2. Dependency on the Regional Governments in Renewing the Company's Agreements

The continuity of the Company's agreements is dependent on renewals issued by regional governments. For example, The Aryaduta Hotel Pekanbaru is operated by the Company under a BOT (build, operate and transfer) agreement in accordance with the Cooperation Agreement No. 55 dated 17 September 1993 between the Company and the Regional Government. The BOT agreement gives the Company rights to build and operate the hotel, but not to own the land. The BOT agreement's term is 25 years, with an option for a 10-year renewal but there is no guarantee that the Regional Government will approve the renewal of the agreement.

3. Additional Expenses Relating to Environmental Problems

The Company is subject to the laws and regulations governing the environment, which among other things require the Company to monitor and dispose of its toxic wastes properly all the while bearing the cost of this endeavour, which can be quite significant. Non-compliance with this directive may lead to hefty fines, litigation and other sanctions. The Company prepared various strategic measures to reduce the impact of the risks of performance as well as sustainability of the Company.

Among the strategies are the asset light and capital-recycling strategies, the landbank for the next 10 year development period, a relatively large funding requirement, recurring business development in order to balance the fluctuating property market and the strategy to benefit from hedging to reduce the exchange rate fluctuations.

EVENTS AFTER THE REPORTING DATE

- On 8 January 2016, PT Pamor Paramita Utama, a subsidiary, entered into a conditional sales and purchase agreement of Lippo Mall Kuta (Bali) with Lippo Mall Indonesia Retail Trust (LMIRT) at a price of SGD81.8 Million (equivalent to Rp800 Billion). As of the date of the consolidated financial statements was issued no payment is received yet from LMIRT.
- On 20 January 2016, PT Kreasi Tunas Bangsa and PT Mega Indah Gemilang, subsidiaries, entirely acquired PT Prima Cipta Lestari from PT Mitra Prima Kreasi and PT Matahari Pasific, related parties, at an acquisition cost of Rp4,700,000,000.
- On 3 February 2016 PT Mulia Citra Abadi, a subsidiary, entered into a conditional sales and purchase agreement of Siloam Yogyakarta Hospitals and Lippo Plaza Yogyakarta, respectively, with First REIT and LMIRT at price of SGD40.82 Million and SGD51 Million respectively (equivalent to a total of Rp900 Billion). As of the date of the consolidated financial statements was issued no payment is received yet from First REIT and LMIRT.

DIVIDEND POLICY

The current dividend policy of the Company is:

Distribution Basis	Percentage Distribution
Net profit up to IDR300 billion	10%
> IDR300 bilion	15%-30%