted, that any particular Tranche of Securities will be so admitted or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Securities issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Securities.

***Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected***

The relevant Issuer will pay principal and interest or distributions on the Securities in the currency specified in the relevant Pricing Supplement (the “**Specified Currency**”). This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Specified Currency would decrease (1) the Investor’s Currency equivalent yield on the Securities, (2) the Investor’s Currency equivalent value of the principal payable on the Securities and (3) the Investor’s Currency equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***Changes in market interest rates may adversely affect the value of Fixed Rate Securities***

Investment in Fixed Rate Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Securities.

***Interest rate risk***

Securityholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Securities, resulting in a capital loss for the Securityholders. However, the Securityholders may reinvest the interest or distribution payments at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Securities may rise. The Securityholders may enjoy a capital gain but interest or distribution payments received may be reinvested at lower prevailing interest rates.

***Inflation risk***

Securityholders may suffer erosion on the return of their investments due to inflation. Securityholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Securities. An unexpected increase in inflation could reduce the actual returns.

***Global financial turmoil has led to volatility in international capital markets which may adversely affect the market price of any Series of Securities***

Global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may adversely affect the market price of any Series of Securities.

**RISKS RELATING ONLY TO PERPETUAL SECURITIES**

***Perpetual Securities may be issued for which investors have no right to require redemption***

Perpetual Securities may be issued by the LMIRT Trustee under the Programme. Perpetual Securities have no fixed final maturity date. Holders of Perpetual Securities have no right to require the LMIRT Trustee to redeem Perpetual Securities at any time, and an investor who acquires Perpetual Securities

may only dispose of such Perpetual Securities by sale. Holders of Perpetual Securities who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, holders of Perpetual Securities should be aware that they may be required to bear the financial risks of an investment in Perpetual Securities for an indefinite period of time.

***If specified in the relevant Pricing Supplement, holders of Perpetual Securities may not receive Distribution payments if the LMIRT Trustee elects to defer Distribution payments***

If Optional Payment is specified as being applicable in the relevant Pricing Supplement, the LMIRT Trustee may, at its sole discretion, elect to defer any scheduled distribution on the Perpetual Securities for any period of time. The LMIRT Trustee may be subject to certain restrictions in relation to the payment of dividends on its junior or (except on or *pro rata* basis) parity obligations and the redemption and repurchase of its junior or (except on or *pro rata* basis) parity obligations in the event it does not pay a distribution in whole or in part. The LMIRT Trustee is not subject to any limits as to the number of times distributions can be deferred pursuant to the Terms and Conditions of the Perpetual Securities subject to compliance with the foregoing restrictions. While the LMIRT Trustee may, at its sole discretion, and at any time, elect to pay an optional distribution up to the amount of distribution which is unpaid in whole or in part, there is no assurance that the LMIRT Trustee will do so. Distributions may be cumulative or non-cumulative, as will be set out in the relevant Pricing Supplement. The LMIRT Trustee may defer its payment for an indefinite period of time by delivering the relevant deferral notices to the holders, and holders have no rights to claim any distribution, Arrears of Distribution or Additional Distribution Amount if there is such a deferral. Investors should be aware that the interests of the LMIRT Trustee may be different to the interests of the holders of Perpetual Securities.

***If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the LMIRT Trustee's option at date(s) specified in the relevant Pricing Supplement or on the occurrence of certain other events.***

The Terms and Conditions of the Perpetual Securities provide that the Perpetual Securities may, if Redemption at the Option of the Issuer is specified as being applicable in the relevant Pricing Supplement, be redeemed at the option of the LMIRT Trustee on certain date(s) specified in the relevant Pricing Supplement at the amount specified in the relevant Pricing Supplement.

In addition, the LMIRT Trustee may also have the right (but not the obligation) to redeem the Perpetual Securities at an amount specified in the relevant Pricing Supplement for taxation reasons, accounting reasons, upon the occurrence of a ratings event or a change of control event or where the aggregate principal amount of the Perpetual Securities outstanding is less than 20 per cent. of the aggregate principal amount originally issued (details of each case as further set out in Condition 5 of the Terms and Conditions of the Perpetual Securities and in the applicable Pricing Supplement).

The date on which the LMIRT Trustee elects to redeem the Perpetual Securities may not accord with the preference of individual holders of Perpetual Securities. This may be disadvantageous to holders of Perpetual Securities in light of market conditions or the individual circumstances of a holder of Perpetual Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective interest or distribution rate at the same level as that of the Perpetual Securities.

***There are limited remedies for default under the Perpetual Securities***

Any scheduled distribution will not be due if the LMIRT Trustee elects not to pay all or a part of that distribution pursuant to the Terms and Conditions of the Perpetual Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute Winding-Up proceedings is limited to circumstances where payment has become due and the LMIRT Trustee fails to make the payment when due for a period of 15 business days or more. Subject to the Terms and Conditions of the Perpetual Securities, the only remedy against the LMIRT Trustee available to any holder of Perpetual Securities for recovery of amounts in respect of the Perpetual Securities following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities will be proving in such Winding-Up and/or claiming in the liquidation of LMIRT in respect of any payment obligations of the LMIRT Trustee arising from the Perpetual Securities.

***The LMIRT Trustee may raise or redeem other capital which affects the price of the Perpetual Securities***

The LMIRT Trustee may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the LMIRT Trustee may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. Similarly, subject to compliance with the Terms and Conditions of the Perpetual Securities, the LMIRT Trustee may redeem securities that rank junior to, *pari passu* with, or senior to the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities may reduce the amount (if any) recoverable by holders of Perpetual Securities on a Winding-Up of LMIRT, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of holders of Perpetual Securities to sell their Perpetual Securities.

***The Subordinated Perpetual Securities are unsecured and subordinated obligations***

The obligations of the LMIRT Trustee under the Subordinated Perpetual Securities will constitute unsecured and subordinated obligations of the LMIRT Trustee. In the event of the Winding-Up of LMIRT, the rights of the holders of Subordinated Perpetual Securities to receive payments in respect of the Subordinated Perpetual Securities will rank senior to the holders of all Junior Obligations and *pari passu* with the holders of all Parity Obligations, but junior to the claims of all other creditors, including, for the avoidance of doubt, the holders of any Senior Perpetual Securities and/or Notes. In the event of a shortfall of funds on a Winding-Up, there is a real risk that an investor in the Subordinated Perpetual Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid Arrears of Distribution, Additional Distribution Amounts or accrued distribution.

In addition, subject to the limit on the aggregate principal amount of Securities that can be issued under the Programme (which can be amended from time to time by the LMIRT Trustee without the consent of the Perpetual Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which LMIRT Trustee may issue or incur and which rank senior to, or *pari passu* with, the Subordinated Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Perpetual Securities on a Winding-Up of LMIRT and/or may increase the likelihood of a deferral of Distribution under the Subordinated Perpetual Securities. The holders of Perpetual Securities will not have recourse to any specific assets of the LMIRT Trustee, LMIRT and/or the Group.

***Tax treatment of the Perpetual Securities is unclear***

In the event that the IRAS does not regard any tranche of the Perpetual Securities (the “**Relevant Tranche of Perpetual Securities**”) issued by the LMIRT Trustee as debt securities for Singapore income tax purposes, all payments, or part thereof, of Distributions, Optional Distributions, Arrears of Distribution and Additional Distribution Amounts (if applicable) in respect of the Relevant Tranche of Perpetual Securities may be subject to Singapore income tax in the same manner as distributions on ordinary units of LMIR Trust, and the LMIRT Trustee may be obliged (in certain circumstances) to withhold tax at the rate of 10.0 per cent. or 17.0 per cent. under Section 45G of the ITA on such distributions. In that event, the LMIRT Trustee will not pay any additional amounts in respect of any such withholding or deduction from payments in respect of the Relevant Tranche of Perpetual Securities and the Coupons in connection therewith for or on account of any such taxes or duties. Perpetual Securityholders are thus advised to consult their own professional advisers regarding the tax treatment of the Distributions, Optional Distributions, Arrears of Distribution and Additional Distribution Amounts (if applicable) under the Relevant Tranche of Perpetual Securities received by them, including the risk of such distributions being subject to Singapore withholding tax.

In the event the IRAS regards the Relevant Tranche of Perpetual Securities issued by the LMIRT Trustee to be debt securities for Singapore income tax purposes, the Perpetual Securities are intended to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfilment of certain conditions. However, there is no assurance that the Relevant Tranche of Perpetual Securities will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time, or should the required conditions cease to be fulfilled.

For further details of the tax treatment of the Perpetual Securities, please see the section on “*Taxation - Singapore Taxation*” herein.

***A change in Singapore law governing the subordination provisions of the Perpetual Securities may adversely affect holders of Perpetual Securities***

The provisions of the Terms and Conditions of the Perpetual Securities that relate to subordination are governed by Singapore law. No assurance can be given as to the impact of any possible judicial decision or change to such laws or administrative practices after the date of issue of the relevant Perpetual Securities.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or the Global Certificate representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in these Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

This Note is one of a Series of Notes issued by LMIRT Capital Pte. Ltd. (“**LMIRT Capital**”) or HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Lippo Malls Indonesia Retail Trust) (“**LMIRT Trustee**” and together with LMIRT Capital, the “**Issuers**” and each an “**Issuer**”) (as specified in the applicable Pricing Supplement). The Notes are constituted by a Trust Deed (as amended or supplemented as at the date of issue of the Notes (the “**Issue Date**”), the “**Trust Deed**”) dated 8 September 2015 between LMIRT Capital (in its capacity as an Issuer), LMIRT Trustee (both in its capacity as an Issuer and, in its capacity as the guarantor of the Notes issued by LMIRT Capital, the “**Guarantor**”) and Citicorp International Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 8 September 2015 has been entered into in relation to the Notes between LMIRT Capital, LMIRT Trustee (both in its capacity as an Issuer and the Guarantor), the Trustee, Citibank N.A., London Branch as the initial issuing and paying agent, Citicorp Investment Bank (Singapore) Limited as the initial CDP lodging and paying agent, transfer agent and registrar in relation to Notes cleared through The Central Depository (Pte) Limited (“**CDP**”), and the other agents named in it. The issuing and paying agent, the CDP lodging and paying agent, the other paying agents, the registrars, the transfer agents, and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**CDP Lodging and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent), the “**Registrars**” and the “**Transfer Agents**” (which expression shall include the Registrars), and the “**Calculation Agent(s)**” (such Issuing and Paying Agent, CDP Lodging and Paying Agent, Paying Agents, Registrars and Transfer Agents being together referred to as the “**Agents**”). For the purposes of these Conditions, all references to (i) the Issuing and Paying Agent shall with respect to a Series of Notes to be held in the computerised system operated by CDP, be deemed to be a reference to the CDP Lodging and Paying Agent, and (ii) the Issuer shall be to the relevant Issuer of Notes as specified in the relevant Pricing Supplement, and all such references shall be construed accordingly. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at 39/F, Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong) and at the specified offices of the Paying Agents and the Transfer Agents.

Notes may be denominated in Singapore dollars (“**Singapore Dollar Notes**”) or in other currencies (“**Non-Singapore Dollar Notes**”). The Noteholders, the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

As used in these Conditions, “**Tranche**” means Notes which are identical in all respects.



## 1 Form, Denomination and Title

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) specified in the Pricing Supplement.

*Notes which are listed on SGX-ST will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time.*

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis specified in the Pricing Supplement.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be).

Capitalised terms have the meanings given to them herein or in the Pricing Supplement relevant to the Notes, the absence of any such meaning indicating that such term is not applicable to the Notes.

## 2 No Exchange of Notes and Transfers of Registered Notes

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be

changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar or the other relevant Transfer Agent (as the case may be).
- (e) **Transfers Free of Charge:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the other Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

### 3 Guarantee and Status

- (a) **Guarantee:** (Where the Issuer is LMIRT Capital) The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes, the Receipts and the Coupons. The Guarantor's obligations in that respect (the "**Guarantee**") are contained in the Trust Deed and constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor.
- (b) **Status of Notes and Guarantee:** The Notes and the Receipts and the Coupons relating to them constitute (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them and (where the Issuer is LMIRT Capital) of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at

all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and (where the Issuer is LMIRT Capital) the Guarantor, respectively, present and future.

#### 4 Covenants

- (a) So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), neither the Issuer nor (unless the Issuer is LMIRT Trustee) the Guarantor will, and will ensure that none of LMIRT or its Subsidiaries will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.
- (b) In the case of any Singapore Dollar Notes, so long as any Note or Coupon remains outstanding (as defined in the Trust Deed), LMIRT Trustee (whether in its capacity as the Issuer or the Guarantor) shall ensure, at all times, that:
- (i) Consolidated Total Assets shall not be less than S\$1,250,000,000;
  - (ii) the ratio of Consolidated Total Borrowings to Consolidated Total Assets shall not exceed the Aggregate Leverage limit applicable under the Property Funds Appendix;
  - (iii) the ratio of Consolidated Unsecured Debt to Consolidated Unencumbered Assets shall not exceed 0.67 times; and
  - (iv) the ratio of Consolidated Net Property Income to Consolidated Interest Expense (rounded to the nearest two decimal places) for each Test Period shall be at least 2.5 times.

Conditions 4(b)(i), (ii) and (iii) will not be applicable if and when, LMIRT has obtained, and for so long as such rating is maintained at Investment Grade by at least two Rating Agencies. Notwithstanding the foregoing, in the event that one or more of the Rating Agencies withdraws its ratings or downgrades LMIRT below Investment Grade, Conditions 4(b)(i), (ii) and (iii) will be reinstated as of and from the date of such withdrawal or ratings downgrade.

*As at the date of the Trust Deed, paragraph 9 of the Property Funds Appendix provides that the Aggregate Leverage of a property fund should not exceed 35 per cent. of the fund's deposited property. The Aggregate Leverage of a property fund may exceed 35 per cent. of the fund's deposited property (up to a maximum of 60 per cent.) only if a credit rating of the property fund from Fitch Ratings, Moody's Investors Service, Inc. or Standard and Poor's Rating Services is obtained and disclosed to the public. The property fund should continue to maintain and disclose a credit rating so long as its Aggregate Leverage exceeds 35 per cent. of the fund's deposited property. The Aggregate Leverage is not considered to be breached if due to circumstances beyond the control of the LMIRT Manager the following occurs: (a) a depreciation in the value of the property fund or (b) any redemption of units or payments made from the property fund. If the Aggregate Leverage is exceeded as a result of (a) or (b), the LMIRT Manager should not incur additional borrowings or enter into further deferred payment arrangements. From 1 January 2016, the limit on Aggregate Leverage prescribed by the Property Funds Appendix and applicable to property funds will be amended from 35 per cent. (or 60 per cent. if a credit rating is obtained and publicly disclosed) to 45 per cent. of the fund's deposited property.*

In these Conditions:

- (i) **“Aggregate Leverage”** means, as defined under the Property Funds Appendix, the total borrowings and deferred payments of a real estate investment trust, or such other definition as may from time to time be provided for under the Property Funds Appendix;
- (ii) **“CIS Code”** means the code on collective investment schemes issued by the Monetary Authority of Singapore pursuant to Section 321 of the Securities and Futures Act, Chapter 289 of Singapore, as amended, varied or supplemented from time to time;
- (iii) **“Consolidated Interest Expense”** means, in relation to any Test Period, the aggregate amount of interest accrued, paid or payable (including any capitalised interest and commissions paid or payable but excluding the amortisation of fees and other charges) by the Group during that Test Period, as determined from the financial statements of the Group delivered to the Trustee under the Trust Deed;
- (iv) **“Consolidated Net Property Income”** means for any period, net property income of LMIRT and its Restricted Subsidiaries determined on a consolidated basis (it being understood that the accounts of Restricted Subsidiaries shall be consolidated with those of LMIRT only to the extent of LMIRT’s proportionate interest therein);
- (v) **“Consolidated Total Assets”** means, at any particular time, the consolidated amount of the book values of all the assets of the Group, determined as assets in accordance with generally accepted accounting principles in Singapore;
- (vi) **“Consolidated Total Borrowings”** means in relation to the Group, an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of (and where such aggregate amount falls to be calculated, no amount shall be taken into account more than once in the same calculation):
  - (a) bank overdrafts and all other indebtedness in respect of any borrowings maturing within 12 months;
  - (b) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;
  - (c) the liabilities of the Issuer under this Trust Deed or the Notes;
  - (d) all other indebtedness whatsoever of the Group for borrowed moneys; and
  - (e) any redeemable preference shares or units issued by any member of the Group and which is regarded by generally accepted accounting principles in Singapore as debt or other liabilities of the Group (other than those shares or units which are regarded as equity as reflected in the most recently published consolidated balance sheet of the Group prepared in accordance with generally accepted accounting principles in Singapore);
- (vii) **“Consolidated Unencumbered Assets”** means, at any particular time, the portion of Consolidated Total Assets not subject to any security interest created to secure any Consolidated Total Borrowings;
- (viii) **“Consolidated Unsecured Debt”** means, at any particular time, the portion of Consolidated Total Borrowings not secured by any security interest over any asset of the Group;
- (ix) **“Fitch”** means Fitch Ratings and its successors;
- (x) **“Group”** means the Issuer, LMIRT and its Subsidiaries;

- (xi) **“Investment Grade”** means a rating of LMIRT by Fitch, Moody’s or S&P, as applicable, each such rating being in one of such agency’s four highest generic rating categories that signifies investment grade (i.e., currently BBB-(or the equivalent) or higher by Fitch, Baa3 (or the equivalent) or higher by Moody’s) or BBB-(or the equivalent) or higher by S&P); provided in each case such ratings are publicly available; provided, further, that in the event Fitch, Moody’s or S&P is no longer in existence for purposes of determining whether LMIRT is rated “Investment Grade”, such organisation may be replaced by a nationally recognised statistical rating organisation (as defined in Rule 436 under the Securities Act) designated by LMIRT, notice of which shall be given to the Trustee;
- (xii) **“LMIRT”** means Lippo Malls Indonesia Retail Trust, a unit trust constituted on 8 August 2007 under the laws of the Republic of Singapore;
- (xiii) **“LMIRT Manager”** means LMIRT Management Ltd. (previously known as Lippo Malls Indonesia Retail Trust Management Ltd), as manager of LMIRT, and any successor or replacement manager of LMIRT;
- (xiv) **“LMIRT Trust Deed”** means the trust deed dated 8 August 2007 constituting the LMIRT Trustee and made between the LMIRT Manager and LMIRT Trustee, as amended or supplemented;
- (xv) **“Moody’s”** means Moody’s Investors Service, Inc. and its successors;
- (xvi) **“Property Funds Appendix”** means the guidelines for property funds issued by the Monetary Authority of Singapore as Appendix 6 to the CIS Code, as amended, varied or supplemented from time to time;
- (xvii) **“Rating Agencies”** means Fitch, Moody’s and S&P and **“Rating Agency”** means any one of them;
- (xviii) **“Relevant Indebtedness”** means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;
- (xix) **“S&P”** means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies Inc;
- (xx) **“Subsidiary”** has the meaning ascribed to “subsidiary” in Section 5 of the Companies Act, Chapter 50 of Singapore and, in relation to LMIRT, means any company, corporation, trust, fund or other entity (whether or not a body corporate):
  - (a) which is controlled, directly or indirectly, by LMIRT Trustee; or
  - (b) more than half the issued share capital of which is beneficially owned, directly, by LMIRT Trustee; or
  - (c) which is a subsidiary of any company, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (a) or (b) above applies,

and for these purposes, any company, corporation, trust, fund, or other entity (whether or not a body corporate) shall be treated as being controlled by LMIRT Trustee if LMIRT Trustee is able to direct its affairs and/or control the composition of its board of directors or equivalent body; and
- (xxi) **“Test Period”** means each period of 12 months (on a rolling 12-month basis) ending on the last day of each quarter of each of the financial years of LMIRT.

## 5 Interest and other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date and on the Maturity Date (where such date is not an Interest Payment Date). The amount of interest payable shall be determined in accordance with Condition 5(i).
- (b) **Interest on Floating Rate Notes and Index Linked Interest Notes (for Non-Singapore Dollar Notes only):**

This Condition 5(b) applies to Non-Singapore Dollar Notes only.

- (i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Conditions 5(i) and 5(j). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, “**Interest Payment Date**” shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified herein and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the Pricing Supplement.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the Pricing Supplement;

- (y) the Designated Maturity is a period specified in the Pricing Supplement;  
and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the Pricing Supplement.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified in the Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:
  - (1) the offered quotation; or
  - (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time in the case of LIBOR, Brussels time in the case of EURIBOR on the Interest Determination Date in question as determined by the Calculation Agent). If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the Pricing Supplement;

- (y) if the Relevant Screen Page is not available or if, sub-paragraph (B)(x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (B)(x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent;  
and
- (z) if paragraph (B)(y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic

mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified in the Pricing Supplement and interest will accrue by reference to an Index or Formula as specified in the Pricing Supplement.

**(c) Interest on Floating Rate Notes and Index Linked Interest Notes (for Singapore Dollar Notes only):**

This Condition 5(c) applies to Singapore Dollar Notes only.

- (i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) are as specified in the Pricing Supplement as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) are as specified, Interest Payment Date shall mean each date which falls the number of months or other period specified hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby



fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of a Floating Rate Note for each Interest Accrual Period shall be determined by reference to the Reference Rate as stated in the Pricing Supplement, including (in the case of Singapore Dollar Notes) the Swap Rate (in which case such Note will be a Swap Rate Note). A “**Swap Rate Note**” means a Note which bears interest calculated in the manner set out in paragraph (B) below.
- (iv) *Determination of Rate of Interest:* The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Calculation Agent on the basis of the following provisions:
  - (A) In the case of Floating Rate Notes which are not Swap Rate Notes, the Calculation Agent will determine the Rate of Interest in respect of any Interest Accrual Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period as follows:
    - (x) Where Screen Rate Determination is specified in the Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest in respect of each Interest Accrual Period will, subject as provided below, be:
      - (1) the Reference Rate (where such Reference Rate on the Relevant Screen Page is a composite quotation or is customarily supplied by one entity); or
      - (2) the arithmetic mean (rounded up, if necessary, to the nearest 5 decimal places) of the Reference Rates of the persons whose Reference Rates appear on the Relevant Screen Page, in each case appearing on the Relevant Screen Page at the Relevant Time on the Interest Determination Date;
    - (y) if the Relevant Screen Page is not available or if paragraph (A)(x)(1) above applies and no Reference Rate appears on the Relevant Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (A)(x)(2) above applies and fewer than two Reference Rates appear on the Relevant Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 5 decimal places) of the Reference Rates that each of the Reference Banks is quoting to leading banks in Singapore at the Relevant Time on the Interest Determination Date; and
    - (z) if paragraph (A)(y) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that

which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(B) In the case of Floating Rate Notes which are Swap Rate Notes:

- (x) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Accrual Period, determine the Rate of Interest for such Interest Accrual Period which shall be the rate which appears on the Reuters Screen ABSFIX1 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Accrual Period;
- (y) if on any Interest Determination Date, no such rate is quoted on the Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Interest for such Interest Accrual Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (which shall be rounded up, if necessary, to the nearest 5 decimal places)) for a period equal to the duration of such Interest Accrual Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Calculation Agent may select;
- (z) if on any Interest Determination Date the Calculation Agent is otherwise unable to determine the Rate of Interest under paragraphs (x) and (y) above, the Rate of Interest shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 5 decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Accrual Period by whatever means they determine to be most appropriate, or if on such Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Accrual Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 5 decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date; and
- (aa) if paragraph (z) above applies and the Calculation Agent determines that fewer than two Reference Banks are quoting the rate as being their cost of funding or quoting the prime lending rates for Singapore Dollars on such Interest Determination Date, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of

Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (C) On the last day of each Interest Accrual Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Accrual Period relates at the Rate of Interest for such Interest Accrual Period.
- (v) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified in the Pricing Supplement and interest will accrue by reference to an Index or Formula as specified in the Pricing Supplement.
- (d) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)(B)).
- (e) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the Pricing Supplement.
- (f) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the Pricing Supplement.
- (g) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (h) **Margin, Maximum Rate of Interest/Minimum Rate of Interest, Instalment Amounts and Redemption Amounts and Rounding:**
- (i) If any Margin is specified in the applicable Pricing Supplement (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum Rate of Interest or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the applicable Pricing Supplement, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “**unit**” means the lowest amount of such currency that is available as legal tender in the country of such currency.

- (i) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest (as adjusted for any applicable Margin pursuant to Condition 5(h)), the Calculation Amount specified in the Pricing Supplement, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (j) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(n), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall be final and binding upon all parties and the Noteholders.
- (k) **Determination or Calculation by Trustee:** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, such agent shall apply the foregoing provisions of this Condition 5, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

- (l) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**“Business Day”** means:

- (i) in the case of a currency other than Singapore dollars, euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a **“TARGET Business Day”**); and/or
- (iii) in the case of Singapore Dollar Notes, a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments to Singapore; and/or
- (iv) in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in the Offshore Renminbi Centre(s) are generally open for business and settlement of Renminbi payments in the Offshore Renminbi Centre(s); and/or
- (v) in the case of one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such Business Centre(s).

**“Day Count Fraction”** means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the **“Calculation Period”**):

- (i) if **“Actual/Actual”** or **“Actual/Actual — ISDA”** is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if **“Actual/365 (Fixed)”** is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365
- (iii) if **“Actual/365 (Sterling)”** is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366
- (iv) if **“Actual/360”** is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 360
- (v) if **“30/360”**, **“360/360”** or **“Bond Basis”** is specified in the Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**“Y1”** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**“Y2”** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30

- (vi) if “30E/360” or “Eurobond Basis” is specified in the Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30

- (vii) if “30E/360 (ISDA)” is specified in the Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30

- (viii) if “**Actual/Actual-ICMA**” is specified in the Pricing Supplement,
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (b) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Date**” means the date(s) specified as such in the Pricing Supplement or, if none is so specified, the Interest Payment Date(s).

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“**Interest Amount**” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the Pricing Supplement, shall mean the Fixed Coupon Amount or Broken Amount specified in the Pricing Supplement as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified in the Pricing Supplement.

**“Interest Determination Date”** means (x) in the case of Non-Singapore Dollar Notes, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the Pricing Supplement or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Renminbi or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro; or (y) in the case of Singapore Dollar Notes, in respect of any Interest Accrual Period, that number of Business Days in Singapore prior to the first day of the Interest Accrual Period as specified in the Pricing Supplement.

**“Interest Period”** means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

**“Interest Period Date”** means each Interest Payment Date unless otherwise specified in the Pricing Supplement.

**“ISDA Definitions”** means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the Pricing Supplement.

**“Rate of Interest”** means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions in the Pricing Supplement.

**“Reference Banks”** means (i) in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market; (ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market; and (iii) in the case of a determination of the relevant Reference Rate, SIBOR or Swap Rate, the principal Singapore office of three major banks in the Singapore inter-bank market, in each case selected by the Calculation Agent or as specified in the Pricing Supplement.

**“Reference Rate”** means the rate specified as such in the Pricing Supplement.

**“Relevant Screen Page”** means such page, section, caption, column or other part of a particular information service as may be specified in the Pricing Supplement.

**“Relevant Time”** means 11.00 a.m. (Singapore time).

**“Specified Currency”** means the currency specified as such in the Pricing Supplement or, if none is specified, the currency in which the Notes are denominated.

**“TARGET System”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

- (m) **Calculation Agents:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for it or them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to make any calculation or determination required of it, or to comply with any other requirement, the Issuer shall (with prior approval of the Trustee not to be unreasonably withheld or delayed) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most



closely connected with the calculation or determination to be made by the Calculation Agent to act as such in its place. Any Calculation Agent appointed in respect of the Notes may not resign its duties without a successor having been appointed as aforesaid.

- (n) **Business Day Convention:** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified in the Pricing Supplement is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

## 6 Redemption, Purchase and Options

### (a) Redemption by Instalments and Final Redemption:

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the Pricing Supplement. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the Pricing Supplement at its Final Redemption Amount (which, unless otherwise provided in the Pricing Supplement, is its nominal amount) or, in the case of a Note falling within Condition 6(a)(i), its final Instalment Amount.

### (b) Early Redemption:

- (i) Zero Coupon Notes:
- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the Pricing Supplement.
- (B) Subject to the provisions of Condition 6(b)(i)(C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if not specified in the Pricing Supplement, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount

of such Note as defined in Condition 6(b)(i)(B) above, except that such subparagraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this Condition 6(b)(i)(C) shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 55(d).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the Pricing Supplement.

- (ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in Condition 6(b)(i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified in the Pricing Supplement.
- (c) **Redemption for Taxation Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Note) or at any time (if this Note is neither a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount as specified in the Pricing Supplement (together with interest accrued to the date fixed for redemption), (or as described in Condition 6(b) in respect of any Zero Coupon Notes) if (i) the Issuer (or (where the Issuer is LMIRT Capital) if the Guarantee was called, the Guarantor) satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a decision of a court of competent jurisdiction) or the Notes do not qualify as "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer (or (where the Issuer is LMIRT Capital) the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or (where the Issuer is LMIRT Capital) the Guarantor, as the case may be) would be obliged to pay such additional amounts if a payment in respect of the Notes (or (where the Issuer is LMIRT Capital) the Guarantee, as the case may be) were then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer (or (where the Issuer is LMIRT Capital) the Guarantor, as the case may be) shall deliver to the Trustee a certificate signed by two Directors of the Issuer (or (where the Issuer is LMIRT Capital) the Guarantor, as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or (where the Issuer is LMIRT Capital) the Guarantor, as the case may be) taking reasonable measures available to it, and an opinion of independent legal or tax advisors of recognised international standing with respect to tax matters and acceptable to the Trustee to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective) and the Trustee shall be entitled without further enquiry and without liability to any Noteholder or any other person to accept such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on Noteholders and Couponholders.
- (d) **Redemption at the Option of the Issuer:** If Call Option is specified to apply in the Pricing Supplement, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the Pricing Supplement) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together

with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the Pricing Supplement and no greater than the Maximum Redemption Amount to be redeemed specified in the Pricing Supplement.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (e) **Redemption at the Option of Noteholders:** If Put Option is specified to apply in the Pricing Supplement, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the Pricing Supplement) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any other Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (f) **Change of Control:** If Change of Control Put Option is specified hereon, following the occurrence of a Change of Control Event, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any other Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

A "**Change of Control Event**" occurs when:

- (i) there is a change of control of LMIRT Management Ltd. (in its capacity as manager of LMIRT) whilst it is the manager of LMIRT save where LMIRT Management Ltd. remains controlled, directly or indirectly, by PT Lippo Karawaci Tbk or one of its affiliates; or
- (ii) LMIRT Management Ltd. is replaced by a new manager of LMIRT not controlled by PT Lippo Karawaci Tbk or one of its affiliates; or

- (iii) there is a direct or indirect sale, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the properties or assets of LMIRT and its Subsidiaries, taken as a whole, to any “person” or “group” (within the meaning of Section 13(d) and 14(d) of the Exchange Act); or
  - (iv) a plan is adopted relating to the liquidation or dissolution of LMIRT.
- (g) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 6(g) and the provisions specified in the Pricing Supplement.
- (h) **Purchases:** Each of the Issuer, (where the Issuer is LMIRT Capital) the Guarantor and the respective Subsidiaries of the Issuer and (where the Issuer is LMIRT Capital) the Guarantor may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (i) **Cancellation:** Any Notes purchased by or on behalf of the Issuer, (where the Issuer is LMIRT Capital) the Guarantor or any of the respective Subsidiaries of the Issuer and (where the Issuer is LMIRT Capital) the Guarantor may in their sole discretion be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and (where the Issuer is LMIRT Capital) the Guarantor in respect of any such Notes shall be discharged.

## 7 Payments and Talons

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be:
- (i) in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank; and
  - (ii) in the case of Renminbi, by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in the Offshore Renminbi Centre(s).

In this Condition 7(a), “**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

- (b) **Registered Notes:**
- (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii) below.

(ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifth (in the case of Renminbi) and fifteenth (in the case of a currency other than Renminbi) day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made:

(x) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank; and

(y) in the case of Renminbi, by transfer to the registered account of the Noteholder.

In this Condition 7(b)(ii), “**registered account**” means the Renminbi account maintained by or on behalf of the Noteholder with a bank in the Offshore Renminbi Centre(s), details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

(c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer and (where the Issuer is LMIRT Capital) the Guarantor shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) **Payments subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in any jurisdiction (whether by operation of law or agreement of the Issuer and/or (where the Issuer is LMIRT Capital) the Guarantor) and neither the Issuer nor (where the Issuer is LMIRT Capital) the Guarantor will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) **Appointment of Agents:** The Issuing and Paying Agent, the CDP Lodging and Paying Agent, the Paying Agents, the Registrars, and the Transfer Agents initially appointed by the Issuer and (where the Issuer is LMIRT Capital) the Guarantor and their respective specified offices are listed below. The Issuing and Paying Agent, the CDP Lodging and Paying Agent, the Paying Agents, the Registrars, and the Transfer Agents and any Calculation Agents appointed in respect of any Notes act solely as agents of the Issuer and (where the Issuer is LMIRT Capital) the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and (where the Issuer is LMIRT Capital) the Guarantor reserve the right at any time to terminate the appointment of the Issuing and Paying Agent, the CDP Lodging and Paying Agent, any other Paying Agent, any Registrar, any Transfer Agent, or any Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that (i) if an Event of Default has occurred, the written approval of the Trustee has been obtained and (ii) the Issuer and (where the Issuer is LMIRT Capital) the Guarantor shall at all times maintain (A) an Issuing and Paying Agent, (B) a Registrar in relation to Registered Notes, (C) a Transfer Agent in relation to Registered Notes, (D) a CDP Lodging and Paying Agent in relation to Notes cleared through the CDP, (E) one or more Calculation Agent(s) where these Conditions so require, (F) a Paying Agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Notes are exchanged for Definitive Notes, for so long as the

Notes are listed on the SGX-ST and the rules of the SGX-ST so require, (G) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee and (H) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

In addition, the Issuer and (where the Issuer is LMIRT Capital) the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) **Unmatured Coupons and Receipts and unexchanged Talons:**

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes), such Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation (if presentation and/or surrender of such Note, Receipt or Coupon is required), in such jurisdictions as shall be specified as “**Financial Centres**” hereon and:
  - (i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
  - (ii) (in the case of a payment in euro) which is a TARGET Business Day; or
  - (iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in the Offshore Renminbi Centre(s).

## 8 Taxation

All payments of principal and interest by or on behalf of the Issuer or (where the Issuer is LMIRT Capital) the Guarantor in respect of the Notes, the Receipts and the Coupons or (where the Issuer is LMIRT Capital) under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, (where the Issuer is LMIRT Capital) the Guarantor, shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is (i) treated as a resident of Singapore or as having a permanent establishment in Singapore for tax purposes or (ii) liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with Singapore other than the mere holding of the Note, Receipt or Coupon; or
- (b) **Surrender more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day; or
- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) **Payment by another Paying Agent:** (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition 8 or any undertaking given in addition to or in substitution for it under the Trust Deed.

## 9 Prescription

Claims against the Issuer and/or (where the Issuer is LMIRT Capital) the Guarantor for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 10 Events of Default

If any of the following events (“**Events of Default**”) set out in this Condition 10 occurs, the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

- (a) a default is made in the payment of any principal, premium or interest due in respect of the Notes and in respect of payment of any principal or premium, the default continues for a period of three Business Days or in respect of payment of any interest, the default continues for a period of five Business Days;
- (b) the Issuer or (where the Issuer is LMIRT Capital) the Guarantor does not perform or comply with any one or more of its other material obligations in the Notes, the Trust Deed or the Agency Agreement (other than the payment obligation referred to in sub-paragraph (a) above) which default is not remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee;
- (c) (A) any other present or future indebtedness of the Issuer, (where the Issuer is LMIRT Capital) the Guarantor, LMIRT or any Subsidiary of LMIRT for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer or (where the Issuer is LMIRT Capital) the Guarantor or LMIRT or any Subsidiary of LMIRT fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds U.S.\$25,000,000 or its equivalent (as reasonably determined by the Trustee); or
- (d) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer (where the Issuer is LMIRT Trustee, in respect of LMIRT), (where the Issuer is LMIRT Capital) the Guarantor (in respect of LMIRT), LMIRT or any Subsidiary of LMIRT and is not discharged or stayed within 25 days; or



- (e) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer (where the Issuer is LMIRT Trustee, in respect of LMIRT), (where the Issuer is LMIRT Capital) the Guarantor (in respect of LMIRT), LMIRT or any Subsidiary of LMIRT becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, judicial manager, administrator manager or other similar person); or
- (f) any of the Issuer (where the Issuer is LMIRT Trustee, in respect of LMIRT), (where the Issuer is LMIRT Capital) the Guarantor (in respect of LMIRT), LMIRT or any Subsidiary of LMIRT is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer (where the Issuer is LMIRT Trustee, in respect of LMIRT), (where the Issuer is LMIRT Capital) the Guarantor (in respect of LMIRT), LMIRT or any Subsidiary of LMIRT; or
- (g) an administrator or a judicial manager is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration or judicial management of the Issuer (where the Issuer is LMIRT Trustee, in respect of LMIRT), (where the Issuer is LMIRT Capital) the Guarantor (in respect of LMIRT), LMIRT or any Subsidiary of LMIRT, or the Issuer (where the Issuer is LMIRT Trustee, in respect of LMIRT), (where the Issuer is LMIRT Capital) the Guarantor (in respect of LMIRT), LMIRT or any Subsidiary of LMIRT shall apply or petition for a winding-up or administration order or judicial management in respect of itself or cease or threaten to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or (ii) in the case of a Subsidiary, whereby the undertaking and assets of the Subsidiary are transferred to or otherwise vested in the Issuer or (where the Issuer is LMIRT Capital) the Guarantor (as the case may be) or another Subsidiary of LMIRT; or
- (h) any regulatory or legal action is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer (where the Issuer is LMIRT Trustee, in respect of LMIRT), (where the Issuer is LMIRT Capital) the Guarantor (in respect of LMIRT), LMIRT or any Subsidiary of LMIRT; or
- (i) (where the Issuer is LMIRT Capital) the Issuer ceases to be wholly-owned by LMIRT and controlled by the Guarantor (in its capacity as trustee of LMIRT) or its successor as appointed under the LMIRT Trust Deed; or
- (j) it is unlawful for the Issuer or (where the Issuer is LMIRT Capital) the Guarantor to perform or comply with any one or more of its material obligations under any of the Notes or the Trust Deed; or
- (k) (where the Issuer is LMIRT Capital) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; or
- (l) (where the Issuer is LMIRT Trustee) the Issuer (in its capacity as trustee of LMIRT) or (where the Issuer is LMIRT Capital) the Guarantor (in its capacity as trustee of LMIRT) resigns or is removed pursuant to the terms of the LMIRT Trust Deed, and the replacement or substitute trustee is not appointed in accordance with the terms of the LMIRT Trust Deed; or
- (m) LMIRT Management Ltd. (in its capacity as manager of LMIRT) is removed pursuant to the terms of the LMIRT Trust Deed, and the replacement or substitute manager is not appointed in accordance with the terms of the LMIRT Trust Deed; or
- (n) any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

## 11 Meetings of Noteholders, Modification, Waiver and Substitution

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown in the Pricing Supplement, to reduce any such Minimum Rate of Interest and/or Maximum Rate of Interest, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, (viii) (where the Issuer is LMIRT Capital) to modify or cancel the Guarantee, or (ix) to modify the provisions of Condition 4 or 6, in which case the necessary quorum shall be two or more persons holding or representing not less than 66 2/3 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the Noteholders of not less than 90 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

*These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.*

- (b) **Modification of the Trust Deed:** The Trustee may agree, without the consent of the Noteholders, the Receiptholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed, the Agency Agreement or these Conditions that is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provisions of applicable law or as required by Euroclear and/or Clearstream, Luxembourg and/or the CDP, and (ii) any other modification (except as specifically excluded by the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, the Agency Agreement or these Conditions that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders, Receiptholders and Couponholders. Any such modification, authorisation or waiver shall be binding on the Noteholders, Receiptholders and/or the Couponholders and, unless the Trustee otherwise requires, such modification, authorisation or waiver shall be notified by the Issuer to the Noteholders, Receiptholders and/or the Couponholders as soon as practicable.
- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, to the substitution of the Issuer's successor in business or any Subsidiary (as defined in

the Trust Deed) of the Issuer or its successor in business or (where the Issuer is LMIRT Capital) the substitution of the Guarantor's successor in business or (where the Issuer is LMIRT Capital) any Subsidiary of the Guarantor or its successor in business in place of the Issuer or (where the Issuer is LMIRT Capital) the Guarantor, as the case may be, or of any previous substituted company, as principal debtor or guarantor under the Trust Deed and the Notes.

- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 11) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee, acting for and on behalf of Noteholders, shall not be entitled to require on behalf of any Noteholder or Couponholder, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer or (where the Issuer is LMIRT Capital) the Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

## 12 Enforcement

At any time after the Notes become due and payable, the Trustee (i) may, at its discretion or (ii) shall, if so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least 25 per cent. in nominal amount of the Notes outstanding, and without further notice, institute such proceedings against the Issuer and/or (where the Issuer is LMIRT Capital) the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Notes, the Receipts and the Coupons, but it need not take any such proceedings unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer and/or (where the Issuer is LMIRT Capital) the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

## 13 Indemnification

The Trust Deed and the Agency Agreement contain provisions for the indemnification of each of the Trustee and the Agents and for their relief from responsibility, including provisions relieving the Trustee from taking proceedings to enforce repayment unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with LMIRT Capital, LMIRT Trustee and any entity related to LMIRT Capital and/or LMIRT Trustee without accounting for any profit.

The Trustee shall not be responsible for the performance by any other person appointed by the Issuer in relation to the Notes of their duties and obligations in respect of the same and, unless it has actual knowledge to the contrary, shall assume that the same are being duly performed. The Trustee shall not be liable to any Noteholder or any other person for any action taken by the Noteholders or the Trustee in accordance with the instructions of the Noteholders. The Trustee shall be entitled to rely on any direction, request or resolution of Noteholders given by holders of the requisite principal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed.

Whenever the Trustee is required or entitled by the terms of the Trust Deed or the Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to their exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions from the Noteholders by way of an Extraordinary Resolution, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions.

The Trustee shall not be under any obligation to monitor compliance with the provisions of these Conditions.

The Trustee may rely without liability to Noteholders on any certificate prepared by the directors of the Issuer or (where the Issuer is LMIRT Capital) the Guarantor whether or not accompanied by a certificate or report prepared by an internationally recognised firm of accountants pursuant to the Conditions and/or the Trust Deed, whether or not addressed to the Trustee and whether or not if so accompanied the internationally recognised firm of accountants' liability in respect thereof is limited by a monetary cap or otherwise limited or excluded and shall be obliged to do so where the certificate or report is delivered pursuant to the obligation of the Issuer, (where the Issuer is LMIRT Capital) the Guarantor to procure such delivery under these Conditions; any such certificate or report shall be conclusive and binding on the Issuer, (where the Issuer is LMIRT Capital) the Guarantor, the Trustee and the Noteholders.

#### **14 Replacement of Notes, Certificates, Receipts, Coupons and Talons**

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates), in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer or (where the Issuer is LMIRT Capital) the Guarantor may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

#### **15 Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed.

#### **16 Notices**

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth calendar day (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Singapore (which is expected to be *The Business Times*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Singapore. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 16.

*So long as the Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held by (i) CDP or on behalf of Euroclear or Clearstream, Luxembourg, or any other clearing system, notices to the holders of Notes of that Series may (in the case of CDP, subject to the agreement of CDP) be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by these Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate or (ii) CDP, be substituted for such publication in such newspaper(s) the delivery of*

*the relevant notice to the persons shown in the records maintained by the CDP on the second Singapore business day preceding the date of despatch of such notice as holding interests in the relevant Global Note or Global Certificate. Any such notice shall be deemed to have been given to the holders of the Notes on the calendar day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or CDP or the persons shown in the records maintained by CDP, as the case may be.*

#### **17 Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

#### **18 Governing Law and Jurisdiction**

- (a) **Governing Law:** The Trust Deed, the Agency Agreement, the Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons or (where the Issuer is LMIRT Capital) the Guarantee and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons, Talons or (where the Issuer is LMIRT Capital) the Guarantee (“**Proceedings**”) may be brought in such courts. Each of the parties to the Trust Deed has therein irrevocably submitted to the jurisdiction of such courts.
- (c) **Service of Process:** Each of the Issuer and (where the Issuer is LMIRT Capital) the Guarantor has in the Trust Deed irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

## TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Perpetual Securities in definitive form (if any) issued in exchange for the Global Perpetual Security(ies) or the Global Certificate representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Perpetual Securities or on the Certificates relating to such Registered Perpetual Securities. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Perpetual Securities or Certificates, as the case may be. References in these Conditions to “Perpetual Securities” are to the Perpetual Securities of one Series only, not to all Perpetual Securities that may be issued under the Programme.*

This Perpetual Security is one of a Series of Perpetual Securities issued by HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Lippo Malls Indonesia Retail Trust) (“**LMIRT Trustee**” and the “**Issuer**”). The Perpetual Securities are constituted by a Trust Deed (as amended or supplemented as at the date of issue of the Perpetual Securities (the “**Issue Date**”), the “**Trust Deed**”) dated 8 September 2015 between, *inter alios*, LMIRT Trustee and Citicorp International Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Perpetual Securityholders (as defined below). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 8 September 2015 has been entered into in relation to the Perpetual Securities between, *inter alios*, the Issuer, the Trustee, Citibank N.A., London Branch as the initial issuing and paying agent, Citicorp Investment Bank (Singapore) Limited as the initial CDP lodging and paying agent, transfer agent and registrar in relation to Perpetual Securities cleared through The Central Depository (Pte) Limited (“**CDP**”) and the other agents named in it. The issuing and paying agent, the CDP lodging and paying agent, the other paying agents, the registrars, the transfer agents, and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**CDP Lodging and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent), the “**Registrars**” and the “**Transfer Agents**” (which expression shall include the Registrars), and the “**Calculation Agent(s)**” (such Issuing and Paying Agent, CDP Lodging and Paying Agent, Paying Agents, Registrars and Transfer Agent(s) being together referred to as the “**Agents**”). For the purposes of these Conditions, all references to the Issuing and Paying Agent shall with respect to a Series of Perpetual Securities to be held in the computerised system operated by CDP, be deemed to be a reference to the CDP Lodging and Paying Agent, and all such references shall be construed accordingly. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at 39/F, Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong) and at the specified offices of the Paying Agents and the Transfer Agents.

Perpetual Securities may be denominated in Singapore dollars (“**Singapore Dollar Perpetual Securities**”) or in other currencies (“**Non-Singapore Dollar Perpetual Securities**”). The Perpetual Securityholders, the holders of the distribution coupons (the “**Coupons**”) relating to Perpetual Securities conferring a right to receiving distribution in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

As used in these Conditions, “**Tranche**” means Perpetual Securities which are identical in all respects.

### 1 Form, Denomination and Title

The Perpetual Securities are issued in bearer form (“**Bearer Perpetual Securities**”) or in registered form (“**Registered Perpetual Securities**”) in each case in the Specified Denomination(s) specified in the Pricing Supplement.

*Perpetual Securities which are listed on SGX-ST will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time.*

This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security, depending upon the Distribution Basis specified in the Pricing Supplement.

Bearer Perpetual Securities are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached.

Registered Perpetual Securities are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Perpetual Securities by the same holder.

Title to the Bearer Perpetual Securities and the Coupons and Talons shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Perpetual Securityholder**" means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be), "**holder**" (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name a Registered Perpetual Security is registered (as the case may be).

Capitalised terms have the meanings given to them herein or in the Pricing Supplement relevant to the Perpetual Securities, the absence of any such meaning indicating that such term is not applicable to the Perpetual Securities.

## **2 No Exchange of Perpetual Securities and Transfers of Registered Perpetual Securities**

- (a) **No Exchange of Perpetual Securities:** Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Specified Denomination may not be exchanged for Bearer Perpetual Securities of another Specified Denomination. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.
- (b) **Transfer of Registered Perpetual Securities:** One or more Registered Perpetual Securities may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Perpetual Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Perpetual Securityholder upon request.

- (c) **Exercise of Options or Partial Redemption in Respect of Registered Perpetual Securities:** In the case of an exercise of an Issuer's option in respect of, or a partial redemption of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within three business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar or the other relevant Transfer Agent (as the case may be).
- (e) **Transfers Free of Charge:** Transfers of Perpetual Securities and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the other Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require).
- (f) **Closed Periods:** No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (i) during the period of 15 days ending on the due date for redemption of that Perpetual Security, (ii) after any such Perpetual Security has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date.

### 3 Status

The applicable Pricing Supplement will indicate whether the Perpetual Securities are Senior Perpetual Securities or Subordinated Perpetual Securities.

- (a) **Senior Perpetual Securities:** This Condition 3(a) applies to Perpetual Securities that are specified in the applicable Pricing Supplement to be Senior Perpetual Securities.
  - (i) **Status of Senior Perpetual Securities:** The Perpetual Securities and the Coupons relating to them constitute unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Perpetual Securities and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.



- (b) **Subordinated Perpetual Securities:** This Condition 3(b) applies to Perpetual Securities that are specified in the applicable Pricing Supplement to be Subordinated Perpetual Securities.
- (i) **Status of Perpetual Securities:** The Perpetual Securities and the Coupons relating to them constitute unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves and with any Parity Obligations (as defined in Condition 4(k)). The rights and claims of the Perpetual Securityholders in respect of the Securities are subordinated as provided in Condition 3(b)(ii).
- (ii) **Ranking of claims in respect of the Perpetual Securities:** Subject to the insolvency laws of Singapore and other applicable laws, in the event of the final and effective Winding-Up (as defined in Condition 4(k)) of LMIRT, there shall be payable by the Issuer in respect of each Perpetual Security (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to the Perpetual Securityholder of such Perpetual Security if, on the day prior to the commencement of the Winding-Up of LMIRT, and thereafter, such Perpetual Securityholder were the holder of one notional preferred unit having such right to return of assets in the Winding-Up of LMIRT which ranks as follows:
- (A) junior to the claims of all other present and future creditors of the Issuer which are not Parity Obligations;
- (B) junior to the claims of all classes of preferred units (if any) of LMIRT which are not Parity Obligations;
- (C) *pari passu* with the claims of the Parity Obligations (and, if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units); and
- (D) senior to the Junior Obligations
- (a “**Notional Preferred Unit**”),
- on the further assumption that the amount that such Perpetual Securityholder of a Perpetual Security was entitled to receive under these Conditions in respect of each Notional Preferred Unit on a return of assets in such Winding-Up were an amount equal to the principal amount of the relevant Perpetual Security together with Distributions (as defined in Condition 4(a) or 4(b) (as the case may be)) accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) (including any Arrears of Distribution and Additional Distribution Amounts, if applicable) and any unpaid Optional Distributions (as defined in Condition 4(j)(iii)(B)) in respect of which the Issuer has given notice to the Trustee and the Perpetual Securityholders in accordance with these Conditions.
- (iii) **Set-off:** Subject to applicable law, no Perpetual Securityholder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Perpetual Securities, and each Perpetual Securityholder shall, by virtue of his holding of any Perpetual Securities, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any Perpetual Securityholder by the Issuer in respect of, or arising under or in connection with, the Perpetual Securities is discharged by set-off, such Perpetual Securityholder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of LMIRT’s Winding-Up or administration, the liquidator or, as appropriate, administrator of LMIRT) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of LMIRT) and accordingly any such discharge shall be deemed not to have taken place.

#### 4 Distribution and other Calculations

- (a) **Distribution on Fixed Rate Perpetual Securities:** Subject to Condition 4(j), each Fixed Rate Perpetual Security confers a right to receive distribution (each, a “**Distribution**”) on its outstanding nominal amount from and including the Distribution Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate(s) of Distribution, such Distribution being payable in arrear on each Distribution Payment Date.

The Rate of Distribution in respect of a Fixed Rate Perpetual Security shall be:

- (i) (if no Reset Date is specified in the applicable Pricing Supplement)
- (A) if no Step-Up Margin is specified in the applicable Pricing Supplement, the Initial Distribution Rate; or
  - (B) if a Step-Up Margin is specified in the applicable Pricing Supplement, (A) for the period from the Distribution Commencement Date to the Step-Up Date specified in the applicable Pricing Supplement, the Initial Distribution Rate and (B) for the period from the Step-Up Date, the Initial Distribution Rate plus the Step-Up Margin specified in the applicable Pricing Supplement; and
- (ii) (if a Reset Date is specified in the applicable Pricing Supplement) (1) for the period from, and including, the Distribution Commencement Date to, but excluding, the First Reset Date specified in the applicable Pricing Supplement, the Initial Distribution Rate and (2) for the period from, and including, the First Reset Date and each Reset Date (as specified in the applicable Pricing Supplement) falling thereafter to, but excluding, the immediately following Reset Date, the Reset Distribution Rate,

provided always that if Redemption upon a Change of Control Event is specified on the face of such Perpetual Security and a Change of Control Event Margin is specified in the applicable Pricing Supplement, in the event that a Change of Control Event (as defined in Condition 5(g)) has occurred, so long as the Issuer has not already redeemed the Perpetual Securities in accordance with Condition 5(g), the then prevailing Distribution Rate shall be increased by the Change of Shareholding Event Margin with effect from (and including) the Distribution Payment Date immediately following the date on which the Change of Control Event occurred (or, if the Change of Control Event occurs on or after the date which is two Business Days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date).

The amount of Distribution payable shall be determined in accordance with Conditions 4(f), 4(g) and 4(h).

For the purposes of this Condition 4(a):

“**Reset Distribution Rate**” means the Swap Offer Rate or such other Relevant Rate to be specified in the applicable Pricing Supplement with respect to the relevant Reset Date plus the Initial Spread (as specified in the applicable Pricing Supplement) plus the Step-Up Margin (if applicable, as specified in the applicable Pricing Supplement) plus the Change of Shareholding Event Margin (if applicable); and

“**Swap Offer Rate**” means:

- (i) the rate per annum (expressed as a percentage) notified by the Calculation Agent to the Issuer equal to the rate which appears on the Reuters Screen ABSFIX1 Page under the caption “SGD SOR rates as of 11:00 hrs London Time” under the column headed “SGD SOR” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time for a period equal to the duration of the Reset Period specified in the applicable Pricing Supplement on the second Business Day prior to the relevant Reset Date (the “**Reset Determination Date**”);

- (ii) if on the Reset Determination Date, no rate is available on the Reuters Screen ABSFIX1 Page under the caption “SGD SOR rates as of 11:00 hrs London Time” under the column headed “SGD SOR” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks), the Calculation Agent will determine the swap offer rate for such Reset Period (determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates (excluding the highest and the lowest rates) which appear on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on each of the five consecutive Business Days prior to and ending on the Reset Determination Date);
- (iii) if on the Reset Determination Date, rates are not available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on one or more of the said five consecutive Business Days, the swap offer rate will be the rate per annum notified by the Calculation Agent to the Issuer equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates which are available in such five-consecutive-business-day period or, if only one rate is available in such five-consecutive-business-day period, such rate; and
- (iv) if on the Reset Determination Date, no rate is available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business in such five consecutive Business Day period, the Calculation Agent will request the principal Singapore offices of the Reference Banks to provide the Calculation Agent with quotation(s) of their swap offer rates for a period equivalent to the duration of the Reset Period at the close of business on the Reset Determination Date. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of such offered quotations, as determined by the Calculation Agent or, if only one of the Reference Banks provides the Calculation Agent with such quotation, such rate quoted by that Reference Bank,

provided that, in each case, in the event the Swap Offer Rate is less than zero, the Swap Offer Rate shall be equal to zero per cent. per annum.

(b) **Distribution on Floating Rate Perpetual Securities (for Non-Singapore Dollar Perpetual Securities only):**

This Condition 4(b) applies to Non-Singapore Dollar Perpetual Securities only.

- (i) *Distribution Payment Dates:* Each Floating Rate Perpetual Security confers a right to receive distribution (each, a “**Distribution**”) on its outstanding nominal amount from and including the Distribution Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate(s) of Distribution, such Distribution being payable

in arrear on each Distribution Payment Date. The amount of Distribution payable shall be determined in accordance with Conditions 4(f) and 4(h). Such Distribution Payment Date(s) is/are either shown hereon as Specified Distribution Payment Dates or, if no Specified Distribution Payment Date(s) is/are shown hereon, “**Distribution Payment Date**” shall mean each date which falls the number of months or other period shown hereon as the Distribution Period after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date.

- (ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Distribution for Floating Rate Perpetual Securities*: The Rate of Distribution in respect of Floating Rate Perpetual Securities for each Distribution Accrual Period shall be determined in the manner specified herein and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the Pricing Supplement.

(A) ISDA Determination for Floating Rate Perpetual Securities

Where ISDA Determination is specified in the Pricing Supplement as the manner in which the Rate of Distribution is to be determined, the Rate of Distribution for each Distribution Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Distribution Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the Pricing Supplement;
- (y) the Designated Maturity is a period specified in the Pricing Supplement; and
- (z) the relevant Reset Date is the first day of that Distribution Accrual Period unless otherwise specified in the Pricing Supplement.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Perpetual Securities

(x) Where Screen Rate Determination is specified in the Pricing Supplement as the manner in which the Rate of Distribution is to be determined, the Rate of Distribution for each Distribution Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time in the case of LIBOR, Brussels time in the case of EURIBOR on the Distribution Determination Date in question as determined by the Calculation Agent). If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Perpetual Securities is specified in the Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Distribution in respect of such Perpetual Securities will be determined as provided in the Pricing Supplement;

(y) if the Relevant Screen Page is not available or if, sub-paragraph (B)(x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (B)(x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Distribution Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Distribution for such Distribution Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (B)(y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Distribution shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Distribution Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the

case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Distribution Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Distribution cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Distribution shall be determined as at the last preceding Distribution Determination Date (though substituting, where a different Margin or Maximum Rate of Distribution or Minimum Rate of Distribution is to be applied to the relevant Distribution Accrual Period from that which applied to the last preceding Distribution Accrual Period, the Margin or Maximum Rate of Distribution or Minimum Rate of Distribution relating to the relevant Distribution Accrual Period, in place of the Margin or Maximum or Minimum Rate of Distribution relating to that last preceding Distribution Accrual Period).

(c) **Distribution on Floating Rate Perpetual Securities (for Singapore Dollar Perpetual Securities only):**

This Condition 4(c) applies to Singapore Dollar Perpetual Securities only.

- (i) *Distribution Payment Dates:* Each Floating Rate Perpetual Security confers a right to receive distributions (each, a “**Distribution**”) on its outstanding nominal amount from and including the Distribution Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Distribution, such distribution being payable in arrear on each Distribution Payment Date. Such Distribution Payment Date(s) are as specified in the Pricing Supplement as Specified Distribution Payment Dates or, if no Specified Distribution Payment Date(s) are as specified, Distribution Payment Date shall mean each date which falls the number of months or other period specified hereon as the Distribution Period after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

- (iii) *Rate of Distribution for Floating Rate Perpetual Securities:* The Rate of Distribution in respect of a Floating Rate Perpetual Security for each Distribution Accrual Period shall be determined by reference to the Reference Rate as stated in the Pricing Supplement, including (in the case of Singapore Dollar Perpetual Securities) the Swap Rate (in which case such Perpetual Security will be a Swap Rate Perpetual Security). A “**Swap Rate Perpetual Security**” means a Perpetual Security which confers a right to receive distribution calculated in the manner set out in paragraph (B) below.
- (iv) *Determination of Rate of Distribution:* The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Calculation Agent on the basis of the following provisions:
- (A) In the case of Floating Rate Perpetual Securities which are not Swap Rate Perpetual Securities, the Calculation Agent will determine the Rate of Distribution in respect of any Distribution Accrual Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Accrual Period as follows:
- (x) Where Screen Rate Determination is specified in the Pricing Supplement as the manner in which the Rate of Distribution is to be determined, the Rate of Distribution in respect of each Distribution Accrual Period will, subject as provided below, be:
- (1) the Reference Rate (where such Reference Rate on the Relevant Screen Page is a composite quotation or is customarily supplied by one entity); or
- (2) the arithmetic mean (rounded up, if necessary, to the nearest 5 decimal places) of the Reference Rates of the persons whose Reference Rates appear on the Relevant Screen Page, in each case appearing on the Relevant Screen Page at the Relevant Time on the Distribution Determination Date;
- (y) if the Relevant Screen Page is not available or if paragraph (A)(x)(1) above applies and no Reference Rate appears on the Relevant Screen Page at the Relevant Time on the Distribution Determination Date or if paragraph (A)(x)(2) above applies and fewer than two Reference Rates appear on the Relevant Screen Page at the Relevant Time on the Distribution Determination Date, subject as provided below, the Rate of Distribution shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 5 decimal places) of the Reference Rates that each of the Reference Banks is quoting to leading banks in Singapore at the Relevant Time on the Distribution Determination Date; and
- (z) if paragraph (A)(y) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Distribution shall be the Rate of Distribution determined on the last preceding Distribution Determination Date (though substituting, where a different Margin or Maximum Rate of Distribution or Minimum Rate of Distribution is to be applied to the relevant Distribution Accrual Period from that which applied to the last preceding Distribution Accrual Period, the Margin or Maximum Rate of Distribution or Minimum Rate of Distribution relating to the relevant Distribution Accrual Period, in place of the Margin or Maximum or Minimum Rate of Distribution relating to that last preceding Distribution Accrual Period).

- (B) In the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:
- (x) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Accrual Period, determine the Rate of Distribution for such Distribution Accrual Period which shall be the rate which appears on the Reuters Screen ABSFIX1 Page under the caption “SGD SOR rates as of 11:00 hrs London Time” under the column headed “SGD SOR” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Accrual Period;
  - (y) if on any Distribution Determination Date, no such rate is quoted on the Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Distribution for such Distribution Accrual Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (which shall be rounded up, if necessary, to the nearest 5 decimal places)) for a period equal to the duration of such Distribution Accrual Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Calculation Agent may select;
  - (z) if on any Distribution Determination Date the Calculation Agent is otherwise unable to determine the Rate of Distribution under paragraphs (x) and (y) above, the Rate of Distribution shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 5 decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Accrual Period by whatever means they determine to be most appropriate, or if on such Distribution Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Distribution for the relevant Distribution Accrual Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 5 decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date; and
  - (aa) if paragraph (z) above applies and the Calculation Agent determines that fewer than two Reference Banks are quoting the rate as being their cost of funding or quoting the prime lending rates for Singapore Dollars on such Distribution Determination Date, the Rate of Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date (though substituting, where a different Margin or Maximum Rate of Distribution or Minimum Rate of Distribution is to be applied to the relevant Distribution Accrual Period from that which applied to the last preceding Distribution Accrual Period, the Margin or Maximum Rate of Distribution or Minimum Rate of Distribution relating to the relevant Distribution Accrual Period, in place of the Margin or Maximum or Minimum Rate of Distribution relating to that last preceding Distribution Accrual Period).



- (C) On the last day of each Distribution Accrual Period, the Issuer will make a distribution on each Floating Rate Perpetual Security to which such Distribution Accrual Period relates at the Rate of Distribution for such Distribution Accrual Period.
- (d) **Accrual of Distribution:** Subject to Condition 4(j), Distribution shall cease to accrue on each Perpetual Security on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event Distribution shall continue to accrue (both before and after judgment) at the Rate of Distribution in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).
- (e) **Margin, Maximum Rate of Distribution/Minimum Rate of Distribution and Redemption Amounts and Rounding:**
- (i) If any Margin is specified in the applicable Pricing Supplement (either (x) generally, or (y) in relation to one or more Distribution Accrual Periods), an adjustment shall be made to all Rates of Distribution, in the case of (x), or the Rates of Distribution for the specified Distribution Accrual Periods, in the case of (y), calculated in accordance with Condition 4(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum Rate of Distribution or Minimum Rate of Distribution or Redemption Amount is specified in the applicable Pricing Supplement, then any Rate of Distribution or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “**unit**” means the lowest amount of such currency that is available as legal tender in the country of such currency.
- (f) **Calculations:** The amount of distribution payable per Calculation Amount in respect of any Perpetual Security for any Distribution Accrual Period shall be equal to the product of the Rate of Distribution (as adjusted for any applicable Margin pursuant to Condition 4(e)), the Calculation Amount specified in the Pricing Supplement, and the Day Count Fraction for such Distribution Accrual Period, unless an Distribution Amount (or a formula for its calculation) is applicable to such Distribution Accrual Period, in which case the amount of distribution payable per Calculation Amount in respect of such Perpetual Security for such Distribution Accrual Period shall equal such Distribution Amount (or be calculated in accordance with such formula). Where any Distribution Period comprises two or more Distribution Accrual Periods, the amount of distribution payable per Calculation Amount in respect of such Distribution Period shall be the sum of the Distribution Amounts payable in respect of each of those Distribution Accrual Periods. In respect of any other period for which distribution is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which distribution is required to be calculated.
- (g) **Determination and Publication of Reset Distribution Rate:** The Calculation Agent shall, on the tenth Business Day prior to each Reset Date, determine the applicable Reset Distribution Rate or (if a Change of Control Event has occurred) the applicable Rate of Distribution in respect of each Perpetual Security, and cause the applicable Reset Distribution Rate or (if a Change of Control Event has occurred) the applicable Rate of Distribution to be notified to the Trustee, the Issuer, each of the Paying Agents, the Perpetual Securityholders, any other Calculation Agent appointed in respect of the Perpetual Securities that is to make a further calculation upon receipt of such information and, if the Perpetual Securities are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such

exchange or other relevant authority as soon as possible after their determination but in no event later than the fourth Business Day after such determination. The determination of any rate, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall be final and binding upon all parties and the Perpetual Securityholders.

- (h) **Determination and Publication of Rates of Distribution, Distribution Amounts, Early Redemption Amounts, Optional Redemption Amounts:** The Calculation Agent shall, as soon as practicable on each Distribution Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Distribution Amounts for the relevant Distribution Accrual Period, calculate the Early Redemption Amount, Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Distribution and the Distribution Amounts for each Distribution Accrual Period and the relevant Distribution Payment Date and, if required to be calculated, the Early Redemption Amount, Optional Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Perpetual Securityholders, any other Calculation Agent appointed in respect of the Perpetual Securities that is to make a further calculation upon receipt of such information and, if the Perpetual Securities are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Distribution Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Distribution and Distribution Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Distribution Payment Date or Distribution Period Date is subject to adjustment pursuant to Condition 4(m), the Distribution Amounts and the Distribution Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period. If the Perpetual Securities have become due and payable, the accrued distribution and the Rate of Distribution payable in respect of the Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution or the Distribution Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall be final and binding upon all parties and the Perpetual Securityholders.
- (i) **Determination or Calculation by Trustee:** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Distribution for an Distribution Accrual Period or any Distribution Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, such agent shall apply the foregoing provisions of this Condition 4, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.
- (j) **Distribution Discretion:**
- (i) *Optional Payment:* If Optional Payment is specified as being applicable in the applicable Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay a Distribution (or pay only a part of a Distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an “**Optional Payment Notice**”) to the Perpetual Securityholders (in accordance with Condition 14) and the Trustee and the Issuing and Paying Agent not more than 15 nor less than 3 Business Days (or such other notice period as may be specified in the applicable Pricing Supplement) prior to a scheduled Distribution Payment Date.

If Dividend Pusher is specified as being applicable in the applicable Pricing Supplement, the Issuer may not elect to defer any Distribution if, during such Reference Period(s) as may be specified in the applicable Pricing Supplement, either or both of the following have occurred:

- (A) a dividend, distribution or other payment has been declared by the Issuer on or in respect of any of the Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Parity Obligations; or
- (B) any of the Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Parity Obligations has, at the discretion of the Issuer, been redeemed, reduced, cancelled, bought back or acquired for any consideration (each of (A) and (B), a “**Compulsory Distribution Payment Event**”),

If Dividend Pusher is specified as being applicable in the applicable Pricing Supplement, each Optional Payment Notice shall be accompanied, in the case of the notice to the Trustee and the Issuing and Paying Agent, by a certificate in the form scheduled to the Trust Deed signed by two authorised signatories of the Issuer or the LMIRT Manager confirming that no Compulsory Distribution Payment Event has occurred. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred and the Trustee and the Issuing and Paying Agent shall be entitled to rely without any obligation to verify the same and without liability to any Perpetual Securityholder or Couponholder or any other person on any Optional Payment Notice or any certificate as aforementioned.

Each Optional Payment Notice shall be conclusive and binding on the Perpetual Securityholders and the Couponholders.

- (ii) *No obligation to pay.* If Optional Payment is specified as being applicable in the applicable Pricing Supplement and subject to Condition 4(j)(iii) and 4(j)(iv), the Issuer shall have no obligation to pay any Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on any Distribution Payment Date if it validly elects not to do so in accordance with Condition 4(j)(i).
- (iii) *Non-Cumulative Deferral and Cumulative Deferral:*
  - (A) *Cumulative Deferral:* If Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement, any Distribution deferred pursuant to this Condition 4(j) shall constitute “**Arrears of Distribution**”. The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(j)(i)) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued Distribution. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 4(j) except that this Condition 4(j) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

If Additional Distribution is specified as being applicable in the applicable Pricing Supplement, each amount of Arrears of Distribution shall confer the right to distribution as if it constituted the principal of the Perpetual Securities at the Rate of Distribution and the amount of such Distribution (the “**Additional Distribution Amount**”) with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 4 and shall be calculated by applying the applicable Rate of Distribution to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 4. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional

Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

- (B) *Non-Cumulative Deferral; Optional Distribution:* If Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement, and the Issuer elects not to pay a Distribution in whole or in part pursuant to this Condition 4(j), the Issuer is not under any obligation to pay that or any other Distributions that have not been paid in whole or in part. Such unpaid Distribution or part thereof are non-cumulative and do not accrue distribution. The Issuer is not subject to any limit on the number of times or the extent of the amount with respect to which it can elect to not pay Distributions pursuant to Condition 4(j). The Issuer may, at its sole discretion, and at any time, elect to pay an optional amount up to the amount of Distribution which is unpaid (an “**Optional Distribution**”) by complying with the notice requirements in Condition 4(j)(v).

Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the Perpetual Securityholders or Couponholders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis. An Optional Distribution in respect of a prior Distribution may be paid on the same day as a scheduled Distribution and/or any distributions or any other payment with respect to the Junior Obligations.

- (iv) *Restrictions in the case of Deferral:* If Dividend Stopper is specified as being applicable in the applicable Pricing Supplement and on any Distribution Payment Date, payment of all Distributions scheduled to be made on such date is not made in full by reason of this Condition 4(j), the Issuer shall not:
- (A) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on any of the Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Parity Obligations; or
- (B) redeem, reduce, cancel, buy-back or acquire for any consideration any of the Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Parity Obligations),

unless and until (aa) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution and Additional Distribution Amounts; (bb) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled Distribution has been paid in full, or an Optional Distribution equal to the amount of a Distribution payable with respect to the most recent Distribution Period that was unpaid in full or in part, has been paid in full; or (cc) the Issuer is permitted to do so by an Extraordinary Resolution of the Perpetual Securityholders, and/or (dd) as otherwise specified in the applicable Pricing Supplement.

- (v) *Satisfaction of Arrears of Distribution by payment:* The Issuer:
- (A) may, at its sole discretion, elect to pay an Optional Distribution or satisfy any Arrears of Distribution and Additional Distribution Amounts, as the case may be (in whole or in part) at any time by giving notice of such election to the Perpetual Securityholders (in accordance with Condition 14) and the Trustee and the Issuing and Paying Agent not more than 20 nor less than 15 Business Days (or such other notice period as may be specified in the applicable Pricing Supplement) prior to the relevant payment date specified in such notice (which

notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution or Arrears of Distribution and Additional Distribution Amounts on the payment date specified in such notice); and

- (B) in any event shall satisfy any outstanding Arrears of Distribution and Additional Distribution Amounts (in whole but not in part) on the earlier of:
  - (x) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 5 (as applicable);
  - (y) the next Distribution Payment Date on the occurrence of a breach of Condition 4(j)(iv) or, if Dividend Pusher is specified as being applicable in the applicable Pricing Supplement, the occurrence of a Compulsory Distribution Payment Event; and
  - (z) the date such amount becomes due under Condition 9 or on a Winding-Up of LMIRT.

Any partial payment of outstanding Arrears of Distribution and Additional Distribution Amounts by the Issuer shall be shared by the Perpetual Securityholders or Couponholders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

- (vi) *No default.* Notwithstanding any other provision in these Conditions or in the Trust Deed, the non-payment of any Distribution in accordance with this Condition 4(j) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9) on the part of the Issuer under the Perpetual Securities or for any other purpose.
- (k) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**“Aggregate Leverage”** means, as defined under the Property Funds Appendix, the total borrowings and deferred payments of a real estate investment trust, or such other definition as may from time to time be provided for under the Property Funds Appendix.

**“Business Day”** means:

- (i) in the case of a currency other than Singapore dollars, euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a **“TARGET Business Day”**); and/or
- (iii) in the case of Singapore Dollar Perpetual Securities, a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments to Singapore; and/or
- (iv) in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in the Offshore Renminbi Centre(s) are generally open for business and settlement of Renminbi payments in the Offshore Renminbi Centre(s); and/or
- (v) in the case of one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such Business Centre(s).

“**CIS Code**” means the code on collective investment schemes issued by the Monetary Authority of Singapore pursuant to Section 321 of the Securities and Futures Act, Chapter 289 of Singapore, as amended, varied or supplemented from time to time;

“**Day Count Fraction**” means, in respect of the calculation of an amount of distribution on any Perpetual Security for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Distribution Period or an Distribution Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual — ISDA**” is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “**Actual/365 (Fixed)**” is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365
- (iii) if “**Actual/365 (Sterling)**” is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365 or, in the case of an Distribution Payment Date falling in a leap year, 366
- (iv) if “**Actual/360**” is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 360
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified in the Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30

- (vii) if “**30E/360 (ISDA)**” is specified in the Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the due date for redemption or (ii) such number would be 31, in which case D2 will be 30

- (viii) if “**Actual/Actual-ICMA**” is specified in the Pricing Supplement,
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (b) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Date**” means the date(s) specified as such in the Pricing Supplement or, if none is so specified, the Distribution Payment Date(s).

“**Distribution Accrual Period**” means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Period Date and each successive period beginning on (and including) a Distribution Period Date and ending on (but excluding) the next succeeding Distribution Period Date.

“**Distribution Amount**” means:

- (i) in respect of an Distribution Accrual Period, the amount of distribution payable per Calculation Amount for that Distribution Accrual Period and which, in the case of Fixed Rate Perpetual Securities, and unless otherwise specified in the Pricing Supplement, shall mean the Fixed Coupon Amount or Broken Amount specified in the Pricing Supplement as being payable on the Distribution Payment Date ending the Distribution Period of which such Distribution Accrual Period forms part; and
- (ii) in respect of any other period, the amount of distribution payable per Calculation Amount for that period.

“**Distribution Commencement Date**” means the Issue Date or such other date as may be specified in the Pricing Supplement.

“**Distribution Determination Date**” means (x) in the case of Non-Singapore Dollar Perpetual Securities, with respect to a Rate of Distribution and Distribution Accrual Period, the date specified as such in the Pricing Supplement or, if none is so specified, (i) the first day of such Distribution Accrual Period if the Specified Currency is Sterling or Renminbi or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Distribution Accrual Period if the Specified Currency is neither Sterling nor euro nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Distribution Accrual Period if the Specified Currency is euro; or (y) in the case of Singapore Dollar Perpetual Securities, in respect of any Distribution Accrual Period, that number of Business Days in Singapore prior to the first day of the Distribution Accrual Period as specified in the Pricing Supplement.



**“Distribution Period”** means the period beginning on and including the Distribution Commencement Date and ending on but excluding the first Distribution Payment Date and each successive period beginning on and including a Distribution Payment Date and ending on but excluding the next succeeding Distribution Payment Date.

**“Distribution Period Date”** means each Distribution Payment Date unless otherwise specified in the Pricing Supplement.

**“Euro-zone”** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

**“Fitch”** means Fitch Ratings and its successors;

**“ISDA Definitions”** means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the Pricing Supplement.

**“LMIRT Manager”** means LMIRT Management Ltd. (previously known as Lippo Malls Indonesia Retail Trust Management Ltd), as manager of LMIRT, and any successor or replacement manager of LMIRT.

**“Moody’s”** means Moody’s Investors Service, Inc. and its successors.

**“Junior Obligation”** means the ordinary units of LMIRT and any class of equity capital in LMIRT ranking *pari passu* with the ordinary units of LMIRT, other than any instrument or security (including without limitation any preferred units) ranking in priority in payment and in all other respects to the ordinary units;

**“Parity Obligation”** means any instrument or security (including without limitation any preferred units) issued, entered into or guaranteed by the Issuer (i) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with a Notional Preferred Unit and/or other Parity Obligations and (ii) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer;

**“Property Funds Appendix”** means the guidelines for property funds issued by the Monetary Authority of Singapore as Appendix 6 to the CIS Code, as amended, varied or supplemented from time to time;

**“Rate of Distribution”** means the rate of distribution payable from time to time in respect of this Perpetual Security and that is either specified or calculated in accordance with the provisions in the Pricing Supplement.

**“Rating Agency”** means Fitch, Moody’s and/or S&P as specified in the applicable Pricing Supplement.

**“Reference Banks”** means (i) in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market; (ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market; and (iii) in the case of a determination of the relevant Reference Rate, SIBOR, Swap Rate or Swap Offer Rate, the principal Singapore office of three major banks in the Singapore inter-bank market, in each case selected by the Calculation Agent or as specified in the Pricing Supplement.

**“Reference Rate”** means the rate specified as such in the Pricing Supplement.

**“Relevant Screen Page”** means such page, section, caption, column or other part of a particular information service as may be specified in the Pricing Supplement.

**“Relevant Time”** means 11.00 a.m. (Singapore time).

“**S&P**” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies Inc.

“**Specified Currency**” means the currency specified as such in the Pricing Supplement or, if none is specified, the currency in which the Perpetual Securities are denominated.

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

“**Winding-Up**” means bankruptcy, termination, winding up, liquidation or similar proceedings.

- (l) **Calculation Agents:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for it or them hereon and for so long as any Perpetual Security is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Perpetual Securities, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to make any calculation or determination required of it, or to comply with any other requirement, the Issuer shall (with prior approval of the Trustee not to be unreasonably withheld or delayed) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent to act as such in its place. Any Calculation Agent appointed in respect of the Perpetual Securities may not resign its duties without a successor having been appointed as aforesaid.
- (m) **Business Day Convention:** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified in the Pricing Supplement is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

## 5 Redemption, Purchase and Options

- (a) **No Fixed Redemption Date:** The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 9), only have the right to redeem or purchase them in accordance with the following provisions of this Condition 5.
- (b) **Redemption for Taxation Reasons:** The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date (if this Perpetual Security is a Floating Rate Perpetual Security) or at any time (if this Perpetual Security is a Fixed Rate Perpetual Security), on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable) at their Early Redemption Amount as specified in the Pricing Supplement (together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if applicable)), if:
  - (i) the Issuer satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 7 as a result of:

- (A) any amendment to, or change in, the laws (or any rules or regulations or practice related thereto or thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Perpetual Securities; or
  - (B) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations or practice related thereto by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which amendment or change is enacted, promulgated, issued or becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Perpetual Securities; or
  - (C) any generally applicable official interpretation or pronouncement that provides for a position with respect to such laws or regulations or practice related thereto that differs from the previous generally accepted position which is issued or announced on or after the date on which agreement is reached to issue the first Tranche of the Perpetual Securities; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Perpetual Securities were then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer or two authorised signatories of the LMIRT Manager stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it, and an opinion of independent legal or tax advisors of recognised international standing with respect to tax matters and acceptable to the Trustee to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective) and the Trustee shall be entitled without further enquiry and without liability to any Perpetual Securityholder or any other person to accept such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on Perpetual Securityholders and Couponholders.

- (c) **Redemption at the Option of the Issuer:** If Redemption at the Option of the Issuer is specified to apply in the Pricing Supplement, the Issuer may, on giving not less than 30 nor more than 60 days' irrevocable notice to the Perpetual Securityholders (or such other notice period as may be specified in the Pricing Supplement) redeem all or, if so provided, some of the Perpetual Securities on any Optional Redemption Date. Any such redemption of Perpetual Securities shall be at their Optional Redemption Amount together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if applicable). Any such redemption or exercise must relate to Perpetual Securities of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the Pricing Supplement and no greater than the Maximum Redemption Amount to be redeemed specified in the Pricing Supplement.

All Perpetual Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Perpetual Securityholders shall also contain the certificate numbers of the Bearer Perpetual Securities, or in the case of Registered Perpetual Securities shall specify the nominal amount of Registered Perpetual Securities drawn and the holder(s) of such Registered Perpetual Securities, to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (d) **Redemption for Accounting Reasons:** If Redemption for Accounting Reasons is specified to apply in the applicable Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date (if this Perpetual Security is a Floating Rate Perpetual Security) or at any time (if this Perpetual Security is a Fixed Rate Perpetual Security), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Issuing and Paying Agent and in accordance with Condition 14, the Perpetual Securityholders (which notice shall be irrevocable) at their Early Redemption Amount as specified in the applicable Pricing Supplement, together (if appropriate) with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if applicable) if, as of the date fixed for redemption or in the Distribution Period immediately following the date fixed for redemption, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council as amended from time to time (“**SFRS**”) or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of LMIRT as amended from time to time (the “**Relevant Accounting Standards**”), the Perpetual Securities must not or must no longer be recorded as “equity” of LMIRT pursuant to the Relevant Accounting Standards, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect in relation to the Issuer.

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver to the Trustee a certificate signed by two authorised signatories of Issuer or of the LMIRT Manager, stating that the circumstances referred to above prevail and setting out the details of such circumstances and an opinion, addressed to the Trustee, of LMIRT’s independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standards is due to take effect. The Trustee shall be entitled without further enquiry and without liability to any Perpetual Securityholder or any other person to rely on such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent above, in which event it shall be conclusive and binding on Perpetual Securityholders and Couponholders.

- (e) **Redemption upon a Ratings Event:** If Redemption Upon a Ratings Event is specified to apply in the applicable Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date (if this Perpetual Security is a Floating Rate Perpetual Security) or at any time (if this Perpetual Security is a Fixed Rate Perpetual Security), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Issuing and Paying Agent and in accordance with Condition 14, the Perpetual Securityholders (which notice shall be irrevocable), at their Early Redemption Amount as specified in the applicable Pricing Supplement, together (if appropriate) with Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if applicable), if, as of the date fixed for redemption or in the Distribution Period immediately following the date fixed for redemption, an amendment, clarification or change has occurred or will occur in the equity credit criteria, guidelines or methodology of any Rating Agency (or any other rating agency of equivalent standing requested from time to time by the Issuer to grant an equity classification to the Perpetual Securities) and in each case, any of its successor to the rating business thereof, which amendment, clarification or change results or will result in a lower equity credit for the Perpetual Securities than the equity credit assigned (or would have been assigned) on the Issue Date (in the case of the Rating Agency(ies)) or, if the relevant equity credit was not assigned on the Issue Date, at the date when equity credit is assigned for the first time by such other relevant rating agency (“**Ratings Event**”), provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Ratings Event is due to take effect.

Prior to the publication of any notice of redemption pursuant to this Condition 5(e), the Issuer shall deliver, or procure that there is delivered, to the Trustee a certificate signed by two authorised signatories of the Issuer or of the LMIRT Manager stating that the circumstances referred to above prevail and setting out the details of such circumstances.

- (f) **Redemption upon a Regulatory Event:** If Redemption upon a Regulatory Event is specified to apply in the applicable Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date (if this Perpetual Security is a Floating Rate Perpetual Security) or at any time (if this Perpetual Security is a Fixed Rate Perpetual Security), in each case on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Early Redemption Amount as specified in the applicable Pricing Supplement, together (if appropriate) with Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if applicable), if, as a result of any change in, or amendment to, the Property Funds Appendix, or any change in the application or official interpretation of the Property Funds Appendix, as of the date fixed for redemption, the Perpetual Securities count or, will in the Distribution Period immediately following the date fixed for redemption, count towards the Aggregate Leverage under the Property Funds Appendix provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant change or amendment to, or change in application or interpretation of, the Property Funds Appendix, is due to take effect in relation to the Issuer.

Prior to the publication of any notice of redemption pursuant to this Condition 5(f), the Issuer shall deliver, or procure that there is delivered to the Trustee (i) a certificate, signed by two authorised signatories of the Issuer or of the LMIRT Manager, stating that the circumstances referred to above prevail and setting out the details of such circumstances and (ii) an opinion of an independent legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to, or change in application or interpretation of, the Property Funds Appendix, took, or is due to take, effect.

- (g) **Redemption upon a Change of Control:** If Redemption upon a Change of Control is specified to apply in the applicable Pricing Supplement, following the occurrence of a Change of Control Event, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date (if this Perpetual Security is a Floating Rate Perpetual Security) or at any time (if this Perpetual Security is a Fixed Rate Perpetual Security), in each case on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Early Redemption Amount as specified in the applicable Pricing Supplement, together (if appropriate) with Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if applicable).

A "Change of Control Event" occurs when:

- (i) there is a change of control of LMIRT Management Ltd. (in its capacity as manager of LMIRT) whilst it is the manager of LMIRT save where LMIRT Management Ltd. remains controlled, directly or indirectly, by PT Lippo Karawaci Tbk or one of its affiliates; or
  - (ii) LMIRT Management Ltd. is replaced by a new manager of LMIRT not controlled by PT Lippo Karawaci Tbk or one of its affiliates; or
  - (iii) there is a direct or indirect sale, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the properties or assets of LMIRT and its Subsidiaries, taken as a whole, to any "person" or "group" (within the meaning of Section 13(d) and 14(d) of the Exchange Act); or
  - (iv) a plan is adopted relating to the liquidation or dissolution of LMIRT.
- (h) **Redemption in the case of Minimal Outstanding Amount:** If Redemption in the case of Minimal Outstanding Amount is specified to apply in the applicable Pricing Supplement, the Issuer may, at any time, on giving not less than 30 nor more than 60 days' irrevocable notice to the Trustee and the Issuing and Paying Agent and in accordance with Condition 14, the Perpetual Securityholders (or such other notice period as may be specified in the

applicable Pricing Supplement) redeem the Perpetual Securities, in whole, but not in part, at their Early Redemption Amount as specified in the applicable Pricing Supplement together (if appropriate) with Distribution accrued to the date of redemption (including any Arrears of Distribution and any Additional Distribution Amount, if applicable) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 20 per cent. of the aggregate principal amount originally issued.

- (i) **No Other Redemption:** The Issuer shall not be entitled to redeem the Perpetual Securities and shall have no obligation to make any payment of principal in respect of the Perpetual Securities otherwise than as provided in Conditions 5(b) to 5(h) and as otherwise specified in the applicable Pricing Supplement.
- (j) **Purchases:** Each of the Issuer and the Subsidiaries of the Issuer may at any time purchase Perpetual Securities (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (k) **Cancellation:** Any Perpetual Securities purchased by or on behalf of the Issuer, or any of the respective Subsidiaries of the Issuer may in their sole discretion be surrendered for cancellation, in the case of Bearer Perpetual Securities, by surrendering each such Perpetual Security together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Perpetual Securities, by surrendering the Certificate representing such Perpetual Securities to the Registrar and, in each case, if so surrendered, shall, together with all Perpetual Securities redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Perpetual Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Perpetual Securities shall be discharged.

## 6 Payments and Talons

- (a) **Bearer Perpetual Securities:** Payments of principal and Distribution (including any Optional Distribution, Arrears of Distribution and Additional Distribution Amounts, if applicable) in respect of Bearer Perpetual Securities shall, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities (in the case of all other payments of principal and, in the case of distribution, as specified in Condition 6(f)(v)) or Coupons (in the case of distribution, save as specified in Condition 6(f)(ii)), as the case may be:
  - (i) in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank; and
  - (ii) in the case of Renminbi, by transfer to a Renminbi account maintained by or on behalf of the Perpetual Securityholder with a bank in the Offshore Renminbi Centre(s).

In this Condition 6(a), “**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

- (b) **Registered Perpetual Securities:**
  - (i) Payments of principal in respect of Registered Perpetual Securities shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 6(b)(ii) below.
  - (ii) Distribution (including any Optional Distribution, Arrears of Distribution and Additional Distribution Amounts, if applicable) on Registered Perpetual Securities shall be paid to the person shown on the Register at the close of business on the fifth (in the case of

Renminbi) and fifteenth (in the case of a currency other than Renminbi) day before the due date for payment thereof (the “**Record Date**”). Payments of distribution on each Registered Perpetual Security shall be made:

- (x) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Perpetual Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of distribution may be made by transfer to an account in the relevant currency maintained by the payee with a Bank; and
- (y) in the case of Renminbi, by transfer to the registered account of the Perpetual Securityholder.

In this Condition 6(b)(ii), “**registered account**” means the Renminbi account maintained by or on behalf of the Perpetual Securityholder with a bank in the Offshore Renminbi Centre, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Perpetual Securities are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Perpetual Securities in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in any jurisdiction (whether by operation of law or agreement of the Issuer) and the Issuer will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Issuing and Paying Agent, the CDP Lodging and Paying Agent, the Paying Agents, the Registrars, and the Transfer Agents initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the CDP Lodging and Paying Agent, the Paying Agents, the Registrars, and the Transfer Agents and any Calculation Agents appointed in respect of any Perpetual Securities act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Perpetual Securityholder or Couponholder. The Issuer reserves the right at any time to terminate the appointment of the Issuing and Paying Agent, the CDP Lodging and Paying Agent, any other Paying Agent, any Registrar, any Transfer Agent, or any Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that (i) if an Event of Default has occurred, the written approval of the Trustee has been obtained and (ii) the Issuer shall at all times maintain (A) an Issuing and Paying Agent, (B) a Registrar in relation to Registered Perpetual Securities, (C) a Transfer Agent in relation to Registered Perpetual Securities, (D) a CDP Lodging and Paying Agent in relation to Perpetual Securities cleared through the CDP, (E) one or more Calculation Agent(s) where these Conditions so require, (F) a Paying Agent in Singapore, where the Perpetual Securities may be presented or surrendered for payment or redemption, in the event that the Global Perpetual Securities are exchanged for Definitive Perpetual Securities, for so long as the Perpetual Securities are listed on the SGX-ST and the rules of the SGX-ST so require, (G) such other agents as may be required by any other stock exchange on which the Perpetual Securities may be listed in each case, as approved by the Trustee and (H) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold

or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Perpetual Securities denominated in U.S. dollars in the circumstances described in Condition 6(c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Perpetual Securityholders.

(f) **Unmatured Coupons and unexchanged Talons:**

- (i) Upon the due date for redemption of Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities, such Perpetual Securities should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
  - (ii) Upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, unexpired Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.
  - (iii) Upon the due date for redemption of any Bearer Perpetual Security, any unexchanged Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
  - (iv) Where any Bearer Perpetual Security that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Perpetual Securities is presented for redemption without all unexpired Coupons, and where any Bearer Perpetual Security is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
  - (v) If the due date for redemption of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Distribution Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Perpetual Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).
- (h) **Non-Business Days:** If any date for payment in respect of any Perpetual Security or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any additional distribution or other sum in respect of such postponed payment. In this Condition 6, “**business day**” means a day (other than a Saturday or a



Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation (if presentation and/or surrender of such Perpetual Security or Coupon is required), in such jurisdictions as shall be specified as “**Financial Centres**” hereon and:

- (i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day; or
- (iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in the Offshore Renminbi Centre(s).

## 7 Taxation

Where the Perpetual Securities are recognised as debt securities for Singapore income tax purposes, all payments of principal, Distributions, Optional Distributions and (if applicable) Arrears of Distribution and Additional Distribution Amounts by or on behalf of the Issuer in respect of the Perpetual Securities and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, where the Perpetual Securities are recognised as debt securities for Singapore income tax purposes, the Issuer shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable with respect to any Perpetual Security or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is (i) treated as a resident of Singapore or as having a permanent establishment in Singapore for tax purposes or (ii) liable to such taxes, duties, assessments or governmental charges in respect of such Perpetual Security or Coupon by reason of his having some connection with Singapore other than the mere holding of the Perpetual Security or Coupon; or
- (b) **Surrender more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day; or
- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) **Payment by another Paying Agent:** (except in the case of Registered Perpetual Securities) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Perpetual Security, or Coupon to another Paying Agent in a Member State of the European Union.

Where the Perpetual Securities are not recognised as debt securities for Singapore income tax purposes, all payments, or part thereof, of Distributions, Optional Distributions and (if applicable) Arrears of Distribution and Additional Distribution Amounts in respect of the Securities by or on behalf of the Issuer may be subject to any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Singapore or any political subdivision thereof or any authority therein or thereof having power to tax in the same manner as distributions on ordinary units of LMIRT, and LMIRT may be obliged (in certain circumstances) to withhold or deduct tax at the rate of 10% or 17% under

Section 45G of the Income Tax Act, Chapter 134 of Singapore. In that event, the Issuer will not pay any additional amounts in respect of any such withholding or deduction from payments in respect of the Perpetual Securities and the Coupons for or on account of any such taxes or duties.

For the avoidance of doubt, nothing in this Condition 7 shall apply to any payment of tax by any Perpetual Securityholder with respect to its overall net income.

As used in these Conditions, “**Relevant Date**” in respect of any Perpetual Security or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Perpetual Securityholders that, upon further presentation of the Perpetual Security (or relative Certificate) or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Perpetual Securities, Early Redemption Amounts, Optional Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) “**Distribution**” shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 (including any Optional Distribution) or any amendment or supplement to it and (iii) “**principal**” and/or “**Distribution**” shall be deemed to include any additional amounts that may be payable under this Condition 7 or any undertaking given in addition to or in substitution for it under the Trust Deed.

## 8 Prescription

Claims against the Issuer for payment in respect of the Perpetual Securities and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of Distribution (including any Optional Distribution)) from the appropriate Relevant Date in respect of them.

## 9 Non-Payment

- (a) **Non-payment when due:** Notwithstanding any of the provisions below in this Condition 9, the right to institute Winding-Up proceedings against LMIRT is limited to circumstances where payment has become due. In the case of any Distribution, such Distribution will not be due if the Issuer has elected not to pay that Distribution, in whole or in part, to the extent the amount so elected to be unpaid, in accordance with Condition 4(i). In addition, nothing in this Condition 9, including any restriction on commencing proceedings, shall in any way restrict or limit the rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Perpetual Securities, the Coupons or the Trust Deed.
- (b) **Proceedings for Winding-Up:** If (i) a Winding-Up of LMIRT occurs or (ii) the Issuer shall not make payment in respect of the Perpetual Securities or the Coupons for a period of 15 Business Days or more after the date on which such payment is due (together, the “**Enforcement Events**”), the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d), institute proceedings for the Winding-Up of LMIRT and/or prove in the Winding-Up of LMIRT and/or claim in the liquidation or termination of LMIRT for such payment.
- (c) **Enforcement:** Without prejudice to Condition 9(b) but subject to the provisions of Condition 9(d), the Trustee may at any time, at its discretion and without further notice to the Issuer institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Perpetual Securities (other than any payment obligation of the Issuer under or arising from the Perpetual Securities, including, without limitation, payment of any principal or premium or satisfaction of any Distributions (including any Optional Distribution, any Arrears of Distribution and any Additional Distribution Amount) in respect of the Perpetual Securities, including any damages awarded for breach of any

obligations) and in no event shall the Issuer or LMIRT, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

- (d) **Entitlement of Trustee:** Notwithstanding Condition 9(c) above, the Trustee shall not and shall not be obliged to take any of the actions referred to in Condition 9(b) or Condition 9(c) against the Issuer and/or LMIRT to enforce the terms of the Trust Deed, the Perpetual Securities or the Coupons unless (i) it shall have been so requested by an Extraordinary Resolution of the Perpetual Securityholders or in writing by the Perpetual Securityholders of at least 25 per cent. in principal amount of the Perpetual Securities then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.
- (e) **Right of Perpetual Securityholders:** No Perpetual Securityholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the Winding-Up or claim in the liquidation or termination of LMIRT or to prove in such Winding-Up unless the Trustee, having become so bound to proceed or being able to prove in such Winding-Up or claim in such liquidation or termination, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing, in which case the Perpetual Securityholder or the Couponholder shall have only such rights against the Issuer and/or LMIRT as those which the Trustee is entitled to exercise as set out in this Condition 9 and Clause 8 of the Trust Deed.
- (f) **Extent of Perpetual Securityholders' or Couponholders' remedy:** No remedy against the Issuer or LMIRT, other than as referred to in this Condition 9 and Clause 8 of the Trust Deed, shall be available to the Trustee or the Perpetual Securityholders, whether for the recovery of amounts owing in respect of the Trust Deed, the Perpetual Securities or the Coupons or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Trust Deed, the Perpetual Securities or the Coupons (as applicable).

## 10 Meetings of Perpetual Securityholders, Modification, Waiver and Substitution

- (a) **Meetings of Perpetual Securityholders:** The Trust Deed contains provisions for convening meetings of Perpetual Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Perpetual Securityholders holding not less than 10 per cent. in nominal amount of the Perpetual Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing more than 50 per cent. in nominal amount of the Perpetual Securities for the time being outstanding, or at any adjourned meeting two or more persons being or representing Perpetual Securityholders whatever the nominal amount of the Perpetual Securities held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of redemption of the Perpetual Securities or any date for payment of Distribution, Optional Distribution or Distribution Amounts on the Perpetual Securities, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Perpetual Securities, (iii) to reduce the rate or rates of distribution in respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates or amount of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (iv) if a Minimum Rate of Distribution and/or a Maximum Rate of Distribution or Redemption Amount is shown in the Pricing Supplement, to reduce any such Minimum Rate of Distribution and/or Maximum Rate of Distribution, (v) to vary any method of, or basis for, calculating the Early Redemption Amount or the Optional Redemption Amount, (vi) to vary the currency or currencies of payment or denomination of the Perpetual Securities, (vii) in relation to Subordinated Perpetual Securities only, to amend the subordination provisions of the Perpetual Securities and the Trust Deed, (viii) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass an Extraordinary Resolution, or (ix) to modify the provisions of Condition 5, in which case the necessary quorum shall be two or more persons holding or representing not less than 66 2/3 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Perpetual Securities for the time being outstanding. Any

Extraordinary Resolution duly passed shall be binding on Perpetual Securityholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the Perpetual Securityholders of not less than 90 per cent. in nominal amount of the Perpetual Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Perpetual Securityholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Perpetual Securityholders.

These Conditions may be amended, modified or varied in relation to any Series of Perpetual Securities by the terms of the relevant Pricing Supplement in relation to such Series.

- (b) **Modification of the Trust Deed:** The Trustee may agree, without the consent of the Perpetual Securityholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or these Conditions that is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provisions of applicable law or as required by Euroclear and/or Clearstream, Luxembourg and/or the CDP, and (ii) any other modification (except as specifically excluded by the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, the Agency Agreement or these Conditions that is in the opinion of the Trustee not materially prejudicial to the interests of the Perpetual Securityholders or Couponholders. Any such modification, authorisation or waiver shall be binding on the Perpetual Securityholders and/or the Couponholders and, unless the Trustee otherwise requires, such modification, authorisation or waiver shall be notified by the Issuer to the Perpetual Securityholders and/or the Couponholders as soon as practicable.
- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, to the substitution of the Issuer's successor in business or any Subsidiary (as defined in the Trust Deed) of the Issuer or its successor in business or in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Perpetual Securities.
- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 10) the Trustee shall have regard to the interests of the Perpetual Securityholders as a class and shall not have regard to the consequences of such exercise for individual Perpetual Securityholders or Couponholders and the Trustee, acting for and on behalf of Perpetual Securityholders, shall not be entitled to require on behalf of any Perpetual Securityholder or Couponholder, nor shall any Perpetual Securityholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Perpetual Securityholders or Couponholders.

## 11 Indemnification

The Trust Deed and the Agency Agreement contain provisions for the indemnification of each of the Trustee and the Agents and for their relief from responsibility, including provisions relieving the Trustee from taking proceedings to enforce repayment unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with LMIRT Trustee and any entity related to LMIRT Trustee without accounting for any profit.

The Trustee shall not be responsible for the performance by any other person appointed by the Issuer in relation to the Perpetual Securities of their duties and obligations in respect of the same and, unless it has actual knowledge to the contrary, shall assume that the same are being duly performed. The Trustee shall not be liable to any Perpetual Securityholder or any other person for any action taken by the Perpetual Securityholders or the Trustee in accordance with the instructions of the Perpetual Securityholders. The Trustee shall be entitled to rely on any direction, request

or resolution of Perpetual Securityholders given by holders of the requisite principal amount of Perpetual Securities outstanding or passed at a meeting of Perpetual Securityholders convened and held in accordance with the Trust Deed.

Whenever the Trustee is required or entitled by the terms of the Trust Deed or the Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to their exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions from the Perpetual Securityholders by way of an Extraordinary Resolution, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions.

The Trustee shall not be under any obligation to monitor compliance with the provisions of these Conditions.

The Trustee may rely without liability to Perpetual Securityholders on any certificate prepared by the directors of the Issuer whether or not accompanied by a certificate or report prepared by an internationally recognised firm of accountants pursuant to the Conditions and/or the Trust Deed, whether or not addressed to the Trustee and whether or not if so accompanied the internationally recognised firm of accountants' liability in respect thereof is limited by a monetary cap or otherwise limited or excluded and shall be obliged to do so where the certificate or report is delivered pursuant to the obligation of the Issuer, to procure such delivery under these Conditions; any such certificate or report shall be conclusive and binding on the Issuer, the Trustee and the Perpetual Securityholders.

## **12 Replacement of Perpetual Securities, Certificates, Coupons and Talons**

If a Perpetual Security, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Perpetual Securities, Coupons or Talons) and of the Registrar (in the case of Certificates), in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Perpetual Security, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Perpetual Securities, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

## **13 Further Issues**

The Issuer may from time to time without the consent of the Perpetual Securityholders or Couponholders create and issue further securities either having the same terms and conditions as the Perpetual Securities in all respects (or in all respects except for the first scheduled payment of distribution on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Perpetual Securities) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Perpetual Securities include (unless the context requires otherwise) any other securities issued pursuant to this Condition 13 and forming a single series with the Perpetual Securities. Any further securities forming a single series with the outstanding securities of any series (including the Perpetual Securities) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed.

## **14 Notices**

Notices to the holders of Registered Perpetual Securities shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth calendar day (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Perpetual Securities shall be valid if published in a daily newspaper of general circulation in Singapore (which is expected to be *The Business Times*). If any such publication is not practicable,

notice shall be validly given if published in another leading daily English language newspaper with general circulation in Singapore. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Perpetual Securities in accordance with this Condition 14.

*So long as the Perpetual Securities are represented by a Global Perpetual Security or a Global Certificate and such Global Perpetual Security or Global Certificate is held by (i) CDP or on behalf of Euroclear or Clearstream, Luxembourg, or any other clearing system, notices to the holders of Perpetual Securities of that Series may (in the case of CDP, subject to the agreement of CDP) be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by these Conditions or by delivery of the relevant notice to the holder of the Global Perpetual Security or Global Certificate or (ii) CDP, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to the persons shown in the records maintained by the CDP on the second Singapore business day preceding the date of despatch of such notice as holding interests in the relevant Global Perpetual Security or Global Certificate. Any such notice shall be deemed to have been given to the holders of the Perpetual Securities on the calendar day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or CDP or the persons shown in the records maintained by CDP, as the case may be.*

#### **15 Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Perpetual Securities under the Contracts (Rights of Third Parties) Act 1999.

#### **16 Governing Law and Jurisdiction**

- (a) **Governing Law:** The Trust Deed, the Agency Agreement, the Perpetual Securities, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, except that the subordination provisions set out in Conditions 3(b)(i) to 3(b)(iii) and Clauses 6.3(a) to 6.3(d) of the Trust Deed shall be governed by and construed in accordance with Singapore law.
- (b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Perpetual Securities, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Perpetual Securities, Coupons, Talons (“**Proceedings**”) may be brought in such courts. Each of the parties to the Trust Deed has therein irrevocably submitted to the jurisdiction of such courts.
- (c) **Service of Process:** The Issuer has in the Trust Deed irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

## SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE IN GLOBAL FORM

### 1 *Initial Issue of Securities*

Global Notes, Global Perpetual Securities and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”) or CDP.

Upon the initial deposit of a Global Note or a Global Perpetual Security with a Common Depositary or CDP or registration of Registered Notes or a Registered Perpetual Securities in the name of (i) any nominee for Euroclear or Clearstream, Luxembourg (as the case may be) and/or (ii) CDP and delivery of the relevant Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg or CDP (as the case may be) will credit each subscriber with a nominal amount of Notes or Perpetual Securities (as applicable) equal to the nominal amount thereof for which it has subscribed and paid.

Notes or Perpetual Securities (as applicable) that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes or Perpetual Securities (as applicable) that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### 2 *Relationship of Accountholders with Clearing Systems*

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, CDP or any other clearing system (“**Alternative Clearing System**”) as the holder of a Note or Perpetual Securities (as applicable) represented by a Global Note, a Global Perpetual Security or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, CDP or any such Alternative Clearing System (as the case may be) for his share of each payment made by the relevant Issuer to the bearer of such Global Note or Global Perpetual Security or the holder of the underlying Registered Notes or Registered Perpetual Securities, as the case may be, and in relation to all other rights arising under the Global Notes, Global Perpetual Securities or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, CDP or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the relevant Issuer in respect of payments due on the Notes or Perpetual Securities (as applicable) for so long as the Notes or Perpetual Securities are represented by such Global Note, Global Perpetual Security or Global Certificate and such obligations of the relevant Issuer will be discharged by payment to the bearer of such Global Note or Global Perpetual Security or the holder of the underlying Registered Notes or Registered Perpetual Securities (as applicable), as the case may be, in respect of each amount so paid.

### 3 *Exchange*

#### **Temporary Global Notes and Temporary Global Perpetual Security**

Each temporary Global Note and temporary Global Perpetual Security (as applicable) will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Pricing Supplement indicates that such Global Note or Global Perpetual Security is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “*Summary of the Programme – Selling Restrictions*”), in whole, but not in part, for the Definitive Notes or Definitive Perpetual Securities (as applicable) defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or permanent Global Perpetual Security (as applicable) or, if so provided in the relevant Pricing Supplement, for Definitive Notes or Definitive Perpetual Securities (as applicable).

The holder of a temporary Global Note or temporary Global Perpetual Security will not be entitled to collect any payment of interest, distribution, principal or other amount due on or after the Exchange Date unless, upon due presentation of the temporary Global Note or temporary Global Perpetual Security for exchange or delivery of a permanent Global Note or permanent Global Perpetual Security or for delivery of Definitive Notes or definitive Perpetual Securities is improperly withheld or refused.

### **Permanent Global Notes and Permanent Global Perpetual Security**

Each permanent Global Note and permanent Global Perpetual Security will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under “Partial Exchange of Permanent Global Notes” below, in part for Definitive Notes or Definitive Perpetual Securities (as applicable):

- (i) if the permanent Global Note or permanent Global Perpetual Security is held on behalf of Euroclear, Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or
- (ii) if the permanent Global Note or permanent Global Perpetual Security is cleared through the CDP and (a) an Event of Default in the case of Notes (as defined in the Terms and Conditions of the Notes) or an Enforcement Event in the case of Perpetual Securities (as defined in the Terms and Conditions of the Perpetual Securities), as applicable, has occurred and is continuing, (b) CDP has closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise), (c) CDP has announced an intention to permanently cease business and no alternative clearing system is available or (d) CDP has notified the relevant Issuer that it is unable or unwilling to act as depository for the Notes or Perpetual Securities (as applicable) and to continue performing its duties as set out in its terms and conditions for the provision of depository services and no alternative clearing system is available.

In the event that a Global Note or Global Perpetual Security is exchanged for Definitive Notes or Definitive Perpetual Securities, respectively, such Definitive Notes or Definitive Perpetual Securities (as applicable) shall be issued in Specified Denomination(s) only. A Noteholder or Securityholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note or Definitive Perpetual Security (as applicable) in respect of such holding and would need to purchase a principal amount of Notes or Perpetual Securities (as applicable) such that it holds an amount equal to one or more Specified Denominations.

### **Global Certificates**

The following will apply in respect of transfers of Notes or Perpetual Securities (as applicable) held in Euroclear, Clearstream, Luxembourg, CDP or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes or Perpetual Securities within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes or Perpetual Securities may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes or Perpetual Securities (as applicable) represented by any Global Certificate pursuant to Condition 2(b) of the Terms and Conditions of the Notes or Condition 2(b) of the Terms and Conditions of the Perpetual Securities (as applicable) may only be made:

- (i) in whole but not in part if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) in whole but not in part if principal in respect of any Notes or Perpetual Securities (as applicable) is not paid when due; or
- (iii) in whole or in part with the prior consent of the relevant Issuer; or



- (iv) in whole but not in part if the Global Certificate is cleared through the CDP and:
  - (a) an Event of Default in the case of Notes, or an Enforcement Event in the case of Perpetual Securities, has occurred and is continuing; or
  - (b) CDP has closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise); or
  - (c) CDP has announced an intention to permanently cease business and no alternative clearing system is available; or
  - (d) CDP has notified the relevant Issuer that it is unable or unwilling to act as depository for the Notes or Perpetual Securities (as applicable) and to continue performing its duties as set out in its terms and conditions for the provision of depository services and no alternative clearing system is available,

provided that, in the case of the first transfer of part of a holding pursuant to sub-paragraph (i) or (ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

#### **Partial Exchange of Permanent Global Notes**

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

#### **Delivery of Notes and Perpetual Securities**

On or after any due date for exchange the holder of a Global Note or Global Perpetual Security may surrender such Global Note or Global Perpetual Security (as applicable) or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent (or, in the case of Notes or Perpetual Securities (as applicable) cleared through the CDP System, the CDP Lodging and Paying Agent). In exchange for any Global Note or Global Perpetual Security, or the part thereof to be exchanged, the relevant Issuer will (i) in the case of a temporary Global Note or temporary Global Perpetual Security exchangeable for a permanent Global Note or a permanent Global Perpetual Security (as applicable), deliver, or procure the delivery of, a permanent Global Note or a permanent Global Perpetual Security (as applicable) in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note or temporary Global Perpetual Security (as applicable) that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note or permanent Global Perpetual Security (as applicable) to reflect such exchange or (ii) in the case of a Global Note or Global Perpetual Security exchangeable for Definitive Notes or Definitive Perpetual Securities, respectively, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes or Definitive Perpetual Securities (as applicable). Global Notes, Global Perpetual Securities, Definitive Notes and Definitive Perpetual Securities will be delivered outside the United States and its possessions.

In this Offering Circular, (i) "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon); and (ii) "**Definitive Perpetual Securities**" means, in relation to any Global Perpetual Security, the definitive Bearer Perpetual Securities for which such Global Perpetual Security may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of distribution that have not already been paid on the Global Perpetual Security and a Talon). Definitive Notes and Definitive Perpetual Securities will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note or permanent Global Perpetual Security (as applicable), the relevant Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes or Definitive Perpetual Securities (as applicable).

## Exchange Date

“**Exchange Date**” means, in relation to a temporary Global Note or a temporary Global Perpetual Security (as applicable), the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note or a permanent Global Perpetual Security (as applicable), a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

## 4 **Amendment to the Terms and Conditions of the Notes and the Terms and Conditions of the Perpetual Securities**

The temporary Global Notes, temporary Global Perpetual Securities, permanent Global Notes, permanent Global Perpetual Securities and Global Certificates contain provisions that apply to the Notes and Perpetual Securities (as applicable) that they represent, some of which modify the effect of the Terms and Conditions of the Notes and Terms and Conditions of the Perpetual Securities (as applicable) set out in this Offering Circular. The following is a summary of certain of those provisions:

### Payments

No payment falling due after the Exchange Date will be made on any Global Note or Global Perpetual Security (as applicable) unless exchange for an interest in a permanent Global Note or permanent Global Perpetual Security (as applicable) or for Definitive Notes or Definitive Perpetual Securities (as applicable) is improperly withheld or refused. Payments on any temporary Global Note or temporary Global Perpetual Security (as applicable) issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes or Perpetual Securities (as applicable) represented by a Global Note or a Global Perpetual Security (as applicable) will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes or Perpetual Security (as applicable), surrender of that Global Note or Global Perpetual Security to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders or Securityholders for such purpose. A record of each payment so made will be enfaced on each Global Note or Global Perpetual Security, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes or Perpetual Securities. Condition 7(e)(ii)(F) and Condition 8(a) of the Terms and Conditions of the Notes will apply to the Definitive Notes only; and Condition 6(e)(ii)(F) and Condition 7(d) of the Terms and Conditions of the Perpetual Securities will apply to the Definitive Perpetual Securities only. For the purpose of any payments made in respect of a Global Note or Global Perpetual Security, the relevant place of presentation (if applicable) shall be disregarded in the definition of “business day” set out in Condition 7(h) of the Terms and Conditions of the Notes and Condition 6(h) of the Terms and Conditions of the Perpetual Securities.

All payments in respect of Notes or Perpetual Securities (as applicable) represented by a Global Certificate held on or on behalf of Euroclear or Clearstream, Luxembourg will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

All payments in respect of Notes or Perpetual Securities (as applicable) represented by a Global Certificate held by CDP will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the fifth business day prior to the date of payment.

### Prescription

Claims against the relevant Issuer and/or (where the Issuer is LMIRT Capital) the Guarantor for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8 of the Terms and Conditions of the Notes) in respect of them.

Claims against the relevant Issuer for payment in respect of the Perpetual Securities and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of Distribution (including any Optional Distribution)) from the appropriate Relevant Date (as defined in Condition 7 of the Terms and Conditions of the Perpetual Securities) in respect of them.

### **Meetings**

The holder of a permanent Global Note, a permanent Global Perpetual Security or of the Notes or Perpetual Securities (as applicable) represented by a Global Certificate shall (unless such permanent Global Note, permanent Global Perpetual Security or Global Certificate represents only one Note or Perpetual Security (as applicable)) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders or Securityholders and, at any such meeting, the holder of a permanent Global Note, permanent Global Perpetual Security or of the Notes or Perpetual Securities (as applicable) represented by a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes or Global Perpetual Securities (as applicable). (All holders of Registered Notes or Registered Perpetual Securities (as applicable) are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes or Perpetual Securities (as applicable) comprising such Noteholder's or Securityholder's holding, whether or not represented by a Global Certificate.)

### **Cancellation**

Cancellation of any Note or Perpetual Security represented by a permanent Global Note or permanent Global Perpetual Security (as applicable) that is required by the Terms and Conditions of the Notes or the Terms and Conditions of the Perpetual Securities (as applicable) to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note or permanent Global Perpetual Security or its presentation to or to the order of the Issuing and Paying Agent for endorsement in the relevant schedule of such permanent Global Note or permanent Global Perpetual Security (as applicable)\_or in the case of a Global Certificate, by reduction in the aggregate principal amount of the Certificates in the register of the certificateholders, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

### **Purchase**

Notes or Perpetual Securities represented by a permanent Global Note or a permanent Global Perpetual Security may only be purchased by the relevant Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest or distribution and Instalment Amounts (if applicable) thereon.

### **Issuer's Option**

Any option of the relevant Issuer provided for in the Terms and Conditions of the Notes or the Terms and Conditions of the Perpetual Securities while such Notes or Global Perpetual Securities are represented by a permanent Global Note or permanent Global Perpetual Security shall be exercised by the relevant Issuer giving notice to the Noteholders or Securityholders within the time limits set out in and containing the information required by the Terms and Conditions of the Notes or the Terms and Conditions of the Perpetual Securities, except that the notice shall not be required to contain the serial numbers of Notes or Perpetual Securities drawn in the case of a partial exercise of an option and accordingly no drawing of Notes or Perpetual Securities shall be required. In the event that any option of the relevant Issuer is exercised in respect of some but not all of the Notes or Perpetual Securities of any Series, the rights of accountholders with a clearing system in respect of the Notes or Perpetual Securities will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, CDP or any other clearing system (as the case may be).

### **Noteholders' Options (in relation to Notes only)**

Any option of the Noteholders provided for in the Terms and Conditions of the Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent (or, in the case of Notes cleared through the CDP System, the CDP Lodging and Paying Agent) within the time limits relating to the deposit of Notes with a Paying Agent set out in the Terms and Conditions of the

Notes substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent (or, in the case of Notes cleared through the CDP System, the CDP Lodging and Paying Agent), for notation.

### **Trustee's Powers**

In considering the interests of Noteholders or Securityholders while any Global Note or Global Perpetual Security is held on behalf of, or Registered Notes or Registered Perpetual Securities are registered in the name of any nominee or sub-custodian for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note, Global Perpetual Security or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes or Perpetual Securities represented by such Global Note, Global Perpetual Security or Global Certificate.

### **Notices**

So long as the Notes or Perpetual Securities are represented by a Global Note, a Global Perpetual Security or a Global Certificate (as applicable) and such Global Note, Global Perpetual Security or Global Certificate is held by (i) CDP or on behalf of Euroclear or Clearstream, Luxembourg, or any other clearing system, notices to the holders of Notes or Perpetual Securities of that Series may (in the case of CDP, subject to the agreement of CDP) be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Terms and Conditions of the Notes or the Terms and Conditions of the Perpetual Securities (as applicable) or by delivery of the relevant notice to the holder of the Global Note, Global Perpetual Security or Global Certificate or (ii) CDP, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to the persons shown in the records maintained by the CDP on the second Singapore business day preceding the date of despatch of such notice as holding interests in the relevant Global Note, Global Perpetual Security or Global Certificate. Any such notice shall be deemed to have been given to the holders of the Notes or Perpetual Securities (as applicable) on the calendar day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or CDP or the persons shown in the records maintained by CDP, as the case may be.

## **5 *Partly Paid Notes (in relation to Notes only)***

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the relevant Issuer may forfeit such Notes and shall have no further obligation to their holders in respect of them.

## **USE OF PROCEEDS**

Unless otherwise specified in the relevant Pricing Supplement, the net proceeds from the issue of each Tranche of Securities will be used by the Group for general corporate purposes.

## CAPITALISATION AND INDEBTEDNESS

The following table sets forth the unaudited consolidated capitalisation and indebtedness of the Group as at 30 June 2016.

	<u>As at 30 June 2016*</u> (S\$ thousands)
Short-term borrowings.....	150,000
Long-term borrowings .....	545,000
Unitholders' funds.....	1,061,250
<b>Total capitalisation and indebtedness .....</b>	<b>1,756,250</b>

\* The financial information of LMIR Trust as at and for the six-month periods ended 30 June 2015 and 30 June 2016 included in this Offering Circular have not been audited or reviewed. See "*Risk Factors – Risks Related to the Securities Issued under the Programme – Risks relating to unaudited and unreviewed interim financial information included in this Offering Circular and deemed incorporated by reference*".

As at 30 June 2016, the Group did not have any material contingent liabilities.

There has been no material change in the capitalisation of LMIR Trust since 30 June 2016.

## DESCRIPTION OF LMIRT CAPITAL

### GENERAL

LMIRT Capital was incorporated on 18 May 2012 as a Singapore private company with limited liability and its registration number is 201212428M. The registered office of the LMIRT Capital is located at 50 Collyer Quay #06-07, OUE Bayfront, Singapore 049321. LMIRT Capital is a wholly owned finance subsidiary of LMIR Trust.

### BUSINESS ACTIVITY

The principal objects of LMIRT Capital are set out in Clause 3 of its Memorandum of Association and are, *inter alia*, to carry on or undertake any business activity, do any act or enter into any transactions. LMIRT Capital has not engaged, since its incorporation, in any business activities other than the issue of medium term notes under its existing S\$750,000,000 Guaranteed Medium Term Note Programme established on 25 June 2012 (and authorisations and agreements related thereto) and the issue of Securities and the authorisation of documents and agreements referred to in this Offering Circular to which it is or will be a party.

### MANAGEMENT

The directors of LMIRT Capital are Viven Gouw and Lo Shye Ru, each of whose address for the purpose of their directorships of LMIRT Capital is 50 Collyer Quay #06-07, OUE Bayfront, Singapore 049321.

### CAPITALISATION

LMIRT Capital has an issued and paid-up share capital of S\$100 comprising 100 ordinary shares. As of the date of this Offering Circular, LMIRT Capital has no borrowings or indebtedness in the nature of borrowings (including loan capital issued, or created but unused), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities, except as otherwise described in this Offering Circular.

For further general information on LMIRT Capital, see "*General Information*", pages 188-189.

# LIPPO MALLS INDONESIA RETAIL TRUST

## OVERVIEW

LMIR Trust is a Singapore-based real estate investment trust constituted by the LMIRT Trust Deed and the first and only Indonesian retail REIT listed on the SGX-ST on 19 November 2007. It was established with the principal investment objective of owning and investing on a long-term basis in a diversified portfolio of income-producing real estate properties in Indonesia that are primarily used for retail and/or retail-related purposes, and real estate related assets in connection with the foregoing purposes.

LMIR Trust seeks to produce regular and stable cash flows and to achieve long-term growth in NAV per Unit through growth in rental yields and acquisitions. LMIR Trust's asset portfolio, as at 30 June 2016, comprises Retail Malls and Retail Spaces, all of which are located in Indonesia. For the year ended 31 December 2015, LMIR Trust had net property income of S\$158.6 million. As at 30 June 2016, LMIR Trust had total assets of S\$1,944.2 million and a market capitalisation of S\$981.0 million.

## Corporate Structure

LMIR Trust owns the Retail Malls through 19 Indonesian SPCs, 18 of which are owned by two Singapore SPCs each and one of which is owned by three Singapore SPCs. LMIR Trust owns the Retail Spaces through seven Indonesian SPCs and seven Singapore SPCs.

## Competitive strengths

The LMIRT Manager believes that the competitive strengths of LMIR Trust include:

***The Properties are located in major cities of Indonesia amidst a growing and affluent urban middle class, allowing LMIR Trust to leverage on sound Indonesian macroeconomic and retail industry fundamentals***

The existing properties are mainly located within Greater Jakarta, Bandung, Medan and Palembang, Indonesia's first, third, fifth and ninth most populous cities, respectively, aligning LMIR Trust's growth with a significant portion of urban economic growth in Indonesia.

Indonesia is the largest economy in South East Asia and has the world's fourth largest population. In recent years, Indonesia has been South East Asia's fastest growing economy by Real GDP, experiencing a corresponding increase in purchasing power as a result of growth in GDP per capita at 7.8 per cent. from 2014 to 2015, driven largely by private consumption. Further, economic development in Indonesia has seen a significant growth of the middle income population over the past several years in major urban centres. It is estimated that the middle income population in Indonesia currently totals approximately 170 million as of 2014, or 68 per cent. of the Indonesian population. This particular group is a major target market for modern retail shopping centres and is expected to grow as the Indonesian economy continues to expand and the relatively youthful population drives consumption.

Retail spending has been further boosted by a shift in lifestyle towards a higher level of consumerism, partially brought about by the introduction of foreign brands and designer labels. These foreign brands and designer labels typically have higher margins. Retailers selling such merchandise are willing to pay higher rentals for prime and sizeable retail space. The proliferation of hypermarkets and supermarkets over traditional markets has also increased shopper traffic to modern retail malls. This growth in retail traffic provides an opportunity for the significant expansion of the retail base in Indonesia, as rental rates and retail space per capita in the market continue to lag behind other key retail markets in the region.

***Leading position as one of Indonesia's largest retail property owners***

LMIR Trust's position as one of the largest retail property owners in Indonesia allows it to capitalise on economies of scale, leading to more efficient portfolio and property management and provides it with relative bargaining power when negotiating with existing and potential future tenants.



The Property Manager, a wholly-owned subsidiary of the Sponsor, manages all of the Retail Malls. As the Retail Spaces are master-leased to Matahari Department Store, there is no similar property management support required for the Retail Spaces. The Property Manager comprises a specialised team of professionals managing the key areas of operations, leasing, marketing and finance. Best practices are standardised and strictly adhered to across all assets in the portfolio.

The Retail Malls are able to leverage upon the Property Manager's and the Sponsor's experience in areas including contractor management, retailer relationships and key negotiations, cost control mechanisms and strategic leasing, marketing and management initiatives. This helps to enhance the position of LMIR Trust's properties in the market, enabling them to seek to take advantage of increased foreign retailer interest in the sector. For example, Carrefour, Metro, Parkson and Lotte have all announced that they intend to expand their Indonesian footprint in the coming years. Additionally, the LMIR Manager, in discussion with the Property Manager, believes that there are ongoing opportunities to realise efficiencies and enhance the performance of each Retail Mall.

### ***Strong and committed Sponsor***

The Sponsor's position as the largest listed real estate company in Indonesia by revenue and assets for the full year 2015 allows LMIR Trust the opportunity to benefit from expert knowledge and significant client relationships in the Indonesian retail property market. The Sponsor is a developer of retail, residential and industrial land in Indonesia and also has a significant recurring revenue stream through its REIT management, hospitality and healthcare operations. It is also affiliated with Matahari, one of the largest retailers in Indonesia and a significant anchor tenant in certain of LMIR Trust's properties. The Sponsor demonstrated its commitment to LMIR Trust by undertaking to subscribe for its *pro rata* entitlement and any remaining unsubscribed units in LMIR Trust's 2011 rights issuance. As at 30 June 2016, the Sponsor held, directly and indirectly, 29.32 per cent. of the units in LMIR Trust.

### ***Properties strategically located within well-established population catchment areas***

The geographic diversification of the Properties reduces LMIR Trust's dependence on any single regional market and accordingly contributes to the stability of LMIR Trust's projected future income.

The Retail Malls are strategically located throughout Greater Jakarta as well as in Bandung and Medan. Located in middle to upper middle income demographic regions, each of the Retail Malls has a variety of strong characteristics such as:

- *Gajah Mada Plaza* — Located in the Chinatown district of Jakarta, with a hypermarket, executive club and a swimming pool;
- *Cibubur Junction* — Located in the heart of Cibubur, one of the most affluent and upmarket residential areas in Jakarta;
- *The Plaza Semanggi* — Located in the golden triangle of the Jakarta CBD and accessible from all areas of the capital city;
- *Mal Lippo Cikarang* — The main shopping centre in the growing residential and industrial Lippo Cikarang estate with limited competition within a 10 kilometre radius;
- *Ekalokasari Plaza* — The first modern shopping centre in Bogor and a five-minute drive from the Bogor exit gate of the Jagorawi toll road, the highway connecting Jakarta to Bogor;
- *Pluit Village* — Surrounded by affluent residential estates with a majority ethnic Chinese community in North Jakarta;
- *Bandung Indah Plaza* — Strategic location at the heart of Bandung's CBD and easily accessible to the greater Bandung population;
- *Istana Plaza* — Easily accessible from several transportation hubs in the vicinity, such as the Husein Sastranegara Airport, Bandung train station and Pasteur tollgate;

- *Sun Plaza* — One of the upmarket malls in the growing city of Medan, the most populous Indonesian city outside of Java;
- *Plaza Medan Fair* — Strategically located in the shopping and business district of Medan, surrounded by affluent residential complexes and within walking distance to key hotels in Medan;
- *Tamini Square* — Located within close proximity of one of Jakarta's popular tourist destinations (Tamini Mini Indonesia Indah), surrounded by recreational areas and highly accessible due to the nearby toll road gate and public transportation, including Trans Jakarta Busway;
- *Lippo Plaza Kramat Jati (formerly known as Kramat Jati Indah Plaza)* — Situated in the vicinity Taman Mini Indonesia Indah, which is one of Jakarta's most popular tourist destinations and culture-based recreational area and Halim Perdanakusuma Airport. The mall, situated 2.5 km south of Jakarta's Jagorawi toll road, is easily accessible from the main road with a high level of accessibility to passing traffic;
- *Palembang Square* — Located in the heart of Palembang City and is part of a mixed-use development consisting of a hotel, a hospital and Palembang Square Extension;
- *Palembang Square Extension* — Located in the heart of Palembang City and is part of a mixed-use development consisting of a hotel, a hospital and an existing mall;
- *Pejaten Village* — Situated within a strategic area in the heart of South Jakarta, surrounded by commercial developments such as medium-rise office buildings, shop houses and hotels within proximity to the Kemang, a popular residential area for the expatriates in Jakarta. It offers both destination and convenience shopping and is supported by its central location, which is easily accessible by cars and public transport;
- *Binjai Supermall* — Strategically located along the main road connecting the Binjai City and Medan City, it is the first and only modern retail mall in Binjai City;
- *Lippo Mall Kemang* — Strategically located in close proximity to several residential apartments, a hotel, a wedding chapel, a school and a country club in South Jakarta, it also serves as the podium of the proposed J.W. Marriott Hotel, Pelita Harapan school campus, a planned hospital and three condominium towers;
- *Lippo Plaza Batu* — Strategically located in Batu City, Indonesia giving LMIR Trust access to the dense population located in this city; and
- *Palembang Icon* — Strategically located in Palembang which is the second largest city on Sumatra island and the capital city of the South Sumatra province in Indonesia, helping to ensure high retail traffic.

The Retail Spaces are strategically located throughout Greater Jakarta and in the major cities of Semarang, Medan, Madiun and Malang. For example:

- the Mall WTC Matahari Units are located in Serpong which is part of Tangerang, one of the residential areas on the outskirts of Jakarta;
- Mall WTC Matahari is strategically located along a main road which connects to BSD City, the largest residential estate in Greater Jakarta that has a proposed development area of 6,000 ha with currently 1,500 ha developed and is occupied by over 15,000 households; and
- the Malang Town Square Units which are located in the city of Malang which is the second largest city in the East Java province and a popular tourist destination due to its natural attractions. The city is also home to five universities.

### **Quality Retail Malls which cater to the daily needs of shoppers**

The Retail Malls are strategically positioned as “everyday” shopping destinations for shoppers and their families, catering to their daily as well as lifestyle and entertainment needs. The Retail Malls are anchored by supermarkets, hypermarkets and department stores, which draw significant shopper traffic to the malls and are designed to provide a comfortable and hassle-free environment for shoppers to purchase their daily necessities. The specialty, food and beverage and lifestyle and entertainment tenants, which include foreign labels and brands, restaurants, cinemas and entertainment centres provide shoppers with a wide range of product offerings and a complete shopping experience.

Further, the Retail Malls are managed by experienced professionals with retail expertise and experience, as reflected in the historically high occupancy rates and the ability of each Retail Mall to differentiate itself from its competitors within its catchment area. As at 30 June 2016 the Retail Malls had a weighted average occupancy of approximately 94.8 per cent., compared to an industry average of 84.8 per cent., reflecting the robust demand for space in the Retail Malls.

### **Quality tenant base**

The Retail Malls benefit from the quality and balanced mix of their tenants. These properties are well complemented with both locally and internationally renowned “favourite” specialty brands such as *H&M, Debenhams, Sogo, M&S, Zara, Ace Hardware, Fitness First, Sushi Tei, J.Co Donut & Coffee, Starbucks, McDonald’s, Bread Talk, Timezone, Adidas, Giordano* and leading household names including *Matahari Department Store, Carrefour, Best Denki* and *Cinema 21* to enhance their appeal as “everyday” one stop destination malls for both discretionary and non-discretionary consumer spending.

The Retail Malls have a large combined tenant base of over 3,200 tenants (as at 31 December 2015). The top ten tenants in the Retail Malls constituted 22.2 per cent. of LMIR Trust’s gross rental income as at 30 June 2016.

### **Historically stable performance underpinned by a well-developed regulatory environment, a favourable lease profile and an advance rental payment structure, which helps to minimise debtor risks due to potential rental arrears**

As a REIT listed on the SGX-ST, LMIR Trust is subject to a well-developed regulatory regime that is designed to minimise development risks and interested party dealings while promoting income stability. In addition to the Singapore regulatory environment, the stability of LMIR Trust’s portfolio has been further underpinned by a favourable lease profile, including a weighted average lease expiry of 4.67 years as at 30 June 2016 with only 5.0 per cent. of leases by NLA expiring in 2016. Anchor and major tenants in the Properties typically enter into leases with a term of 10 years, while specialty tenants typically enter into leases with terms between three and five years. The Retail Spaces are master leased to PT Matahari Putra Prima Tbk, Indonesia’s largest retailer by market value and PT Multipolar Tbk with an initial term of 10 years and rent based on fixed annual increases through 2011, switching to a revenue sharing formula thereafter with a minimum base rent. The table below illustrates LMIR Trust’s portfolio occupancy rates by NLA from 2007 to 30 June 2016:

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Q2 2016</u>
				<i>(per cent. occupied)</i>					
92.8	95.7	96.9	98.3	94.1	94.5	95.0	94.7	94.0	94.8

Additionally, retail tenants in Indonesia typically pay an advance rental of approximately 10 per cent. to 20 per cent. of the total rent payable for the duration of the lease upon signing of the lease agreement. This advance rental payment helps to minimise LMIR Trust’s cash flow debtor risks due to potential rental arrears, thus enhancing LMIR Trust’s cash flow stability.

### **Strategy**

By utilising a prudent funding approach, the LMIRT Manager endeavours to leverage on Indonesia’s growing segment of middle and upper-middle class consumers to strategically expand LMIR Trust’s business. By drawing on LMIR Trust’s competitive strengths, the LMIRT Manager believes LMIR Trust has developed clear and focused strategies to achieve consistent and sustainable growth and to expand its revenue base. The LMIRT Manager strives to optimise the value of LMIR Trust’s assets through asset management. The LMIRT Manager seeks to manage LMIR Trust’s balance sheet prudently by only

expanding in growth markets and diversifying its business where appropriate. The LMIRT Manager also pursues a prudent capital management strategy through adopting and maintaining a conservative gearing level as well as an active currency and interest rate management policy.

The LMIRT Manager's strategies includes the following:

### ***Continued focus on acquisitions***

The LMIRT Manager intends to continue to enhance its business portfolio by continuing to review and investigate potential strategic acquisitions. The LMIRT Manager believes that there exists a large pipeline of potential acquisitions from both the Sponsor and unrelated parties. The fragmented and diverse nature of the retail property market provides LMIR Trust with further acquisition growth opportunities that the LMIRT Manager is actively exploring.

### ***Focus on organic growth***

The LMIRT Manager strives to grow the business organically by capitalising on improved macroeconomic fundamentals. The LMIRT Manager believes LMIR Trust is well-positioned to benefit from the increasing consumer demand of the growing urban middle income class in Indonesia. The LMIRT Manager believes that through portfolio management and comprehensive strategies for tenant repositioning, LMIR Trust will be able to continue to expand its business. For example, LMIR Trust has introduced elements of step-up leases in order to promote organic growth and have implemented asset enhancement for our properties. LMIR Trust also achieves organic growth through causal leasing, rental revision and encouraging tenants to move to smaller units, thus leading to a higher lease price paid per sq m.

### ***Invest in asset enhancement initiatives***

The LMIRT Manager plans to continue investing in asset enhancement works in order to provide improved products and services to customers. In order to accomplish this, the LMIRT Manager continually reviews and investigates asset enhancement works for each property, to create additional income streams and maximise the retail offering at each mall.

## **CERTAIN SUMMARY INFORMATION ON THE PROPERTIES**

Name of property	Year of building completion	Percentage contribution to LMIR	NLA as at 31 December	GFA as at 31 December	Occupancy as at 30 June 2016 <sup>(2)</sup>
		Trust's gross revenue for six months ended 30 June 2016 <sup>(1)</sup> (per cent.)	2015 (sq m)	2015 (sq m)	June 2016 <sup>(2)</sup> (per cent.)
<b>Retail Malls</b>					
Lippo Mall Kemang.....	2012	16.5	58,251	150,932	93.6
Sun Plaza.....	2004	10.0	64,613	100,000	99.3
Plaza Medan Fair.....	2004	8.5	54,776	125,053	99.2
Pluit Village.....	1996	6.5	87,404	134,576	90.0
Bandung Indah Plaza.....	1990	6.4	30,288	75,868	99.8
Pejaten Village.....	2008	6.1	42,116	89,157	99.7
The Plaza Semanggi.....	2003	5.4	64,212	155,122	89.1
Cibubur Junction.....	2005	4.9	34,496	66,071	98.6
Istana Plaza.....	2003	4.5	26,859	46,809	99.0
Palembang Icon.....	2013	4.4	35,750	42,361	99.6
Palembang Square.....	2003	3.9	31,641	46,546	93.3
Mal Lippo Cikarang.....	1995	3.5	30,247	39,293	96.7
Gajah Mada Plaza.....	1982	3.5	36,432	66,160	74.7
Lippo Plaza Kramat Jati (Kramat Jati Indah Plaza) .....	1989	2.1	32,628	67,285	92.3

Name of property	Year of building completion	Percentage contribution to LMIR Trust's gross revenue for six months ended 30 June 2016 <sup>(1)</sup>	NLA as at 31 December 2015	GFA as at 31 December 2015	Occupancy as at 30 June 2016 <sup>(2)</sup>
		(per cent.)	(sq m)	(sq m)	(per cent.)
<b>Retail Malls</b>					
Palembang Square Extension.....	2011	1.8	17,392	22,527	94.8
Lippo Plaza Batu .....	2009	1.5	12,333	27,636	94.6
Binjai Supermall .....	2007	1.4	23,315	28,760	93.4
Tamini Square .....	2005	1.3	17,475	18,963	100.0
Ekalokasari Plaza.....	2003	1.0	27,132	57,223	84.6
<b>Total for Retail Malls .....</b>		<b>93.2</b>	<b>727,360</b>	<b>1,360,342</b>	<b>94.1</b>

(1) The financial information of LMIR Trust as at and for the six-month period ended 30 June 2016 included in this Offering Circular have not been audited or reviewed. See "Risk Factors – Risks relating to the Securities issued under the Programme – Risks relating to unaudited and unreviewed interim financial information included in this Offering Circular and deemed incorporated by reference".

(2) Weighted average occupancy as at 30 June 2016.

Name of Property	Year of building completion	Percentage of contribution to LMIR Trust's gross revenue for 30 June 2016 <sup>(1)</sup>	NLA as at 31 December 2015
		(per cent.)	(sq m)
<b>Retail Spaces</b>			
Plaza Madiun Units.....	2000	1.2	19,029
Metropolis Town Square Units.....	2004	1.1	15,248
Depok Town Square Units .....	2005	1.0	13,045
Java Supermall Units.....	2000	0.9	11,082
Malang Town Square Units.....	2005	0.9	11,065
Grand Palladium Medan Units.....	2005	0.9	13,417
Mall WTC Matahari Units .....	2003	0.8	11,184
<b>Total for Retail Spaces .....</b>		<b>6.8</b>	<b>94,070</b>
<b>Total for Properties.....</b>		<b>100.0</b>	<b>821,430</b>

(1) The financial information of LMIR Trust as at and for the six-month period ended 30 June 2016 included in this Offering Circular have not been audited or reviewed. See "Risk Factors – Risks relating to the Securities issued under the Programme – Risks relating to unaudited and unreviewed interim financial information included in this Offering Circular and deemed incorporated by reference".

## Valuation

Property	Value of Properties as at 31 December 2015 <sup>(1)</sup> (S\$ million)	Percentage of aggregate value of the Properties (per cent.)
<b>Retail Malls</b>		
Lippo Plaza Batu .....	79.8	4.4
Palembang Icon.....	28.0	1.5
Lippo Mall Kemang.....	358.3	19.6
Sun Plaza .....	174.5	9.5
Pluit Village.....	118.1	6.5
The Plaza Semanggi.....	126.9	6.9
Plaza Medan Fair .....	112.0	6.1
Pejaten Village.....	99.9	5.5
Bandung Indah Plaza .....	82.6	4.5
Gajah Mada Plaza.....	77.4	4.2
Istana Plaza.....	76.0	4.2
Palembang Square.....	66.2	3.6
Lippo Plaza Kramat Jati (Kramat Jati Indah Plaza) .....	58.2	3.2
Mal Lippo Cikarang .....	57.8	3.2
Cibubur Junction.....	50.0	2.7
Ekalokasari Plaza.....	38.7	2.1
Binjai Supermall .....	27.2	1.5
Palembang Square Extension.....	25.6	1.4
Tamini Square .....	25.0	1.4
<b>Sub-total</b> .....	<b>1,682.2</b>	<b>92.0</b>
<b>Retail Spaces</b>		
Metropolis Town Square Units.....	23.8	1.3
Plaza Madiun Units .....	25.8	1.4
Malang Town Square Units.....	22.0	1.2
Depok Town Square Units.....	21.4	1.2
Java Supermall Units.....	20.0	1.1
Grand Palladium Medan Units .....	17.9	0.9
Mall WTC Matahari Units .....	17.0	0.9
<b>Sub-total</b> .....	<b>147.9</b>	<b>8.0</b>
<b>Grand Total</b> .....	<b>1,830.1</b>	<b>100.0</b>

(1) As recorded in LMIR Trusts statement of financial position as at 31 December 2015.

## Tenant profile

The table below sets out information on the 10 largest tenants of the Properties (in terms of Gross Rental Income for the six month period ended 30 June 2016).<sup>(1)(2)</sup>

Tenant	Trade sub-sector	Percentage of total Gross Rental Income for the six months ended 30 June 2016 <sup>(3)</sup>  (per cent.)
<i>Matahari</i> .....	Department Store/Supermarket	9.2
<i>Hypermart</i> .....	Hypermart	6.8
<i>Carrefour</i> .....	Hypermart	2.5
<i>Electronic Solution</i> .....	Electronic/IT	0.7
<i>Ace Hardware</i> .....	Home Furnishing	0.6
<i>Debenhams</i> .....	Department Store	0.6
<i>Solaria</i> .....	Food & Beverage	0.5
<i>Sport Station</i> .....	Sports & Fitness	0.5
<i>Cinema 21</i> .....	Leisure & Entertainment	0.5
<i>H&amp;M</i> .....	Fashion	0.3
<b>Top 10 tenants</b> .....		22.2
<b>Other tenants</b> .....		77.8
<b>Total</b> .....		100.0

(1) The financial information of LMIR Trust as at and for the six-month period ended 30 June 2016 included in this Offering Circular have not been audited or reviewed. See “*Risk Factors – Risks relating to the Securities issued under the Programme – Risks relating to unaudited and unreviewed interim financial information included in this Offering Circular and deemed incorporated by reference*”.

(2) Includes the gross rental income from the Retail Spaces.

(3) The financial information of LMIR Trust as at and for the six-month periods ended 30 June 2016 included in this Offering Circular have not been audited or reviewed. See “*Risk Factors – Risks Related to the Securities Issued under the Programme – Risks relating to unaudited and unreviewed interim financial information included in this Offering Circular and deemed incorporated by reference*”.

## Trade Sectors

The following table sets out trade sectors represented at the Retail Malls as at 30 June 2016:<sup>(1)</sup>

Trade Sectors	Percentage of gross rental income  (per cent.)
F&B / food court .....	19.2
Fashion .....	17.7
Department store (retail spaces) .....	10.3
Department store (retail malls) .....	10.2
Supermarket / hypermarket .....	9.1
Services .....	6.2
Other .....	5.1
Leisure & entertainment .....	4.8
Electronic / IT .....	4.4
Sports & fitness .....	2.9
Home furnishing .....	2.6
Optic .....	1.6
Jewellery .....	1.5
Books & Stationery .....	1.2
Education / school .....	1.0
Gifts & Specialty .....	0.9
Toys .....	0.7
Hobbies .....	0.6
Total .....	100.0

- (1) The financial information of LMIR Trust as at and for the six-month period ended 30 June 2016 included in this Offering Circular have not been audited or reviewed. See "Risk Factors – Risks relating to the Securities issued under the Programme – Risks relating to unaudited and unreviewed interim financial information included in this Offering Circular and deemed incorporated by reference".

## Lease Expiry Profile

The following table sets out the expiry profile of the tenancies of the Properties as at 30 June 2016:

Period	NLA of Expiring leases sq m	Expiring leases as a percentage of NLA as at 30 June 2016  (per cent.)
2016 .....	37,237	5
2017 .....	198,967	24
2018 .....	97,472	12
2019 .....	74,088	9
Beyond 2019 .....	327,512	40



## THE PROPERTIES

### JAKARTA PROPERTIES

As at 30 June 2016, LMIR Trust has ten retail malls in the greater Jakarta area, Gajah Mada Plaza, Cibubur Junction, The Plaza Semanggi, Mal Lippo Cikarang, Pluit Village, Ekalokasari Plaza, Tamini Square, Lippo Plaza Kramat Jati (formerly Kramat Jati Indah Plaza), Pejaten Village and Lippo Mall Kemang.

#### Jakarta profile

The province of Jakarta is the capital of Indonesia. It consists of five municipalities — North Jakarta, East Jakarta, South Jakarta, West Jakarta and Central Jakarta.

As the administrative centre of Indonesia, Jakarta's economy is based on finance and commerce and attracts a particularly high level of foreign investment compared to other parts of Indonesia. Income per capita is also high, driven partly by the number of expatriates living in the city, as well as the types of employment available in the area.

According to a 2010 Census, the population of Jakarta was 9.6 million. Despite rapid urbanisation over the past 40 years (with population at only 1.2 million in 1960), and solid growth for Indonesia as a whole, the population in Greater Jakarta has been increasing over the past five years. This is a result of a decline in the population of Central Jakarta, driven by the changing composition of the city from relatively high levels of residential accommodation to an increasing mix of office development, convention centres and hotels. The population of Central Jakarta is expected to increase from 12 million in 2014 to 13 million in 2020, and particularly strong growth is also expected in South Jakarta.

As the largest city in Indonesia, Jakarta has the highest GRDP (current prices) per capita with an average growth rate of approximately 13.2 per cent. per annum from 2008 to 2013. Private consumption expenditure in Jakarta grew at an average rate of 13.6 per cent. for the period from 2008 to 2013, from Rp368,161 billion in 2008 to Rp695,212 billion in 2013.

Apart from increases in income driving retail spending growth, spending has also been boosted by a lifestyle shift towards a higher level of consumerism.

### GAJAH MADA PLAZA

#### Jalan Gajah Mada 19-26, Central Jakarta

##### Description

Gajah Mada Plaza is a seven-storey shopping centre (including one basement level and a carpark comprising 885 parking lots). The mall is located prominently in the heart of Jakarta's Chinatown, an established and well-known commercial area in the city. Situated along Jalan Gajah Mada, one of the main roads in Jakarta, Gajah Mada Plaza is positioned as a one-stop shopping, dining and entertainment destination for middle to upper income families as well as professional executives and students from the offices and schools within its vicinity. The mall has a strong leisure and entertainment component, which includes a cinema, restaurants, family karaoke outlets, a discotheque, video game centres, a fitness centre and a swimming pool.

##### Tenant profile

Gajah Mada Plaza had 189 retail tenants as at 31 December 2015. The tenant profile of the mall comprises a diverse set of tenants from a wide variety of industries. The mall is anchored by *Hypermart* and *Matahari Department Store*, which occupy approximately 14.9 per cent. and 12.1 per cent. of the mall's net lettable area ("NLA"), respectively. The other prominent tenants include *Gold's Gym*, *J.Co Donuts & Coffee*, *Kentucky Fried Chicken* and *Inul Vista Karaoke*.

The mall has a varied tenancy mix which caters to the daily needs of its customers. It is also well known for its specialty stores providing products and services such as pets, jewellery, information technology products, dining and entertainment.

## Competition

Gajah Mada Plaza currently faces strong competition from four retail malls with an aggregate GFA in excess of 161,120 sq m and located within a six kilometre radius. Many of these retail malls compete for the same target segment as Gajah Mada Plaza and may potentially impact the sales growth that can be achieved at Gajah Mada Plaza.

The largest competing retail malls are:

- Mangga Dua contains a number of retail facilities, predominantly strata malls, and is located three kilometres north of Gajah Mada Plaza. The main malls include Mangga Dua Square (60,000 sq m of NLA), WTC Mangga Dua (45,000 sq m of NLA), ITC Mangga Dua (44,000 sq m of NLA) and Mal Mangga Dua (35,000 sq m of NLA). These retail malls target lower to middle income segment households;
- Hayam Wuruk Plaza is located on Jalan Hayam Wuruk, Central Jakarta. The mall is a five-storey shopping centre with total GFA of approximately 14,320 sq m and developed by PT Duta Anggada Realty;
- Grand Paragon is located on Jalan Gajah Mada, Central Jakarta and it is a five-storey shopping centre connected to Grand Paragon Hotel. Total GFA is approximately 16,800 sq m with major tenants including *KFC* and *J.Co Donuts & Coffee*. Grand Paragon opened in 2010 and its occupancy rate is about 40 per cent.; and
- Seasons City, a strata mall with a GFA of 40,000 sq m located three kilometres from Gajah Mada Plaza and anchored by *Carrefour* hypermarket, *Food Hall* and *XXI Cinema*. It is a seven-storey shopping centre and developed by Agung Podomoro Group.

## CIBUBUR JUNCTION

### Jalan Jambore Raya 1, Cibubur, East Jakarta

#### Description

Cibubur Junction is a four-storey shopping centre (including one basement level, a partial roof top level, and a carpark comprising 636 parking lots). The mall is strategically located in the middle of Cibubur which is one of the most affluent and upmarket residential areas in Jakarta. The mall is situated five kilometres south of Jakarta's Jagorawi toll road and is easily accessible and visible from the main road.

Cibubur Junction is the only mall within its locality that offers shoppers a one-stop shopping experience. Its anchor tenants, *Hypermart* and *Matahari Department Store*, are well complemented by international and local specialty tenants which include restaurants, fashion labels, a cinema, bookstores, a video game centre and a fitness centre.

#### Tenant profile

As at 31 December 2015, Cibubur Junction had 199 retail tenants. The tenant profile of the mall comprises international brand names which target the middle to upper middle income residents within the trade area. These retailers include *The Body Shop*, *Giordano*, *Polo Ralph Lauren*, *Charles & Keith*, *Guardian*, *Starbucks Coffee* and *Pizza Hut*.

The lower ground floor is anchored by *Hypermart*, which accounts for approximately 25.5 per cent. of the NLA. The ground floor predominantly comprises retailers selling branded fashion and accessories, and quality F&B retailers. The lower ground and ground floors are also used for exhibition and temporary leasing. The standard lease period for exhibition space is two weeks. The standard lease period for temporary leases is six months.

The upper ground and first floor are anchored by the *Matahari Department Store*, which also occupies part of the second floor. The expanded *Matahari Department Store* accounts for 16.0 per cent. of the NLA as at 31 December 2015. The upper ground and first floor comprise a mix of specialty retailers in trade sectors such as fashion, children's wear, accessories and beauty. A large *Sports Warehouse* store is on the first floor while *Paperclip* flagship store is on the upper ground.

The tenant mix on the second floor focuses on entertainment and lifestyle. This floor includes the expanded *Matahari Department Store*, *Timezone*, *Fitness First* and *Studio 21 Cinema*. There are also a large number of smaller sized tenants such as electronics and handphone retailers. The top level comprises *Fitness First* and *Studio 21 Cinema* (which has four screens).

### Competition

Cibubur Junction currently faces competition from the following smaller retail malls.

- Plaza Cibubur, located three kilometres from Cibubur Junction, which commenced operations and has a GFA of about 17,000 sq m, anchored by *Superindo Supermarket* and *Karisma Bookstore*;
- Mal Citra Grand, which commenced operations in 2001 and located five kilometres from Cibubur Junction, has a GFA of 16,800 sq m and is anchored by *Hero Supermarket* and *Edison Multi Product*; and
- Mal Cijantung which is a four-storey shopping centre and GFA of about 34,000 sq m, with major tenants including *Ramayana*, *Gramedia*, *Cinema 21* and *Texas*. The shopping centre opened in 1998.

### THE PLAZA SEMANGGI

**Jalan Jend. Sudirman Kav. 50, South Jakarta**

#### Description

The Plaza Semanggi is a modern shopping centre comprising seven storeys and two basement levels and 13 levels of office space, with a carpark comprising 1,090 car lots and 800 motorcycle lots. The Plaza Semanggi is strategically located in the heart of Jakarta's CBD within the city's Golden Triangle at the Semanggi interchange, which is a junction channelling north-south and east-west traffic across central Jakarta. The centre is situated among many commercial buildings and adjacent to Atmajaya University, one of Jakarta's most prominent universities. The Plaza Semanggi offers both destination and convenience shopping, and is supported by its central location which is easily accessible by cars and public transport.

#### Tenant profile

As at 31 December 2015, The Plaza Semanggi had 413 retail tenants. The shopping centre is anchored by *Centro Department Store*. *Centro Department Store* occupies three levels, namely the upper ground level, level one and level two, with *Fitness First* also occupying space on the first and second floors.

The lower ground floor has undergone an asset enhancement initiative ("AEI") to reconfigure the space vacated by *Giant Hypermarket* to accommodate *Foodmart* and some F&B specialties. The ground floor includes a number of retailers selling F&B, retail services, gifts, and health and beauty products.

The upper ground floor contains a number of international fashion retailers to complement the department store and to cater for middle to upper middle income visitors. High profile tenants on the upper ground level include *Giordano*, *J-CO Donuts*, *Polo Ralph Lauren*, *Starbucks*, *Bread Talk* and a number of optical retailers.

The first floor mainly comprises fashion retailers selling accessories and shoes. The second level focuses on mobile phones, electronics and computers.

The third level is dominated by household wares and furniture retailers. Level 3A houses a food court and a restaurant precinct. The cinema complex is located on the fifth level.

### Competition

The Plaza Semanggi, located in the heart of Jakarta's CBD, currently faces competition from a number of retail malls in the immediate trade area. Many of these retail malls compete for the same target segment as The Plaza Semanggi and may potentially impact the sales growth that can be achieved at The Plaza Semanggi.

The key competing retail malls are:

- Mal Ambassador, which is a four-storey retail mall integrated with ITC Kuningan and Ambassador Apartment. Its anchor tenants include *Carrefour* and *Trimedia Bookstore*. The mall was developed by PT Duta Pertiwi Tbk and has a lettable area of about 16,800 sq m;
- Blok M Plaza, which is a seven-storey retail mall with major tenants such as *Giant* and *Matahari Department Store*. The total lettable area is about 31,000 sq m and it was developed by Pakuwon Group; and
- Ciputra Mall, which is a five-storey mall with major tenants such as *Hero* and *Matahari Department Store*. Developed by Ciputra Group, the mall has about 43,000 sq m of lettable area.

## **MAL LIPPO CIKARANG**

**Jalan MH Thamrin, Lippo Cikarang, Greater Jakarta**

### **Description**

Mal Lippo Cikarang is a two-storey retail mall located within the Lippo Cikarang estate. The estate is approximately 40 kilometres east of Jakarta and is connected to Jakarta via the Jakarta-Cikampek toll road. Comprising industrial, commercial and residential components, the Lippo Cikarang estate is home to 25,000 residents and approximately 65,000 jobs. Mal Lippo Cikarang is the main shopping centre in the estate.

### **Tenant profile**

As at 31 December 2015, Mal Lippo Cikarang had 130 retail tenants based on committed leases. The mall is anchored by *Matahari Department Store*, *Hypermart*, *Calisto* and *Ace Hardware* which collectively occupy approximately 58.3 per cent. of the mall's NLA, and is well complemented by a diverse set of specialty tenants from a wide variety of industries. The prominent specialty tenants include *Timezone*, *Kentucky Fried Chicken*, *Pizza Hut*, *Dunkin' Donuts*, *The Executive* and *Johnny Andrean Salon*.

### **Competition**

Mal Lippo Cikarang is an established shopping centre serving the Lippo Cikarang Township. Competing retail malls within the vicinity and each comprising an estimated NLA of at least 8,000 sq m include:

- Metropolitan Mal, which is a four-storey shopping centre with several major tenants such as *Matahari Department Store*, *Index Furnishing* and *Gramedia*. The mall is developed by PT Metropolitan Land and has about 85,500 sq m of GFA;
- Mal Jababeka, which is a single-storey shopping centre with a GFA of about 8,000 sq m and its major tenants include *Alfa Supermarket*, *Pojok Busana*, *Solaria* and *CFC*;
- Bekasi Trade Centre, which is a five-storey shopping centre of about 12,000 sq m of GFA. Developed by PT Gapura Prima Group, its major tenants include *Cinema 21*, *Hari-Hari Swalayan*, *Family Billiard* and *Fit For Two Fitness Centre*; and
- Lippo Cikarang Walk, which is a two-storey shopping centre with total GFA of about 18,000 sq m. The centre opened in 2010 and has major tenants such as *Farmers Market*, *Domino's Pizza*, *J.Co Donuts & Coffee*, *Solaria*, *Bakmi Naga* and *Optik Tunggal*.

## **PLUIT VILLAGE**

**Jalan Pluit Indah Raya Penjaringan, Jakarta Utara**

### **Description**

Pluit Village is a modern five-storey retail mall with NLA of 87,404 sq m, located in North Jakarta near a number of affluent residential estates and apartments with a Chinese ethnic majority. The 15-year old mall was refurbished and repositioned following a comprehensive asset enhancement exercise which was completed in September 2009.

## Tenant profile

As at 31 December 2015, the largest tenant was *Matahari Department Store*, which accounts for approximately 26.5 per cent. of the NLA followed by *Gereja Tabernakel*, which accounts for 4.9 per cent. of the NLA. Other major tenants include *Best Denki* and *Studio XXI*. There are 149 tenants at the mall and the ground floor space comprises mostly restaurants and cafés, fashion stores, optic stores, bakery & confectionery units and *Matahari Department Store*. Most of the specialty units are local and international brand names such as *Gramedia Bookstore*, *J-CO Donuts*, *Frank & Co.*, *Hush Puppies*, *Timezone*, *The Body Shop* and *Starbucks Coffee*. The diverse tenancy mix aims at attracting families, young shoppers, office workers and residents from the neighbourhood.

## Competition

Emporium Pluit Mall is a mixed development comprising a hotel, an office building, a residential complex and a mall complex. The total lettable area of the mall is 75,000 sq m and the anchor tenants include *Carrefour*, *Sogo Department Store*, *Gramedia*, *XXI Cinema* and *Electronic Solution*.

Pluit Junction is located across Emporium Pluit Mall and there are plans to connect the two malls via a bridge. Opened in 2007, the mall has an entertainment theme with over 100 retail outlets. With a total lettable area of 21,000 sq m, its anchor tenants include *Celebrity Fitness*, *XXI Cinema* and *Amazon Playground*.

Puri Indah Mall has 52,000 sq m of NLA and opened in 1997. The anchor tenants include *ACE Hardware*, *Index Furnishing*, *XXI Cinema*, *Keris Department Store* and *Celebrity Fitness*.

Taman Anggrek Mall is located at the fringe of the Jakarta CBD area and the mixed use development consists of eight blocks of condominiums and a mall. With an NLA of more than 95,000 sq m, the anchor tenants are *Matahari*, *Metro Department Store* and *Hero Supermarket*. The mall also has an Olympic-size ice skating rink being the only one in Jakarta and Indonesia.

Central Park Mall is another mixed use development located next to Taman Anggrek Mall and it has an NLA of 161,000 sq m. The other uses of the development include a hotel, office buildings and condominium units. Opened in 2009, the mall targets families and office workers.

## EKALOKASARI PLAZA

### Jalan Siliwangi 123, Bogor, Greater Jakarta

#### Bogor profile

Bogor, a city in West Java, has a total population of approximately of 950,334 according to the 2010 Census. From 2000 to 2010, the city's population grew annually at 2.4 per cent. The city is on the main road from Jakarta to Bandung, over the Puncak pass. It is also a popular weekend getaway for families from Jakarta.

#### Description

Ekalokasari Plaza is a six-storey shopping centre (including two basement levels and a carpark comprising 357 car lots and 283 motorcycle lots). The mall is located approximately two kilometres south east of the Bogor City Centre on a major road, Jalan Siliwangi, and approximately 3.5 kilometres south or five minutes' drive from the Bogor exit of the Jagorawi toll road which connects Jakarta to Bogor. Ekalokasari Plaza is positioned as the retail mall of convenience and choice for its population catchment and provides a comprehensive retail mix anchored by *Matahari Department Store*, *Hypermart* supermarket, bookstores and a concentration of fashion labels and outlets.

#### Tenant profile

As at 31 December 2015, Ekalokasari Plaza had 48 retail tenants. The tenant profile of the mall comprises a diverse set of tenants. There are 45 specialty stores to cater to family shoppers, with products and services ranging from fashion to music. The mall is anchored by *Matahari Department Store* and *Hypermart* supermarket which account for 42.7 per cent. of the NLA. The anchor tenants, together with the *Timezone* amusement centre, occupy the lower ground to the third floor. The other prominent tenants include *Kentucky Fried Chicken*, *J-CO Donuts*, *Breadtalk*, *The Body Shop* and *Starbucks*.

As at 30 June 2016, the occupancy rate of the mall was 84.6 per cent.

## Competition

Ekalokasari Plaza currently faces competition from four retail malls and they include:

- Botani Square, which commenced operations in late 2006, is located two kilometres northwest of Ekalokasari Plaza. It has an NLA of approximately 30,000 sq m and is anchored by *Giant Hypermarket* and *Rimo Department Store*;
- Bogor Trade Mall, a strata mall located four kilometres west of Ekalokasari Plaza, with an NLA of 45,000 sq m, is anchored by *Ramayana Department Store*;
- Plaza Jambu Dua, located seven kilometres north of Ekalokasari Plaza, is a seven-storey shopping centre with an NLA of 20,800 sq m and anchored by *Ramayana Department Store*; and
- Bellanova Country Mall, a single-storey mall with a GFA of about 46,599 sq m. Its major tenants include *Hypermart*, *Timezone* and *Cinema 21*.

## TAMINI SQUARE

### Jalan Raya Taman Mini, East Jakarta

#### Taman Mini profile

Taman Mini is a culture-based recreational area located in East Jakarta, Indonesia. It has an area of about 250 acres (1.0 km<sup>2</sup>). The park is a synopsis of Indonesian culture, with virtually all aspects of daily life in Indonesia's 26 provinces encapsulated in separate pavilions with the collections of Indonesian architecture, clothing, dances and traditions are all depicted impeccably. Apart from that, there is a lake with a miniature of the archipelago in the middle of it, cable cars, museums, Keong Emas Imax cinema, a theatre called the Theatre of My Homeland and other recreational facilities which make TMII one of the most popular tourist destinations in the city.

#### Description

Tamini Square is a four-storey (including two basement levels) strata-titled retail mall with total net leasable area of 17,475 sq m. The mall is located in the city of Jakarta, within close proximity of one of Jakarta's popular tourist destinations, Taman Mini Indonesia Indah. Tamini Square is located within a strategic area in the East Jakarta and surrounded by a recreational area; it has a high level of accessibility due to a nearby toll road gate and public transportation, including the Trans Jakarta Busway.

#### Tenant Profile

As at 31 December 2015, Tamini Square had 13 tenants. The tenant profile consists of tenants ranging from hypermarket, leisure and entertainment to bookstore, stationery and food and beverages. The anchor tenant is Carrefour, which occupies the lower ground floor with NLA of 13,128 sq m. Other tenants include *Fun World*, *McDonalds*, *Pizza Hut* and *Solaria*.

#### Competition

Tamini Square has several competitors located within the area. Cibubur Plaza is a four-storey shopping centre with tenants such as *Pojok Busana*, *Kharisma*, *KFC* and *Superindo Supermarket*. It was developed by PT Mandiri Dipta Cipta and has a gross floor area of about 17,000 sq m. Citra Grand Mall which opened in 2001 is a two-storey shopping centre and part of Citra Grand Estate development. Having a gross floor area of 16,800 sq m, it has as major tenants, *Hero Supermarket*, *Edison Multi Product*, *Popeye* and *KFC*. Cijantung Mall was built in 1998 with a total gross area of 34,000 sq m. It is a four-storey shopping centre with major tenants include *Ramayana*, *Gramedia*, *Cinema 21* and *Texas*. It is located at Jalan Pendidikan I, East Jakarta. Cibubur Junction is located in Jalan Jambore, East Jakarta, a four-storey building with one basement level with a total gross area (including parking area) of approximately 65,155 sq m. Major tenants include *Matahari Department Store*, *Studio 21* and *Fitness First*.

## **KRAMAT JATI INDAH PLAZA (now known as “Lippo Plaza Kramat Jati”)**

**Jalan Raya Bogor Km 19, Kramat Jati, East Jakarta**

### **Kramat Jati profile**

The Kramat Jati area is a strategic location since it is located on Jalan Raya Bogor and close to Jagorawi toll road. The name Kramat Jati usually refers to Pasar Induk (main wholesale market) Kramat Jati, which opens 24 hours a day and usually crowded during the day. The surrounding area has been developed into commercial and residential.

### **Description**

Kramat Jati Indah Plaza (now known as “**Lippo Plaza Kramat Jati**”) is a five-level (including one basement level) retail mall with NLA of 32,628 sq m. The mall is sited 2.5 km south of Jakarta’s Jagorawi toll road and is easily accessible from the main road with good accessibility to passing traffic. Kramat Jati Indah Plaza’s notable development in the close vicinity includes Taman Mini Indonesia Indah, which is one of the most popular tourist destination in Jakarta, as well as a culture-based recreational area. Anchored by Carrefour and Matahari Department Store, the 96 tenants in the mall provide a diverse and complementary tenant mix including a list of international and local brand names.

### **Tenant Profile**

As at 31 December 2015, Kramat Jati Indah Plaza had 96 tenants. Tenancy profile varies from leisure and entertainment, to food and beverages and electronic gadgets. The tenants include Carrefour, Matahari Department Store, Electronic City, Solaria, Bata, Batik Keris and Time Zone.

### **Competition**

The competitors of Kramat Jati Indah Plaza (now known as “**Lippo Plaza Kramat Jati**”) based on the geographic area are Plaza Kalibata, Cijantung Mall and Cibubur Junction. Plaza Kalibata also known as Mall Kalibata is developed by PT Tribandhawa Binasarana with a total NLA of about 24,100 sq m. It has major tenants such as Giant Hypermart, Matahari Department Store, Innovation Store, XXI and Solaria. This shopping centre is opened in 2005. Cijantung mall is a five-storey shopping centre with a land area of 15,000 sq m. Its total gross floor area is about 33,618 sq m with major tenants including Ramayana, Gramedia, Cinema 21 and McDonald’s. Cibubur Junction is located in Jalan Jambore, East Jakarta, a four-storey building with one basement level with total gross area including parking area of about 65,155 sq m. Major tenants include Matahari Department Store, Studio 21 and Fitness First.

## **PEJATEN VILLAGE**

**Jalan Warung Jati Barat, South Jakarta**

### **Pejaten profile**

Pejaten is a strategic area in South Jakarta and surrounded by middle to upper middle class residential estate. It has a good accessibility to the CBD area and supported by public transportation including Trans Jakarta. Along Jahan Warung Jati Barat and Jalan Mampang Prapatan, there are many commercial developments such as low-medium rise office building, shop house and hotel. The landed residential area is not located directly on the main road. The location is also close to Kemang area, which is a popular residential area for expatriates. Notable developments in the vicinity include Gardenia Boulevard, Pondok Pejaten Indah Apartment, Republic Jakarta Office Tower and Graha Nokia Tower.

### **Description**

Pejaten Village is a six-level retail mall (including one basement level) with an NLA of 42,116 sqm. The mall is located within a strategic area in the heart of South Jakarta, surrounded by commercial developments such as medium-rise office buildings, shop houses and hotels within proximity to the Kemang, which is a popular residential area for the expatriates in Jakarta. Pejaten Village offers both destination and convenience shopping and supported by its central location which is easily accessible by cars and public transport.

## Tenant Profile

As at 31 December 2015, Pejaten Village had 142 tenants. The NLA is denominated with anchor tenants such as Hypermart and Matahari Department Store of about 44 per cent., and comprise a list of well-known retailers and brand names such as J.Co Donut & Coffee, Fitness First, Body shop, Domino's Pizza, etc, providing shoppers with a diverse and comprehensive tenant mix.

## Competition

Pejaten Village's competitors are as follows:

Kemang Village Mall is located within a superblock, which consists of apartment, retail, hospital, five-star hotel and Country Club. It is located at Jalan Pangeran Antasari No. 36, Jakarta Selatan. It is operated in early 2012 with semi gross area of 58,000 sq m and categorized as a middle-up mall. Several tenants are Debenhams Department Store, Kidz Station, Cinema XXI, Fitness First and Planet Sports.

Pondok Indah Mall (PIM) is located in Jalan Metro Pondok Indah, Jakarta Selatan. PIM I has operated since 1995 and PIM II was in 2005. Several tenants are Metro Department Store, 21 Cineplex, ACE Hardware, Gramedia, Hero Supermarket, Timezone and Planet Sport for PIM I and SOGO Department Store, Celebrity Fitness, Cinema XXI for PIM II.

Cilandak Town Square is a lifestyle mall located at Jalan T.B. Simatupang Kav. 17, Jakarta Selatan. It has operated since 2002 with semi gross area of 25,000 sq m. Several tenants are Matahari Department Store, Time Zone, and Cinema 21.

Gandaria City is located within a superblock consisting of retail, office, condominium, and five-star hotel. It is located on Jalan Kyai Haji Mohammad Shafii Hadzani, Jakarta Selatan. It has operated since 2010 with semi gross area of 85,000 sq m. Several tenants are Metro Department Store, ACE Home Centre, LOTTE Mart, XXI The Premiere, and Gramedia.

## LIPPO MALL KEMANG

### Jalan Kemang VI, South Jakarta

#### Description

Lippo Mall Kemang, a five-storey shopping centre (with two basement floors and three mezzanine levels) which is located in South Jakarta, Indonesia, commenced operations in 2012 and is a fashion and lifestyle mall. Lippo Mall Kemang is part of the Kemang Village Integrated Development which consists of Lippo Mall Kemang, seven towers of residential apartments, a hotel, a wedding chapel, a school and a country club.

#### Tenant profile

Lippo Mall Kemang had 191 retail tenants as at 31 December 2015. It has a gross floor area of 150,932 sq m, a net lettable area of 58,251 sq m, 2,326 car park lots and 1,311 motorcycle lots. As at 31 December 2015, the mall is anchored by *Debenhams*, *Hypermart*, *Cinema XXI* and *ACE hardware*.

Lippo Mall Kemang also serves as the podium of a proposed hotel, Pelita Harapan school campus, a planned hospital and three condominium towers. Being part of the Kemang Village Integrated Development, Lippo Mall Kemang is expected to capture shoppers from the residential apartments, school, the planned hospital and hotel located in close proximity to the mall.

#### Competition

Lippo Mall Kemang currently faces competition from the following three retail malls located in the South Jakarta. They are Pondok Indah Mall, Gandaria City and Senayan City.

- Pondok Indah Mall, completed in 1991 with a combined NLA of 107,000 sq m, is anchored by *Metro Department Store*, *Sogo Department Store* and *Foodhall*;
- Gandaria City, completed in 2010, with an NLA of 94,000 sq m, is anchored by *Metro Department Store*, *Lotte Mart* and *Cinema 21*; and



- Senayan City, completed in 2006, with an NLA of 94,000 sq m, is anchored by *Debenhams Department Store, Foodhall and Cinema 21*.

## **BANDUNG PROPERTIES**

LMIR Trust currently has two properties in Bandung, Bandung Indah Plaza and Istana Plaza.

### **Bandung profile**

Bandung, the capital of West Java, is the third largest city in Indonesia. The population of Bandung was 2.1 million in 2000 and 2.4 million in 2010. These figures represent an average growth of 1.23 per cent. per annum. Average household expenditure in Bandung grew at a rate of 6.7 per cent. per annum for the period from 2006 to 2011, from Rp17,532 billion in 2006 to Rp24,208 billion in 2011.

Bandung also serves as a favourite weekend-escape destination for Jakarta residents and a shopping destination of choice favoured for its good value textile and fashion products among Malaysians and Singaporeans.

Since the completion of the new Bandung-Jakarta highway in 2004, Bandung's retail industry has been developing rapidly and new retail concepts have been introduced. This includes specialised shopping centres (*Bandung Electronic Centre* and *Be-Mall* for computers and electronics, *Istana Bandung Commodities Centre* for home appliances and construction), stand-alone department stores (*Yogya* and *Riau Junction*) and *Carrefour* hypermarket, and lifestyle shopping centres specialising in F&B and entertainment (*Cihampelas Walk* and *Paris Van Java*).

## **BANDUNG INDAH PLAZA**

### **Jalan Merdeka No. 56, Bandung, West Java**

#### **Description**

Bandung Indah Plaza is a four-storey shopping centre (including three basement levels and a carpark comprising 653 car lots and 750 motorcycle lots). It is located strategically in the heart of the CBD of Bandung. The shopping centre is easily accessible from Jalan Merdeka, a major road which connects North Bandung to South Bandung, and is surrounded by commercial buildings and middle to upper income residential areas. It is also attached to the Hyatt Regency Hotel, one of the leading five-star hotels in Bandung. Bandung Indah Plaza is anchored by *Matahari Department Store, Hypermart*, a bookstore, a cinema and supported by a list of international and local tenants.

#### **Tenant profile**

As at 31 December 2015, Bandung Indah Plaza had 252 retail tenants. The mall provides a one-stop shopping destination with a comprehensive tenant mix of everyday convenience retailers. The mall is well-positioned to cater to the youth market, which has strong demand in central Bandung due to the student population from nearby universities.

The ground floor of the mall is anchored by *Hypermart*, which accounts for 14.9 per cent. of the NLA. This level also includes F&B outlets such as *McDonald's* and *Starbucks*, and fashion and accessories retailers such as *Polo Ralph Lauren* and *Giordano*.

The first floor of the mall is anchored by *Matahari Department Store*, which accounts for 19.0 per cent. of the NLA. Youth fashion retailers such as *Levis* are also represented.

The second floor of the mall is anchored by *Matahari Department Store* and *Toko Gunung Agung* bookstore. Lifestyle retailers include *Extreme Store* and *MG Kettler*.

The third level of the mall comprises *Studio Cinema 21* (which has six screens), *Timezone* and a food court.

## Competition

Bandung Indah Plaza currently faces competition within its trade area from four competing retail malls, each located within a five kilometre radius from Bandung Indah Plaza, and they are Bandung Supermall, Paris Van Jaya and Festival City Link. Among these competing retail malls, Bandung Supermall has undergone a major facelift in late-2011.

- Bandung Supermall, located four kilometres southeast of Bandung Indah Plaza, with an NLA of 48,800 sq m, is anchored by *Metro Department Store* and *Giant Hypermarket*. The mall targets the upper income retail segment in Bandung and has a strong entertainment offering, including a cinema, a bowling centre and a video games centre;
- Paris Van Java, located four kilometres northwest of Bandung Indah Plaza, with an NLA of 38,000 sq m, is anchored by *Sogo Department Store*, *Carrefour* hypermarket and *Blitz Megaplex*. The mall commenced operations in 2006, and is still in process of leasing its retail space;
- Istana Plaza, which is located two kilometres from Bandung Indah Plaza, and is one of the Retail Malls in LMIR Trust's portfolio; and
- Festival City Link, formerly known as Carrefour Molis, is managed by a local retailer and the mall was taken over by Agung Podomoro in 2009. It has about 68,000 sq m of NLA and its major tenants include *Lotte Mart*, *Matahari Department Store* and *Gramedia* bookstore.

## ISTANA PLAZA

**Jalan Pasirkaliki No. 121-123, Bandung, West Java**

### Description

Istana Plaza is a four-storey shopping centre (including two basement levels with parking lots comprising 400 car lots and 500 motorcycle lots). It is located strategically in the heart of the CBD of Bandung, the third most populous city in Indonesia. Situated at the junction between two busy roads of Jalan Pasir Kaliki and Jalan Pajajaran, it is easily accessible by car and public transport. Anchored by *Matahari Department Store*, the 180 tenants in Istana Plaza provide a one-stop shopping experience for the middle to upper income residents within its population catchment. Istana Plaza's many popular international fashion labels have also helped to attract the young and trendy shopper base.

### Tenant profile

As at 31 December 2015, Istana Plaza had 180 retail tenants. The tenant profile of the mall comprises a diverse set of tenants from a wide variety of industries. The mall is anchored by *Matahari Department Store*, which occupies the first and second floors, amounting to approximately 17.6 per cent. of the mall's total NLA. Other prominent tenants include *Ace Hardware* and *Giant Supermarket*. Other major tenants include *McDonald's*, *Gramedia*, *Electronic Solution* and *Game Master*.

As at 30 June 2016, the mall had an occupancy rate of approximately 99 per cent.

### Competition

Istana Plaza, located two kilometres from Bandung Indah Plaza, shares the same competitive landscape as Bandung Indah Plaza. (See “— *Bandung Indah Plaza* — *Competition*”.)

## MEDAN PROPERTIES

LMIR Trust has three properties in Medan: Plaza Medan Fair, Sun Plaza and Binjai Supermall.

### Medan profile

Medan, the provincial capital of North Sumatra, is the largest city in Sumatra and the fifth largest city in Indonesia, after Jakarta, Surabaya, Bandung and Bekasi. It is a city with a population of approximately 2.1 million in 2010.

Medan is a growing commercial centre in the region, with a key focus on agriculture and industry businesses.

In terms of economic activity, Medan relies on natural resources as well as processing industries. Over the years, Medan has been a supplier of vegetable oil, seafood, crafts and various agricultural products to a number of Asian and European countries.

## **PLAZA MEDAN FAIR**

**Jalan Jend. Gatot Subroto No. 30, Medan Petisah, Medan**

### **Description**

Plaza Medan Fair is a four-storey retail mall located in Medan, the third most populous city in Indonesia, after Jakarta and Surabaya. Strategically located in the shopping and business district, the mall is surrounded by residential complexes and close to upmarket hotels. The mall has an NLA of 54,776 sq m and counts well known international and domestic retailers and brand names as its tenants.

### **Tenant profile**

*Carrefour* is the largest anchor tenant with 16,250 sq m accounting for 29.7 per cent. of the NLA while *Matahari Department Store* is the second with 7,555 sq m accounting for 13.8 per cent. of the NLA. With an occupancy rate of 97.8 per cent, the mall has a wide range of tenants, including fashion retailers, gifts and specialty retailers, food and beverage retailers and electronics retailers. Local and international brand names that are found in Plaza Medan Fair include *Timezone*, *Bata*, *A&W* and *Solaria*. As of 31 December 2015, there were 427 tenants at the mall.

### **Competition**

Plaza Medan Fair currently faces competition from three malls:

- Cambridge City Square, which is an integrated development comprised of a hotel, condominium units and a shopping centre. Its major tenants include *Brastagi Supermarket*, *My Life Gym & Spa* and *Duck King Restaurant*. Its NLA is 15,000 sq m;
- Medan Plaza, which opened in the 1980s and is located within the vicinity of Plaza Medan Fair and its anchor tenants include *Macan Yaohan*, *Cinema 21 & Suzuya*. With an NLA of 16,000 sq m, Medan Plaza targets the middle to upper middle-segment; and
- Medan Mall, which opened in 1995 and is located next to a traditional market. Its anchor tenants are *Matahari Department Store* and *Macan Yaohan*. The mall has an NLA of 20,700 sq m.

## **SUN PLAZA**

**Jalan Haji Zainul Arifin Medan, Sumatra**

### **Description**

Sun Plaza is a six-storey shopping centre strategically located in Medan's commercial district. With a population of over 2.0 million living within a city, Medan is the fifth most populous city in Indonesia after Jakarta and Surabaya. The property is easily accessible from all parts of the city and is surrounded by prominent landmarks such as the governor's office, foreign embassies and major banks. The land area of the property is approximately 29,419 sq m and the gross floor area and the NLA of the property are approximately 100,000 sq m and 64,613 sq m respectively. The property provides all classes of shoppers in Medan with a one-stop shopping, dining and entertainment destination. The property has 1,750 car parking lots and 400 motorcycle parking lots.

### **Tenant profile**

The property is anchored by *Sogo Department Store*, *Hypermart*, *Ace Hardware* and *H&M*, and also houses specialty tenants such as *Bread Talk*, *Starbucks*, *Pizza Hut*, *Sushi Tei*, *Mango* and *Body Shop*. As at 31 December 2015, Sun Plaza had 350 retail tenants.

## Competition

Sun Plaza currently faces competition from the same three malls as Plaza Fair Medan:

- Cambridge City Square, which is an integrated development comprised of a hotel, condominium units and a shopping centre. Its major tenants include *Brastagi Supermarket*, *My Life Gym & Spa* and *Duck King Restaurant*. Its NLA is 15,000 sq m;
- Medan Plaza, which opened in the 1980's and its anchor tenants include *Macan Yaohan*, *Cinema 21 & Suzuya*. With an NLA of 16,000 sq m, Medan Plaza targets the middle to upper middle-segment; and
- Medan Mall, which opened in 1995 and is located next to a traditional market. Its anchor tenants are *Matahari Department Store* and *Macan Yaohan*. The mall has an NLA of 20,700 sq m.

## BINJAI SUPERMALL

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

### Binjai profile

Binjai sits in the main road known as Jalan Soekarno Hatta which is connecting Binjai and Medan City. It is surrounded by public facilities such as school, mosque, and bus station and the surrounding area has been developed into commercial and residential areas. It has good accessibility and supported by good infrastructure.

### Description

Binjai Supermall is a three-level retail mall with an NLA of 23,315 sq m. Strategically located along the main road connecting the Binjai City and Medan City, Binjai Supermall is the first and only modern retail mall in Binjai City. It is positioned as a lifestyle mall for the middle to upper middle income segments of the retail market and targets as wide range of customers, including families, business professionals as well as teenagers.

### Tenant profile

The 80 tenants in the mall, as at 31 December 2015, provide a diverse tenants mix including a list of well-known international and local brand names such as Matahari Department Store, Hypermart, Texas Chicken and Dunkin Donut.

### Competition

Being the only and first modern mall in Binjai City, Binjai has no competitors.

## PALEMBANG PROPERTIES

LMIR Trust currently has three properties in Palembang: Palembang Square, Palembang Square Extension and Palembang Icon.

### Palembang profile

Palembang's main road has been developed a centre of government offices such as the South Sumatera Parliament Office and the Governor's Office. Located also in Palembang City are the Aryaduta Hotel and Arista Hotel as well as the Bumi Sriwijaya Stadium with a capacity of about 15,000 people and the Palembang Sport and Convention Centre. Adequate mass transportation modes are also available such as the Trans Musi and city transport.

## **PALEMBANG SQUARE**

**Jalan Angkatan 45/POM IX, Palembang, South Sumatera**

### **Description**

Palembang Square is a four-level retail mall located in Palembang, South Sumatra. The mall is part of a mixed-use development consisting of a hotel, a proposed hospital and Palembang Square Extension. It has a NLA of 31,641 sq m. Anchored by Carrefour, the mall is well complemented by a list of international and local specialty tenants which include restaurant, fashion labels, a cinema, Gramedia Bookstore, a video game centre and home furnishing store.

### **Tenant profile**

As at 31 December 2015, Palembang Square had 129 tenants. The diverse tenants mix includes Carrefour, Gramedia, Amazone and Fun City.

### **Competition**

The competitors of Palembang Square retail mall are as follows:

Palembang Indah Mall (PIM) is the only fully leased shopping centre in Palembang. It is located on Jalan Letnan Kolonel Iskandar, Palembang. PIM was established in 2005 as a four-storey building, leased by major tenants such as Hypermart and ACE Hardware. This mall has leasable area of about 28,000 sq m.

Palembang Trade Centre (PTC) is located on Jalan Soekamto, Kemuning. It is a strata titled retail mall. Developed as a 3-storey building by PT Pandawalima Halim Bersama, this mall is occupied with major tenants such as Diamond Department Store. It provides leasable area of about 42,000 sq m.

International Plaza (IP) is the first shopping centre in Palembang which is located at Jalan Jend Sudirman No. 147. This mall was constructed as a 5-storey building in 1996 by PT Indah Plaza International. The major tenants in IP are Matahari Department Store, Superindo and Studio 21. Total leasable area is about 21,000 sq m and is 80 per cent. occupied.

## **PALEMBANG SQUARE EXTENSION**

**Jalan Angkatan 45/POM IX, Palembang, South Sumatera**

### **Description**

Palembang Square Extension is a two-level retail mall (including one underground level) located in Palembang, South Sumatra. The mall has a parking area comprises 250 car lots and 800 motorcycle lots. It is part of a mixed-use development consisting of a hotel, a proposed hospital and an existing mall with an NLA of 17,392 sq m. It is directly connected with Palembang Square and the proposed hospital via a bridge.

### **Tenant profile**

As at 31 December 2015, Palembang Square Extension had 40 tenants. The mall is anchored by Matahari Department Store and Hypermart, complemented by a list of international and local fashion labels such as Giordano, Batik Keris, Levi's.

### **Competition**

Palembang Square Extension, being located within the same vicinity, shares the same competitive landscape as Palembang Square. (See “— Palembang Square — Competition”.)

## **PALEMBANG ICON**

**Jalan POM IX, Palembang, Indonesia**

### **Description**

Palembang Icon is a five-level (including one basement level) retail mall and sports centre located in the city of Palembang, South Sumatera, Indonesia. The mall has an NLA of 35,750 sq m. It is a lifestyle mall strategically located in a premium location that will be integrated with a convention centre and a five-star hotel. It provides a complete range of products and services covering daily needs, fashion, entertainment and F&B for families as it positions itself as a new lifestyle icon in South Sumatera.

### **Tenant profile**

As at 31 December 2015, Palembang Icon had 168 tenants. The mall is anchored by Cinemaxx, Foodmart Gourmet and Celebrity Fitness and has seen the opening of many first-to-market outlets from international and local brands in Palembang including Charles & Keith, Donini, Holika Holika, L'Occitane, Starbucks Coffee and Electronic City.

### **Competition**

Palembang Icon, which is located within the same vicinity, shares the same competitive landscape as Palembang Square and Palembang Square Extension. (See “— *Palembang Square — Competition*”.)

## **LIPPO PLAZA BATU**

**Jl. Diponegoro No.1 RT 07/05, Batu City**

### **Description**

Lippo Plaza Batu is a three-level (including one basement level) retail mall located in Batu City, Indonesia. The mall has an NLA of 12,333 sq m. There will be an additional 6,500 sq m of NLA to be built on the roof level as part of the on-going asset enhancement works.

Lippo Plaza Batu is located at Batu city, which is located approximately 20 kilometres northwest of Malang, the second largest city in East Java. Batu city is mainly known for agricultural and eco-tourism. Apart from apple orchards and strawberry plantations, it also has several natural sights such as caves, waterfalls and nature reserves. The cool temperature and pristine nature makes the city popular for recreational retreats since the Dutch colonial days. In 2013, based on tourist statistical data, a total of 1.9 million tourists has visited Batu and the number of tourists is likely to continue to grow with the local government's plan to promote tourism.

### **Tenant profile**

As at 31 December 2015, Lippo Plaza Batu had 45 tenants. The mall is anchored by Matahari Department Store and Hypermart. The diverse tenants mix includes a list of well-known international and local brand names such as Sports Station, Game Fantasia and Guardian.

### **Competition**

Being the first only modern mall in Batu City, Lippo Plaza Batu has no competitors.

## **MALL WTC MATAHARI UNITS**

**Jalan Raya Serpong, Pondok Jagung, Serpong, Tangerang, Banten, Greater Jakarta**

### **Description**

Mall WTC Matahari is located along Jalan Serpong Raya, Serpong within the administrative area of Tangerang Regency, Banten province. It is situated approximately 18 kilometres west of Jakarta's CBD.

Due to its proximity to Jakarta, Tangerang benefits from the urban expansion of Jakarta and is home to commuters who work in Jakarta. In recent years, residential estates and satellite cities with their own facilities have been developed in Tangerang.

Mall WTC Matahari is strategically located along the main road connecting BSD City. The Mall WTC Matahari Units comprise four strata units on part of the ground floor, upper ground floor, mezzanine and second floor of the building, aggregating a total NLA of 11,184 sq m, representing 25.3 per cent. of the total NLA of Mall WTC Matahari. The Mall WTC Matahari Units are currently utilised as a department store, hypermarket and entertainment and game centre.

#### **Relevant information relating to the Mall WTC Matahari Units**

The following table sets out other relevant information relating to the Mall WTC Matahari Units.

NLA in respect of the Retail Space as at 31 December 2015 .....	11,184 sq m
NLA as a percentage of the NLA of Mall WTC Matahari as at 31 December 2015 .....	25.3 per cent.
Percentage of contribution to LMIR Trust's Gross Revenue for 2015 .....	0.9 per cent.
Value as recorded in statement of financial position as at 31 December 2015.....	S\$17.0 million

#### **Relevant information relating to Mall WTC Matahari**

The following table sets out other relevant information relating to Mall WTC Matahari.

Year of building completion .....	2003
Land Area.....	35,886 sq m
NLA.....	44,285 sq m
Carpark Lots.....	1,101
Motorcycle Parking Lots.....	500

### **METROPOLIS TOWN SQUARE UNITS**

#### **Jalan Hartono Raya, Modernland Cikokol, Tangerang, Banten, Greater Jakarta**

##### **Description**

Metropolis Town Square is located in Tangerang city, Banten province, approximately 20 kilometres west of Jakarta's CBD. The CBD's strategic location near the main road connecting the toll road to Tangerang City provides easy access to the Jakarta — Merak toll gate and surrounding residential areas in Tangerang.

Tangerang is an industrial and manufacturing city in Greater Jakarta, home to seven industrial estates with a total area of approximately 1,700 ha. Due to its proximity to Jakarta, Tangerang is a popular residential location for commuters who work in Jakarta. In recent years, residential estates and satellite cities (for example, Lippo Karawaci, Bumi Serpong Damai, Kota Modern, Alam Sutera, Summarecon Serpong and Bintaro Jaya) have been developed in Tangerang.

Metropolis Town Square is located along Jalan Hartono Raya within the Kota Modern residential estate, about 2.6 kilometres south of the city centre of Tangerang.

Tangerang's strategic location between Jakarta and the Soekarno-Hatta International Airport makes it a popular choice for offices and factories. The Indonesian government has continuously been improving the quality of infrastructure between the city and the nation's capital to accommodate the ever increasing road traffic.

Metropolis Town Square is a one-stop shopping mall located along one of the main roads in Tangerang. Hence, the mall has good accessibility to passing traffic. In addition, the mall is the only major retail development in the Tangerang Municipality. The mall is designed in an art deco style and is located within the Modernland development, a large middle to upper income housing complex.

The Metropolis Town Square Units comprise three strata units on part of the ground floor, first floor and second floor of the building, aggregating a total NLA of 15,248 sq m and representing 32.9 per cent. of the total NLA of Metropolis Town Square. The Metropolis Town Square Units are currently utilised as a department store, hypermarket and entertainment and games centre.

### Relevant information relating to the Metropolis Town Square Units

The following table sets out other relevant information relating to the Metropolis Town Square Units.

NLA in respect of the Retail Space as at 31 December 2015 .....	15,248 sq m
NLA as a percentage of the NLA of Metropolis Town Square as at 31 December 2015.....	32.9 per cent.
Percentage of contribution to LMIR Trust's Gross Revenue for 2015 .....	1.2 per cent.
Value as recorded in statement of financial position as at 31 December 2015 .....	S\$23.8 million

### Relevant information relating to Metropolis Town Square

The following table sets out other relevant information relating to Metropolis Town Square.

Year of building completion .....	2004
Land Area.....	38,905 sq m
NLA.....	46,395 sq m
Carpark Lots.....	800
Motorcycle Parking Lots .....	1,200

## DEPOK TOWN SQUARE UNITS

### Jalan Margonda Raya No. 1, Pondok Cina Beji, Depok, Greater Jakarta

#### Description

Depok is located in the West Java province, situated between southern Jakarta and the northern side of Bogor regency. The city is located approximately 16 kilometres south of Jakarta's CBD. Depok is home to four large universities (University of Indonesia, Gunadarma University, Tugu Polytechnic and Jakarta Polytechnic).

Depok's population was estimated at 1.7 million in 2010 and has shown strong population growth, averaging 4.96 per cent. per annum between 2005 and 2010. In line with city population growth, the commercial area of Depok has been growing rapidly for the last few years, as evidenced by a number of modern shopping centre developments and commercial buildings built along the main road of Depok, Jalan Margonda Raya.

Depok Town Square is located on Jalan Margonda Raya, adjacent to the south eastern side of the University of Indonesia. The centre has direct access to Pondok Cina Railway Station at its rear entrance, and therefore connects the station to Jalan Margonda Raya.

The Depok Town Square Units comprise four strata units on part of the lower ground floor, first floor and second floor of the building, aggregating a total NLA of 13,045 sq m and representing 35.3 per cent. of the total NLA of Depok Town Square. The Depok Town Square Units are currently utilised as a department store, hypermarket and entertainment and games centre.

### Relevant information relating to the Depok Town Square Units

The following table sets out other relevant information relating to the Depok Town Square Units.

NLA in respect of the Retail Space as at 31 December 2015 .....	13,045 sq m
NLA as a percentage of the NLA of Depok Town Square as at 31 December 2015.....	35.3 per cent.
Percentage of contribution to LMIR Trust's Gross Revenue for 2015 .....	1.0 per cent.
Value as recorded in statement of financial position as at 31 December 2015.....	S\$21.4 million

### Relevant information relating to Depok Town Square

The following table sets out other relevant information relating to Depok Town Square.

Year of building completion .....	2005
Land Area.....	24,858 sq m
NLA.....	36,998 sq m
Carpark Lots.....	870
Motorcycle Parking Lots .....	1,200



## **JAVA SUPERMALL UNITS**

**Jalan MT Haryono No. 992-994, Jomblang, Semarang, Central Java**

### **Description**

Semarang is the capital city of the Central Java province and the eighth largest city in terms of population in Indonesia. With its location along the northern coast of Java, Semarang is an important trading port for the region. Semarang had a population of 1.5 million in 2010 and is estimated to have grown annually at 1.4 per cent. per annum between 2000 and 2010.

Java Supermall is located within the vicinity of a middle to upper class residential area which is easily accessible from most areas in Semarang. The Java Supermall Units comprise four strata units on the semi-basement, first floor and second floor of the building, aggregating a total NLA of 11,082 sq m. The Java Supermall Units are currently utilised as a department store and a supermarket.

### **Relevant information relating to the Java Supermall Units**

The following table sets out other relevant information relating to the Java Supermall Units.

NLA in respect of the Retail Space as at 31 December 2015 .....	11,082 sq m
Percentage of contribution to LMIR Trust's Gross Revenue for 2015 .....	1.0 per cent.
Value as recorded in statement of financial position as at 31 December 2015.....	S\$20.0 million

### **Relevant information relating to Java Supermall**

The following table sets out other relevant information relating to Java Supermall.

Year of building completion .....	2000
Land Area.....	10,800 sq m
Carpark Lots.....	700
Motorcycle Parking Lots.....	2,000

## **MALANG TOWN SQUARE UNITS**

**Jalan Veteran No. 2, Malang, East Java**

### **Description**

Malang is the second largest city in the East Java province with a population of approximately 0.8 million and a regency population of approximately 2.4 million.

The region is a popular tourist destination due to its natural attractions (for example, Mount Bromo, one of Java's largest volcanoes), cool climate and colonial history. Malang also has a large student population, being home to five universities (Brawijaya, State, Muhammadiyah, Widya Gama and Merdeka Universities).

Malang Town Square, in which Malang Town Square Units are located, is a mall conceptualised as an international lifestyle mall as well as the biggest and most comprehensive mall in Malang. The centre has easy access to public transportation and is surrounded by exclusive residential communities and several universities which have more than 50,000 students.

The Malang Town Square Units comprise three strata units on part of the ground floor, upper ground floor, first floor and second floor of the building, aggregating a total NLA of 11,065 sq m, representing 48.3 per cent. of the total NLA of Malang Town Square. The Malang Town Square Units are currently utilised as a department store, hypermarket and entertainment and games centre.

### Relevant information relating to the Malang Town Square Units

The following table sets out other relevant information relating to the Malang Town Square Units.

NLA in respect of the Retail Space as at 31 December 2015 .....	11,065 sq m
NLA as a percentage of the NLA of Malang Town Square as at 31 December 2015 .....	48.3 per cent.
Percentage of contribution to LMIR Trust's Gross Revenue for 2015 .....	1.0 per cent.
Value as recorded in statement of financial position as at 31 December 2015 .....	S\$22.0 million

### Relevant information relating to the Malang Town Square Units

The following table sets out other relevant information relating to the Malang Town Square Units.

Year of building completion .....	2005
Land Area .....	18,608 sq m
NLA .....	22,917 sq m
Carpark Lots .....	544
Motorcycle Parking Lots .....	720

## PLAZA MADIUN UNITS

### Jalan Pahlawan, Madiun, East Java

#### Description

The city of Madiun, with a total population of 0.2 million (based on a 2010 census), is the capital city of Madiun regency in the East Java province. The Madiun regency has a total land area of 1,011 sq km and its population exceeds 0.6 million (based on a 2010 census).

Plaza Madiun is located along Jalan Pahlawan, a major road of the city which is also the primary thoroughfare in the city of Madiun. The street is positioned in the centre of the commercial and administrative zone, at the crossroad of three existing subdistricts of Madiun. Most of the prominent buildings in Madiun are included in this precinct, including the City Hall, Merdeka Hotel, Tentara Hospital and Pasaraya Shopping Centre. Jalan Pahlawan is accessible from Jalan Sudirman, another major thoroughfare in the city.

Plaza Madiun enjoys high pedestrian traffic from Jalan Pahlawan and is in close proximity to various forms of public transportation options.

Plaza Madiun, aggregating a total NLA of 19,029 sq m situated on two HGB titles, comprises the basement, first floor, second floor and third floor and are currently occupied by a supermarket and a department store.

### Relevant information relating to the Plaza Madiun Units

The following table sets out other relevant information relating to the Plaza Madiun Units.

NLA in respect of the Retail Space as at 31 December 2015 .....	19,029 sq m
Percentage of contribution to LMIR Trust's Gross Revenue for 2015 .....	1.3 per cent.
Value as recorded in statement of financial position as at 31 December 2014 .....	S\$25.8 million

### Relevant information relating to Plaza Madiun

The following table sets out other relevant information relating to Plaza Madiun.

Year of building completion .....	2000
Land Area .....	5,583 sq m
Carpark Lots .....	80
Motorcycle Parking Lots .....	400

## GRAND PALLADIUM MEDAN UNITS

Jalan Kapt. Maulana Lubis, Medan, North Sumatra

### Description

Grand Palladium Medan is conveniently located within the Medan CBD and is only 2.5 kilometres from Polonia International Airport. The mall is located in the centre of Medan, hence drawing shoppers from all around the city. It is surrounded by government and business offices and the town hall, and therefore benefits from regular crowds of government and business visitors.

The Grand Palladium Medan Units comprise four strata units in part of the basement, lower ground floor, upper ground floor, first floor and third floor of the building, aggregating a total NLA of 13,417 sq m, representing 54.9 per cent. of the total NLA of Grand Palladium Medan. The Grand Palladium Medan Units are currently utilised as a department store, hypermarket and entertainment and games centre.

### Relevant information relating to the Grand Palladium Medan Units

The following table sets out other relevant information relating to the Grand Palladium Medan Units.

NLA in respect of the Retail Space as at 31 December 2015 .....	13,417 sq m
NLA as a percentage of the NLA of Grand Palladium Medan as at 31 December 2015 ....	54.9 per cent.
Percentage of contribution to LMIR Trust's Gross Revenue for 2015 .....	0.9 per cent.
Value as recorded in statement of financial position as at 31 December 2015.....	S\$17.9 million

### Relevant information relating to Grand Palladium Medan

The following table sets out other relevant information relating to Grand Palladium Medan.

Year of building completion .....	2005
Land Area.....	10,769 sq m
NLA.....	24,430 sq m
Carpark Lots.....	1,200
Motorcycle Parking Lots.....	700

## ASSET ENHANCEMENT

The LMIRT Manager will continually review and investigate asset enhancement works for each property. The aim of this is to create further income streams and maximise retail offering at each mall. To do this, the LMIRT Manager intends to work with relevant Indonesian authorities to gain the necessary approvals. The table below gives a summary of potential and completed asset enhancement works.

Property	Key asset enhancement plans
Ekalokasari Plaza	The AEI involves major refurbishment of the existing mall and the construction of an extension building on the adjoining land owned by LMIRT sponsor Lippo Karawaci. The extension building will be connected to the existing mall when completed.
Istana Plaza	The AEI involves the construction of a four-storey extension building which will increase the NLA by about 1,920 sqm. The extension building is expected to be occupied with a multi-studio cinema and F&B specialty tenants.
Lippo Batu Plaza	The AEI involves the construction of an additional floor of 6,500 sqm the rooftop to house a multi-studio cinema and specialty tenants.

## INSURANCE

The Properties are insured consistent with industry practice in Indonesia. This includes property damage, public liability insurance (including personal injury) policies, earthquakes, terrorism and sabotage. There are no significant or unusual excess or deductible amounts required under such policies. There are, however, certain types of risks that are not covered by such insurance policies, including acts of war, outbreaks of contagious diseases and contamination or other environmental law breaches.

## LEGAL PROCEEDINGS

Except as disclosed in this Offering Circular, none of LMIR Trust, the LMIRT Manager and any Master Lessee is currently involved in any material litigation nor, to the best of the LMIRT Manager's knowledge, is any material litigation currently contemplated or threatened against LMIR Trust, the LMIRT Manager and any Master Lessee.

Additionally, except as disclosed in this Offering Circular, the LMIRT Trustee is not currently involved in any material litigation that may have a material adverse effect on the Group's financial position, taken as a whole, and, to the best of the LMIRT Trustee's knowledge, there is no such material litigation currently contemplated or threatened against it.

## ENCUMBRANCES

As at the date of this Offering Circular, certain Properties with a carrying value of S\$461.71 million as at 30 June 2016 were encumbered as security under LMIR Trust's loan facility of up to S\$180 million (drawn to S\$155 million), equal to 25.4 per cent. of LMIR Trust's assets as at 30 June 2016.

## INFORMATION REGARDING THE TITLE OF THE PROPERTIES THE RETAIL MALLS

Each of the Retail Malls is wholly-owned by an Indonesian SPC which is, in turn, owned by two Singapore SPCs, other than Sun Plaza, which is owned by three Singapore SPCs. LMIR Trust, via its direct or indirect ownership of 100 per cent. of the shares of each of the Singapore SPCs, indirectly holds the Retail Malls. With the exception of Gajah Mada Plaza, Mal Lippo Cikarang and Sun Plaza, LMIR Trust owns the remaining nine Retail Malls via BOT Schemes (as defined below) and does not directly own the land on which the relevant Retail Mall is situated.

The table below sets out the types of titles held by LMIR Trust and their respective years of expiry:

<b>Retail mall</b>	<b>Title held by the land owner<sup>(1)</sup></b>	<b>Title/right held by LMIR Trust<sup>(2)</sup></b>	<b>Year of expiry</b>
Gajah Mada Plaza.....	HGB Title	Strata Title	2020
Cibubur Junction.....	HGB Title	BOT Scheme	2025
The Plaza Semanggi.....	HP Title	BOT Scheme	2054
Mal Lippo Cikarang .....	HGB Title	HGB Title	2023
Ekalokasari Plaza.....	HP Title	BOT Scheme	2032
Bandung Indah Plaza <sup>(3)</sup> .....	HPL Title	BOT Scheme and HGB Titles on top of HPL Titles	2030
Istana Plaza.....	HGB Title	BOT Scheme	2034
Sun Plaza .....	HGB Title	HGB Title	2032
Pluit Village.....	HGB Title	BOT Scheme	2027
Plaza Medan Fair .....	HGB Title	BOT Scheme	2027
Tamini Square .....	HGB Title	Strata Title	2035
Lippo Plaza Kramat Jati (Kramat Jati Indah Plaza) .....	HGB Title	HGB Title	2024
Palembang Square.....	HGB Title	Strata Title	2039
Palembang Square Extension.....	BOT Scheme	BOT Scheme	2041
Pejaten Village.....	HGB Title	HGB Title	2027

<b>Retail mall</b>	<b>Title held by the land owner<sup>(1)</sup></b>	<b>Title/right held by LMIR Trust<sup>(2)</sup></b>	<b>Year of expiry</b>
Binjai Supermall.....	HGB Title	HGB Title	2036
Lippo Mall Kemang.....	HGB Title	Strata Title	2036
Lippo Plaza Batu.....	HGB Title	Strata Title	2031
Palembang Icon.....	BOT Scheme	BOT Scheme	2040

(1) The title held by the owner of the land on which the Retail Mall is situated.

(2) The title/right held by LMIR Trust via its ownership of shares in the respective Retail Mall Singapore SPCs.

(3) The BOT Grantor has granted the BOT Grantee, the owner of Bandung Indah Plaza, the right to apply for HGB titles on top of its HPL titles. (See “— *Hak Pengelolaan (“HPL”) titles*”.)

### **Build, operate and transfer schemes (“BOT schemes”)**

The relevant retail mall Indonesian SPCs own nine of the Retail Malls, namely, Cibubur Junction, The Plaza Semanggi, Ekalokasari Plaza, Bandung Indah Plaza, Istana Plaza, Pluit Village, Plaza Medan Fair, Palembang Square Extension and Palembang Icon, via BOT Schemes. The relevant retail mall Indonesian SPCs are in turn owned by two retail mall Singapore SPCs. A BOT Scheme is not registrable with any Indonesian authority. Rights under a BOT Scheme do not amount to a legal title and represent only contractual interests.

Pursuant to BOT Schemes, the BOT Grantor has granted the BOT Grantee, a right to build and operate the Retail Mall for a particular period of time as stipulated in the BOT Agreement.

The respective BOT Grantor for the relevant retail malls are not related or affiliated with the respective vendors or the Sponsor. The relevant BOT Grantors are regional Indonesian Government enterprises, Indonesian Government agencies and a church foundation.

In exchange for the right to build and operate a 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) to the BOT Grantor. The relevant retail mall Indonesian SPC, as the BOT Grantee, financed the construction of the relevant retail mall and on an on-going basis, pays for the asset enhancement works of the retail mall (if any). Depending on the terms of the relevant BOT agreement, the payment by the BOT Grantee may be made in the form of a lump sum or staggered payments.

LMIR Trust, through the retail mall Singapore SPCs, indirectly owns the Retail Malls for the period stipulated in the respective BOT Agreement. The terms of the BOT Agreements ranges from 20 years to 30 years and may be extended upon agreement of both parties. During the term of the BOT Agreement, the respective BOT Grantor is not allowed to sell or transfer the land on which the relevant Retail Mall is situated. Upon the expiry 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.

The BOT Grantee may assign its rights under the BOT Agreement with prior consent of the BOT Grantor. The BOT Agreements are silent on the circumstances under which the respective BOT Grantor may withhold its consent to such an assignment. Under Indonesian law, a transfer of rights under an agreement must be approved or acknowledged by the opposite party. Therefore, if a BOT Grantee assigns its rights under the BOT Agreement without the consent of the BOT Grantor, the assignment will not be effective and the BOT Grantee shall be deemed to have caused a breach of contract. Instead of a transfer of a BOT Grantee’s right through an assignment of the BOT Agreement, which requires consent from the BOT Grantor, the transfer of the BOT interest may also be made through a transfer of shares in the BOT Grantee by the shareholders of the BOT Grantee. Except for the BOT Agreement relating to Cibubur Junction, the transfer of shares in the BOT Grantee does not require consent from the BOT Grantor.

LMIR Trust owns nine of the retail malls, via its 100 per cent. ownership interests of shares in the retail mall Singapore SPCs, under BOT Schemes because:

- Freehold land in Indonesia may not be owned by companies (whether Indonesian or foreign-owned) or by foreign individuals. Under Indonesian land law, the closest form of land title to an internationally recognised concept of “freehold” title is *Hak Milik* (“HM”) or “**Right of Ownership**”. A *Hak Milik* title is available only to Indonesian individuals and certain Indonesian religious and social organisations and government bodies. In the Indonesian property market, it is common for properties to be held under agreements or schemes without the legal title being transferred;
- Instead of transferring the ownership of the land, a land owner may prefer to use the BOT Scheme for commercial reasons. A land owner may not intend to transfer the ownership of the land because the land is located at commercially strategic locations or has historical value. Alternatively, the land owner may have limited financial capability to develop the land. Under such circumstances, the land owner may prefer to enter into a BOT Agreement with a BOT Grantee who are property developers with strong financial support and proven track records; or
- A BOT Grantee may prefer to use the BOT Scheme because the compensation for obtaining the BOT rights could be considered as more price feasible and cash flow effective as compared to an outright purchase of the land.

The table below sets out the BOT Scheme expiry date for each of the properties owned via BOT Schemes, as at 31 December 2015:

<b>Retail Mall</b>	<b>Expiry Date of BOT Scheme</b>
Cibubur Junction.....	28 July 2025
The Plaza Semanggi.....	8 July 2054
Ekalokasari Plaza.....	27 June 2032
Bandung Indah Plaza.....	31 December 2030
Istana Plaza.....	17 January 2034
Pluit Village.....	9 June 2027
Plaza Medan Fair .....	23 July 2032
Palembang Square Extension.....	24 January 2014
Palembang Icon.....	30 April 2040

### **Strata titles**

Two of the nine retail malls, namely, Gajah Mada Plaza and Lippo Mall Kemang, are held via strata titles. Under Indonesian land law, if a building developer plans to market and sell a multi-storey building, the building developer must divide the multi-storey building into (i) rights of ownership (strata title) for each unit, (ii) rights on common properties, (iii) rights to common parts, and (iv) rights to the common land in the form of a sketch plan, which must be approved by the relevant authority. Such sketch plan must also provide an explanation on (i) unit separation that can be used by individuals, (ii) the limitation and separation of the strata title right over common properties, and (iii) the strata title right over the common land.

In general, if a party holds a property via strata titles, the party that owns the strata title unit, will also own the common areas, common property and common land (i.e. the underlying land) proportionately with the other strata title unit owners. LMIR Trust indirectly owns, via the relevant retail mall Indonesian SPC, approximately 99.0 per cent. of the units of strata titles that are constructed on the relevant plot of land on which Gajah Mada Plaza is situated on.

### **Hak Guna Bangunan (“HGB”) titles**

Eight of the Retail Malls, namely, Mal Lippo Cikarang, Sun Plaza, Tamini Square, Kramat Jati Indah Plaza (Lippo Plaza Kramat Jati), Palembang Square, Pejaten Village, Binjai Supermall and Lippo Plaza Batu are held via a HGB title. Under Indonesian land law, the highest title which can be obtained by a company

incorporated or located in Indonesia is a “Right to Build” or HGB title. HGB titles can only be obtained by an Indonesian citizen, or by a legal entity which is incorporated under Indonesian law and located in Indonesia including foreign investment companies (Penanaman Modal Asing, or “PMA”). A holder of HGB title has the right to erect, occupy and use buildings on that particular parcel of land, and also has the right to encumber and sell all or part of the parcel.

The validity period for a HGB title is different from that of a “freehold” title. A “freehold” title has no limitation on the validity period. A HGB title is granted for a maximum initial term of 30 years. By application to the relevant local land office upon the expiration of this initial term, a HGB title may be extended for an additional term not exceeding 20 years. Following expiration of this additional term, a renewal application may be made. The application should be made no later than two years prior to the expiration of the additional term. The land office has discretion to grant extensions.

### **Hak Pakai (“HP”) titles**

Two of the Retail Malls, namely The Plaza Semanggi and Ekalokasari Plaza, are situated on plots of land which are owned by the land owner under HP (Right to Use) titles. LMIR Trust does not own these plots of land directly and instead, holds the two Retail Malls via BOT Schemes. The land owner (as the BOT Grantor) has granted the relevant retail mall Indonesian SPC (as BOT Grantee), a right to build and operate the relevant retail mall for a particular period of time as stipulated in the BOT Agreement. The HP titles where Plaza Semanggi and Ekalokasari Plaza are constructed will be valid as long as the lands are being used by the respective land owner.

The BOT Land on which Palembang Square Extension is constructed is represented by HP No. 419/Lorok Pakjo, registered under the name of the Government of Sumatera Province, which is currently in the process of being converted into *Hak Pengelolaan* (Right to Manage) in relation to additional areas.

A HP title allows its holder (the land owner) the right to use and/or collect the products of land directly administered by the State or of land owned by other persons. Hak Pakai over land can be granted by the Indonesian government in the form of a decree or by an Indonesian citizen in the form of an agreement. The decree or the agreement gives the user the rights and obligations laid down in that decree or agreement.

A HP title in Indonesia may be obtained and owned by the following entities: (a) an Indonesian citizen, (b) a legal entity established under Indonesian law and domiciled in Indonesia, (c) any Indonesian government department or government agency, (d) any social or religious entity, (e) a foreign citizen

residing in Indonesia and who has provided benefit to Indonesia, (f) a foreign legal entity that has a registered representative office in Indonesia, and (g) a state representative or a representative of certain international bodies.

### **Hak Pengelolaan (“HPL”) titles**

In the case of Bandung Indah Plaza, the BOT Grantor owns the land on which the retail mall is situated under a HPL (Right to Manage) title. A HPL title provides its holder (the land owner) with the right to manage on a parcel of land created by the State, in which the executing authorities of such right to manage is partially granted and in common practice (only) to Indonesian government entities. Such holder of a Right to Manage title may use the granted executing authority for the purpose of land utilisation and allocation planning, utilisation of the land related to the role of such Indonesian government entities, partial assignment of the land to third parties and/or land management in cooperation with third parties. Bandung Indah Plaza is constructed on land under HPL titles which will be valid as long as the land is being used by the land owner.

For Bandung Indah Plaza, the land owner (as BOT Grantor) has granted the relevant retail mall Indonesian SPC (as BOT Grantee) the right to apply for a HGB title on top of its HPL (Right to Manage) title. Pursuant to this BOT Scheme, the BOT Grantee is granted the right to build and operate the retail mall and to own a HGB title for the term of the BOT Agreement. Ownership of the HGB title allows the BOT Grantee to encumber the land with prior consent of the BOT Grantor and subject to the BOT Agreement.

## The Retail Spaces

Each of the Retail Spaces is wholly-owned by a Retail Space Indonesian SPC which is, in turn, owned by two retail space Singapore SPCs. LMIR Trust, via its ownership of 100 per cent. of the shares of the respective retail space Singapore SPCs, indirectly owns the Retail Spaces. (See “*Certain Agreements Relating to LMIR Trust and the Properties — Summary of Ownership Structure of the Retail Spaces*”.)

The Retail Spaces are held by the respective Indonesian SPCs under the following types of title:

<b>Retail Space</b>	<b>Held by LMIR Trust via:</b>
Mall WTC Matahari Units .....	Strata titles ownership certificates
Metropolis Town Square Units.....	Strata titles ownership certificates
Depok Town Square Units.....	Strata titles ownership certificates
Java Supermall Units .....	Strata titles ownership certificates
Malang Town Square Units.....	Strata titles ownership certificates
Plaza Madiun Units .....	HGB Titles
Grand Palladium Medan Units .....	Strata titles ownership certificates

## RECENT DEVELOPMENTS

LMIRT Manager announced on 8 January 2016 that LMIR Trust had entered into a conditional sale and purchase agreement with the Sponsor for the acquisition of the retail mall in Kuta, Bali, known as “Lippo Mall Kuta”. LMIRT Manager continues to be in discussions with the vendor of “Lippo Mall Kuta” to finalise the details of the acquisition.

LMIRT Manager also announced on 3 February 2016 that LMIR Trust had entered into a joint venture with First Real Estate Investment Trust in connection with the joint acquisition of an integrated development, comprising a hospital component known as “Siloam Hospitals Yogyakarta” and a retail mall component known as “Lippo Plaza Jogja” (together, The “**Yogyakarta Property**”), located in Yogyakarta, Indonesia, from the Sponsor. LMIRT Manager continues to be in discussions with the Manager of First Real Estate Investment Trust and the vendor of the Yogyakarta Property to finalise the details of the joint acquisition.

Both acquisitions remain subject to approval by the unitholders of LMIR Trust.



## MANAGEMENT

### BOARD OF DIRECTORS OF THE LMIRT MANAGER

#### **Albert Saychuan Cheok**

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

From September 1995 to November 2005, Mr Cheok was the Chairman of Bangkok Bank Berhad in Malaysia, a wholly-owned subsidiary of Bangkok Bank of Thailand. Mr Cheok also served as the Deputy Chairman of Asia Life (M) Berhad, a major life insurer in Malaysia from January 1999 to June 2008. Mr Cheok was appointed non-executive director of Eoncap Islamic Bank Berhad and MIMB Investment Berhad from June 2009 to June 2011. He is the Independent Non-Executive Chairman of Auric Pacific Group Limited, Bowsprit Capital Corporation Limited, the manager of First Real Estate Investment Trust, International Standard Resources Holdings Limited and Amplefield Limited. Mr Cheok also holds Independent Non-Executive directorships in HongKong Chinese Limited, Adavale Resources Limited and China Aircraft Leasing Group Holdings Limited. Mr Cheok is a Vice Governor of the Board of Governors of the Malaysian Institute of Corporate Governance.

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

#### **Viven Gouw Sitiabudi**

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

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

#### **Lee Soo Hoon, Phillip**

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

Mr Lee is a Fellow of the Institute of Chartered Accountants in England and Wales. He is also a Fellow of the Institute of Singapore Chartered Accountants. He is a member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and the Institute of Directors. He has received awards for his community work, including the UK Order of St John in 1998, the Singapore Public Service Medal in 1998 and the Singapore Public Service Star in 2007.

### **Douglas Chew**

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

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

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

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

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

### **Goh Tiam Lock**

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

In 1976, he became a partner in MH Goh, Tan & Partners, the legacy firm of Colliers International, and retired from the firm in 1991. He is currently the Managing Director of Lock Property Consultants Pte. Ltd, a position he has held since setting up the practice in 1993, and advises clients on real estate development and management. He was actively involved in civil and community work, holding positions such as Chairman of the Singapore Chinese Chamber of Commerce and Industry Property Management Sub-committee from 1987 to 1989, the Chairman of the Marine Parade Community Club Management Committee from 1984 to 2001, and was also a Master Mediator at the Marine Parade Community Mediation Centre. He is now a Patron of the Marine Parade Community Club Management Committee.

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

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

### **Ketut Budi Wijaya**

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

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

Mr Wijaya is currently a Non-Executive Director of Bowsprit Capital Corporation Ltd, the Manager of First Real Estate Investment Trust. He is also the President Director of PT Lippo Karawaci Tbk, the largest listed property company in Indonesia by total assets and revenue with a highly focused, unique and integrated business model stretching across urban and large scale integrated developments, retail malls, healthcare, hospitality, property and portfolio management. He is also the President Commissioner of PT Lippo Cikarang Tbk. and PT Gowa Makassar Tourism Development of Tbk., as well as the Commissioner of PT Jababeka Tbk. and other subsidiaries of PT Lippo Karawaci group.

### **Chan Lie Leng**

Ms Chan Lie Leng was appointed as a Non-Executive Director of the Manager with effect from 22 April 2016. During her career, Ms Chan held various executive and supervisory positions in Raiffeisen Bank International AG in the Singapore Branch from 1988 to 2011 and the Labuan Branch from 2011 to 2015.

Ms Chan commenced her career in banking as a trainee officer in DBS bank in April 1988 and has exposure in offshore banks including Nippon Credit Bank, Bank of Hawaii and ABN-AMRO Bank.

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

## **MANAGEMENT TEAM**

### **Viven Gouw Sitiabudi**

See “— *Board of Directors*” for Ms Sitiabudi’s biography.

### **Lo Shye Ru**

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

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

### **Wong Han Siang**

Mr Wong Han Siang is the Financial Controller. He oversees the execution of the financial management and asset acquisition activities of LMIR Trust. Mr Wong has more than 15 years of accounting and auditing experience. Prior to joining the Manager, Mr Wong was an Audit Manager with PricewaterhouseCoopers Singapore where he was responsible for handling audit engagements in various local-listed companies and multinational companies. Mr Wong is a Chartered Accountant of the Institute of Singapore Chartered Accountants and a fellow member of the Association of Chartered Certified Accountants (ACCA).

### **Teo Kah Ming**

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

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

### **Cesar Agor**

Mr Cesar Agor is the Legal and Compliance Support Manager. He supports the activities of the Manager in the areas of legal and compliance work. Prior to joining the Manager and from 2007, Mr Agor was a practicing lawyer in the Philippines, having worked as an associate lawyer in various law offices in Manila.

Mr Agor served as an in-house legal counsel at Vista Land & Lifescapes, Inc., one of the largest real estate developers in the Philippines. He obtained both his Bachelor of Arts in Legal Management and Bachelor of Laws at the Catholic University of Santo Tomas, Philippines.

**Audit and Risk Committee**

The Audit and Risk Committee is appointed by the Board from among the Directors and is composed of four members, a majority of whom (including the Chairman of the Audit and Risk Committee) are required to be independent Directors. The members of the Audit and Risk Committee are Mr Lee Soo Hoon, Phillip, Mr Albert Saychuan Cheok, Mr Goh Tiam Lock and Mr Douglas Chew. Mr Lee Soo Hoon, Phillip has been appointed as the Chairman of the Audit and Risk Committee.

## TAXATION

*The statements below are general in nature and are based on certain aspects of current tax laws (including administrative guidelines and circulars and guidelines issued by the MAS and the IRAS in force as at the date of this Offering Circular) and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. Prospective holders of the Securities are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuers, the Guarantor, the Arrangers, the Dealers and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.*

### **Singapore Taxation**

#### **A. Taxation Relating to Payments on the Notes**

##### ***Interest and Other Payments***

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0 per cent. The applicable rate for non-resident individuals is currently 22.0 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (i) interest from debt securities derived on or after 1 January 2004;

- (ii) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (iii) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

In addition, as the Programme as a whole was arranged by BNP Paribas, Singapore Branch and Standard Chartered Bank, Singapore Branch, each of which was a Financial Sector Incentive (Bond Market) Company, Financial Sector Incentive (Capital Market) Company or Financial Sector Incentive (Standard Tier) Company (as defined in the ITA) at such time, any tranche of the Notes (the “**Relevant Notes**”) issued as debt securities under the Programme during the period from the date of this Offering Circular to 31 December 2018 would be qualifying debt securities (“**QDS**”) for the purposes of the ITA, to which the following treatment shall apply:

- (I) subject to certain prescribed conditions having been fulfilled (including the furnishing by the relevant Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as MAS may require and the inclusion by the relevant Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for QDS shall not apply if the non-resident person acquires the Relevant Notes using the funds and profits of such person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “**Qualifying Income**”) from the Relevant Notes paid by the relevant Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;
- (II) subject to certain conditions having been fulfilled (including the furnishing by the relevant Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as MAS may require), Qualifying Income from the Relevant Notes paid by the relevant Issuer and derived by any company or a body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10.0 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (III) subject to:
  - (a) the relevant Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
  - (b) the furnishing by the relevant Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as MAS may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the relevant Issuer.

Notwithstanding the foregoing:

- (1) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50.0 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the relevant Issuer or the LMIRT Manager, such Relevant Notes would not qualify as QDS; and
- (2) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50.0 per cent. or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the relevant Issuer or the LMIRT Manager, Qualifying Income derived from such Relevant Notes held by:
  - (a) any related party of the relevant Issuer or the LMIRT Manager; or
  - (b) any person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the relevant Issuer or the LMIRT Manager,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “**break cost**”, “**prepayment fee**” and “**redemption premium**” are defined in the ITA as follows:

“**break cost**” means in relation to debt securities and qualifying debt securities, any fee payable by the relevant issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“**prepayment fee**” means in relation to debt securities and qualifying debt securities, any fee payable by the relevant issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“**redemption premium**” means in relation to debt securities and qualifying debt securities, any premium payable by the relevant issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme (“**QDS Plus Scheme**”), subject to certain conditions having been fulfilled (including the furnishing by the relevant Issuer, or such other person as MAS may direct, to MAS of a return on debt securities in respect of the QDS in the prescribed format within such period as MAS may specify and such other particulars in connection with the QDS as MAS may require), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:-

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity of not less than 10 years;
- (c) cannot have their tenure shortened to less than 10 years from the date of their issue, except where –
  - (i) the shortening of the tenure is a result of any early termination pursuant to certain specified early termination clauses which the issuer included in any offering document for such QDS; and
  - (ii) the QDS do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the QDS at the time of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Notes are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50.0 per cent. or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the relevant Issuer or the LMIRT Manager, Qualifying Income from such Relevant Notes derived by:

- (aa) any related party of the relevant Issuer or the LMIRT Manager; or
- (bb) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the relevant Issuer or the LMIRT Manager,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

## **B. Taxation Relating to Payments on the Perpetual Securities**

In the event that any tranche of the Perpetual Securities (the “**Relevant Tranche of Perpetual Securities**”) is characterised as equity securities for income tax purposes and payments of Distributions, Optional Distributions, Arrears of Distribution and Additional Distribution Amounts (if applicable) in respect of the Relevant Tranche of Perpetual Securities are regarded as distributions on units of LMIR Trust, Perpetual Securityholders may be subject to income tax on such distributions in whole or in part, currently at the rate of 17.0 per cent. or 10.0 per cent. (unless exempt from tax). The LMIRT Trustee may also be obliged to withhold or deduct tax from the payment of such distributions, in whole or part, at the rate of 10.0 per cent. or 17.0 per cent. to certain Perpetual Securityholders and for this purpose, Perpetual Securityholders may, as in the case of holders of the units of LMIR Trust, be required to declare certain information relating to their status to the LMIRT Manager and/or the LMIRT Trustee prior to the making of each Distribution, Optional Distribution, Arrears of Distribution or Additional Distribution Amount (if applicable).

In the event that the Relevant Tranche of Perpetual Securities are regarded as debt securities for Singapore tax purposes, payment of Distributions (including Optional Distributions) in respect of the Relevant Tranche of Perpetual Securities should be regarded as interest payments and the disclosure above under “A. Taxation Relating to Payments under the Notes” summarises the income tax treatment that may then be applicable on such Distributions (including Optional Distributions). In such case, notwithstanding that the LMIRT Trustee may be permitted to make payments of interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) in respect of the Relevant Tranche of Perpetual Securities without deduction or withholding of tax under Section 45 and Section 45A of the ITA, where such interest, discount income, prepayment fee, redemption premium and break cost is derived from the Relevant Tranche of Perpetual Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires the Relevant Tranche of Perpetual Securities using the funds and



profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium and break cost derived from the Relevant Tranche of Perpetual Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

### **C. Capital Gains**

Any gains considered to be in the nature of capital made from the sale of the Securities will not be taxable in Singapore. However, any gains from the sale of the Securities which are gains from any trade, business, profession or vocation carried on by a person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Securities who apply or who are required to apply Singapore Financial Reporting Standard 39 ("**FRS 39**") for Singapore income tax purposes may be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal, in accordance with the provisions of FRS 39. See also "*Adoption of FRS 39 Treatment for Singapore Income Tax Purposes*".

### **D. Adoption of FRS 39 Treatment for Singapore Income Tax Purposes**

The IRAS has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 — Financial Instruments: Recognition and Measurement" (the "**FRS 39 Circular**"). The ITA has since been amended to give legislative effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes. Holders of the Securities who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

### **E. Estate Duty**

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

## **Foreign Account Tax Compliance Act**

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") imposes a new reporting regime and potentially a 30% withholding tax with respect to certain payments to any non-U.S. financial institution (a "**foreign financial institution**", or FFI (as defined by FATCA)) that does not become a Participating FFI by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA. The Issuers or the Guarantor may be classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to foreign passthru payments (a term not yet defined) no earlier than 1 January 2019. This withholding would potentially apply to payments in respect of (i) any Securities characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the grandfathering date, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Securities characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Securities are issued on or before the grandfathering date, and additional Securities of the same series are issued after that date, the additional Securities may not be treated as grandfathered, which may have negative consequences for the existing Securities, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a Reporting FI not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under

FATCA or an IGA (or any law implementing an IGA) (any such withholding being “**FATCA Withholding**”) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS.

On 9 December 2014, Singapore and the United States signed an IGA (the “**U.S.-Singapore IGA**”) to assist in the facilitation of FATCA.

If the Issuers and Guarantor are treated as Reporting FIs pursuant to the U.S.-Singapore IGA they do not anticipate that they will be obliged to deduct any FATCA Withholding on payments they make. There can be no assurance, however, that the Issuers and Guarantors will be treated as Reporting FIs, or that they would in the future not be required to deduct FATCA Withholding from payments they make. Accordingly, the Issuers, Guarantor and financial institutions through which payments on the Securities are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Securities is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Generally, if an amount in respect of FATCA Withholding were to be deducted or withheld from interest, principal or other payments made in respect of the Securities, neither the Issuers nor any paying agent nor any other person would, pursuant to the conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

Whilst the Securities are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Securities by the Issuers, the Guarantor, any paying agent and the Common Depositary, given that each of the entities in the payment chain between the Issuers and the Guarantor and the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Securities. The documentation expressly contemplates the possibility that the Securities may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive securities will only be printed in remote circumstances.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer, the Guarantors and to payments they may receive in connection with the Securities.**

## INTERESTS OF UNITHOLDERS AND DIRECTORS OF THE LMIRT MANAGER

The following table sets forth details about the interest of the Unitholders who held interests of at least 5.0 per cent. or more in LMIR Trust (“**Substantial Unitholders**” and each a “**Substantial Unitholder**”) and the directors of the LMIRT Manager who held any interest in LMIR Trust based on the Register of Substantial Unitholders and the Register of Directors’ Unitholdings respectively as at 30 June 2016. Deemed interest is determined in accordance with Section 7(4) of the Companies Act.

	Direct Interest	Deemed Interest	Total no. of Units held	Percentage <sup>(1)</sup>
	No. of Units	No. of Units		
Bridgewater International Ltd. (“ <b>BIL</b> ”).....	700,444,940	-	700,444,940	24.99%
PT. Sentra Dwimandiri (“ <b>PTSD</b> ”).....	-	700,444,940	700,444,940	24.99%
PT. Lippo Karawaci Tbk (“ <b>LPKR</b> ”) <sup>(2)</sup> .....	-	822,061,761	822,061,761	29.32%
Wealthy Fountain Holdings Inc.....	202,938,500	-	202,938,500	7.24%
Shanghai Summit Pte Ltd <sup>(3)</sup> .....	-	224,938,500	224,938,500	8.02%
Tong Jinquan <sup>(4)</sup> .....	-	224,938,500	224,938,500	8.02%

### Name of Directors

Albert Saychuan Cheok.....	400,000	-	400,000	0.014%
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- (1) Percentage interest is based on 2,802,992,873 Units in issue as at 30 June 2016.
- (2) BIL is controlled by PTSD, which is in turn controlled by the Sponsor. The Sponsor is therefore deemed to be interested in the 700,444,940 units held by BIL. The LMIRT Manager is controlled by Peninsula Investment Ltd, which in turn is controlled by the Sponsor. The Sponsor is therefore deemed to be interested in 121,616,821 units held by the LMIRT Manager.
- (3) Shanghai Summit Pte Ltd is the sole shareholder of Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd, and is therefore deemed to be interested in 202,938,500 units held by Wealthy Fountain Holdings Inc and 22,000,000 units held by Skyline Horizon Consortium Ltd.
- (4) Tong Jinquan is the sole shareholder of Shanghai Summit Pte Ltd, and is accordingly deemed to be interested in the 224,938,500 units deemed interested by Shanghai Summit Pte Ltd.

## RELATED PERSON TRANSACTIONS

In general, transactions between LMIR Trust and any of its related parties constitute “related party transactions”. Below is a summary of key related party transactions that LMIR Trust has entered into with some of its affiliates. All of its related party transactions are conducted on an arms-length basis and on normal commercial terms.

The related parties with whom LMIR Trust have entered into business transactions are Lippo Karawaci Tbk and its subsidiaries and affiliates, and HSBC Institutional Trust Services (Singapore) Limited. For the financial year ended 31 December 2015, the aggregate value of transactions with Lippo Karawaci Tbk and its subsidiaries or associates were S\$11,166,000 for management fees, S\$1,069,000 for acquisition fees, S\$4,223,000 for property management fees, S\$531,000 for fees recoverable relating to put option for Lippo Mall Kemang and S\$44,877,00 for rental revenue. The aggregate value for transactions with HSBC Institutional Trust Services (Singapore) Limited were S\$335,000 for its trustee fee.

## CLEARANCE AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg or CDP (together, the “**Clearing Systems**”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuers and the Guarantor believe to be reliable, but none of the Issuers, the Guarantor, the Arrangers, any Dealer, the Trustee or the Agents takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuers, the Guarantor, the Arrangers, any Dealer, the Trustee, the Agents or any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Securities held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.*

*The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.*

### **The Clearing Systems**

#### **Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system’s rules and procedures.

#### **CDP**

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (the “**CDP System**”) maintained by CDP. CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a global security or global certificate for persons holding the Securities in securities accounts with CDP (“**Depositors**”). Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Securities through the CDP System may only be effected through certain corporate depositors (“**Depository Agents**”) approved by CDP under the Securities and Futures Act, Chapter 289 of Singapore to maintain securities sub-accounts and to hold the Securities in such securities sub-accounts for themselves and their clients. Accordingly, Securities for which trade settlement is to be effected through the CDP System must be held in securities sub-accounts with Depository Agents. Depositors holding the Securities in direct securities accounts with CDP, and who

wish to trade Securities through the CDP System, must transfer the Securities to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement. CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest or distribution, as the case may be, and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuers, the Guarantor, the Arrangers, any Dealer, the Trustee, the Agents or any other party will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

## **Book-Entry Ownership**

### **Bearer Notes and Bearer Perpetual Securities**

The Issuers may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes and Bearer Perpetual Securities. The Issuers may also apply to have Bearer Notes and Bearer Perpetual Securities accepted for clearance through CDP. In respect of (i) Bearer Notes, a temporary Global Note and/or a permanent Global Note in bearer form without coupons; and (ii) Bearer Perpetual Securities, a temporary Global Perpetual Security and/or a permanent Global Perpetual Security in bearer form without coupons, may be deposited with a common depository for Euroclear and/or Clearstream, Luxembourg or CDP or an Alternative Clearing System as agreed between the relevant Issuer and the Relevant Dealer. Transfers of interests in such temporary Global Notes, temporary Global Perpetual Securities, permanent Global Notes or permanent Global Perpetual Securities, will be made in accordance with the normal Euromarket debt securities operating procedures CDP, Euroclear and Clearstream, Luxembourg or, if appropriate, the Alternative Clearing System.

### **Registered Notes and Registered Perpetual Securities**

The Issuers may make applications to CDP, Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Securities to be represented by a Global Certificate. Each Global Certificate deposited with a common depository for, and registered in the name of, a nominee of Euroclear and/or Clearstream, Luxembourg and/or with CDP will, where applicable, have an ISIN and/or a Common Code.

All Registered Notes and Registered Perpetual Securities will initially be in the form of a Global Certificate. Definitive Certificates will only be available, in the case of Securities initially represented by a Global Certificate, in amounts specified in the relevant Pricing Supplement.

### **Transfers of Registered Notes and Registered Perpetual Securities**

Transfers of interests in Global Certificates within the CDP, Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing system.

In the case of Registered Notes and Registered Perpetual Securities to be cleared through the CDP, Euroclear or Clearstream, Luxembourg, transfers may be made at any time by a holder of an interest in a Global Certificate in accordance with the relevant rules and regulations of the applicable clearing systems.

## SUBSCRIPTION AND SALE

### Summary of Dealer Agreement

Subject to the terms and on the conditions contained in a dealer agreement dated 8 September 2015 (the “**Dealer Agreement**”) between the Issuers, the Guarantor, the Arrangers and the Dealers, the Securities will be offered on a continuous basis by the Issuers to the Permanent Dealers. However, the Issuers have reserved their right to sell Securities directly on their own behalf to Dealers that are not the Permanent Dealers. The Securities may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the Relevant Dealer. The Securities may also be sold by the relevant Issuer through the Dealers, acting as its agents. The Dealer Agreement also provides for Securities to be issued in syndicated Tranches that are underwritten by two or more Dealers.

The relevant Issuer will pay each Relevant Dealer a commission as agreed between them in respect of Securities subscribed by it. The Issuers failing which the Guarantor has agreed to reimburse the Arrangers for certain of their expenses incurred in connection with the establishment, and any future update, of the Programme. The commissions in respect of an issue of Securities on a syndicated basis will be stated in the relevant Pricing Supplement. The relevant Issuer may also from time to time agree with the Relevant Dealer(s) that such Issuer may pay certain third parties (including, without limitation, rebates to private banks as specified in the Pricing Supplement).

The Issuers and the Guarantor have agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Securities. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Securities in certain circumstances prior to payment for such Securities being made to the relevant Issuer.

In connection with each Series of Securities issued under the Programme, the Arrangers, the Relevant Dealer or their respective affiliates may purchase the Securities for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Securities and/or other securities of the Issuers, the Guarantor, LMIR Trust or their respective associates or subsidiaries at the same time as the offer and sale of the Securities or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Series of Securities to which the Offering Circular and/or any relevant Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Series of Securities).

Application has been made for permission to deal in and for the listing of any Securities which are agreed at the time of issue to be so listed on the SGX-ST. In connection with the offer and sale of each Series of Securities, the relevant Pricing Supplement will indicate whether or not and, if so, on which stock exchange(s) the Securities will be listed. No assurances can be given that the Programme will qualify for listing on a stock exchange. In addition, no assurances can be given that if the Programme qualifies for listing on a stock exchange and the relevant Pricing Supplement indicates that such Series of Securities will be listed on a stock exchange, that such Securities will trade from their date of issuance until maturity (or early redemption) and that such listing will be maintained.

### Certain Relationships

The Arrangers and Dealers and certain of their respective affiliates may have performed certain investment banking and advisory services for the Issuers, the Guarantor, LMIR Trust and/or their respective affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuers, the Guarantor, LMIR Trust and/or their respective affiliates in the ordinary course of their business. The Arrangers and Dealers or certain of their affiliates may purchase the Securities and be allocated the Securities for asset management and/or proprietary purposes but not with a view to distribution.

The Arrangers and Dealers or their respective affiliates may purchase the Securities for their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Securities and/or other securities of the Issuers or their respective subsidiaries or associates, at the same time as the offer and sale of the Securities or in secondary market

transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Securities to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Securities).

## **Selling Restrictions**

### **United States of America**

The Securities and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Securities and the Guarantee are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Pricing Supplement will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Until 40 days after the commencement of the offering of any Series of Securities, an offer or sale of such Securities within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

***The following selling restriction is applicable to issues of Notes only:***

### **European Economic Area — Public Offer Selling Restriction Under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the relevant Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,



provided that no such offer of Notes referred to in sub-Clause (b) to (d) above shall require the relevant Issuer or any Relevant Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

***The following selling restriction is applicable to issues of Notes only:***

**United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (1) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the relevant Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor (as applicable) or the LMIRT Manager; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

***The following selling restriction is applicable to issues of Perpetual Securities only:***

**European Economic Area including United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no offers or sales of the Perpetual Securities will be made in, or to any person domiciled in, or having their registered office located in, any member of the European Economic Area (including the United Kingdom).

**Hong Kong**

In relation to each Tranche of Securities issued by the relevant Issuer, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**Securities and Futures Ordinance**”) and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

## Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Securities or caused such Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell such Securities or cause such Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

## Japan

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Securities in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or re-sale, directly or indirectly,

in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other applicable laws, regulations and ministerial guidelines of Japan.

### **Indonesia**

This offering does not constitute a public offering in Indonesia under Indonesian Capital Market Law, Law No. 8 of 1995, and its implementing regulations, and therefore is not and will not be registered with the Indonesian Financial Services Authority (*Otoritas Jasa Keuangan*). Accordingly,

- (a) neither the Offering Circular nor any other offering materials relating to the Securities have been, or will be distributed or passed on in the Republic of Indonesia or to Indonesian nationals (wherever they are domiciled or located), entities or residents; and/or
- (b) the Securities have not been, and will not be, offered or sold, directly or indirectly, within the Republic of Indonesia or to Indonesian nationals (wherever they are domiciled or located), entities or residents, including by using of invitation, offering or advertisement,

in any manner which constitutes a public offering of securities under the laws and regulations of the Republic of Indonesia.

### **General**

Neither the Issuers, the Guarantor, the LMIRT Manager nor any Dealer makes any representation that any action has been or will be taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of the Offering Circular, any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required. Each Dealer shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in or from which it purchases, offers, sells or delivers Securities or has in its possession or distributes the Offering Circular, any other offering material or any Pricing Supplement, in all cases at its own expense.

No Dealer is authorised to make any representation or use any information in connection with the issue, offering and sale of the Securities other than as contained in, or which is consistent with, the documents permitted to be circulated in accordance with Clause 5.2 of the Dealer Agreement.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such dealers or such affiliate on behalf of the Issuers in such jurisdiction.

## FORM OF PRICING SUPPLEMENT FOR NOTES

Pricing Supplement dated [●]  
[LMIRT Capital Pte. Ltd. / HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Lippo Malls Indonesia Retail Trust)]  
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

[Guaranteed by  
HSBC Institutional Trust Services (Singapore) Limited  
(in its capacity as trustee of Lippo Malls Indonesia Retail Trust)]  
under the S\$1,000,000,000 Euro Medium Term Securities Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated [●] September 2016 [and the supplemental Offering Circular dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented].

*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date] [and the supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto.]

*The following language applies if the Notes are intended to be Qualifying Debt Securities for the purposes of the Income Tax Act, Chapter 134 of Singapore.*

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who (a) is not resident in Singapore and (b) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the **Income Tax Act**), shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]*

1. [(a)] Issuer: [LMIRT Capital Pte. Ltd. / HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Lippo Malls Indonesia Retail Trust)]
- (b) [Guarantor: HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Lippo Malls Indonesia Retail Trust)]

2. [(a)] Series Number: [ ]
- (b) Tranche Number: [ ]
- (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount: [ ]
- [(a)] Series: [ ]
- (b) Tranche: [ ]]
5. (a) Issue Price: [ ]% of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
- (b) Net Proceeds: [ ]
- (c) Private banking rebates: [Applicable / Not Applicable]
6. [(a)] Specified Denominations: [ ]<sup>1 2</sup>
- (b) Calculation Amount: [ ]
7. [(a)] Issue Date: [ ]
- (b) Interest Commencement Date:  
[Specify/Issue date/Not Applicable]
8. Maturity Date: [*specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]<sup>3</sup>
9. Interest Basis: [●% Fixed Rate]  
[[*specify reference rate*] +/- ●% Floating Rate]  
[Zero Coupon]  
[index Linked Interest]  
[Other (*specify*)]  
(further particulars specified below)

<sup>1</sup> Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the issuer in the United Kingdom or whose issue otherwise constitutes a contravention of S 19 FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

<sup>2</sup> If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording as follows: €100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No notes in definitive form will be issued with a denomination above [€199,000].

<sup>3</sup> Note that Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option.

10. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[Other (*specify*)]
11. Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. [(a)] Status of the Notes: [Senior]
- (b) Status of the Guarantee: [Senior/ Not Applicable]
- (c) Date [Board] approval for issuance of Notes [and Guarantee] obtained: [ ] [*and [ ], respectively*]
14. Listing: [[ ] (specify)/None]
15. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

16. Fixed Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate[(s)] of Interest: [ ]% per annum [payable [annually/ semi-annually/quarterly/monthly] in arrear]
- (b) Interest Payment Date(s): [ ] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
- (c) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount<sup>4</sup>
- (d) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]
- (e) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/other]
- (f) [Determination Dates: [ ] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/ Actual (ICMA)*)]

<sup>4</sup> For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005, being rounded upwards".

- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
17. Floating Rate Note Provisions [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph.)
- (a) Interest Period(s): [ ]
- (b) Specified Interest Payment [ ] [to insert each of the Interest Payment Dates for the Interest Period]
- Dates:
- (c) Interest Period Date: [[ ]]  
(Not applicable unless different from Interest Payment Date)
- (d) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (e) Business Centre(s): [ ]
- (f) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]
- (g) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [ ]
- (h) Screen Rate Determination:
- (i) Reference Rate: [ ]
- (ii) Interest Determination Date(s): [ ]
- (iii) Relevant Screen Page: [ ]
- (i) ISDA Determination:
- (i) Floating Rate Option: [ ]
- (ii) Designated Maturity: [ ]
- (iii) Reset Date: [ ]
- (j) Swap Rate Determination [ ]
- (k) Margin(s): [ +/- ] % per annum
- (l) Minimum Rate of Interest: [ ] % per annum
- (m) Maximum Rate of Interest: [ ] % per annum

- (n) Day Count Fraction: [ ]
- (o) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest different from those set out in the Conditions: [ ]
18. Zero Coupon Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Amortisation Yield: [ ]% per annum
- (b) Any other formula/basis of determining amount payable: [ ]
19. Index-Linked Interest Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Index/Formula: [give or annex details]
- (b) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent): [ ]
- (c) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted: [ ]
- (d) Interest Period(s): [ ]
- (e) Specified Interest Payment Dates: [ ]
- (f) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ other (give details)]
- (g) Business Centre(s): [ ]
- (h) Minimum Rate of Interest: [ ]% per annum
- (i) Maximum Rate of Interest: [ ]% per annum
- (j) Day Count Fraction: [ ]
20. Dual Currency Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate of Exchange/method of calculating Rate of Exchange: [give details]



- (b) Party, if any, responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [ ]
- (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [ ]
- (d) Person at whose option Specified Currency(ies) is/are payable: [ ]

**PROVISIONS RELATING TO REDEMPTION**

21. Call Option [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (c) If redeemable in part:
  - (i) Minimum Redemption Amount: [ ] per Calculation Amount
  - (ii) Maximum Redemption Amount: [ ] per Calculation Amount
- (d) Notice period: [ ]

22. Put Option [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (c) Notice period [ ]

23. Final Redemption Amount of each Note [ ] per Calculation Amount

24. Early Redemption Amount [ ]  
 Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions): [ ]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes: **[Bearer Notes:]**  
[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]  
[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]<sup>5</sup> [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Registered Notes:]**  
Global Certificate ([S\$][●] nominal amount) registered in the name of [a nominee for a common depository for Euroclear Bank S.A./N.V. and Clearstream Banking *société anonyme*]/[The Central Depository (Pte) Limited] ]
26. Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which subparagraphs 16(b), 17(d) and 19(g) relate*]
27. Offshore Renminbi Centre(s) [Not Applicable/*give details*]
28. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, *give details*]
29. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]
30. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]
31. Other terms or special conditions: [Not Applicable/*give details*]

## DISTRIBUTION

32. (a) If syndicated, names of Managers: [Not Applicable/*give names*]  
(b) Stabilising Manager (if any): [Not Applicable/*give name*]
33. If non-syndicated, name of Dealer: [Not Applicable/*give name*]

<sup>5</sup> If the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]", the Temporary Global Note shall not be exchangeable on [●] days notice.

34. U.S. selling restrictions: [Reg. S Category [1/2]; TEFRA D/TEFRA C (or in respect of TEFRA C or TEFRA D, any successor U.S. Treasury regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010)/TEFRA not applicable]
35. Additional selling restrictions: [Not Applicable/give details]

**OPERATIONAL INFORMATION**

36. ISIN Code: [ ]
37. Common Code: [ ]
38. Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking S.A. or The Central Depository (Pte) Limited and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
39. Delivery: Delivery [against/free of] payment
40. Additional Paying Agent(s) (if any): [ ]

**[PURPOSE OF PRICING SUPPLEMENT**

This Pricing Supplement comprises the final terms required for issue and admission to trading on the [specify relevant stock exchange/market] of the Notes described herein pursuant to the S\$1,000,000,000 Euro Medium Term Securities Programme of LMIRT Capital Pte. Ltd. and HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Lippo Malls Indonesia Retail Trust).]

**RESPONSIBILITY**

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in this Pricing Supplement.

[Signed on behalf of LMIRT Capital Pte. Ltd.:

By: .....  
Duly authorised]

Signed on behalf of HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Lippo Malls Indonesia Retail Trust):

By: .....  
Duly authorised

## FORM OF PRICING SUPPLEMENT FOR PERPETUAL SECURITIES

**Pricing Supplement dated [●]  
HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Lippo Malls  
Indonesia Retail Trust)  
Issue of [Aggregate Nominal Amount of Tranche] [Title of Perpetual Securities]  
under the S\$1,000,000,000 Euro Medium Term Securities Programme**

This document constitutes the Pricing Supplement relating to the issue of Perpetual Securities described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated [●] September 2016 [and the supplemental Offering Circular dated [●]]. This Pricing Supplement contains the final terms of the Perpetual Securities and must be read in conjunction with such Offering Circular [as so supplemented].

*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Perpetual Securities and must be read in conjunction with the Offering Circular dated [current date] [and the supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto.]

[An advance tax ruling [will be / has been] requested from the Inland Revenue Authority of Singapore (**IRAS**) to clarify whether the IRAS would regard the Perpetual Securities as equity or debt securities for the purposes of the Income Tax Act, Chapter 134 of Singapore (**Income Tax Act**) and the tax treatment of Distributions (including Optional Distributions) in respect of the Perpetual Securities as set out in the section "Taxation – Singapore Taxation" of the Offering Circular.

There is no guarantee that a favourable ruling will be obtained from the IRAS. In addition, no assurance is given that the Issuer can provide all information or documents requested by IRAS for the purpose of the ruling request, and a ruling may not therefore be issued.

No assurance, warranty or guarantee is given on the tax treatment to holders of the Perpetual Securities in respect of the Distributions (including Optional Distributions) payable to them. Investors should therefore consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Perpetual Securities.]\*

*The following language applies if the IRAS regards the Perpetual Securities as "debt securities" for the purpose of Section 43N(4) of the Income Tax Act and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations and are intended to be Qualifying Debt Securities for the purposes of the Income Tax Act.*

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Perpetual Securities by any person who (a) is not resident in Singapore and (b) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, shall not apply if such person acquires such Perpetual Securities using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Perpetual Securities is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

\* To be inserted where a tax ruling is requested.

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. *Italics denote directions for completing the Pricing Supplement.*]

1. Issuer: HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Lippo Malls Indonesia Retail Trust)
  
2. (a) Series Number: [ ]
- (b) Tranche Number: (If fungible with an existing Series, details of that Series, including the date on which the Perpetual Securities become fungible).] [ ]
  
3. Specified Currency or Currencies: [ ]
  
4. Aggregate Nominal Amount: [ ]
- (a) Series: [ ]
- (b) Tranche: [ ]
  
5. (a) Issue Price: [ ]% of the Aggregate Nominal Amount [plus accrued Distribution from *[insert date]* (in the case of fungible issues only, if applicable)]
- (b) Net Proceeds: [ ]
- (c) Private banking rebates: [Applicable / Not Applicable]
  
6. (a) Specified Denominations: [ ]<sup>6 7</sup>
- (b) Calculation Amount: [ ]
  
7. (a) Issue Date: [ ]
- (b) Distribution Commencement Date: [*Specify/Issue date/Not Applicable*]
  
8. Distribution
- (a) Distribution Basis: [●% Fixed Rate]  
[[*specify reference rate*] +/- ●% Floating Rate]  
[Other (*specify*)]  
(further particulars specified below)
- (b) Optional Payment: [Applicable/Not Applicable]

<sup>6</sup> Perpetual Securities (including Perpetual Securities denominated in Sterling) in respect of which the issue proceeds are to be accepted by the issuer in the United Kingdom or whose issue otherwise constitutes a contravention of S19 FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

<sup>7</sup> If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording as follows: €100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Perpetual Securities in definitive form will be issued with a denomination above [€199,000].

- (c) Cumulative Deferral: [Applicable/Not Applicable]
- (d) Non-Cumulative Deferral: [Applicable/Not Applicable]
- (e) Additional Distribution: [Applicable/Not Applicable]
- (f) Dividend Pusher and Reference Period: [Applicable/Not Applicable]
- [Dividend Pusher periods] (N.B. If Dividend Pusher is applicable, to specify the reference period(s) during which a Compulsory Distribution Payment Event must not occur in order for the Issuer to defer any distribution.)*
- [specify any other Compulsory Distribution Payment Events]*
- (g) Dividend Stopper: [Applicable/Not Applicable]
9. Redemption/Payment Basis: [Redemption at par]  
[Other (specify)]
10. Change of Distribution or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Perpetual Securities into another Distribution or redemption/payment basis]*
11. Redemption Options: [Redemption for Taxation Reasons]  
[Redemption at the Option of the Issuer]  
[Redemption for Accounting Reasons]  
[Redemption upon a Ratings Event]  
[Redemption upon a Regulatory Event]  
[Redemption upon a Change of Control Event]  
[Redemption in the case of Minimal Outstanding Amount]  
[(further particulars specified below)]
12. (a) Status of the Perpetual Securities: [Senior / Subordinated]
- (b) Date [Board] approval for issuance of Perpetual Securities obtained: [ ] [and [ ], respectively]
13. Listing: [[ ] (specify)/None]
14. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO DISTRIBUTION (IF ANY) PAYABLE**

15. Fixed Rate Perpetual Security Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate[(s)] of Distribution:
- (i) Initial Distribution Rate: [ ]% per annum [payable [annually/ semi-annually/quarterly/monthly] in arrear]

- (ii) Step-Up: [Applicable/Not Applicable]
- (A) Step-Up Margin: [[+][ ]% per annum]
- (B) Step-Up Date: [ ]
- (iii) Reset: [Applicable/Not Applicable]
- (A) First Reset Date: [ ]
- (B) Reset Date[s]: The First Reset Date and each date falling every [ ] after the First Reset Date
- (C) Reset Period: [ ] (*give details*)
- (D) Relevant Rate: [Swap Offer Rate/other (*give details*)]
- (E) Initial Spread: [ ] per annum
- (F) Step-Up Margin: [Applicable/Not Applicable] [[+][ ]% per annum]
- (iv) Change of Control Event Margin: [Applicable/Not Applicable] [[+][ ]% per annum]
- (b) Distribution Payment Date(s): [ ] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
- (c) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount<sup>8</sup>
- (d) Broken Amount(s): [ ] per Calculation Amount, payable on the Distribution Payment Date falling [in/on] [ ]
- (e) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/other]
- (f) [Determination Dates: [ ] in each year (*insert regular Distribution payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)*)]
- (g) Other terms relating to the method of calculating distribution for Fixed Rate Perpetual Securities: [Not Applicable/*give details*]
16. Floating Rate Perpetual Security Provisions [Applicable/Not Applicable]  
(*If not applicable, delete the remaining subparagraphs of this paragraph.*)
- (a) Distribution Period(s): [ ]

<sup>8</sup> For Renminbi denominated Fixed Rate Perpetual Securities where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005, being rounded upwards".

- (b) Specified Distribution Payment Dates: [ ] [*to insert each of the Distribution Payment Dates for the Distribution Period*]
- (c) Distribution Period Date: [ ]  
(*Not applicable unless different from Distribution Payment Date*)
- (d) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (e) Business Centre(s): [ ]
- (f) Manner in which the Rate(s) of Distribution is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]
- (g) Party responsible for calculating the Rate(s) of Distribution and Distribution Amount(s) (if not the Calculation Agent): [ ]
- (h) Screen Rate Determination:
- (i) Reference Rate: [ ]
- (ii) Distribution Determination Date(s): [ ]
- (iii) Relevant Screen Page: [ ]
- (i) ISDA Determination:
- (i) Floating Rate Option: [ ]
- (ii) Designated Maturity: [ ]
- (iii) Reset Date: [ ]
- (j) Swap Rate Determination [ ]
- (k) Margin(s): [+/-][ ]% per annum
- (l) Minimum Rate of Distribution: [ ]% per annum
- (m) Maximum Rate of Distribution: [ ]% per annum
- (n) Day Count Fraction: [ ]
- (o) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating Distribution different from those set out in the Conditions: [ ]



## PROVISIONS RELATING TO REDEMPTION

17. Redemption at the Option of the Issuer [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount(s) of each Perpetual Security and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [ ] per Calculation Amount
- (ii) Maximum Redemption Amount: [ ] per Calculation Amount
18. Redemption for Accounting Reasons [Applicable/Not Applicable]
19. Redemption upon a Ratings Event [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rating Agency(ies): [ ]
20. Redemption upon a Regulatory Event [Applicable/Not Applicable]
21. Redemption upon a Change of Control [Applicable/Not Applicable]
22. Redemption in the case of Minimal Outstanding Amount [Applicable/Not Applicable]
23. Early Redemption Amount
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons, for accounting reasons, upon a ratings event, upon a regulatory event, upon a change of control event or in the case of a minimal outstanding amount and/ or the method of calculating the same (if required or if different from that set out in the Conditions): [ ]

## GENERAL PROVISIONS APPLICABLE TO THE PERPETUAL SECURITIES

24. Form of Perpetual Securities: **[Bearer Perpetual Securities:]** [Temporary Global Perpetual Security exchangeable for a Permanent Global Perpetual Security which is exchangeable for Definitive Perpetual Securities in the limited circumstances specified in the Permanent Global Perpetual Security]

[Temporary Global Perpetual Security exchangeable for Definitive Perpetual Securities on [●] days' notice]<sup>9</sup>

[Permanent Global Perpetual Security exchangeable for Definitive Perpetual Securities in the limited circumstances specified in the Permanent Global Perpetual Security]

**[Registered Perpetual Securities:**

Global Certificate ([S\$][●] nominal amount) registered in the name of [a nominee for a common depository for Euroclear Bank S.A./N.V. and Clearstream Banking *société anonyme*]/[The Central Depository (Pte) Limited.] ]

25. Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details. Note that this paragraph relates to the date and place of payment, and not distribution period end dates, to which subparagraphs 16(b) and 17(d) relate*]
26. Offshore Renminbi Centre(s) [Not Applicable/*give details*]
27. Talons for future Coupons to be attached to Definitive Perpetual Securities (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
28. Other terms or special conditions: [Not Applicable/*give details*]

**DISTRIBUTION**

29. (a) If syndicated, names of Managers: [Not Applicable/*give names*]
- (b) Stabilising Manager (if any): [Not Applicable/*give name*]
30. If non-syndicated, name of Dealer: [Not Applicable/*give name*]
31. Additional selling restrictions: [Not Applicable/*give details*]
32. U.S. selling restrictions: [Reg. S Category [1/2]; TEFRA D/TEFRA C (or in respect of TEFRA C or TEFRA D, any successor U.S. Treasury regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010)/TEFRA not applicable]

**OPERATIONAL INFORMATION**

33. ISIN Code: [ ]
34. Common Code: [ ]

<sup>9</sup> If the Specified Denominations of the Perpetual Securities in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]", the Temporary Global Note shall not be exchangeable on [●] days notice.

35. Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking S.A. or The Central Depository (Pte) Limited and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
36. Delivery: Delivery [against/free of] payment
37. Additional Paying Agent(s) (if any): [ ]

**[PURPOSE OF PRICING SUPPLEMENT**

This Pricing Supplement comprises the final terms required for issue and admission to trading on the [specify relevant stock exchange/market] of the Perpetual Securities described herein pursuant to the S\$1,000,000,000 Euro Medium Term Securities Programme of HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Lippo Malls Indonesia Retail Trust).]

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Lippo Malls Indonesia Retail Trust):

By: .....  
Duly authorised

## GENERAL INFORMATION

- (1) Application has been made to the SGX-ST for permission to deal in and for the listing of any Securities which are agreed at the time of issue thereof to be so listed on the SGX-ST. There is no assurance that the application to the SGX-ST for the listing of the Securities will be approved. Admission to the Official List of the SGX-ST and listing of any Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuers, the Guarantor, LMIR Trust, the Group or such Securities. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein.
- (2) Each of the Issuers and the Guarantor has obtained all necessary consents, approvals and authorisations in Singapore in connection with (in the case of an Issuer) the establishment and update of the Programme and (in the case of the Guarantor) the guarantee relating to the Programme. The establishment and update of the Programme was authorised by resolutions of the Board of Directors of LMIRT Capital and the LMIRT Trustee passed on 4 September 2015 and 18 March 2015 respectively and the giving of the guarantee relating to the Programme by the Guarantor was authorised by resolutions of the Board of Directors of the Guarantor passed on 18 March 2015.
- (3) Except as disclosed in this Offering Circular, none of the Issuers, the Guarantor, LMIR Trust or any member of the Group are involved in any material litigation or arbitration proceedings that may have, or have had during the 12 months preceding the date of this Offering Circular, a material adverse effect on the Group's financial position, taken as a whole, nor are the Issuers, the Guarantor, LMIR Trust or any member of the Group aware that any such proceedings are pending or threatened.
- (4) Except as disclosed in this Offering Circular, there has been no material adverse change in the financial position or prospects of the Issuers, the Guarantor, LMIR Trust or the Group since 31 December 2015, the date of its (in the case of LMIR Trust) latest audited consolidated financial statements, and there has been no material adverse change in its financial condition, capitalisation or prospects since 31 December 2015.
- (5) Each Bearer Note having a maturity of more than one year, Bearer Perpetual Security, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
- (6) Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records) and CDP. The relevant ISIN, the Common Code and (where applicable) the identification number for any other relevant clearing system for each series of Securities will be specified in the relevant Pricing Supplement. If the Securities are to clear through an additional or alternative clearing system the appropriate information will be set out in the relevant Pricing Supplement.

The address of CDP is North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1 855 Luxembourg. The address of any alternative clearing system will be specified in the relevant Pricing Supplement.
- (7) The issue price and the amount of the relevant Securities will be determined, before filing of the relevant Pricing Supplement of each Tranche, based on the prevailing market conditions. The Issuers and the Guarantor do not intend to provide any post-issuance information in relation to any issues of Securities.

- (8) For so long as Securities may be issued pursuant to this Offering Circular, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the Issuing and Paying Agent's office:
- (i) the LMIRT Trust Deed, the Trust Deed (which includes the form of the Global Notes, the Global Perpetual Securities, the definitive Bearer Notes, the definitive Bearer Perpetual Securities, the Certificates, the Coupons, the Receipts and the Talons) and the Agency Agreement;
  - (ii) the Memorandum and Articles of Association of the Issuers and the Guarantor;
  - (iii) each Pricing Supplement (save that a Pricing Supplement relating to a Note or a Perpetual Security which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note or Perpetual Security and such holder must produce evidence satisfactory to the relevant Issuer, the Guarantor and the Issuing and Paying Agent as to its holding of such Notes or Perpetual Securities and identity); and
  - (iv) a copy of this Offering Circular together with any supplement to this Offering Circular or further Offering Circular and any documents incorporated by reference in the Offering Circular or such supplement or further Offering Circular.
- (9) Copies of LMIRT's latest published annual report and accounts may be obtained, and copies of the Trust Deed will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Securities is outstanding.
- (10) RSM Chio Lim LLP has audited, and rendered an unqualified audit report on, the consolidated financial statements of LMIR Trust for the year ended 31 December 2015, the year ended 31 December 2014 and the year ended 31 December 2013. RSM Chio Lim LLP has given and has not withdrawn its written consent to the issue of this Offering Circular for the inclusion herein of (i) its name and (ii) the independent auditor's report on the consolidated financial statements of LMIR Trust for the year ended 31 December 2015, the year ended 31 December 2014 and the year ended 31 December 2013 in the form and context in which they appear in this Offering Circular, and reference to its names and such reports in the form and context which they appear in this Offering Circular. RSM Chio Lim LLP has also issued a Report of Factual Findings with regard to Agreed-Upon Procedures on the Interim Financial Information for the Second Quarter Ended 30 June 2016. The unaudited and unreviewed interim financial information, which has been prepared by LMIR Trust management, is included in this Offering Circular.
- (11) The Securities are freely tradable securities. However, there are certain restrictions as to the offer, sale and transfer of the Securities as set out herein. See "*Subscription and Sale – Summary of Dealer Agreement*".

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**LIPPO MALLS INDONESIA RETAIL TRUST  
2016 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**

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**LIPPO MALLS INDONESIA RETAIL TRUST**  
**2016 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**

**Introduction**

Lippo Malls Indonesia Retail Trust ("LMIR Trust") is a Singapore-based real estate investment trust ("REIT") constituted by a trust deed dated 8 August 2007 between LMIRT Management Limited as the Manager and HSBC Institutional Trust Services (Singapore) Limited as the Trustee. LMIR Trust was listed on the Singapore Exchange Securities Trading Limited on 19 November 2007.

LMIR Trust was established with the principal investment objective of owning and investing on a long-term basis in a diversified portfolio of income-producing real estate in Indonesia that is primarily used for retail and / or retail-related purposes, and real estate related assets in connection with the foregoing purposes. As at 30 June 2016, LMIR Trust's property portfolio comprises 19 retail mall properties and seven retail spaces located within other retail malls, all of which are located in Indonesia.

LMIR Trust's distribution policy is to distribute at least 90.0% of the tax-exempt income (after deduction of applicable expenses) and capital receipts. The tax-exempt income comprises dividends received from the Singapore Special Purpose Companies ("SPCs"). These are dividends from the Indonesian SPCs paid out of income (less the related income taxes) derived by letting out of the properties. The capital receipts comprise mainly of amounts received by LMIR Trust from the redemption of redeemable preference shares in the Singapore SPCs.

**Summary of Lippo Malls Indonesia Retail Trust Group Results**

Group						
	2Q 2016 S\$'000	2Q 2015 S\$'000	Variance % Favourable/ (Unfavourable)	1H 2016 S\$'000	1H 2015 S\$'000	Variance % Favourable/ (Unfavourable)
Gross rent (Note A)	37,926	34,456	10.1%	75,067	69,289	8.3%
Other revenue	8,880	7,801	13.8%	17,263	14,940	15.5%
Total Gross Revenue	46,806	42,257	10.8%	92,330	84,229	9.6%
Net Property Income (Note A)	43,124	39,049	10.4%	83,956	78,075	7.5%
Distributable Amount	23,802	19,875	19.8%	46,980	41,376	13.5%
<b>Available Distribution per Unit (cents)</b>	<b>0.85</b>	<b>0.73</b>	<b>16.4%</b>	<b>1.68</b>	<b>1.52</b>	<b>10.5%</b>

Note A: The portfolio performance in IDR terms are shown as below:

Group Performance in IDR						
	2Q 2016 millions	2Q 2015 millions	Variance % Favourable/ (Unfavourable)	1H 2016 millions	1H 2015 millions	Variance % Favourable/ (Unfavourable)
Gross rent	370,842	335,998	10.4%	726,605	691,838	5.0%
Net Property Income	421,527	380,712	10.7%	812,645	747,620	8.7%



**LIPPO MALLS INDONESIA RETAIL TRUST**  
**2016 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**

1 (a) (i) Statement of Total Return

	Group					
	2Q 2016 S\$'000	2Q 2015 S\$'000	Variance % Favourable/ (Unfavourable)	1H 2016 S\$'000	1H 2015 S\$'000	Variance % Favourable/ (Unfavourable)
Gross rent	37,926	34,456	10.1%	75,067	69,289	8.3%
Carpark income	6,596	5,814	13.5%	12,975	11,598	11.9%
Other rental income <sup>1</sup>	2,284	1,987	14.9%	4,288	3,342	28.3%
<b>Total Gross Revenue</b>	<b>46,806</b>	<b>42,257</b>	<b>10.8%</b>	<b>92,330</b>	<b>84,229</b>	<b>9.6%</b>
<b>Property Operating Expenses</b>						
Land rental	(453)	(377)	(20.2%)	(926)	(773)	(19.8%)
Property management fee	(1,138)	(937)	(21.5%)	(2,200)	(1,891)	(16.3%)
Property operating and maintenance expenses	(2,091)	(1,894)	(10.4%)	(5,248)	(3,490)	(50.4%)
<b>Total Property Operating Expenses</b>	<b>(3,682)</b>	<b>(3,208)</b>	<b>(14.8%)</b>	<b>(8,374)</b>	<b>(6,154)</b>	<b>(36.1%)</b>
<b>Net Property Income</b>	<b>43,124</b>	<b>39,049</b>	<b>10.4%</b>	<b>83,956</b>	<b>78,075</b>	<b>7.5%</b>
Interest income	76	221	(65.6%)	145	506	(71.3%)
Financial expenses	(10,966)	(11,015)	0.4%	(22,144)	(20,837)	(6.3%)
<b>Administrative Expenses</b>						
Manager's management fees	(2,936)	(2,799)	(4.9%)	(5,782)	(5,462)	(5.9%)
Trustee's fee	(81)	(79)	(2.5%)	(164)	(162)	(1.2%)
Other trust operating expenses	(446)	(408)	(9.3%)	(730)	(956)	23.6%
<b>Total Administrative Expenses</b>	<b>(3,463)</b>	<b>(3,286)</b>	<b>(5.4%)</b>	<b>(6,676)</b>	<b>(6,580)</b>	<b>(1.5%)</b>
Other gains/ (losses) (net) (See Note A)	5	(10)	NM	(4,224)	(5,603)	24.6%
<b>Total Return For The Period Before Tax</b>	<b>28,776</b>	<b>24,959</b>	<b>15.3%</b>	<b>51,057</b>	<b>45,561</b>	<b>12.1%</b>
Income tax	(5,000)	(4,215)	(18.6%)	(9,846)	(8,388)	(17.4%)
Withholding tax	(2,968)	(2,856)	(3.9%)	(5,866)	(5,744)	(2.1%)
<b>Total Return For The Period After Tax</b>	<b>20,808</b>	<b>17,888</b>	<b>16.3%</b>	<b>35,345</b>	<b>31,429</b>	<b>12.5%</b>
<b>Other Comprehensive Income:</b>						
<b>Exchange Differences On Translating Foreign Operations</b>	1,541	(62,338)	NM	(4,950)	(80,007)	(93.8%)
<b>Total Comprehensive Income/(Loss) For The Period</b>	<b>22,349</b>	<b>(44,450)</b>	<b>NM</b>	<b>30,395</b>	<b>(48,578)</b>	<b>NM</b>

1 (a) (ii) Statement of Distribution

Total return for the period after tax before distribution	20,808	17,888	16.3%	35,345	31,429	12.5%
Add back/(less) non-cash items and other adjustments:						
- Manager's fee payable in the form of units	1,725	1,562	10.4%	3,358	3,123	7.5%
- Depreciation of plant and equipment	402	302	33.1%	765	517	48.0%
- Amortisation of intangible assets	2,919	2,795	4.4%	5,901	5,623	4.9%
- Unrealised (gain)/loss on hedging contracts	312	(745)	NM	3,324	946	NM
- Unrealised foreign exchange (gain) /loss	(2,364)	(1,927)	(22.7%)	(1,713)	(262)	NM
<b>Total Unitholders' Distribution</b>	<b>23,802</b>	<b>19,875</b>	<b>19.8%</b>	<b>46,980</b>	<b>41,376</b>	<b>13.5%</b>
Unitholders' distribution:						
- as distributions from operations	16,584	13,612	21.8%	31,533	25,233	25.0%
- as return of capital <sup>2</sup>	7,218	6,263	15.2%	15,447	16,143	(4.3%)
<b>Total Unitholders' Distribution</b>	<b>23,802</b>	<b>19,875</b>	<b>19.8%</b>	<b>46,980</b>	<b>41,376</b>	<b>13.5%</b>

(Note A) **Other gains/(losses) (net) comprise:**

Realised gain/(loss) on hedging contracts	3,558	1,890	88.3%	7,015	3,861	81.7%
Realised gain/(loss) on foreign exchange	(2,904)	(2,257)	(28.7%)	(4,181)	(3,831)	(9.1%)
Miscellaneous income	218	480	(54.6%)	454	674	(32.6%)
Unrealised gain/(loss) on hedging contracts	(312)	745	NM	(3,324)	(946)	NM
Unrealised foreign exchange gain/(loss)	2,364	1,927	22.7%	1,713	262	NM
Amortisation of intangible assets	(2,919)	(2,795)	(4.4%)	(5,901)	(5,623)	(4.9%)
	5	(10)	NM	(4,224)	(5,603)	24.6%

**Footnote:**

- The 1H 2016 other rental income includes S\$3,214,000 (1H 2015: S\$2,413,000) from rental of electrical, mechanical and mall operating equipment.
- The return of capital comprises the amounts received by LMIR Trust from the redemption of its investment in the redeemable preference shares in the Singapore SPCs.

**LIPPO MALLS INDONESIA RETAIL TRUST**  
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1 (b) (i) **Statement of Financial Position**

	Group		Trust	
	30-Jun-16 S\$'000	31-Dec-15 S\$'000	30-Jun-16 S\$'000	31-Dec-15 S\$'000
<b>Current Assets</b>				
Cash and cash equivalents	75,156	80,590	7,440	22,554
Trade and other receivables <sup>1</sup>	45,520	69,869	200,235	189,431
<b>Total Current Assets</b>	<b>120,676</b>	<b>150,459</b>	<b>207,675</b>	<b>211,985</b>
<b>Non-current Assets</b>				
Investment properties <sup>3</sup>	1,798,817	1,804,930	-	-
Investments in subsidiaries	-	-	1,730,949	1,746,570
Intangible assets <sup>4</sup>	19,128	25,112	-	-
Plant and equipment	5,590	5,337	-	-
Other financial assets, non-current <sup>2</sup>	-	1,906	-	1,906
<b>Total Non-current Assets</b>	<b>1,823,535</b>	<b>1,837,285</b>	<b>1,730,949</b>	<b>1,748,476</b>
<b>Total Assets</b>	<b>1,944,211</b>	<b>1,987,744</b>	<b>1,938,624</b>	<b>1,960,461</b>
<b>Current Liabilities</b>				
Unsecured borrowings	149,715	249,183	-	-
Trade and other payables <sup>1</sup>	31,586	60,205	700,594	699,120
Current tax payable	7,834	6,871	-	-
Security deposits	29,780	33,324	-	-
Other financial liabilities, current <sup>2</sup>	452	338	114	-
<b>Total Current Liabilities</b>	<b>219,367</b>	<b>349,921</b>	<b>700,708</b>	<b>699,120</b>
<b>Non-current Liabilities</b>				
Unsecured borrowings	394,982	295,888	-	-
Secured borrowing	142,427	141,930	142,427	141,930
Deferred tax liabilities	39,224	39,224	-	-
Deferred income	83,878	83,306	-	-
Other financial liabilities, non-current <sup>2</sup>	3,083	2,360	1,991	687
<b>Total non-current liabilities</b>	<b>663,594</b>	<b>562,708</b>	<b>144,418</b>	<b>142,617</b>
<b>Total Liabilities</b>	<b>882,961</b>	<b>912,629</b>	<b>845,126</b>	<b>841,737</b>
<b>Unitholders' funds</b>	<b>1,061,250</b>	<b>1,075,115</b>	<b>1,093,498</b>	<b>1,118,724</b>
<b>Total Liabilities and Unitholders' funds</b>	<b>1,944,211</b>	<b>1,987,744</b>	<b>1,938,624</b>	<b>1,960,461</b>

Footnote:

- In 1Q 2016, the Group has received the reimbursement on prepaid VAT from the Tax Authority of S\$37.8M relating to Lippo Mall Kemang ("LMK") acquisition that was included in the trade and other receivables as at 31 December 2015. It was subsequently paid and reduced the balances in the Trade and other payables.
- The movements in other financial assets and other financial liabilities (current and non-current) are mainly as a result of unrealised gains/ losses in the value of derivatives, principally being currency options contracts and interest rate swap.
- The carrying values of the properties are stated based on the independent valuation as at 31 December 2015 and adjusted for property enhancements to-date. The valuations and property enhancements figures are recorded in the financial statements in Indonesian Rupiah and translated into Singapore Dollars using the respective exchange rate as at the end of each period.
- Intangible assets represent the unamortised aggregate rentals receivable by the Group from certain master lease agreements for its 100% interest in LMK, Lippo Plaza Batu ("LPB") and Palembang Icon ("PICON"). The rentals are for a period of 3 to 25 years (FY 2015: 3 to 25 years).

**LIPPO MALLS INDONESIA RETAIL TRUST**  
**2016 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**

1 (b) (ii) **Borrowings and Debt Securities**

Secured borrowings:

Amount payable after one year  
Less: Unamortised transaction costs for secured borrowings  
Total secured borrowings

Unsecured borrowings:

Amount payable within one year  
Less: Unamortised transaction costs for secured borrowings  
Amount payable after one year  
Less: Unamortised transaction costs for unsecured borrowings  
Total unsecured borrowings  
**Total borrowings**

Group	
30-Jun-16 S\$'000	31-Dec-15 S\$'000
145,000	145,000
(2,573)	(3,070)
142,427	141,930
150,000	250,000
(285)	(817)
400,000	300,000
(5,018)	(4,112)
544,697	545,071
<b>687,124</b>	<b>687,001</b>

Secured borrowings

LMIR Trust has in place a secured bank loan facility of S\$145.0 million maturing in December 2018 at an interest rate of 3.0% plus SGD Swap Offer Rate.

The loan facility is secured mainly on the following:

- Pledge over the shares in 7 retail mall Singapore SPCs and 7 retail space Singapore SPCs ("Restricted Singapore Subsidiaries")
- Pledge over the shares in 3 retail mall Indonesia SPCs and 6 retail space Indonesia SPCs ("Restricted Indonesia Subsidiaries")
- First fixed mortgage charge over 3 retail malls and 6 retail spaces and first fixed and/ or floating charges over all the other assets of 9 Indonesia SPCs
- First legal assignment of earnings of Restricted Singapore Subsidiaries and Indonesia Subsidiaries
- Legal assignment of rights under each lease agreement, lease guarantee, all insurance policies associated with the 3 retail malls and 6 retail spaces

Unsecured borrowings

LMIR Trust has in place S\$50.0 million 5.875% Notes due July 2017, S\$75.0 million 4.48% Notes due November 2017, S\$150.0 million 4.25% Notes due October 2016, S\$75.0 million 4.10% Notes due June 2020, S\$100 million 4.5% Notes due in November 2018 (collectively, the Notes), issued under the Guaranteed Euro Medium Term Note Programmes ("EMTN Programmes") established by its wholly owned subsidiary, LMIRT Capital Pte Ltd (LMIRT Capital).

LMIR Trust drewdown a 3 years new bank loan facility of S\$100 million maturing in January 2019 at an interest rate of 2.0% per annum plus SGD Swap Offer Rate in January 2016 to replace the S\$100 million bridging loan that matured on 4 January 2016.

1 (c) **Statement of Cash Flows**

	Group		Group	
	2Q 2016 S\$'000	2Q 2015 S\$'000	1H 2016 S\$'000	1H 2015 S\$'000
<b>Operating activities</b>				
Total return for the period before tax	28,776	24,959	51,057	45,561
<b>Adjustments for</b>				
- Manager's fee payable in units	1,725	1,562	3,358	3,123
- Interest income	(76)	(221)	(145)	(506)
- Amortisation of borrowing costs	1,084	1,066	2,125	2,083
- Interest expense	9,882	9,949	20,019	18,754
- Depreciation of plant and equipment	402	302	765	517
- Amortisation of intangible assets	2,919	2,795	5,901	5,623
- Unrealised foreign exchange (gain)/loss	(2,364)	(1,927)	(1,713)	(262)
- Unrealised (gain)/loss on hedging contracts	312	(745)	3,324	946
<b>Operating income before working capital changes</b>	<b>42,660</b>	<b>37,740</b>	<b>84,691</b>	<b>75,839</b>
Changes in working capital				
Trade and other receivables	(7,797)	(5,860)	25,019	(8,088)
Trade and other payables	(192)	311	(27,656)	(6,517)
Security deposits	51	380	(3,388)	839
Net cash from operating activities before income tax	34,722	32,571	78,666	62,073
Income tax paid	(7,685)	(5,802)	(14,785)	(11,307)
<b>Cash flows from operating activities</b>	<b>27,037</b>	<b>26,769</b>	<b>63,881</b>	<b>50,766</b>
<b>Investing activities</b>				
Capital expenditures on investment properties	(2,721)	(1,074)	(3,856)	(1,994)
Purchase of plant and equipment	(594)	(569)	(1,049)	(1,106)
Interest income	76	221	145	506
<b>Cash flows used in investing activities</b>	<b>(3,239)</b>	<b>(1,422)</b>	<b>(4,760)</b>	<b>(2,594)</b>
<b>Financing activities</b>				
Repayment of bank borrowings	-	(10,000)	(100,000)	(10,000)
Proceeds from borrowings	-	75,000	100,000	75,000
Decrease in other financial liabilities	(528)	(1,550)	(2,583)	(2,083)
Deferred income	677	(424)	1,006	(1,967)
Interest on bank borrowings	(9,882)	(9,949)	(20,019)	(18,754)
Distribution to unitholders	(23,178)	(21,501)	(45,868)	(39,096)
<b>Cash flows used in financing activities</b>	<b>(32,911)</b>	<b>31,576</b>	<b>(67,464)</b>	<b>3,100</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(9,113)</b>	<b>56,923</b>	<b>(8,343)</b>	<b>51,272</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>80,646</b>	<b>98,520</b>	<b>79,090</b>	<b>102,420</b>
Effect of exchange rate changes on cash and cash equivalents	2,123	2,046	2,909	3,797
<b>Cash and cash equivalents at end of the period</b>	<b>73,656</b>	<b>157,489</b>	<b>73,656</b>	<b>157,489</b>
<b>Cash and cash equivalents in Statement of Cash Flows:</b>				
Cash and cash equivalents per Statement of Cash Flows	73,656	157,489	73,656	157,489
Add: Cash restricted in use for bank facilities	1,500	1,500	1,500	1,500
<b>Cash and cash equivalents in Statement of Financial Position</b>	<b>75,156</b>	<b>158,989</b>	<b>75,156</b>	<b>158,989</b>

**LIPPO MALLS INDONESIA RETAIL TRUST**  
**2016 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**

1 (d) (i) Statements of Changes in Unitholders' Funds

	Issued equity S\$'000	Currency translation reserve S\$'000	Retained earnings/ (Accumulated losses) S\$'000	Total S\$'000
<b>Group</b>				
<b>2Q 2016</b>				
Balance at beginning of the period	1,393,642	(561,003)	229,440	1,062,079
Total comprehensive income for the period	-	1,541	20,808	22,349
Distribution to unitholders	-	-	(23,178)	(23,178)
Balance at end of the period	1,393,642	(559,462)	227,070	1,061,250
<b>Group</b>				
<b>2Q 2015</b>				
Balance at beginning of the period	1,362,334	(516,941)	287,549	1,132,942
Total comprehensive (loss)/income for the period	-	(62,338)	17,888	(44,450)
Manager's management fees settled in units	1,561	-	-	1,561
Distribution to unitholders	-	-	(21,501)	(21,501)
Balance at end of the period	1,363,895	(579,279)	283,936	1,068,552
<b>Group</b>				
<b>1H 2016</b>				
Balance at beginning of the period	1,392,034	(554,512)	237,593	1,075,115
Total comprehensive (loss)/income for the period	-	(4,950)	35,345	30,395
Manager's management fees settled in units	1,608	-	-	1,608
Distribution to unitholders	-	-	(45,868)	(45,868)
Balance at end of the period	1,393,642	(559,462)	227,070	1,061,250
<b>Group</b>				
<b>1H 2015</b>				
Balance at beginning of the period	1,357,399	(499,272)	291,603	1,149,730
Total comprehensive (loss)/ income for the period	-	(80,007)	31,429	(48,578)
Manager's management fees settled in units	2,876	-	-	2,876
Manager's acquisition fees settled in units	3,620	-	-	3,620
Distribution to unitholders	-	-	(39,096)	(39,096)
Balance at end of the period	1,363,895	(579,279)	283,936	1,068,552
<b>Trust</b>				
<b>2Q 2016</b>				
Balance at beginning of the period	1,393,642	-	(287,546)	1,106,096
Total comprehensive income for the period	-	-	10,580	10,580
Distribution to unitholders	-	-	(23,178)	(23,178)
Balance at end of the period	1,393,642	-	(300,144)	1,093,498
<b>Trust</b>				
<b>2Q 2015</b>				
Balance at beginning of the period	1,362,334	-	(193,256)	1,169,078
Total comprehensive income for the period	-	-	6,634	6,634
Manager's management fees settled in units	1,561	-	-	1,561
Distribution to unitholders	-	-	(21,501)	(21,501)
Balance at end of the period	1,363,895	-	(208,123)	1,155,772
<b>Trust</b>				
<b>1H 2016</b>				
Balance at beginning of the period	1,392,034	-	(273,310)	1,118,724
Total comprehensive income for the period	-	-	19,034	19,034
Manager's management fees settled in units	1,608	-	-	1,608
Distribution to unitholders	-	-	(45,868)	(45,868)
Balance at end of the period	1,393,642	-	(300,144)	1,093,498
<b>Trust</b>				
<b>1H 2015</b>				
Balance at beginning of the period	1,357,399	-	(184,081)	1,173,318
Total comprehensive income for the period	-	-	15,054	15,054
Manager's management fees settled in units	2,876	-	-	2,876
Manager's acquisition fees settled in units	3,620	-	-	3,620
Distribution to unitholders	-	-	(39,096)	(39,096)
Balance at end of the period	1,363,895	-	(208,123)	1,155,772

**LIPPO MALLS INDONESIA RETAIL TRUST**  
**2016 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**

1 (d) (ii) Details of Any Change in the Issued and Issuable Units

	2Q 2016 (units)	2Q 2015 (units)
Issued units at the beginning of the period	2,802,992,873	2,716,426,568
Issuance of new units for 1Q management fees	-	4,507,960
Issued units at the end of the period	2,802,992,873	2,720,934,528
Management fees payable in units to be issued	-	4,296,952
<b>Total issued and issuable units at the end of the period</b>	<b>2,802,992,873</b>	<b>2,725,231,480</b>

1 (d) (iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year

	30-Jun-16 (units)	31-Dec-15 (units)
Issued units at the end of the period	2,802,992,873	2,797,814,196

1 (d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited nor reviewed by our auditors.

3 Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied

The accounting policies and method of computation applied in the financial statement for the current financial period are consistent with those applied in the audited financial statements for the year ended 31 December 2015.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable

6 Earnings Per Unit ('EPU') and Distribution Per Unit ('DPU') for the Financial Period

	Group			
	2Q 2016	2Q 2015	1H 2016	1H 2015
Weighted average number of units in issue	2,802,992,873	2,718,408,089	2,801,228,708	2,710,555,225
<b>Earnings per unit in cents (EPU) <sup>(1)</sup></b>	0.74	0.66	1.26	1.16
Number of units in issue	2,802,992,873	2,720,934,528	2,802,992,873	2,720,934,528
<b>Distribution per unit in cents (DPU) <sup>(2)</sup></b>	0.85	0.73	1.68	1.52

Footnote:

- 1 In computing the quarterly EPU, the weighted average number of units for the end of the period is used.
- 2 In computing the quarterly DPU, the number of units in issue as at the end of the period is used.

7 Net Asset Value Per Unit Based on Units Issued at the End of the Period

	Group		Trust	
	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15
Net asset value per unit (Cents)	37.86	39.27	39.01	42.48

**LIPPO MALLS INDONESIA RETAIL TRUST**  
**2016 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**

8 Review of the Performance

	Group			
	2Q 2016 S\$'000	2Q 2015 S\$'000	1H 2016 S\$'000	1H 2015 S\$'000
<b>Statement of Total Return</b>				
Gross rent	37,926	34,456	75,067	69,289
Other revenue	8,880	7,801	17,263	14,940
Total gross revenue	46,806	42,257	92,330	84,229
Property operating expenses	(3,682)	(3,208)	(8,374)	(6,154)
<b>Net Property Income</b>	<b>43,124</b>	<b>39,049</b>	<b>83,956</b>	<b>78,075</b>
Interest income	76	221	145	506
Financial expenses	(10,966)	(11,015)	(22,144)	(20,837)
Administrative expenses	(3,463)	(3,286)	(6,676)	(6,580)
Other gains/(losses) (net)	5	(10)	(4,224)	(5,603)
<b>Total Return For The Period Before Tax</b>	<b>28,776</b>	<b>24,959</b>	<b>51,057</b>	<b>45,561</b>
Income tax	(5,000)	(4,215)	(9,846)	(8,388)
Withholding tax	(2,968)	(2,856)	(5,866)	(5,744)
<b>Total Return For The Period After Tax</b>	<b>20,808</b>	<b>17,888</b>	<b>35,345</b>	<b>31,429</b>
Unitholders' distribution:				
- as distributions from operations	16,584	13,612	31,533	25,233
- as return of capital	7,218	6,263	15,447	16,143
<b>Total Unitholders' distribution</b>	<b>23,802</b>	<b>19,875</b>	<b>46,980</b>	<b>41,376</b>
<b>Distribution per Unit (cents)</b>	<b>0.85</b>	<b>0.73</b>	<b>1.68</b>	<b>1.52</b>

**2Q 2016 vs 2Q 2015**

Gross rental revenue is S\$3.5 M higher than 2Q 2015 mainly due to the acquisition of LPB and PICON in July 2015 as well as positive rental reversion within the existing malls.

Other revenue is S\$1.1 M higher than 2Q 2015 mainly due to the increase in carpark income. This is partly due to the additional contribution from the acquisition of LPB and PICON and partly due to the increase from existing malls as a result of higher tariffs and higher traffic.

In 2Q 2015, finance expenses include interest of 4.88% for S\$200 M Notes which was fully repaid in July 2015. The loan was subsequently refinanced with S\$100 M Notes and S\$100 M term loan at lower interest rates. The savings from the lower interest rates is offset by interest expenses on additional Notes of S\$75 M drawdown in late June 2015.

**1H 2016 vs 1H 2015**

Gross rental revenue is S\$5.8 M higher than 1H 2015 mainly due to the acquisition of LPB and PICON in July 2015 as well as positive rental reversion within the existing malls.

Other revenue is S\$2.3 M higher than 1H 2015 mainly due to higher rental income from rental of electrical, mechanical and mall operating equipment and the additional contribution from carpark income from LPB and PICON.

Property operating expenses is S\$2.2 M higher than 1H 2015 mainly due to the higher property management fee and higher operating expenses for the new acquisitions of LPB and PICON.

Finance expenses is S\$1.3 M higher than 1H 2015 mainly due to the higher amount of borrowings in 1H 2016 compared to 1H 2015 as well as the higher premiums paid for the currency option contracts.

Other losses (net) comprise realised and unrealised foreign currency gains/(losses) and realised and unrealised hedging contracts gains/(losses). It also includes amortisation of intangible asset in relation to LMK, LPB and PICON.

The Trust has foreign currency options contracts to mitigate its exposure on currency movement as the majority of the Trust's income is in IDR. The unrealised gain/ loss on foreign currency option contracts is a non-cash item and does not affect the amount of distribution to unitholders.

**LIPPO MALLS INDONESIA RETAIL TRUST**  
**2016 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**

**9 Variance between the forecast or prospectus statement (if disclosed previously) and the actual results**

Not applicable.

**10 Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

Indonesia Government estimated a 5.1% GDP growth in 2Q 2016, up from 4.92% in the previous quarter as the development budget spending and consumption rises. The growth forecast is similar to the World Bank's forecast for GDP growth in 2016 at 5.1%, higher than the 4.8% in 2015, due to improvement in external demand and higher government spending.

The year-on-year inflation rate in Indonesia dropped to 3.45% in June 2016 from 4.45% in March 2016 as basic food prices were largely under control. The inflation rate is in line with the World Bank's forecast for inflation rate at 4.0% in 2016.

Indonesia's retail sales grew by 13.5% y-o-y in May 2016, accelerating from 11.2% in the previous month. The expansion was partly driven by sales of electronic products.

**11 Distributions**

**(a) Current financial period**

Any distributions declared for the current financial period:	Yes
Name of distribution:	Second quarter distribution for the period from 1 April 2016 to 30 June 2016.
Distribution Type:	Tax-exempt and capital distribution.
Distribution Rate:	Tax-exempt distribution of 0.50 cents per unit and capital distribution of 0.35 cents per unit.
Par value of units:	NA
Tax rate:	NA

**(b) Corresponding period of the preceding financial period**

Any distributions declared for the corresponding period of the immediate preceding financial period:	Yes
Name of distribution:	Second quarter distribution for the period from 1 April 2015 to 30 June 2015.
Distribution Type:	Tax-exempt and capital distribution.
Distribution Rate:	Tax-exempt distribution of 0.50 cents per unit and capital distribution of 0.23 cents per unit.
Par value of units:	NA
Tax rate:	NA

**(c) Date payable:** 30 August 2016

**(d) Book closure date:** 15 August 2016

**12 If no distribution has been declared/(recommended), a statement to that effect**

Not applicable.

**13 Interested Person Transactions Mandate**

LMIR Trust is not required to obtain a general mandate from the Unitholders for Interested Party Transactions.

**14 Confirmation by the Board Pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors of LMIRT Management Ltd do hereby confirm that, to the best of their knowledge, nothing has come to their attention in which may render these interim financial results to be false or misleading in any material aspect.

**15 Confirmation that the Issuer has procured undertakings from all its directors and executive officers under Rule 720(1)**

The Manager confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

BY ORDER OF THE BOARD OF  
 LMIRT MANAGEMENT LIMITED  
 (AS MANAGER OF LIPPO MALLS INDONESIA RETAIL TRUST)

Ms Viven G. Sitiabudi  
 Executive Officer  
 4 August 2016

# INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF LIPPO MALLS INDONESIA RETAIL TRUST

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Lippo Malls Indonesia Retail Trust (the "Trust") and its subsidiaries (the "Group"), as set out on pages 63 to 144 which comprise the statements of financial position of the Group and of the Trust and the statement of portfolio of the Group as at 31 December 2015, the statements of total return, statements of distribution, statements of changes in Unitholders' funds of the Group and of the Trust, and the statement of cash flows of the Group for the reporting year then ended, and significant accounting policies and other explanatory information.

## MANAGER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

## AUDITOR'S RESPONSIBILITY

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

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

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

## OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial positions of the Group and of the Trust as at 31 December 2015, and the total return, distribution, changes in Unitholders' funds of the Group and of the Trust and cash flows of the Group for the reporting year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants.

RSM Chio Lim LLP  
Public Accountants and  
Chartered Accountants  
Singapore

22 March 2016

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



# STATEMENTS OF TOTAL RETURN

YEAR ENDED 31 DECEMBER 2015

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

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

# STATEMENTS OF DISTRIBUTION

YEAR ENDED 31 DECEMBER 2015

	Group		Trust	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Total return/(loss) for the year after income tax</b>	26,448	63,822	(8,771)	42,063
Add: net adjustments (Note A below)	59,105	4,192	94,324	25,951
<b>Income available for distribution to Unitholders</b>	<b>85,553</b>	<b>68,014</b>	<b>85,553</b>	<b>68,014</b>
<b>Distributions to Unitholders:</b>				
Total interim distribution paid in the year ended 31 December (Note 12)	62,863	50,419	62,863	50,419
Total return available for distribution to Unitholders for the quarter ended 31 December paid after year-end (Note 12)	22,690	17,595	22,690	17,595
	<b>85,553</b>	<b>68,014</b>	<b>85,553</b>	<b>68,014</b>
<b>Unitholders' distribution:</b>				
- As distribution from operations	53,044	46,460	53,044	46,460
- As distribution of Unitholders' capital contribution	32,509	21,554	32,509	21,554
	<b>85,553</b>	<b>68,014</b>	<b>85,553</b>	<b>68,014</b>

## Note A

### Net adjustments:

Decrease/(increase) in fair values of investment properties, net of deferred tax	41,433	(2,716)	-	-
Manager's management fees settled in units	6,343	5,040	6,343	5,040
Depreciation of plant and equipment	1,058	726	-	-
Increase in fair values of derivative financial instruments	(1,219)	(221)	(1,219)	(221)
Unrealised foreign exchange adjustment losses/(gains)	116	1,363	2,926	(2,869)
Amortisation of intangible assets	11,374	-	-	-
Capital repayment of shareholders' loans	-	-	32,509	21,554
Exchange differences arising from recognising dividend income	-	-	2,309	1,063
Impairment loss on investments in subsidiaries	-	-	49,378	-
Allocation of realised exchange differences to capital repayment of shareholders' loans	-	-	3,784	(2,419)
Other adjustments <sup>(1)</sup>	-	-	(1,706)	3,803
	<b>59,105</b>	<b>4,192</b>	<b>94,324</b>	<b>25,951</b>

<sup>(1)</sup> Including income not distributed to the Trust of \$1,828,000 (2014: \$2,279,000) due to foreign exchange differences.

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

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

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

# STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2015

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

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

# STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015

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

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

# STATEMENT OF CASH FLOWS (CONT'D)

YEAR ENDED 31 DECEMBER 2015

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

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

Acquisition of an investment property in 2014 is in relation to the acquisition of Lippo Mall Kemang. The total settlement amount is \$367,095,000, which consists of an amount settled in cash of \$317,000,000, an amount of \$5,095,000 to be settled, and an amount settled in units of \$45,000,000 respectively.

<sup>(2)</sup> Includes unamortised transaction costs from issuance of the Euro Medium Term Note Programme and bank loan payable of \$7,999,000 (2014: \$7,168,000).

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

# STATEMENT OF PORTFOLIO

AS AT 31 DECEMBER 2015

## BY GEOGRAPHICAL AREA

### Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value	Percentage	Fair Value	Percentage
			as at 31 December 2015	of Total Net Assets as at 31 December 2015	as at 31 December 2014	of Total Net Assets as at 31 December 2014
			\$'000	%	\$'000	%
<b>Indonesia</b>						
<b>Retail Malls</b>						
(1) Gajah Mada Plaza Address: Jalan Gajah Mada 19-26 Sub-District of Petojo Utara, District of Gambir, Regency of Central Jakarta, Jakarta-Indonesia Acquisition date: 19 November 2007	66,160	Strata Title constructed on Hak Guna Bangunan ("HGB") Title common land. Expires on 24 January 2020. Revalued at 31 December 2015.	77,409	7.20	80,304	6.98
(2) Cibubur Junction Address: Jalan Jambore No.1 Cibubur, Sub-District of Ciracas, Regency of East Jakarta, Jakarta-Indonesia Acquisition date: 19 November 2007	66,071	Build, Operate and Transfer ("BOT") Scheme. Expires on 28 July 2025. Revalued at 31 December 2015.	49,995	4.65	52,543	4.57
(3) The Plaza Semanggi Address: Jalan Jenderal Sudirman Kav.50, Sub-District of Karet Semanggi, District of Setiabudi, Regency of South Jakarta, Jakarta-Indonesia Acquisition date: 19 November 2007	155,122	BOT Scheme. Expires on 8 July 2054. Revalued at 31 December 2015.	126,942	11.81	143,187	12.45

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

# STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2015

## BY GEOGRAPHICAL AREA

### Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value	Percentage	Fair Value	Percentage
			as at 31 December 2015	of Total Net Assets as at 31 December 2015	as at 31 December 2014	of Total Net Assets as at 31 December 2014
			\$'000	%	\$'000	%
<b>Indonesia</b>						
<b>Retail Malls (cont'd)</b>						
(4) Mal Lippo Cikarang Address: Jalan MH Thamrin, Lippo Cikarang, Sub-District of Cibatu, District of Lemah Abang, Regency of Bekasi, West Java-Indonesia Acquisition date: 19 November 2007	39,293	HGB Title. Expires on 5 May 2023. Revalued at 31 December 2015.	57,820	5.38	60,272	5.24
(5) Ekalokasari Plaza Address: Jalan Siliwangi No. 123, Sub-District of Sukasari, District of Kota Bogor Timur, Administrative City of Bogor, West Java- Indonesia Acquisition date: 19 November 2007	57,223	BOT Scheme. Expires on 27 June 2032. Revalued at 31 December 2015.	38,714	3.60	43,626	3.79
(6) Bandung Indah Plaza Address: Jalan Merdeka No. 56, Sub-District of Citarum, District of Bandung Wetan, Regency of Bandung, West Java-Indonesia Acquisition date: 19 November 2007	75,868	BOT Scheme. Expires on 31 December 2030. Revalued at 31 December 2015.	82,571	7.68	85,507	7.44

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



# STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2015

## BY GEOGRAPHICAL AREA

### Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value	Percentage	Fair Value	Percentage
			as at 31 December 2015 \$'000	of Total Net Assets as at 31 December 2015 %	as at 31 December 2014 \$'000	of Total Net Assets as at 31 December 2014 %
<b>Indonesia</b>						
<b>Retail Malls (cont'd)</b>						
(7) Istana Plaza Address: Jalan Pasir Kaliki No. 121 – 123, Sub-District of Pamayonan, District of Cicendo, Regency of Bandung, West Java-Indonesia Acquisition date: 19 November 2007	46,809	BOT Scheme. Expires on 17 January 2034. Revalued at 31 December 2015.	75,987	7.07	77,953	6.78
(8) Sun Plaza Address: Jalan Haji Zainul Arifin No. 7, Madras Hulu, Medan Polonia, Medan, North Sumatra-Indonesia Acquisition date: 31 March 2008	100,000	HGB Title. Expires on 24 November 2032. Revalued at 31 December 2015.	174,485	16.23	179,260	15.59
(9) Pluit Village Address: Jalan Pluit Indah Raya, Sub-District of Pluit, District of Penjaringan, City of North Jakarta, Province of DKI Jakarta, Indonesia Acquisition date: 6 December 2011	134,576	BOT Scheme. Expires on 9 June 2027. Revalued at 31 December 2015.	118,062	10.98	139,225	12.12

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

# STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2015

## BY GEOGRAPHICAL AREA

### Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value	Percentage	Fair Value	Percentage
			as at 31 December 2015	of Total Net Assets as at 31 December 2015	as at 31 December 2014	of Total Net Assets as at 31 December 2014
			\$'000	%	\$'000	%
<b>Indonesia</b>						
<b>Retail Malls (cont'd)</b>						
(10) Plaza Medan Fair Address: Jalan Jendral Gatot Subroto, Sub-District of Sekip, District of Medan Petisah, City of Medan, Province of North Sumatera, Indonesia Acquisition date: 6 December 2011	125,053	BOT Scheme. Expires on 23 July 2027. Revalued at 31 December 2015.	111,989	10.42	121,677	10.59
(11) Palembang Square Extension Address: Jalan Angkatan 45/POM IX, Lorok Pakjo Sub District, Ilir Barat 1 District, Palembang City, South Sumatera Province, Indonesia Acquisition date: 15 October 2012	22,527	BOT Scheme. Expires on 24 January 2041. Revalued at 31 December 2015.	25,559	2.38	27,325	2.38
(12) Lippo Plaza Kramat Jati Address: Jalan Raya Bogor Km 19, Kramat Jati Sub District, Kramat Jati District, East Jakarta Region, DKI Jakarta Province, Indonesia Acquisition date: 15 October 2012	67,285	HGB Title. Expires on 24 October 2024. Revalued at 31 December 2015.	58,205	5.41	61,198	5.32

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

# STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2015

## BY GEOGRAPHICAL AREA

### Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value	Percentage	Fair Value	Percentage
			as at 31 December 2015	of Total Net Assets as at 31 December 2015	as at 31 December 2014	of Total Net Assets as at 31 December 2014
			\$'000	%	\$'000	%
<b>Indonesia</b>						
<b>Retail Malls (cont'd)</b>						
(13) Tamini Square Address: Jalan Raya Taman Mini Pintu 1 No.15, Pinang Ranti Sub District, Makasar Distrik, East Jakarta Region, DKI Jakarta Province, Indonesia Acquisition date: 14 November 2012	18,963	Strata Title constructed on HGB Title common land. Expires on 26 September 2035. Revalued at 31 December 2015.	25,023	2.33	25,208	2.19
(14) Palembang Square Address: Jalan Angkatan 45/POM IX, Lorok Pakjo Sub District, Ilir Barat 1 District, Palembang City, South Sumatera Province, Indonesia Acquisition date: 14 November 2012	46,546	Strata Title constructed on HGB Title common land. Expires on 1 September 2039. Revalued at 31 December 2015.	66,199	6.16	68,428	5.95
(15) Pejaten Village Address: Jalan Warung Jati Barat No.39, Jati Padang Sub District, Pasar Minggu District, South Jakarta Region, DKI Jakarta Province, Indonesia Acquisition date: 20 December 2012	89,157	HGB Title. Expires on 3 November 2027. Revalued at 31 December 2015.	99,927	9.29	102,237	8.89

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

# STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2015

## BY GEOGRAPHICAL AREA

### Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value	Percentage	Fair Value	Percentage
			as at 31 December 2015 \$'000	of Total Net Assets as at 31 December 2015 %	as at 31 December 2014 \$'000	of Total Net Assets as at 31 December 2014 %
<b>Indonesia</b>						
<b>Retail Malls (cont'd)</b>						
(16) Binjai Supermall Address: Jalan Soekarno Hatta No.14, Timbang Langkat Sub District, East Binjai District, Binjai City, North Sumatera Province, Indonesia Acquisition date: 28 December 2012	28,760	HGB Title. Expires on 2 September 2036. Revalued at 31 December 2015.	27,186	2.53	28,443	2.47
(17) Lippo Mall Kemang Address: Jalan Kemang VI, Bangka Sub District, Mampang Prapatan District, South Jakarta, DKI Jakarta Province, Indonesia Acquisition date: 17 December 2014	150,932	Strata Title. Constructed on HGB Title common land. Expires on 2 July 2036. Revalued at 31 December 2015.	336,372	31.29	354,340	30.82
(18) Lippo Plaza Batu Address: Jalan Diponegoro RT. 07 RW. 05, Sub District of Sisir, District of Batu, City of Batu, Province of East Java, Indonesia Acquisition date: 7 July 2015	27,636	Strata Title constructed on HGB Title common land. Expires on 8 June 2031. Revalued at 31 December 2015.	26,187	2.44	-	-
(19) Palembang Icon Address: Jalan POM IX, Sub District of Lorok Pakjo, District of Ilir Barat I, City of Palembang, Province of South Sumatera, Indonesia Acquisition date: 10 July 2015	42,361	HGB Title. BOT scheme. Expires on 30 April 2040. Revalued at 31 December 2015.	78,444	7.30	-	-

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

# STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2015

## BY GEOGRAPHICAL AREA

### Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value	Percentage	Fair Value	Percentage
			as at 31 December 2015	of Total Net Assets as at 31 December 2015	as at 31 December 2014	of Total Net Assets as at 31 December 2014
			\$'000	%	\$'000	%
<b>Indonesia</b>						
<b>Retail Spaces</b>						
(1) Mall WTC Matahari Units Address: Jalan Raya Serpong No.39, Sub-District of Pondok Jagung, District of Serpong, Regency of Tangerang, Banten-Indonesia Acquisition date: 19 November 2007	11,184	Strata Title constructed on HGB Title common land. Expires on 8 April 2018. Revalued at 31 December 2015.	17,011	1.58	18,105	1.57
(2) Metropolis Town Square Units Address: Jalan Hartono Raya, Sub-District of Cikokol, District of Cipete, Regency of Tangerang, Banten-Indonesia Acquisition date: 19 November 2007	15,248	Strata Title constructed on HGB Title common land. Expires on 27 December 2029. Revalued at 31 December 2015.	23,761	2.21	27,373	2.38
(3) Depok Town Square Units Address: Jalan Margonda Raya No. 1, Sub-District of Pondok Cina, District of Depok, Regency of Depok, West Java-Indonesia Acquisition date: 19 November 2007	13,045	Strata Title constructed on HGB Title common land. Expires on 27 February 2035. Revalued at 31 December 2015.	21,438	1.99	22,098	1.92

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

# STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2015

## BY GEOGRAPHICAL AREA

### Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value	Percentage	Fair Value	Percentage
			as at 31 December 2015	of Total Net Assets as at 31 December 2015	as at 31 December 2014	of Total Net Assets as at 31 December 2014
			\$'000	%	\$'000	%
<b>Indonesia</b>						
<b>Retail Spaces (cont'd)</b>						
(4) Java Supermall Units Address: Jalan MT Haryono, No. 992-994, Sub-District of Jomblang, District of Semarang Selatan, Regency of Semarang, Central Java-Indonesia Acquisition date: 19 November 2007	11,082	Strata Title constructed on HGB Title common land. Expires on 24 September 2017. Revalued at 31 December 2015.	19,955	1.86	20,541	1.79
(5) Malang Town Square Units Address: Jalan Veteran No. 2, Sub-District of Penanggungan, District of Klojen, Regency of Malang, East Java-Indonesia Acquisition date: 19 November 2007	11,065	Strata Title constructed on HGB Title common land. Expires on 21 April 2033. Revalued at 31 December 2015.	21,993	2.05	22,172	1.93
(6) Plaza Madiun Units Address: Jalan Pahlawan No. 38-40, Sub-District of Pangongangan, District of Manguharjo, Regency of Madiun, East Java-Indonesia Acquisition date: 19 November 2007	19,029	HGB Title. Expires on 9 February 2032. Revalued at 31 December 2015.	25,825	2.40	25,863	2.26

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

# STATEMENT OF PORTFOLIO (CONT'D)

AS AT 31 DECEMBER 2015

## BY GEOGRAPHICAL AREA

### Group

Description of Property/Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	Fair Value	Percentage	Fair Value	Percentage
			as at 31 December 2015	of Total Net Assets as at 31 December 2015	as at 31 December 2014	of Total Net Assets as at 31 December 2014
			\$'000	%	\$'000	%
<b>Indonesia</b>						
<b>Retail Spaces (cont'd)</b>						
(7) Grand Palladium Units Address: Jalan Kapten Maulana Lubis, Sub-District of Petisah Tengah, District of Medan Petisah, Regency of Medan, North Sumatera-Indonesia Acquisition date: 19 November 2007	13,417	Strata Title constructed on HGB Title common land. Expires on 9 November 2028. Revalued at 31 December 2015.	17,871	1.64	20,059	1.74
Portfolio of Investment Properties at Valuation			1,804,930	167.88	1,806,944	157.16
Other Net Liabilities			(729,815)	(67.88)	(657,214)	(57.16)
Net Assets Attributable to Unitholders			1,075,115	100.00	1,149,730	100.00

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 1. GENERAL

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

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

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

The board of directors of the Manager approved and authorised these financial statements for issue on 22 March 2016.

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

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

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

### Accounting convention

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



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 1. GENERAL (CONT'D)

### Accounting convention (cont'd)

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

### Basis of presentation

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

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

### Basis of preparation of financial statements

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

### Net assets attributable to Unitholders

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

### 2A. Significant accounting policies

#### Revenue recognition

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

#### Rental income from operating leases

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

#### Interest income

Interest revenue is recognised using the effective interest method.

#### Dividend income

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

#### Revenue from rendering of services

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

#### Income tax

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

### 2A. Significant accounting policies (cont'd)

#### Foreign currency transactions

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

#### Translation of financial statements of other entities

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

#### Segment reporting

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

#### Borrowing costs

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

#### Unit based payments

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

### 2A. Significant accounting policies (cont'd)

#### Plant and equipment

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

Plant and equipment – 25%

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

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

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

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

#### Investment property

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

### 2A. Significant accounting policies (cont'd)

#### Leases

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

#### Intangible assets

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

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

The useful life is as follows:

Rental guaranteed payments – Over the guarantee periods, which range from 3 to 25 years

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

### 2A. Significant accounting policies (cont'd)

#### Subsidiaries

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

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

#### Business combinations

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

#### Impairment of non-financial assets

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

### 2A. Significant accounting policies (cont'd)

#### Financial assets

Initial recognition, measurement and derecognition:

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

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

Subsequent measurement:

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

1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss.
2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not to be classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

### 2A. Significant accounting policies (cont'd)

#### Financial assets (cont'd)

Subsequent measurement (cont'd):

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

#### Cash and cash equivalents

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

#### Hedging

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

#### Derivatives

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

#### Financial liabilities

Initial recognition, measurement and derecognition:

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



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

### 2A. Significant accounting policies (cont'd)

#### Financial liabilities (cont'd)

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

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

Subsequent measurement:

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

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
2. Other financial liabilities: All liabilities, which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

#### Fair value measurement

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

### 2A. Significant accounting policies (cont'd)

#### Fair value measurement (cont'd)

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

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

#### Provisions

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

### 2B. Critical judgements, assumptions and estimation uncertainties

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

Fair values of investment properties:

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

Income tax amounts:

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

Deferred tax: Recovery of underlying assets:

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

Determination of functional currency:

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

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

Allowance for doubtful trade accounts:

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

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

Fair value of derivative financial instruments:

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

Measurement of impairment of subsidiaries:

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

## 3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

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

The ultimate controlling party is PT Lippo Karawaci Tbk.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

### 3A. Related party transactions:

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

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

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

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

(A) Manager's management fees

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

- (i) A base fee ("Base Fee") of 0.25% (2014: 0.25%) per annum of the value of the Deposited Property;
- (ii) A performance fee ("Performance Fee") is fixed at 4.0% (2014: 4.0%) per annum of the Group's Net Property Income ("NPI") (calculated before accounting for this additional fee in the reporting year). NPI in relation to real estate, whether held directly by the Trust or indirectly through a special purpose company, and in relation to any year or part thereof, means its property income less property operating expenses for such real estate for that year or part thereof. The Manager may opt to receive the performance fee in the form of units and/or cash;
- (iii) An authorised investment management fee of 0.5% (2014: 0.5%) per annum of the value of Authorised Investments which are not in the form of real estate (whether held directly by the Trust or indirectly through one or more subsidiaries). Where such authorised investment is an interest in a property fund (either a REIT or private property fund) wholly managed by a wholly-owned subsidiary of PT Lippo Karawaci Tbk ("Sponsor"), no authorised investment management fee shall be payable in relation to such authorised investment;
- (iv) Manager's acquisition fee ("Acquisition Fee") is determined at 1.0% (2014: 1.0%) of value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting); and
- (v) Divestment fee ("Divestment Fee") at the rate of 0.5% (2014: 0.5%) of the sales price of any Authorised Investment directly or indirectly sold or divested from time to time by the Trustee on behalf of the Trust. The Manager may opt to receive the divestment fee in the form of units and/or cash.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

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

#### (B) Property manager's fees

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

- (i) 2.0% (2014: 2.0%) per annum of the gross revenue for the relevant Retail Mall;
- (ii) 2.0% (2014: 2.0%) per annum of the net property income for relevant Retail Mall (after accounting for the fee of 2% per annum of the gross revenue for the relevant Retail Mall);
- (iii) 0.5% (2014: 0.5%) per annum of the net property income for the relevant Retail Mall in lieu of leasing commissions otherwise payable to the Property Manager and/or third party agents; and
- (iv) Rp.60,000,000 (2014: Rp.60,000,000) per annum for the relevant Retail Space.

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

#### (C) Trustee's fees

The Trustee's fees shall not exceed 0.03% (2014: 0.03%) per annum of the value of the Deposited Property (as defined in the Trust Deed), subject to a minimum of \$15,000 per month, excluding out-of-pocket expenses and GST. The Trustee's fee is presently charged on a scaled basis of up to 0.03% per annum of the value of the Deposited Property, subject to a minimum sum per month. Any increase in the rate of the remuneration of the Trustee above the permitted limit or any change in the structure of the remuneration of the Trustee shall be approved by an Extraordinary Resolution at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

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

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

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

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

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

(4) The Affiliates of the Sponsor are PT First Media Tbk, Yayasan Universitas Pelita Harapan, PT Bank National Nobu, PT Matahari Putra Prima Tbk, PT Gratia Prima Indonesia, PT Matahari Graha Fantasi, PT Momo Trimultiprima, PT Matahari Department Store Tbk, PT Nusantara Trimultiprima, PT Cinemaxx Global Pasifik, PT Internux, PT Sky Parking Utama, and PT Almaron Perkasa. The Affiliates of the Sponsor are entities that either have common shareholders with the Sponsor, or in which the Sponsor has an interest.

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

### 3B. Key management compensation:

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

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

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

### 3C. Interest in the Trust:

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

## 4. GROSS REVENUE

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 5. PROPERTY OPERATING EXPENSES

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

## 6. OTHER GAINS

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

## 7. MANAGER'S MANAGEMENT FEES

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 8. FINANCE COSTS

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

## 9. OTHER EXPENSES

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 10. INCOME TAX

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

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

The income tax in statements of total return varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17.0% (2014: 17.0%) to total return/(loss) before income tax as a result of the following differences:

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 10. INCOME TAX (CONT'D)

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

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

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

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

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

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

#### Taxation of Income from Indonesia Properties

##### Corporate Income Tax in Indonesia

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

##### Withholding Tax in Indonesia

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 10. INCOME TAX (CONT'D)

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

#### Dividends from Indonesia Subsidiaries

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

- (a) In the year the dividends are received in Singapore, the headline corporate tax rate in the foreign country from which the dividends are received is at least 15%;
- (b) The dividends have been subject to tax in the foreign country from which they are received; and
- (c) The Singapore Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the Singapore subsidiaries.

#### Dividends from Singapore Subsidiaries

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

#### Interest Income from Indonesia Subsidiaries

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

#### Redemption of Redeemable Preference Shares in Singapore Subsidiaries

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

#### Receipt from Indonesia Subsidiaries for Repayment of Shareholder Loans

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 11. EARNINGS PER UNIT

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

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
Denominator: weighted average number of units	2,745,602,850	2,468,501,608
	<b>\$'000</b>	<b>\$'000</b>
Numerator: Earnings attributable to Unitholders		
Total return after tax	26,448	63,822
	<b>2015</b>	<b>2014</b>
	<b>Cents</b>	<b>Cents</b>
Earnings per unit	0.96	2.59
Adjusted earnings per unit <sup>(1)</sup>	2.47	2.48

<sup>(1)</sup> 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 2015

## 12. DISTRIBUTIONS

### Distribution Type

Name of Distribution                      Distribution during the year (interim distributions)

Distribution Type                      Income / Capital

	<b>Group and Trust</b>			
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>Cents</b>	<b>Cents</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>per unit</b>	<b>per unit</b>		
Tax-exempt income <sup>(1)</sup> :	1.43	1.41	38,949	34,742
Capital <sup>(2)</sup> :	0.86	0.64	23,914	15,677
Subtotal :	2.29	2.05	62,863	50,419

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

Distribution Type                      Income / Capital

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

<sup>(1)</sup> Unitholders are exempt from tax on such distributions.

<sup>(2)</sup> 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.

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

The amount of the distributions paid in the year totalled \$80,458,000 (2014: \$64,224,000).

### Current distribution policy:

The Trust's current distribution policy is to distribute at least 90% (2014: at least 90%) of its tax-exempt income (after deduction of applicable expenses) and capital receipts. The tax-exempt income comprises dividends received from the Singapore tax resident subsidiaries. The capital receipts comprise amounts received by the Trust from redemption of redeemable preference shares in the Singapore subsidiaries. The Trust has distributed 100% of its tax-exempt income (after deduction of applicable expenses) and capital receipts to-date.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 13. PLANT AND EQUIPMENT

	Group	
	2015	2014
	\$'000	\$'000
<b>Cost:</b>		
At beginning of year	6,897	4,558
Additions	1,648	2,232
Exchange difference adjustments	(231)	107
At end of year	8,314	6,897
<b>Accumulated depreciation:</b>		
At beginning of year	1,989	1,234
Depreciation for the year	1,058	726
Exchange difference adjustments	(70)	29
At end of year	2,977	1,989
<b>Net book value:</b>		
At beginning of year	4,908	3,324
At end of year	5,337	4,908

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

## 14. INVESTMENT PROPERTIES

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



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 14. INVESTMENT PROPERTIES (CONT'D)

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

The acquisition in 2014 relates to the acquisition of Lippo Mall Kemang. This amount also included an acquisition fee of \$3,620,000 and other acquisition related expenses of \$1,475,000 respectively.

These investment properties include the mechanical and electrical equipment located in the respective properties. The fair value of each investment property was measured in December 2015 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair value was based on valuations made by independent professional valuers on a systematic basis at least once yearly. The independent professional valuers hold recognised and relevant professional qualifications with sufficient recent experience in the location and category of the investment property being valued. The valuations were based on discounted cash flow method and market capitalisation method. There has been no change to the valuation technique during the year. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

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

### 2015:

Name of Independent  
Professional Valuers

Name of Retail Malls and Spaces

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

### 2014:

Name of Independent  
Professional Valuers

Name of Retail Malls and Spaces

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 14. INVESTMENT PROPERTIES (CONT'D)

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

	2015	2014
1. Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the properties	13.0% to 13.6%	12.5% to 13.3%
2. Growth rates	0.0% to 9.1%	1.0% to 7.5%
3. Terminal discount rates	7.0% to 9.7%	8.0% to 9.1%
4. Market capitalisation rate	8.50%	-
5. Cash flow forecasts derived from the most recent financial budgets and plans approved by management	Note 1	Note 1

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

Relationship of unobservable inputs to fair value:

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

Sensitivity analysis on management's estimates:

### 1. Discount rates

A hypothetical 10% (2014: 10%) increase or decrease in the pre-tax discount rate applied to the discounted cash flows would have an effect on return before tax of – lower by \$157,723,000; higher by \$218,181,000 (2014: lower by \$168,555,000; higher by \$205,346,000).

### 2. Growth rates

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

### 3. Terminal discount rates

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 14. INVESTMENT PROPERTIES (CONT'D)

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

### 4. Market capitalisation rates

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

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

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

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

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

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

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

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

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

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

#### (c) Strata Title

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 14. INVESTMENT PROPERTIES (CONT'D)

(d) Hak Pengelolaan ("HPL") Title

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

(e) Kiosks Sale and Purchase Binding Agreement

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

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

Certain investment properties at a carrying value of \$463,025,000 (2014: \$478,872,000) are pledged as security for the bank facilities (Note 22A).

## 15. INTANGIBLE ASSETS

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 16. INVESTMENTS IN SUBSIDIARIES

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

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

Movements in allowance for impairment:

Balance at beginning of the year	-	-
Impairment loss charged to profit or loss	(49,378)	-
Balance at the end of the year	(49,378)	-

The list of the subsidiaries is in Note 36.

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 17. TRADE AND OTHER RECEIVABLES

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

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied tenants and credit policy of obtaining security deposits from most tenants for leasing the Group's investment properties. These tenants comprise retailers engaged in a wide variety of consumer trades. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. Please refer to Note 28D for ageing analysis.

## 18. OTHER ASSETS

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 19. CASH AND CASH EQUIVALENTS

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

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

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

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

## 19A. Non-cash and other transactions

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

1. Units issued as settlement of performance fee element of the Manager's management fees (Note 7); and
2. Units issued as payment for consideration in relation to the acquisition of Palembang Icon and Lippo Plaza Batu (Note 20).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 20. TOTAL UNITHOLDERS' FUNDS

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

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

### Issues in 2015:

In 2015, the Trust acquired:

- (1) Lippo Plaza Batu, which is located at Jalan Diponegoro RT. 07 RW. 05, Sub District of Sisir, District of Batu, City of Batu, Province of East Java, Indonesia, for a total purchase consideration of \$26,852,000; and
- (2) Palembang Icon, which is located at Jalan POM IX, Sub District of Lorok Pakjo, District of Ilir Barat I, City of Palembang, Province of South Sumatera, Indonesia, for a total consideration of \$80,029,000.

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

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



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 20. TOTAL UNITHOLDERS' FUNDS (CONT'D)

### Issues in 2014:

Pursuant to the approval from the Unitholders at the extraordinary general meeting held on 12 November 2014, the Trust acquired Lippo Mall Kemang, which is located in Jalan Kemang VI, Bangka Sub District, Mampang Prapatan District, South Jakarta, DKI Jakarta Province, Indonesia, for a total purchase consideration of \$367,095,000, from PT Almaron Perkasa. PT Almaron Perkasa is an indirect subsidiary of PT Lippo Karawaci Tbk (Sponsor).

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

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

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

### Issuable at end of the reporting year:

At the end of the reporting year, 5,178,677 (2014: 4,001,835) units and Nil (2014: 10,622,065) units are issuable as settlement for the performance fee element of the Manager's management fees for the last quarter of the reporting year (Note 7), and for the acquisition fee for purchase of Lippo Mall Kemang in 2014. The new units, upon issue and allotment, will rank pari passu in all respect with the units of the Trust.

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 20. TOTAL UNITHOLDERS' FUNDS (CONT'D)

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

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

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

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

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

### **Capital management:**

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 20. TOTAL UNITHOLDERS' FUNDS (CONT'D)

### Capital management (cont'd):

In accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the total borrowings and deferred payments of the Group should not exceed 35% of the Group's deposited property. The aggregate leverage of the Group may exceed 35% of the Group's deposited property (up to a maximum of 60%) only if the credit rating of the Group is obtained and disclosed to the public.

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

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

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

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

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

## 21. UNITS IN ISSUE

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 22. OTHER FINANCIAL LIABILITIES

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 22. OTHER FINANCIAL LIABILITIES (CONT'D)

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

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

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

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

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

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

### 22A. Bank loans

#### Secured

In December 2014, the Trust drew down on its secured bank loan facility of \$155,000,000, maturing in December 2018 at an interest rate of 3.0% per annum plus SGD swap offer rate ("SOR"). An amount of \$10,000,000 was repaid in 2015. As at 31 December 2015, the outstanding bank loan amounted to \$145,000,000 (2014: \$155,000,000).

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

- (i) The Trust to procure that none of its subsidiaries will create or have any outstanding security over the relevant retail malls and spaces, the shares and the charged assets (collectively "Relevant Assets"). The carrying amount of the relevant assets at the end of the reporting year was \$463,025,000 (2014: \$478,872,000).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 22. OTHER FINANCIAL LIABILITIES (CONT'D)

### 22A. Bank loans (cont'd)

#### Secured (cont'd)

- (ii) The Trust shall not without prior consent in writing from the lender:
- (a) sell, transfer or dispose any of the Relevant Assets on terms whereby they are leased or re-acquired by any other members of the Group;
  - (b) sell, transfer or dispose any of its receivables in relation to the Relevant Assets on recourse terms;
  - (c) enter into any arrangement in relation to the Relevant Assets, under which money or the benefit of a bank or other account may be applied, set off or made subject to a combination of accounts; and
  - (d) enter into any preferential arrangement in relation to the Relevant Assets having a similar effect;

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

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

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

#### Unsecured

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 22. OTHER FINANCIAL LIABILITIES (CONT'D)

### 22B. Medium term notes (unsecured)

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

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

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

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

- (i) \$50,000,000 5.875% notes due 2017. The \$50,000,000 notes were issued on 6 July 2012, will mature on 6 July 2017, and bear a fixed interest rate of 5.875% per annum payable semi-annually in arrears;
- (ii) \$75,000,000 4.48% notes due 2017. The \$75,000,000 notes were issued on 28 November 2012, will mature on 28 November 2017, and bear a fixed interest rate of 4.48% per annum payable semi-annually in arrears;
- (iii) \$150,000,000 4.25% notes due 2016. The \$150,000,000 notes were issued on 4 October 2013, will mature on 4 October 2016, and bear a fixed rate of 4.25% per annum payable semi-annually in arrears;
- (iv) \$75,000,000 4.10% notes due 2020. The \$75,000,000 notes were issued on 22 June 2015, will mature on 22 June 2020, and bear a fixed rate of 4.10% per annum payable semi-annually in arrears; and
- (v) \$100,000,000 4.50% notes due 2018. The \$100,000,000 notes were issued on 23 November 2015, will mature on 23 November 2018, and bear a fixed rate of 4.50% per annum payable semi-annually in arrears.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 22. OTHER FINANCIAL LIABILITIES (CONT'D)

### 22C. Finance leases

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

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

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

#### PT Cibubur Utama

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

Cibubur has the following payment obligations to Sarana:

- (a) US\$2,260,000 including VAT that is to be paid by instalments from the year 2004 until 2024 as follows:
  - (i) US\$75,500 per year for the first 5 years;
  - (ii) US\$100,500 per year for the second 5 years;
  - (iii) US\$125,500 per year for the third 5 years; and
  - (iv) US\$150,500 per year for the fourth 5 years.

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



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 22. OTHER FINANCIAL LIABILITIES (CONT'D)

### 22C. Finance leases (cont'd)

#### PT Cibubur Utama (cont'd)

- (b) Goodwill compensation of Rp.1,500,000,000 that was paid as follows:
- (i) Rp.500,000,000 was paid on 20 December 2004; and
  - (ii) Rp.1,000,000,000 was paid from 2005 until 2009 in 5 instalments of Rp.200,000,000 per year with the first instalment commencing 1 February 2005.
- (c) Monitoring fee of Rp.5,000,000 per month including VAT that is to be paid quarterly on 15 January, 15 April, 15 July and 15 October from 2004 until 2024.

#### PT Duta Wisata Loka

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

PT DWL has the following payment obligations:

- (a) Rp.19,500,000,000 including VAT that is to be paid by instalments from the year 1996 until 2021 as follows:
- (i) Rp.1,812,500,000 was paid in 1996;
  - (ii) Rp.1,993,750,000 was paid in 2001;
  - (iii) Rp.2,193,125,000 was paid in 2006;
  - (iv) Rp.4,212,437,500 was paid in 2011;
  - (v) Rp.4,453,681,250 is to be paid in 2016; and
  - (vi) Rp.4,834,506,250 is to be paid in 2021.

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 22. OTHER FINANCIAL LIABILITIES (CONT'D)

### 22C. Finance leases (cont'd)

#### PT Anugrah Prima

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

PT AP has the following payment obligations:

- (a) US\$1,089,770 including VAT that is to be paid by instalments of US\$49,535 per year from the year 2005 until 2026.
- (b) Goodwill compensation of US\$99,070 that was paid as follows:
  - (i) US\$84,000 was paid in 2002; and
  - (ii) US\$15,070 was paid in 2003.

#### PT Palembang Paragon Mall

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

PT PPM has the following payment obligations:

- (a) Rp.3,750,000,000 that is to be paid by instalments from year 2011 until 2040 as follows:
  - (i) Rp.100,000,000 per year for the first 5 years;
  - (ii) Rp.110,000,000 per year for the second 5 years;
  - (iii) Rp.120,000,000 per year for the third 5 years;
  - (iv) Rp.130,000,000 per year for the fourth 5 years;
  - (v) Rp.140,000,000 per year for the fifth 5 years; and
  - (vi) Rp.150,000,000 per year for the sixth 5 years.
- (b) 40% retribution tax from the net parking income received by PT PPM each year.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 22. OTHER FINANCIAL LIABILITIES (CONT'D)

### 22C. Finance leases (cont'd)

PT Griya Inti Sejahtera Insani

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

PT GISI has the following obligations:

- (a) Rp.20,604,677,199 that is to be paid by instalments on a yearly instalment from the year March 2012 until 2039; and
- (b) 40% from the net parking income received by PT GISI each year.

The fixed rate of interest for finance leases is 14% (2014: 14%) per year. The finance lease is on fixed repayment term and no arrangements have been entered into for contingent rental payments.

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

## 23. OTHER LIABILITIES, NON-CURRENT

	Group	
	2015	2014
	\$'000	\$'000
Advance payments by tenants	83,306	86,009

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

## 24. TRADE AND OTHER PAYABLES, CURRENT

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 25. OTHER LIABILITIES, CURRENT

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

## 26. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 26. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

### 26A. Interest rate swaps

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

### 26B. Currency option contracts

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

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

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

### 26C. Fair values of derivative financial instruments

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 27. FINANCIAL RATIOS

	Group		Trust	
	2015	2014	2015	2014
Expenses to average net assets ratio – excluding performance related fee <sup>(1)</sup>	0.66%	0.56%	0.62%	0.52%
Expenses to average net assets ratio – including performance related fee <sup>(1)</sup>	1.23%	1.02%	1.18%	0.96%
Portfolio turnover ratio <sup>(2)</sup>	–	–	–	–

<sup>(1)</sup> 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.

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

## 28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

### 28A. Classification of financial assets and liabilities

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

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

Further quantitative disclosures are included throughout these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

### **28B. Financial risk management**

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

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

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

### **28C. Fair values of financial instruments**

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

### **28D. Credit risk on financial assets**

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

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

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

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

As part of the process of setting customer credit limits, different credit terms are used. The average credit period granted to trade receivables customers is about 30 (2014: 30) days.

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

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

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

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

Revenue from the Group's top customer amounted to \$15,833,000 (2014: \$15,995,000) of the Group's total revenue.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

### 28E. Liquidity risk – financial liabilities maturity analysis

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

	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Non-derivative financial liabilities:</b>					
<b>2015</b>					
<b>Group</b>					
Gross borrowings commitments	274,119	399,733	79,541	–	753,393
Gross finance lease obligations	415	83	281	1,514	2,293
Trade and other payables	60,205	–	–	–	60,205
At end of the year	334,739	399,816	79,822	1,514	815,891

#### **Trust**

Gross borrowings commitments	5,366	155,512	–	–	160,878
Trade and other payables	699,120	–	–	–	699,120
At end of the year	704,486	155,512	–	–	859,998

	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000

#### **Non-derivative financial liabilities:**

##### **2014**

#### **Group**

Gross borrowings commitments	223,409	302,160	160,501	–	686,070
Gross finance lease obligations	41	397	267	1,240	1,945
Trade and other payables	70,982	–	–	–	70,982
At end of the year	294,432	302,557	160,768	1,240	758,997

#### **Trust**

Gross borrowings commitments	5,737	11,473	160,501	–	177,711
Trade and other payables	608,920	–	–	–	608,920
At end of the year	614,657	11,473	160,501	–	786,631

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

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

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

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

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

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

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

A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management of the Manager to assist in monitoring the liquidity risk. The Manager also monitors and observes the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore concerning limits on total borrowings. The Manager is of the view that cash from operating activities will be sufficient to meet the current requirements to support ongoing operations, capital expenditures, and debt repayment obligations. The Trust's structure necessitates raising funds through debt financing and the capital markets to fund strategic acquisitions and capital expenditures. The Manager also ensures that there are sufficient funds for declared and payable distributions and any other commitments.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

### 28F. Interest rate risk

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

	Group		Trust	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities with interest:</b>				
Fixed rates	447,082	472,886	-	-
Floating rates	241,930	151,473	141,930	151,473
Total at end of the year	689,012	624,359	141,930	151,473

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

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

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

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

*Sensitivity analysis:*

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

### 28G. Foreign currency risk

Analysis of amounts denominated in non-functional currency:

	Singapore Dollars	United States Dollars	Total
	\$'000	\$'000	\$'000
<b>Group</b>			
<b>2015:</b>			
<b>Financial assets:</b>			
Cash and cash equivalents	11,823	1,232	36,163
Total financial assets	11,823	1,232	36,163
<b>Financial liabilities:</b>			
Other financial liabilities	-	-	-
Net financial assets at end of the year	11,823	1,232	36,163
	Singapore Dollars	United States Dollars	Total
	\$'000	\$'000	\$'000
<b>2014:</b>			
<b>Financial assets:</b>			
Cash and cash equivalents	17,463	323	17,786
Total financial assets	17,463	323	17,786
<b>Financial liabilities:</b>			
Other financial liabilities	-	-	-
Net financial assets at end of the year	17,463	323	17,786

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

### 28G. Foreign currency risk (cont'd)

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

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

*Sensitivity analysis:*

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
A hypothetical 10% (2014: 10%) strengthening in the exchange rate of the functional currency IDR against USD with all other variables held constant would have an adverse effect on total return before tax of	(123)	(32)
A hypothetical 10% (2014: 10%) strengthening in the exchange rate of the functional currency IDR against SGD with all other variables held constant would have an adverse effect on total return before tax of	<u>(1,182)</u>	<u>(1,746)</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

### 28G. Foreign currency risk (cont'd)

*Sensitivity analysis (cont'd):*

	Trust	
	2015	2014
	\$'000	\$'000
A hypothetical 10% (2014: 10%) strengthening in the exchange rate of the functional currency SGD against IDR with all other variables held constant would have an adverse effect on total return before tax of	(13,423)	(12,653)

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

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

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

## 29. CAPITAL COMMITMENTS

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 30. OPERATING LEASE INCOME COMMITMENTS – AS LESSOR

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 31. OTHER MATTERS

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

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

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

#### Plaza Semanggi

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

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

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

#### Bandung Indah Plaza

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



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 31. OTHER MATTERS (CONT'D)

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

#### Bandung Indah Plaza (cont'd)

PT Megah has the following obligations to PDJK:

- (a) Revenue sharing for shopping centre I for the period from 19 August 1992 to 31 December 2030 at 2% of the rental income of shops and retail per year and shall increase at 0.25% every 4 years. The increase commenced in May 2008;
- (b) Revenue sharing for shopping centre II for the period 1 May 1994 to 31 December 2030 at 2% of rental income of shops and retail per year and shall increase at 0.25% every 4 years. The increase commenced in May 2008;
- (c) 5% of net operational profits, commenced in August 1995;
- (d) 5% of net income from rental of open areas, promotional spaces and corridors commenced in August 2005;
- (e) Profit sharing with respect to parking spaces from August 2005 at 40% of parking net income after deducting contribution to Parking Management Institution (Badan Pengelola Perparkiran – "BPP") and other expenses, VAT of 10%, interest expense, depreciation of parking facility, with maximum threshold of the expenses is 76% of rental income, provided that if the VAT no longer prevails or the government changes the figure of the VAT then the percentage of expenses will be mutually agreed by both parties;
- (f) Both PT Megah and PDJK will share the net rental revenue of the cinema up to August 2020 based on 50% ratio each. Profit share after 2020 will be determined later; and
- (g) The revenue sharing for commercial space is at 2% of the rental income of commercial space per year and shall increase 0.25% every 4 years from May 2008.

#### Palembang Icon

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 32. EVENTS AFTER THE END OF THE REPORTING YEAR

- (i) On 4 January 2016, the Group drew down a \$100,000,000 term loan, maturing on 4 January 2019, at 2.0% interest margin over the relevant swap rate. The proceeds were used to repay the existing \$100,000,000 bridging loan, which matured on 4 January 2016 (Note 22A).
- (ii) On 8 January 2016, the Trust, through Kuta1 Holdings Pte Ltd, entered into a conditional sale and purchase agreement (the "Property CSPA") with PT Pamor Paramita Utama, an indirect wholly owned subsidiary of PT Lippo Karawaci Tbk, for the acquisition of Lippo Mall Kuta for a total estimated purchase consideration of \$92,700,000.
- (iii) On 3 February 2016, the Trust has entered into a joint venture with First Real Estate Investment Trust ("First REIT") for a proposed joint acquisition of an integrated development, comprising a hospital component known as "Siloam Hospitals Yogyakarta ("SHYG") and a retail mall component known as Lippo Plaza Jogja ("LPJ", together with "SHYG", the "Property") for a total estimated purchase consideration of \$91,800,000.

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

- (iv) On 23 February 2016, a final distribution of 0.81 cents per unit was declared totalling \$22,691,000, in respect of the quarter ended 31 December 2015.
- (v) The Trust acquired Lippo Mall Kemang ("LMK") before Strata Title Certificates relating to LMK were issued. As protection for the Unitholders, the Trustee, together with PT Almaron Perkasa (the vendor of LMK, which is 92% owned by the Sponsor), and PT Wisma Jatim Propertindo ("PT WJP") (a wholly-owned subsidiary of the Sponsor), had on 14 September 2014 entered into a Put Option Agreement. The agreement provides that if the Strata Title Certificates relating to LMK are not issued in the name of PT Kemang Mall Terpadu ("PT KMT") on the expiry of 12 months from the date of the LMK Conditional Sales and Purchase Agreement, the Trustee will have the Put Option to require PT WJP and/or other entities appointed by PT WJP, which are agreeable to the Trustee, to purchase the Trust's entire shareholding interest in PT KMT at the Put Option price.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 33. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

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

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

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

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

FRS No.	Title	Effective date for periods beginning on or after
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018

## 35. COMPARATIVE FIGURES

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

## 36. LISTING OF INVESTMENTS IN SUBSIDIARIES

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

### Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

**Name of Subsidiaries, Country of Incorporation,  
Place of Operations and Principal Activities**

	Cost	
	2015	2014
	\$'000	\$'000
<b>Singapore</b>		
Matos Properties Pte Ltd Investment holding	20,369	20,785
Detos Properties Pte Ltd Investment holding	21,460	20,767
Palladium Properties Pte Ltd Investment holding	47,025	21,573
Madiun Properties Pte Ltd Investment holding	24,965	25,310
GMP International Holdings Pte Ltd Investment holding	765	765
MLC Holdings Pte Ltd Investment holding	765	765
CJ Retail Investments Pte Ltd Investment holding	89	89
Maxia Investments Pte Ltd Investment holding	535	535
Fenton Investments Pte Ltd Investment holding	1,256	1,256
EP International Investments Pte Ltd Investment holding	60	60
Plaza Semanggi Investments Pte Ltd Investment holding	161	161
PV International Holdings Pte Ltd Investment holding	169,306	172,935
Pluit Village Investments Pte Ltd Investment holding	29,189	29,189
PMF Holdings Pte Ltd Investment holding	48,159	51,648

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

Name of Subsidiaries, Country of Incorporation,  
Place of Operations and Principal Activities

	Cost	
	2015	2014
	\$'000	\$'000
<b>Singapore</b>		
Plaza Medan Investments Pte Ltd Investment holding	1*	1*
PSX Holdings Pte Ltd Investment holding	11,605	12,614
Palembang Square Holdings Pte Ltd Investment holding	61,011	61,193
Taminis Holdings Pte Ltd Investment holding	19,952	20,054
Kramati Holdings Pte Ltd Investment holding	40,766	41,866
Binjaimall Holdings Pte Ltd Investment holding	29,693	30,161
Pejaten Holdings Pte Ltd Investment holding	88,015	89,622
Super Binjai Investment Pte Ltd Investment holding	1*	1*
Pejatenmall Investment Pte Ltd Investment holding	1*	1*
Kramat Jati Investment Pte Ltd Investment holding	1*	1*
Tamini Square Investment Pte Ltd Investment holding	1*	1*
Palem Square Investment Pte Ltd Investment holding	1*	1*
PSEXT Investment Pte Ltd Investment holding	1*	1*

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

**Name of Subsidiaries, Country of Incorporation,  
Place of Operations and Principal Activities**

	Cost	
	2015	2014
	\$'000	\$'000
<b>Singapore</b>		
LMIRT Capital Pte Ltd Provision of treasury services	1*	1*
KMT 1 Holdings Pte Ltd Investment holding	354,398	362,050
KMT 2 Investment Pte Ltd Investment holding	16,104	16,104
Picon1 Holdings Pte Ltd Investment holding	78,272	-
Picon2 Investments Pte Ltd Investment holding	10,807	-
Kuta1 Holdings Pte Ltd Investment holding	1*	-
Kuta2 Investments Pte Ltd Investment holding	1*	-
Icon1 Holdings Pte Ltd Investment holding	1*	-
Icon2 Investments Pte Ltd Investment holding	1*	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

Name of Subsidiaries, Country of Incorporation,  
Place of Operations and Principal Activities

	Cost	
	2015	2014
	\$'000	\$'000
<b>Indonesia</b>		
PT Graha Baru Raya Owner of Gajah Mada Plaza	805	805
PT Graha Nusa Raya Owner of Mal Lippo Cikarang	805	805
PT Cibubur Utama Owner of Cibubur Junction	1,772	1,772
PT Megah Semesta Abadi Owner of Bandung Indah Plaza	10,692	10,692
PT Suryana Istana Pasundan Owner of Istana Plaza	25,112	25,112
PT Indah Pesona Bogor Owner of Ekalokasari Plaza	1,208	1,208
PT Primatama Nusa Indah Owner of The Plaza Semanggi	3,222	3,222
PT Manunggal Wiratama Owner of Sun Plaza	10,476	10,476
PT Duta Wisata Loka Owner of Pluit Village	30,031	30,031
PT Anugrah Prima Owner of Plaza Medan Fair	14,630	14,630
PT Amanda Cipta Utama Owner of Binjai Supermall	6,270	6,270
PT Panca Permata Pejaten Owner of Pejaten Village	15,929	15,929
PT Benteng Teguh Perkasa Owner of Lippo Plaza Kramat Jati	10,263	10,263



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

Name of Subsidiaries, Country of Incorporation,  
Place of Operations and Principal Activities

	Cost	
	2015	2014
	\$'000	\$'000
<b>Indonesia</b>		
PT Cahaya Megah Nusantara Owner of Tamini Square	2,566	2,566
PT Jaya Integritas Owner of Palembang Square	2,566	2,566
PT Palembang Paragon Mall Owner of Palembang Square Extension	4,362	4,362
PT Cahaya Bimasakti Nusantara Owner of Palembang Square Extension	2,566	2,566
PT Dinamika Serpong Owner of Mall WTC Matahari Units	805	805
PT Gema Metropolis Modern Owner of Metropolis Town Square Units	805	805
PT Matos Surya Perkasa Owner of Malang Town Square Units	805	805
PT Megah Detos Utama Owner of Depok Town Square Units	805	805
PT Palladium Megah Lestari Owner of Grand Palladium Units and Lippo Plaza Batu	5,364	805
PT Madiun Ritelindo Owner of Plaza Madiun Units	805	805
PT Java Mega Jaya Owner of Java Supermall Units	805	805
PT Kemang Mall Terpadu Owner of Lippo Mall Kemang	64,417	64,417
PT Griya Inti Sejatera Insani Owner of Palembang Icon	5,223	-

\* Amount is less than \$1,000.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2015

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

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

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

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

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

# Independent Auditor's Report

To the Unitholders of Lippo Malls Indonesia Retail Trust

## Report on the financial statements

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

## Manager's responsibility for the financial statements

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

## Auditor's responsibility

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

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

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

## Opinion

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

RSM Chio Lim LLP  
Public Accountants and  
Chartered Accountants  
Singapore

25 March 2015

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

# Statements of Total Return

Year Ended 31 December 2014

	Notes	Group		Trust	
		2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
<b>Gross revenue</b>	4	136,985	152,599	81,564	86,016
Property operating expenses	5	(10,978)	(9,239)	–	–
<b>Net property income</b>		126,007	143,360	81,564	86,016
Interest income		2,925	1,687	541	–
Other gains	6	642	3,645	558	3,645
Manager's management fees	7	(9,408)	(10,349)	(9,408)	(10,349)
Trustee's fees		(300)	(322)	(300)	(322)
Finance costs	8	(34,409)	(30,602)	(34,583)	(30,373)
Other expenses	9	(1,355)	(1,470)	(1,265)	(1,132)
<b>Net income before the undernoted</b>		84,102	105,949	37,107	47,485
Increase/(decrease) in fair values of investment properties	14	4,536	(24,022)	–	–
Realised gains/(losses) on derivative financial instruments		7,454	(8,409)	7,454	(8,409)
Increase in fair values of derivative financial instruments	26	221	9,492	221	9,492
Realised foreign exchange adjustment losses		(5,035)	(3,542)	(5,221)	(3,791)
Unrealised foreign exchange adjustment (losses)/gains		(1,363)	1,627	2,869	(23,767)
<b>Total return for the year before income tax</b>		89,915	81,095	42,430	21,010
Income tax expenses	10	(26,093)	(10,655)	(367)	(1,721)
<b>Total return for the year after income tax</b>		63,822	70,440	42,063	19,289
<b>Other comprehensive return/(loss):</b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Exchange differences on translating foreign operations		52,467	(321,109)	–	–
<b>Total comprehensive return/(loss)</b>		116,289	(250,669)	42,063	19,289
		<b>Cents</b>	<b>Cents</b>		
<b>Earnings per unit in cents</b>					
Basic and diluted earnings per unit	11	2.59	3.17		

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

# Statements of Distribution

Year Ended 31 December 2014

	Group		Trust	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<b>Total return for the year after income tax</b>	63,822	70,440	42,063	19,289
Less: net adjustments (Note A below)	4,192	2,583	25,951	53,734
<b>Income available for distribution to unitholders</b>	<b>68,014</b>	<b>73,023</b>	<b>68,014</b>	<b>73,023</b>
<b>Distributions to unitholders:</b>				
Total interim distribution paid in the year ended 31 December (Note 12)	50,418	59,217	50,418	59,217
Total return available for distribution to unitholders for the quarter ended 31 December paid after year end (Note 12)	17,596	13,806	17,596	13,806
	<b>68,014</b>	<b>73,023</b>	<b>68,014</b>	<b>73,023</b>
<b>Unitholders' distribution:</b>				
- As distribution from operations	46,422	53,668	46,460	53,668
- As distribution of unitholders' capital contribution	21,592	19,355	21,554	19,355
	<b>68,014</b>	<b>73,023</b>	<b>68,014</b>	<b>73,023</b>
<b>Note A</b>				
<b>Net adjustments:</b>				
(Increase)/decrease in fair values of investment properties, net of deferred tax	(2,716)	7,397	-	-
Manager's management fees settled in units	5,040	5,734	5,040	5,734
Depreciation of plant and equipment	726	571	-	-
Increase in fair values of derivative financial instruments	(221)	(9,492)	(221)	(9,492)
Unrealised foreign exchange adjustment losses/(gains)	1,363	(1,627)	2,869	23,767
Capital repayment of shareholders' loans	-	-	21,592	19,355
Exchange differences arising from recognising dividend income	-	-	1,063	5,281
Allocation of realised exchange differences to capital repayment of shareholder's loan	-	-	(2,419)	3,788
Other adjustments <sup>(1)</sup>	-	-	(1,973)	5,301
	<b>4,192</b>	<b>2,583</b>	<b>25,951</b>	<b>53,734</b>

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

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

# Statements of Financial Position

As at 31 December 2014

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

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

# Statements of Changes in Unitholders' Funds

Year Ended 31 December 2014

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

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

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

Year Ended 31 December 2014

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

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



# Statement of Cash Flows

Year Ended 31 December 2014

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

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

# Statement of Cash Flows (Cont'd)

Year Ended 31 December 2014

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

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

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

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

# Statement of Portfolio

As at 31 December 2014

## By Geographical Area

### Group

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

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

# Statement of Portfolio (Cont'd)

As at 31 December 2014

## By Geographical Area

### Group

Description of Property/ Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	31	Percentage	31	Percentage
			December 2014	of Total Net Assets as at 31 December 2014	December 2013	of Total Net Assets as at 31 December 2013
			\$'000	%	\$'000	%

### Indonesia

#### Retail Malls (Cont'd)

Mal Lippo Cikarang Address: Jalan MH Thamrin, Lippo Cikarang, Sub-District of Cibatu, District of Lemah Abang, Regency of Bekasi, West Java-Indonesia Acquisition date: 19 November 2007	39,293	HGB Title Expires on 5 May 2023 Revalued at 31 December 2014	60,272	5.24	54,413	5.39
Ekalokasari Plaza Address: Jalan Siliwangi No. 123, Sub-District of Sukasari, District of Kota Bogor Timur, Administrative City of Bogor, West Java-Indonesia Acquisition date: 19 November 2007	57,223	BOT Scheme Expires on 27 June 2032 Revalued at 31 December 2014	43,626	3.79	40,368	4.00
Bandung Indah Plaza Address: Jalan Merdeka No. 56, Sub-District of Citarum, District of Bandung Wetan, Regency of Bandung, West Java-Indonesia Acquisition date: 19 November 2007	75,868	BOT Scheme Expires on 31 December 2030 Revalued at 31 December 2014	85,507	7.44	86,561	8.57

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

# Statement of Portfolio (Cont'd)

As at 31 December 2014

## By Geographical Area

### Group

Description of Property/ Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	31	Percentage	31	Percentage
			December 2014	of Total Net Assets as at 31 December 2014	December 2013	of Total Net Assets as at 31 December 2013
			\$'000	%	\$'000	%

### Indonesia

#### Retail Malls (Cont'd)

Istana Plaza Address: Jalan Pasir Kaliki No. 121 – 123, Sub-District of Pamayonan, District of Cicendo, Regency of Bandung, West Java-Indonesia Acquisition date: 19 November 2007	46,809	BOT Scheme Expires on 17 January 2034 Revalued at 31 December 2014	77,953	6.78	77,198	7.65
Sun Plaza Address: Jalan Haji Zainul Arifin No. 7, Madras Hulu, Medan Polonia, Medan, North Sumatra-Indonesia Acquisition date: 31 March 2008	100,000	HGB Title Expires on 24 November 2032 Revalued at 31 December 2014	179,260	15.59	167,816	16.62
Pluit Village Address: Jalan Pluit Indah Raya, Sub-District of Pluit, District of Penjaringan, City of North Jakarta, Province of DKI Jakarta, Indonesia Acquisition date: 6 December 2011	134,576	BOT Scheme Expires on 9 June 2027 Revalued at 31 December 2014	139,225	12.12	146,176	14.48

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

# Statement of Portfolio (Cont'd)

As at 31 December 2014

## By Geographical Area

### Group

Description of Property/ Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	31	Percentage	31	Percentage
			December 2014	of Total Net Assets as at 31 December 2014	December 2013	of Total Net Assets as at 31 December 2013
			\$'000	%	\$'000	%

### Indonesia

#### Retail Malls (Cont'd)

Plaza Medan Fair Address: Jalan Jendral Gatot Subroto, Sub-District of Sekip, District of Medan Petisah, City of Medan, Province of North Sumatera, Indonesia Acquisition date: 6 December 2011	99,345	BOT Scheme Expires on 23 August 2027 Revalued at 31 December 2014	121,677	10.59	114,652	11.36
Palembang Square Extension Address: Jalan Angkatan 45/POM IX, Lorok Pakjo Sub District, Ilir Barat 1 District, Palembang City, South Sumatera Province, Indonesia Acquisition date: 15 October 2012	23,105	BOT Scheme Expires on 24 January 2041 Revalued at 31 December 2014	27,325	2.38	24,569	2.43
Lippo Plaza Kramat Jati (previously known as Kramat Jati Indah Plaza) Address: Jalan Raya Bogor Km 19, Kramat Jati Sub District, Kramat Jati District, East Jakarta Region, DKI Jakarta Province, Indonesia Acquisition date: 15 October 2012	65,957	HGB Title Expires on 24 October 2024 Revalued at 31 December 2014	61,198	5.32	58,798	5.82

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

# Statement of Portfolio (Cont'd)

As at 31 December 2014

## By Geographical Area

### Group

Description of Property/ Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	31	Percentage	31	Percentage
			December 2014	of Total Net Assets as at 31 December 2014	December 2013	of Total Net Assets as at 31 December 2013
			\$'000	%	\$'000	%

### Indonesia

#### Retail Malls (Cont'd)

Tamini Square Address: Jalan Raya Taman Mini Pintu 1 No.15, Pinang Ranti Sub District, Makasar Distrik, East Jakarta Region, DKI Jakarta Province, Indonesia Acquisition date: 14 November 2012	18,963	Strata Title constructed on HGB Title common land Expires on 26 September 2035 Revalued at 31 December 2014	25,208	2.19	25,700	2.55
Palembang Square Address: Jalan Angkatan 45/POM IX, Lorok Pakjo Sub District, Ilir Barat 1 District, Palembang City, South Sumatera Province, Indonesia Acquisition date: 14 November 2012	43,378	Strata Title constructed on HGB Title common land Expires on 1 September 2039 Revalued at 31 December 2014	68,428	5.95	65,229	6.46
Pejaten Village Address: Jalan Warung Jati Barat No.39, Jati Padang Sub District, Pasar Minggu District, South Jakarta Region, DKI Jakarta Province, Indonesia Acquisition date: 20 December 2012	84,771	HGB Title Expires on 3 November 2027 Revalued at 31 December 2014	102,237	8.89	97,713	9.68

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

# Statement of Portfolio (Cont'd)

As at 31 December 2014

## By Geographical Area

### Group

Description of Property/ Location/ Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/Last Valuation Date	31	Percentage	31	Percentage
			December 2014	of Total Net Assets as at 31 December 2014	December 2013	of Total Net Assets as at 31 December 2013
			\$'000	%	\$'000	%

### Indonesia

#### Retail Malls (Cont'd)

Binjai Supermall Address: Jalan Soekarno Hatta No.14, Timbang Langkat Sub District, East Binjai District, Binjai City, North Sumatera Province, Indonesia Acquisition date: 28 December 2012	44,153	HGB Title Expires on 2 September 2036 Revalued at 31 December 2014	28,443	2.47	27,467	2.72
Lippo Mall Kemang Address: Jalan Kemang VI, Bangka Sub District, Mampang Prapatan District, South Jakarta, DKI Jakarta Province, Indonesia Acquisition date: 17 December 2014	150,932	Strata Title Constructed on HGB Title common land Expires on 2 July 2036 Revalued at 31 December 2014	354,340	30.82	-	-

### Indonesia

#### Retail Spaces

Mall WTC Matahari Units Address: Jalan Raya Serpong No. 39, Sub-District of Pondok Jagung, District of Serpong, Regency of Tangerang, Banten-Indonesia Acquisition date: 19 November 2007	11,184	Strata Title constructed on HGB Title common land Expires on 8 April 2018 Revalued at 31 December 2014	18,105	1.57	18,280	1.81
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The accompanying notes form an integral part of these financial statements.



# Statement of Portfolio (Cont'd)

As at 31 December 2014

## By Geographical Area

### Group

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

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

# Statement of Portfolio (Cont'd)

As at 31 December 2014

## By Geographical Area

### Group

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

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

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

# Notes to the Financial Statements

31 December 2014

## 1. GENERAL

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

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

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

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

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

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Accounting convention

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

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

### **Basis of presentation**

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

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

### **Basis of preparation of financial statements**

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

### **Revenue recognition**

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

#### Rental income from operating leases

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

#### Interest income

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

#### Dividend income

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

#### Revenue from rendering of services

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

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

### Income tax

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

### Foreign currency transactions

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

### Translation of financial statements of other entities

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

### Segment reporting

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

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

### **Borrowing costs**

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

### **Unit based payments**

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

### **Plant and equipment**

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

Plant and equipment – 25%

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

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

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

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

### **Investment property**

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

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

### Leases

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

### Intangible asset

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

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

The useful live is as follows:

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

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

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

### Subsidiaries

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

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

### Business combinations

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

### Impairment of non-financial assets

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

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



# Notes to the Financial Statements (Cont'd)

31 December 2014

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

### Financial assets

Initial recognition, measurement and derecognition:

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

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

Subsequent measurement:

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

- #1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. These assets are carried at fair value by reference to the transaction price or current bid prices in an active market. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss. They are classified as non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting year.
- #2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not to be classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

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

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

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

### Cash and cash equivalents

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

### Hedging

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

### Derivatives

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

### Financial liabilities

Initial recognition, measurement and derecognition:

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

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

Subsequent measurement:

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

- #1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
- #2. Other financial liabilities: All liabilities, which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

# Notes to the Financial Statements (Cont'd)

31 December 2014

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

### Fair value measurement

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

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

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

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

### Net assets attributable to unitholders

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

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

### Provisions

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

### Critical judgements, assumptions and estimation uncertainties

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

Fair values of investment properties:

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

Income tax amounts:

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

Deferred tax: Recovery of underlying assets:

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

Determination of functional currency:

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

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

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

Allowance for doubtful trade accounts:

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

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

Fair value of derivatives financial instruments:

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

## 3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

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

The ultimate controlling party is PT Lippo Karawaci Tbk.

### **3A. Related companies:**

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

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

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

### **3B. Related parties other than related companies:**

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

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

#### (A) Trustee's fees

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

#### (B) Manager's management fees

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

- (i) A base fee ("Base Fee") of 0.25% per annum of the value of the Deposited Property;
- (ii) A performance fee ("Performance Fee") is fixed at 4.0% per annum of the Group's Net Property Income ("NPI") (calculated before accounting for this additional fee in the reporting year). NPI in relation to real estate, whether held directly by the Trust or indirectly through a special purpose company, and in relation to any year or part thereof, means its property income less property operating expenses for such real estate for that year or part thereof. The Manager may opt to receive the performance fee in the form of units or and/or cash;
- (iii) An authorised investment management fee of 0.5% per annum of the value of Authorised Investments which are not in the form of real estate (whether held directly by the Trust or indirectly through one or more subsidiaries). Where such authorised investment is an interest in a property fund (either a REIT or private property fund) wholly managed by a wholly-owned subsidiary of PT Lippo Karawaci Tbk ("Sponsor"), no authorised investment management fee shall be payable in relation to such authorised investment;
- (iv) Manager's acquisition fee ("Acquisition Fee") is determined at 1.0% of value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting); and
- (v) Divestment fee ("Divestment Fee") at the rate of 0.5% of the sales price of any Authorised Investment directly or indirectly sold or divested from time to time by the Trustee on behalf of the Trust. The Manager may opt to receive the divestment fee in the form of units and/or cash.

# Notes to the Financial Statements (Cont'd)

31 December 2014

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

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

#### (C) Property manager's fees

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

- (i) 2% per annum of the gross revenue for the relevant Retail Mall;
- (ii) 2% per annum of the net property income for relevant Retail Mall (after accounting for the fee of 2% per annum of the gross revenue for the relevant Retail Mall);
- (iii) 0.5% per annum of the net property income for the relevant Retail Mall in lieu of leasing commissions otherwise payable to the Property Manager and/or third party agents; and
- (iv) Rp.60,000,000 (2013: Rp.60,000,000) per annum for the relevant Retail Space.

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

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

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

Significant related party transactions:

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

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

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

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

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

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

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

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

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



# Notes to the Financial Statements (Cont'd)

31 December 2014

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

### 3C. Key management compensation:

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

## 4. GROSS REVENUE

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

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

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

## 5. PROPERTY OPERATING EXPENSES

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 6. OTHER GAINS

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

## 7. MANAGER'S MANAGEMENT FEES

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

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

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 8. FINANCE COSTS

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

## 9. OTHER EXPENSES

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

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

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

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 10. INCOME TAX

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

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

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

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 10. INCOME TAX (CONT'D)

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

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

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

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

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

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

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

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

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

#### Taxation of Income from Indonesia Properties

##### Corporate Income Tax in Indonesia

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 10. INCOME TAX (CONT'D)

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

#### Withholding Tax in Indonesia

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

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

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

#### Dividends from Indonesia Subsidiaries

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

- (a) In the year the dividends are received in Singapore, the headline corporate tax rate in the foreign country from which the dividends are received is at least 15%;
- (b) The dividends have been subject to tax in the foreign country from which they are received; and
- (c) The Singapore Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the Singapore subsidiaries.

#### Dividends from Singapore Subsidiaries

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

#### Interest Income from Indonesia Subsidiaries

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

#### Redemption of Redeemable Preference Shares in Singapore Subsidiaries

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

#### Receipt from Indonesia Subsidiaries for Repayment of Shareholder Loans

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 11. EARNINGS PER UNIT

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

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

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

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

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

## 12. DISTRIBUTIONS

### Distribution Type

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

	Group and Trust			
	2014	2013	2014	2013
	Cents per unit	Cents per unit	\$'000	\$'000
Tax-exempt income <sup>(1)</sup> :	1.41	2.01	34,742	43,973
Capital <sup>(2)</sup> :	0.64	0.68	15,676	15,244
Subtotal:	2.05	2.69	50,418	59,217

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 12. DISTRIBUTIONS (CONT'D)

### Distribution Type (Cont'd)

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

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

<sup>(1)</sup> Unitholders are exempt from tax on such distributions.

<sup>(2)</sup> 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.

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

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

### Current distribution policy:

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

## 13. PLANT AND EQUIPMENT

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

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



# Notes to the Financial Statements (Cont'd)

31 December 2014

## 14. INVESTMENT PROPERTIES

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

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

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 14. INVESTMENT PROPERTIES (CONT'D)

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

### 2014:

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

### 2013:

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

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

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

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

Relationship of unobservable inputs to fair value:

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 14. INVESTMENT PROPERTIES (CONT'D)

Sensitivity analysis on management's estimates:

1. Discount rates

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

2. Growth rates

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

3. Terminal discount rates

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

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

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

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

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

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

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

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

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

(c) Strata Title

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 14. INVESTMENT PROPERTIES (CONT'D)

### (d) Hak Pengelolaan ("HPL") Title

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

### (e) Kiosks Sale and Purchase Binding Agreement

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

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

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

## 15. INTANGIBLE ASSET

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

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 16. INVESTMENTS IN SUBSIDIARIES

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

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

The list of the subsidiaries is in Note 37.

## 17. TRADE AND OTHER RECEIVABLES, CURRENT

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

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

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 18. OTHER ASSETS, CURRENT

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

## 19. CASH AND CASH EQUIVALENTS

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

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

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

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

### 19A. Non-cash and other transactions

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

1. Units issued as settlement of performance fee element of the Manager's management fees (Note 7); and
2. Units issued as payment for consideration in relation to the acquisition of Lippo Mall Kemang (Note 20).

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 20. TOTAL UNITHOLDERS' FUNDS

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

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

### Issues in 2014:

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

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

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

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 20. TOTAL UNITHOLDERS' FUNDS (CONT'D)

### Issues in 2013:

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

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

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

### Issuable at end of the reporting year:

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

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

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

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

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

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

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

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

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



# Notes to the Financial Statements (Cont'd)

31 December 2014

## 20. TOTAL UNITHOLDERS' FUNDS (CONT'D)

### Capital management:

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

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

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

## 21. UNITS IN ISSUE

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 22. OTHER FINANCIAL LIABILITIES

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 22. OTHER FINANCIAL LIABILITIES (CONT'D)

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

The non-current portion is repayable as follows:

Due within 2 to 5 years

After 5 years

Total non-current portion

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

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

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

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

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

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 22. OTHER FINANCIAL LIABILITIES (CONT'D)

### 22A. Bank loan (secured)

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

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

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

- (i) The Trust to procure that none of its subsidiaries will create or have any outstanding security over the relevant retail malls and spaces, the shares and the charged assets (collectively "Relevant Assets"). The carrying amount of the relevant assets at the end of the reporting year was \$478,872,000 (2013: \$462,811,000).
- (ii) The Trust shall not without prior consent in writing from the lender:
  - (a) sell, transfer or dispose any of the Relevant Assets on terms whereby they are leased or re-acquired by any other members of the Group;
  - (b) sell, transfer or dispose any of its receivables in relation to the Relevant Assets on recourse terms;
  - (c) enter into any arrangement in relation to the Relevant Assets, under which money or the benefit of a bank or other account may be applied, set off or made subject to a combination of accounts; and
  - (d) enter into any preferential arrangement in relation to the Relevant Assets having a similar effect;

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

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

### 22B. Medium term notes (unsecured)

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

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

- (i) \$200,000,000 4.88% notes due 2015. The \$200,000,000 notes were issued on 6 July 2012 and will mature on 6 July 2015 and bear a fixed interest rate of 4.88% per annum payable semi-annually in arrears;
- (ii) \$50,000,000 5.875% notes due 2017. The \$50,000,000 notes were issued on 6 July 2012 and will mature on 6 July 2017 and bear a fixed interest rate of 5.875% per annum payable semi-annually in arrears;
- (iii) \$75,000,000 4.48% notes due 2017. The \$75,000,000 notes were issued on 28 November 2012 and will mature on 28 November 2017 and bear a fixed interest rate of 4.48% per annum payable semi-annually in arrears; and
- (iv) \$150,000,000 4.25% notes due 2016. The \$150,000,000 notes were issued on 4 October 2013 and will mature on 4 October 2016 and bear a fixed rate of 4.25% per annum payable semi-annually in arrears.

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

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 22. OTHER FINANCIAL LIABILITIES (CONT'D)

### 22C. Finance lease

	Minimum payments	Finance charges	Present value
	\$'000	\$'000	\$'000
<b>Group</b>			
<u>2014</u>			
<u>Minimum lease payments payable:</u>			
Due within one year	41	(2)	39
Due within 2 to 5 years	664	(85)	579
Due after 5 years	1,240	(331)	909
Total	1,945	(418)	1,527
	<b>Minimum payments</b>	<b>Finance charges</b>	<b>Present value</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<u>2013</u>			
<u>Minimum lease payments payable:</u>			
Due within one year	38	(2)	36
Due within 2 to 5 years	576	(137)	439
Due after 5 years	1,306	(334)	972
Total	1,920	(473)	1,447

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

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

Cibubur has the following payment obligations to Sarana:

- (a) US\$2,260,000 including VAT that is to be paid by instalments from the year 2004 until 2024 as follows:
- (i) US\$75,500 per year for the first 5 years;
  - (ii) US\$100,500 per year for the second 5 years;
  - (iii) US\$125,500 per year for the third 5 years; and
  - (iv) US\$150,500 per year for the fourth 5 years.

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 22. OTHER FINANCIAL LIABILITIES (CONT'D)

### 22C. Finance lease (Cont'd)

- (b) Goodwill compensation of Rp.1,500,000,000 that was paid as follows:
  - (i) Rp.500,000,000 was paid on 20 December 2004; and
  - (ii) Rp.1,000,000,000 was paid from 2005 until 2009 in 5 instalments of Rp.200,000,000 per year with the first instalment commencing 1 February 2005.
- (c) Monitoring fee of Rp.5,000,000 per month including VAT that is to be paid quarterly on 15 January, 15 April, 15 July and 15 October from 2004 until 2024.

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

PT DWL has the following payment obligations:

- (a) Rp.19,500,000,000 including VAT that is to be paid by instalments from the year 1996 until 2021 as follows:
  - (i) Rp.1,812,500,000 was paid in 1996;
  - (ii) Rp.1,993,750,000 was paid in 2001;
  - (iii) Rp.2,193,125,000 was paid in 2006;
  - (iv) Rp.4,212,437,500 was paid in 2011;
  - (v) Rp.4,453,681,250 is to be paid in 2016; and
  - (vi) Rp.4,834,506,250 is to be paid in 2021.

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

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

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

PT AP has the following payment obligations:

- (a) US\$1,089,770 including VAT that is to be paid by instalments of US\$49,535 per year from the year 2005 until 2026.
- (b) Goodwill compensation of US\$99,070 that was paid as follows:
  - (i) US\$84,000 was paid in 2002; and
  - (ii) US\$15,070 was paid in 2003.

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 22. OTHER FINANCIAL LIABILITIES (CONT'D)

### 22C. Finance lease (Cont'd)

PT PPM has the following payment obligations:

- (a) Rp.3,750,000,000 that is to be paid by instalments from year 2011 until 2040 as follows:
- (i) Rp.100,000,000 per year for the first 5 years;
  - (ii) Rp.110,000,000 per year for the second 5 years;
  - (iii) Rp.120,000,000 per year for the third 5 years;
  - (iv) Rp.130,000,000 per year for the fourth 5 years;
  - (v) Rp.140,000,000 per year for the fifth 5 years; and
  - (vi) Rp.150,000,000 per year for the sixth 5 years.
- (b) 40% retribution tax from the net parking income received by PT PPM each year.

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

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

## 23. OTHER LIABILITIES, NON-CURRENT

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

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

## 24. TRADE AND OTHER PAYABLES, CURRENT

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

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 25. OTHER LIABILITIES, CURRENT

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

## 26. DERIVATIVES FINANCIAL INSTRUMENTS

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

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

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

### 26A. Interest rate swap

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



# Notes to the Financial Statements (Cont'd)

31 December 2014

## 26. DERIVATIVES FINANCIAL INSTRUMENTS (CONT'D)

### 26B. Currency option contracts

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

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

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

### 26C. Fair values of derivatives financial instruments

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

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

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

## 27. FINANCIAL RATIOS

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

<sup>(1)</sup> 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.

<sup>(2)</sup> 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)

31 December 2014

## 28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

### 28A. Classification of financial assets and liabilities

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

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

Further quantitative disclosures are included throughout these financial statements.

### 28B. Financial risk management

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

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

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

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

### 28C. Fair value of financial instruments

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

### 28D. Credit risk on financial assets

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

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

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

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

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

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

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

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

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

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

### 28E. Liquidity risk – financial liabilities maturity analysis

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

	Less than 1 year \$'000	1 to 3 years \$'000	3 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<u>Non-derivative financial liabilities:</u>					
<u>2014</u>					
<u>Group</u>					
Gross borrowings commitments	223,409	302,160	160,501	–	686,070
Gross finance lease obligations	41	397	267	1,240	1,945
Trade and other payables	70,982	–	–	–	70,982
At end of the year	294,432	302,557	160,768	1,240	758,997
<u>Trust</u>					
Gross borrowings commitments	5,737	11,473	160,501	–	177,711
Trade and other payables	608,920	–	–	–	608,920
At end of the year	614,657	11,473	160,501	–	786,631
	Less than 1 year \$'000	1 to 3 years \$'000	3 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<u>Non-derivative financial liabilities:</u>					
<u>2013</u>					
<u>Group</u>					
Gross borrowings commitments	172,717	378,809	129,561	–	681,087
Gross finance lease obligations	38	387	189	1,306	1,920
Trade and other payables	24,222	–	–	–	24,222
At end of the year	196,977	379,196	129,750	1,306	707,229
<u>Trust</u>					
Gross borrowings commitments	150,285	–	–	–	150,285
Trade and other payables	384,518	–	–	–	384,518
At end of the year	534,803	–	–	–	534,803

# Notes to the Financial Statements (Cont'd)

31 December 2014

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

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

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

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

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

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

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

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

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

### 28F. Interest rate risk

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

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

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

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

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

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

#### *Sensitivity analysis:*

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

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

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

### 28G. Foreign currency risk

Analysis of amounts denominated in non-functional currency:

	Singapore Dollars \$'000	United States Dollars \$'000	Total \$'000
<b>Group</b>			
<u>2014:</u>			
<u>Financial Assets:</u>			
Cash and cash equivalents	17,463	323	17,786
Total financial assets	17,463	323	17,786
<u>Financial Liabilities:</u>			
Other financial liabilities	-	-	-
Net financial assets at end of the year	17,463	323	17,786
	Singapore Dollars \$'000	United States Dollars \$'000	Total \$'000
<u>2013:</u>			
<u>Financial Assets:</u>			
Cash and cash equivalents	80,400	480	80,880
Total financial assets	80,400	480	80,880
<u>Financial Liabilities:</u>			
Other financial liabilities	-	-	-
Net financial assets at end of the year	80,400	480	80,880

# Notes to the Financial Statements (Cont'd)

31 December 2014

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

### 28G. Foreign currency risk (Cont'd)

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

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

#### *Sensitivity analysis:*

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



# Notes to the Financial Statements (Cont'd)

31 December 2014

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

### 28G. Foreign currency risk (Cont'd)

*Sensitivity analysis: (Cont'd)*

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

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

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

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

## 29. CAPITAL COMMITMENTS

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

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

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

There has been no progress on this MOU.

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 30. OPERATING LEASE INCOME COMMITMENTS – AS LESSEE

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

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

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

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

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

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

## 31. OTHER MATTERS

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

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

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 31. OTHER MATTERS (CONT'D)

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

#### Plaza Semanggi

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

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

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

#### Bandung Indah Plaza

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

PT Megah has the following obligations to PDJK:

- (a) Revenue sharing for shopping centre I for the period from 19 August 1992 to 31 December 2030 at 2% of the rental income of shops and retail per year and shall increase at 0.25% every 4 years. The increase commenced in May 2008;
- (b) Revenue sharing for shopping centre II for the period 1 May 1994 to 31 December 2030 at 2% of rental income of shops and retail per year and shall increase at 0.25% every 4 years. The increase commenced in May 2008;
- (c) 5% of net operational profits, commenced in August 1995;
- (d) 5% of net income from rental of open areas, promotional spaces and corridors commenced in August 2005;
- (e) Profit sharing with respect to parking spaces from August 2005 at 40% of parking net income after deducting contribution to Parking Management Institution (Badan Pengelola Perparkiran – "BPP") and other expenses, VAT of 10%, interest expense, depreciation of parking facility, with maximum threshold of the expenses is 76% of rental income, provided that if the VAT no longer prevails or the government changes the figure of the VAT then the percentage of expenses will be mutually agreed by both parties;
- (f) Both PT Megah and PDJK will share the net rental revenue of the cinema up to August 2020 based on 50% ratio each. Profit share after 2020 will be determined later; and
- (g) The revenue sharing for commercial space is at 2% of the rental income of commercial space per year and shall increase 0.25% every 4 years. The increase commenced in May 2008.

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 32. CONTINGENT MATTER

### Matter in relation to Pluit Village

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

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

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

## 33. EVENTS AFTER THE END OF THE REPORTING YEAR

- (i) On 12 February 2015, a final distribution of 0.71 cents per unit was declared totalling \$17,596,000, in respect of the quarter ended 31 December 2014.
- (ii) Subsequent to the year-end, several interest rate swap contracts had been entered into by the Trust to convert the floating interest rate to the fixed rate, ranging from 1.85% to 1.88% per annum, for a total notional amount of \$155,000,000. The contracts would expire on 16 December 2018.
- (iii) Subsequent to the year-end, the Trust entered into 3 foreign currency option contracts to take into consideration the anticipated revenues in Indonesian Rupiah over operating expenses. The total notional amount of the contracts amounted to \$258,161,000, and would expire on 15 February 2017.

## 34. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

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

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

(\*) Not relevant to the entity.

# Notes to the Financial Statements (Cont'd)

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## 35. FUTURE CHANGES IN FINANCIAL REPORTING STANDARDS

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

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

(\*) Not relevant to the entity.

# Notes to the Financial Statements (Cont'd)

31 December 2014

## 36. COMPARATIVE FIGURES

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

## 37. LISTING OF INVESTMENTS IN SUBSIDIARIES

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

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

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

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

# Notes to the Financial Statements (Cont'd)

31 December 2014

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

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



# Notes to the Financial Statements (Cont'd)

31 December 2014

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

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

\* Amount is less than \$1,000.

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

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

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

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

## ISSUERS

*(in relation to the Notes)*

**LMIRT Capital Pte. Ltd.**

50 Collyer Quay  
#06-07 OUE Bayfront  
Singapore 049321

*(in relation to the Perpetual Securities and the Notes)*

**HSBC Institutional Trust Services (Singapore)  
Limited**

**(in its capacity as trustee of Lippo Malls  
Indonesia Retail Trust)**

21 Collyer Quay  
#13-02 HSBC Building  
Singapore 049320

## GUARANTOR

**HSBC Institutional Trust Services (Singapore) Limited**  
**(in its capacity as trustee of Lippo Malls Indonesia Retail Trust)**

21 Collyer Quay  
#13-02 HSBC Building  
Singapore 049320

## ARRANGERS

**BNP Paribas**

10 Collyer Quay  
#34-01 Ocean Financial Centre  
Singapore 049315

**Standard Chartered Bank**

Marina Bay Financial Centre (Tower 1)  
8 Marina Boulevard, Level 20  
Singapore 018981

## DEALERS

**BNP Paribas**

10 Collyer Quay  
#34-01 Ocean Financial Centre  
Singapore 049315

**Standard Chartered Bank**

Marina Bay Financial Centre (Tower 1)  
8 Marina Boulevard, Level 20  
Singapore 018981

**CIMB Bank Berhad**  
50 Raffles Place #09-01  
Singapore Land Tower  
Singapore 048623

**J.P. Morgan (S.E.A.) Limited**  
168 Robinson Road  
17th Floor Capital Tower  
Singapore 068912

**Oversea-Chinese Banking  
Corporation Limited**  
63 Chulia Street  
#03-05 OCBC Centre East  
Singapore 049514

## TRUSTEE

**Citicorp International Limited**

39<sup>th</sup> Floor,  
Citibank Tower  
3 Garden Road  
Central, Hong Kong

## ISSUING AND PAYING AGENT AND TRANSFER AGENT

**Citibank, N.A., London Branch**

c/o Ground Floor  
1 North Wall Quay  
Dublin 1  
Ireland

## REGISTRAR

*(for Securities cleared through Euroclear and Clearstream)*

**Citigroup Global Markets Deutschland AG**

Reuterweg 16  
60323, Frankfurt  
Germany

**CDP LODGING AND PAYING AGENT, REGISTRAR AND TRANSFER AGENT**  
*(for Securities cleared through CDP)*

**Citicorp Investment Bank (Singapore) Limited**

3 Changi Business Crescent  
#07-00, Citi Singapore  
Campus Tower 1  
Singapore 486026

**LEGAL ADVISERS**

*To the Issuers and the Guarantor  
in respect of Singapore law*

**Allen & Gledhill LLP**  
One Marina Boulevard  
#28-00  
Singapore 018989

*To the Arrangers, Dealers and Trustee  
in respect of English law*

**Allen & Overy LLP**  
50 Collyer Quay  
#09-01 OUE Bayfront  
Singapore 049321

**AUDITORS**

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