CIRCULAR DATED 14 FEBRUARY 2022
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

lendlease
GLOBAL COMMERCIAL REIT

LENDLEASE GLOBAL COMMERCIAL REIT

(a real estate investment trust constituted on 28 January 2019 under the laws of the Republic of Singapore)

managed by

LENDLEASE GLOBAL COMMERCIAL TRUST MANAGEMENT PTE. LTD.

Circular to Unitholders in relation to:

1. **The proposed acquisition of the remaining interest in Jem through: (I) The proposed asset acquisition of Jem from Lendlease Commercial Investments Pte. Ltd. and Lendlease Retail Investments 3 Pte. Ltd., and (II) The proposed acquisition from Lendlease International Pty Limited of shares representing approximately 13.05% of the Issued Share Capital of Lendlease Asian Retail Investment Fund 3 Limited, which holds 75% interest in Jem, as an Interested Person Transaction;**
2. **The proposed issue of New Units to Lendlease International Pty Limited (or its nominee) in satisfaction of the consideration for the proposed acquisition of shares in Lendlease Asian Retail Investment Fund 3 Limited, as an Interested Person Transaction; and**
3. **The proposed issue of up to 1,265,346,000 New Units under the Equity Fund Raising**

IMPORTANT DATES AND TIMES FOR UNITHOLDERS	
Last date and time for pre-registration for Extraordinary General Meeting ("**EGM**") and lodgement of Proxy Forms:	**Friday, 4 March 2022 at 10.00 a.m.**
Date and time of EGM:	**Monday, 7 March 2022 at 10.00 a.m.**

Independent Financial Adviser to the Independent Directors
DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD
(Incorporated in the Republic of Singapore)
Company Registration Number: 200200144N

Joint Global Co-ordinators and Bookrunners in relation to the Equity Fund Raising (as defined herein)

citi   DBS   OCBC Bank

Singapore Exchange Securities Trading Limited (the "SGX-ST") assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this circular to holders of units in Lendlease Global Commercial REIT ("LREIT", and the units in LREIT, "Units", and the holders of Units, "Unitholders") dated 14 February 2022 (the "Circular"). If you are in any doubt about its contents or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Consideration Units (as defined herein) and the New Units (as defined herein) in LREIT to be issued on the Main Board of the SGX-ST. The SGX-ST's in-principle approval is not an indication of the merits of the proposed Acquisition (as defined herein), the Consideration Units, the New Units or any of the transactions contemplated in association with the proposed Acquisition, LREIT and/or its subsidiaries, the enlarged portfolio, the Property (as defined herein), the existing Units or the New Units.

If you have sold or transferred all your Units, you should immediately inform the purchaser or transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular (together with the Notice of Extraordinary General Meeting and/or the Proxy Form) may be accessed at LREIT's website at the URL https://www.lendleaseglobalcommercialreit.com/, and are also available on the website of the SGX-ST at the URL https://www.sgx.com/securities/company-announcements.

JEM

ONE OF SINGAPORE'S LARGEST SUBURBAN MALLS, LOCATED IN THE HEART OF JURONG EAST AND ANCHORED BY HIGH-QUALITY TENANTS

OVERVIEW OF THE PROPOSED ACQUISITION

To acquire the remaining 68.2% interest in Jem to obtain 100.0% direct ownership.

ABOUT THE PROPERTY

- ✓ Located in the heart of Jurong East
- ✓ Occupancy has remained consistently high at above 98% since the beginning of FY2019 even after the onset of the COVID-19 pandemic
- ✓ One of the largest suburban malls in Singapore with retail space across six levels, and 12 levels of Grade A office space which is fully leased to Singapore's Ministry of National Development
- ✓ Anchor tenants within the retail space include IKEA, FairPrice Xtra, Cathay Cineplexes and Don Don Donki
- ✓ First mixed-use asset in Singapore to be awarded the Green Mark Platinum version 4
- ✓ Received BCA's Universal Design Mark Gold Plus Design Award
- ✓ Ranked 2nd in the Asia Retail (Unlisted) category under the 2021 GRESB real estate assessment

JEM – DOMINANT SUBURBAN ASSET IN THE WEST

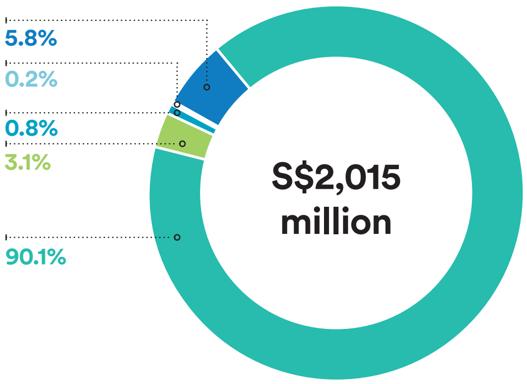
PROPERTY STATISTICS (AS AT 31 DECEMBER 2021, UNLESS OTHERWISE STATED)

S$2,079 million Agreed Property Value	**JLL: S$2,086 million** **CBRE: S$2,063 million** Appraised Value[1]	**99 years** Leasehold[2]
1,164,166 sq ft GFA	**892,502 sq ft** NLA	**65.1% Retail** **34.9% Office** split by NLA
4.4% FY2021 NPI Yield[3]	**100.0%** Committed Occupancy	**5.9 years** WALE[4]

TOTAL ACQUISITION COST AND METHOD OF FINANCING

The estimated total cost of the proposed acquisition is approximately S$2,015 million.

The Manager intends to finance the proposed acquisition via a combination of issuance of Consideration Units, Promissory Notes, debt, Equity Fund Raising (which may comprise a private placement and/or a preferential offering) and/or an issuance of perpetual securities.



Total Acquisition Cost	S$million
Property Purchase Consideration less the amount of Promissory Notes ("PN")	1,816
ARIF3 Purchase Consideration[5]	116
Stamp Duty	62
Acquisition Fee in Units[6]	17
Professional and Other Fees	4
Total	2,015

Property Purchase Consideration (less Promissory Notes) | Stamp Duty | Acquisition Fee in Units | Professional & Other Fees | ARIF3 Purchase Consideration

(1) As at 31 December 2021 based on valuation reports.
(2) Commencing from 27 September 2010.
(3) Based on NPI without the effects of COVID-19 related one-off rental abatements and expected credit loss. "FY2021" refers to the financial year ended 30 June 2021.
(4) By GRI as at 31 December 2021.
(5) The purchase consideration for the ARIF3 Share Acquisition (as defined herein) of approximately S$116 million (the "**ARIF3 Purchase Consideration**") will be satisfied by way of issuance of consideration units ("**Consideration Units**").
(6) Based on 1.0% of the Property Purchase Consideration of S$2,079 million, less any amounts paid as acquisition fees for LREIT's previous acquisitions of indirect interests in the Property through acquisitions of shares in ARIF3 and LLJP, payable in the form of units.

JEM

STRONG ALIGNMENT OF SPONSOR'S INTEREST WITH LREIT'S UNITHOLDERS

✓ LREIT's Sponsor has irrevocably committed to invest approximately S$234 million in the proposed acquisition.

- This comprises (i) Consideration Units of approximately S$116 million[1] in lieu of cash for the divestment of its stake in the Property and (ii) subscription for its pro rata share in the preferential offering of approximately S$117.8 million in the event that the Equity Fund Raising includes a preferential offering.

✓ Commitment will also further align the interests of the Manager and the Sponsor with Unitholders, incentivising the Manager to raise the performance of LREIT to the benefit of Unitholders.

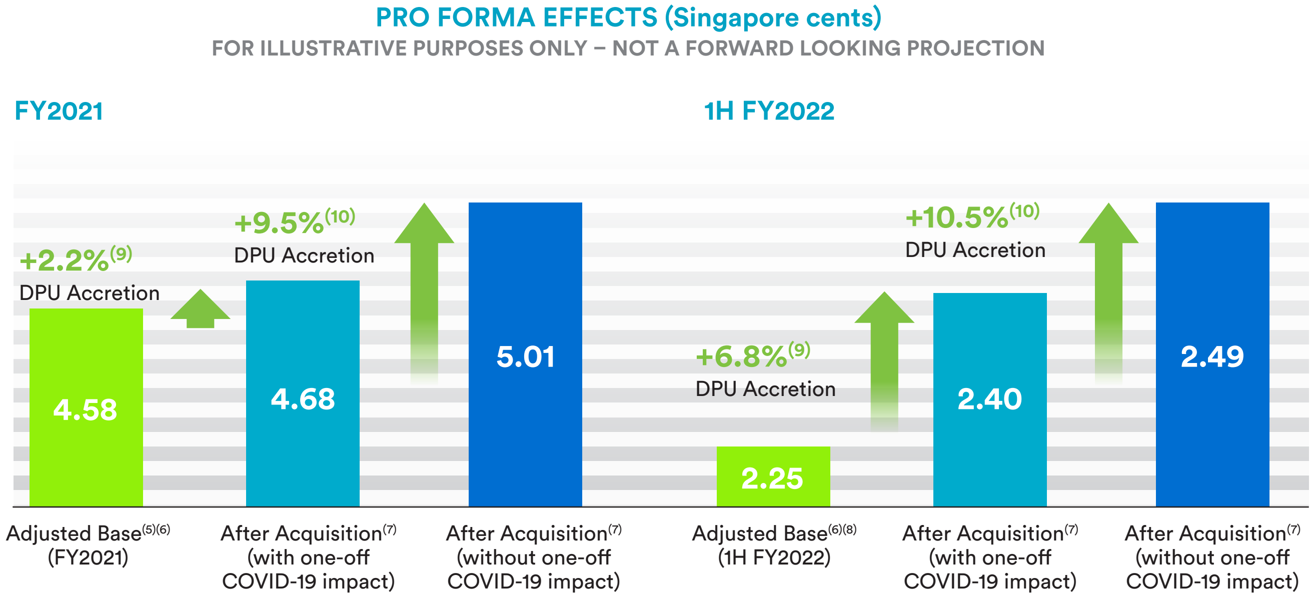
ENHANCED PORTFOLIO METRICS POST-ACQUISITION

S$3.6 billion Total Deposited Property	**S$147.8 million** FY2021 NPI[2]	**4.2%** FY2021 NPI Yield[2]
8.9 years WALE[3]	**41%** Top 10 Tenants Contribution by GRI[4]	**c.100%** Committed Occupancy

RATIONALE FOR THE PROPOSED ACQUISITION

1. Value Accretive to Unitholders

- **DPU Accretion of 10.5%**



(1) Estimated based on the net asset value of ARIF3 as at 31 December 2021. The ARIF3 Purchase Consideration will be fixed based on the net asset value of ARIF3 as at the completion date in accordance with the agreed procedures set out in the ARIF3 SPA and there will be no post-completion adjustments.

(2) Based on the Property's net property income without the effects of COVID-19 related one-off rental abatements and expected credit loss. "FY2021" refers to the financial year ended 30 June 2021.

(3) By NLA as at 31 December 2021.

(4) GRI excludes turnover rent.

(5) For the financial year ended 30 June 2021.

(6) Adjusted base assumes no indirect ownership of the Property, so as to present the effects of the acquisition of the Property had LREIT acquired 100% of the Property directly at one go. The Manager is of the view that the financial effects of acquiring the Property against the portfolio of LREIT without any interests in Jem would present the true value of the Property to Unitholders and is also consistent with the Manager's intention of an eventual acquisition of 100% of the Property.

(7) Based on the gross proceeds raised from the Equity Fund Raising of S$837 million with the New Units issued at an Illustrative Issue Price of S$0.82 per New Unit, with the balance of the Total Acquisition Cost funded by the LREIT PNs, the issuance of the Consideration Units, debt financing, as well as its own cash reserves and internal resources. The weighted average number of units used in computing the pro forma DPU includes (a) approximately 1,025 million New Units issued at an Illustrative Issue Price of S$0.82 per New Unit and (b) approximately 19 million Acquisition Fee Units issued at an illustrative issue price of S$0.88 per Acquisition Fee Unit.

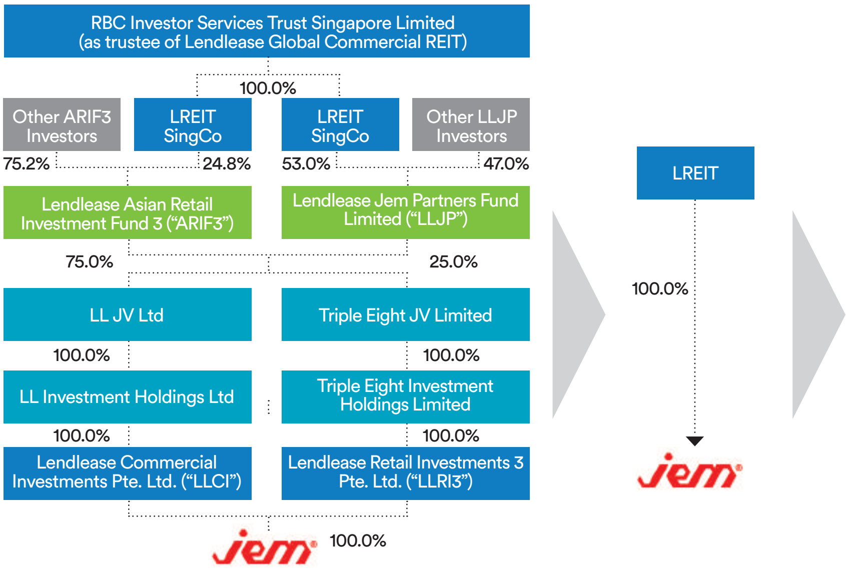
(8) For the first half of the financial year ended 30 June 2022.

(9) At the Illustrative Issue Price, DPU accretion increases by approximately 0.6% for a 1 cent increase in the Illustrative Issue Price, and vice versa.

(10) At the Illustrative Issue Price, DPU accretion increases by approximately 0.6% to 0.7% for a 1 cent increase in the Illustrative Issue Price, and vice versa.

- **Direct ownership providing tax transparency**

Existing Structure	Post-Acquisition	What Does This Mean For Unitholders?



1 Tax transparency

✓ Attains tax transparency to achieve recurring tax savings(11)

2 Full Control to better harness Economies of Scale

✓ Better manage operational matters and asset enhancements

✓ Directly implement its asset management strategies for the overall portfolio

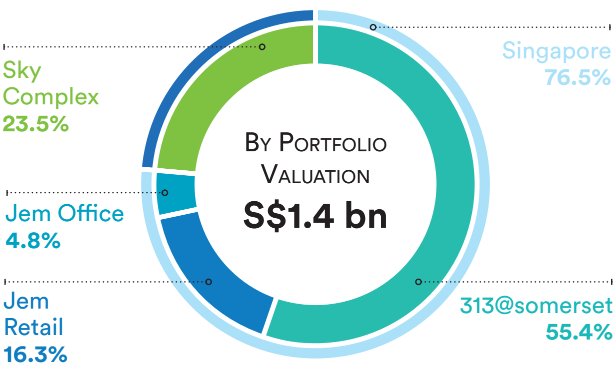
- **Enlarged total deposited property of S$3.6 billion increases visibility amongst the global investor community. Enlarged size can help to drive higher trading liquidity and broaden unitholder base**

S-REIT RANKING BY DEPOSITED PROPERTY(12) (S$ BILLION)

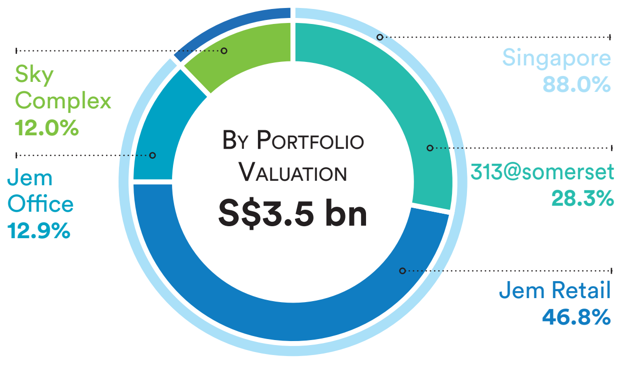
Source: FactSet as of 31 Dec 2021, latest company filings.

2. Enhances Quality of LREIT's Portfolio

- **Improved portfolio diversification and resilience(13)**



Pre-Acquisition(14)



Post-Acquisition(15)

(11) Aggregate corporate income taxes under the fund structure was approximately S$5.6 million in FY2021.

(12) Excluding 2 recently listed S-REITs, Digital Core REIT and Daiwa House REIT.

(13) Valuation for 313@somerset (including Grange Road Car Park development) and Sky Complex as at 30 June 2021.

(14) 31.8% effective interest in Jem based on the NAV of ARIF3 and LLJP as at 31 December 2021.

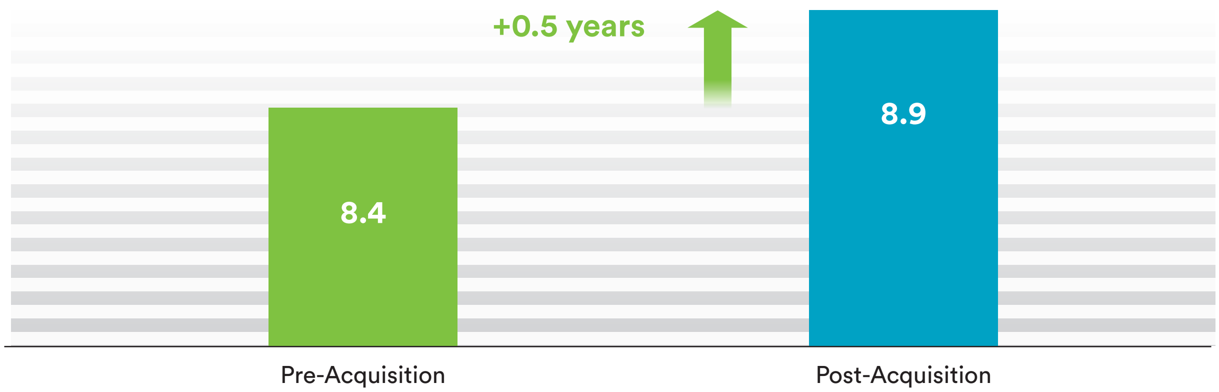
(15) Jem's appraised value is as at 31 December 2021.

JEM

- **Enhance portfolio stability with an increase in WALE[1]**

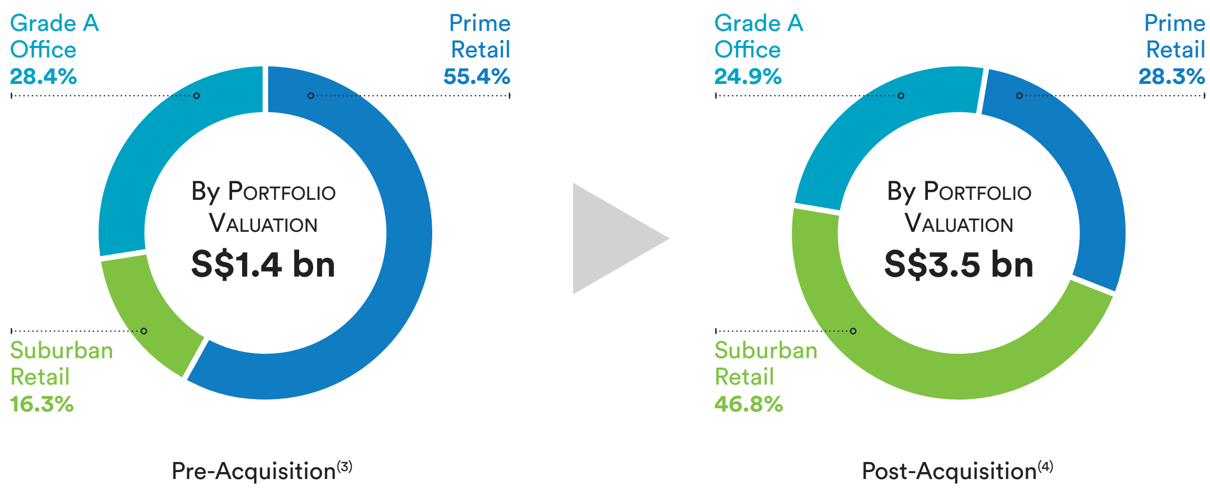
  ✓ Stable office component is fully leased to Singapore's Ministry of National Development with a 30-year master lease[2] and a rent review every 5 years

  ✓ Office component is an important contributor to Jem, accounting for 35% of NLA and 20% of GRI as at 31 December 2021



- **Increased exposure to resilient suburban retail sector**

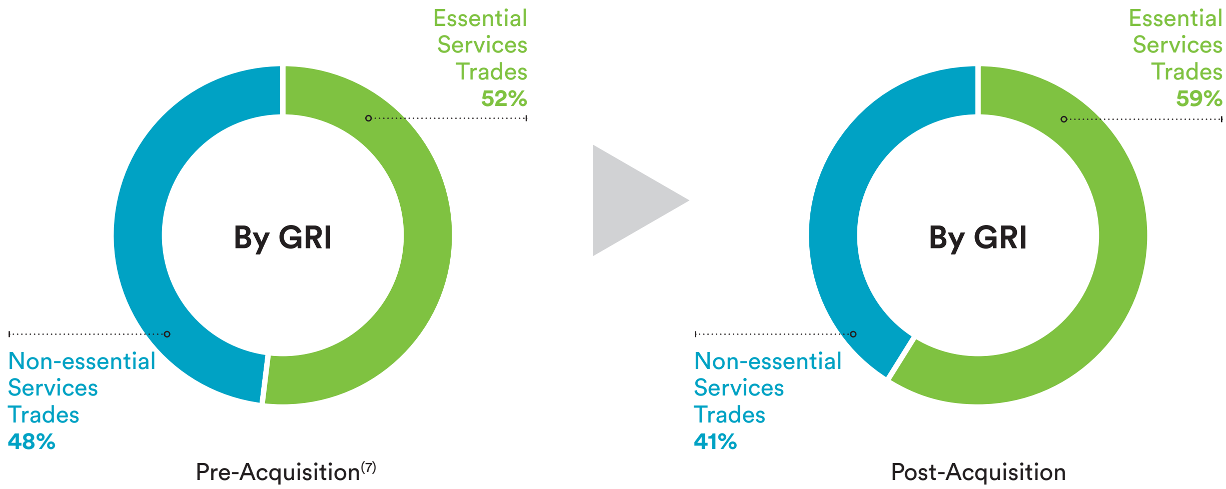
EXPOSURE TO RESILIENT SUBURBAN RETAIL SECTOR WILL INCREASE TO 46.8%



(1) By NLA as at 31 December 2021.
(2) As at 31 December 2021, the weighted average lease term remaining is 22.9 years.
(3) 31.8% effective interest in Jem based on the NAV of ARIF3 and LLJP as at 31 December 2021.
(4) Jem's appraised value is as at 31 December 2021.

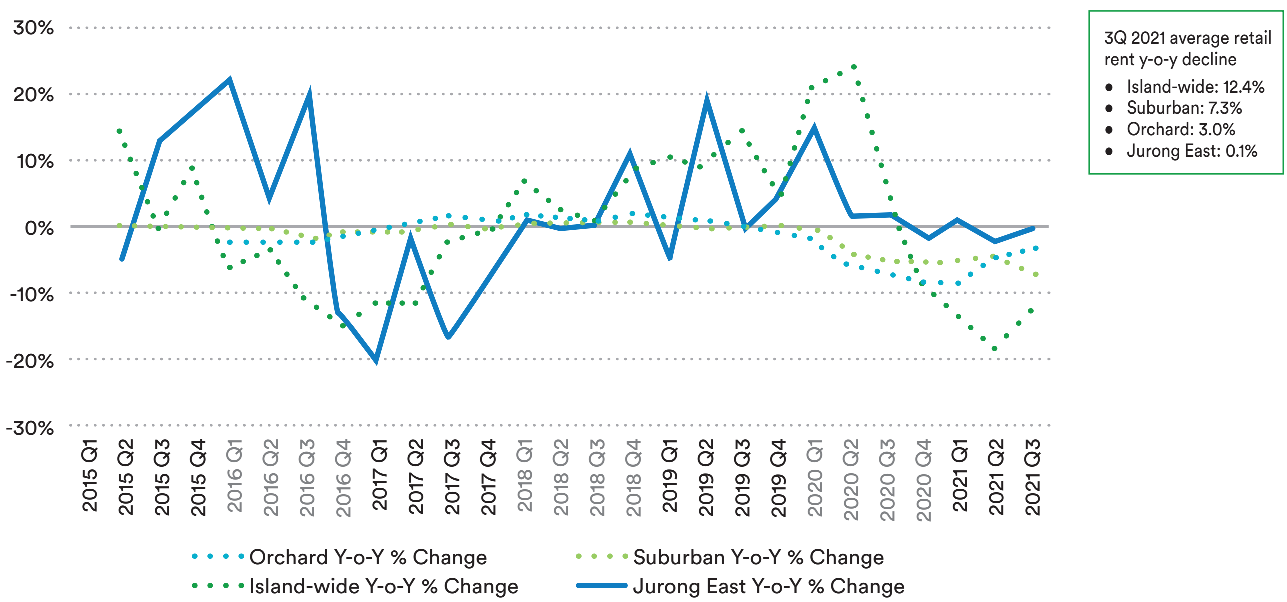
- **Increased exposure to essential services trades**

ESSENTIAL SERVICES TRADES[5] WILL INCREASE TO 59% BY GRI[6]



- **Suburban retail malls have proven to better weather economic volatility**
  - ✓ Regional catchments remain most resilient submarkets due to strong population density, demand and essential trade categories
  - ✓ Consumer spending gravitated towards retail centres located near homes
  - ✓ Low retail space per capita and limited upcoming supply in the West Region

AVERAGE RETAIL RENT (Y-O-Y% CHANGE)



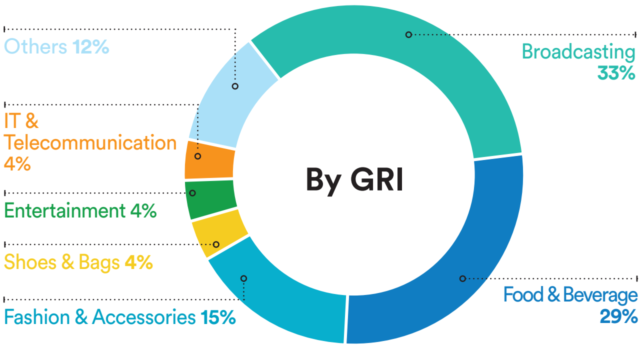
Source: Colliers Research

(5) Include Beauty & Health, Education, Food & Beverages, Sundry & Services and Supermarket trade categories.
(6) GRI excludes turnover rent.
(7) Trade mix breakdown before acquisition excludes Jem as it is held as a real estate related investment before the proposed acquisition.

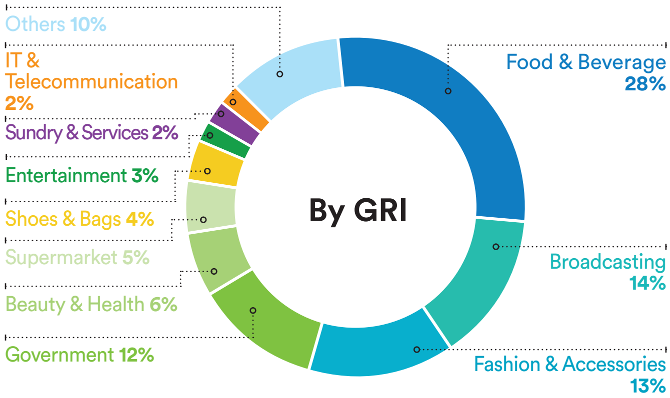
JEM

- **Enhanced tenant diversification augmented by completed AEIs**

IMPROVED DIVERSIFICATION OF TRADE SECTOR MIX[1] BY GRI[2]



Pre-Acquisition[3]

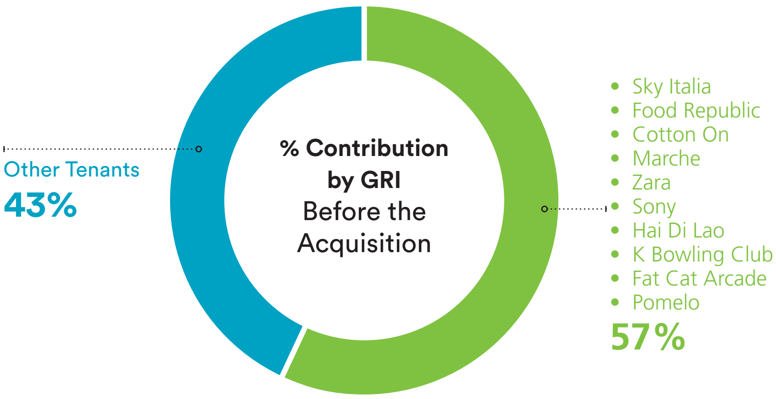


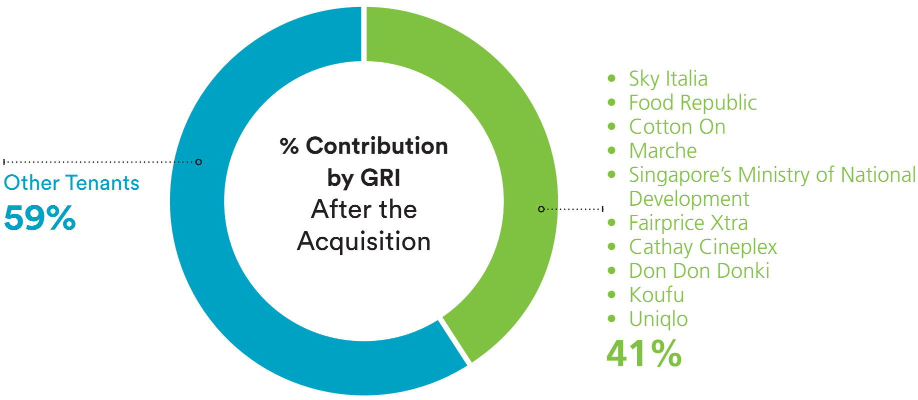
Post-Acquisition

✓ **Active management to keep trade sector mix relevant:** (i) Reconfigured the former Robinsons space pre-emptively to mitigate vacancy risks and attract IKEA as new anchor tenant, and (ii) Created additional NLA at the basement food hall to drive mall revenue

✓ **Lendlease Plus:** Encourage shopper spend by bridging the digital and physical space and supplementing the shopping experience in Jem

TOP 10 TENANTS OF PORTFOLIO



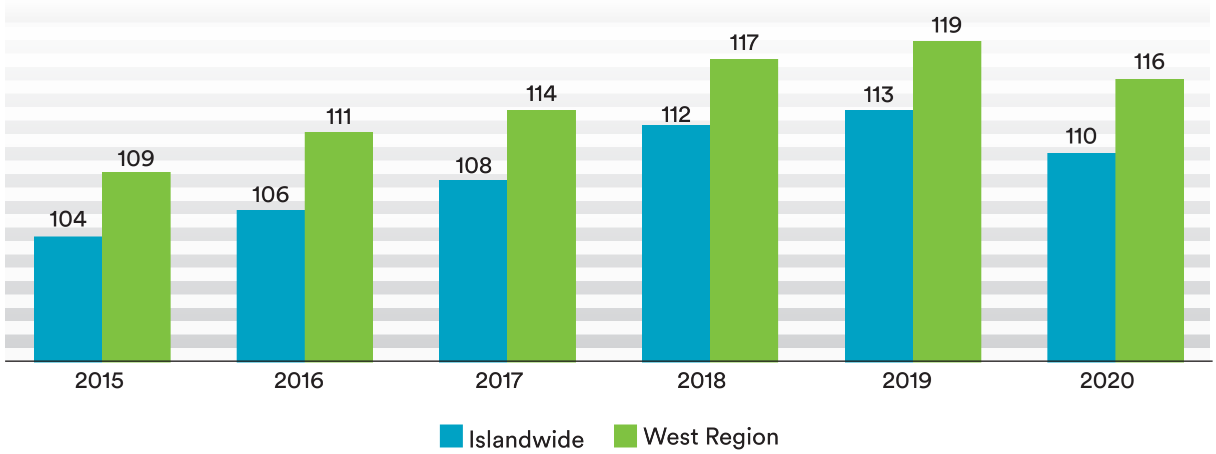


(1) As at 31 December 2021.
(2) GRI excludes turnover rent.
(3) Trade mix breakdown before acquisition excludes Jem as it is held as a real estate related investment before the proposed acquisition.

3. Well-Positioned for Future Growth

- **Strategic acquisition benefitting from strong catchment**
  - ✓ Close proximity to offices, amenities and key transport nodes such as the Jurong East MRT interchange station and Ayer Rajah Expressway (AYE)
  - ✓ Enjoys strong catchment from an estimated population of 1.1 million residents as of 2020
  - ✓ Average household income in the West Region has consistently been higher than the national average from 2015 to 2020

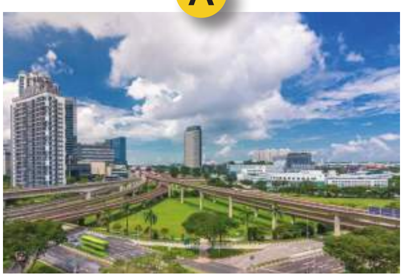
AVERAGE HOUSEHOLD INCOME (S$'000)



- **Well-positioned to capitalise on future trends**

KEY FUTURE DEVELOPMENTS

A

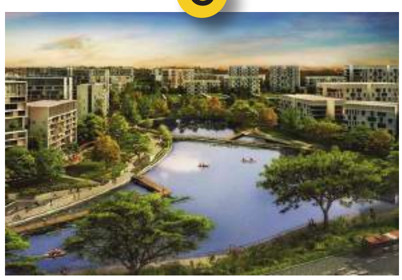


Jurong Gateway to remain a **strategic commercial location** due to the development of the Lake District and the construction of the future Jurong Region MRT Line and Jurong East Integrated Transport Hub

B

The 600ha Jurong Innovation District with its first phase near completion in 2022 will function as an **advanced manufacturing hub**

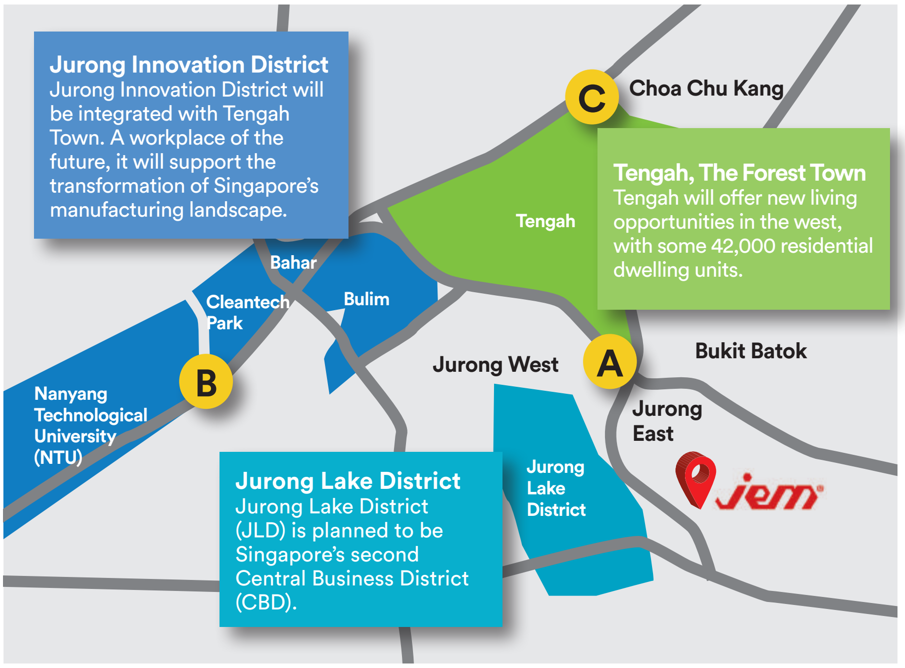
C



The upcoming new town, Tengah will complement the neighbouring Jurong Lake District and Jurong Innovation District, **increasing the number of homes and population in the West region**

JEM

KEY POPULOUS AREAS IN THE WEST REGION



NEW JURONG REGION MRT TO BE COMPLETED FROM 2027 TO 2029

EXTRAORDINARY GENERAL MEETING – RESOLUTIONS

Extraordinary General Meeting: 7 March 2022, 10.00 a.m.

Resolution 1	Resolution 2	Resolution 3
The proposed acquisition of the remaining interests in Jem through: (I) The proposed asset acquisition of Jem from Lendlease Commercial Investments Pte. Ltd. and Lendlease Retail Investments 3 Pte. Ltd., and (II) The proposed acquisition from Lendlease International Pty Limited of shares representing approximately 13.05% of the Issued Share Capital of Lendlease Asian Retail Investment Fund 3 Limited, which holds 75% interest in Jem, as an Interested Person Transaction	The proposed issue of new Units to Lendlease International Pty Limited (or its nominee) in satisfaction of the consideration for the proposed acquisition of shares in Lendlease Asian Retail Investment Fund 3 Limited, as an Interested Person Transaction	The proposed issue of up to 1,265,346,000 New Units under the Equity Fund Raising

OPINION OF THE INDEPENDENT FINANCIAL ADVISER

An extract of the Independent Financial Advisers ("IFA") Letter is reproduced below:

"Having considered the above and subject to the assumptions and qualifications set out herein and taking into account the prevailing conditions as at Latest Practicable Date, we are of the opinion that the: Proposed Acquisition and Proposed Issuance of Consideration Units is on **normal commercial terms** and **is not prejudicial** to the interests of LREIT and its minority Unitholders.

In addition, we are of the opinion that the Development Management Agreement and the Interested Person Transactions (as per paragraph 4.10.1 of this IFA letter) are on **normal commercial terms** and **are not prejudicial** to the interests of LREIT and its minority Unitholders.

Accordingly, we advise that the Independent Directors may recommend that the Unitholders VOTE IN FAVOUR of the Proposed Acquisition and Proposed Issuance of Consideration Units (including the Development Management Agreement and the Interested Person Transactions (as per paragraph 4.10.1 of this IFA letter)."

Deloitte & Touche Corporate Finance Pte Ltd

INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS, THE AUDIT AND RISK COMMITTEE OF THE MANAGER AND TO THE TRUSTEE

RECOMMENDATION FROM INDEPENDENT DIRECTORS

The LREIT Independent Directors have considered the relevant factors, including the terms of the Proposed Acquisition and the rationale for the Proposed Acquisition, the rationale for the proposed Issuance of Consideration Units as well as the IFA's opinion as set out in the IFA Letter in **Appendix M** of the Circular, and recommend that LREIT Unitholders VOTE IN FAVOUR of Resolution 1, the Ordinary Resolution relating to the Proposed Acquisition and Resolution 2, the Ordinary Resolution relating to the proposed issue of Consideration Units to LLI (or its nominee) as consideration for the ARIF3 Share#.

Based on the rationale for the proposed Acquisition, the Directors believe that the proposed Equity Fund Raising would be beneficial to, and is in the interests of, LREIT or its minority Unitholders. Accordingly, the Directors recommend that the Unitholders vote at the EGM in favour of the resolution to approve the Equity Fund Raising.

lendlease
GLOBAL COMMERCIAL REIT

LREIT INDEPENDENT DIRECTORS

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CORPORATE INFORMATION

Directors of Lendlease Global Commercial Trust Management Pte. Ltd. (the "Manager" and the directors, the "Directors")	:	Ms Ng Hsueh Ling (Chairperson and Non-Independent Non-Executive Director) Dr Tsui Kai Chong (Lead Independent Non-Executive Director and Chairperson of the Audit and Risk Committee) Mrs Lee Ai Ming (Independent Non-Executive Director and Chairperson of the Nomination and Remuneration Committee) Mr Simon John Perrott (Independent Non-Executive Director) Mr Justin Marco Gabbani (Non-Independent Non-Executive Director)
Registered Office of the Manager	:	2 Tanjong Katong Road #05-01 PLQ 3 Paya Lebar Quarter Singapore 437161
Trustee of LREIT (the "Trustee" or the "Purchaser")	:	RBC Investor Services Trust Singapore Limited 8 Marina View #26-01 Asia Square Tower 1 Singapore 018960
Legal Adviser for the proposed Acquisition (as defined herein), the Equity Fund Raising and to the Manager	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser for the proposed Acquisition as to Bermuda Law	:	Conyers Dill & Pearman Pte. Ltd. 9 Battery Road #20-01 MYP Centre Singapore 049910
Legal Adviser for the proposed Acquisition as to Mauritius Law	:	Venture Law Ltd Level 3, Tower 1, Nexteracom Towers

		Cybercity, Ebene, Mauritius
Legal Adviser to the Trustee	:	Dentons Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
Joint Global Co-ordinators and Bookrunners in relation to the Equity Fund Raising (the "Joint Global Co-ordinators and Bookrunners")	:	Citigroup Global Markets Singapore Pte. Ltd. 8 Marina View #21-00 Asia Square Tower 1 Singapore 018960 DBS Bank Ltd. 12 Marina Boulevard Marina Bay Financial Centre Tower 3 Level 46 Singapore 018982 Oversea-Chinese Banking Corporation Limited 63 Chulia Street #10-00 OCBC Centre East Singapore 049514
Legal Adviser to the Joint Global Co-ordinators and Bookrunners in relation to the Equity Fund Raising	:	Rajah & Tann Singapore LLP 9 Straits View #06-07 Marina One West Tower Singapore 018937
Legal Adviser to the Joint Global Co-ordinators and Bookrunners in relation to the Equity Fund Raising as to US Law	:	Linklaters Singapore Pte. Ltd. 1 George Street #17-01 One George Street Singapore 049145
Unit Registrar and Unit Transfer Office (the "Unit Registrar")	:	Boardroom Corporate & Advisory Services Pte. Ltd. 1 Harbourfront Avenue #14-07 Keppel Bay Tower Singapore 098632

Independent Financial Adviser to the Independent Directors, the Audit and Risk Committee of the Manager and to the Trustee ("IFA")	:	Deloitte & Touche Corporate Finance Pte Ltd 6 Shenton Way #33-00 OUE Downtown Two Singapore 068809
Independent Accountants	:	KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
Independent Valuers	:	Jones Lang LaSalle Property Consultants Pte Ltd ("**JLL**") (appointed by the Trustee) 1 Paya Lebar Link #10-08 Paya Lebar Quarter Tower 2 Singapore 408533 CBRE Pte. Ltd. ("**CBRE**") (appointed by the Manager) 2 Tanjong Katong Road #06-01 Paya Lebar Quarter Tower 3 Singapore 437161
Independent Market Research Consultant (the "Independent Market Research Consultant")	:	Colliers International Consultancy & Valuation (Singapore) Pte Ltd 12 Marina View #19-02 Asia Square Tower 2 Singapore 018961

SUMMARY

The following summary should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 98 to 107 of this Circular.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

OVERVIEW

Overview of LREIT

LREIT is established with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of stabilised income-producing real estate assets located globally, which are used primarily for retail and/or office purposes. Its key objectives are to provide Unitholders with regular and stable distributions, achieve long-term growth in distribution per unit and net asset value ("**NAV**") per unit, and maintain an appropriate capital structure.

LREIT is managed by the Manager, an indirect wholly-owned subsidiary of Lendlease Corporation Limited (the "**Sponsor**"). The Sponsor is part of the Lendlease Group, which comprises the Sponsor, Lendlease Trust and their subsidiaries (the "**Lendlease Group**"). The Lendlease Group is a globally integrated real estate and investment group with core expertise in shaping cities and creating strong and connected communities, with operations in Australia, Asia, Europe and the Americas. LREIT was listed on the Main Board of the SGX-ST on 2 October 2019 and is authorised as a collective investment scheme under Section 286 of the Securities and Futures Act 2001 (the "**SFA**").

LREIT's property portfolio comprises a leasehold interest in 313@somerset, a retail mall located in Singapore, and a freehold interest in Sky Complex, which comprises three Grade-A office buildings located in Milan, Italy. The portfolio has a total net lettable area of approximately 1.3 million square feet, with an appraised value of approximately S$1.4 billion[1] as at 30 June 2021. LREIT is developing a site adjacent to 313@somerset into a multifunctional event space.

In addition, LREIT currently has an effective 31.8% indirect interest in the property known as Jem, located at 50 and 52 Jurong Gateway Road, Singapore (the "**Property**"), through its ownership of: (i) 24.8% of Lendlease Asian Retail Investment Fund 3 Limited ("**ARIF3**"), which holds a 75.0% indirect interest in the Property, held by Lendlease Global Commercial (SGP) Pte. Ltd. ("**LREIT SingCo**" or "**SingCo**")[2], a wholly-owned subsidiary of the Trustee and (ii) 53.0% of Lendlease Jem Partners Fund Limited ("**LLJP**"), which indirectly holds the remaining 25.0% interest in the Property, held by SingCo. Lendlease International Pty Limited ("**LLI**"), a direct wholly-owned subsidiary of the Sponsor holds approximately 13.05% in ARIF3. The

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1 Sky Complex's valuation is based on the prevailing exchange rate of €1.00: S$1.594 as at 30 June 2021.

2 LREIT undertook an internal restructuring to rationalise its holdings in ARIF3 and LLJP through one single investment holding company and, pursuant to such internal restructuring, LREIT's shares in ARIF3 were transferred from the Trustee to SingCo. All of LREIT's interests in ARIF3 and LLJP shares are now held by SingCo.

other existing shareholders of ARIF3 and LLJP[3] are not related to LREIT or the Sponsor. The Property is an integrated office and retail asset located in Jurong Gateway, the commercial hub of the Jurong Lake District, Singapore. LREIT proposes to acquire the remaining interests in the Property through the proposed Acquisition (as defined herein). Please refer to page 3 for a diagram illustrating the current holding structure of the Property.

Overview of the Proposed Acquisition

LREIT currently holds a 31.8% indirect effective interest in the Property through its ownership of shares in the two funds, ARIF3 and LLJP, and is proposing to acquire the remaining 68.2% interest in the Property so as to obtain a 100.0% direct ownership in the Property.

To this end, LREIT is proposing to acquire the remaining interests in the Property through a combination of: (i) an acquisition by SingCo from LLI of its 13.05% of the total issued share capital in ARIF3 (the "**ARIF3 Sale Shares**" and the acquisition of the ARIF3 Sale Shares, the "**ARIF3 Share Acquisition**") for approximately S$116 million[4] (the "**ARIF3 Purchase Consideration**")[5]; and followed by (ii) an asset acquisition by the Trustee of the Property from Lendlease Commercial Investments Pte. Ltd. ("**LLCI**") and Lendlease Retail Investments 3 Pte. Ltd. ("**LLRI3**", and together with LLCI, the "**Property Vendors**") (the "**Property Acquisition**", and together with the ARIF3 Share Acquisition, the "**Acquisition**") for S$2,079 million (the "**Property Purchase Consideration**"). The Property Vendors are indirectly owned by ARIF3 and LLJP, which are funds managed by Lendlease Investment Management Pte. Ltd. ("**LLIM**"). LLIM is an indirect wholly-owned subsidiary of the Sponsor.

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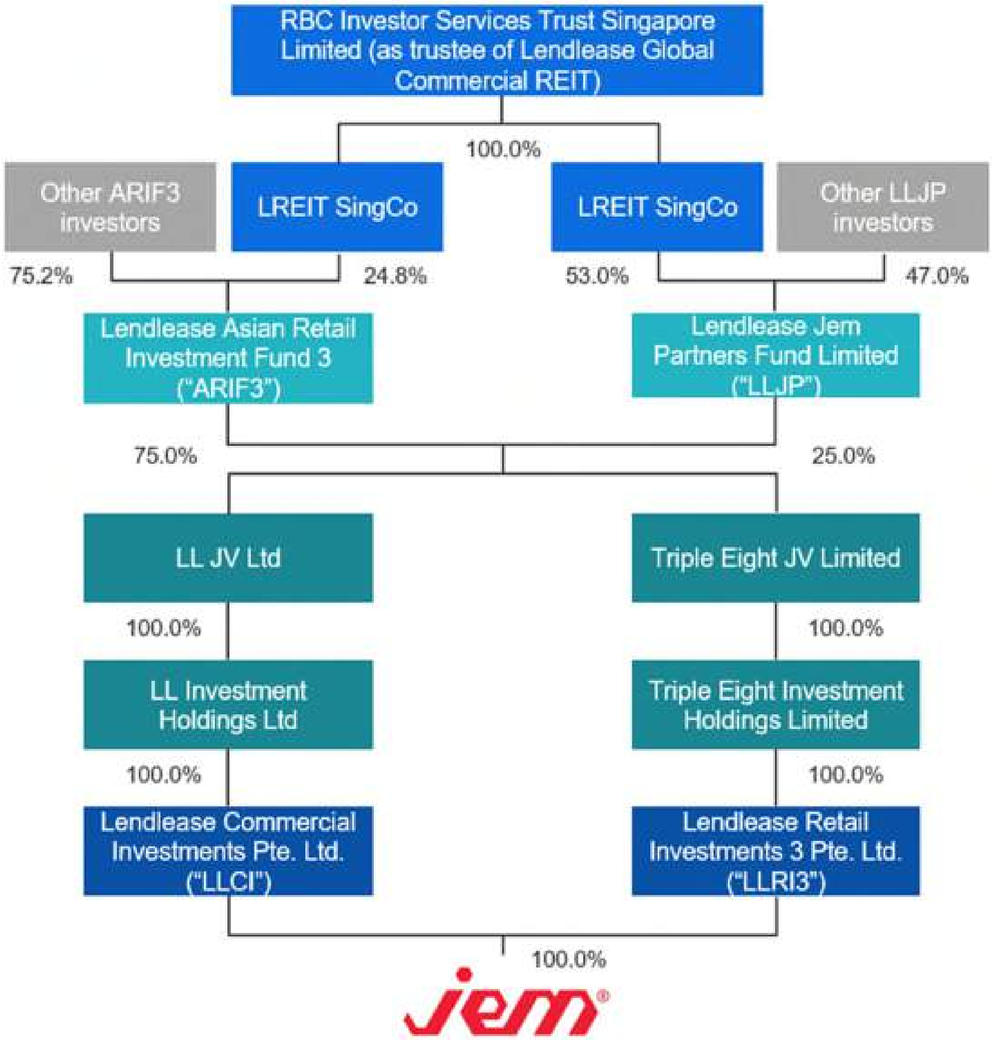
[3] The other existing shareholders of ARIF3 and LLJP cannot be named due to confidentiality restrictions under the respective bye-laws of ARIF3 and LLJP.

[4] Estimated based on the net asset value of ARIF3 as at 31 December 2021. The ARIF3 Purchase Consideration will be fixed based on the net asset value of ARIF3 as at the completion date in accordance with the agreed procedures set out in the ARIF3 SPA and there will be no post-completion adjustments.

[5] LREIT had offered to acquire all the shares that the other shareholders of ARIF3 and LLJP hold for Consideration Units (as defined herein) and only LLI accepted the offer. Accordingly, all the other shareholders of ARIF3 and LLJP are effectively exiting their investment through the Property Acquisition.

The diagrammatic illustration below sets out the Property's current holding structure:



The ARIF3 Share Acquisition will complete shortly before the Property Acquisition but both will take place on the same day such that following the completion of the Property Acquisition, the Property will be directly held by the Trustee as set out below:

The Acquisition is proposed to be undertaken in two steps because SingCo had offered to acquire all the shares in ARIF3 and LLJP held by the other shareholders of ARIF3 and LLJP and the consideration for the share acquisition will be in new Units only ("**Consideration Units**"). This share acquisition was proposed should any of the shareholders prefer a share sale and offering only Consideration Units and not cash would reduce LREIT's overall need for additional funding to acquire the remaining interests in the Property. As only LLI agreed to sell its shares in ARIF3 for Consideration Units to demonstrate alignment of interests by the Lendlease Group with LREIT, the share acquisition will only comprise the ARIF3 Share Acquisition. Based on the ARIF3 Purchase Consideration of approximately S$116 million divided by the Illustrative Issue Price (as defined in Resolution 3: The Equity Fund Raising) of S$0.82 per New Unit, the number of Consideration Units to be issued is approximately 142 million, which represents approximately 11.9% of the total number of Units in issue as at 31 January 2022, being the latest practicable date prior to the date of this Circular (the "**Latest Practicable Date**").

The second step, being the Property Acquisition which involves the Trustee acquiring the Property directly from the Property Vendors shortly after completion of the ARIF3 Share Acquisition, is to achieve the outcome of the Trustee holding the Property directly to achieve tax transparency in LREIT's ownership of the Property.

Following the completion of the Property Acquisition, it is expected that ARIF3 and LLJP as well as their respective intermediate holding companies will be wound up as the Property is the main asset of these funds and holding companies. Similarly, the Manager intends to wind up SingCo if LREIT does not have a purpose for SingCo in the future.

The Property Purchase Consideration is intended to be partially funded by way of a private placement to institutional and other investors (the "**Private Placement**") and/or a non-renounceable preferential offering of new Units to existing Unitholders on a *pro rata* basis (the "**Preferential Offering**", and together with the Private Placement, the "**Equity Fund Raising**") (see details under Resolution 3: the proposed Equity Fund Raising).

SUMMARY OF APPROVALS SOUGHT

The Manager seeks approval from the Unitholders for the resolutions (each, a "**Resolution**") stated below:

(1) **Resolution 1**: the proposed Acquisition, as an interested person transaction (Ordinary Resolution[6]);

(2) **Resolution 2:** the proposed issue of Consideration Units to LLI (or its nominee) as consideration for the ARIF3 Share Acquisition, as an interested person transaction (Ordinary Resolution); and

(3) **Resolution 3**: the proposed Equity Fund Raising (Ordinary Resolution),

(the proposed Acquisition, the proposed issue of Consideration Units and the proposed Equity Fund Raising collectively, the "**Transactions**"). **Unitholders should note that Resolutions 1, 2 and 3 are inter-conditional and the Manager will only proceed with the Transactions if all of the resolutions are approved.**

RESOLUTION 1: THE PROPOSED ACQUISITION OF THE REMAINING INTERESTS IN JEM THROUGH: (I) THE PROPOSED ASSET ACQUISITION OF JEM FROM LENDLEASE COMMERCIAL INVESTMENTS PTE. LTD. AND LENDLEASE RETAIL INVESTMENTS 3 PTE. LTD., AND (II) THE PROPOSED ACQUISITION FROM LENDLEASE INTERNATIONAL PTY LIMITED OF SHARES REPRESENTING APPROXIMATELY 13.05% OF THE ISSUED SHARE CAPITAL OF LENDLEASE ASIAN RETAIL INVESTMENT FUND 3 LIMITED, WHICH HOLDS 75% INTEREST IN JEM, AS AN INTERESTED PERSON TRANSACTION

The Manager is proposing to undertake the Acquisition for the remaining 68.2% effective interest in the Property through a combination of the ARIF3 Share Acquisition and the Property Acquisition described below.

<u>ARIF3 Share Acquisition</u>

SingCo, the Trustee and LLI had on 14 February 2022 entered into a conditional share purchase agreement (the "**ARIF3 SPA**") pursuant to which SingCo will acquire 13.05% of the ARIF3 Share Capital from LLI for the ARIF3 Purchase Consideration of approximately S$116 million[7], to be satisfied in Consideration Units. For the avoidance of doubt, the Consideration Units are subject to the Lock-up Arrangements as described in Paragraph 8 of the Letter to Unitholders.

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[6] **"Ordinary Resolution"** refers to a resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed.

[7] Estimated based on the net asset value of ARIF3 as at 31 December 2021. The ARIF3 Purchase Consideration will be fixed based on the net asset value of ARIF3 as at the completion date in accordance with the agreed procedures set out in the ARIF3 SPA and there will be no post-completion adjustments.

Property Acquisition

The Trustee had on 14 February 2022 entered into a put and call option agreement (the "**Asset PCOA**") with the Property Vendors in respect of the sale and purchase of the leasehold interest in the Property for the Property Purchase Consideration of S$2,079 million. Pursuant to the Asset PCOA, the Trustee has a right to accept the Property Vendors' offer to sell the leasehold interest in the Property, and the Property Vendors have a right to accept the Trustee's offer to purchase the leasehold interest in the Property, upon certain conditions precedent being fulfilled by a specified date.

Given that LREIT currently has a 31.8% effective interest in the Property, the Manager is proposing to pay part of the Property Purchase Consideration in interest-free promissory notes and with the balance to be paid in cash. The amount of the Property Purchase Consideration to be paid in promissory notes is approximately S$263 million, comprising approximately 12.6% of the Property Purchase Consideration and this non-cash component was agreed between the Trustee and the Property Vendors after taking into account the amount of returns that LREIT (through SingCo) would receive for the sale of its effective interest in the Property by way of return of capital on its shares in each of ARIF3 and LLJP, and with the balance of LREIT's proceeds from the sale of the Property by way of income distributions. As only the return of capital component due to LREIT (through SingCo) can be returned to SingCo by way of a non-cash instrument for various considerations like the costs of flowing a non-cash income distribution through the capital structure of the ARIF3 and LLJP fund entities, and S$263 million represents the maximum amount of capital returns due to LREIT, the amount of the Property Purchase Consideration to be paid in promissory notes is therefore the maximum amount that the Manager could negotiate to be paid by way of promissory notes. This promissory note mechanism is beneficial to LREIT as it reduces the amount of cash to be raised and funded by LREIT for the Property Acquisition. Based on LREIT's current 31.8% effective interest in the Property at the time of the Manager's negotiation, the balance of S$399 million of the Property Purchase Consideration (which comprises 31.8% of the Property Purchase Consideration of S$2,079 million less the S$263 million of promissory notes) will be applied towards deduction of LREIT's share of costs and expenses like taxes and repayment of the existing borrowings in order to arrive at the amount of income distributions due to LREIT.

It is contemplated that on completion of the Property Acquisition, the Trustee will issue two promissory notes to one of the two Property Vendors, LLRI3 in part satisfaction of the Property Purchase Consideration, which will comprise:

(i) one promissory note (the "**ARIF3 PN**"), the principal amount of which would be determined by reference to the returns that SingCo (as shareholder of ARIF3) will receive from ARIF3 by way of distributions following the sale of the Property; and

(ii) one promissory note (the "**LLJP PN**", and together with the ARIF3 PN, the "**LREIT PNs**"), the principal amount of which would be determined by reference to the returns that SingCo (as shareholder of LLJP) will receive from LLJP by way of distributions following the sale of the Property.

LLRI3 will flow the LREIT PNs up the capital structure through dividends by LLRI3 up to the intermediate holding company, Triple Eight Investment Holdings Limited, followed by return of share capital to Triple Eight JV Limited up to ARIF3 and LLJP, such that SingCo will eventually receive the ARIF3 PN from ARIF3 as its returns from the sale of the Property and SingCo will eventually receive the LLJP PN from LLJP as its returns from the sale of the Property. All the other shareholders of ARIF3 and LLJP will receive their returns from the sale of the Property in the form of cash and only SingCo will receive the LREIT PNs.

SingCo will endorse the LREIT PNs in favour of the Trustee as redemption proceeds for the redemption of the redeemable preference shares that the Trustee holds in SingCo and as a final step, the Trustee will cancel the LREIT PNs once it receives them.

LLRI3 will receive the remaining amount of the Property Purchase Consideration due to it in cash (being approximately S$1,342 million), and the other Property Vendor, LLCI, will receive the amount of the Property Purchase Consideration due to it in cash (being approximately S$474 million), being an aggregate of 87.4% of the Property Purchase Consideration. Following the completion of the Acquisition, it is expected that LLRI3 and LLCI will pay the cash proceeds of the Property Purchase Consideration upstream to their holding companies to be eventually paid to the investors of ARIF3 and LLJP, including SingCo (after settlement of relevant costs and expenses like taxes and repayment of the existing borrowings), and the Manager expects SingCo to receive approximately S$225 million out of such cash proceeds[8]. After the proceeds of the Property Purchase Consideration are applied towards settlement of relevant costs and expenses like taxes and repayment of the existing borrowings, the bulk of the distribution due to SingCo is expected to be approximately S$488 million which comprises the S$263 million from the LREIT PNs and S$225 million in cash, and with a balance sum to be withheld by ARIF3 and LLJP and their downstream companies to cater for customary expenses like winding up expenses.

THE PROPOSED ACQUISITION, AS AN INTERESTED PERSON TRANSACTION

Description of ARIF3 and the Property

ARIF3 is a private fund set up as a company incorporated in Bermuda. ARIF3 does not invest in other real estate assets save for the Property, and is managed by Lendlease Investment Management Pte. Ltd. ("**LLIM**"), an indirect wholly-owned subsidiary of the Sponsor.

The Property is an integrated office and retail asset located in Jurong Gateway, the commercial hub of the Jurong Lake District. It is situated next to the Jurong East Mass Rapid Transit ("**MRT**") station and bus interchange. It is one of the largest suburban malls in Singapore with retail space across six levels. It also comprises 12 levels of office space which has been fully leased to the Ministry of National Development of Singapore ("**MND**").

The table sets out a summary of selected information on the Property as at 31 December 2021, unless otherwise stated.

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[8] The Manager will apply the cash proceeds of approximately S$225 million towards repayment of the bridging loan of S$225 million that will be drawn down for the purposes of funding the Acquisition.

Title	Leasehold of 99 years commencing from 27 September 2010
GFA[(1)] (sq ft[(2)])	1,164,166
NLA[(3)] (sq ft)	892,502
Number of Storeys	Retail: 6 Office: 12
Committed Occupancy	100.0%
Weighted Average Lease Expiry by GRI (years)	5.9
Independent Valuation by JLL (as at 31 December 2021) [(4)]	S$2,086 million (S$2,337 psf of NLA)
Independent Valuation by CBRE (as at 31 December 2021) [(5)]	S$2,063 million (S$2,311 psf of NLA)
Agreed Property Value	S$2,079 million (S$2,329 psf of NLA)
Capitalisation Rate adopted in the Independent Valuations	Retail: 4.50% Office: 3.50%
NPI[(6)] (FY2021[(7)]) (without the effects of COVID-19 related one-off rental abatements and expected credit loss)	S$90.8 million
NPI[(6)] Yield Based on Agreed Property Value (FY2021[(7)]) (without the effects of COVID-19 related one-off rental abatements and expected credit loss)	4.4%
NPI[(6)] (FY2021[(7)]) (with the effects of COVID-19 related one-off rental abatements and expected credit loss)	S$82.8 million
NPI[(6)] Yield Based on Agreed Property Value (FY2021[(7)]) (with the effects of COVID-19 related one-off rental abatements and expected credit loss)	4.0%

Notes:

(1) "**GFA**" refers to gross floor area.
(2) "**sq ft**" refers to square feet.
(3) "**NLA**" refers to net lettable area.
(4) JLL relied on the capitalisation approach and discounted cash flow methods of valuation.
(5) CBRE relied on the capitalisation approach and discounted cash flow methods of valuation.
(6) "**NPI**" refers to the net property income for the relevant period.
(7) "**FY2021**" refers to the financial year ended 30 June 2021.

(See **paragraphs 2.1 and 2.2** of the Letter to Unitholders for further details.)

Purchase Consideration and Valuation

The Property

The Trustee has commissioned an independent valuer, JLL, and the Manager has commissioned an independent valuer, CBRE, to respectively value the Property.

The agreed property value for the Property, which was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations by JLL and CBRE (collectively, the "**Independent Valuers**"), is S$2,079 million (the "**Agreed Property Value**"), which is at a discount of S$7 million or approximately 0.3% to the higher of the two independent valuations of the Property as at 31 December 2021 (the "**Appraised Value**"). The Agreed Property Value is determined on the basis of a 100% interest in the Property.

Purchase Consideration

The ARIF3 Purchase Consideration payable by the Purchaser of approximately S$116 million[9] under the ARIF3 SPA reflects 13.05% of the NAV of ARIF3 as at 31 December 2021. The ARIF3 Purchase Consideration payable on the completion date will be fixed based on the NAV of ARIF3 as at the completion date and there will be no post-completion adjustments.

The Property Purchase Consideration payable by the Trustee of approximately S$2,079 million (which is equivalent to the Agreed Property Value) is therefore at a discount of S$7 million or approximately 0.3% to the Appraised Value. The Agreed Property Value is determined on the basis of a 100% interest in the Property.

(See **Appendix N** of this Circular for further details regarding the valuation of the Property)

Estimated Total Acquisition Cost

The estimated total cost of the proposed Acquisition (the "**Total Acquisition Cost**") is approximately S$2,015 million, comprising:

(i) the ARIF3 Purchase Consideration of approximately S$116 million, payable in Consideration Units;

(ii) the Property Purchase Consideration of S$2,079 million, less the value of the LREIT PNs of approximately S$263 million;

(iii) the stamp duty of approximately S$62 million;

(iv) the acquisition fee[10] payable to the Manager for the proposed Acquisition (the "**Acquisition Fee**") pursuant to the trust deed dated 28 January 2019 constituting LREIT (as amended, restated and supplemented) (the "**Trust Deed**") of approximately S$17 million[11]; and

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[9] Estimated based on the net asset value of ARIF3 as at 31 December 2021. The ARIF3 Purchase Consideration will be fixed based on the net asset value of ARIF3 as at the completion date in accordance with the agreed procedures set out in the ARIF3 SPA and there will be no post-completion adjustments.

[10] As the proposed Acquisition is an "interested party transaction" under the Property Funds Appendix, the Acquisition Fee will be in the form of Units ("**Acquisition Fee Units**") which shall not be sold within one year of the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

[11] The Acquisition Fee in respect of the proposed Acquisition is 1.0% of the Property Purchase Consideration, less any amounts paid as acquisition fees for LREIT's previous acquisitions of indirect interests in the Property through acquisitions of shares in ARIF3 and LLJP.

(v) the estimated professional and other fees and expenses incurred or to be incurred by LREIT in connection with the Acquisition of approximately S$4 million.

The total amount of cash to be raised by LREIT to finance the Total Acquisition Cost (after taking into account the non-cash components of the Consideration Units, the LREIT PNs and the Acquisition Fee Units) is S$1,882 million.

Although the Trustee will issue the LREIT PNs to partially finance the Property Purchase Consideration, the principal amount of the LREIT PNs has been excluded from the Total Acquisition Cost as such amount will be returned to LREIT as a portion of returns that LREIT (through SingCo) would receive for the sale of its effective interest in the Property. Although SingCo is expected to receive further returns on its shares in each of ARIF3 and LLJP for the sale of its effective interest in the Property, such returns have not been deducted as they have not been declared by ARIF3 and LLJP. Accordingly, the Total Acquisition Cost would be lower after the final cash returns are received by SingCo from ARIF3 and LLJP.

Method of Financing

The Manager intends to finance the proposed Acquisition, less the Acquisition Fee (which will be paid through the issue of Acquisition Fee Units) via the issuance of the Consideration Units for an aggregate issue price of approximately S$116 million, the LREIT PNs for a principal amount of approximately S$263 million, debt financing, the proceeds from the Equity Fund Raising, as well as its own cash reserves, internal resources and/or an issuance of perpetual securities.

Payment of the Acquisition Fee in Units

The Manager shall be paid the Acquisition Fee of approximately S$17 million for the proposed Acquisition pursuant to the Trust Deed. As the proposed Acquisition will constitute an "interested party transaction" under Paragraph 5 of Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**MAS**", and Appendix 6, the "**Property Funds Appendix**"), the Acquisition Fee[12] payable to the Manager in respect of the Acquisition will be in the form of the Acquisition Fee Units, which shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

The Manager will not be receiving an acquisition fee for the ARIF3 Share Acquisition. In respect of the Property Acquisition, the Manager will only receive the Acquisition Fee of approximately S$17 million, which is 1.0% of the Property Purchase Consideration of S$2,079 million, less any amounts paid as acquisition fees for LREIT's previous acquisitions of indirect interests in the Property through acquisitions of shares in ARIF3 and LLJP.

[12] Based on the Trust Deed, when the Acquisition Fee is paid in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the Acquisition Fee at the prevailing market price of a Unit being the volume weighted average price ("**VWAP**") for a Unit for all trades on the SGX-ST for the period of 10 business days immediately preceding the relevant business day on which the Acquisition Fee is paid.

Based on an illustrative issue price of S$0.88 per Acquisition Fee Unit, the number of Acquisition Fee Units issued shall be approximately 19 million Units. For the avoidance of doubt, the illustrative issue price of the Acquisition Fee Units is not the same as the Illustrative Issue Price (as defined herein) of S$0.82 per New Unit for the New Units to be issued under the Equity Fund Raising. The illustrative issue price of the Acquisition Fee is based on the volume weighted average price ("**VWAP**") for a Unit for all trades on the SGX-ST for the period of 10 business days immediately preceding the relevant business day on which the Acquisition Fee is paid as opposed to the issue price of Units issued to finance or part finance the acquisition in respect of which the Acquisition Fee is payable.

Requirement for Unitholders' Approval

Very Substantial Acquisition or Reverse Takeover

The Acquisition will constitute a "very substantial acquisition" or a "reverse takeover" by LREIT under Chapter 10 of the Listing Manual. Rule 1015 of the Listing Manual requires a "very substantial acquisition" by LREIT to be conditional upon the approval of Unitholders. In compliance with the requirements of the Listing Manual, the Manager is seeking Unitholders' approval for the Acquisition.

However, the proposed Acquisition will not constitute a "reverse takeover" by LREIT under Chapter 10 of the Listing Manual as the proposed Acquisition does not involve a change of control of LREIT / the Enlarged Group following the completion of the proposed Acquisition.

(See **paragraph 5.2** of the Letter to Unitholders for further details.)

Interested Person Transaction and Interested Party Transaction

As at the Latest Practicable Date, the Sponsor holds an aggregate indirect interest in 316,174,602 Units, which is equivalent to approximately 26.53% of the total number of Units in issue as at the Latest Practicable Date (the "**Existing Units**"), and is therefore regarded as a "controlling unitholder" of LREIT for the purposes of the listing manual of the SGX-ST (the "**Listing Manual**") and the Property Funds Appendix. In addition, as the Manager is an indirect wholly-owned subsidiary of the Sponsor, the Sponsor is therefore regarded as a "controlling shareholder" of the Manager for the purposes of both the Listing Manual and the Property Funds Appendix. As such, the Sponsor is considered (under Chapter 9 of the Listing Manual) an "interested person" of LREIT and (under the Property Funds Appendix) an "interested party" of LREIT.

As LLI is a direct wholly-owned subsidiary of the Sponsor, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the proposed ARIF3 Share Acquisition is an "interested person transaction" under Chapter 9 of the Listing Manual, as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

As ARIF3 is managed by LLIM, which is an indirect wholly-owned subsidiary of the Sponsor and the Property Vendors are indirect subsidiaries of ARIF3, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Manager is regarding the proposed Property Acquisition as an "interested person transaction" under Chapter 9 of the Listing Manual, as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the Acquisition.

(See **paragraph 5.1** of the Letter to Unitholders for further details.)

RESOLUTION 2: THE PROPOSED ISSUE OF CONSIDERATION UNITS TO LLI (OR ITS NOMINEE) IN SATISFACTION OF THE CONSIDERATION FOR THE ARIF3 SHARE ACQUISITION, AS AN INTERESTED PERSON TRANSACTION

Proposed Issue of Consideration Units

The Manager proposes to issue Consideration Units to LLI (and/or its nominee) as payment of the ARIF3 Purchase Consideration payable for the ARIF3 Share Acquisition on completion (the "**Proposed Issuance of Consideration Units**").

The number of Consideration Units to be issued shall be calculated based on the ARIF3 Purchase Consideration divided by the issue price of each Consideration Unit (the "**Issue Price**"), rounded downwards to the nearest board lot of 100 Units and any balance sum which is not satisfied by the issue of the Consideration Units due to such rounding down shall be paid in cash.

Pursuant to the ARIF3 SPA, the Issue Price shall be determined as follows:

(i) where one or more equity fund raisings have been successfully carried out by LREIT between the date of the ARIF3 SPA and the date of completion of the ARIF3 SPA to finance (whether partially or fully) the Property Acquisition, the Issue Price shall be equivalent to the highest issue price for each new Unit issued in connection with the equity fund raisings; or

(ii) where no equity fund raising has been successfully carried out by LREIT between the date of the ARIF3 SPA and the date of completion of the ARIF3 SPA to finance (whether partially or fully) the Property Acquisition, the Issue Price shall be the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 business days immediately preceding the date of issuance of the Consideration Units.

Pursuant to Clause 5.3.3 of the Trust Deed, as the Consideration Units are issued as consideration for the ARIF3 Share Acquisition, which is in conjunction with the Equity Fund Raising meant to partly finance the Property Acquisition, the Manager has the discretion to determine that the Issue Price is to be the same as the higher of the issue prices for the new Units issued under the Equity Fund Raising (the "**New Units**"). Based on the ARIF3 Purchase Consideration of approximately S$116 million divided by the Illustrative Issue Price (as defined in Resolution 3: The Equity Fund Raising), the number of Consideration Units to be issued is approximately 142 million.

The 10-day volume weighted average price for a Unit immediately preceding the date of completion of the ARIF3 SPA may differ from the issue price under each of the Private Placement or the Preferential Offering undertaken to part finance the Total Acquisition Cost, less the Acquisition Fee (which will be paid through the issue of Acquisition Fee Units). To avoid such an incongruity, given that the Consideration Units and the new Units under the Equity Fund Raising are to be issued for the same purpose of partly funding the Total Acquisition Cost, (less the Acquisition Fee, which will be paid through the issue of the Acquisition Fee Units), as the Consideration Units will be issued after the Equity Fund Raising, the issue price of the Consideration Units will be the same as the highest issue price for the Units issued under the Private Placement and Preferential Offering. This will also allow LLI, as the vendor under the ARIF3 SPA, to have certainty with respect to the issue price of the Consideration Units and will put LLI in a position that is on par with the incoming investors under the Equity Fund Raising.

The Consideration Units, when issued, will be fully paid. The Consideration Units shall be issued on the date of Completion and the number of Consideration Units issued shall be rounded downwards to the nearest board lot of 100 Units. Any balance sum which is not satisfied by the issue of the Consideration Units due to rounding down shall be paid in cash.

The Consideration Units shall be issued on the date of Completion under a temporary stock counter from the existing LREIT stock counter, such temporary stock counter to be maintained for the period commencing from the date of issue of the Consideration Units to the last day of "cum-distribution" trading for the existing Units, in respect of the distribution period ending 30 June 2022 (or such other period as the Manager may determine). After the last day of "cum-distribution" trading, both the Consideration Units and the existing Units will be aggregated and traded under the existing LREIT stock counter on the Main Board of the SGX-ST. The Consideration Units will not be entitled to participate in LREIT's distribution for the period immediately preceding the date of issue of the Consideration Units.

Status of the Consideration Units

The Consideration Units will, upon issue, rank *pari passu* in all respects with the existing Units in issue as at the date of issue of the Consideration Units, including the right to any distributions by LREIT from the date of their issue to the end of the financial half year in which the Consideration Units are issued (which shall include the distributions accruing from the date of their issue to the last day of the aforementioned "cum-distribution" trading), as well as all distributions thereafter. For avoidance of doubt, LLI (and/or its nominee) as holders of the Consideration Units will not be entitled to distributions by LREIT for the period up to the day immediately preceding the date of issue of the Consideration Units.

On 14 February 2022, the SGX-ST granted its in-principle approval for the listing and quotation of up to 156,669,100 Consideration Units on the Main Board of the SGX-ST, subject to certain conditions which are further set out in paragraph 6.3 of the Letter to Unitholders. The in-principle approval of SGX-ST is not an indication of the merits of the proposed Acquisition, the

Consideration Units, the New Units or any of the transactions contemplated in association with the proposed Acquisition, LREIT and/or its subsidiaries, the enlarged portfolio, the Property or the existing Units.

Requirement for Unitholders' Approval

The Manager is seeking Unitholders' approval to issue the Consideration Units pursuant to Rule 805(1) of the Listing Manual.

As mentioned above, the Sponsor is regarded as a "controlling unitholder" of LREIT for the purposes of Listing Manual. In addition, as the Manager is an indirect wholly-owned subsidiary of the Sponsor, the Sponsor is therefore regarded as a "controlling shareholder" of the Manager for the purposes of the Listing Manual. As such, the Sponsor is considered (under Chapter 9 of the Listing Manual) an "interested person" of LREIT.

As LLI is an indirect wholly-owned subsidiary of the Sponsor, the Proposed Issuance of Consideration Units to LLI (and/or its nominee) will constitute a placement to a related company of a Substantial Unitholder. Under Rules 812(1) and 812(2) of the Listing Manual, any issue of Units must not be placed to a person which is a Substantial Unitholder, its related company or its associated company unless specific Unitholders' approval is obtained. The placee and its associates must abstain from voting on the resolution approving the placement.

Further, as LLI is an "associate" of the Sponsor, which is regarded as a "controlling unitholder" of LREIT, and a "controlling shareholder" of the Manager for the purposes of Chapter 9 of the Listing Manual, LLI is (for the purposes of the Listing Manual) an interested person.

The Proposed Issuance of Consideration Units to LLI (and/or its nominee) is part of the proposed Acquisition which constitutes an "interested person transaction" under Chapter 9 of the Listing Manual, in respect of which the approval of Unitholders is required. Based on the ARIF3 Purchase Consideration of approximately S$116 million divided by the Illustrative Issue Price of S$0.82 per New Unit, the number of Consideration Units to be issued is approximately 142 million, which represents approximately 11.9% of the total number of Units in issue as at the Latest Practicable Date.

(See **paragraph 6.4** of the Letter to Unitholders for further details.)

Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the proposed issuance of Consideration Units to LLI (and/or its nominee).

(See **paragraph 13** of the Letter to Unitholders for further details on the abstentions from voting on Resolution 2.)

RESOLUTION 3: THE EQUITY FUND RAISING

The Manager is seeking Unitholders' approval for the proposed issue of up to 1,265,346,000 New Units (representing approximately 106.2% of the existing number of issued Units as at the Latest Practicable Date).

Based on an illustrative issue price of S$0.82 per New Unit (the "**Illustrative Issue Price**"), the Equity Fund Raising is expected to raise gross proceeds of up to approximately S$1,038 million[13], to partially finance the Total Acquisition Cost (as defined herein), with the balance to be funded by the LREIT PNs, the issuance of Consideration Units, debt financing, as well as its own cash reserves, internal resources and/or an issuance of perpetual securities.

The structure and timing of the Equity Fund Raising have not been determined. If and when the Manager decides to undertake the Equity Fund Raising, the Equity Fund Raising may, at the Manager's absolute discretion, comprise:

(i) a Private Placement of New Units to institutional and other investors; and/or

(ii) a non-renounceable Preferential Offering of New Units to the existing Unitholders on a *pro rata* basis,

which the Manager deems appropriate in the circumstances and after having considered the then prevailing market conditions.

The structure and time schedule of the Equity Fund Raising and the issue price of the New Units (the "**EFR Issue Price**") will be determined in accordance with, among others, Chapter 8 of the Listing Manual. The EFR Issue Price will comply with Rules 811(1), 811(5) and 816(2) of the Listing Manual, and will not be at more than a 10.0% discount to the volume weighted average price ("**VWAP**") for trades done on the SGX-ST for the full market day on which an underwriting agreement between the Manager and the Joint Global Co-ordinators and Bookrunners (the "**Underwriting Agreement**") is signed, or (if trading in the Units is not available for a full market day) for the preceding market day up to the time the Underwriting Agreement is signed, excluding (where applicable) accrued distributions provided that the holders of the New Units are not entitled to the accrued distributions. The Underwriting Agreement is anticipated to be signed upon the terms of the Equity Fund Raising being agreed upon, which will be after the approval of the relevant resolutions by the Unitholders at the EGM having been received.

On 14 February 2022, the SGX-ST granted its in-principle approval for the listing and quotation of up to 1,265,346,000 New Units (representing approximately 106.2% of the existing number of issued Units as at the Latest Practicable Date) on the Main Board of the SGX-ST, subject to certain conditions which are further set out in paragraph 7.5 of the Letter to Unitholders. The in-principle approval of SGX-ST is not an indication of the merits of the proposed Acquisition, the Consideration Units, the New Units or any of the transactions contemplated in association with the proposed Acquisition, LREIT and/or its subsidiaries, the enlarged portfolio, the Property, the existing Units or the new Units.

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[13] For the avoidance of doubt, S$1,038 million is the maximum amount of gross proceeds that may be raised through the Equity Fund Raising (based on the Illustrative Issue Price) pursuant to the maximum number of New Units granted approval in-principle from SGX. Please refer to Paragraph 4 of the Letter to Unitholders for further information on the estimated amount of gross proceeds to be raised under the Equity Fund Raising of S$837 million as illustrated in the pro forma statements.

The issue price of the New Units issued under the Private Placement may differ from the issue price of the New Units issued under the Preferential Offering.

The Manager will announce the details of the Equity Fund Raising on the SGXNET at the appropriate time when it launches the Equity Fund Raising in such structure and at such time as may be agreed with the Joint Global Co-ordinators and Bookrunners.

Notwithstanding its current intention, in the event that the Equity Fund Raising is completed but the Acquisition does not proceed for whatever reason, the Manager may, subject to relevant laws and regulations, utilise the net proceeds of the Equity Fund Raising at its absolute discretion for other purposes, including without limitation, the repayment of existing indebtedness and for funding capital expenditures.

Further details pertaining to the use of proceeds of the Equity Fund Raising (including details on the percentage allocation for each use) will be announced at the appropriate time.

Use of Proceeds of the Equity Fund Raising

The Manager intends to utilise the net proceeds from the proposed Equity Fund Raising to part-finance the Total Acquisition Cost of S$2,015 million, with the balance of the proceeds of the proposed Equity Fund Raising, if any, to be used for general corporate and/or working capital purposes and/or to pare down existing debt.

Notwithstanding its current intention, in the event that the Equity Fund Raising is completed but the proposed Acquisition does not proceed for whatever reason, the Manager may, subject to relevant laws and regulations, utilise the net proceeds of the Equity Fund Raising at its absolute discretion for other purposes, including without limitation, the repayment of existing indebtedness and for funding capital expenditures.

Consequential Adjustment to Distribution Period and Status of new Units

LREIT's policy is to distribute its distributable income on a semi-annual basis to Unitholders, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates.

However, pursuant to the Private Placement, the Manager may decide to make adjustments to the distribution period which may include, among others, a cumulative distribution, an advanced distribution or such other plans to ensure fairness to existing Unitholders holding Units on the day immediately prior to the date on which the new Units are issued under the Private Placement.

Further details pertaining to any adjustments to the distribution period, if any, and the status of the new Units issued pursuant to the Private Placement will be announced at the appropriate time.

Requirement of Unitholders' Approval

The Manager is seeking the approval of Unitholders for the proposed issue of up to 1,265,346,000 New Units (representing approximately 106.2% of the 1,191,646,376 Existing Units) under the proposed Equity Fund Raising pursuant to Rule 805(1) of the Listing Manual. For the avoidance of doubt, the Manager will not be relying on the general mandate that was obtained by the Manager from Unitholders at the annual general meeting of Unitholders held on 25 October 2021 to issue the New Units.

(See **paragraph 7** of the Letter to Unitholders for further details.)

RATIONALE FOR THE PROPOSED ACQUISITION

The Manager believes that the Acquisition will bring the following key benefits to Unitholders:

1. Increased exposure to the resilient suburban segment
   - Suburban retail malls have proven to better weather economic volatility
2. Strategic location that brings long-term growth potential
   - Strategically located in the heart of Jurong East
     - Natural traffic from close proximity to key transport nodes and public amenities
     - Strong catchment with higher than national average household income
   - Well-positioned to capitalise on future trends
     - Long-term growth from future development plans
3. Enhanced portfolio's scale and diversification
   - Enlarged portfolio that is well-poised to deliver stable organic growth
   - Better visibility and relevance amongst global investors
   - Further diversification of tenant mix and income stream
4. Top-tier dominant suburban asset
   - Quality tenant base
     - Well-balanced tenant mix with a high proportion of non-discretionary trades
     - High level of committed occupancy with strong anchor tenants
     - Active management and support to tenant base

        - Stable office component that is fully leased to the Ministry of National Development till 2045

    - Strong sustainability credentials

5. Transformational acquisition – Full control of Jem via an efficient holding structure

    - Tax transparency with direct ownership by LREIT

    - Full control to better harness economies of scale

6. Attractive value proposition

    - Discount to independent valuation

    - DPU accretive transaction

(See **paragraph 3** of the Letter to Unitholders for further details.)

INDICATIVE TIMETABLE

Any changes to the timetable below will be announced by way of SGXNET announcements released on the SGX-ST.

Event		Date and Time
Last date and time for submission of questions in advance	:	Monday, 21 February 2022
Virtual Information Session / SIAS Dialogue	:	Thursday, 24 February 2022 at 6.00 p.m.
Last date and time for pre-registration for EGM, and lodgement of Proxy Forms	:	Friday, 4 March 2022 at 10.00 a.m.
Date and time of the EGM to be convened and held by way of electronic means	:	Monday, 7 March 2022 at 10.00 a.m.
If approval for the Acquisition is obtained at the EGM:		
Target date for completion of the proposed Acquisition	:	Expected to be on or before 15 May 2022 (or such other date as may be agreed between the Trustee and the Property Vendors)

LENDLEASE GLOBAL COMMERCIAL REIT

(a real estate investment trust constituted on 28 January 2019 under the laws of the Republic of Singapore)

Directors:	**Registered Office:**
Ms Ng Hsueh Ling (Chairperson and Non-Independent Non-Executive Director) Dr Tsui Kai Chong (Lead Independent Non-Executive Director and Chairperson of the Audit and Risk Committee) Mrs Lee Ai Ming (Independent Non-Executive Director and Chairperson of the Nomination and Remuneration Committee) Mr Simon John Perrott (Independent Non-Executive Director) Mr Justin Marco Gabbani (Non-Independent Non-Executive Director)	2 Tanjong Katong Road #05-01 PLQ 3 Paya Lebar Quarter Singapore 437161

14 February 2022

To: The Unitholders of Lendlease Global Commercial REIT

Dear Sir/Madam

1. SUMMARY OF APPROVAL SOUGHT

The Manager is convening the EGM to seek the approval from Unitholders by way of Ordinary Resolution for:

(i) Resolution 1: the proposed acquisition of the remaining interests in the Property through the acquisition of (i) the Property for a total purchase consideration of S$2,079 million, subject to relevant post-completion adjustments, and (ii) the ARIF3 Sale Shares (13.05% of the ARIF3 Share Capital) for a total purchase consideration of approximately S$116 million[1], as an interested person transaction (Ordinary Resolution);

[1] Estimated based on the net asset value of ARIF3 as at 31 December 2021. The ARIF3 Purchase Consideration will be fixed based on the net asset value of ARIF3 as at the completion date in accordance with the agreed procedures set out in the ARIF3 SPA and there will be no post-completion adjustments.

(ii) Resolution 2: the proposed issue of Consideration Units to LLI (or its nominee) as consideration for the ARIF3 Share Acquisition, as an interested person transaction (Ordinary Resolution); and

(iii) Resolution 3: the proposed Equity Fund Raising (Ordinary Resolution).

Unitholders should note that Resolutions 1, 2 and 3 are inter-conditional and the Manager will only proceed with the Transactions if all of the resolutions are approved.

2. RESOLUTION 1: THE PROPOSED ACQUISITION, AS AN INTERESTED PERSON TRANSACTION

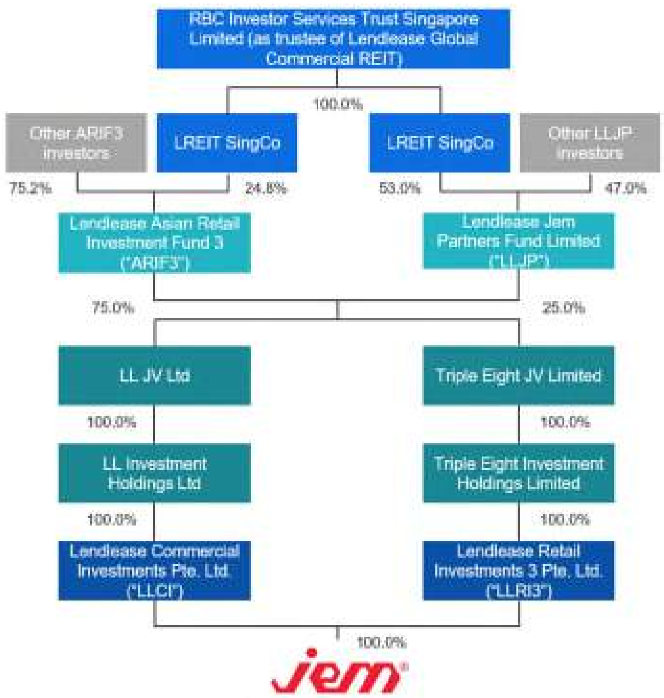
2.1 Description of ARIF3

ARIF3 is a private fund which is set up as a company incorporated in Bermuda. ARIF3 does not invest in other real estate assets save for the Property, and is managed by LLIM, an indirect wholly-owned subsidiary of the Sponsor.

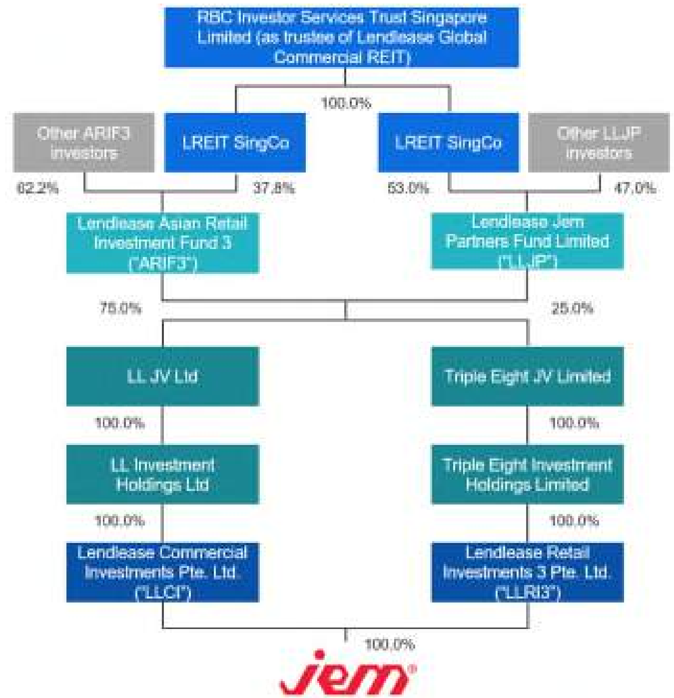
ARIF3, which is managed by LLIM, indirectly (through layers of companies) jointly owns the Property with LLJP (which is also managed by LLIM).

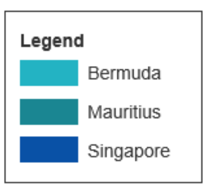
The diagrammatic illustrations below set out the Property's holding structure and the respective interests in ARIF3 and LLJP following completion of the proposed ARIF3 Share Acquisition.

Before the proposed ARIF3 Share Acquisition



After the proposed ARIF3 Share Acquisition





The ARIF3 Share Acquisition will complete shortly before the Property Acquisition but both will take place on the same day such that following the completion of the Property Acquisition, the Property will be directly held by the Trustee as set out below:

RBC Investor Services Trust Singapore Limited (as trustee of Lendlease Global Commercial REIT)

100.0%

2.2 Description of the Property

Jem

50 and 52 Jurong Gateway Road, Singapore

Description

The Property is an integrated office and retail asset located in Jurong Gateway, the commercial hub of the Jurong Lake District. It is situated next to the Jurong East MRT station and bus interchange. It is one of the largest suburban malls in

Singapore with retail space across six levels. It also comprises 12 levels of office space which has been fully leased to the Ministry of National Development of Singapore.

The Property enjoys direct connectivity to both the Jurong East MRT station and bus interchange and is near amenities such as the Ng Teng Fong General Hospital and Jurong Regional Library.

The Property is the first mixed-use asset in Singapore to be awarded the Green Mark Platinum version 4 and received the Building and Construction Authority's Universal Design Mark Gold Plus Design Award. The Property was ranked second in the Asia Retail (Unlisted) category under the 2021 GRESB real estate assessment, an investor-led ESG benchmark for the real estate sector.[1]

As at 31 December 2021, the Property has a NLA of about 892,502 square feet. Its retail and office space (by NLA) account for 65.1% and 34.9%, respectively. Anchor tenants within the retail space include IKEA (its first small-store concept in Southeast Asia), FairPrice Xtra (a hypermarket), Cathay Cineplexes (one of the largest cinema multiplexes in western Singapore) and Don Don Donki (a popular Japanese discount store chain). Other major retail tenants include H&M, Koufu, Uniqlo and Courts.

The table below sets out a summary of selected information on the Property as at 31 December 2021, unless otherwise stated.

Title	Leasehold of 99 years commencing from 27 September 2010
GFA (sq ft)	1,164,166
NLA (sq ft)	892,502
Number of Storeys	Retail: 6 Office: 12
Committed Occupancy	100.0%
Weighted Average Lease Expiry by GRI (years)	5.9
Independent Valuation by JLL (as at 31 December 2021) (1)	S$2,086 million (S$2,337 psf of NLA)
Independent Valuation by CBRE (as at 31 December 2021) (2)	S$2,063 million (S$2,311 psf of NLA)
Agreed Property Value	S$2,079 million (S$2,329 psf of NLA)

1 2nd place ranking obtained while held under ARIF3 and LLJP.

Capitalisation Rate adopted in the Independent Valuations	Retail: 4.50% Office: 3.50%
NPI (FY2021) (without the effects of COVID-19 related one-off rental abatements and expected credit loss)	S$90.8 million
NPI Yield Based on Agreed Property Value (FY2021) (without the effects of COVID-19 related one-off rental abatements and expected credit loss)	4.4%
NPI (FY2021) (with the effects of COVID-19 related one-off rental abatements and expected credit loss)	S$82.8 million
NPI Yield Based on Agreed Property Value (FY2021) (with the effects of COVID-19 related one-off rental abatements and expected credit loss)	4.0%

Notes:

(1) JLL relied on the capitalisation approach and discounted cash flow methods of valuation.

(2) CBRE relied on the capitalisation approach and discounted cash flow methods of valuation.

Certain historical financial information of the Property is set out below (please refer to **Appendix I** to this Circular for the bases and assumptions for this information, as well as other financial information of the Property).

Financial year ended 30 June 2019	**S$ '000**
Revenue	125,053
Property-related expenses	(32,884)
NPI	92,169
Financial year ended 30 June 2020	
Revenue	108,775
Property-related expenses	(32,034)
NPI	76,741
Financial year ended 30 June 2021	
Revenue	122,708
Property-related expenses	(39,939)
NPI	82,769

Six-month financial period ended 31 December 2020	S$ ’000
Revenue	59,464
Property-related expenses	(15,434)
NPI	44,030
Six-month financial period ended 31 December 2021	
Revenue	57,889
Property-related expenses	(15,475)
NPI	42,414

2.3 Structure of the proposed Acquisition

LREIT currently holds an indirect interest in the Property of 31.8% through its 24.8% interest in ARIF3 and 53.0% interest in LLJP, and is proposing to acquire the remaining 68.2% effective interest in the Property through the Acquisition.

The Acquisition is proposed to be undertaken in two steps because SingCo had offered to acquire all the shares in ARIF3 and LLJP held by the other shareholders of ARIF3 and LLJP and the consideration for the acquisition will be in Consideration Units only. This share acquisition was proposed should any of the shareholders prefer a share sale, and offering only Consideration Units and not cash would reduce LREIT’s overall need for additional funding to acquire the remaining interests in the Property. As only LLI agreed to sell its shares in ARIF3 for Consideration Units to demonstrate alignment of interests by the Lendlease Group with LREIT, the share acquisition will only comprise the ARIF3 Share Acquisition. Based on the ARIF3 Purchase Consideration of approximately S$116 million divided by the Illustrative Issue Price of S$0.82 per New Unit, the number of Consideration Units to be issued is approximately 142 million, which represents approximately 11.9% of the total number of Units in issue as at the Latest Practicable Date.

The second step, being the Property Acquisition which involves the Trustee acquiring the Property directly from the Property Vendors shortly after completion of the ARIF3 Share Acquisition, is to achieve the outcome of the Trustee holding the Property directly to achieve tax transparency in LREIT’s ownership of the Property.

Upon completion of the proposed ARIF3 Share Acquisition, LREIT will hold:

(i) a 37.8% interest in ARIF3 (after taking into account LREIT’s existing 24.8% interest in ARIF3); and

(ii) an effective 41.6% indirect interest in the Property[2].

Upon completion of the Property Acquisition, LREIT will hold a 100% direct interest in the Property.

Following the completion of the Property Acquisition, it is expected that ARIF3 and LLJP as well as their respective intermediate holding companies will be wound up as the Property is the main asset of these funds and holding companies. Similarly, the Manager intends to wind up SingCo if LREIT does not have a purpose for SingCo in the future.

The Property Purchase Consideration is intended to be partially funded by way of the Equity Fund Raising.

ARIF3 Share Acquisition

SingCo, the Trustee and LLI had on 14 February 2022 entered into the ARIF3 SPA pursuant to which SingCo will acquire 13.05% of the ARIF3 Share Capital from LLI for the ARIF3 Purchase Consideration of approximately S$116 million[3], to be satisfied in Consideration Units. For the avoidance of doubt, the Consideration Units are subject to the Lock-up Arrangements as described in Paragraph 8 of this Letter to Unitholders.

Property Acquisition

The Trustee had on 14 February 2022 entered into the Asset PCOA with the Property Vendors in respect of the sale and purchase of the leasehold interest in the Property for the Property Purchase Consideration of S$2,079 million. Pursuant to the Asset PCOA, the Trustee has a right to accept the Property Vendors' offer to sell the leasehold interest in the Property, and the Property Vendors have a right to accept the Trustee's offer to purchase the leasehold interest in the Property, upon certain conditions precedent being fulfilled by a specified date.

Given that LREIT currently has a 31.8% effective interest in the Property, the Manager is proposing to pay part of the Property Purchase Consideration in interest-free promissory notes and with the balance to be paid in cash. The amount of the Property Purchase Consideration to be paid in promissory notes is approximately S$263 million, comprising approximately 12.6% of the Property Purchase Consideration and this non-cash component was agreed between the Trustee and the Property Vendors after taking into account the amount of returns

2 Effective indirect interest is computed based on the summation of LREIT's shareholdings in LLJP and ARIF3 in percentage terms, multiplied by 25% and 75% respectively.

3 Estimated based on the net asset value of ARIF3 as at 31 December 2021. The ARIF3 Purchase Consideration will be fixed based on the net asset value of ARIF3 as at the completion date in accordance with the agreed procedures set out in the ARIF3 SPA and there will be no post-completion adjustments.

that LREIT (through SingCo) would receive for the sale of its effective interest in the Property by way of return of capital on its shares in each of ARIF3 and LLJP, and with the balance of LREIT's proceeds from the sale of the Property by way of income distributions. As only the return of capital component due to LREIT (through SingCo) can be returned to SingCo by way of a non-cash instrument for various considerations like the costs of flowing a non-cash income distribution through the capital structure of the ARIF3 and LLJP fund entities, and S$263 million represents the maximum amount of capital returns due to LREIT, the amount of the Property Purchase Consideration to be paid in promissory notes is therefore the maximum amount that the Manager could negotiate to be paid by way of promissory notes. This promissory note mechanism is beneficial to LREIT as it reduces the amount of cash to be raised and funded by LREIT for the Property Acquisition. Based on LREIT's current 31.8% effective interest in the Property at the time of the Manager's negotiation, the balance of S$399 million of the Property Purchase Consideration (which comprises 31.8% of the Property Purchase Consideration of S$2,079 million less the S$263 million of promissory notes) will be applied towards deduction of LREIT's share of costs and expenses like taxes and repayment of the existing borrowings in order to arrive at the amount of income distributions due to LREIT.

It is contemplated that on completion of the Property Acquisition, the Trustee will issue two LREIT PNs to one of the two Property Vendors, LLRI3 in part satisfaction of the amount of the Property Purchase Consideration due to LLRI3, which will comprise:

(i) one ARIF3 PN, the principal amount of which would be determined by reference to the returns that SingCo (as shareholder of ARIF3) will receive from ARIF3 by way of distributions following the sale of the Property; and

(ii) one LLJP PN, the principal amount of which would be determined by reference to the returns that SingCo (as shareholder of LLJP) will receive from LLJP by way of distributions following the sale of the Property.

LLRI3 will flow the LREIT PNs up the capital structure through dividends by LLRI3 up to the intermediate holding company, Triple Eight Investment Holdings Limited, followed by return of share capital to Triple Eight JV Limited up to ARIF3 and LLJP, such that SingCo will eventually receive the ARIF3 PN from ARIF3 as its returns from the sale of the Property and SingCo will eventually receive the LLJP PN from LLJP as its returns from the sale of the Property. All the other shareholders of ARIF3 and LLJP will receive their returns from the sale of the Property in the form of cash and only SingCo will receive the LREIT PNs.

SingCo will endorse the LREIT PNs in favour of the Trustee as redemption proceeds for the redemption of the redeemable preference shares that the Trustee holds in SingCo and as a final step, the Trustee will cancel the LREIT PNs once it receives them.

LLRI3 will receive the remaining amount of the Property Purchase Consideration due to it in cash (being approximately S$1,342 million), and the other Property Vendor, LLCI, will receive the amount of the Property Purchase Consideration due to it in cash (being approximately S$474 million), being an aggregate of 87.4% of the Property Purchase Consideration. Following the completion of the Acquisition, it is expected that LLRI3 and LLCI will pay the cash proceeds of the Property Purchase Consideration upstream to their holding companies to be eventually paid to the investors of ARIF3 and LLJP, including SingCo (after settlement of relevant costs and expenses like taxes and repayment of the existing borrowings), and the Manager expects SingCo to receive approximately S$225 million out of such cash proceeds[4]. After the proceeds of the Property Purchase Consideration are applied towards settlement of relevant costs and expenses like taxes and repayment of the existing borrowings, the bulk of the distribution due to SingCo is expected to be approximately S$488 million which comprises the S$263 million from the LREIT PNs and S$225 million in cash, and with a balance sum to be withheld by ARIF3 and LLJP and their downstream companies to cater for customary expenses like winding up expenses.

2.4 Purchase Consideration and Valuation

<u>The Property</u>

The Trustee has commissioned an independent valuer, JLL, and the Manager has commissioned an independent valuer, CBRE, to respectively value the Property.

The Agreed Property Value[5], which was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations by the Independent Valuers, is S$2,079 million, which is at a discount of S$7 million or approximately 0.3% to the Appraised Value of the Property. The Agreed Property Value is determined on the basis of a 100% interest in the Property.

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[4] The Manager will apply the cash proceeds of approximately S$225 million towards repayment of the bridging loan of S$225 million that will be drawn down for the purposes of funding the Acquisition.

[5] The Agreed Property Value is lower than the Appraised Value, which is the higher of the two independent valuations of the Property as at 31 December 2021, by S$7 million.

Purchase Consideration

The ARIF3 Purchase Consideration payable by the Purchaser of approximately S$116 million under the ARIF3 SPA reflects 13.05% of the NAV of ARIF3 as at the completion date and there will be no post-completion adjustments.

The Property Purchase Consideration payable by the Trustee of approximately S$2,079 million (which is equivalent to the Agreed Property Value) is therefore at a discount of S$7 million or 0.3% to the Appraised Value. The Agreed Property Value is determined on the basis of a 100% interest in the Property.

2.5 Estimated Total Acquisition Cost

The estimated Total Acquisition Cost is approximately S$2,015 million, comprising:

(i) the ARIF3 Purchase Consideration of approximately S$116 million, payable in Consideration Units;

(ii) the Property Purchase Consideration of S$2,079 million, less the value of the LREIT PNs of approximately S$263 million;

(iii) the stamp duty of approximately S$62 million;

(iv) the Acquisition Fee[6] of approximately S$17 million[7]; and

(v) the estimated professional and other fees and expenses incurred or to be incurred by LREIT in connection with the Acquisition of approximately S$4 million.

The total amount of cash to be raised by LREIT to finance the Total Acquisition Cost (after taking into account the non-cash components of the Consideration Units, the LREIT PNs and the Acquisition Fee Units) is S$1,882 million.

Although the Trustee will issue the LREIT PNs to partially finance the Property Purchase Consideration, the principal amount of the LREIT PNs has been excluded from the Total Acquisition Cost as such amount will be returned to LREIT as a portion of returns that LREIT (through SingCo) would receive for the sale of its effective interest in the Property. Although SingCo is expected to receive further returns on its shares in each of ARIF3 and LLJP for the sale of its effective interest in the Property, such returns have not been deducted as they have not been

[6] As the proposed Acquisition is an "interested party transaction" under the Property Funds Appendix, the Acquisition Fee will be in the form of the Acquisition Fee Units which shall not be sold within one year of the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

[7] The Acquisition Fee in respect of the proposed Acquisition is 1.0% of the Property Purchase Consideration, less any amounts paid as acquisition fees for LREIT's previous acquisitions of indirect interests in the Property through acquisitions of shares in ARIF3 and LLJP.

declared by ARIF3 and LLJP. Accordingly, the Total Acquisition Cost would be lower after the final cash returns are received by SingCo from ARIF3 and LLJP.

2.6 Method of Financing

The Manager intends to finance the proposed Acquisition, less the Acquisition Fee (which will be paid through the issue of Acquisition Fee Units) via the issuance of the Consideration Units for an aggregate issue price of approximately S$116 million, the LREIT PNs for a principal amount of approximately S$263 million, debt financing, the proceeds from the Equity Fund Raising, as well as its own cash reserves, internal resources and/or an issuance of perpetual securities.

2.7 Principal Terms of the ARIF3 SPA

In connection with the proposed ARIF3 Share Acquisition, the SingCo had on 14 February 2022, entered into the ARIF3 SPA with LLI to acquire 13.05% of the ARIF3 Share Capital.

The principal terms of the ARIF3 SPA include, among others, the following:

2.7.1 certain limited representations and warranties are made by LLI including in relation to the capacity of LLI, information disclosed, legal matters, title to the shares in ARIF3 and the Property and other matters in relation to ARIF3 and the Property[8];

2.7.2 the conditions precedent set out in paragraph 2.7.4 below to be satisfied on or before 5.00 p.m. (Singapore time) on 15 May 2022 (or such other date as may be agreed between LLI and the Purchaser);

2.7.3 the following provisions shall apply to limit the liability of LLI in respect of any claim pursuant to any provision of the ARIF3 SPA:

(i) LLI shall not be liable for breaches under the ARIF3 SPA in respect of any claim unless a notice of the claim is given by the Purchaser to LLI within 12 months following completion; and

(ii) no liability shall in any event arise in respect of any claim unless the amount of the claim (together with the aggregate amount of any other or previous claims) shall exceed S$250,000 and in that event,

[8] Where the warranties are qualified by knowledge or awareness of LLI, LLI's knowledge or awareness is limited to and deemed only to include those facts, matters or circumstances of which a director of LLI is actually aware as at the date of the ARIF3 LLI SPA and would be aware if at the date of the ARIF3 LLI SPA that director of LLI had made reasonable enquiries of the advisor, being LLIM.

LLI shall be liable for the aggregate amount of all claims and not just the amounts in excess of the minimum sum of S$250,000;

(iii) the aggregate liability of LLI in respect of all claims under the ARIF3 SPA shall not exceed the ARIF3 Purchase Consideration; and

2.7.4 completion under the ARIF3 SPA is subject to conditions precedent including:

(i) there being no acquisition or notice of acquisition by the Singapore Government of the building erected on the Property or 5.0% or more of the land area of the Property on or before the date of satisfaction or waiver of the condition in paragraphs 2.7.4(iv) to 2.7.4(vi) below, whichever is later;

(ii) there being no material adverse effect and no material damage to the Property and/or the plant and equipment, in each case on or before the date of satisfaction or waiver of the condition in paragraphs 2.7.4(iv) to 2.7.4(vi) below, whichever is later;

(iii) there being no material breach of LLI's warranties which would indicate a material adverse effect when compared to the position set out in the financial position of the ARIF3 and the intermediate companies as at 31 December 2021, as set out in the quarterly report of ARIF3 as at 31 December 2021 on or before the date of satisfaction or waiver of the condition in paragraphs 2.7.4(iv) to 2.7.4(vi) below, whichever is later;

(iv) the receipt of approval-in-principle from the SGX-ST for the listing and quotation of Consideration Units, and there not having occurred any revocation or withdrawal of such approval;

(v) the passing of a resolution at an extraordinary general meeting of the Unitholders to approve the proposed acquisition of 13.05% of the ARIF3 Share Capital and the issuance of the Consideration Units; and

(vi) each of the conditions for completion of the Asset PCOA are satisfied (other than any such conditions requiring completion of the ARIF3 SPA).

2.8 Principal Terms of the Asset PCOA

In connection with the proposed Property Acquisition, the Purchaser had on 14 February 2022, entered into the Asset PCOA with the Property Vendors in respect of the sale and purchase of the leasehold interest in the Property.

Pursuant to the Asset PCOA, the Purchaser (or its nominee, as the case may be) has been granted the right to accept the Property Vendors' offer to sell the Property ("**Property Call Option**") and the Property Vendors have been granted the right to accept the Purchaser's (or its nominee's, as the case may be) offer to purchase the Property ("**Property Put Option**", and together with the Property Call Option, referred to as the "**Option**"). The Purchaser has the right to nominate a replacement trustee of LREIT as its nominee.

The Option may be exercised on the Option Exercise Date, subject to certain conditions precedent being fulfilled by a specified date.

The principal terms of the Asset PCOA include, among others, the following:

2.8.1 the Property Purchase Consideration of S$2,079 million (exclusive of goods and services tax);

2.8.2 certain conditions precedent to be fulfilled before the Option can be exercised:

(i) the approval by the shareholders of the Property Vendors and any holding companies of the Property Vendors required to approve the sale of the Property together with all plant, machinery, equipment and all component parts in the Property which belong to the Property Vendors;

(ii) the approval of Unitholders for the purchase of the Property together with all plant, machinery, equipment and all component parts in the Property which belong to the Property Vendors;

(iii) the Purchaser procuring or obtaining financing for its purchase of the Property. If this is the only condition precedent not satisfied by the specified date, the Purchaser must on demand pay to the Property Vendors the costs of external advisors and consultants (including the cost of setting up and maintaining the data room) incurred by the Property Vendors up to S$800,000;

(iv) the Property Vendors obtaining certain consents from its financiers; and

(v) the completion of the ARIF3 Share Acquisition,

2.8.3 a right of rescission or termination by the Trustee if:

(i) there is compulsory acquisition of the building or 5.0% or more of the land area of the Property;

(ii) any legal requisition reply is unsatisfactory;

(iii) there is any damage to the Singapore Property such that (1) it is rendered unfit for use or occupation or inaccessible for a continuous period of more than 30 days, (2) it is rendered unsafe or cannot be lawfully used for a continuous period of more than 30 days, or (3) there is a reduction of the value of the Property by 5% or more (where such value is agreed to be the Property Purchase Consideration); or

(iv) the Property Vendors breach any warranty which results in a reduction of the value of the Property by 5% or more (where such value is agreed to be the Property Purchase Consideration);

2.8.4 certain adjustment of lease revenues such as rent, turnover rent, licence fees, service charge and advertising and promotion fees (including arrears) received from tenants and licensees shall be made depending on when such lease revenues are received, and which period such lease revenues are paid in respect of;

2.8.5 the Property Vendors must bear:

(i) the amount equivalent to lease revenues which would have been payable during all rent-free periods and all subsidies, rebates, financial commitments, concessions, fit-out contributions, capital contributions, financial inducements and monetary incentives of whatsoever nature payable or allowable to the tenants and licensees in relation to any of the lease and/or licence agreements (the "**Occupier Incentives**") granted before the date of the Asset PCOA, save that Occupier Incentives granted to a certain tenant shall be borne equally by LLRI3 and the Trustee;

(ii) the capital expenditure in relation to certain capital expenditure works committed or carried out or agreed to be committed or carried out ("**Committed Capital Expenditure**"), before the date of the Asset PCOA (whether or not such Committed Capital Expenditure have been carried out or completed by the date of Completion);

2.8.6 certain limited customary representations and warranties (including representations and warranties on the supply of information, title, and compliance with laws) being made by the Property Vendors (subject to the limitations set out in the W&I Insurance Policy);

2.8.7 the Property Vendors has entered into the Asset PCOA in reliance and conditional upon the Purchaser having obtained the W&I Insurance Policy;

2.8.8 the Property Vendors are liable for the premium under the W&I Insurance Policy, to the extent it does not exceed the agreed cap of S$1,850,000, and must pay such amount in full on or before the date of Completion of the Asset PCOA and provide evidence of such payment to the Purchaser;

2.8.9 the Purchaser will not be entitled to make, will not make, and hereby irrevocably waives any right it may have to make, any claim, demand, legal proceedings or cause of action against the Property Vendors arising out of a breach of any warranty (save in the case of fraud), irrespective of whether or not the W&I Insurance Policy covers or responds to such claim, demand, legal proceedings or cause of action and regardless of the extent to which it is able to recover the amount of such a claim, demand, legal proceedings or cause of action from the insurer. Save in the case of fraud by the Property Vendors, the sole and exclusive remedy of the Trustee arising out of or in connection with a breach of any Warranty shall be under the W&I Insurance Policy;

2.8.10 certain limitations on the liability of the Property Vendors in respect of any claim in respect of the Asset PCOA (and which are not intended to limit the liability of the insurer under the W&I Insurance Policy), such as:

(i) in respect of any warranty claim:

a) no warranty claim shall be brought by the Purchaser under the W&I Insurance Policy unless notice is given by the Purchaser to the W&I Insurer within the time limits as set out in the W&I Insurance Policy;

b) no proceedings shall be commenced by or on behalf of the Purchaser unless proceedings are commenced within the time limits as set out in the W&I Insurance Policy;

(ii) in respect of any claim other than a warranty claim:

a) a six (6) month period from completion of the acquisition for the Purchaser to give notice of such claims to the Property

Vendors;

b) a six (6) month period from completion of the acquisition for the Purchaser to commence proceedings against the Property Vendors in relation to such claims;

(iii) in respect of:

a) any warranty claim, a minimum claim amount of S$283,126 which is aligned with the W&I Insurance policy;

b) any claim other than a warranty claim, a minimum claim amount of S$250,000;

(iv) the maximum total liability in respect of all warranty claims, not exceeding S$103,850,000;

(v) the maximum total liability of the Vendor in respect of any claim other than a warranty claim, not exceeding 5% of the Property Purchase Consideration and the maximum total liability of the Property Vendors in respect of all claims (other than a warranty claim) not exceeding 15% of the Property Purchase Consideration; and

2.8.11 the Property Vendors hold the Property as tenants in common in unequal shares. Each Property Vendor is severally (and not jointly) liable under the Asset PCOA up to its respective proportion of its interest in the Property;

2.8.12 the Property to be sold subject to and with the benefit of all existing tenancies and licence agreements, and building maintenance contracts and from Completion, the Property Vendors will assign its rights, benefits and covenants under the existing tenancies and licence agreements, and building maintenance contracts to the Trustee.

As at the date of this Circular, the Trustee has in effect a W&I Insurance Policy pursuant to which:

- the insured warranties are insured up to the total amounts of (i) S$51,925,000 ("**Underlying Limit**") and (ii) S$51,925,000 in excess of the Underlying Limit, under a first excess policy;

- for any claim for breach of the insured warranties under the Asset PCOA, the Trustee has:

- a claim period of up to 7 years from the completion of the acquisition to bring a claim in respect of title and capacity warranties; and

- a claim period of up 7 years from the completion of the acquisition to bring a claim in respect of tax warranties and tax indemnity; and

- a claim period of up 3 years from the completion of the acquisition to bring a claim in respect of general warranties (other than the title and capacity warranties, and tax warranties and tax indemnity);

* a minimum claim amount of S$283,126 under the underlying policy.

Completion of the sale and purchase of the Property shall take place on the date the Property Call Option is exercised, or as the case may be, the date the Property Put Option is exercised, or such other agreed date.

2.9 Existing Agreements of the Property Vendors with Interested Persons of LREIT

The agreements set out in this paragraph 2.9 which the Property Vendors had entered into previously will continue following the completion of the proposed Acquisition. As these are existing agreements that had already been entered into prior to the proposed Acquisition and are not entered into in connection with the proposed Acquisition, approval is not being specifically sought from Unitholders for each of these existing agreements.

The following agreements (which are regarded as interested person transactions of LREIT for the purposes of the Listing Manual) will continue following the completion of the proposed Acquisition and will be novated to the Trustee as part of the proposed Property Acquisition. By approving the proposed Acquisition, Unitholders will be deemed to have approved each of the agreements listed in this paragraph 2.9 (including the fees payable to the relevant interested person (as defined in the Listing Manual)).

2.9.1 <u>Portal Access Licence Agreement between LLR and LLRI3</u>

Lendlease Retail Pte. Ltd. ("**LLR**") granted LLRI3 a licence to obtain access to LLR's mobile application "Lendlease Plus", and the services and functionalities made available via the portal under the Portal Access Licence Agreement between LLR and LLRI3 dated 16 November 2018 (the "**Portal Access Licence Agreement**"). This mobile application is currently being used in relation to the Property.

Under the Portal Access Licence Agreement, LLR shall be entitled to receive an annual maintenance fee on a cost recovery basis.

It is intended that the Portal Access Licence Agreement will be novated to the Trustee as a completion deliverable under the Asset PCOA. The Portal Access Licence Agreement will remain in force until it is terminated by either the Trustee or LLR, save that neither party may terminate the Portal Access Licence Agreement while LLR is the property manager of the Property. By approving the proposed Acquisition, Unitholders will be deemed to have approved the annual maintenance fee payable to LLR and the existing Portal Access Licence Agreement.

2.9.2 Formal Instrument of Agreement for the Reconfiguration of Taxi Stand at the Property between LLRI3 and LLS

LLRI3 contracted LLS in a head contract for reconfiguration works of the Property's taxi stand under a formal instrument of agreement for the reconfiguration of taxi stand at the Property between LLRI3 and LLS dated 14 August 2020 (the "**Taxi Stand Reconfiguration Contract**"). The fees payable to LLS will not exceed S$1,493,987[9], subject to adjustments, as required, wherever the contract provides that an amount is payable, allowable or due to either party by or from the other party (excluding GST). The fees were determined based on the extent of works required for the asset enhancement initiative, which was certified by an independent quantity surveyor. As most of the works required for the reconfiguration have been completed by LLS, the Manager understands that most of the fees payable under the Taxi Stand Reconfiguration Contract have been paid to LLS in proportion to the amount of work done, and the Manager is of the view that any further amounts payable (which for the avoidance of doubt, refers to the outstanding fees payable within the limit of S$1,493,987 (subject to adjustments) referred to above) would be minimal.

It is intended that the Taxi Stand Reconfiguration Contract will be novated to the Trustee as a completion deliverable under the Asset PCOA. As there is a defects liability period which will expire 12 months after the completion

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9 The lump sum amount of S$1,493,987, which amount:
(a) is the sum of:
 (i) budgeted trade cost of S$998,059 (which includes a contingency sum of a maximum of 5% of budgeted trade cost being the amount S$47,527);
 (ii) project management, safety, preliminaries and supervision lump sum of S$356,316;
 (iii) provisional sum of S$68,470;
 (iv) indicative management fee or margin of S$71,142; and
(b) represents the maximum total amount for which LLRI3 can become liable to pay LLS for the performance of the contract; and

will be adjusted, as required, wherever the contract provides that an amount is payable, allowable or due to either party by or from the other party.

of the works and this is enforced by the Taxi Stand Reconfiguration Contract, it is expected that the Taxi Stand Reconfiguration Contract will remain in force until the second quarter of 2022. By approving the proposed Acquisition, Unitholders will be deemed to have approved the fees payable to LLS and the existing Taxi Stand Reconfiguration Contract.

2.9.3 Formal Instrument of Agreement for the Proposed Additions & Alterations Works for Reconfiguration of the ex-Robinsons Tenancy at the Property between LLRI3 and LLS

LLRI3 contracted LLS in a head contract for reconfiguration works of the ex-Robinsons tenancy at the Property under a formal instrument of agreement for the proposed additions and alterations works for reconfiguration of the ex-Robinsons tenancy at the Property between LLRI3 and LLS dated 24 September 2020 (the "**Additions and Alterations Contract**"). The fees payable to LLS will not exceed S$5,985,658[10], subject to adjustments, as required, wherever the contract provides that an amount is payable, allowable or due to either party by or from the other party (excluding GST). The fees were determined based on the extent of works required for the asset enhancement initiative, which was certified by an independent quantity surveyor. As most of the works required for the reconfiguration have been completed by LLS, the Manager understands that most of the fees payable under the Additions and Alterations Contract have been paid to LLS in proportion to the amount of work done. As most of the works in relation to the Additions and Alterations Contract have been completed, the Manager is of the view that any further amounts payable (which for the avoidance of doubt, refers to the outstanding fees payable within the limit of S$5,985,658 (subject to adjustments) referred to above) would be minimal.

It is intended that the Additions and Alterations Contract will be novated to the Trustee as a completion deliverable under the Asset PCOA. As there is a defects liability period which will expire 12 months after the completion of the works and this is enforced by the Additions and Alterations Contract, it is expected that the Additions and Alterations Contract will remain in force

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9 The lump sum amount of S$5,985,658, which amount:
(a) is the sum of:
  (i) budgeted trade cost of S$4,493,522 (which includes a contingency sum of a maximum of 5% of budgeted trade cost being the amount S$213,977);
  (ii) project management, safety, preliminaries and supervision lump sum of S$690,733;
  (iii) provisional sums of S$521,700;
  (iv) indicative management fee or margin of S$279,703; and
(b) represents the maximum total amount for which LLRI3 can become liable to pay LLS for the performance of the contract; and

will be adjusted, as required, wherever the contract provides that an amount is payable, allowable or due to either party by or from the other party.

until the third quarter of 2022. By approving the proposed Acquisition, Unitholders will be deemed to have approved the fees payable to LLS and the existing Additions and Alterations Contract.

2.9.4 Development Management Agreement between LLRI3 and LLR

LLR was appointed the development manager in relation to the proposed additions and alterations works for upgrading the ex-Robinsons tenancy at the Property pursuant to a development management agreement between LLRI3 and LLR dated 4 March 2020 (the "**Development Management Agreement**"). It is intended that the Development Management Agreement will be novated to the Trustee as a completion deliverable under the Asset PCOA. Under the Development Management Agreement, the fees payable to LLR will be 5% of all development hard costs actually incurred, excluding consultant and authority fees during the feasibility stage of the project. The development hard costs comprise of the guaranteed maximum price or lump sum price for the project, excluding the contractors margin; costs incurred in respect of builder and machine and electronic works; all governmental agency's submission fees relating to the project; quantity surveyor fees and external consultant fees.

The fees payable under the Development Management Agreement are estimated to be approximately S$365,451. This takes into account estimated authority and consultants' fees of S$329,000, total guaranteed maximum price costs of S$5,987,619 and a contingency of S$992,400, being 15% of the estimated total hard costs inclusive of the property management fee.

The services to be provided under the Development Management Agreement include the development management activities before and during the construction phases of the project. As there is a defects liability period which will expire 12 months after the completion of the works and this is enforced by the Development Management Agreement, it is expected that the Development Management Agreement will remain in force until the second quarter of 2022.

No double counting of fees: The Management Fee payable to the Manager will be reduced by the amount of fees paid to LLR under the Development Management Agreement. Please see paragraph 9.1 of the Letter to Unitholders for the IFA's opinion on the fees payable under the Development Management Agreement.

By approving the proposed Acquisition, Unitholders will be deemed to have approved the fees payable to LLR and the existing Development Management Agreement.

2.10 Property Manager of Jem

In connection with the IPO of LREIT, LLR was appointed on 13 September 2019 as the property manager in respect of properties of LREIT located in Singapore pursuant to a master property management agreement (the "**Master Property Management Agreement**") entered into between the Trustee, the Manager and LLR. In connection with the proposed Acquisition and pursuant to the terms of the Master Property Management Agreement, LREIT will enter into an individual property management agreement to appoint LLR to provide property management, lease management, project management and marketing services in respect of the Property.

2.11 Payment of the Acquisition Fee in Units

The Manager shall be paid the Acquisition Fee of approximately S$17 million for the proposed Acquisition pursuant to the Trust Deed. As the proposed Acquisition will constitute an "interested party transaction" under Paragraph 5 of the Property Funds Appendix, the Acquisition Fee[11] payable to the Manager in respect of the Acquisition will be in the form of the Acquisition Fee Units, which shall not be sold within one year of the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

The Manager will not be receiving an acquisition fee for the ARIF3 Share Acquisition. In respect of the Property Acquisition, the Manager will only receive the Acquisition Fee of approximately S$17 million, which is 1.0% of the Property Purchase Consideration of S$2,079 million, less any amounts paid as acquisition fees for LREIT's previous acquisitions of indirect interests in the Property through acquisitions of shares in ARIF3 and LLJP.

Based on an illustrative issue price of S$0.88 per Acquisition Fee Unit, the number of Acquisition Fee Units issued shall be approximately 19 million Units. For the avoidance of doubt, the illustrative issue price of the Acquisition Fee Units is not the same as the Illustrative Issue Price of S$0.82 per New Unit for the New Units to be issued under the Equity Fund Raising. The illustrative issue price of the Acquisition Fee is based on the VWAP for a Unit for all trades on the SGX-ST for the period of 10 business days immediately preceding the relevant business day

[11] Based on the Trust Deed, when the Acquisition Fee is paid in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the Acquisition Fee at the prevailing market price of a Unit being the VWAP for a Unit for all trades on the SGX-ST for the period of 10 business days immediately preceding the relevant business day on which the Acquisition Fee is paid.

on which the Acquisition Fee is paid as opposed to the issue price of Units issued to finance or part finance the acquisition in respect of which the Acquisition Fee is payable.

2.12 Completion of the Acquisition

Completion of the Acquisition is expected to take place by 15 May 2022. The completion of the proposed Property Acquisition is proposed to be after the completion of the proposed ARIF3 Share Acquisition but on the same day as the completion of the ARIF3 Share Acquisition.

Following the completion of the Acquisition, LREIT will have a 100% direct interest in the Property through the Trustee.

Following the completion of the Property Acquisition, it is expected that ARIF3 and LLJP will be wound up as the Property is the main asset of these funds.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Manager believes that the Acquisition will bring the following key benefits to Unitholders:

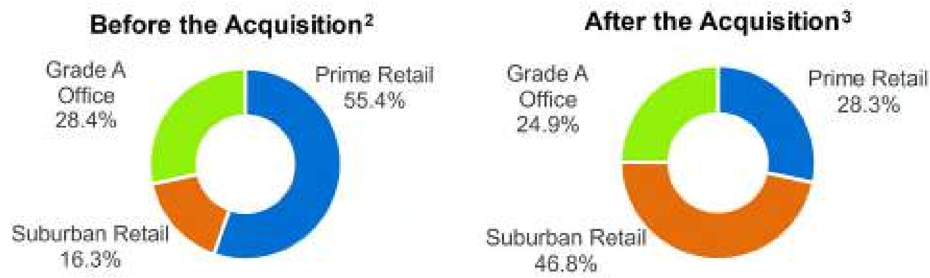
3.1 Increased exposure to the resilient suburban segment

Following the transaction, the Enlarged Portfolio will have reduced concentration risks from any single asset segment. The single largest asset segment would represent 46.8% of the Enlarged Portfolio's aggregate value, compared to 55.4% before the Acquisition.

In addition, the suburban retail sector contribution to LREIT's portfolio is expected to increase from 16.3% to 46.8% after the Acquisition, offering Unitholders greater exposure to the resilient suburban retail segment.

<u>Greater Portfolio Diversification[1]</u>

Enhanced Portfolio Resilience via the Suburban Retail segment[1]



Notes:

(1) Valuation for 313@somerset (including Grange Road Car Park development) and Sky Complex as at 30 June 2021.

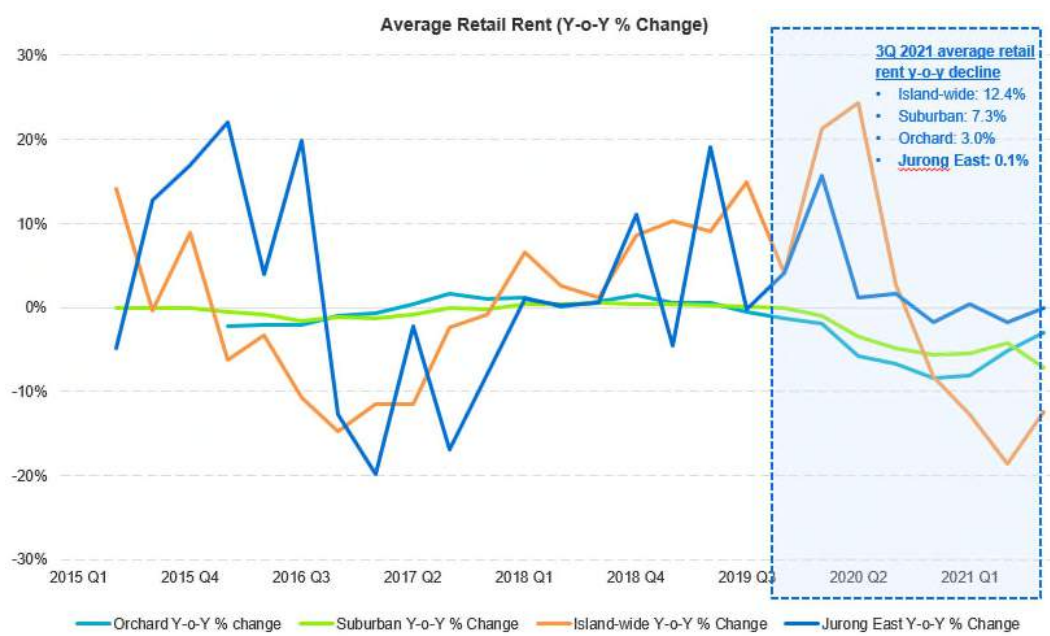
(2) 31.8% effective interest in Jem based on the NAV of ARIF3 and LLJP as at 31 December 2021.

(3) Jem's Appraised Value is as at 31 December 2021.

3.1.1 Suburban retail malls have proven to better weather economic volatility

Regional catchments remain the most resilient submarkets as they have strong population density, strong domestic demand, and comprise a larger portion of non-discretionary or essential trade categories as compared to prime malls. Additionally, with hybrid working and work-from-home expected to continue in some form, consumer spending will gravitate to retail centres located near their homes.

Resilient retail rents in Jurong East



Source: Colliers Research

The relatively low retail space per capita, limited upcoming supply in the West Region, together with an anticipated high population growth with the development of the Jurong Lake District and Tengah, will help to underpin the long-term sustainability of Jem.

Relatively low retail space per capita in the West Region

Planning Region	Retail Space Per Capita (sf)	Total Stock by Region (sf) (3Q 2021)	Estimated Total Population by Region (2021)	Estimated Annual Population Growth (2015 to 2021)
Central Region	32.63	40,567,600	1,243,262	60,674
East Region	7.03	6,500,164	924,367	46,173
North East Region	4.15	5,199,819	1,254,420	83,994
North Region	4.03	3,161,021	784,743	50,577
West Region	**5.41**	**6,729,039**	**1,243,208**	68,040
Island-wide	11.41	62,157,644	5,450,000	309,458

Source: Colliers Research

3.2 Strategic location that brings long-term growth potential

3.2.1 Strategically located in the heart of Jurong East

(i) Natural traffic from close proximity to key transport nodes and public amenities

Jurong East is directly connected to the CBD, One North and the Tuas Industrial district via two MRT Lines, which is one of the busiest MRT stations in Singapore by ridership, as well as via the Ayer Rajah Expressway. Being close to amenities such as the Ng Teng Fong General Hospital, Nanyang Technological University ("NTU") and Jurong Regional Library, and nearby commercial buildings, Jem is well poised to benefit from this ready catchment.

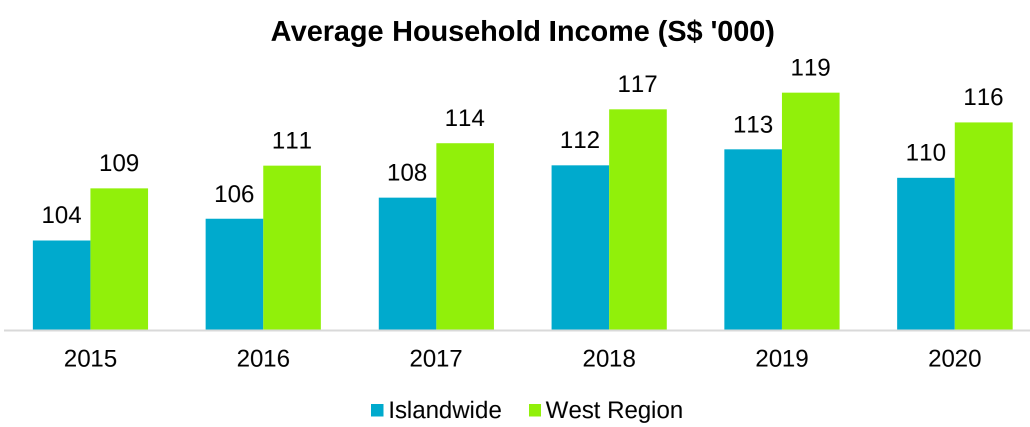
Surrounding catchment of Jurong East

Source: Colliers Research

(ii) Strong catchment with higher than national average household income

Jurong East Regional centre serves the entire West Region, encompassing about 1.1 million residents as of 2020. In the same time period, the average annual household income in the West Region is also estimated to be 5.0% higher than the national average.

West Region has relatively higher annual household income



Source: Colliers Research

3.2.2 <u>Well-positioned to capitalise on future trends</u>

(i) Long-term growth from future development plans

According to Colliers, Jurong Gateway is expected to remain as a strategic commercial location due the development of the Jurong Lake District and the construction of new transport infrastructure. Most notably, the future Jurong Region MRT Line and the new Jurong East Integrated Transport Hub, which are expected to be completed from 2027 to 2029, will enhance connectivity between NTU, Tengah and Jurong East, thereby driving consumer traffic from western residential areas into Jurong Gateway. Improved connectivity with surrounding areas in the West Region is expected to strengthen the role of Jurong East as a major mixed-use office and retail hub.

<u>Development of the new Jurong Region Line</u>

Source: Colliers Research

In addition, the 600ha Jurong Innovation District with its first phase near completion in 2022 will function as an advanced manufacturing hub and the development of an upcoming new town, Tengah, will complement the neighbouring Jurong Lake District and Jurong Innovation District, increasing the number of homes and population in the West Region.

Key populous areas in the West Region

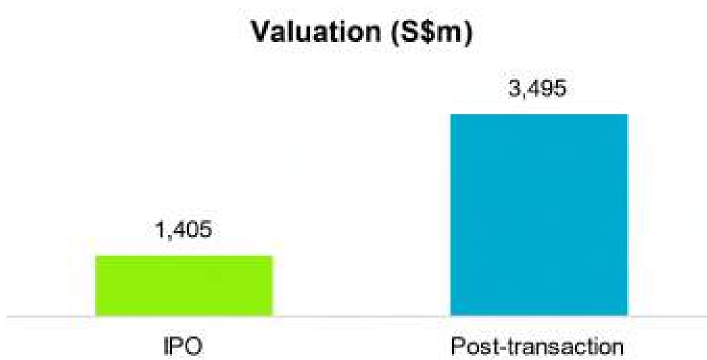
Source: Colliers Research

3.3 Enhanced portfolio's scale and diversification

3.3.1 Enlarged portfolio that is well-poised to deliver stable organic growth

Since its IPO in 2019, LREIT has grown through acquisitions of incremental stakes in Jem and organically over the past few years. Following the transaction, the Enlarged Portfolio will have a total portfolio valuation of approximately S$3,495 million, which is approximately 2.5 times larger than as at the IPO.

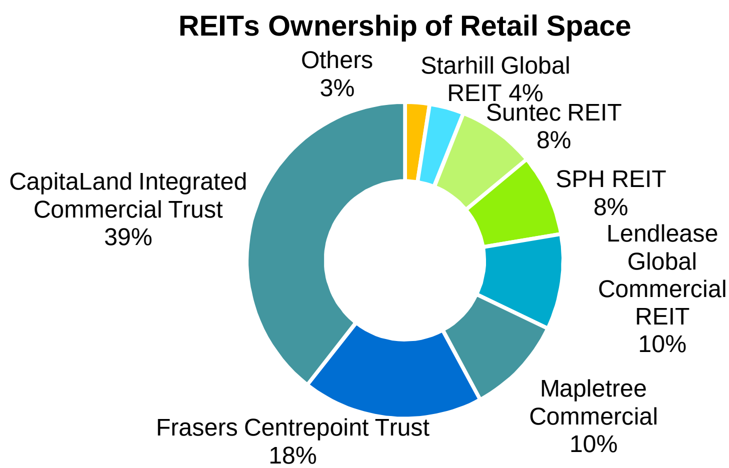
Growth of LREIT



3.3.2 Better visibility and relevance amongst global investors

The proposed Acquisition would potentially rank LREIT as the 16th largest S-REIT by total deposited property and the third largest S-REIT retail space owner in Singapore.

LREIT is currently fourth largest REIT owner of retail space



Source: Colliers Research

Moving to Top 16 of S-REITs Universe by Total Deposited Property(1)

Note:

(1) Excluding the two newly listed S-REITs, Digital Core REIT and Daiwa House REIT.

Source: Factset as at 31 December 2021

A larger scale provides enhanced visibility within the S-REITs universe and increased relevance amongst the global investor community. With the increase in market capitalisation and free float, LREIT's index weightage in indices, such as the FTSE EPRA Nareit Global Developed Index of which it is a constituent as at the Latest Practicable Date, may potentially increase. This could help to drive higher trading liquidity and broaden unitholder base.

3.3.3 Further diversification of tenant mix and income stream

The Manager believes that the Acquisition will strengthen LREIT portfolio's tenant profile as the increased exposure will further diversify concentration risks to any single tenant type.

Notes:

(1) As at 31 December 2021

(2) Trade Mix breakdown before acquisition excludes Jem as it is held as a real estate related investment before the Acquisition

Furthermore, with the acquisition of Jem, contribution from the top 10 tenants is expected to decrease from approximately 57% to approximately 41%, providing further diversification. Following which, LREIT's top 10 tenants will also consist of high-quality tenants such as the Singapore's Ministry of National Development (MND) and Fairprice Xtra.

Top 10 Tenants of Portfolio (Before acquisition)

Before the Acquisition (as at 31 December 2021)	
Tenant	**% Contribution by GRI**
Sky Italia	57%
Food Republic	
Cotton On	
Zara	
Marche	
Sony	
Hai Di Lao	
K Bowling Club	
Fat Cat Arcade	
Pomelo	
Other Tenants	43%
Total	100%

Top 10 Tenants of Portfolio (After Acquisition)

After the Acquisition (as at 31 December 2021)	
Tenant	**% Contribution by GRI**
Sky Italia	41%
Singapore's Ministry of National Development	
Fairprice Xtra	
Cotton On	
Food Republic	
Cathay Cineplex	
Don Don Donki	
Koufu	
Marche	
Uniqlo	
Other Tenants	59%
Total	100%

Note:

(1) GRI excludes turnover rents.

3.4 Top-tier dominant suburban asset

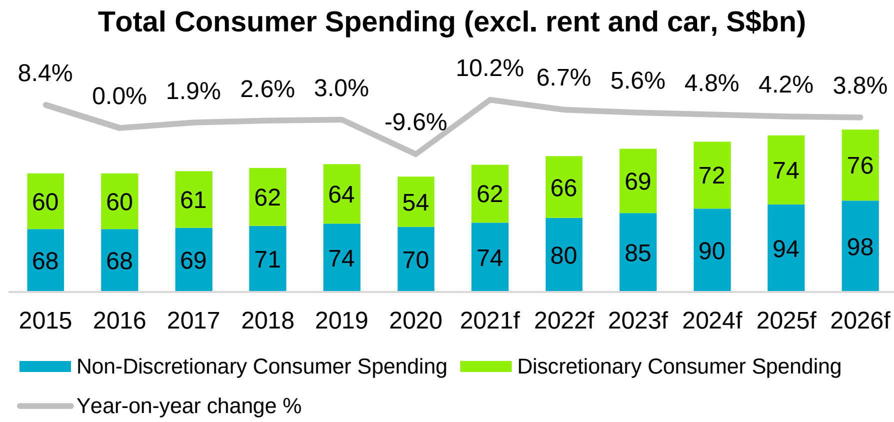
3.4.1 Quality tenant base

(i) Well-balanced tenant mix with high proportion of non-discretionary trades

According to Colliers, there is a shifting trend in consumer spending which will continue to transform the retail sector, benefiting non-discretionary trade categories such as food & beverage and health-related goods and services.

The Manager believes that Jem enhances the defensiveness of the portfolio with its emphasis on non-discretionary trades. GRI contribution to the portfolio from non-discretionary trades is expected to increase from approximately 52% in 31 December 2021 to approximately 59% following the Acquisition.

Non-Discretionary Trades make up large portion of consumer spending



Source: Colliers Research

Breakdown of LREIT's Non-Discretionary[1] vs Discretionary Retail Trades[2] (by GRI)

Source: LREIT

Notes:

(1) Non-discretionary trades (otherwise known as essential services) defined to include Beauty & Health, Education, Food & Beverages, Sundry & Services and Supermarket trade categories

(2) As at 31 December 2021, excluding Offices from breakdown.

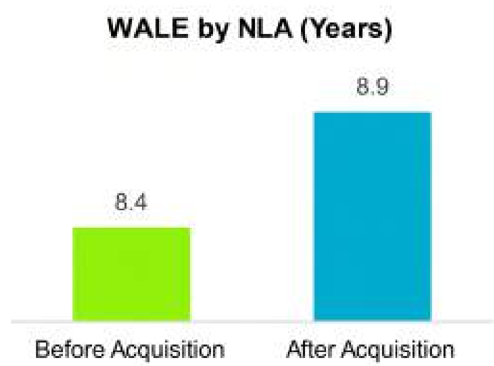
(ii) High level of committed occupancy with strong anchor tenants

According to Colliers, Jem has been one of the best performing mixed-use assets in Jurong Gateway since its completion. As one of the largest suburban malls in Singapore, Jem enjoys a high level of committed occupancy which has remained above 98% since the beginning of FY2019 and even after the onset of the COVID-19 pandemic. The overall committed occupancy is 100% as at 31 December 2021.

Further, the rapid replacement of the former Robinsons department store space by the new IKEA store, despite the challenging retail environment and the COVID-19 pandemic, is a strong demonstration of Jem's attractiveness as a retail destination in the West Region.

The Acquisition will further improve the portfolio's lease expiry profile with a longer WALE. The enlarged portfolio is expected to have no more than 15% renewals, by NLA, in any financial year till FY2026.

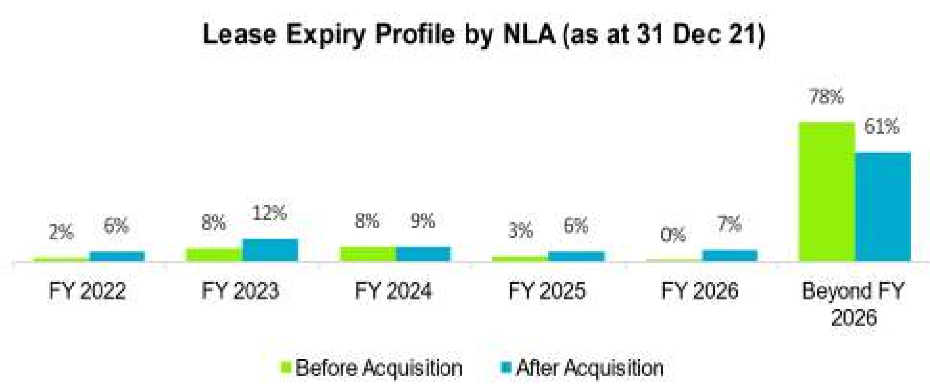
Increase in WALE[1]



Note:

(1) As at 31 December 2021. WALE is computed based on the date of commencement of the leases.

Staggered expiries



(iii) Active management and support to tenant base

As part of active mall management, asset enhancement initiatives ("**AEIs**") were previously done for Jem, such as reconfiguring the former Robinsons space pre-emptively to (i) mitigate vacancy risks ahead of their lease expiry and (ii) attract IKEA as our new anchor tenant. Level 1 of the former

Robinsons space was strategically subdivided to create an opportunity to optimise tenant mix and augment overall rental rates. Other AEIs performed include creating additional NLA at the basement food hall to drive mall revenue.

To facilitate mall traffic and improve public safety, an AEI was undertaken to create separate vehicular lanes for private vehicles and taxis at the Drop-off / Pick-up point. This served to enhance the sense of arrival and help ease congestion especially during peak hours given the high footfall to the mall. Overall, the capital value-add to both the tangible tenant premises and intangible shopper experience have benefitted the asset.

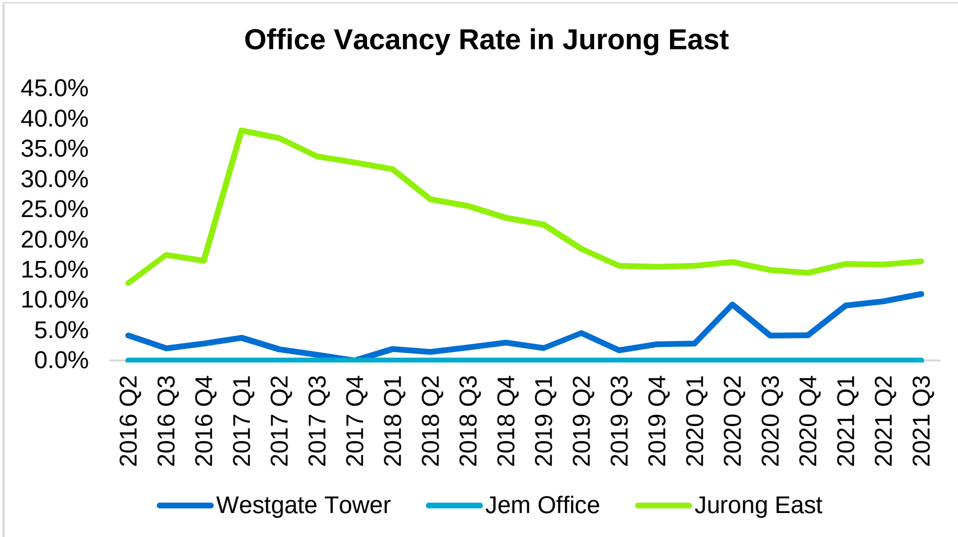
Jem benefits from being part of a broader digital loyalty platform powered by Lendlease. The mobile application platform and loyalty programme (Lendlease Plus) offers tenants of Jem an alternative channel to connect with customers. Lendlease Plus links up a network of affiliated shopping malls to offer customers a seamless and engaging experience in exploring Lendlease malls in Singapore. From having an aggregated directory across all malls for ease of browsing to offering curated flash sales deals, Lendlease Plus is successfully gaining traction in the market, with the member count increasing by 70% YoY in 2021. The total number of e-deals redeemed has also crossed 35,000 in 2021 with the average monthly app traffic standing at more than 88,000. Lendlease Plus is expected to encourage shopper spend by bridging the digital and physical space and supplementing the shopping experience in Jem.

(iv) Stable office component that is fully leased to the Ministry of National Development till 2045

Benefiting from a 30-year master lease[12] with MND with a rent review every five years, the office component enjoys a strong and stable cash flow. The office component sits atop the six-storey retail mall, taking up 12 storeys. MND contributes 35% and 20% of Jem's NLA and GRI as at 31 December 2021 respectively.

[12] As of 31 December 2021, the weighted average lease term remaining for the office component is 22.9 years.

Full occupancy for Jem's office component



Source: Colliers Research

3.4.2 Strong sustainability credentials

Standing 18 storeys tall, Jem boasts a green façade with open air gardens and uses efficient water, energy, and waste management systems. More than just design or engineering, the mixed-use asset also embraced environmentally friendly construction materials and methods. The Jem method of construction reduced the use of cement by as much as 20%.

With green as the first principle of design and construction, Jem became the first mixed-use asset in Singapore to be awarded the Green Mark Platinum version 4. The property also received the Building and Construction Authority's Universal Design Mark Gold Plus Design Award which distinguishes developments that have gone beyond meeting minimum standards in pursuing universal and inclusive design. These accolades serve as a testament to Jem's sustainable design, construction method and operational efficiency, which is becoming increasingly important to investors who are looking to increase exposure in green and sustainable assets.

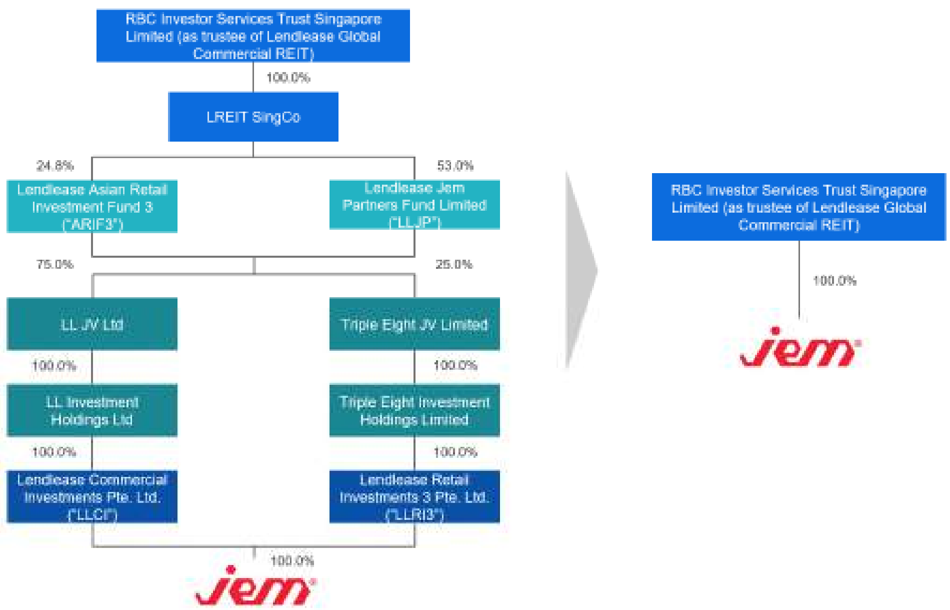
LREIT is an industry leader on the sustainability front, having won first places in the Asia Retail (Overall) and Asia Retail (Listed) categories under the 2021 GRESB assessment with the highest-tier rating of 5 stars for its ESG performance for two consecutive years since its listing in 2019. As such, Jem would be a natural fit in LREIT's portfolio.

3.5 Transformational acquisition – Full control of Jem via an efficient holding structure

3.5.1 Tax transparency with direct ownership by LREIT

After the proposed transaction and upon making whole LREIT's stake in Jem, the asset will be held directly by LREIT. This would allow Jem to enjoy tax transparency which it currently does not benefit from under a fund structure. For information, aggregate corporate income taxes under the fund structure was approximately S$5.6 million in FY2021.

Holding Structure of Jem before and after the Acquisition



3.5.2 Full control to better harness economies of scale

With full control of Jem, the Manager can better manage operational matters and asset enhancements vis-à-vis the portfolio, as compared to holding only an indirect interest in the asset. The Manager is able to directly implement its asset management strategies for the overall portfolio, instead of having decisions made via shareholder votes under the indirect fund structure.

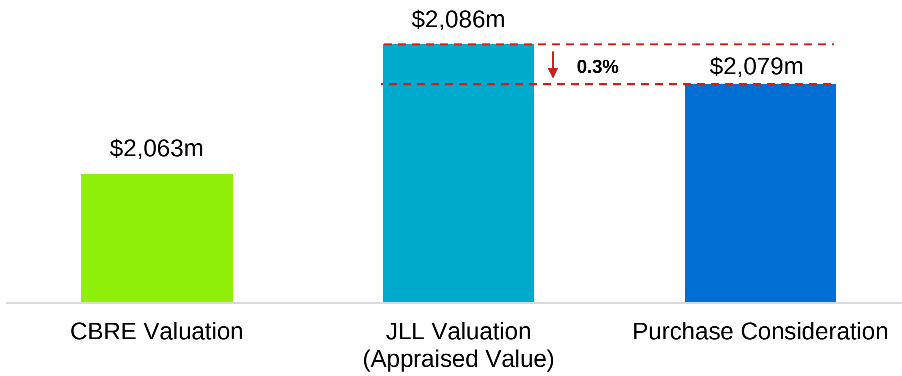
Some examples of economies of scale which can be harnessed include bulk procurement of property contracts for maintenance, cleaning, security, and other property management scope. Cross-promotional marketing programmes can augment the sales of each mall in the portfolio, especially through the use of the Lendlease Plus mobile application.

3.6 Attractive value proposition

3.6.1 Discount to independent valuation

The Property is proposed to be acquired at a Purchase Consideration of S$2,079 million, which is approximately at a 0.3% discount to the Appraised Value.

Discount to Appraised Value

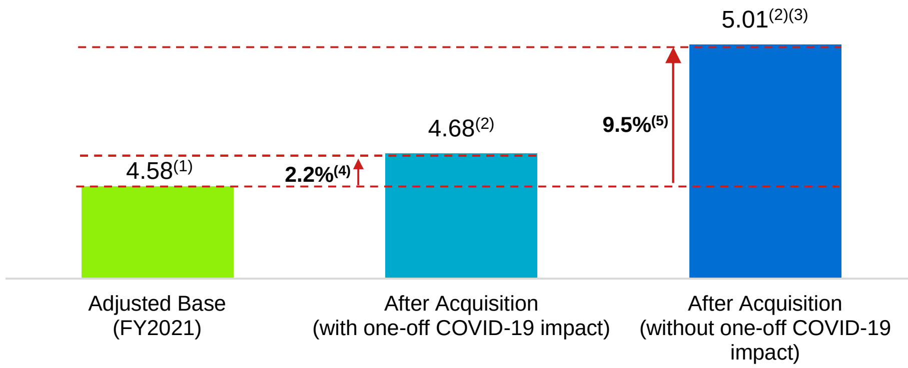


3.6.2 DPU accretive transaction

Unitholders can expect to benefit from higher DPU. On a *pro forma* basis and based on the proposed method of financing, (i) the DPU will increase by 2.2% against the adjusted FY2021 base and by 0.2% against the actual FY2021 base; and (ii) the DPU will increase by 6.8% against the adjusted 1H FY2022 base and by 0.1% against the actual 1H FY2022 base. Without the effects of COVID-19 related one-off rental abatements and expected credit loss, (i) the DPU will increase by 9.5% against the adjusted FY2021 base and by 7.3% against the actual FY2021 base; and (ii) the DPU will increase by 10.5% against the adjusted 1H FY2022 base and by 3.6% against the actual 1H FY2022 base.

See paragraph 4 for more details on the *pro forma* effects of the Acquisition and for the assumptions on the Equity Fund Raising.

DPU Accretion



Notes:

(1) For the financial year ended 30 June 2021; Adjusted base assumes no indirect ownership of the Property, so as to present the effects of the acquisition of the Property had LREIT acquired 100% of the Property directly at one go. The Manager is of the view that the financial effects of acquiring the Property against the portfolio of LREIT without any interests in Jem would present the true value of the Property to Unitholders and is also consistent with the Manager's intention of an eventual acquisition of 100% of the Property.

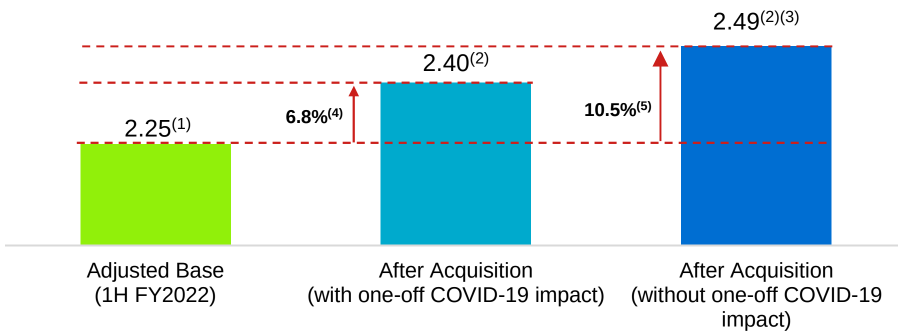
(2) Based on the gross proceeds raised from the Equity Fund Raising of S$837 million with the New Units issued at an Illustrative Issue Price of S$0.82 per New Unit, with the balance of the Total Acquisition Cost funded by the LREIT PNs, the issuance of the Consideration Units, debt financing, as well as its own cash reserves and internal resources. The weighted average number of units used in computing the pro forma DPU includes (a) approximately 1,025 million New Units issued at an Illustrative Issue Price of S$0.82 per New Unit and (b) approximately 19 million Acquisition Fee Units issued at an illustrative issue price of S$0.88 per Acquisition Fee Unit.

(3) DPU accretion against Adjusted FY2021 base is 5.5% if management fee attributable to the Property is taken in cash.

(4) At the Illustrative Issue Price, DPU accretion increases by approximately 0.6% for a 1 cent increase in the Illustrative Issue Price, and vice versa.

(5) At the Illustrative Issue Price, DPU accretion increases by approximately 0.6% to 0.7% for a 1 cent increase in the Illustrative Issue Price, and vice versa.

DPU Accretion



Notes:

(1) For the first half of the financial year ending 30 June 2022 (being the period from 1 July 2021 to 31 December 2021); Adjusted base assumes no indirect ownership of the Property, so as to present the effects of the acquisition of the Property had LREIT acquired 100% of the Property directly at one go. The Manager is of the view that the financial effects of acquiring the Property against the portfolio of LREIT without any interests in Jem would present the true value of the Property to Unitholders and is also consistent with the Manager's intention of an eventual acquisition of 100% of the Property.

(2) Based on the gross proceeds raised from the Equity Fund Raising of S$837 million with the New Units issued at an Illustrative Issue Price of S$0.82 per New Unit, with the balance of the Total Acquisition Cost funded by the LREIT PNs, the issuance of the Consideration Units, debt financing, as well as its own cash reserves and internal resources. The weighted average number of units used in computing the pro forma DPU includes (a) approximately 1,025 million New Units issued at an Illustrative Issue Price of S$0.82 per New Unit and (b) approximately 19 million Acquisition Fee Units issued at an illustrative issue price of S$0.88 per Acquisition Fee Unit.

(3) DPU accretion against Adjusted FY2021 base is 6.8% if management fee attributable to the Property is taken in cash.

(4) At the Illustrative Issue Price, DPU accretion increases by approximately 0.6% for a 1 cent increase in the Illustrative Issue Price, and vice versa.

(5) At the Illustrative Issue Price, DPU accretion increases by approximately 0.6% to 0.7% for a 1 cent increase in the Illustrative Issue Price, and vice versa.

4. *PRO FORMA* FINANCIAL EFFECTS

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the proposed Acquisition on the DPU, the NAV per Unit and capitalisation presented below are strictly for illustrative purposes and do not reflect the actual financial results or the future financial performance and condition of the LREIT Group after the Acquisition. They are prepared based on LREIT Group's latest audited financial statements for FY2021 (the "**FY2021 Audited Financial Statements**") and the unaudited financial statements for 1H FY2022, taking into account the Agreed Property Value, and assuming that:

(i) the effect of the Acquisition on LREIT Group's DPU for FY2021 is based on the assumption that the Acquisition had been effected at the beginning of the reporting period from 1 July 2020 to 30 June 2021, and for 1H

FY2022, is based on the assumption that the Acquisition had been effected at the beginning of the reporting period on 1 July 2021;

(ii) the effect of the Acquisition on LREIT Group's NAV per Unit for FY2021 is based on the assumption that the Acquisition had been effected at the end of FY2021, and for 1H FY2022 is based on the assumption that the Acquisition had been effected at the end of 1H FY2022;

(iii) approximately 19 million Acquisition Fee Units are issued;

(iv) approximately 142 million Consideration Units are issued;

(v) gross proceeds of up to approximately S$837 million are raised from the issue of approximately 1,025 million Units at the Illustrative Issue Price pursuant to the proposed Equity Fund Raising[13]; and

(vi) existing cash balance, debt facilities and proceeds from issuance of the existing perpetual securities[14] are used to finance the Acquisition, including paying the estimated professional and other fees and expenses incurred or to be incurred by LREIT in connection with the Acquisition.

4.1 ***Pro Forma* DPU**

FOR ILLUSTRATIVE PURPOSES ONLY

The following tables set out the *pro forma* financial effects of the proposed Acquisition on LREIT's DPU for FY2021 and 1H FY2022, as if the proposed Acquisition was completed on 1 July 2020 for FY2021 and 1 July 2021 for 1H FY2022, and LREIT held the Property through to 30 June 2021 or 31 December 2021 (as the case may be):

[13] The Manager may issue additional perpetual securities, which are accounted for as equity, to partially finance the Acquisition should it decide not to raise approximately S$837 million under the Equity Fund Raising. However, the financial effects of such issuance has not been taken into consideration in this Paragraph 4 of this Circular as the DPU accretion set out in Paragraph 4.1 of this Circular is expected to be more beneficial to Unitholders in such a case because the rate of distribution on the new perpetual securities is expected to be lower than the rate of distributions on New Units under the Equity Fund Raising. The issuance of additional perpetual securities is not expected to materially affect the financial effects set out in Paragraphs 4.2 and 4.3 of this Circular.

[14] This assumes that new borrowings of S$844 million and a temporary loan of S$225 million will be drawn down for the purposes of funding the Acquisition. The S$200.0 million 4.20% fixed rate perpetual securities were issued on 4 June 2021.

Pro Forma effects of the proposed Acquisition for FY2021	Effects of the Acquisition			
			After the Acquisition	
	Actual FY2021	Adjusted FY2021 (1)	With one-off COVID-19 Impact (2)	Actual without one-off COVID-19 Impact (3)
Net Property Income (S$ million)	56.9	56.9	139.7	147.8
Profit before tax and change in fair value (S$ million) (4)	29.0	27.3	78.8	86.4
Distributable Income (S$ million)	55.1	54.0	111.1	119.0
Weighted Average Units in issue (million)	1,179	1,178	2,372	2,373
DPU (cents) (5)	4.68	4.58	4.68	5.01
DPU Accretion (%) (against Actual FY2021)	-	-	0.2% (6)	7.3% (7)(8)
DPU Accretion (%) (against Adjusted FY2021)	-	-	2.2% (6)	9.5% (7)(9)

Notes:

(1) Adjusted FY2021 base assumes no indirect ownership of the Property, so as to present the effects of the acquisition of the Property had LREIT acquired 100% of the Property directly at one go. The Manager is of the view that the financial effects of acquiring the Property against the portfolio of LREIT without any interests in Jem would present the true value of the Property to Unitholders and is also consistent with the Manager's intention of an eventual acquisition of 100% of the Property.

(2) Based on the Property's net property income with effects of COVID-19 related one-off rental abatements and expected credit loss.

(3) Based on the Property's net property income without the effects of COVID-19 related one-off rental abatements and expected credit loss.

(4) LREIT Group's Profit before tax and change in fair value takes into account share of profits from associates of its indirect holding in the Property before the Proposed Acquisition.

(5) Assumes the additional Acquisition Fee Units and Consideration Units are issued at the beginning of the reporting period on 1 July 2020.

(6) At the Illustrative Issue Price, DPU accretion increases by approximately 0.6% for a 1 cent increase in the Illustrative Issue Price, and vice versa.

(7) At the Illustrative Issue Price, DPU accretion increases by approximately 0.6% to 0.7% for a 1 cent increase in the Illustrative Issue Price, and vice versa.

(8) DPU accretion against Actual FY2021 base is 3.4% if management fee attributable to the Property is taken in cash.

(9) DPU accretion against Adjusted FY2021 base is 5.5% if management fee attributable to the Property is taken in cash.

Pro Forma **effects of the proposed Acquisition for 1H FY2022**	**Effects of the Acquisition**			
			After the Acquisition	
	Actual 1H FY2022 [(1)]	**Adjusted 1H FY2022** [(2)]	**With One-Off COVID-19 Impact** [(3)]	**Actual without one-off COVID-19 Impact** [(4)]
Net Property Income (S$ million)	29.6	29.6	72.1	74.1
Profit before tax and change in fair value (S$ million) [(5)]	35.3	36.4	62.8	64.7
Distributable Income (S$ million)	28.6	26.7	57.2	59.2
Weighted Average Units in issue (million)	1,192	1,187	2,380	2,380
DPU (cents) [(6)]	2.40	2.25	2.40	2.49
DPU Accretion (%) (against 1H FY2022)	-	-	0.1% [(7)]	3.6% [(8)(9)]
DPU Accretion (%) (against Adjusted 1H FY2022)	-	-	6.8% [(7)]	10.5% [(8)(10)]

Notes:

(1) Actual effects of the Acquisition for 1H FY2022 includes a 3.75% indirect interest in the Property, and a further 28.1% indirect interest in the Property which was acquired in September 2021.

(2) Adjusted 1H FY2022 base assumes no indirect ownership of the Property, so as to present the effects of the acquisition of the Property had LREIT acquired 100% of the Property directly at one go. The Manager is of the view that the financial effects of acquiring the Property against the portfolio of LREIT without any interests in Jem would present the true value of the Property to Unitholders and is also consistent with the Manager's intention of an eventual acquisition of 100% of the Property.

(3) Based on the Property's net property income with effects of COVID-19 related one-off rental abatements and expected credit loss.

(4) Based on the Property's net property income without the effects of COVID-19 related one-off rental abatements and expected credit loss.

(5) LREIT Group's Profit before tax and change in fair value takes into account share of profits from associates of its indirect holding in the Property before the Proposed Acquisition.

(6) Assumes the additional Acquisition Fee Units are issued at the beginning of the reporting period on 1 July 2021.

(7) At the Illustrative Issue Price, DPU accretion increases by approximately 0.6% for a 1 cent increase in the Illustrative Issue Price, and vice versa.

(8) At the Illustrative Issue Price, DPU accretion increases by approximately 0.6% to 0.7% for a 1 cent increase in the Illustrative Issue Price, and vice versa.

(9) DPU accretion against Actual 1H FY2022 base is 0.1% if management fee attributable to the Property is taken in cash.

(10) DPU accretion against Adjusted 1H FY2022 base is 6.8% if management fee attributable to the Property is taken in cash.

4.2 *Pro Forma* NAV

The following table sets out the *pro forma* financial effects of the proposed Acquisition on the NAV per Unit as at 30 June 2021 and 31 December 2021, as if LREIT had completed the proposed Acquisition on those dates:

***Pro Forma* effects of the proposed Acquisition as at 30 June 2021**	**Effects of the Acquisition**		
	Actual FY2021	**Adjusted FY2021 (1)**	**After the Acquisition (2)**
NAV (S$ million) (3)	957.9	956.8	1,901.2
Units in issue (million)	1,181	1,180	2,376
NAV per Unit (S$)	0.81	0.81	0.80

Notes:

(1) Adjusted FY2021 base assumes no indirect ownership of the Property, so as to present the effects of the acquisition of the Property had LREIT acquired 100% of the Property directly at one go. The Manager is of the view that the financial effects of acquiring the Property against the portfolio of LREIT without any interests in Jem would present the true value of the Property to Unitholders and is also consistent with the Manager's intention of an eventual acquisition of 100% of the Property.

(2) Illustrates the effects of the Proposed Acquisition after the LREIT PNs and any bridging facilities have been repaid.

(3) Excludes NAV attributable to perpetual security holders and other non-controlling interests.

***Pro Forma* effects of the proposed Acquisition as at 31 December 2021**	**Effects of the Acquisition**		
	Actual 1H FY2022	**Adjusted 1H FY2022 (1)**	**After the Acquisition (2)**
NAV (S$ million) (3)	961.6	961.9	1,909.6
Units in issue (million)	1,192	1,187	2,380
NAV per Unit (S$)	0.81	0.81	0.80

Notes:

(1) Adjusted 1H FY2022 base assumes no indirect ownership of the Property, so as to present the effects of the acquisition of the Property had LREIT acquired 100% of the Property directly at one go. The Manager is of the view that the financial effects of acquiring the Property against the portfolio of LREIT without any interests in Jem would present the true value of the Property to Unitholders and is also consistent with the Manager's intention of an eventual acquisition of 100% of the Property.

(2) Illustrates the effects of the Proposed Acquisition after the LREIT PNs and any bridging facilities have been repaid.

(3) Excludes NAV attributable to perpetual security holders and other non-controlling interests.

4.3 *Pro Forma Capitalisation*

FOR ILLUSTRATIVE PURPOSES ONLY: The following table sets out the *pro forma* capitalisation of LREIT as at 30 June 2021 and 31 December 2021, as if LREIT had completed the proposed Acquisition on those dates:

Pro Forma effects of the proposed Acquisition as at 30 June 2021	Effects of the Acquisition		
	Actual FY2021	**Adjusted FY2021 (1)**	**After the Acquisition (2)**
Total borrowings (S$ million)	553.7	542.6	1,486.3
Unitholders' funds (S$ million) (3)	957.9	956.8	1,901.2
Total Capitalisation (S$ million) (4)	1,710.5	1,499.3	3,585.8
Gearing (%) (5)	32.0%	35.3%	41.0%

Notes:

(1) Adjusted FY2021 base assumes no indirect ownership of the Property, so as to present the effects of the acquisition of the Property had LREIT acquired 100% of the Property directly at one go. The Manager is of the view that the financial effects of acquiring the Property against the portfolio of LREIT without any interests in Jem would present the true value of the Property to Unitholders and is also consistent with the Manager's intention of an eventual acquisition of 100% of the Property.

(2) Illustrates the effects of the Proposed Acquisition after the LREIT PNs and any bridging facilities have been repaid.

(3) Excludes NAV attributable to perpetual security holders and other non-controlling interests.

(4) Computed as the sum of gross borrowings, perpetual securities, Unitholders' funds and non-controlling interests.

(5) Computed as gross borrowings over total assets. Total assets include non-controlling interests share of total assets.

Pro Forma effects of the proposed Acquisition as at 31 December 2021	Effects of the Acquisition		
	Actual 1H FY2022	**Adjusted 1H FY2022 (1)**	**After the Acquisition (2)**
Total borrowings (S$ million)	666.6	526.3	1,468.9
Unitholders' funds (S$ million) (3)	961.6	961.9	1,909.6
Total Capitalisation (S$ million) (4)	1,966.6	1,488.2	3,576.8
Gearing (%) (5)	33.5%	34.6%	40.7%

Notes:

(1) Adjusted 1H FY2022 base assumes no indirect ownership of the Property, so as to present the effects of the acquisition of the Property had LREIT acquired 100% of the Property directly at one go. The Manager is of the view that the financial effects of acquiring the Property against the portfolio of LREIT without any interests in Jem would present the true value of the Property to Unitholders and is also consistent with the Manager's intention of an eventual acquisition of 100% of the Property.

(2) Illustrates the effects of the Proposed Acquisition after the LREIT PNs and any bridging facilities have been repaid.

(3) Excludes NAV attributable to perpetual security holders and other non-controlling interests.

(4) Computed as the sum of gross borrowings, perpetual securities, Unitholders' funds and non-controlling interests.

(5) Computed as gross borrowings over total assets. Total assets include non-controlling interests share of total assets.

As at the date of this Circular, the Manager is of the view that following the completion of the Acquisition, after taking into consideration the LREIT Group's cash flows from its property portfolio (including the Property), its available debt facilities and its internal resources, the LREIT Group will be a going concern, have positive operating cash flows, be in a healthy financial position and the working capital available to the LREIT Group will be sufficient to meet its financial obligations when due. See **Appendix J** "Management's Discussion and Analysis of the Financial Condition and Results of Operations of the LREIT Group - 7. Financial Position of the Enlarged Group for the six-month period ended, and as at, 31 December 2021 post-completion of the Acquisition" for a discussion on the Manager's analysis on how the Enlarged Group will be in a healthy financial position following completion of the Acquisition.

5. REQUIREMENT OF UNITHOLDERS' APPROVAL

5.1 Interested Person Transaction and Interested Party Transaction

5.1.1 Related Party Transactions

Under Chapter 9 of the Listing Manual, where LREIT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of the LREIT Group's latest audited net tangible assets ("**NTA**"), Unitholders' approval is required in respect of the transaction.

Paragraph 5.2(b) of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an interested party transaction by LREIT whose value (either in itself or when aggregated with the value of other transactions with the same interested party during FY2021) is equal to or exceeds 5.0% of the LREIT Group's latest audited NAV.

Based on the FY2021 Audited Financial Statements, the audited NTA and NAV of the LREIT Group was S$1,157 million as at 30 June 2021. Accordingly, if the value of a transaction which is proposed to be entered into in FY2022 by LREIT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S$100,000) entered into with the same interested person during FY2022, equal to or in excess of S$57.8 million, such a transaction would be subject to Unitholders' approval under Rule 906(1) of the Listing Manual and Paragraph 5.2(b) of the Property Funds Appendix.

As at the Latest Practicable Date, save for the relevant proposed Acquisition, the value of all "interested person transactions" entered into between LREIT and the Sponsor Group[15] and its associates during the course of FY2022 that are subject to disclosure under Chapter 9 of the Listing Manual is approximately S$1.2 million (the "**Existing Interested Person Transactions**") (which is approximately 0.11% of the latest audited NTA and NAV of the LREIT Group as at 30 June 2021).

Details of the Existing Interested Person Transactions may be found in **Appendix P** of this Circular.

5.1.2 **The Sponsor**

As at the Latest Practicable Date, the Sponsor holds an aggregate indirect interest in 316,174,602 Units, which is equivalent to approximately 26.53% of the total number of Units in issue as at the Latest Practicable Date, and is therefore regarded as a "controlling unitholder" of LREIT for the purposes of both the Listing Manual and the Property Funds Appendix. In addition, as the Manager is an indirectly wholly-owned subsidiary of the Sponsor, the Sponsor is therefore regarded as a "controlling shareholder" of the Manager for the purposes of both the Listing Manual and the Property Funds Appendix. As such, the Sponsor is considered (under Chapter 9 of the Listing Manual) an "interested person" of LREIT and (under the Property Funds Appendix) an "interested party" of LREIT.

5.1.3 **The Proposed Acquisition**

In relation to the proposed ARIF3 Share Acquisition, as LLI is a direct wholly-owned subsidiary of the Sponsor, the proposed ARIF3 Share Acquisition is an "interested person transaction" under Chapter 9 of the Listing Manual, as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the specific approval of the Unitholders is required.

Given that the value of the ARIF3 Purchase Consideration of approximately S$116 million[16] (which is 10.0% of the audited NTA of the LREIT Group and of the audited NAV as at 30 June 2021) exceeds 5.0% of the LREIT

15 "**Sponsor Group**" means the Sponsor and its subsidiaries.

16 Estimated based on the net asset value of ARIF3 as at 31 December 2021. The ARIF3 Purchase Consideration will be fixed based on the net asset value of ARIF3 as at the completion date in accordance with the agreed procedures set out in the ARIF3 SPA and there will be no post-completion adjustments.

Group's latest audited NTA, the proposed Acquisition is subject to the approval of the Unitholders pursuant to Rule 906(1)(a) of the Listing Manual and Paragraph 5.2(b) of the Property Funds Appendix.

In relation to the proposed Property Acquisition, as ARIF3 is managed by LLIM, which is an indirect wholly-owned subsidiary of the Sponsor and the Property Vendors are indirect subsidiaries of ARIF3, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Manager is regarding the proposed Property Acquisition as an "interested person transaction" under Chapter 9 of the Listing Manual, as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

Given that the value of the Property Purchase Consideration of S$2,079 million[17] (which is 179.7% of the audited NTA of the LREIT Group and of the audited NAV as at 30 June 2021) exceeds 5.0% of the LREIT Group's latest audited NTA, the proposed Acquisition is subject to the approval of the Unitholders pursuant to Rule 906(1)(a) of the Listing Manual and Paragraph 5.2(b) of the Property Funds Appendix.

In approving the proposed Acquisition, Unitholders will be deemed to have approved all documents required to be executed or assigned by the parties in order to give effect to the proposed Acquisition.

5.2 Very Substantial Acquisition or Reverse Takeover

Chapter 10 of the Listing Manual governs significant transactions by LREIT such as the acquisition or divestment of assets, including options to acquire or dispose of assets. Such transactions are classified into the following categories:

5.2.1 non-disclosable transactions;

5.2.2 disclosable transactions;

5.2.3 major transactions; and

5.2.4 very substantial acquisitions or reverse takeovers.

An acquisition by LREIT may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:

[17] Subject to relevant post-completion adjustments.

(i) the net profits attributable to the assets to be acquired or disposed of, compared with LREIT's net profits pursuant to Rule 1006(b) of the Listing Manual;

(ii) the aggregate value of the consideration given or received, compared with LREIT's market capitalisation based on the total number of issued Units excluding treasury Units pursuant to Rule 1006(c) of the Listing Manual; and

(iii) the number of Units issued by LREIT as consideration for an acquisition, compared with the number of Units previously in issue.

5.2.5 **The Proposed Acquisition**

The relative figures computed on the bases set out in Rules 1006(b), 1006(c) and 1006(d) of the Listing Manual in respect of the proposed Acquisition are as follows:

(i) In respect of the proposed ARIF3 Share Acquisition:

	Proposed ARIF3 Share Acquisition (S$ million)	**LREIT (S$ million)**	**Relative figure (%)**
Rule 1006(a) NAV of the assets to be disposed of	N.A.		
Rule 1006(b) Net profits attributable to the assets to be acquired or disposed of, compared with LREIT's net profits[(1)]	8.1	56.9	14.2%
Rule 1006(c) Aggregate value of the consideration given or received, compared with LREIT's market capitalisation based on the total number of issued Units	116.0	1,014.9 [(2)]	11.4%
Rule 1006(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	142.0 million units	1,191.6 million units	11.9%

Notes:

(1) In the case of a real estate investment trust, NPI is a close proxy to the net profits after tax attributable to its assets.

(2) Based on the volume-weighted average price of S$0.8517 per Unit on the SGX-ST on 11 February 2022, being the latest market day with trades prior to the date of the ARIF3 SPA.

Applying Rule 1003 of the Listing Manual for purposes of computing the relative figures under Rule 1006(c) is not an appropriate measure of materiality and may in fact be misleading and confusing for the following reason as the ARIF3 Purchase Consideration has been fixed at approximately S$116.0 million and applying Rule 1003(3) in determining the value of consideration by reference to the higher of the market value S$121 million as of 11 February 2022, being the latest market day with trades prior to the date of the ARIF3 SPA) or the net asset value (S$115.0 million as of 30 June 2021) will result in distortion to the purchase consideration that has been fixed at approximately S$116.0 million.

(ii) In respect of the proposed Property Acquisition and based on LREIT's acquisition of the remaining 68.2% effective interest:

	Proposed Property Acquisition (S$ million)	**LREIT (S$ million)**	**Relative figure (%)**
Rule 1006(a) NAV of the assets to be disposed of	N.A.		
Rule 1006(b) Net profits attributable to the assets to be acquired or disposed of, compared with LREIT's net profits	56.4 (1)	56.9	99.1%
Rule 1006(c) Aggregate value of the consideration given or received, compared with LREIT's market capitalisation based on the total number of issued Units	1,416.8 (1)	1,014.9 (2)	139.6%
Rule 1006(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	N.A.		

Notes:

(1) Based on 68.2% of the effective stake of the Property that LREIT does not own before the proposed Acquisition.

(2) Based on the volume-weighted average price of S$0.8517 per Unit on the SGX-ST on 11 February 2022, being the latest market day with trades prior to the date of the Asset PCOA.

(iii) In respect of the proposed Acquisition as a whole, and based on LREIT's acquisition of the remaining 68.2% effective interest:

	Proposed Property Acquisition and Proposed ARIF3 Share Acquisition (S$ million)	**LREIT (S$ million)**	**Relative figure (%)**
Rule 1006(a) NAV of the assets to be disposed of	N.A.		
Rule 1006(b) Net profits attributable to the assets to be acquired or disposed of, compared with LREIT's net profits[(1)]	64.5 [(2)]	56.9	113.3%
Rule 1006(c) Aggregate value of the consideration given or received, compared with LREIT's market capitalisation based on the total number of issued Units	1,532.8 [(2)]	1,014.9 [(3)]	151.0%
Rule 1006(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	142.0 million units	1,191.6 million units	11.9%

Notes:

(1) For the Proposed ARIF3 Share Acquisition, in the case of a real estate investment trust, NPI is a close proxy to the net profits after tax attributable to its assets.

(2) For the Proposed Property Acquisition, based on 68.2% of the effective stake of the Property that LREIT does not own before the proposed Acquisition

(3) Based on the volume-weighted average price of S$0.8517 per Unit on the SGX-ST on 11 February 2022, being the latest market day with trades prior to the date of the Asset PCOA.

Where any of the relative figures computed on the bases set out above is 100.0% or more, the transaction is classified as a "very substantial acquisition" or "reverse takeover" under Rule 1015 of the Listing Manual.

Pursuant to the Listing Manual, a "very substantial acquisition" or "reverse takeover" involving LREIT would be subject to the approval of Unitholders.

As the relative figures in relation to the proposed Property Acquisition for the basis of comparison set out in paragraph 5.2 above exceeds 100.0% but does not result in a change in control of LREIT, the proposed Property Acquisition therefore constitutes a "very substantial acquisition" for LREIT under Rule 1015 of the Listing Manual and is therefore subject to the specific approval of Unitholders.

5.3 SGX-ST Approval

On 14 February 2022, the SGX-ST granted its approval-in-principle for the proposed Acquisition, subject to the following conditions:

5.3.1 compliance with the SGX-ST's listing requirements;

5.3.2 Unitholders' approval being obtained for the Acquisition at the EGM;

5.3.3 the submission of:

(i) all moratorium undertaking in compliance with Rules 227, 228 and 229 of the Listing Manual; and

(ii) a written confirmation from the Manager that the proposed Acquisition will not result in a change in control of LREIT.

6. RESOLUTION 2: THE PROPOSED ISSUANCE OF CONSIDERATION UNITS TO LLI (OR ITS NOMINEE) TO FINANCE THE ARIF3 SHARE ACQUISITION, AS AN INTERESTED PERSON TRANSACTION

6.1 Proposed Issue of Consideration Units

The Manager proposes to issue Consideration Units to LLI (and/or its nominee) as payment of the ARIF3 Purchase Consideration payable for the ARIF3 Share Acquisition on completion.

The number of Consideration Units to be issued shall be calculated based on the ARIF3 Purchase Consideration divided by the Issue Price, rounded downwards to the nearest board lot of 100 Units and any balance sum which is not satisfied by the issue of the Consideration Units due to such rounding down shall be paid in cash.

Pursuant to the ARIF3 SPA, the Issue Price shall be determined as follows:

(i) where one or more equity fund raisings have been successfully carried out by LREIT between the date of the ARIF3 SPA and the date of completion of the ARIF3 SPA to finance (whether partially or fully) the Property Acquisition, the Issue Price shall be equivalent to the highest issue price for each new Unit issued in connection with the equity fund raisings; or

(ii) where no equity fund raising has been successfully carried out by LREIT between the date of the ARIF3 SPA and the date of completion of the ARIF3 SPA to finance (whether partially or fully) the Property Acquisition, the Issue Price shall be the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 business days immediately preceding the date of issuance of the Consideration Units.

Pursuant to Clause 5.3.3 of the Trust Deed, as the Consideration Units are issued as consideration for the ARIF3 Share Acquisition, which is in conjunction with the Equity Fund Raising meant to partly finance the Property Acquisition, the Manager has the discretion to determine that the Issue Price is to be the same as the higher of the issue prices for the Units issued under the Private Placement or the Preferential Offering. Based on the ARIF3 Purchase Consideration of approximately S$116 million divided by the Illustrative Issue Price of S$0.82 per New Unit, the number of Consideration Units to be issued is approximately 142 million, which represents approximately 11.9% of the total number of Units in issue as at the Latest Practicable Date.

The 10-day volume weighted average price for a Unit immediately preceding the date of completion of the ARIF3 SPA may differ from the issue price under each of the Private Placement or the Preferential Offering undertaken to part finance the Total Acquisition Cost, less the Acquisition Fee (which will be paid through the issue of Acquisition Fee Units). To avoid such an incongruity, given that the Consideration Units and the new Units under the Equity Fund Raising are to be issued for the same purpose of partly funding the Total Acquisition Cost (less the Acquisition Fee, which will be paid through the issue of the Acquisition Fee Units), as the Consideration Units will be issued after the Equity Fund Raising, the issue price of the Consideration Units will be the same as the highest issue price for the Units issued under the Equity Fund Raising. This will also allow LLI, as the vendor under the ARIF3 SPA to have certainty with respect to the issue price of the Consideration Units and will put LLI in a position that is on par with the incoming investors under the Equity Fund Raising.

The Consideration Units, when issued, will be fully paid. The Consideration Units shall be issued on the date of Completion and the number of Consideration Units issued shall be rounded downwards to the nearest board lot of 100 Units. Any balance sum which is not satisfied by the issue of the Consideration Units due to rounding down shall be paid in cash.

The Consideration Units shall be issued on the date of Completion under a temporary stock counter from the existing LREIT stock counter, such temporary stock counter to be maintained for the period commencing from the date of issue of the Consideration Units to the last day of "cum-distribution" trading for the existing Units, in respect of the distribution period ending 30 June 2022 (or such other period as the Manager may determine). After the last day of "cum-distribution" trading, both the Consideration Units and the existing Units will be aggregated and traded under the existing LREIT stock counter on the Main Board of the SGX-ST. The Consideration Units will not be entitled to participate in LREIT's distribution for the period immediately preceding the date of issue of the Consideration Units.

6.2 Status of the Consideration Units

The Consideration Units will not be entitled to distributions by LREIT for the period up to the day immediately preceding the date of issue of the Consideration Units and will only be entitled to receive distributions by LREIT from the date of their issue to the end of the financial half year in which the Consideration Units are issued (which shall include the distributions accruing from the date of their issue to the last day of the aforementioned "cum-distribution" trading), as well as all distributions thereafter. The Consideration Units will, upon issue, rank *pari passu* in all respects with the existing Units in issue as at the date of issue of the Consideration Units.

6.3 SGX-ST Approval

On 14 February 2022, the SGX-ST granted its approval-in-principle for the listing and quotation of up to 156,669,100 Consideration Units on the Main Board of the SGX-ST, subject to the following conditions:

6.3.1 compliance with the SGX-ST's listing requirements; and

6.3.2 Unitholders' approval being obtained.

6.4 Requirement for Unitholders' Approval

The Manager is seeking Unitholders' approval to issue the Consideration Units pursuant to Rule 805(1) of the Listing Manual.

As mentioned above, the Sponsor is regarded as a "controlling unitholder" of LREIT for the purposes of Listing Manual and the Property Funds Appendix. In addition, as the Manager is an indirect wholly-owned subsidiary of the Sponsor, the Sponsor is therefore regarded as a "controlling shareholder" of the Manager for the purposes of the Listing Manual. As such, the Sponsor is considered (under Chapter 9 of the Listing Manual) an "interested person" of LREIT.

As LLI is a direct wholly-owned subsidiary of the Sponsor, the Proposed Issuance of Consideration Units to LLI (and/or its nominee) will constitute a placement to a related company of a Substantial Unitholder. Under Rules 812(1) and 812(2) of the Listing Manual, any issue of Units must not be placed to a person which is a Substantial Unitholder, its related company or its associated company unless specific Unitholders' approval is obtained. The placee and its associates must abstain from voting on the resolution approving the placement.

Further, as LLI is an "associate" of the Sponsor, which is regarded as a "controlling unitholder" of LREIT, and a "controlling shareholder" of the Manager for the purposes of Chapter 9 of the Listing Manual, LLI is (for the purposes of the Listing Manual) an interested person.

The Proposed Issuance of Consideration Units to LLI (and/or its nominee) is part of the proposed Acquisition which constitutes an "interested person transaction" under Chapter 9 of the Listing Manual, in respect of which the approval of Unitholders is required. Based on the ARIF3 Purchase Consideration of approximately S$116 million divided by the Illustrative Issue Price of S$0.82 per New Unit, the number of Consideration Units to be issued is approximately 142 million, which represents approximately 11.9% of the total number of Units in issue as at the Latest Practicable Date.

Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the proposed issuance of Consideration Units to LLI (and/or its nominee).

6.5 Rationale for the Issuance of Consideration Units

As the Manager had determined that the Property would be an attractive acquisition for LREIT, *inter alia*, in terms of NPI, and DPU accretion (see paragraph 3 of the Letter to Unitholders for further details), it was agreed that LREIT would pay the ARIF3 Purchase Consideration in Consideration Units to ensure greater certainty of funding. Unlike an equity fund raising exercise, the issue of Consideration Units by LREIT is not subject to market conditions.

There would also be no underwriting or placement fee payable by LREIT to the Joint Global Co-ordinators and Bookrunners in respect of the issuance of Consideration Units to LLI as payment of the ARIF3 Purchase Consideration, thereby reducing the fees payable by LREIT which would otherwise have been incurred had the number of Consideration Units to be issued to LLI been issued as new Units under an equity fund raising instead.

LLI has also agreed to take the Consideration Units at the higher of the issue price under the Private Placement and the Preferential Offering to demonstrate the Sponsor's support for the transaction. LLI taking Consideration Units will also maintain the Sponsor's stake post-transaction, demonstrating increased alignment of interests with Unitholders.

7. RESOLUTION 3: THE EQUITY FUND RAISING

7.1 Overview of the Equity Fund Raising

The Manager proposes to issue up to 1,265,346,000 New Units (representing approximately 106.2% of the existing number of issued Units as at the Latest Practicable Date). Based on the Illustrative Issue Price of S$0.82 per New Unit, the Equity Fund Raising is expected to raise gross proceeds of up to approximately S$1,038 million[18], to partially finance the Total Acquisition Cost, with the balance to be funded by the LREIT PNs, the issuance of the Consideration Units, debt financing, as well as its own cash reserves, internal resources and/or an issuance of perpetual securities.

7.2 Structure of the Equity Fund Raising

The structure and timing of the Equity Fund Raising have not been determined. If and when the Manager decides to undertake the Equity Fund Raising, the Equity Fund Raising may, at the Manager's absolute discretion, comprise:

(a) a Private Placement of New Units to institutional and other investors; and/or

(b) a non-renounceable Preferential Offering of New Units to the existing Unitholders on a *pro rata* basis,

which the Manager deems appropriate in the circumstances and after having considered the then prevailing market conditions.

Unitholders should note that the New Units under the Preferential Offering (if undertaken by the Manager) will be on a non-renounceable basis. The ARE[19] will

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[18] For the avoidance of doubt, S$1,038 million is the maximum amount of gross proceeds that may be raised through the Equity Fund Raising (based on the Illustrative Issue Price) pursuant to the maximum number of New Units granted approval in-principle from SGX. Please refer to Paragraph 4 of this Letter to Unitholders for further information on the estimated amount of gross proceeds to be raised under the Equity Fund Raising of S$837 million as illustrated in the pro forma statements.

[19] "**ARE**" refers to the acceptance form for New Units provisionally allotted to entitled Unitholders under the Preferential Offering and application form for excess New Units.

not be renounceable or transferable and will be for use only by entitled Unitholders.

The Manager will work with the Joint Global Co-ordinators and Bookrunners to determine the structure of the Equity Fund Raising, the time schedule for the Equity Fund Raising and the EFR Issue Price, taking into account market conditions and other factors that the Manager and the Joint Global Co-ordinators and Bookrunners may consider relevant. The Manager will announce details of the Equity Fund Raising at the appropriate time.

In the event that the Equity Fund Raising is approved by Unitholders, but market conditions are not conducive to carry out the Equity Fund Raising or the Equity Fund Raising cannot be effected on acceptable terms, the Manager may still proceed with the proposed Acquisition.

The EFR Issue Price will be determined by the Manager and the Joint Global Co-ordinators and Bookrunners closer to the date of the commencement of the Equity Fund Raising. The actual number of New Units to be issued pursuant to the Equity Fund Raising will depend on the aggregate amount of proceeds to be raised from the Equity Fund Raising and the EFR Issue Price.

The structure and time schedule of the Equity Fund Raising and the EFR Issue Price will be determined in accordance with, among others, Chapter 8 of the Listing Manual. The EFR Issue Price under the Private Placement and/or Preferential Offering will comply with Rules 811(1), 811(5) and 816(2) of the Listing Manual, and will not be at more than 10.0% discount to the VWAP for trades done on the SGX-ST for the full market day on which the Underwriting Agreement is signed, or (if trading in the Units is not available for a full market day) for the preceding market day up to the time the Underwriting Agreement is signed, excluding (where applicable) accrued distributions provided that the holders of the New Units are not entitled to the accrued distributions.

The issue price of New Units pursuant to the Private Placement may differ from the issue price of New Units pursuant to the Preferential Offering.

The unitholding interest of existing Unitholders may be diluted by the issue of New Units in the event that the Manager issues New Units under the Equity Fund Raising and such existing Unitholders do not participate or do not have the opportunity to participate in the Equity Fund Raising.

If the Manager should decide to undertake the Equity Fund Raising using a form other than, or in addition to, the Private Placement, such as the Preferential Offering, the Manager will enter into discussions with the Joint Global Co-ordinators and Bookrunners to explore how the Joint Global Co-ordinators and Bookrunners may assist to facilitate the successful execution of the Equity Fund

Raising.

The Equity Fund Raising and any underwriting obligations are subject to, among others, prevailing market conditions and mutual agreement to the terms of the Equity Fund Raising, such as the issue price of the New Units, and execution of the Underwriting Agreement.

7.3 Undertaking by the Sponsor

To demonstrate its support for LREIT and the Equity Fund Raising, the Sponsor, which holds an aggregate indirect interest in 316,174,602 Units (the "**Initial Sponsor Units**"), which is equivalent to approximately 26.53% of the Units in issue as at the Latest Practicable Date, has irrevocably undertaken (the "**Sponsor Undertaking**") to the Manager and the Joint Global Co-ordinators and Bookrunners on 14 February 2022, among other things, that in the event that the Equity Fund Raising includes a Preferential Offering:

(i) in accordance with the terms and conditions of the Preferential Offering and in any case not later than the last day and time for acceptance and payment of the Preferential Offering Units, it will procure that the Lendlease Group, comprising the Sponsor, Lendlease Trust ("**LLT**") and their subsidiaries (the "**Lendlease Group**"), through Lendlease SREIT Sub Trust ("**LLT Sub-Trust**", through Lendlease SREIT Pty Limited, as trustee of LLT Sub-Trust), an indirect wholly-owned sub-trust of LLT, and indirect wholly-owned subsidiaries of the Sponsor, Lendlease GCR Investment Holding Pte. Ltd. ("**LLGCR**") and the Manager (in its own capacity, and together with the Sponsor, LLT Sub-Trust and LLGCR, the "**Relevant Entities**") accept, subscribe, and pay in full for the Relevant Entities' total provisional allotment of the Preferential Offering Units in relation to the Initial Sponsor Units (the "**Allotted Preferential Offering Units**"); and

(ii) it will, in addition to paragraph (i) above, in accordance with the terms and conditions of the Preferential Offering and in any case by no later than the last day and time for acceptance and payment of the Preferential Offering Units, procure that the Relevant Entities make applications for such number of additional Preferential Offering Units ("**Excess Units**") above the Allotted Preferential Offering Units which are not taken up by other Unitholders, and subscribe and pay in full for such Excess Units allotted to the Relevant Entities, such that the total number of Allotted Preferential Offering Units and Excess Units subscribed for by the Relevant Entities would amount to up to S$117.8 million.

For the avoidance of doubt, the Relevant Entities, among others, will rank last in the allocation of Excess Units applications.

7.4 Underwriting by Joint Global Co-ordinators and Bookrunners

It is anticipated that the New Units to be issued pursuant to the Equity Fund Raising (less the New Units to be subscribed under the Sponsor Undertaking) is to be underwritten by the Joint Global Co-ordinators and Bookrunners subject to, among others, then prevailing market conditions and mutual agreement to the terms of the Equity Fund Raising, such as the EFR Issue Price, and execution, on the terms and subject to the conditions of the Underwriting Agreement.

7.5 SGX-ST Approval

On 14 February 2022, the SGX-ST granted its approval-in-principle for the listing and quotation of up to 1,265,346,000 New Units (representing approximately 106.2% of the existing number of issued Units as at the Latest Practicable Date) on the Main Board of the SGX-ST, subject to the following conditions:

7.5.1 compliance with the SGX-ST's listing requirements;

7.5.2 submission of:

(i) a written undertaking from the Manager that it will comply with Rules 704(30) and 1207(20) of the Listing Manual in relation to the use of proceeds from the Preferential Offering (where applicable) and where proceeds are to be used for working capital purposes, LREIT will disclose a breakdown with specific details on the use of proceeds for working capital in LREIT's announcements on use of proceeds and in the annual report;

(ii) a written undertaking from the Manager that it will comply with Rule 877(10) of the Listing Manual with regards to the allotment of any excess New Units;

(iii) written confirmation from financial institution(s) as required under Listing Rule 877(9) that the undertaking unitholders who have given the irrevocable undertakings have sufficient financial resources to fulfil their obligations under their undertakings; and

7.5.3 Unitholders' approval being obtained for the Acquisition and the Equity Fund Raising at the EGM.

7.6 Compliance with Rules 803, 812 and 877(10) of the Listing Manual

In the event that the Equity Fund Raising is carried out:

7.6.1 the Equity Fund Raising will comply with Rule 803 of the Listing Manual, such that the New Units will not be issued under the Equity Fund Raising to transfer a controlling interest without the prior approval of Unitholders in a general meeting;

7.6.2 (in the event that the Equity Fund Raising comprises a Private Placement) the Private Placement will comply with Rule 812 of the Listing Manual, such that the New Units will not be placed to any of the connected persons listed under Rule 812(1) of the Listing Manual without specific Unitholders' approval for such a placement (other than one that fulfils the criteria set out in Rules 812(3) and 812(4) of the Listing Manual); and

7.6.3 (in the event that the Equity Fund Raising comprises a Preferential Offering) the Preferential Offering will comply with Rule 877(10) of the Listing Manual, such that in the allotment of any excess units ("**Excess Units**"), preference will be given to the rounding of odd lots, and that the directors of the Manager and Substantial Unitholders who have control or influence over LREIT in connection with its day-to-day affairs or the terms of the Preferential Offering, or have representation (direct or through a nominee) on the board of directors of the Manager will rank last in priority for the rounding of odd lots and allotment of Excess Units.

7.7 Consequential Adjustment to Distribution Period and Status of the Private Placement Units

LREIT's distribution policy is to distribute its distributable income on a semi-annual basis to Unitholders.

However, pursuant to the Equity Fund Raising, the Manager may decide to make adjustments to the distribution period which may include, among others, a cumulative distribution, an advanced distribution or such other plans to ensure fairness to existing Unitholders holding Existing Units on the day immediately prior to the date on which the New Units are issued under the Private Placement.

In the event that the Manager undertakes a Preferential Offering subsequent to the Private Placement, the Manager may decide that the New Units issued in connection with the Preferential Offering will, upon issue and allotment, rank *pari passu* in all respects with the Existing Units, including the right to any distributions which may accrue prior to the issuance of the New Units issued under the Preferential Offering.

Further details pertaining to any adjustments to the distribution period, if any, and the status of the New Units issued pursuant to the Equity Fund Raising will be announced at the appropriate time.

7.8 Use of Proceeds

The Manager intends to utilise the net proceeds of up to S$1,015 million[20] from the proposed Equity Fund Raising to part-finance the Total Acquisition Cost of S$2,015 million, with the balance of the proceeds of the proposed Equity Fund Raising, if any, to be used for general corporate and/or working capital purposes and/or to pare down existing debt.

Notwithstanding its current intention, in the event that the Equity Fund Raising is completed but the Acquisition does not proceed for whatever reason, the Manager may, subject to relevant laws and regulations, utilise the net proceeds of the Equity Fund Raising at its absolute discretion for other purposes, including without limitation, the repayment of existing indebtedness, for funding capital expenditures and other general working capital purposes.

The Manager will make periodic announcements on the utilisation of the gross proceeds of the Equity Fund Raising via SGXNET as and when such funds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated.

Where proceeds are to be used for working capital purposes, the Manager will disclose a breakdown with specific details on the use of proceeds for working capital in LREIT's announcements and in LREIT's annual report, and where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

Pending the deployment of the gross proceeds of the Equity Fund Raising, the gross proceeds may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions, or to be used to repay outstanding borrowings or for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit. The Manager believes that upon the closing of the Equity Fund Raising and the completion of the proposed Acquisition, the working capital will be sufficient to enable LREIT to meet its obligations and continue to operate as a going concern.

[20] Based on the estimated Gross Proceeds amount of up to S$1,038 million and net of the estimated fees and expenses, including professional fees and expenses, incurred or to be incurred by LREIT for the Equity Fund Raising.

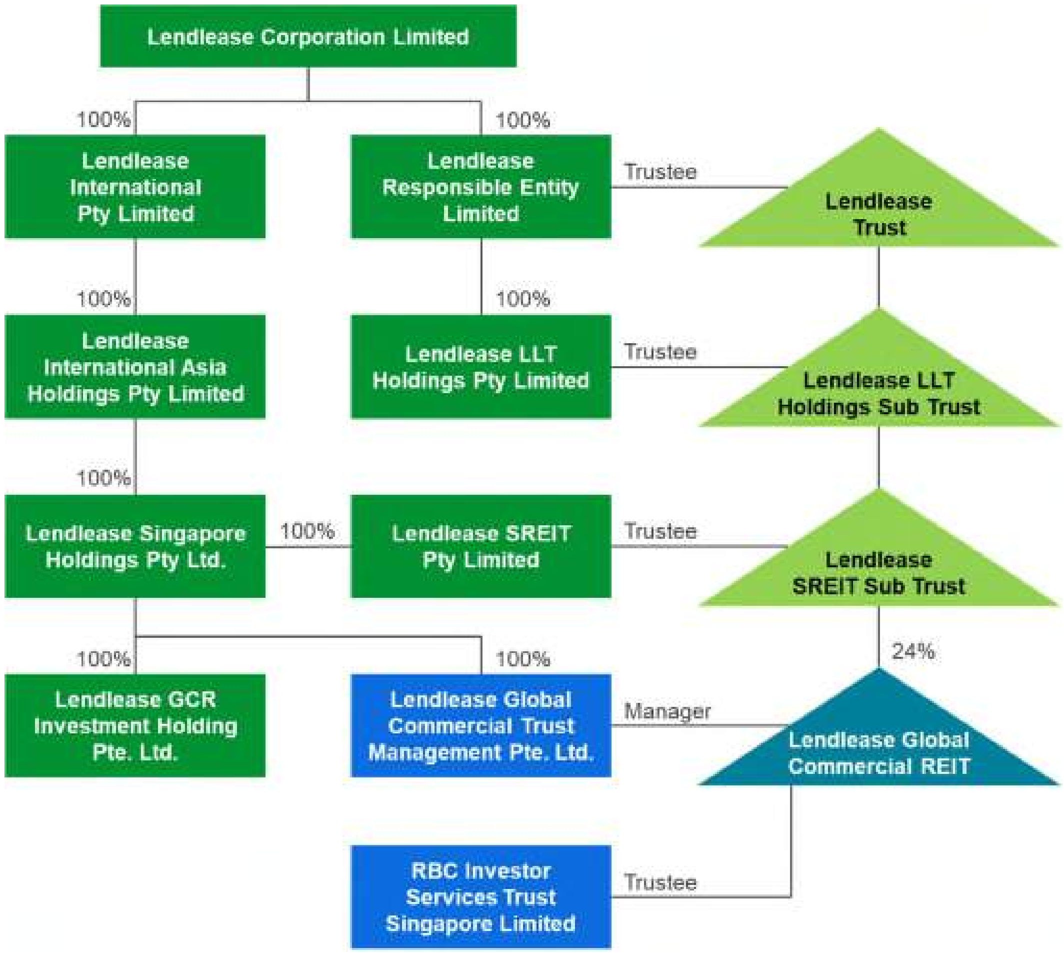
7.9 Requirement of Unitholders' Approval

The Manager is seeking the approval of Unitholders for the proposed issue of up to 1,265,346,000 New Units (representing approximately 106.2% of the 1,191,646,376 Existing Units) under the proposed Equity Fund Raising pursuant to Rule 805(1) of the Listing Manual. For the avoidance of doubt, the Manager will not be relying on the general mandate that was obtained by the Manager from Unitholders at the annual general meeting of Unitholders held on 25 October 2021 to issue the New Units.

The transfer books and register of Unitholders of LREIT will be closed at the time and date as the Manager may determine, for the purpose of determining the provisional allotments of Eligible Unitholders under the proposed Equity Fund Raising.

8. LOCK-UP ARRANGEMENTS

The chart below shows the controlling unitholders (as defined in the Listing Manual) of LREIT and their ownership structure within the Sponsor Group. Lendlease SREIT Pty Limited (in its capacity as trustee of LLT Sub-Trust), Lendlease GCR Investment Holding Pte. Ltd. and the Manager are direct holders of Units ("**Direct Holders**") and have provided the lock-ups as elaborated below. The Sponsor, Lendlease Corporation Limited, and Lendlease Responsible Entity Limited (in its capacity as responsible entity for Lendlease Trust) have also provided the lock-ups as they are the ultimate holding entities (being the entities listed on the Australian Stock Exchange as a stapled group) that are deemed interested in the Units held by the Direct Holders.



8.1 Lendlease SREIT Pty Limited (in its capacity as trustee of LLT Sub-Trust)

Subject to the exceptions described below, Lendlease SREIT Pty Limited (in its capacity as trustee of LLT Sub-Trust) has on 14 February 2022 undertaken to the Joint Global Co-ordinators and Bookrunners that LLT Sub-Trust will not, subject to the exceptions set out in the paragraph immediately below, without the prior written consent of each of the Joint Global Co-ordinators and Bookrunners (such consent not to be unreasonably withheld or delayed), from the completion date of the Proposed Acquisition until the date falling six months after the completion date of the proposed Acquisition (both dates inclusive) (the "**Lock-up Period**"), directly or indirectly, (i) offer, pledge, sell or contract to sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of its direct and indirect effective interest in the Lock-up Units (or any securities convertible into or exercisable or exchangeable for any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-up Units (including any securities convertible into or exercisable or exchangeable for any Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units); (iii) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; (iv) deposit any or all of its direct and indirect effective interest in the Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof) in any depository receipt facility; (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to prohibit Lendlease SREIT Pty Limited (in its capacity as trustee of LLT Sub-Trust), on behalf of LLT Sub-Trust, from being able to:

8.1.3 create a charge over the Lock-up Units or otherwise grant security over or create any encumbrance over the Lock-up Units, provided that such charge, security or encumbrance can only be enforced after the expiry of the Lock-up Period; or

8.1.4 transfer any Lock-up Units to and between wholly-owned subsidiaries or wholly-owned sub-trusts of LLT Sub-Trust (each, an "**LLT Sub-Trust Subsidiary**") or any declaration of trust by LLT Sub-Trust in respect of such Lock-up Units where the sole beneficiary of such trust is Lendlease Trust or a wholly-owned subsidiary of Lendlease Trust, provided that Lendlease SREIT Pty Limited (in its capacity as trustee of LLT Sub-Trust) has procured and ensured that such LLT Sub-Trust Subsidiary or Lendlease Trust (as the case may be) has executed and delivered to the Joint Global Co-ordinators and Bookrunners an undertaking to the effect that such LLT Sub-Trust Subsidiary will undertake to comply with the foregoing restrictions to remain in effect for the unexpired period of the Lock-up Period.

If, for any reason, the Acquisition is not completed by 15 May 2022, the lock-up arrangements described above will be terminated.

8.2 Lendlease Responsible Entity Limited (in its capacity as responsible entity for Lendlease Trust)

Subject to the exceptions described below, Lendlease Responsible Entity Limited (in its capacity as responsible entity for Lendlease Trust) has on 14 February 2022 undertaken to the Joint Global Co-ordinators and Bookrunners that Lendlease Trust will not, subject to the exceptions set out in the paragraph immediately below, without the prior written consent of each of the Joint Global Co-ordinators and

Bookrunners (such consent not to be unreasonably withheld or delayed), during the Lock-up Period, directly or indirectly, (i) offer, pledge, sell or contract to sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of its direct and indirect effective interest in the Lock-up Units (or any securities convertible into or exercisable or exchangeable for any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-up Units (including any securities convertible into or exercisable or exchangeable for any Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units); (iii) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; (iv) deposit any or all of its direct and indirect effective interest in the Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof) in any depository receipt facility; (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to prohibit Lendlease Responsible Entity Limited (in its capacity as responsible entity for Lendlease Trust), on behalf of Lendlease Trust, from being able to:

8.2.1 create a charge over the Lock-up Units or otherwise grant security over or create any encumbrance over the Lock-up Units, provided that such charge, security or encumbrance can only be enforced after the expiry of the Lock-up Period; or

8.2.2 transfer any Lock-up Units to and between wholly-owned subsidiaries or wholly-owned sub-trusts of Lendlease Trust (each, an "**LLT Subsidiary**") and the Lendlease Trust or any declaration of trust by Lendlease Trust in respect of such Lock-up Units where the sole beneficiary of such trust is Lendlease Trust or a wholly-owned subsidiary of the Lendlease Trust, provided that Lendlease Responsible Entity Limited (in its capacity as responsible entity for Lendlease Trust) has procured and ensured that such LLT Subsidiary or Lendlease Trust (as the case may be) has executed and delivered to the Joint Global Co-ordinators and Bookrunners an undertaking to the effect that such LLT Subsidiary will undertake to comply with the foregoing restrictions to remain in effect for the unexpired period of the Lock-up Period.

If, for any reason, the Acquisition is not completed by 15 May 2022, the lock-up arrangements described above will be terminated.

8.3 Lendlease GCR Investment Holding Pte. Ltd. ("Lendlease GCR")

Subject to the exceptions described below, Lendlease GCR has on 14 February 2022 undertaken to the Joint Global Co-ordinators and Bookrunners that it will not, subject to the exceptions set out in the paragraph immediately below, without the prior written consent of each of the Joint Global Co-ordinators and Bookrunners (such consent not to be unreasonably withheld or delayed), during the Lock-up Period, directly or indirectly, (i) offer, pledge, sell or contract to sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of its direct and indirect effective interest in the Lock-up Units, as well as any Units acquired from the Manager which the Manager legally and/or beneficially, directly or indirectly owns or will own on the Completion Date (together with the Lock-up Units, the "**Lendlease GCR Lock-up Units**") (or any securities convertible into or exercisable or exchangeable for any such Lendlease GCR Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lendlease GCR Lock-up Units or part thereof); (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lendlease GCR Lock-up Units (including any securities convertible into or exercisable or exchangeable for any Lock-up Units or which carry rights to subscribe for or purchase any such Lendlease GCR Lock-up Units); (iii) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; (iv) deposit any or all of its direct and indirect effective interest in the Lendlease GCR Lock-up Units (or any securities convertible into or exchangeable for any such Lendlease GCR Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lendlease GCR Lock-up Units or part thereof) in any depository receipt facility; (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to prohibit Lendlease GCR from being able to:

8.3.1 create a charge over the Lendlease GCR Lock-up Units or otherwise grant security over or create any encumbrance over the Lendlease GCR Lock-up Units, provided that such charge, security or encumbrance can only be enforced after the expiry of the Lock-up Period; or

8.3.2 transfer any Lock-up Units to and between wholly-owned subsidiaries of Lendlease GCR (each, a "**Lendlease GCR Subsidiary**") or any declaration of trust by Lendlease GCR in respect of such Lock-up Units where the sole beneficiary of such trust is Lendlease GCR or a wholly-owned subsidiary of Lendlease GCR, provided that Lendlease GCR has procured and ensured that such Lendlease GCR Subsidiary or Lendlease GCR (as the case may be) has executed and delivered to the Joint Global Co-ordinators and Bookrunners an undertaking to the effect that such Lendlease GCR Subsidiary will undertake to comply with the foregoing restrictions to remain in effect for the unexpired period of the Lock-up Period.

If, for any reason, the Acquisition is not completed by 15 May 2022, the lock-up arrangements described above will be terminated.

8.4 The Sponsor

Subject to the exceptions described below, the Sponsor has on 14 February 2022 undertaken to the Joint Global Co-ordinators and Bookrunners that it will not, subject to the exceptions set out in the paragraph immediately below, without the prior written consent of each of the Joint Global Co-ordinators and Bookrunners (such consent not to be unreasonably withheld or delayed), during the Lock-up Period, directly or indirectly, (i) offer, pledge, sell or contract to sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of its direct and indirect effective interest in the Lock-up Units (or any securities convertible into or exercisable or exchangeable for any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof); (ii) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-up Units (including any securities convertible into or exercisable or exchangeable for any Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units); (iii) enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing; (iv) deposit any or all of its direct and indirect effective interest in the Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof) in any depository receipt facility; (v) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (vi) publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to prohibit the Sponsor from being able to:

8.4.1 create a charge over the Lock-up Units or otherwise grant security over or create any encumbrance over the Lock-up Units, provided that such charge, security or encumbrance can only be enforced after the expiry of the Lock-up Period; or

8.4.2 transfer any Lock-up Units to and between wholly-owned subsidiaries of the Sponsor (each, a "**Sponsor Subsidiary**") or any declaration of trust by the Sponsor in respect of such Lock-up Units where the sole beneficiary of such trust is the Sponsor or a wholly-owned subsidiary of the Sponsor, provided that the Sponsor has procured and ensured that such Sponsor Subsidiary or the Sponsor (as the case may be) has executed and delivered to the Joint Global Co-ordinators and Bookrunners an undertaking to the effect that such Sponsor Subsidiary will undertake to comply with the foregoing restrictions to remain in effect for the unexpired period of the Lock-up Period.

If, for any reason, the Acquisition is not completed by 15 May 2022, the lock-up arrangements described above will be terminated.

8.5 The Manager

Subject to the exceptions described below, the Manager has agreed with the Joint Global Co-ordinators and Bookrunners that it will not (and will not cause or permit LREIT to), during the Lock-up Period, without the prior written consent of each of the Joint Global Co-ordinators and Bookrunners (such consent not to be unreasonably withheld or delayed), directly or indirectly:

8.5.1 offer, pledge, sell, contract to sell, grant any option to purchase, grant security over, swap, hedge, transfer, encumber or otherwise dispose of any or all of its direct or indirect interest in the Lock-up Units (or any securities convertible into or exercisable or exchangeable for any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase any such Lock-up Units or part thereof);

8.5.2 enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-up Units (including any securities convertible into or exercisable or exchangeable for any Lock-up Units or which carry rights to subscribe for or purchase any such Lock-up Units;

8.5.3 enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing;

8.5.4 deposit any or all of its direct and indirect effective interest in the Lock-up Units (or any securities convertible into or exchangeable for any such Lock-up Units or part thereof or which carry rights to subscribe for or purchase Units or part thereof) in any depository receipt facility;

8.5.5 enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

8.5.6 publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to prohibit the Manager from being able to:

8.5.7 create a charge over the Lock-up Units or otherwise grant security over or create any encumbrance over the Lock-up Units, provided that such charge, security or encumbrance can only be enforced after the expiry of the Lock-up Period; or

8.5.8 transfer any Lock-up Units to and between related corporations of the Manager (as defined in the Companies Act 1967) (each, a "**Manager Related Corporation**") or any declaration of trust by the Manager in respect of such Lock-up Units where the sole beneficiary of such trust is the Manager or a wholly-owned subsidiary of the Manager, provided that the Manager has procured and ensured that such Manager Related Corporation or the Manager (as the case may be) has executed and delivered to the Joint Global Co-ordinators and Bookrunners an undertaking to the effect that such Manager Related Corporation will undertake to comply with the foregoing restrictions to remain in effect for the unexpired period of the Lock-up Period.

For the avoidance of doubt, notwithstanding the above, 100% of the Acquisition Fee Units held by the Manager may not be sold within one year from the date of their issuance.

If, for any reason, the Acquisition is not completed by 15 May 2022, the lock-up arrangements described above will be terminated.

9. ADVICE OF THE IFA

The Manager has appointed the IFA pursuant to Rule 921(4) of the Listing Manual as well as to advise the independent directors of the Manager (the "**Independent Directors**"), the Audit and Risk Committee of the Manager (the "**Audit and Risk Committee**") and the Trustee in relation to the proposed Acquisition. A copy of the letter from the IFA to the Independent Directors, the Audit and Risk Committee and the Trustee, containing its advice in full (the "**IFA Letter**") is set out in **Appendix M** of this Circular and Unitholders are advised to read the IFA Letter carefully.

9.1 The Proposed Acquisition

Having considered the factors set out in the IFA Letter, and subject to the assumptions and qualifications set out therein, the IFA is of the opinion that the proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of LREIT and its minority Unitholders.

Further, in relation to the proposed Acquisition, the IFA is of the opinion that the Development Management Agreement, the Portal Access Licence Agreement, the Taxi Stand Reconfiguration Contract and the Additions and Alterations Contract are on normal commercial terms and are not prejudicial to the interests of LREIT and its minority Unitholders.

The IFA is of the opinion that the Independent Directors and the Audit and Risk Committee can recommend that Unitholders vote in favour of the resolution in connection with the proposed Acquisition.

9.2 The Proposed Issuance of Consideration Units to finance the ARIF3 Share Acquisition

Having considered the factors set out in the IFA Letter, and subject to the assumptions and qualifications set out therein, the IFA is of the opinion that the proposed issuance of Consideration Units to LLI is based on normal commercial terms and is not prejudicial to the interests of LREIT and its minority Unitholders.

10. DIRECTORS' SERVICE CONTRACTS

10.1 The Proposed Acquisition

No person is proposed to be appointed as a Director in connection with the proposed Acquisition or any other transactions contemplated in relation to the proposed Acquisition.

10.2 The Proposed Issuance of Consideration Units

No person is proposed to be appointed as a Director in connection with the proposed Issuance of Consideration Units or any other transactions contemplated in relation to the proposed Issuance of Consideration Units.

10.3 The Proposed Equity Fund Raising

No person is proposed to be appointed as a Director in connection with the proposed Equity Fund Raising or any other transactions contemplated in relation to the proposed Equity Fund Raising.

11. RECOMMENDATION

11.1 The Proposed Acquisition

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix M** of this Circular) and the rationale for the proposed Acquisition as set out in paragraph 3 of this Letter to Unitholders, the Independent Directors and the Audit and Risk Committee believe that the proposed Acquisition, as an interested person transaction, is based on normal commercial terms and would not be prejudicial to the interests of LREIT or its minority Unitholders.

Accordingly, the Independent Directors and the Audit and Risk Committee recommend that the Unitholders vote at the EGM in favour of the resolution to approve the Acquisition.

11.2 The Proposed Issuance of Consideration Units

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix M** of this Circular) and the rationale for the proposed Issuance of Consideration Units as set out in paragraph 6.5 of this Letter to Unitholders, the Independent Directors and the Audit and Risk Committee believe that the proposed Issuance of Consideration Units, as an interested person transaction, is based on normal commercial terms and would not be prejudicial to the interests of LREIT or its minority Unitholders.

Accordingly, the Independent Directors and the Audit and Risk Committee recommend that the Unitholders vote at the EGM in favour of the resolution to approve the Issuance of Consideration Units.

11.3 The Proposed Equity Fund Raising

Based on the rationale for the proposed Acquisition as set out in paragraph 3 of this Letter to Unitholders, the Directors believe that the proposed Equity Fund Raising would be beneficial to, and is in the interests of, LREIT or its minority Unitholders.

Accordingly, the Directors recommend that the Unitholders vote at the EGM in favour of the resolution to approve the Equity Fund Raising.

12. EXTRAORDINARY GENERAL MEETING

The EGM will be convened and held by way of electronic means on 7 March 2022 for the purpose of considering and, if thought fit, passing (with or without modification), the resolution set out in the Notice of EGM which is set out on pages R-1 to R-3 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolution. Approval by way of an Ordinary Resolution is required in respect of the resolution.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote unless he is shown to have Units entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited ("**CDP**") as at 72 hours before the time fixed for the EGM.

13. ABSTENTIONS FROM VOTING

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested in at the EGM.

As at the Latest Practicable Date, the Sponsor, through the Manager, Lendlease GCR Investment Holding Pte. Ltd. and Lendlease SREIT Pty Limited (in its capacity as trustee of LLT Sub-Trust), holds an aggregate indirect interest in 316,174,602 Units, which is equivalent to approximately 26.53% of the total number of Units in issue.

Given that ARIF3 is managed by LLIM, an indirect wholly-owned subsidiary of the Sponsor, and LLI is a direct wholly-owned subsidiary of the Sponsor, the Sponsor will abstain, and will procure that its associates, abstain from voting on Resolution 1. The Manager will also abstain from voting on Resolution 1.

Given that LLI is a direct wholly-owned subsidiary of the Sponsor, the Sponsor will abstain, and will procure that its associates, abstain from voting on Resolution 2. The Manager will also abstain from voting on Resolution 2.

For the purposes of good corporate governance, as both Ms Ng Hsueh Ling and Mr Justin Marco Gabbani are Non-Independent Non-Executive Directors of the Manager, they will each abstain from voting on the resolutions in respect of Units (if any) held by them.

Please refer to Appendix F for information on the Directors' and Substantial Unitholders' interests.

14. ACTION TO BE TAKEN BY UNITHOLDERS

14.1 Date, Time and Conduct of EGM

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, as amended, the EGM will be convened and held by way of electronic means on Monday, 7 March 2022 at 10.00 a.m. (Singapore time).

14.2 Notice of EGM and Proxy Form

In addition to printed copies of the Notice of EGM and Proxy Form which will be sent to Unitholders, the Notice of EGM and Proxy Form will also be available through electronic means via publication on LREIT's website at the URL https://www.lendleaseglobalcommercialreit.com/ and on the SGX-ST's website at the URL https://www.sgx.com/securities/company-announcements.

14.3 No personal attendance at EGM

Due to the current COVID-19 situation, a Unitholder will not be able to attend the EGM in person.

14.4 Alternative arrangements for participation at the EGM

Unitholders may participate at the EGM by:

(i) observing and/or listening to the EGM proceedings via live audio-visual webcast via their mobile phones, tablets or computers or live audio-only stream via their mobile phones or telephones;

(ii) submitting questions in advance of the EGM; and

(iii) appointing the Chairperson of the EGM as proxy to attend, speak and vote on their behalf at the EGM.

Details of the steps for pre-registration, pre-submission of questions and voting at the EGM are set out in Appendix Q of this Circular and the Notice of EGM.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed Acquisition, the proposed issue of the Consideration Units, the proposed Equity Fund Raising, LREIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

For the avoidance of doubt, none of Citigroup Global Markets Singapore Pte. Ltd., DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited are financial advisers to the proposed Acquisition.

16. CONSENTS

Each of the IFA, the Independent Valuers and the Independent Market Research Consultant has given and not withdrawn its written consent to the issue of this Circular with the inclusion of its name and, respectively, the IFA Letter, the Valuation Certificates and the independent market research report dated 7 February 2022 by the Independent Market Research Consultant (the "**Independent Market Research Report**"), and all references thereto, in the form and context in which they appear in this Circular.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection[21] during normal business hours at the registered office of the Manager located at 2 Tanjong Katong Road, #05-01 PLQ 3, Paya Lebar Quarter, Singapore 437161, from the date of this Circular up to and including the date falling three months after the date of this Circular:

(i) the ARIF3 SPA;

(ii) the Asset PCOA;

(iii) the IFA Letter;

(iv) the Independent Market Research Report;

(v) the full valuation report issued by JLL in respect of the Property;

(vi) the full valuation report issued by CBRE in respect of the Property; and

(vii) the FY2021 Audited Financial Statements.

The Trust Deed will be available for inspection at the registered office of the Manager for so long as LREIT is in existence.

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[21] Prior appointment with the Manager (telephone number: +65 6671 7374) will be appreciated.

Yours faithfully

Lendlease Global Commercial Trust Management Pte. Ltd.
(as manager of Lendlease Global Commercial REIT)
(Company Registration No. 201902535N)

Ms Ng Hsueh Ling
Chairperson and Non-Independent Non-Executive Director

IMPORTANT NOTICE

This Circular does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of LREIT in Singapore, the United States or any other jurisdictions. No securities mentioned herein have been, or will be, registered under the United States Securities Act of 1933 (the "**US Securities Act**") or any state securities laws or other jurisdiction of the United States and no such securities may be offered or sold in or into the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirement under the US Securities Act and any applicable state or local securities laws of the United States. No public offering of the securities mentioned herein will be made in any other jurisdiction where such an offering is restricted or prohibited.

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of LREIT is not necessarily indicative of the future performance of LREIT.

This Circular may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

If you have sold or transferred all your Units, you should immediately inform the purchaser or transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular (together with the Notice and the Proxy Form) may be accessed at LREIT's website at the URL https://www.lendleaseglobalcommercialreit.com/, and are also available on the website of the SGX-ST at the URL https://www.sgx.com/securities/company-announcements. You are not authorized and you may not forward or deliver this Circular, electronically or otherwise, to any other person or reproduce this Circular in any manner whatsoever. Any forwarding distribution or reproduction of this Circular, in whole or in part, is unauthorized. Failure to comply with this directive may result in a violation of the US Securities Act or the applicable laws of other jurisdictions.

By accepting this Circular, you agree to be bound by the foregoing limitations.

GLOSSARY

In this Circular, the following definitions apply throughout unless the context otherwise requires:

"%"	:	Per centum or percentage
"1H FY2022"	:	6-month period from 1 July 2021 to 31 December 2021
"Acquisition"	:	The ARIF3 Share Acquisition and the Property Acquisition
"Acquisition Fee"	:	The acquisition fee payable to the Manager for the proposed Acquisition pursuant to the Trust Deed of approximately S$17 million
"Acquisition Fee Units"	:	The Units to be issued to the Manager as payment for the Acquisition Fee
"Additions and Alterations Contract"	:	The head contract in relation to the proposed additions and alterations works for reconfiguration of the ex-Robinsons tenancy at the Property between LLRI3 and LLS dated 24 September 2020
"AEI"	:	Asset enhancement initiative
"Aggregate Leverage"	:	As at the Latest Practicable Date, the total borrowings and deferred payments (if any) as a percentage of the Deposited Property
"Agreed Property Value"	:	The agreed property value of the Property of S$2,079 million
"Appraised Value"	:	The higher of the two independent valuations of the Property as at 31 December 2021
"ARE"	:	The acceptance form for New Units provisionally allotted to entitled Unitholders under the Preferential Offering and application form for excess New Units
"ARIF3"	:	Lendlease Asian Retail Investment Fund 3 Limited
"ARIF3 PN"	:	The promissory note, the principal amount of which would be determined by reference to the returns that SingCo (as shareholder of ARIF3) will receive from ARIF3 by way of distributions following the sale of the Property
"ARIF3 Purchase Consideration"	:	The purchase consideration payable to LLI pursuant to the ARIF3 SPA
"ARIF3 Sale Shares"	:	13.05% of the ARIF3 Share Capital

"ARIF3 Share Acquisition"	:	The acquisition of the ARIF3 Sale Shares
"ARIF3 Share Capital"	:	The total issued share capital in ARIF3
"ARIF3 SPA"	:	The conditional share purchase agreement entered into between SingCo, the Trustee and LLI on 14 February 2022, pursuant to which SingCo will acquire 13.05% of the ARIF3 Share Capital from LLI for the ARIF3 Purchase Consideration, to be satisfied in Consideration Units
"ASIC"	:	Australian Securities and Investments Commission
"Asset Managers"	:	Any asset or investment manager of LREIT
"Asset PCOA"	:	The put and call option agreement entered into between the Trustee and the Property Vendors on 14 February 2022, in respect of the sale and purchase of the leasehold interest in the Property for the Property Purchase Consideration
"Audit and Risk Committee"	:	The Audit and Risk Committee of the Manager
"CBRE"	:	CBRE Pte. Ltd.
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular to Unitholders dated 14 February 2022
"Consideration Units"	:	The consideration for the ARIF3 Share Acquisition, which will be in new Units only
"CPF Board"	:	The Central Provident Fund Board established by the Central Provident Fund Act 1953
"Deposited Property"	:	All the assets of LREIT, including all the Authorised Investments of LREIT for the time being held or deemed to be held by LREIT under the Trust Deed. Where the proportion of LREIT's economic interests and its voting rights in an SPV differ, the Deposited Property shall be based on LREIT's economic interests in such SPV
"Development Management Agreement"	:	The development management agreement in relation to the proposed additions and alterations works for upgrading the ex-Robinsons tenancy at the Property between LLRI3 and LLR dated 4 March 2020
"Development Management Fee"	:	3.0% of the Total Project Costs incurred in a Development Project undertaken by the Manager on behalf of LREIT

		(less any development management fee paid to the Property Managers)
"Development Project"	:	A project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by LREIT, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations
"Depository Services Terms and Conditions"	:	CDP's depository services terms and conditions in relation to the deposit of Units in CDP
"Directors"	:	The directors of the Manager
"Divestment Fee"	:	Divestment fee payable to the Manager in respect of any divestment of Real Estate assets to both third parties and interested parties
"DPU"	:	Distribution per Unit
"EFR Issue Price"	:	The issue price of the New Units
"EGM"	:	The extraordinary general meeting of the Unitholders, notice of which is given on pages R-1 to R-7 of this Circular
"Enlarged Group" or "Pro Forma Group"	:	The LREIT Group, as adjusted for the pro forma effects of the Transactions
"Equity Fund Raising"	:	The proposed issue of the New Units
"Excess Units"	:	Any excess units which may be allotted in the event that the Equity Fund Raising comprises a Preferential Offering
"Existing Interested Person Transactions"	:	The interested person transactions entered into between LREIT, the Sponsor and its associates during the course of FY2022
"Existing Portfolio"	:	The existing portfolio of LREIT
"Existing Units"	:	The Units in issue as at the Latest Practicable Date
"Extraordinary Resolution"	:	A resolution proposed and passed as such by a majority being greater than 75.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed

"Facilities"	:	The unsecured debt facilities of approximately S$707 million which the LREIT Group has in place total as at the Latest Practicable Date
"FY2020"	:	The financial period from 2 October 2019 (listing date) to 30 June 2020
"FY2021"	:	The financial year ended 30 June 2021
"FY2021 Audited Financial Statements"	:	LREIT Group's latest audited financial statements for FY2021
"FY2022"		The financial year ended 30 June 2022
"GFA"	:	Gross floor area
"Government"	:	The Government of the Republic of Singapore
"GRESB"	:	Global Real Estate Sustainability Benchmark
"GST"	:	Goods and Services Tax
"IFA"	:	Deloitte & Touche Corporate Finance Pte Ltd, as the independent financial adviser to the Independent Directors, the Audit and Risk Committee of the Manager and the Trustee
"IFA Letter"	:	The letter from the IFA to the Independent Directors, the Audit and Risk Committee and the Trustee containing its advice, as set out in Appendix M of this Circular
"IFRS"	:	International Financial Reporting Standards
"Illustrative Issue Price"	:	The illustrative issue price of S$0.82 per New Unit
"Independent Accountants"	:	KPMG LLP
"Independent Directors"	:	The independent directors of the Manager, being Dr Tsui Kai Chong, Mrs Lee Ai Ming and Mr Simon John Perrott
"Independent Market Research Consultant"	:	Colliers International Consultancy & Valuation (Singapore) Pte Ltd
"Independent Market Research Report"	:	The independent market research report dated 11 November 2021 by the Independent Market Research Consultant, as set out in Appendix O of this Circular
"Independent Valuers"	:	CBRE and JLL, in respect of the Property

"Issuance of Consideration Units"	:	The Manager's proposal to issue Consideration Units to LLI (and/or its nominee) as payment of the ARIF3 Purchase Consideration payable for the ARIF3 Share Acquisition on completion
"IT SingCo"	:	Lendlease Global Commercial (IT) Pte. Ltd.
"ITA"	:	Income Tax Act 1947
"Issue Price"	:	The issue price of each Consideration Unit
"JLL"	:	Jones Lang LaSalle Property Consultants Pte Ltd
"Joint Global Co-ordinators and Bookrunners"	:	Citigroup Global Markets Singapore Pte. Ltd., DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited
"Land Acquisition Act"	:	The Land Acquisition Act 1966
"Latest Practicable Date"	:	The latest practicable date prior to the date of this Circular, being 31 January 2022
"Lendlease Group"	:	The Sponsor, Lendlease Trust and their subsidiaries
"Lendlease Singapore Holdings"	:	Lendlease Singapore Holdings Pty Limited
"Lendlease Trust"	:	Lendlease Trust (through its responsible entity Lendlease Responsible Entity Limited)
"Listing Date"	:	2 October 2019, which is the listing date of LREIT
"Listing Manual"	:	The listing manual of the SGX-ST, as may be amended or modified from time to time
"LLCI"	:	Lendlease Commercial Investments Pte. Ltd.
"LLI"	:	Lendlease International Pty Limited, a direct wholly-owned subsidiary of the Sponsor
"LLIM"	:	Lendlease Investment Management Pte. Ltd., an indirect wholly-owned subsidiary of the Sponsor
"LLJP"	:	Lendlease Jem Partners Fund Limited
"LLJP PN"	:	The promissory note, the principal amount of which would be determined by reference to the returns that SingCo (as shareholder of LLJP) will receive from LLJP by way of distributions following the sale of the Property

"LLR"	:	Lendlease Retail Pte. Ltd., an indirect wholly-owned subsidiary of the Sponsor
"LLREIL"	:	Lendlease Real Estate Investments Limited
"LLRI3"	:	Lendlease Retail Investments 3 Pte. Ltd.
"LLS"	:	Lendlease Singapore Pte. Ltd., an indirect wholly-owned subsidiary of the Sponsor
"LLT"	:	Lendlease Responsible Entity Limited (as responsible entity of Lendlease Trust)
"LLT Subsidiary"	:	Any wholly-owned subsidiaries or wholly-owned sub-trusts of Lendlease Trust
"LLT Sub-Trust"	:	Lendlease SREIT Sub Trust
"LLT Sub-Trust Subsidiary"	:	Any wholly-owned subsidiaries or wholly-owned sub-trusts of Lendlease SREIT Sub Trust
"Lock-up Period"	:	The period from the date on which the New Units are listed until the date falling six months after the date on which the New Units are listed (both dates inclusive)
"Lock-up Units"	:	Any Units that LLT, LLT Sub-Trust and the Manager legally and/or beneficially, directly or indirectly owns or will own
"LREIT"	:	Lendlease Global Commercial REIT
"LREIT Group"	:	LREIT and its subsidiaries
"LREIT PNs"	:	The ARIF3 PN and the LLJP PN
"LTA"	:	Land Transport Authority
"Management Fee"	:	The management fee payable to the Manager under the Trust Deed for its role as the manager of LREIT, which consists of (i) a base fee of 0.3% per annum of the value of LREIT's deposited property, and (ii) a performance fee of 5.0% per annum of the NPI of LREIT
"Manager"	:	Lendlease Global Commercial Trust Management Pte. Ltd., in its capacity as manager of LREIT
"MAS"	:	Monetary Authority of Singapore
"Milan Property"	:	Sky Complex, comprising three commercial office buildings located in Milan, Italy

"Milan Property Call Option Agreement"	:	The call option agreement dated 18 April 2019 entered into between Lendlease MSG South S.r.l. and Sviluppo Comparto 3 S.r.l., as subsequently amended by the deeds respectively executed on 26 April 2019, 15 May 2019, 30 June 2019 and 31 July 2019
"Milan Property Transferee"	:	The landlord to which the Milan Property has been transferred to or to which a contribution in kind (*conferimento in natura*) of the Milan Property has been made to
"Milan Property Vendor"	:	Sviluppo Comparto 3 S.r.l.
"MND"	:	Ministry of National Development of Singapore
"MRT"	:	Mass Rapid Transit
"NAV"	:	Net asset value
"New Units"	:	The new Units to be issued under the Equity Fund Raising
"NLA"	:	Net lettable area
"NPI"	:	Net property income
"Nomination and Remuneration Committee"	:	The Nomination and Remuneration Committee of the Board
"NTA"	:	Net tangible assets
"Ordinary Resolution"	:	A resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
"Portal Access Licence Agreement"	:	The licence agreement in relation to LLR's mobile application between LLR and LLRI3 dated 16 November 2018
"Preferential Offering"		A non-renounceable preferential offering of New Units to the existing Unitholders on a pro rata basis
"Private Placement"	:	A private placement of New Units to institutional and other investors
"Pro Forma Financial Information"	:	The pro forma statements of total return for the LREIT Group for FY2020, FY2021 and FY2022 and the six months ended 31 December 2021, the pro forma cash flow

		statement for the six months ended 31 December 2021 and the pro forma balance sheet as at 31 December 2021
"Property"	:	Jem, located at 50 and 52 Jurong Gateway Road, Singapore
"Property Acquisition"	:	The asset acquisition by the Trustee of the Property from LLCI and LLRI3
"Property Funds Appendix"	:	Appendix 6 to the Code on Collective Investment Schemes issued by the MAS
"Property Manager"	:	Any property manager of LREIT, which for the avoidance of doubt, shall include Lendlease Retail Pte Ltd.
"Property Purchase Consideration"	:	The purchase consideration payable to the Property Vendors pursuant to the Asset PCOA
"Property Vendors"	:	LLRI3 and LLCI
"Prospectus"	:	The prospectus dated 25 September 2019 in connection with the listing of LREIT on the SGX-ST
"REIT"	:	Real estate investment trust
"Recognised Stock Exchange"	:	The SGX-ST or such other stock exchange of repute in any part of the world
"Related Party"	:	An interested person under the provisions of the provisions of the Listing Manual or an interested party under the provisions of the Property Funds Appendix
"Related Party Transactions"	:	Interested Person Transactions and Interested Party Transactions
"Relevant Entity"	:	Entity appointed, at the recommendation of the Manager, to provide asset management services or investment management services in respect of any asset of LREIT
"Relevant Fees"	:	Fees which the Relevant Entity may be entitled to
"Resolution 1"	:	The Ordinary Resolution relating to the proposed Acquisition, as an interested person transaction
"Resolution 2"	:	The Ordinary Resolution relating to the proposed Issuance of Consideration Units to LLI (or its nominee) as consideration for the ARIF3 Share Acquisition, as an interested person transaction
"Resolution 3"	:	The Ordinary Resolution relating to the Equity Fund Raising

"S$" and "cents"	:	Singapore dollars and cents, being the lawful currency of the Republic of Singapore
"SFA"	:	Securities and Futures Act 2001
"SFR-LCB"	:	Securities and Futures (Licensing and Conduct of Business) Regulations
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"SingCo"	:	Lendlease Global Commercial (SGP) Pte. Ltd.
"Sponsor"	:	Lendlease Corporation Limited
"Sponsor Group"	:	The Sponsor and its subsidiaries
"Sponsor Undertaking"	:	The Sponsor's irrevocable undertaking to the Manager and the Joint Global Co-ordinators and Bookrunners on 14 February 2022.
"SPV"	:	Special Purpose Vehicle
"sq ft"	:	Square feet
"Substantial Unitholder"	:	A person with an interest in Units constituting not less than 5.0% of all Existing Units
"Take-Over Code"	:	Singapore Code on Take-overs and Mergers
"Taxi Stand Reconfiguration Contract"	:	The head contract in relation to the reconfiguration works of the Property's taxi stand dated 14 August 2020
"Tenancy Agreement"	:	The tenancy agreement which the Grange Road property will be held under
"Tenancy Law (Italy)"	:	Tenancy Law no. 392/78 (Italy)
"Total Acquisition Cost"	:	The estimated total cost of the proposed Acquisition
"Total Project Costs"	:	Total project costs incurred in a Development Project
"Transactions"	:	The proposed Acquisition, the issue of Consideration Units and the Equity Fund Raising
"Trust Deed"	:	The trust deed constituting LREIT dated 28 January 2019 as amended and restated by a first amending and restating deed dated 10 September 2019 and as amended by a first supplemental deed dated 15 July 2020 and as may be amended, modified, varied or supplemented from time to time

"Trustee" or "Purchaser"	:	RBC Investor Services Trust Singapore Limited, in its capacity as trustee of LREIT
"Underwriting Agreement"	:	The underwriting agreement between the Manager and the Joint Global Co-ordinators and Bookrunners
"Unit Registrar"	:	Boardroom Corporate & Advisory Services Pte. Ltd.
"Unit"	:	A unit representing an undivided interest in LREIT
"Unitholders"	:	Unitholders of LREIT
"Unitholding"	:	In relation to a Unitholder, the unitholding of that Unitholder in LREIT
"VWAP"	:	Volume weighted average price
"W&I Insurance Policy"	:	The warranty and indemnity insurance policy procured by the LREIT Group under the Asset PCOA
"West Region"	:	The west region of Singapore

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act 2001.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons, where applicable, shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day or date in this Circular shall be a reference to Singapore time and dates unless otherwise stated.

Any discrepancies in the figures included in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

DETAILS OF JEM, THE EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

The Property is an integrated office and retail asset located in Jurong Gateway, the commercial hub of the Jurong Lake District. It is situated next to the Jurong East MRT station and bus interchange. It is one of the largest suburban malls in Singapore with retail space across six levels. It also comprises 12 levels of office space which has been fully leased to the Ministry of National Development of Singapore ("**MND**").

The table sets out a summary of selected information on the Property as at 31 December 2021, unless otherwise stated.

Title	Leasehold of 99 years commencing from 27 September 2010
GFA[1] (sq ft[2])	1,164,166
NLA[3] (sq ft)	892,502
Number of Storeys	Retail: 6 Office: 12
Committed Occupancy	100.0%
Weighted Average Lease Expiry by GRI (years)	5.9
Independent Valuation by JLL (as at 31 December 2021) [4]	S$2,086 million (S$2,337 psf of NLA)
Independent Valuation by CBRE (as at 31 December 2021) [5]	S$2,063 million (S$2,311 psf of NLA)
Agreed Property Value	S$2,079 million (S$2,329 psf of NLA)
Capitalisation Rate adopted in the Independent Valuations	Retail: 4.50% Office: 3.50%
NPI[6] (FY2021[7]) (without the effects of COVID-19 related one-off rental abatements and expected credit loss)	S$90.8 million
NPI[6] Yield Based on Agreed Property Value (FY2021[7]) (without the effects of COVID-19 related one-off rental abatements and expected credit loss)	4.4%
NPI[6] (FY2021[7]) (with the effects of COVID-19 related one-off rental abatements and expected credit loss)	S$82.8 million
NPI[6] Yield Based on Agreed Property Value (FY2021[7]) (with the effects of COVID-19 related one-off rental abatements and expected credit loss)	4.0%

Notes:

(1) "**GFA**" refers to gross floor area.

(2) "**sq ft**" refers to square feet.

(3) "**NLA**" refers to net lettable area.

(4) JLL relied on the capitalisation approach and discounted cash flow methods of valuation.

(5) CBRE relied on the capitalisation approach and discounted cash flow methods of valuation.

(6) "**NPI**" refers to the net property income for the relevant period.

(7) "**FY2021**" refers to the financial year ended 30 June 2021.

1. Pre Transaction Portfolio

The table below sets out selected information about the Existing Portfolio (excluding the Property) as at 31 December 2021.

	313@somerset	**Sky Complex**
Location	313 Orchard Road, Singapore 238895	Via Monte Penice 7 and Via Luigi Russolo 9, 20138, Milan, Italy
NLA (sq ft)	288,318 sq ft	985,967 sq ft
Title	Leasehold 99 years from 2006	Freehold
Adopted Capitalisation Rate for Valuation as at 30 June 2021	4.25%	5.25%
Valuation as at 30 June 2021	S$983 million[1]	S$420 million[2]
Net Property Income (FY2021)	S$33.2 million	S$23.7 million
Committed Occupancy as at 31 December 2021	99.7%	100%

Notes:

(1) This valuation excludes Grange Road Car Park development which has a carrying value of $6.8m.

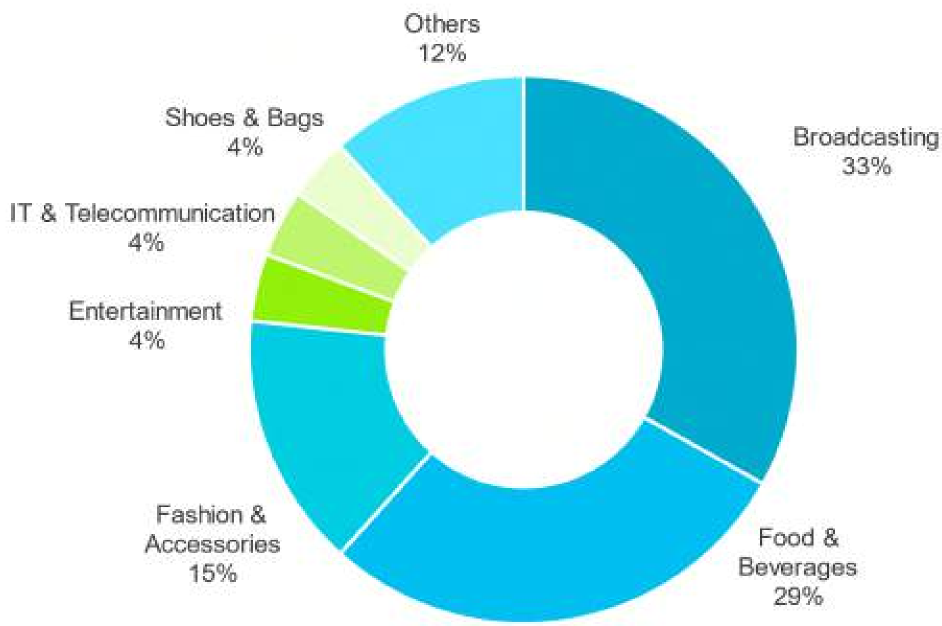
(2) Based on the prevailing exchange rate of €1.00: S$1.534 as at 31 December 2021.

1.1 Lease Expiry Profile for the Existing Portfolio (as at 31 December 2021)

The graph below illustrates the lease expiry profile (by GRI) of the Existing Portfolio as at 31 December 2021.

1.2 Trade Sector Analysis for the Existing Portfolio (as at 31 December 2021)

The chart below provides a breakdown by GRI of the different trade sectors represented in the Existing Portfolio.



1.3 Top 10 Tenants Analysis for the Existing Portfolio (as at 31 December 2021)

The table below sets out the top 10 tenants of the Existing Portfolio by GRI[1].

Tenant	% Contribution by GRI
Sky Italia	57%
Food Republic	
Cotton On	
Zara	
Marche	
Sony	
Hai Di Lao	
K Bowling Club	
Fat Cat Arcade	
Pomelo	
Other Tenants	43%
Total	100%

Note:

(1) GRI excludes turnover rent

2. Post Transaction Portfolio

The table below sets out selected information about the portfolio of LREIT after the completion of the Acquisition (the "**Post Transaction Portfolio**") as at 31 December 2021, unless otherwise stated.

	313@somerset	Sky Complex	Jem
Location	313 Orchard Road, Singapore 238895	Via Monte Penice 7 and Via Luigi Russolo 9, 20138, Milan, Italy	50 and 52 Jurong Gateway Road, Singapore 608549 and 608550
NLA (sq ft)	288,318 sq ft	985,967 sq ft	892,502 sq ft
Title	Leasehold 99 years from 2006	Freehold	Leasehold 99 years from 2010
Adopted Capitalisation Rate for Valuation as at 30 June 2021	4.25%	5.25%	Retail: 4.50%[3] Office: 3.50%[3]
Valuation as at 30 June 2021	S$983 million[1]	S$420 million[2]	S$2,086 million[3]
Net Property Income (FY2021)	S$33.2 million	S$23.7 million	S$90.8 million[4]
Committed Occupancy as at 31 December 2021	99.7%	100%	100%

Notes:

(1) This valuation excludes Grange Road Car Park development which has a carrying value of $6.8m.

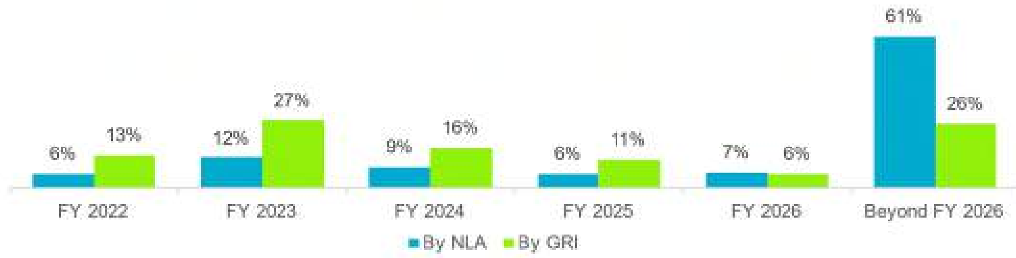
(2) Based on the prevailing exchange rate of €1.00: S$1.534 as at 31 December 2021.

(3) Based on the Appraised Value of Jem as at 31 December 2021.

(4) Based on the adjusted net property income for the relevant period, without the effects of COVID-19 related one-off rental abatements and expected credit loss.

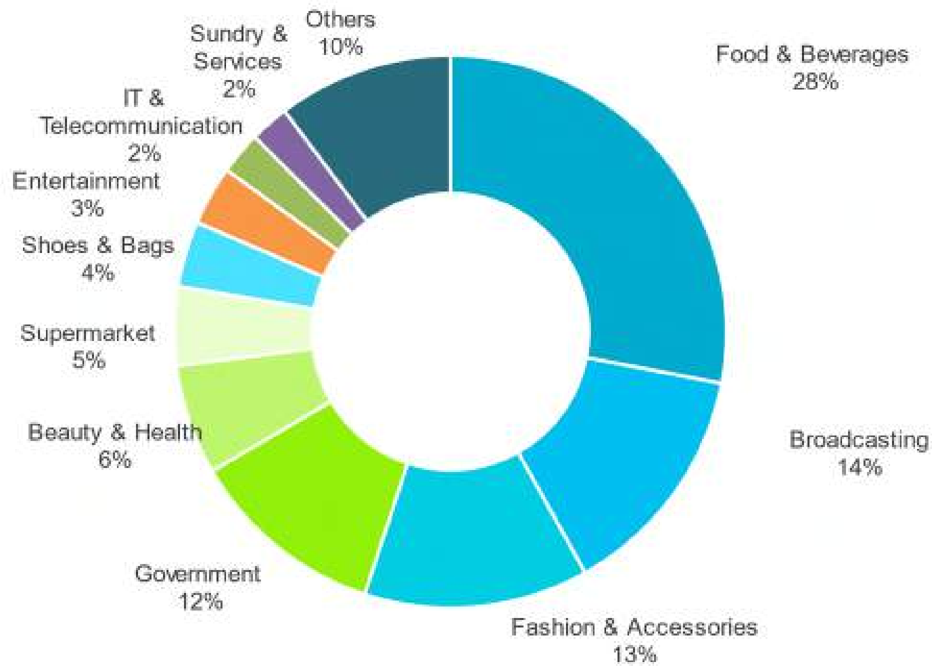
2.1 Lease Expiry Profile for the Post Transaction Portfolio (as at 31 December 2021)

The graph below illustrates the lease expiry profile (by GRI) of the Post Transaction Portfolio as at 31 December 2021.



2.2 Trade Sector Analysis for the Post Transaction Portfolio (as at 31 December 2021)

The chart below provides a breakdown by GRI of the different trade sectors represented in the Post Transaction Portfolio.



2.3 Top 10 Tenants Analysis for the Post Transaction Portfolio (as at 31 December 2021)

The table below sets out the top 10 tenants of the Post Transaction Portfolio by GRI[1].

Tenant	% Contribution by GRI
Sky Italia	41%
Singapore's Ministry of National Development	
Fairprice Xtra	
Cotton On	
Food Republic	
Cathay Cineplex	
Don Don Donki	
Koufu	
Marche	
Uniqlo	
Other Tenants	59%
Total	100%

Note:

(1) GRI excludes turnover rent.

APPENDIX B

RISK FACTORS

*Unitholders should consider carefully, together with all other information contained in this Circular, the factors described below in deciding how to vote on the resolutions proposed at the EGM as these may, among others, adversely affect the level of LREIT's distributable income. The risk factors below are intended to highlight the material risks faced by LREIT as a result of the proposed Acquisition that Unitholders should consider. These risk factors are not intended to be exhaustive and, in particular, are not intended to repeat the risk factors set out in the prospectus dated 25 September 2019 in connection with the listing of LREIT on the SGX-ST (the "**Prospectus**"), certain of which may continue to be applicable to LREIT. Details of some of the risk factors relating to the Existing Portfolio which continue to be applicable to LREIT can be found in the Prospectus.*

1. Risks Relating to the proposed Property Acquisition and the Enlarged Portfolio

1.1 The Property Acquisition may be subject to risks associated with the acquisition of properties.

JLL and CBRE have conducted inspections of the physical condition of the Property as part of the valuation exercise. While the Manager believes that reasonable due diligence investigations have been conducted with respect to the Property prior to its acquisition, there can be no assurance that such reviews, surveys or inspections have revealed all defects or deficiencies including latent defects, requiring repair or maintenance thereby adversely affecting the operations of LREIT and incurring significant capital expenditures, or payment or other obligations to third parties, other than those disclosed in this Circular.

Notwithstanding that the warranties in relation to the state and condition of the Property provided by the Property Vendors as at the date of the Asset PCOA will be fulfilled down to and will be true and accurate and not misleading in all material respects as at completion of the Acquisition as if they had been given again at completion of the Acquisition, the risk of undisclosed defects, breaches and deficiencies is potentially increased as a result of the time interval between completion of the review, survey and inspection process and the date of this Circular.

In addition, there is no assurance that the Property will not be in breach of laws and regulations (including those in relation to real estate). As a result, LREIT may incur additional financial or other obligations in relation to such breaches or non-compliance.

In particular, the representations and warranties given by the Property Vendors to LREIT pursuant to the Asset PCOA are subject to customary limitations as to the scope of such representations and warranties[1] (for example, the Property Vendors' representations and warranties are subject to the matters which are fairly disclosed in the Asset PCOA, the information set out in the data room for the Acquisition), the aggregate liability of the Property Vendors in respect of all claims under such representations and warranties and the period within which such claims can be made (see **paragraph 2.8** of the Letter to Unitholders for further details). There can be no assurance that LREIT will be reimbursed under such representations and warranties for all losses or liabilities suffered or incurred by it as a result of the proposed Acquisition.

Further, the representations, warranties and indemnities in respect of the Property are further limited by the claim limits under the warranty and indemnity insurance policy procured by the LREIT Group under the Asset PCOA (the "**W&I Insurance Policy**"). The W&I Insurance Policy itself is also subject to conditions and limitations, including conditions and limitations on time, scope, amount, minimum size of claims, the aggregate amount claimable and the losses that the LREIT Group would have to bear before making a claim under the W&I Insurance Policy.

In recognition of the intention that the Property Vendors and the fund entities upstream of the Property Vendors (ARIF3 and LLJP) will be wound up following the Acquisition, the LREIT Group has agreed that LREIT's sole and exclusive remedy arising out of or in connection with a breach of the representations and warranties under the Asset PCOA will be under the W&I Insurance Policy.

While the Manager considers the limits set out in the W&I Insurance Policy are consistent with market claim limits for transactions of this type, taking into account the risks of breach and likely quantum of loss, the LREIT Group may not have full coverage for all losses or liabilities which the LREIT Group might suffer in connection with the acquisition of the Property and will need to rely on its own due diligence to mitigate against the risk of such losses and liabilities. (see **paragraph 2.8** of the Letter to Unitholders for further details)

While the Manager believes that reasonable due diligence has been performed with respect to the Property, there can be no assurance that there will not be any losses or liabilities suffered by the LREIT Group in connection with the Property beyond the limits of the recourse under the Asset PCOA and the W&I Insurance

1 The Manager is of the view that the Property Vendors' representations and warranties as disclosed at paragraph 2.8 on the principal terms of the Asset PCOA and their scope are in line with market industry, and certain of the representations and warranties may be qualified by the Property Vendors' awareness or knowledge provided a Specified Person is actually aware of a certain fact, matter or circumstance or would be aware if the Specified Person had made reasonable enquiries of the general manager of the Property. "Specified Person" means each of the directors of the Property Vendors as at the date of the Asset PCOA.

Policy. In the event that the LREIT Group suffers losses or liabilities in connection with the Property which it has no recourse or only limited recourse to under the Asset PCOA and the W&I Insurance Policy, the LREIT Group's financial condition, business, results of operations and/or prospects may be materially adversely affected (see **paragraph 2.8** of the Letter to Unitholders for further details).

1.2 The due diligence exercise on the Property, tenancies, buildings and equipment may not have identified all material defects, breaches of laws and regulations, historical tax liabilities and other deficiencies and any losses or liabilities from defects and deficiencies may adversely affect net assets, earnings and cash flows.

The Manager believes that reasonable due diligence investigations with respect to the Property has been conducted prior to the proposed Acquisition. However, there is no assurance that the Property will not have defects which require repair or maintenance, including design, construction or other property or equipment defects which may require additional capital expenditure, special repair or maintenance expenses or be affected by breaches of laws and regulations. Such defects or deficiencies may require significant capital expenditure or obligations to third parties and involve significant and unpredictable patterns and levels of expenditure which may have a material adverse effect on the LREIT Group's earnings, cash flows and prospects. In addition, the contractual representations and warranties given by the Property Vendors are limited as to the scope, amount and timing of claims which can be made thereunder and may not afford complete protection from costs or liabilities arising from defects or deficiencies.

1.3 LREIT's properties, including the Property, may face increased competition from other properties.

LREIT's properties, including the Property, are located in areas where other competing properties are present and new properties may be developed which may compete with LREIT's properties. Some competing properties may be newer, be better located, have more attractive features, floor plans or amenities or otherwise be more attractive to tenants. Competing properties may also have lower rates of occupancy or operating cost than LREIT's properties, which may result in competing owners offering available space at lower rents than offered at LREIT's properties.

The income from, and the market value of, LREIT's properties will be dependent on the ability of LREIT's properties to compete against other properties for tenants. If competing properties are more successful in attracting and retaining tenants, or similar properties in their vicinity are substantially upgraded and refurbished, the income from LREIT's properties, including the Property and subsequently acquired properties could be reduced, adversely affecting the business, financial condition, results of operations, and prospects of the LREIT Group and the ability of the LREIT Group to make regular distributions to its Unitholders.

1.4 LREIT's properties, including the Property might be adversely affected if the Manager, the Property Manager and/or any other person appointed to manage the properties does not provide adequate management and maintenance.

As tenants rely on the proper functioning of the facilities and infrastructure of LREIT's properties for their business operations, if the Manager, the Property Manager and/or any other person appointed to manage the relevant property fails to provide adequate management and maintenance to the property, the value or proper operation of such property might be adversely affected which may result in a loss of tenants, which may in turn adversely affect LREIT's business, financial condition, results of operations, prospects and the LREIT's ability to make regular distributions to its Unitholders.

1.5 Occurrence of any acts of God, natural disasters, war and terrorist attacks and other events beyond the control of the LREIT Group, including the recent outbreaks of communicable diseases such as H1N1 influenza, H7N9 influenza and COVID-19, may adversely and materially affect the business and operations of LREIT's properties, including the Property

Acts of God, such as natural disasters, war and terrorist attacks, are beyond the control of the LREIT Group or the Manager. These may materially and adversely affect the economy, infrastructure and livelihood of the local population. The LREIT Group's properties, business and financial condition may be adversely affected should such acts of God, natural disasters or pandemics occur. There is no assurance that any war, terrorist attack 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 of LREIT's properties, including the Property.

In addition, physical damage to the properties resulting from any acts of God, natural disasters, war, or terrorist attacks may lead to a significant disruption to the business and operation of LREIT Group's properties, including the Property. This may result in the loss of invested capital in affected properties and anticipated future revenues as the LREIT Group may not be able to rent out or sell the affected properties. The LREIT Group may also suffer a loss of or disputes with existing tenants in the affected properties and any financial obligations secured by such properties may be accelerated. These may in turn adversely affect LREIT's business, financial condition, results of operations, prospects and the LREIT's ability to make regular distributions to its Unitholders.

The outbreak of infectious diseases such as the Severe Acute Respiratory Syndrome, Ebola virus disease, Middle East Respiratory Syndrome corona virus, H5N1 influenza, H1N1 influenza, H7N9 influenza and, most recently, the novel coronavirus named COVID-19 by the World Health Organisation in Singapore, Italy and elsewhere, have resulted in a negative impact on the economy and business activities in Singapore, Italy and in other countries that the LREIT Group could potentially expand to and thereby adversely impact the revenues and results of operations of the LREIT Group.

In addition, the outbreak of such communicable diseases on a global scale may affect investment sentiment and result in volatility in the global capital markets or adversely affect Singapore, Italy and other economies. Such outbreak has resulted in restrictions on travel and public transportation and prolonged closures of workplaces, which may have a material adverse effect on the global economy. This may adversely affect the supply of or demand for property (including retail and commercial property), which may in turn have an adverse impact on rental income which forms a substantial part of the LREIT Group's revenue. Any material change in the financial markets or local or regional economies as a result of these events or developments may materially and adversely affect the LREIT Group's business, financial condition and results of operations.

The emergence of the COVID-19 pandemic has disrupted the global economy, creating uncertainty and placing global economic and social resilience to the test. There is continued uncertainty as to the further impact of COVID-19 including in relation to governmental action, potential taxation changes, strict movement controls, work stoppages, lockdown, quarantines, travel restrictions, curfews, suspension and/or termination of major events, interruptions to supply and demand chains locally and globally, leading to a substantial decline in the number of travellers and in business activity, thereby impacting the demand for the LREIT Group's properties. There have also been adverse impacts on the global economy and share markets affecting access to capital markets for funding requirements. The potential effects of the COVID-19 pandemic on the LREIT Group's business include, but are not limited to, adverse impacts on rental revenue in relation to the LREIT Group's properties, adverse impacts on the valuation of its assets, solvency issues experienced by the LREIT Group's tenants as well as counterparties to the LREIT Group's contractual arrangements, adverse legislative changes (such as the suspension of contractual rights and obligations and mandatory rental relief), changes to employee working arrangements, reduce in demand for workspaces and retail units, increases to the LREIT Group's labour and other costs, adverse impacts to its existing and future projects (including delays to and/or suspension of any planned or potential development, redevelopment and/or asset enhancement initiatives as well acquisitions or divestments of assets or businesses by the LREIT Group and shutdowns of the LREIT Group's development sites and workplaces), renegotiation of terms (as well as claims) in relation to any existing projects and/ or contractual arrangements (including tenancies), civil unrest in the countries in which the LREIT Group's properties are located, any or a combination of which may have a material and adverse impact on the LREIT Group's business, results of operations, financial condition and prospects. The events relating to COVID-19 have also resulted in market volatility including in the prices of securities trading on SGX-ST and on other foreign securities exchanges. Adverse changes in global equity or credit market conditions as a result of the uncertainty and downturn in economic conditions arising from the COVID-19 pandemic may also adversely affect the LREIT Group.

As the COVID-19 pandemic is ongoing and evolving, there is no assurance that the LREIT Group will not experience more severe disruptions in the future in the event that more stringent COVID-19 related measures are imposed or if the COVID-19 outbreak becomes more severe or protracted. This could in turn cause further deterioration in the business, results of operations, financial condition and prospects of the LREIT Group. The actual extent of the COVID-19 outbreak and its impact on the domestic, regional and global economy remains uncertain, and the actual extent of the impact on the LREIT Group's business, results of operations, financial condition and prospects will depend on, among other things, the duration and impact of the COVID-19 outbreak.

1.6 The appraisal of the Property is based on various assumptions and the price at which the LREIT Group is able to sell the Property in the future may be different from the initial acquisition value.

There can be no assurance that the assumptions on which the appraisals of the Property are, or will be, based are accurate measures of the market, and the values may be evaluated inaccurately. The Independent Valuers may have included a subjective determination of certain factors relating to the Property such as its relative market position, financial and competitive strengths, and physical condition and, accordingly, the valuation of the Property (which affects the NAV per Unit) may be subjective and prove incorrect.

The valuation of the Property does not guarantee a sale price at that value at present or in the future. The price at which the LREIT Group may sell the Property may be lower than its purchase price or the anticipated sale price projected at the time of acquisition.

1.7 Amenities and transportation infrastructure near LREIT's properties, including the Property, may be closed, relocated or terminated.

The proximity of amenities and transportation infrastructure such as train stations and bus interchanges to LREIT's properties influence the demand for and hence the occupancy of such properties.

The Property is located in Jurong Gateway, the commercial hub of the Jurong Lake District. It is situated next to the Jurong East MRT station and bus interchange.

313@somerset is situated along Orchard Road, the major shopping belt and tourist attraction in Singapore and has direct access to Somerset MRT Station on basement 2 and level 1 and is connected to the adjacent retail mall of Orchard Gateway on levels 1 and 4.

Sky Complex is situated in the area flanked by Via Luigi Russolo on the northwest and Via Monte Penice on the southeast and is located within the Milan Periphery office submarket of Milan.

Sky Complex is also accessible via public transport. The Rogoredo subway station is located about 150 metres away, providing access to Yellow-MM3 line of the Milan Metro network and served by multiple bus lines. The closest railway station is Milano Rogoredo, also located about 150 metres away. The station is served by several regional and suburban lines and high-speed trains towards Bologna, Florence, Rome and Naples.

Linate Airport is located about 7.5 kilometres from the buildings, and is 10 minutes by car accessible from the San Donato exit of the Tangenizale Est (Milan ring-road) and 40 minutes by public transportation. Sky Complex is also accessible by car. It is close to the A1 Motorway – Autostrada del Sole (exit "San Donato Milanese", about 1km distance) and the A51 East Milan Ring Road – Tangenziale Est di Milano (exit "Milano Rogoredo/San Donato Milanese", about 1km distance).

There is no assurance that amenities, transportation infrastructure and public transport services near LREIT's properties will not be closed, relocated or terminated. If such an event were to occur, it could adversely impact the accessibility of the relevant property and the attractiveness and marketability of such property to tenants which may in turn have an adverse impact on the demand and rental rates for the property and the ability of LREIT to make regular or attractive distributions to its Unitholders may be adversely affected.

1.8 LREIT's properties, including the Property, may be compulsorily acquired by the respective governments in the countries in which such properties are located.

The LREIT Group's portfolio comprises properties which are located in Singapore and Italy. The LREIT Group's properties or any part of them may be acquired compulsorily by the respective governments in the countries in which the properties are located.

Under the laws and regulations of Singapore and Italy, there are various circumstances under which the respective government is empowered to acquire property.

Singapore

Under the laws and regulations of Singapore, the Land Acquisition Act 1966 (the "**Land Acquisition Act**") gives the Singapore Land Authority the power to acquire any land in Singapore (i) for any public purpose; (ii) where the acquisition is of public benefit or of public utility or in the public interest; or (iii) for any residential, commercial or industrial purposes.

In the event that any of the properties (or any part thereof) is acquired compulsorily, the relevant authority will take into consideration, among others, the following, in determining the amount of compensation to be awarded: (i) the market value of the property as at the date of the publication in the Government Gazette of the notification of the likely acquisition of the land, provided that within six months from the date of such publication, a declaration of intention to acquire is subsequently made by publication in the Government Gazette; or (ii) the market value of the property as at the date of publication in the Government Gazette of the declaration of intention to acquire, in any other case.

Italy

Under the laws and regulations of Italy, there are various circumstances under which the government of the Italian Republic and the local authorities are empowered to acquire properties in Italy. Such expropriation procedures may be in relation to public works or private works declared to be of public utility such as the construction of an expressway. In the event of any compulsory acquisition of property in Italy, the amount of compensation to be awarded includes, among others, compensation for the value of the property, which is based on the open market value of such property and assessed on the basis prescribed in the relevant ordinances.

In the event that the compensation paid for the compulsory acquisition of a property of the LREIT Group is less than the market value of the property, such compulsory acquisitions would have an adverse effect on the revenue of the LREIT Group.

1.9 The President of the Republic of Singapore may, as lessor, re-enter the Property and terminate the State lease upon breach of terms and conditions of the State lease.

The land on which the Property is located is held under a registered State lease issued by the President of the Republic of Singapore. The State lease contains terms and conditions commonly found in State leases in Singapore, including the President of the Republic of Singapore's right as lessor to re-enter the land on which the Property is located and terminate the State lease (without compensation) in the event the lessee fails to observe or perform the terms and conditions of the State lease.

1.10 LREIT will hold the Property on a lease from the State, and as the term of the leasehold interest diminishes or upon the expiry of the lease through effluxion of time, the NAV of LREIT may be affected.

The Trustee, on behalf of LREIT, will hold the Property, which will contribute approximately 58% of the Gross Rental Income of the Enlarged Portfolio for the month of September 2021, under a State lease which is for a 99-year term commencing from 27 September 2010 and expiring on 26 September 2109.

As the Property is comprised in a leasehold interest, the term of the leasehold interest will diminish over time and expire, and upon the expiry of the State lease, LREIT will have to surrender the Property to the President of the Republic of Singapore. The NAV of LREIT may be affected by the diminution of the term of the leasehold interest over time and such surrender, which may result in a decline in the price of the Units.

1.11 Risks relating to the Grange Road property

On 13 June 2020, it was announced that LREIT was awarded a tender by the Government of the Republic of Singapore (the "**Government**") to redevelop the 48,200 square feet carpark at Grange Road into a multi-functional event space. The Grange Road property will be held under a tenancy agreement (the "**Tenancy Agreement**") with an initial tenancy term of three years, which may be renewed for a further two consecutive tenancy terms not exceeding three years each and a final tenancy term not exceeding 364 calendar days. Any such renewal is at the sole discretion of the Government and there can be no assurance that the

Government will agree to any renewal of the tenancy following the expiry of each term of tenancy.

The Grange Road property is leased on an "*as is where is*" basis subject to all easements and rights (if any) subsisting thereon and LREIT, as tenant, is required to ascertain the exact and detailed conditions and requirements of all relevant public authorities in respect of the proposed use of the premises and observe and comply with the same at its own cost and expense. There can be no assurance that any of the LREIT Group's requisitions, reviews, surveys or inspections (or the relevant requisitions, review, survey, inspection reports or other information on which the LREIT Group has relied or been provided) would have revealed all such conditions and requirements (including defects or deficiencies) in the Grange Road property. Subsequent discovery of any unknown conditions or requirements (including defects or deficiencies) may require significant capital expenditure or obligations to third parties and involve significant and unpredictable patterns and levels of expenditure which may have a material adverse effect on the LREIT Group's earnings, cash flows and prospects.

The Tenancy Agreement contains terms and conditions which, *inter alia*, restrict the use of the property and the right of LREIT to let out the space, and provide that during the tenancy term, the Government (as landlord) and the Singapore Tourism Board may request for a licence for use of the event space for up to 10 days of each year of the tenancy term, and LREIT shall grant such licence at no cost. The Government, as landlord, also has rights to re-enter the land on which the Grange Road property is located and terminate the Tenancy Agreement (without compensation) in the event LREIT, as tenant, *inter alia*, fails to observe or perform the terms and conditions of the Tenancy Agreement.

Should the aforementioned events happen, the revenue of the LREIT Group will be adversely affected.

1.12 313@somerset is affected by various government gazette notifications in connection with the operation of the mass rapid transit system, and parts of the Property and 313@somerset are within a railway safety zone and are also affected by railway safety line, railway protection line and railway 1st reserve line.

The land on which 313@somerset is located is affected by Gazette No. 2356 dated 14 July 1988, Gazette No. 2509 dated 14 September 2000, Gazette No. 257 dated 28 January 2011, Gazette No. S428/2010 dated 3 August 2010 and Gazette No. S232/2011 dated 29 April 2011, which relate to various matters concerning the operation of the mass rapid transit system.

In addition, certain parts of the Property and 313@somerset are within the railway safety zone and any restricted activity being carried out on the railway safety zone shall be subject to the regulations under the Rapid Transit Systems (Railway Protection, Restricted Activities) Regulations. Such restricted activities include, *inter alia*, the use of any crane, piling equipment, excavator or any other mechanical equipment or vehicle, the storage of materials and the erection of temporary structures such as maintenance towers and hoardings or other similar temporary structures. If LREIT intends to carry out any restricted activity within the railway safety zone, the Land Transport Authority ("**LTA**") has the power to impose terms and conditions for, or to require the stoppage of, any restricted activity which, in the opinion of the LTA (a) has caused or is likely to cause damage to any part of the railway or railway premises, or (b) endangers or is likely to endanger the safety of any person travelling or being upon the railway. Further, given the proximity to the rapid transit system, LREIT will not be allowed to carry out any restricted activity within six metres of the railway and any person contravening such restriction shall be guilty of an offence. In addition, as the Property and 313@somerset are affected by railway 1st reserve lines, any restricted activities must be carefully planned and carried out under close supervision and diligence to avoid damaging or affecting the mass rapid transit structures and the safety of railway operation. Any proposal for works within the 1st reserve must be submitted to the LTA for review and approval beforehand. These restrictions may affect the ability of LREIT to carry out any asset enhancement or other development or rectification works in respect of the Property and 313@somerset.

Separately, the Independent Valuers have noted and considered the aforesaid railway safety zone, railway safety line, railway protection line and railway 1st reserve line in their valuation of the Property.

1.13 The Property and 313@somerset are affected by lines of road reserves.

The LTA safeguards land for road reserves to construct new roads or improve existing roads. Lines of road reserves indicate the extent of the safeguarded roads that affect a property and could be applicable when there is a development or redevelopment of the Property or 313@somerset or as and when required by the relevant authorities. Where there is no intention to develop or redevelop the Property or 313@somerset, LREIT need not take any immediate action. The government will acquire the land when it constructs or improves a road and at that time, any building protrusions into the road reserve will have to be removed by LREIT. Where there is intention to develop or redevelop the Property or 313@somerset, any building protrusions into the road reserves will have to be removed upon development or redevelopment of the Property or 313@somerset by LREIT. The LTA does not disclose when a particular road would be constructed or improved. The Independent Valuers have noted and considered such lines of road reserves in their valuation of the Property.

Any acquisition by the government of land in respect of road reserves or removal of building protrusions into the road reserves may affect the value of the Property or 313@somerset, which in turn affects the Aggregate Leverage and the amount the LREIT Group may borrow.

1.14 The LREIT Group is bound by pre-emption rights and restrictions which may restrict it from freely dealing with the Milan Property.

The acquisition of the Milan Property under the Milan Property Call Option Agreement was not subject to pre-emption right due to the amendment letters of the lease agreement entered into by and between Sky Italia and the Milan Property Vendor respectively on 19 April 2019 and 28 June 2019. Nonetheless, the Milan Property is bound by certain pre-emption rights, as described below, which shall apply to a future sale of the Milan Property.

Pursuant to the relevant lease agreement the tenant, Sky Italia, has a contractual pre-emption right to purchase the Milan Property if the landlord intends to transfer the Milan Property to a third party (other than a company controlled by, controlling or under common control of, the landlord). The lessee is entitled to exercise the contractual pre-emption right to purchase the Milan Property on the same terms and conditions on which the landlord wishes to sell to other parties within 30 days of the date on which the landlord's pre-emption notice has been received by tenant. If the pre-emption right is exercised, the lessee shall pay the landlord the purchase consideration and execute the sale agreement or the deed of transfer within the following 30 days. Further, Sky Italia has also been granted a pre-emption right over the shares of any company controlled by, controlling or under common control of, the landlord to which the Milan Property has been transferred to or to which a contribution in kind (*conferimento in natura*) of the Milan Property has been made to (the "**Milan Property Transferee**") if the Milan Property would constitute the sole or main property of the Milan Property Transferee after such transfer or contribution in kind. In addition to the above, pursuant to Section 38 of the Tenancy Law no. 392/78 (Italy) (the "**Tenancy Law (Italy)**"), a lessee carrying out activities involving direct contact with the public has a pre-emption right to the relevant property if the landlord intends to sell the relevant property during the term of the lease. The lessee is entitled to exercise the pre-emption right to purchase the property on the same terms and conditions on which the landlord wishes to sell to other parties within 60 days of the date on which the landlord's pre-emption notice has been received by the tenant. If the pre-emption right is exercised, the lessee shall pay the landlord the purchase consideration and execute the sale agreement or the deed of transfer within the following 30 days.

Further, under Section 40 of the Tenancy Law (Italy), a lessee carrying out activities involving direct contact with the public has a pre-emption right over a new lease of the Milan Property following the expiration of its existing lease agreement. Following the expiration of the existing lease agreement, the landlord must offer Sky Italia a new lease if Sky Italia matches the terms offered by the landlord. This affects the landlord's ability to negotiate with Sky Italia, to source and enter into lease agreements with new tenants with respect to such space or otherwise to capitalise on other sources of value in the Milan Property. Should the rent offered to Sky Italia be below the prevailing market rent at the time that the existing lease agreement expires due to the inability of the landlord to seek genuine offers from potential new tenants, LREIT may be unable to capture any potential market upside in respect of leasing of the Milan Property.

1.15 The unaudited pro forma financial information contained in this Circular is not necessarily indicative of the future performance of LREIT.

The unaudited pro forma financial information contained in this Circular is not necessarily indicative of the future performance of LREIT. (See Appendices H and I of this Circular for further details)

There is no assurance that the Enlarged Portfolio will be able to generate sufficient revenue for LREIT to make distributions to Unitholders or that such distributions will be in line with those set out in the unaudited *pro forma* financial information.

2. Risks Relating to LREIT's operations

2.1 The Manager may not be able to successfully implement its investment strategy for the LREIT Group.

There is no assurance that the Manager will be able to successfully implement its investment strategy, expand LREIT's portfolio at any specified rate or to any specified size, or make acquisitions or investments on favourable terms or within a desired time frame.

The LREIT Group faces active competition in acquiring suitable properties. Even if the LREIT Group were able to successfully acquire properties or other investments, there is no assurance that the LREIT Group will achieve its intended return on such acquisitions or investments.

The real estate industry in which the LREIT Group operates is capital intensive and the LREIT Group may from time to time require significant amounts of capital for purposes such as acquisitions or redevelopment. Since the amount of borrowings that the LREIT Group can incur to finance acquisitions is limited by the borrowing limits imposed by the Property Funds Appendix, such acquisitions are likely to be largely dependent on the LREIT Group's ability to raise equity capital. This may result in a dilution of Unitholders' holdings. Potential vendors may view negatively the prolonged time frame and lack of certainty associated with the raising of equity capital to fund any such purchase. They may instead prefer other potential purchasers.

2.2 Any breach by the major tenants of their obligations under the lease agreements or a downturn in their businesses may have an adverse effect on LREIT.

In the event that any major tenants of the LREIT Group are unable to pay their rent or breach their obligations under the lease agreements, the level of distributable income may be adversely affected. The performance of the major tenants' other businesses could also have an impact on their ability to make rental payments to the LREIT Group.

Factors that affect the ability of such major tenants to meet their obligations include, but are not limited to:

2.2.1 their financial condition;

2.2.2 the local economies in which they have their business operations;

2.2.3 the ability of such major tenants to compete with its competitors;

2.2.4 the performance of such major tenants' other businesses;

2.2.5 in the instance where such major tenants have sub-leased the LREIT Group's properties, the failure of the subtenants to pay rent; and

2.2.6 material losses in excess of insurance proceeds.

2.3 E-commerce may change the competitive landscape of conventional retail business.

The e-commerce industry could pose a competitive threat to the LREIT Group's business as a significant proportion of LREIT's Gross Revenue is derived from conventional retail spending from 313@somerset and the Property. In the event that the e-commerce industry in the Singapore market (and the markets in which the LREIT Group may acquire retail properties from time to time) expands at an unexpected pace, the LREIT Group's retail customer base may decrease and the business and prospects of the LREIT Group may be adversely affected. Similarly, in the event that the LREIT Group is unable to respond to the change in market conditions or customer preferences in the Singapore market (and in the markets in which the LREIT Group may acquire retail properties from time to time), or if the LREIT Group fails to successfully execute its business strategy, the LREIT Group's business, financial condition and results of operations may be adversely affected.

2.4 The amount the LREIT Group may borrow is limited, which may affect the operations of the LREIT Group.

Under the prevailing Property Funds Appendix, the LREIT Group is permitted to borrow up to 45.0% of the value of the Deposited Property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units). The LREIT Group is permitted to borrow above 45.0%, and up to 50.0%, of the value of the Deposited Property only if LREIT has a minimum adjusted interest coverage ratio of 2.5 times after taking into account the interest payment obligations arising from the new borrowings. As at the Latest Practicable Date, the LREIT Group has in place total debt facilities of approximately S$707 million (the "**Facilities**") which are unsecured. As at the Latest Practicable Date, gross borrowings of approximately S$667 million were drawn from the Facilities, with total borrowings and deferred payments (if any) as a percentage of the Deposited Property (the "**Aggregate Leverage**") of approximately 33.5%. As at the Latest Practicable Date, the LREIT Group's adjusted interest coverage ratio is 5.0 times.

It is currently not envisaged that the LREIT Group will face issues with the borrowing limit imposed by the Property Funds Appendix. However, the LREIT Group may, from time to time, require further debt financing to achieve its investment strategies and may find itself unable to achieve its investment strategies if this involves and requires debt financing in excess of the borrowing limits imposed by the Property Funds Appendix. In the event that the LREIT Group decides to incur additional borrowings in the future, the LREIT Group may face adverse business consequences as a result of this limitation on future borrowings, and these may include:

2.4.1 having to miss out on attractive acquisition opportunities which may be available for only a limited period of time but for which debt financing in excess of the borrowing limits would have been required;

2.4.2 an inability to fund capital expenditure requirements of the LREIT Group's existing asset portfolio or for future acquisitions to expand its portfolio;

2.4.3 a decline in the value of the Deposited Property may, among other things, cause the borrowing limit to be exceeded, thus affecting the LREIT Group's ability to make further borrowings; and

2.4.4 cash flow shortages (including with respect to distributions) which the LREIT Group might otherwise be able to resolve by borrowing funds.

2.5 The LREIT Group may have a higher level of leverage compared to other unit trusts.

The LREIT Group's level of borrowings represents a higher level of leverage as compared to certain other types of unit trusts, such as non-specialised collective investment schemes which invest in equities and/or fixed income instruments. If prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make commercial property loans) result in higher interest rates, the interest expense relating to such refinanced indebtedness would increase, thereby adversely affecting the LREIT Group's cash flow and the amount of funds available for distribution to the Unitholders. They may also adversely affect the price and value of the Units and the Manager's ability to implement its strategies.

2.6 The LREIT Group depends on certain key personnel and the loss of any key personnel may adversely affect its operations.

The LREIT Group's performance depends, in part, upon the continued service and performance of the executive officers of the Manager, the Asset Managers (as defined herein), the Property Managers or any other person appointed to manage its properties. These key personnel may leave the employment of the Manager, the relevant Asset Managers and Property Manager and/or any other person appointed to manage a property. If any of the above were to occur, time will need to be spent searching for a replacement and the duties for which such executive officers are responsible may be affected. The loss of any of these individuals could have a material adverse effect on the business and operations of the Manager which may in turn impact the financial condition and the results of operations of the LREIT Group.

2.7 The LREIT Group may from time to time be subject to legal proceedings and government proceedings.

Legal proceedings against the LREIT Group relating to its properties and disputes over tenancies may arise from time to time. There can be no assurance that the LREIT Group will not be involved in such proceedings or that the outcome of these proceedings will not adversely affect the financial condition, results of operations or cash flow of the LREIT Group.

The LREIT Group is regulated by various government authorities and regulations. If any government authority believes that the LREIT Group or any of its tenants are not in compliance with the regulations, such government authority could shut down the relevant non-compliant entity or delay the approval process, refuse to grant or renew the relevant approvals or licences, institute legal proceedings to seize the LREIT Group's properties, enjoin future action or (in the case of the LREIT Group not being in compliance with the regulations), assess civil and/or criminal penalties against the LREIT Group, its officers or employees. Any such action by a government authority would have a material adverse effect on the business, financial condition and results of operations or cash flow of the LREIT Group.

2.8 The LREIT Group may be exposed to risks associated with exchange rate fluctuations and changes in foreign exchange regulations.

LREIT has made investments in Sky Complex, which is denominated in Euros and revenue received from Sky Complex is in Euros. The Euros will have to be converted into Singapore dollars for distribution payments from LREIT to Unitholders.

The value of Euros against the Singapore Dollar fluctuates and is affected by changes in Europe and Singapore, and international political and economic conditions amongst many other factors.

Accordingly, Unitholders are exposed to risks associated with exchange rate fluctuations and distributions received by a Unitholder may be adversely affected by fluctuations in the exchange rates between Euros and the Singapore dollar or the currency of any country in which properties may be acquired by LREIT in the future. Significant fluctuations in the exchange rates between such currencies will also, among others, affect the NAV of the Units.

2.9 The LREIT Group may engage in hedging transactions, which can limit gains and increase costs, and not offer full and effective protection against interest rate and exchange rate fluctuations.

The LREIT Group may enter into hedging transactions to protect itself or its portfolio from, among others, the effects of interest rate on floating rate debt and currency exchange fluctuations. Hedging activities may include entering into interest rate, foreign exchange or cross-currency interest rate swaps, forward foreign exchange contracts, interest rate or foreign exchange options and issuance of fixed rate debt.

These hedging activities may not have the desired beneficial impact on the results of operations or financial condition of the LREIT Group. No hedging activity can completely insulate the LREIT Group from risks associated with changes in interest rates and exchange rates, and changes in foreign exchange rates, for example, may negatively affect the LREIT Group's asset value. Moreover, interest rate or foreign currency hedging could fail to protect the LREIT Group or adversely affect the LREIT Group because among others:

2.9.1 the available hedging may not correspond directly with the risk for which protection is sought;

2.9.2 the duration or nominal amount of the hedge may not match the duration of the related liability;

2.9.3 the party owing money in the hedging transaction may default on its obligation to pay; and

2.9.4 the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Downward adjustments to fair value may reduce the NAV of the LREIT Group.

In addition, hedging activities involve transaction costs. These costs increase as the period covered by the hedging increases and during periods of rising and volatile interest rates.

2.10 The LREIT Group will rely on information technology in its operations, and any material failure, inadequacy, interruption or security failure of that technology could harm its business.

The LREIT Group will rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information and to manage or support a variety of its business processes, including financial transactions and maintenance of records, which may include personally identifiable information of tenants and lease data. The LREIT Group will rely on commercially available systems, software, tools and monitoring to provide security for processing, transmitting and storing confidential tenant information, such as individually identifiable information relating to financial accounts. Although the LREIT Group will take steps to protect the security of the data maintained in its information systems, it is possible that such security measures will not be able to prevent the systems' improper functioning, or the improper disclosure of personally identifiable information such as in the event of cyber-attacks. Security breaches, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches, can create system disruptions, shutdowns or unauthorised disclosure of confidential information. Any failure to maintain proper function, security and availability of the LREIT Group's information systems could interrupt its operations, damage its reputation, subject the LREIT Group to liability claims or regulatory penalties and could materially and adversely affect it.

3. Risks Relating to Investing in Real Estate

3.1 There are general risks attached to investments in real estate.

Investments in real estate and therefore the income generated from the LREIT Group's properties are subject to various risks, including but not limited to:

3.1.1 adverse changes in political or economic conditions;

3.1.2 adverse local market conditions (such as over-supply of properties or reduction in demand for properties in the market in which the LREIT Group operates);

3.1.3 the financial condition of tenants;

3.1.4 the availability of financing such as changes in availability of debt or equity financing, which may result in an inability by the LREIT Group to finance future acquisitions on favourable terms or at all;

3.1.5 changes in interest rates and other operating expenses;

3.1.6 changes in environmental laws and regulations, zoning laws and other governmental laws, regulations and rules and fiscal policies (including tax laws and regulations);

3.1.7 environmental claims in respect of real estate;

3.1.8 changes in market rents;

3.1.9 changes in energy prices;

3.1.10 changes in the relative popularity of property types and locations leading to an over-supply of space or a reduction in tenant demand for a particular type of property in a given market;

3.1.11 competition among property owners for tenants which may lead to vacancies or an inability to rent space on favourable terms;

3.1.12 inability to renew leases or re-let space as existing leases expire;

3.1.13 inability to collect rents from tenants on a timely basis or at all due to bankruptcy or insolvency of the tenants or otherwise;

3.1.14 insufficiency of insurance coverage or increases in insurance premiums;

3.1.15 increases in the rate of inflation;

3.1.16 inability of the property manager to provide or procure the provision of adequate maintenance and other services;

3.1.17 defects affecting the LREIT Group's properties which need to be rectified, or other required repair and maintenance of the LREIT Group's properties, leading to unforeseen capital expenditure;

3.1.18 increased operating costs, including real estate taxes;

3.1.19 any defects or illegal or non-compliant structures that were not uncovered or not covered by physical inspection or due diligence review;

3.1.20 management style and strategy of the Manager;

3.1.21 the attractiveness of the LREIT Group's properties to tenants;

3.1.22 the cost of regulatory compliance;

3.1.23 ability to rent out properties on favourable terms; and

3.1.24 power supply failure, acts of God, wars, terrorist attacks, uninsurable losses and other factors.

Many of these factors may cause fluctuations in occupancy rates, rental or operating expenses, causing a negative effect on the value of real estate and income derived from real estate. The annual valuation of the LREIT Group's properties will reflect such factors and as a result may fluctuate upwards or downwards. The capital value of the LREIT Group's real estate assets may be significantly diminished in the event of a sudden downturn in real estate market prices or the economy in Singapore and Italy, which may adversely affect the financial condition of LREIT.

3.2 The LREIT Group may be adversely affected by the illiquidity of real estate investments.

The LREIT Group's investment strategy involves a higher level of risk, as compared to a portfolio which has a more diverse range of investments. Real estate investments are relatively illiquid and such illiquidity may affect the LREIT Group's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, property market or other conditions. The LREIT Group 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. These factors could have an adverse effect on the

LREIT Group's financial condition and results of operations, and the ability of the LREIT Group to make regular distributions to its Unitholders.

3.3 LREIT's ability to make distributions to Unitholders may be adversely affected by increases in direct expenses and other operating expenses.

LREIT's ability to make regular distributions to Unitholders could be adversely affected if direct expenses and other operating expenses for which tenants are not responsible pursuant to the lease agreements increase. Such operating expenses include, but are not limited to:

3.3.1 compliance with laws, regulations or policies;

3.3.2 direct or indirect tax policies, laws or regulations;

3.3.3 sub-contracted service costs;

3.3.4 labour costs; and

3.3.5 repair and maintenance costs.

4. Risks Relating to an Investment in the Units

4.1 LREIT's ability to make distributions is dependent on the financial position from SingCo, Lendlease Global Commercial (IT) Pte. Ltd. ("IT SingCo"), or future SPVs that it may establish to acquire properties. LREIT may not be able to make distributions to Unitholders or the level of distributions may fall.

In order for LREIT to make distributions from the income of the Property, its Milan property and other future properties that it may acquire through SPVs, LREIT has to rely on the receipt of dividends, interest or repayments of loans (where applicable) from SingCo, IT SingCo and/or future SPVs that it may establish to acquire properties. There can be no assurance that these entities will have sufficient revenue and cash flows in any future period to pay dividends, pay interest or make repayments of loans.

The level of revenue, distributable profits or reserves available to pay distributions, dividends, interest or make repayments of loans by SingCo, IT SingCo or future SPVs that LREIT may establish to acquire properties may be affected by a number of factors including, among other things:

4.1.1 their respective business and financial positions;

4.1.2 the availability of distributable profits;

4.1.3 sufficiency of cash flows received from the properties;

4.1.4 applicable laws and regulations which may restrict the payment of distributions or dividends by them;

4.1.5 operating losses incurred by them in any financial year;

4.1.6 losses arising from a revaluation of the LREIT Group's properties. Such losses may become realised losses which would adversely affect the level of realised profits from which distributions may be made;

4.1.7 changes in accounting standards (including standards in respect of depreciation policies relating to real estate investment properties), taxation laws and regulations (including laws and regulations relating to transfer pricing), laws and regulations in respect of foreign exchange and repatriation of funds, corporation laws and regulations in respect of statutory reserves required to be maintained in Singapore, Italy and any other jurisdiction in which a property acquired by LREIT in the future may be located;

4.1.8 potential tax and/or legal liabilities;

4.1.9 the extent of rent abatements and tenant improvement allowances and incentives given to tenants to attract new tenants and/or retain existing tenants, if any; and

4.1.10 the terms of agreements to which they are, or may become, a party.

There can be no assurance that these entities will have sufficient revenue and cash flows in any future period to pay distributions, dividends, interest or make repayments of loans. In addition, no assurance can be given as to LREIT's ability to pay or maintain distributions or that the level of distributions will increase over time.

4.2 Market and economic conditions may affect the market price and demand for Units.

Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of, and demand for, the Units.

An increase in market interest rates may have an adverse impact on the market price of the Units if the annual yield on the price paid for the Units gives investors a lower return as compared to other investments.

4.3 The laws and regulations in Singapore, Italy and other jurisdictions and the International Financial Reporting Standards ("IFRS") may change.

LREIT is a real estate investment trust constituted in Singapore and the LREIT Group's properties are located in Singapore and Italy. The applicable laws, regulations (including tax laws and regulations in Singapore and Italy and any other jurisdiction in which a property acquired by the LREIT Group in the future is located) which LREIT is subject to and the IFRS are subject to change. New laws and regulations may also be introduced in these jurisdictions. As a result, the LREIT Group (including its financial statements) may be affected by these changes. There can be no assurance that such changes will not have a significant impact on the presentation of the LREIT Group's financial statements or on the LREIT Group's results of operations. In addition, such changes may adversely affect the ability of LREIT to make distributions to Unitholders. There can be no assurance that any such changes to laws, regulations and accounting standards will not materially and adversely affect the business, financial condition and results of operations of the LREIT Group.

4.4 There is no assurance that the tax rulings which LREIT is in the midst of obtaining would be granted. In addition, LREIT may not be able to comply with the terms of tax exemptions, tax rulings or stamp duty remissions which have been granted, or such tax exemptions, tax rulings or stamp duty remissions granted may be revoked or amended.

LREIT and its wholly-owned Singapore resident subsidiaries may, from time to time, obtain various tax exemptions, tax rulings and/or stamp duty remissions from the relevant authorities. The approvals for these tax exemptions, tax rulings and/or stamp duty remissions may be subject to LREIT and/or its wholly-owned Singapore resident subsidiaries satisfying certain stipulated conditions.

The tax ruling, tax exemption and stamp duty remission are granted based on the facts and representations made to the relevant authorities and are subject to satisfying certain stipulated conditions. Should the facts and representations turn out to be different from those made or any of the conditions are not met, or where there is a subsequent change in the tax laws or change in the interpretation by the relevant authorities, the tax ruling, the tax exemption or the stamp duty remission may no longer apply. Consequently, LREIT may suffer increased tax liability, which in turn could adversely affect the amount of distributions made to Unitholders.

In addition, LREIT is in the midst of obtaining certain tax rulings from the Inland Revenue Authority of Singapore, being that (i) the utilisation of foreign dividend income from ARIF3 and LLJP in certain manners will not cause the income to be regarded as being received in Singapore under Section 10(25) of the Income Tax

Act 1947; and (ii) the acquisition of the Property is a transfer of business as a going concern for Singapore GST purposes.

Stamp duty remission for the Property Acquisition has been obtained, such that additional buyers' stamp duty and the additional 1% duty rate on the base buyer's stamp duty will be remitted. The remission is granted based on the facts and representations made to the relevant authorities and is subject to satisfying certain stipulated conditions in an undertaking to be made by the trustee of LREIT (in its capacity as the trustee of LREIT). Should the facts and representations turn out to be different from those made or any of the conditions in the undertaking are not met, or where there is a subsequent change in the stamp duty laws or change in the interpretation by the relevant authorities, the stamp duty remission may no longer apply. Consequently, LREIT may suffer increased stamp duty liability, which in turn could adversely affect the amount of distributions made to Unitholders.

There is no assurance that such tax exemptions, tax rulings and/or stamp duty remissions would be granted. Should these tax exemptions, tax rulings and/ or stamp duty remissions not be granted, LREIT may suffer increased tax liability, which in turn could adversely impact its financial condition and affect the amount of distributions made to Unitholders.

4.5 The Manager is not obliged to redeem Units.

Unitholders have no right to request that the Manager redeem their Units while the Units are listed on the SGX-ST. Unitholders may only deal in their listed Units through trading on the SGX-ST. Accordingly, apart from selling their Units through trading on the SGX-ST, Unitholders may not be able to realise their investments in Units.

If the Units are de-listed from the SGX-ST and are unlisted on any other recognised stock exchange, the Manager may, but is not obliged to, repurchase or cause the redemption of Units more than once a year in accordance with the Property Funds Appendix and a Unitholder has no right to request the repurchase or redemption of Units more than once a year.

4.6 There is no assurance that the Units will remain listed on the SGX-ST.

Although it is intended that the Units will remain listed on the SGX-ST, there is no guarantee of the continued listing of the Units. Accordingly, Unitholders will not be able to sell their Units through trading on the SGX-ST if the Units are no longer listed on the SGX-ST.

4.7 Certain provisions of the Singapore Code on Take-overs and Mergers (the "Take-Over Code") could have the effect of discouraging, delaying or preventing a merger or acquisition which could adversely affect the market price of the Units.

The Take-Over Code contain certain provisions that may delay, deter or prevent a future take-over or change in control of LREIT for so long as the Units are listed for quotation on the SGX-ST.

Under the Take-Over Code, an entity is required to make a mandatory offer for all the Units not already held by it and/or parties acting in concert with it (as defined by the Take-Over Code) in the event that an increase in the aggregate Unitholdings of it and/or parties acting in concert with it results in the aggregate Unitholdings crossing certain specified thresholds.

While the Take-Over Code seeks to ensure an equality of treatment among Unitholders, its provisions could substantially impede the ability of Unitholders to benefit from a change in control, and, as a result, may adversely affect the market price of the Units and the ability to realise any potential change of control premium.

STRATEGY OF LREIT

1. INVESTMENT STRATEGY

LREIT is a Singapore real estate investment trust established with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of stabilised income-producing real estate assets[1] located globally that are used primarily for retail and/or office purposes, as well as real estate-related assets in connection with the foregoing.

In accordance with the requirements of the Listing Manual, the Manager's investment strategy for LREIT will be adhered to for at least three years following the Listing Date. The Manager's investment strategy for LREIT may only be changed within three years from the Listing Date if an Extraordinary Resolution is passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Subject to the foregoing, the Manager may from time to time amend the investment strategies of LREIT if it determines that such change is in the best interests of LREIT and its Unitholders without seeking Unitholders' approval. In the event of a change of investment strategies, the Manager may, subject to the relevant laws, regulations and rules (including the Listing Manual), alter such investment strategies upon the expiry of three years from the Listing Date, provided that it has given not less than 30 days' prior notice of the change to the Trustee and Unitholders by way of an announcement on the SGX-ST.

2. KEY OBJECTIVES

LREIT's key objectives are (i) to provide Unitholders with regular and stable distributions, (ii) to achieve long-term growth in DPU and NAV per Unit and (iii) maintaining an appropriate capital structure.

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1 A "stabilised income-producing real estate asset" means a real estate asset which meets the following criteria as at the date of the proposed offer:
(i) achieved a minimum occupancy of at least 80%;
(ii) achieved an average rental rate comparable to the market rental rate for similar assets as determined by the valuer commissioned for the latest valuation of the relevant asset;
(iii) (if the asset is being acquired from the Lendlease Group) LREIT being satisfied that there are no material asset enhancement initiatives required within two years of the acquisition of such asset; and
(iv) is suitable for acquisition by LREIT taking into account market conditions at the time of the proposed offer.

3. KEY STRATEGIES

The Manager plans to achieve LREIT's objectives through the following key strategies:

- **Proactive asset management and enhancement strategy** – The Manager will proactively manage LREIT's property portfolio to maintain and improve their operational performance, so as to optimise the cash flow and the value of LREIT's properties. The Manager will also look to drive organic growth, encourage strong relationships with the tenants of LREIT's properties, implement asset management strategies with the aim of ensuring continued relevance of the Properties and facilitate property enhancement opportunities.

- **Investments and acquisition growth strategy** – The Manager will seek to achieve portfolio growth through the acquisition of attractive income-producing properties that fit within LREIT's investment strategy to enhance the return to Unitholders and to pursue opportunities for future income and capital growth. The Manager will continuously evaluate opportunities in key cities in which the Sponsor Group has a presence and take a considered approach in deciding whether LREIT should explore these opportunities.

- **Prudent capital management strategy** – The Manager will endeavour to employ an appropriate mix of debt and equity in financing acquisitions, secure diversified funding sources to access both financial institutions and capital markets, optimise its cost of debt financing and utilise hedging strategies, where appropriate, in order to optimise risk-adjusted returns to Unitholders.

3.1 Proactive Asset Management and Enhancement Strategy

The Manager's strategy for organic growth is to actively manage the LREIT Group's properties and grow strong relationships with tenants by providing value-added property-related services. Through such active asset management, the Manager seeks to maintain high tenant retention and occupancy levels, a quality tenant mix and achieve stable rental growth, as well as minimise the costs associated with marketing and leasing space to new tenants. LREIT should benefit from the Sponsor's experience in asset management and asset enhancement.

Further, the Manager will seek to maximise returns from LREIT's property portfolio through some of, but not limited to, the following measures:

Maintaining above-market occupancy rates

The Manager will seek to maintain the above-market occupancy rates for the LREIT Group's properties and to improve the occupancy rates of future properties by working with the Property Managers to manage lease renewals effectively in order to minimise vacant periods due to either lease expiration or premature termination and to:

3.1.1 work towards optimal rental benchmarks established for each property;

3.1.2 proactively engage in early renewal negotiations with tenants whose leases are about to expire;

3.1.3 increase the overall marketability and profile of LREIT's portfolio of properties to increase the prospective tenant base;

3.1.4 (in respect of the retail properties) implement effective asset management strategies to improve the resilience and relevance of the retail centres to shoppers;

3.1.5 actively market current and impending vacancies to minimise vacant periods;

3.1.6 actively monitor rental arrears to minimise defaults by tenants and other aspects of tenant performance;

3.1.7 endeavour to incorporate contractual periodic rental step-up provisions in leases to provide an additional source of organic growth;

3.1.8 search for new tenants from sectors currently under-represented in LREIT's portfolio of properties to pursue an optimal tenant mix;

3.1.9 monitor and assess opportunities for spaces which are sub-optimal to redevelop or conduct asset enhancement works to suit prospective tenants' needs with a view to improving the marketability of such spaces; and

3.1.10 understand and seek to satisfy the expansion needs of existing tenants.

The Manager will work with the Property Managers to initiate tenant retention programme initiatives to further strengthen tenant relationships. The Manager believes that such efforts will assist in contributing to high tenant retention levels, minimising vacancy levels and reducing gaps in rental income, as well as the associated costs of securing new tenants.

Delivering superior services to tenants

The Manager intends to work with the Property Managers seeking to ensure it continues to provide superior services to tenants through:

providing high quality asset management services to maintain high retention rates;

3.1.11 facilitating relocation or expansion of tenants according to their operational requirements;

3.1.12 rapidly responding to tenant's' feedback and enquiries; and

3.1.13 providing additional value-added services for tenants.

Implementing asset enhancement initiatives

The Manager will work closely with the Property Managers seeking to improve the rental income and value of the portfolio by undertaking asset enhancement initiatives. To the extent possible and permitted by law and regulations, the Manager may:

3.1.14 seek to rationalise the use of space, create more leasable area, identify sub-optimal and ancillary areas that can be converted for higher returns and improve building efficiency; and

3.1.15 undertake retrofitting and refurbishments of LREIT's properties where necessary, to improve the interior and exterior signages, lighting and other aesthetic aspects of the properties to enhance their attractiveness and achievable rental rates.

The Manager will initiate asset enhancement initiatives subject to the improvements satisfying projected levels of feasibility and profitability.

Implementing pro-active marketing plans

The Manager intends to work with the Property Managers to develop customised pro-active marketing plans for each applicable property. Each plan will focus on property-specific needs seeking to maximise tenant interest and enhance the public profile and visibility with a view to increasing the value and appeal of the LREIT Group's properties and to maintain the long-term value of the LREIT Group's properties.

Continuing to rationalise operating costs

The Manager will work closely with the Property Managers to keep property operating expenses low while maintaining the quality of services. The Manager intends to continue its focus on rationalising operating costs through working closely with the Property Managers to manage and reduce the property operating expenses (without reducing the quality of maintenance and services).

3.2 Investments and Acquisition Growth Strategy

The Manager will pursue opportunities to undertake acquisitions of assets that it believes will be beneficial to LREIT's portfolio and improve returns to Unitholders relative to LREIT's weighted average cost of capital, and opportunities for future income and capital growth. In evaluating future acquisition opportunities, the Manager will seek acquisitions that may enhance the diversification of the portfolio by location and tenant profile, and optimise risk-adjusted returns to the Unitholders.

Investment criteria

In evaluating future acquisition opportunities for LREIT, the Manager, working with the Asset Managers, will focus primarily on the following investment criteria in relation to the property under consideration:

3.2.1 **Yield requirements** – The Manager will seek to invest in income-producing properties that provide increasing distributions to Unitholders over time, through the ability to increase the building's occupancy rate, renew existing leases to higher market rents at lease expiration, and from contractual rental increases in the tenants' leases.

3.2.2 **Tenant mix and occupancy characteristics** – The Manager will seek to acquire properties with quality and reputable existing tenants, or properties with the potential to generate higher rentals and properties with potential for high tenant retention rates, relative to comparable properties in their respective micro-property markets. In addition, the Manager will evaluate the following prior to the acquisition of a property: (i) tenant credit quality in order to reduce the probability of collection losses, (ii) rental rates and occupancy trends to estimate rental income and occupancy rate going forward and (iii) the impact of the acquisition on the entire portfolio's tenant, business sector and lease expiry profiles.

3.2.3 **Location** – LREIT will primarily focus on key cities where the Lendlease Group already has a strong on-the-ground presence. Working with the Asset Managers, the Manager will assess each property's location and the potential based on business growth in its market, as well as its impact on the overall geographic diversification of the portfolio. The Manager will evaluate potential acquisition targets for micro-market location and convenient access to major roads and public transportation. The Manager will also evaluate a range of location-related criteria including, but not necessarily limited to, ease of access, proximity and connectivity to major business, tourist and transportation hubs, visibility of premises from the surrounding catchment markets, and immediate presence and concentration of competitors.

3.2.4 **Value-adding opportunities** – The Manager will seek to acquire properties with opportunities to increase occupancy rates and rental rates and enhance value through proactive property management. The potential to add value through selective renovation or other types of asset enhancement initiatives will also be assessed.

3.2.5 **Building and facilities specification** – Working with the Property Managers, the Manager will endeavour to conduct thorough property due diligence and adhere strictly to relevant quality specifications, with due consideration given to the size and age of the buildings, with respect to potential properties to be acquired by LREIT. The Manager will seek to acquire buildings with good quality specifications and which are in compliance with the relevant building and zoning regulations, including energy conservation, health and safety regulations. The Manager will rely on due diligence reports submitted by experts relating to the structural soundness of the building, repairs, maintenance, capital expenditure requirements and encroachment of site boundaries. In addition, the Sponsor's in-house expertise in the areas of sustainability, health and safety will help to provide additional capability in the due diligence process.

LREIT intends to hold the properties it acquires on a long-term basis. However, in the future, where the Manager considers that any property has reached a stage that offers limited scope for further growth, the Manager may recommend divesting a property and recycling the proceeds into properties that meet its investment criteria.

3.2.6 **Ability to leverage the Sponsor Group's real estate investment and management experience**

Being a leading international property and infrastructure group with operations in Australia, Asia, Europe and the Americas, the Sponsor Group designs, develops, constructs, funds, owns, co-invests in, operates and manages property and infrastructure assets. The Sponsor Group also launched and managed Australia's first ever property trust, General

Property Trust which was listed on the Australian Securities Exchange in 1971. As at 30 June 2021, the Sponsor Group's current strategy has been focused on becoming the leading international property and infrastructure group, growing its global development pipeline value to approaching A$114 billion, increasing its core construction backlog to A$14.9 billion and growing its funds under management to A$39.6 billion. As such, the Manager will be able to leverage on the Sponsor Group's experience and track record in investing in real estate and managing property funds, thus assisting to identify investment opportunities.

3.3 Capital Management Strategy

The Manager will seek to optimise LREIT's capital structure and cost of capital within the borrowing limits set out in the Property Funds Appendix and intends to employ a combination of debt and equity in financing acquisitions and asset enhancement initiatives.

The Manager will also endeavour to:

3.3.1 maintain a strong balance sheet;

3.3.2 secure diversified funding sources to access both financial institutions and capital markets;

3.3.3 optimise its cost of debt financing; and

3.3.4 utilise interest rate and currency risk management strategies (including hedging) to minimise exposure to market volatility on its income.

The Manager will seek to achieve the above by pursuing the following strategies:

3.3.5 **Optimal capital structure strategy** – Within the borrowing limits set out in the Property Funds Appendix, the Manager will endeavour to employ an optimal capital structure, comprising an appropriate mix of debt and equity in financing the acquisition of properties and asset enhancement activities of its properties. The Manager's capital management strategy involves adopting and maintaining aggregate leverage levels and debt maturity schedules that it believes will provide optimal risk-adjusted returns to Unitholders, while maintaining flexibility in respect of future capital expenditures or acquisitions.

In the event that LREIT incurs any future borrowings, the Manager will periodically review LREIT's capital management policy with respect to its Aggregate Leverage and modify its strategy in light of prevailing market conditions. The Manager will endeavour to employ long-term, fixed-rate debt to the extent practicable in view of market conditions in existence from time to time.

At the Latest Practicable Date, LREIT had borrowings of approximately S$667 million with an Aggregate Leverage of 33.5%.

3.3.6 **Debt diversification strategy** – As and when appropriate, the Manager may consider diversifying sources of debt financing in the future by way of accessing the debt capital markets through the issuance of debt securities to further enhance the debt maturity profile of LREIT.

3.3.7 **Proactive risk management hedging strategy** – LREIT will endeavour to utilise interest rate and currency risk management hedging strategies, where appropriate, with the aim of optimising risk-adjusted returns to Unitholders. The Manager intends to adopt the following risk management policies in relation to its hedging transactions: (i) distributable income will be hedged to a fixed exchange rate as soon as the amount has been earned from the underlying assets or can be reasonably estimated; and (ii) at least 50.0% of LREIT's borrowings will be hedged to a fixed interest rate.

3.3.8 **Other financing strategies** – The Manager will, in the future, consider other opportunities to raise additional equity capital for LREIT through the issue of new Units, for example to finance acquisitions of properties. The decision to raise additional equity will also take into account the stated strategy of maintaining an optimal capital structure.

APPENDIX D

INFORMATION ON LREIT

1. BACKGROUND

LREIT was listed on the SGX-ST on 2 October 2019 and was constituted as a real estate investment trust on 28 January 2019 pursuant to the Trust Deed under the laws of the Republic of Singapore. The principal investment strategy of LREIT is to invest, directly or indirectly, in a diversified portfolio of stabilised income-producing real estate assets[1] located globally that are used primarily for retail and/or office purposes, as well as real estate-related assets in connection with the foregoing.

2. HISTORY

The table below sets out the summary of major events in the business development of LREIT since the Listing Date up to the Latest Practicable Date.

Date	Event
October 2019	Listing of LREIT 313@somerset clinched top spot for the third year running in the Asia Retail category of the Global Real Estate Sustainability Benchmark ("GRESB") Rankings
May 2020	Included in the MSCI Singapore Small Cap Index
June 2020	Won tender to develop a multifunctional event space adjacent to 313@somerset.
September 2020	Appointed Lendlease Italy SGR S.p.A. as the alternative investment fund manager for Lendlease Global Commercial Italy Fund, which holds Sky Complex
October 2020	First acquisition of 5% stake in ARIF3
November 2020	Ranked first and clinched regional Sector Leader status for both Asia Retail (Overall) and Asia Retail (Listed) categories in 2020 GRESB Real Estate assessment.
January 2021	Established a S$1 billion Multicurrency Debt Issuance Programme
March 2021	Included in iEdge S-REIT Leader Index

1 A "stabilised income-producing real estate asset" means a real estate asset which meets the following criteria as at the date of the proposed offer:
(v) achieved a minimum occupancy of at least 80%;
(vi) achieved an average rental rate comparable to the market rental rate for similar assets as determined by the valuer commissioned for the latest valuation of the relevant asset;
(vii) (if the asset is being acquired from the Lendlease Group) LREIT being satisfied that there are no material asset enhancement initiatives required within two years of the acquisition of such asset; and
(viii) is suitable for acquisition by LREIT taking into account market conditions at the time of the proposed offer.

Date	Event
May 2021	Launched inaugural perpetual securities
June 2021	Issued inaugural perpetual securities
August 2021	Participated for the first time, LREIT was ranked 15th in the Singapore Governance Transparency Index
September 2021	Completed acquisition of additional stake in Jem and owns 31.8% stake in Jem Included in the FTSE EPRA Nareit Global Developed Index
October 2021	Ranked first and clinched regional Sector Leader status for both Asia Retail (Overall) and Asia Retail (Listed) categories in 2021 GRESB Real Estate assessment for two consecutive years in its two years of listing. LREIT also received highest-tier 5-star rating and scored “A” for Public Disclosure.

3. PAST CHANGES IN EQUITY

The table below sets out detail of the changes in the Unitholders' equity of LREIT for three years prior to the Latest Practicable Date:

Date of Issue	Party Receiving Units and Purpose for Issue of Units	Number of Units		Issued Capital (S$)		Unit Price for calculation of Units Issued (S$)
		Units Issued	Total Units in Issue	Issued	Total Capital Issued	
6 March 2020	Lendlease GCR Investment Holding Pte. Ltd., as nominee for Lendlease Global Commercial Trust Management Pte. Ltd. – REIT Management Base Fees for 2QFY2020	1,026,807	1,168,972,807	950,926	1,028,743,406	0.9261
6 March 2020	Lendlease GCR Investment Holding Pte. Ltd., as nominee for Lendlease Retail Pte. Ltd. – Property Management Fees for 2QFY2020	507,572	1,169,480,379	470,062	1,029,213,469	0.9261
5 June 2020	Lendlease GCR Investment Holding Pte. Ltd., as nominee for Lendlease Global Commercial Trust Management Pte. Ltd. – REIT Management Base Fees for 3QFY2020	1,715,929	1,171,196,308	932,265	1,030,145,733	0.5433
5 June 2020	Lendlease GCR Investment Holding Pte. Ltd., as nominee for Lendlease Retail Pte. Ltd. – Property Management Fees for 3QFY2020	598,916	1,171,795,224	428,225	1,030,573,959	0.7150

Date of Issue	Party Receiving Units and Purpose for Issue of Units	Number of Units		Issued Capital (S$)		Unit Price for calculation of Units Issued (S$)
		Units Issued	Total Units in Issue	Issued	Total Capital Issued	
17 November 2020	Lendlease GCR Investment Holding Pte. Ltd., as nominee for Lendlease Global Commercial Trust Management Pte. Ltd. – REIT Management Base Fees for 4QFY2020 and Performance Fees for FY2020	4,069,851	1,175,865,075	2,981,574	1,033,555,533	0.7326
17 November 2020	Lendlease GCR Investment Holding Pte. Ltd., as nominee for Lendlease Retail Pte. Ltd. – Property Management Fees for 4QFY2020	649,446	1,176,514,521	475,784	1,034,031,317	0.7326
16 December 2020	Lendlease Global Commercial Trust Management Pte. Ltd. – Acquisition Fees for acquisition of stake in Jem via a 5% interest in ARIF3	631,431	1,177,145,952	455,325	1,034,486,642	0.721
5 March 2021	Lendlease GCR Investment Holding Pte. Ltd., as nominee for Lendlease Global Commercial Trust Management Pte. Ltd. – REIT Management Base Fees for 1QFY2021	1,408,660	1,178,554,612	973,666	1,035,460,309	0.6912
5 March 2021	Lendlease GCR Investment Holding Pte. Ltd., as nominee for Lendlease Global Commercial Trust Management Pte. Ltd. – REIT	1,342,862	1,179,897,474	996,807	1,036,457,115	0.7423

Date of Issue	Party Receiving Units and Purpose for Issue of Units	Number of Units		Issued Capital (S$)		Unit Price for calculation of Units Issued (S$)
		Units Issued	Total Units in Issue	Issued	Total Capital Issued	
	Management Base Fees for 2QFY2021					
5 March 2021	Lendlease GCR Investment Holding Pte. Ltd., as nominee for Lendlease Retail Pte. Ltd. – Property Management Fees for 1QFY2021 and 2QFY2021	1,098,566	1,180,996,040	845,896	1,037,303,012	0.7700
12 November 2021	Lendlease GCR Investment Holding Pte. Ltd., as nominee for Lendlease Global Commercial Trust Management Pte. Ltd. – REIT Management Base Fees for 3QFY2021	1,187,041	1,182,183,081	949,158	1,038,252,170	0.7996
12 November 2021	Lendlease GCR Investment Holding Pte. Ltd., as nominee for Lendlease Global Commercial Trust Management Pte. Ltd. – REIT Management Base Fees for 4QFY2021	1,252,152	1,183,435,233	1,013,868	1,039,266,038	0.8097
12 November 2021	Lendlease GCR Investment Holding Pte. Ltd., as nominee for Lendlease Global Commercial Trust Management Pte. Ltd. – REIT Management Performance Fees for FY2021	3,610,539	1,187,045,772	2,923,454	1,042,189,492	0.8097
12 November 2021	Lendlease Global Commercial Trust Management Pte. Ltd. –	3,683,816	1,190,729,588	3,275,281	1,045,464,773	0.8891

Date of Issue	Party Receiving Units and Purpose for Issue of Units	Number of Units		Issued Capital (S$)		Unit Price for calculation of Units Issued (S$)
		Units Issued	Total Units in Issue	Issued	Total Capital Issued	
	Acquisition Fees for acquisition of stake in Jem via (i) 53.0% of the shares in LLJP; and (ii) 19.8% of the shares in ARIF3					
12 November 2021	Lendlease GCR Investment Holding Pte. Ltd., as nominee for Lendlease Retail Pte. Ltd. – Property Management Fees for 3QFY2021	451,353	1,191,180,941	406,219	1,045,870,991	0.9000
12 November 2021	Lendlease GCR Investment Holding Pte. Ltd., as nominee for Lendlease Retail Pte. Ltd. – Property Management Fees for 4QFY2021	465,435	1,191,646,376	418,892	1,046,289,883	0.9000

4. SUBSIDIARIES OF LREIT

The following table sets out the subsidiaries of LREIT:

Subsidiaries of LREIT	Country of Incorporation	Proportion of ownership (%)
Direct subsidiaries		
Lendlease Global Commercial (IT) Pte. Ltd.	Singapore	100%
Lendlease Global Commercial (SGP) Pte. Ltd.	Singapore	100%
Indirect subsidiaries		
Lendlease Global Commercial Italy Fund	Italy	100%
Lendlease Jem Partners Fund Limited	Bermuda	53%

5. THE TRUST DEED

LREIT is a real estate investment trust constituted by the Trust Deed on 28 January 2019 and amended and restated by a first amending and restating deed dated 10 September 2019 and supplemented by a first supplemental deed dated 15 July 2020 and complies with the requirements of, among others, the MAS and the SGX-ST, for a listed REIT. LREIT is principally regulated by the SFA and the CIS Code (including the Property Funds Appendix). LREIT was authorised as a collective investment scheme by the MAS on 25 September 2019.

The Trust Deed is a complex document and the following is a summary only and is qualified in its entirety by, and is subject to, the contents of the Trust Deed. Investors should refer to the Trust Deed itself to confirm specific information or for a detailed understanding of LREIT. The Trust Deed is available for inspection at the principal place of business of the Manager which is located at 2 Tanjong Katong Road, #05-01 Paya Lebar Quarter, Singapore 437161.

The provisions of the SFA and the CIS Code (including the Property Funds Appendix) prescribe certain terms of the Trust Deed and certain rights, duties and obligations of the Manager, the Trustee and Unitholders under the Trust Deed. The Property Funds Appendix also imposes certain restrictions on real estate investment trusts in Singapore, including a restriction on the types of investments which real estate investment trusts in Singapore may hold, a general limit on their level of borrowings and certain restrictions with respect to Interested Party Transactions.

The terms and conditions of the Trust Deed shall be binding on each Unitholder (and persons claiming through such Unitholder) as if such Unitholder had been a party to the Trust Deed and as if the Trust Deed contains covenants by such Unitholder to observe and be bound by the provisions of the Trust Deed and an authorisation by each Unitholder to do all such acts and things as the Trust Deed may require the Manager and/or the Trustee to do.

Operational Structure

LREIT was established to invest in real estate and real estate-related assets. The Manager must manage LREIT so that the principal investments of LREIT are real estate and real estate-related assets (including ownership of companies or other legal entities whose primary purpose is to hold or own real estate and real estate-related assets). LREIT is a Singapore real estate investment trust established with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of Stabilised Income-Producing Real Estate Assets located globally, which are used primarily for retail and/or office purposes, as well as real estate-related assets in connection with the foregoing.

LREIT will aim to generate returns for its Unitholders by owning, buying and actively managing such properties in line with its investment strategy (including the selling of any property that has reached a stage that offers only limited scope for growth).

Subject to the restrictions and requirements in the Trust Deed, Property Funds Appendix and the Listing Manual, the Manager is also authorised under the Trust Deed to invest in investments which need not be real estate.

Under the Trust Deed, "Authorised Investments" means:

5.1.1 real estate;

5.1.2 any improvement or extension of or addition to, or reconstruction, refurbishment, retrofitting, renovation or other development of any real estate or any building thereon;

5.1.3 real estate-related assets, wherever the issuers, assets or securities are incorporated, located, issued or traded;

5.1.4 listed or unlisted debt securities and listed shares or stock and (if permitted by the Authority) unlisted shares or stock of or issued by local or foreign non-property companies or corporations;

5.1.5 government securities (issued on behalf of the Singapore Government or governments of other countries) and securities issued by a supra-national agency or a Singapore statutory board;

5.1.6 cash and cash equivalent items;

5.1.7 financial derivatives only for the purposes of (a) hedging existing positions in LREIT's portfolio where there is a strong correlation to the underlying investments or (b) efficient portfolio management, PROVIDED THAT such derivatives are not used to gear the overall portfolio of LREIT or intended to be borrowings or any form of financial indebtedness of LREIT; and

5.1.8 any other investment not covered by paragraph 5.1.1 to 5.1.7 of this definition but specified as a permissible investment in the Property Funds Appendix and selected by the Manager for investment by LREIT and approved by the Trustee in writing.

The Manager may use certain financial derivative instruments for hedging purposes or efficient portfolio management, provided that (i) such financial derivative instruments are not used to gear LREIT's overall portfolio or are intended to be borrowings of LREIT and (ii) the policies regarding such use of financial derivative instruments have been approved by the Board. Although the Manager may use certain financial derivative instruments to the extent permitted by such laws, rules and regulations as may be applicable including, but not limited to, the CIS Code (including the Property Funds Appendix) and the Listing Manual, the Manager presently does not have any intention for LREIT to invest in options, warrants, commodities futures contracts and precious metals.

5.2 The Units and Unitholders

The rights and interests of Unitholders are contained in the Trust Deed. Under the Trust Deed, these rights and interests are safeguarded by the Trustee.

Each Unit represents an undivided interest in LREIT. A Unitholder has no equitable or proprietary interest in the Deposited Property. A Unitholder is not entitled to the transfer to the Unitholder of the Deposited Property (or any part thereof) or of any estate or interest in the Deposited Property (or any part thereof). A Unitholder's right is limited to the right to require due administration of LREIT in accordance with the provisions of the Trust Deed, including, without limitation, by suit against the Trustee or the Manager.

Under the Trust Deed, each Unitholder acknowledges and agrees that a Unitholder will not commence or pursue any action against the Trustee or the Manager seeking an order for specific performance or for injunctive relief in respect of the Deposited Property (or any part thereof), and waives any rights the Unitholder may otherwise have to such relief. If the Trustee or the Manager breaches or threatens to breach its duties or obligations to a Unitholder under the Trust Deed, the Unitholder's recourse against the Trustee or the Manager is limited to a right to recover damages or compensation from the Trustee or the Manager in a court of competent jurisdiction, and the Unitholder acknowledges and agrees that damages or compensation is an adequate remedy for such breach or threatened breach.

Unless otherwise expressly provided in the Trust Deed, a Unitholder may not interfere with the rights, powers, authority or discretion of the Manager or the Trustee, exercise any right in respect of the Deposited Property (or any part thereof) or lodge any caveat or other notice affecting the Deposited Property (or any part thereof), or require that any part of the Deposited Property be transferred to such Unitholder.

No certificate shall be issued to Unitholders by either the Manager or the Trustee in respect of Units issued to Unitholders. For so long as LREIT is listed on the SGX-ST, the Manager shall, pursuant to CDP's depository services terms and conditions in relation to the deposit of Units in CDP (the "**Depository Services Terms and Conditions**"), appoint CDP as the Unit depository for LREIT, and all Units issued will be represented by entries in the register of Unitholders kept by the Trustee or the agent appointed by the Trustee in the name of, and deposited with, CDP as the registered holder of such Units.

The Manager or the agent appointed by the Manager shall issue to CDP, not more than 10 business days after the issue of Units, a confirmation note confirming the date of issue and the number of Units so issued and, if applicable, also stating that the Units are issued under a moratorium and the expiry date of such moratorium and for the purposes of the Trust Deed, such confirmation note shall be deemed to be a certificate evidencing title to the Units issued.

There are no restrictions under the Trust Deed or Singapore law on a person's right to purchase (or subscribe for) Units and to own Units, except in the case of a rights issue or (as the case may be) any preferential offering, where the Manager has the right under the Trust Deed to elect not to extend an offer of Units under the rights issue or (as the case may be) any preferential offering to Unitholders whose addresses are outside Singapore.

The Take-Over Code applies to real estate investment trusts. As a result, acquisitions of Units which may result in a change in effective control of LREIT and the aggregate Unitholdings of an entity and its concert parties crossing certain thresholds will be subject to the mandatory provisions of the Take-Over Code, such as a requirement to make a mandatory general offer for Units.

5.3 Issue of Units

The following is a summary of the provisions of the Trust Deed relating to the issue of Units.

Subject to the following sub-paragraphs 5.3.1, 5.3.2 and 5.3.3 below and to such laws, rules and regulations as may be applicable, for so long as LREIT is listed on the SGX-ST or such other stock exchange of repute in any part of the world ("**Recognised Stock Exchange**"), the Manager may issue Units on any business day at an issue price equal to, or above, the "market price", without the prior approval of the Unitholders. For this purpose, "market price" shall mean:

5.3.1 the volume weighted average price ("**VWAP**") for a Unit (if applicable, of the same class) for all trades on the SGX-ST, or such other Recognised Stock Exchange on which LREIT is listed, in the ordinary course of trading on the SGX-ST or, as the case may be, such other Recognised Stock Exchange, for the period of 10 business days (or such other period as may be prescribed by the SGX-ST or relevant Recognised Stock Exchange) immediately preceding (and, for the avoidance of doubt, including) the relevant business day;

5.3.2 if the Manager believes that the calculation in paragraph 5.3.1 above does not provide a fair reflection of the market price of a Unit (which may include, among others, instances where the trades on the Units are very low or where there is disorderly trading activity in the Units), an amount as determined by the Manager and the Trustee (after consultation with a stockbroker approved by the Trustee), as being the fair market price of a Unit; or

5.3.3 (in relation to the issue of Units to the Manager as payment of the management fees) the volume weighted average price for a Unit for all trades on the SGX-ST, or (as the case may be) such other Recognised Stock Exchange on which LREIT is listed, in the ordinary course of trading on the SGX-ST or (as the case may be) the relevant Recognised Stock Exchange, for the last 10 business days (or such other period as may be prescribed by the SGX-ST or relevant Recognised Stock Exchange) immediately preceding (and, for the avoidance of doubt, including):

(i) (in relation to the Base Fee) the end date of the relevant financial quarter to which such Base Fee relates; and/or

(ii) (in relation to the Performance Fee) the end date of the relevant financial year to which such Performance Fee relates.

5.3.4 (in relation to the issue of Units to the Manager as payment of the Acquisition Fee when the Acquisition Fee is paid in the form of Units) the issue price of Units issued to finance or part finance the acquisition in respect of which the Acquisition Fee is payable or, where Units are not issued to finance or part finance the Acquisition, the prevailing market price at the time of issue of such Units as determined in sub-paragraphs 5.3.1 or 5.3.2 above.

For so long as LREIT is listed on the SGX-ST or any other Recognised Stock Exchange, the Manager may issue Units at an issue price other than calculated in accordance with the above paragraph without the prior approval of Unitholders provided that the Manager complies with the listing rules of Singapore, or if applicable, the listing rules of the relevant Recognised Stock Exchange, the Property Funds Appendix or any other relevant laws, regulations and guidelines in determining the issue price, including the issue price for a rights issue on a pro rata basis to all existing Unitholders, the issue price of a Unit issued other than by way of a rights issue offered on a pro rata basis to all existing Unitholders and the issue price for any reinvestment of distribution arrangement. If the issue price determined by the Manager is at a discount to the market price, the discount shall not exceed such percentage as may, from time to time, be permitted under the listing rules of Singapore or, if applicable, the listing rules of the relevant Recognised Stock Exchange, the Property Funds Appendix or any other relevant laws, regulations and guidelines.

Where Units are issued as full or partial consideration for the acquisition of an Authorised Investment by LREIT in conjunction with an issue of Units to raise cash for the balance of the consideration for the said Authorised Investment (or part thereof) or to acquire other Authorised Investments in conjunction with the said Authorised Investment, the Manager shall have the discretion to determine that the issue price of a Unit so issued as full or partial consideration shall be the same as the issue price for the Units issued in conjunction with an issue of Units to raise cash for the aforesaid purposes.

The scope of the general mandate to be given in a general meeting of the Unitholders is limited to the issue of an aggregate number of additional Units which must not exceed 50.0% of the total number of Units in issue, of which the aggregate number of additional Units to be issued other than on a pro rata basis to the existing Unitholders must not exceed 20.0% of the total number of Units in issue as at the date of the approval.

5.4 Suspension of Issue of Units

The Manager or the Trustee may, with the prior written approval of the other and subject to the Listing Manual or the listing rules of any other relevant Recognised Stock Exchange, suspend the issue of Units during any of the following events:

5.4.1 any period when the SGX-ST or any other relevant Recognised Stock Exchange is closed (otherwise than for public holidays) or during which dealings are restricted or suspended;

5.4.2 the existence of any state of affairs which, in the opinion of the Manager or (as the case may be) the Trustee, might seriously prejudice the interests of the Unitholders as a whole or of the Deposited Property;

5.4.3 any breakdown in the means of communication normally employed in determining the price of any assets of LREIT or (if relevant) the current price thereof on the SGX-ST or any other relevant Recognised Stock Exchange, or when for any reason the prices of any assets of LREIT cannot be promptly and accurately ascertained;

5.4.4 any period when remittance of money which will or may be involved in the realisation of any asset of LREIT or in the payment for such asset of LREIT cannot, in the opinion of the Manager, be carried out at normal rates of exchange;

5.4.5 any period where the issuance of Units is suspended pursuant to any order or direction issued by the MAS or any other relevant regulatory authority;

5.4.6 in relation to any general meeting of Unitholders, the 72-hour period before such general meeting or any adjournment thereof; or

5.4.7 when the business operations of the Manager or the Trustee in relation to the operation of LREIT are substantially interrupted or closed as a result of, or arising from, nationalisation, expropriation, currency restrictions, pestilence, widespread communicable and infectious diseases, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes, nuclear fusion or fission or acts of God.

Such suspension shall take effect forthwith upon the declaration in writing thereof by the Manager or (as the case may be) the Trustee and shall terminate on the day following the first business day on which the condition giving rise to the suspension ceases to exist and no other conditions under which suspension is authorised (as set out above) exists, upon the declaration in writing thereof by the Manager or (as the case may be) the Trustee.

In the event of any suspension while LREIT is listed on the SGX-ST, the Manager shall ensure that immediate announcement of such suspension is made through the SGX-ST or the relevant Recognised Stock Exchange.

5.5 Repurchase and Redemption of Units

The Trust Deed provides that any redemption of Units will be carried out in accordance with the Property Funds Appendix, the rules of the Listing Manual (if applicable) and all other applicable laws and regulations. With respect to any terms which are necessary to carry out such redemption but are not prescribed by the Property Funds Appendix, the rules in the Listing Manual and any laws and regulations, these terms shall be determined by mutual agreement between the Manager and the Trustee.

For so long as the Units are listed on the SGX-ST, the Unitholders have no right to request that the Manager repurchase or redeem their Units while the Units are listed on the SGX-ST and/or any other Recognised Stock Exchange. It is intended that the Unitholders may only deal in their listed Units through trading on the SGX-ST.

5.6 Rights and Liabilities of Unitholders

The key rights of Unitholders include rights to:

5.61. receive income and other distributions attributable to the Units held;

5.6.2 receive audited accounts and the annual reports of LREIT; and

5.6.3 participate in the termination of LREIT by receiving a share of all net cash proceeds derived from the realisation of the assets of LREIT less any liabilities, in accordance with their proportionate interests in LREIT.

No Unitholder has a right to require that any asset of LREIT be transferred to him.

Further, Unitholders shall not give any 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:

5.6.4 LREIT, the Manager or the Trustee, as the case may be, ceasing to comply with the Listing Manual or, if applicable, the listing rules of the relevant

Recognised Stock Exchange, and all other applicable laws and regulations; or

5.6.5 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 (i) the Trustee, (ii) the Manager or (iii) both the Trustee and the Manager (without derogation from the right of a Unitholder to require the due administration of LREIT in accordance with the Trust Deed).

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 provide that a Unitholder shall not be liable to the Manager or the Trustee to make any further payments to LREIT after it has fully paid the consideration to acquire its Units and no further liability shall be imposed on such Unitholder in respect of its Units. The provisions 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 LREIT in the event that the liabilities of LREIT exceed its assets.

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

5.7 Amendments of the Trust Deed

Approval of Unitholders by an Extraordinary Resolution will be obtained for any amendment of the Trust Deed unless the Trustee certifies, in its opinion, that such amendment:

5.7.1 does not materially prejudice the interests of Unitholders and does not operate to release to any material extent the Trustee or the Manager from any responsibility to the Unitholders;

5.7.2 is necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law), including, without limitation, requirements under all other applicable laws, regulations and guidelines; or

5.7.3 is made to remove obsolete provisions or to correct a manifest error.

No such amendment shall impose upon any Unitholder any obligation to make any further payments in respect of his Units or to accept any liability in respect thereof.

Notwithstanding any of the above, the Manager and the Trustee may, with the written approval of the relevant authorities (including, without limitation, the MAS), alter certain provisions in the Trust Deed relating to the use of derivatives.

5.8 Meeting of Unitholders

Under applicable law and the provisions of the Trust Deed, LREIT will not hold any meetings for Unitholders unless:

5.8.1 the Trustee or the Manager convenes a meeting; or

5.8.2 unless not less than 50 Unitholders or Unitholders representing not less than 10.0% of the total Units issued gives written request for a meeting to be convened.

In addition, LREIT is required to hold an annual general meeting once in every calendar year and not more than 15 months after the holding of the last preceding annual general meeting, but so long as LREIT holds its first annual general meeting within 18 months of its authorisation as a collective investment scheme by the MAS, it need not hold it in the year of its constitution or the following year.

Furthermore, the Trust Deed shall comply with paragraph 4 of the Property Funds Appendix.

All meetings convened shall be held in Singapore.

Unitholders may, by Extraordinary Resolution and in accordance with the provisions of the Trust Deed:

5.8.3 sanction any modification, alteration or addition to the Trust Deed which shall be agreed by the Trustee and the Manager as provided in the Trust Deed;

5.8.4 sanction a supplemental deed increasing the maximum permitted limit or any change in the structure of the fees payable to the Manager and the Trustee;

5.8.5 remove the auditors and appoint other auditors in their place;

5.8.6 remove the Trustee;

5.8.7 direct the Trustee to take any action pursuant to Section 295 of the SFA (relating to the winding up of LREIT); and

5.8.8 delist LREIT after it has been listed.

Unitholders may also, by an Ordinary Resolution of Unitholders present and voting at a meeting of Unitholders convened in accordance with the Trust Deed, vote to remove the Manager (with the Manager and its related parties being permitted to vote).

Any decision to be made by resolution of Unitholders other than the above shall be made by Ordinary Resolution, unless an Extraordinary Resolution is required by the SFA, the CIS Code or the Listing Manual.

Except as otherwise provided for in the Trust Deed, and save for an Extraordinary Resolution (which requires at least 21 days' notice) (not inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given), at least 14 days' notice (not inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the Unitholders in the manner provided in the Trust Deed. Each notice shall specify the place, day and hour of the meeting, and the terms of the resolutions to be proposed. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolutions in respect of such special business.

The quorum at a meeting shall not be less than two Unitholders (whether present in person or by proxy) together holding or representing at least one-tenth in value of all the Units for the time being in issue.

Subject to the prevailing listing rules under the Listing Manual, voting at a meeting shall be by poll. Unitholders do not have different voting rights on account of the number of votes held by a particular Unitholder. On a poll, every Unitholder has one vote for each Unit of which it is the Unitholder. The Trust Deed does not contain any limitation on non-Singapore resident or foreign Unitholders holding Units or exercising the voting rights with respect to their Unitholdings.

None of the Manager or the controlling shareholders (as defined in the Listing Manual) of the Manager and any of their Associates shall be entitled to vote or be counted as part of a quorum at a meeting convened to consider a matter in respect of which the Manager, the relevant controlling shareholders of the Manager or any of their Associates has a material interest save for an Ordinary Resolution duly proposed to remove the Manager, in which case, no Unitholder shall be disenfranchised.

5.9 Electronic Communications

The Manager may send documents, including notices, circulars and annual reports, using electronic communications to a Unitholder if there is express consent from that Unitholder.

In addition, by subscribing for the Units under the Offering, Unitholders are deemed to have consented to the use of electronic communications to send documents, including circulars and annual reports via either:

5.9.1 **Deemed Consent** provided that the Manager has separately notified the Unitholder directly in writing on at least one occasion of the following:

(i) that the Unitholder has a right to elect, within a time specified in the notice from LREIT, whether to receive documents in either electronic or physical copies;

(ii) that if the Unitholder does not make an election, documents will be sent to the Unitholder by way of electronic communications;

(iii) the manner in which electronic communications will be used is the manner specified in the Trust Deed;

(iv) that the election is a standing election, but that the Unitholder may make a fresh election at any time; and

(v) until the Unitholder makes a fresh election, the election that is conveyed to the Manager last in time prevails over all previous elections as the Unitholder's valid and subsisting election in relation to all documents to be sent; or

5.9.2 **Implied Consent** provided that the Manager shall inform the Unitholder as soon as practicable of how to request a physical copy of that document from LREIT. The Manager shall provide a physical copy of that document upon such request.

The Trust Deed:

5.9.3 provides for the use of electronic communications;

5.9.4 specifies the manner in which electronic communications is to be used; and

5.9.5 (a) (in the case of deemed consent) specifies that the Unitholder will be given an opportunity to elect within a specified period of time, whether to receive such document by way of electronic communications or as a physical copy and (b) (in the case of implied consent) provides that the Unitholder shall agree to receive such document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such document.

Notwithstanding the above, the Manager shall send the following documents to Unitholders by way of physical copies:

5.9.6 forms or acceptance letters that shareholders may be required to complete;

5.9.7 notice of meetings, excluding circulars or letters referred in that notice;

5.9.8 notices and documents relating to takeover offers and rights issues; and

5.9.9 notices under Listing Rules 1211 and 1212.

6. THE TRUSTEE

The trustee of LREIT is RBC Investor Services Trust Singapore Limited. It is a company incorporated in Singapore on 4 July 1995. As at the Latest Practicable Date, the Trustee has a paid-up capital of S$6,000,000. The Trustee is licensed as a trust company under the Trust Companies Act. It is approved to act as a trustee for authorised collective investment schemes under Section 289(1) of the SFA and is regulated by the MAS. The Trustee's registered office is located at 8 Marina View, #26-01 Asia Square Tower 1, Singapore 018960.

The Trustee acts as the trustee of LREIT and, in such capacity, holds the assets of LREIT on trust for the benefit of Unitholders, safeguards the rights and interests of the Unitholders and exercises all the powers of a trustee and the powers accompanying ownership of the properties in LREIT.

6.1 Powers, Duties and Obligations of the Trustee

The Trustee's powers, duties and obligations are set out in the Trust Deed. The powers and duties of the Trustee include:

6.1.1 acting as trustee of LREIT and, in such capacity, safeguarding the rights and interests of the Unitholders, for example, by satisfying itself that transactions it enters into for and on behalf of LREIT with a Related Party of the Manager, the Trustee or LREIT are conducted on normal commercial terms, are not prejudicial to the interests of LREIT or the Unitholders, and in accordance with all applicable requirements under the Property Funds Appendix and/or the Listing Manual relating to the transaction in question;

6.1.2 holding the assets of LREIT on trust for the benefit of the Unitholders in accordance with the Trust Deed; and

6.1.3 exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of LREIT.

The Trustee has covenanted in the Trust Deed that it will exercise all due care, diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of Unitholders.

In the exercise of its powers, the Trustee may (on the recommendation of the Manager) and subject to the provisions of the Trust Deed, acquire or dispose of any real or personal property, borrow or encumber any asset.

The Trustee may, subject to the provisions of the Trust Deed, appoint and engage:

6.1.4 a person or entity to exercise any of its powers or perform its obligations; and

6.1.5 any real estate agents or managers or service providers or such other persons, including a Related Party of the Manager on an arm's length basis and on normal commercial terms, in relation to the project management, development, leasing, lease management, marketing, property management, purchase or sale of any real estate assets and real estate-related assets.

Subject to the Trust Deed and the Property Funds Appendix, the Manager may direct the Trustee to borrow or raise money or obtain other financial accommodation for the purposes of LREIT, either on a secured or unsecured basis.

The Trustee must carry out its functions and duties and comply with all the obligations imposed on it as set out in the Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Take-Over Code, any tax ruling and all other relevant laws. It must retain LREIT's assets, or cause LREIT's assets to be retained, in safe custody and cause LREIT's accounts to be audited. Pursuant to the Trust Deed, it can appoint any custodian, joint-custodian or sub-custodian (including, without limitation, any Related Party of the Trustee) in relation to the whole or any part of LREIT's assets. It can appoint valuers to value the real estate assets and real estate-related assets of LREIT.

The Trustee is not personally liable to a Unitholder in connection with the office of the Trustee except in respect of its own fraud, gross negligence, wilful default, breach of the Trust Deed or breach of trust. Any liability incurred and any indemnity to be given by the Trustee shall be limited to the assets of LREIT over which the Trustee has recourse, provided that the Trustee has acted without fraud, gross negligence, wilful default, breach of the Trust Deed or breach of trust. The Trust Deed contains certain indemnities in favour of the Trustee under which it will be indemnified out of the assets of LREIT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

6.2 Retirement and Replacement of the Trustee

The Trustee may retire or be replaced under the following circumstances:

6.2.1 The Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the Trust Deed).

6.2.2 The Trustee may be removed by notice in writing to the Trustee by the Manager:

(i) if the Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Trustee;

(ii) if the Trustee ceases to carry on business;

(iii) if the Trustee is in breach of any material obligation imposed on the Trustee by the Trust Deed, and such breach has not been cured or remedied within 60 days of receipt of written notice of such breach from the Manager, provided that at the end of 60 days, the cure period may be extended for such other period as may be agreed between the Manager and the Trustee;

(iv) if the Unitholders, by Extraordinary Resolution duly passed at a meeting of Unitholders held in accordance with the provisions of the Trust Deed, and of which not less than 21 days' notice has been given to the Trustee and the Manager, shall so decide; or

(v) if the MAS directs that the Trustee be removed.

6.3 Trustee's Fee

The Trustee's fee is presently charged on a scaled basis of up to 0.015% per annum of the value of the Deposited Property, excluding out-of-pocket expenses and GST in accordance with the Trust Deed.

The actual fee payable will be determined between the Manager and the Trustee from time to time.

Any increase in the maximum permitted amount or any change in the structure of the Trustee's fee must be approved by an Extraordinary Resolution at a

Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

7. TERMINATION OF LREIT

Under the provisions of the Trust Deed, the duration of LREIT shall end on the earliest of:

7.1.1 the date on which LREIT is terminated by the Manager in such circumstances as set out under the provisions of the Trust Deed as described below; or

7.1.2 the date on which LREIT is terminated by the Trustee in such circumstances as set out under the provisions of the Trust Deed as described below.

The Manager may in its absolute discretion terminate LREIT by giving notice in writing to all Unitholders or, as the case may be, the Depository and the Trustee not less than three months in advance and to the MAS not less than seven days before the termination in any of the following circumstances:

7.1.3 if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable for LREIT to exist;

7.1.4 if the NAV of the Deposited Property shall be less than S$50.0 million after the end of the first anniversary of the date of the Trust Deed or any time thereafter; and

7.1.5 if at any time LREIT becomes unlisted after it has been listed.

Subject to the SFA and any other applicable law or regulation, LREIT may be terminated by the Trustee by giving notice in writing in any of the following circumstances:

7.1.6 if the Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Manager or if any encumbrancer shall take possession of any of its assets or if it shall cease business and the Trustee fails to appoint a successor manager in accordance with the provisions of the Trust Deed;

7.1.7 if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable for LREIT to exist; or

7.1.8 if within the period of three months from the date of the Trustee expressing in writing to the Manager the desire to retire, the Manager shall have failed to appoint a new trustee in accordance with the provisions of the Trust Deed.

The decision of the Trustee in any of the events specified above shall be final and binding upon all the parties concerned but the Trustee shall be under no liability on account of any failure to terminate LREIT pursuant to any of the paragraphs above or otherwise. The Manager shall accept the decision of the Trustee and relieve the Trustee of any liability to it and hold it harmless from any claims whatsoever on its part for damages or for any other relief.

Generally, upon the termination of LREIT, the Trustee shall, subject to any authorisations or directions given to it by the Manager and/or the Unitholders and pursuant to the Trust Deed, sell the Deposited Property and repay any borrowings incurred on behalf of LREIT in accordance with the Trust Deed (together with any interest accrued but remaining unpaid) as well as all other debts and liabilities in respect of LREIT before distributing the balance of the Deposited Property to the Unitholders in accordance with their proportionate interests in LREIT.

8. MISCELLANEOUS

8.1 Valuations

A full valuation of each of the real estate assets held by LREIT will be carried out at least once a year in accordance with the Property Funds Appendix. Generally, where the Manager proposes to issue new Units (except in the case where new Units are being issued in payment of the Manager's Management Fees and in payment of the Property Manager's property management fee) or to redeem existing Units, a valuation of the real properties held by LREIT must be carried out in accordance with the Property Funds Appendix. The Manager or the Trustee may at any other time arrange for the valuation of any of the real properties held by LREIT if it is of the opinion that it is in the best interest of Unitholders to do so.

8.2 Soft Dollars

The Manager does not intend to receive soft dollars (as defined in the CIS Code) in respect of LREIT. Save as disclosed in this Circular, unless otherwise permitted under the Listing Manual, neither the Manager nor any of its Associates will be entitled to receive any part of any brokerage charged to LREIT, or any part of any fees, allowances or benefits received on purchases charged to LREIT.

8.3 Prices of the Units

While LREIT is listed on the SGX-ST, investors may check the SGX-ST website http://www.sgx.com for the prices at which Units are being traded on the SGX-ST. Investors may also check one or more major Singapore newspapers such as The Straits Times, The Business Times and Lianhe Zaobao, for the price range within which Units were traded on the SGX-ST on the preceding day.

8.4 CPF Investment Scheme

Investors who are members of the CPF in Singapore may use their CPF Ordinary Account savings to purchase Units as an investment included under the CPF Investment Scheme – Ordinary Account. CPF members are allowed to invest up to 35.0% of the investible savings in their CPF Ordinary Accounts to purchase Units.

8.5 Trading

The Units will be traded under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Units through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

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 account-holders and facilitates the clearance and settlement of securities transactions between account-holders through electronic book-entry changes in the Securities Accounts maintained by such accountholders with CDP.

The Units will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and Depository Agents in the Depository Register maintained by CDP will be treated as Unitholders in respect of the number of Units credited to their respective Securities Accounts.

Transactions in the Units under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Units sold and the buyer's Securities Account being credited with the number of Units acquired and no transfer stamp duty is currently payable for the transfer of Units that are settled on a book-entry basis.

Units credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. Units credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and the applicable fee payable to CDP. All persons trading in the Units through the SGX-ST should ensure that the relevant Units have been credited into their Securities Account, prior to trading in such Units, since no assurance can be given that the Units can be credited into the Securities Account in time for settlement following a dealing. If the Units have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

8.6 Distribution Policy

LREIT will distribute at least 90.0% of its adjusted net cashflow from operations on a semi-annual basis. The actual level of distribution will be determined at the Manager's discretion.

APPENDIX E

INFORMATION ON THE MANAGER AND CORPORATE GOVERNANCE

1. LREIT

1.1 The Manager

The Manager, Lendlease Global Commercial Trust Management Pte. Ltd., was incorporated in Singapore under the Companies Act on 21 January 2019. As at the Latest Practicable Date, the Manager has an issued and paid-up capital of S$1,000,000. Its principal place of business is located at 2 Tanjong Katong Road, #05-01 Paya Lebar Quarter, Singapore 437161, and its telephone number is +65 6671 6600. The Manager is wholly-owned by Lendlease Singapore Holdings Pty Limited ("**Lendlease Singapore Holdings**"), which is part of the Sponsor Group.

The Manager has been issued a CMS Licence pursuant to the SFA on 13 September 2019 and is regulated by the MAS. The Manager has been the manager of LREIT for approximately two years since 2 October 2019.

2. THE MANAGER OF LREIT

2.1 Management Reporting Structure

2.2 Board of Directors of the Manager

There will be no change to the Board pursuant to the Acquisition. The Board is entrusted with the responsibility for the overall management of the Manager. The following table sets forth certain information regarding the Directors:

Name	Age	Address	Position
Ms Ng Hsueh Ling	55	c/o 2 Tanjong Katong Road, #05-01 Paya Lebar Quarter, Singapore 437161	Chairperson and Non-Independent Non-Executive Director and Member of the Nomination and Remuneration Committee
Dr Tsui Kai Chong	66	c/o 2 Tanjong Katong Road, #05-01 Paya Lebar Quarter, Singapore 437161	Independent Non-Executive Director, Lead Independent Director, Chairperson of the Audit and Risk Committee and Member of the Nomination and Remuneration Committee
Mr Simon John Perrott	64	c/o 2 Tanjong Katong Road, #05-01 Paya Lebar Quarter, Singapore 437161	Independent Non-Executive Director, Member of the Audit and Risk Committee and Member of the Nomination and Remuneration Committee
Mrs Lee Ai Ming	67	c/o 2 Tanjong Katong Road, #05-01 Paya Lebar Quarter, Singapore 437161	Independent Non-Executive Director, Member of the Audit and Risk Committee and Chairperson of the Nomination and Remuneration Committee
Mr Justin Marco Gabbani	40	c/o 2 Tanjong Katong Road, #05-01 Paya Lebar Quarter, Singapore 437161	Non-Independent Non-Executive Director and Member of the Audit and Risk Committee

Listed Company Experience

A majority of the directors of the Manager has served as a director of a public-listed company and/or manager of a public-listed REIT. Appropriate arrangements have been made to orientate the directors of the Manager in acting as a director of the manager of a public-listed REIT. The Board collectively has the appropriate experience to act as the directors of the Manager and is familiar with the rules and responsibilities of a director of a public-listed company and/or manager of a public-listed REIT.

Pursuant to Rule 210(5)(a) of the Listing Manual, a director who has no prior experience as a director of an issuer listed on the SGX-ST ("**First-time Director**") must undergo mandatory training with the Singapore Institute of Directors in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST (“**Mandatory Training**”). In this regard, Mr Justin Marco Gabbani is a First-time Director who has attended Mandatory Training.

Family Relationship

None of the directors of the Manager are related to one another, any substantial shareholder of the Manager or any Substantial Unitholder.

Independent Directors

None of the Independent Directors of the Board sits on the boards of the principal subsidiaries of LREIT that are based in jurisdictions other than in Singapore. Each of the Independent Directors of the Manager confirms that they are able to devote sufficient time to discharge their duties as an Independent Director of the Manager.

Under the Securities and Futures (Licensing and Conduct of Business) Regulations (“**SFR-LCB**”), a director of the Manager is an independent director if, among others, the director is independent from every substantial shareholder of the Manager and every substantial unitholder of LREIT and is independent from any business relationship with the Manager and LREIT. Under the SFR-LCB, a director is considered (i) not to be independent from every substantial shareholder of the Manager and every substantial unitholder of LREIT if, among others, the director is a director of a related corporation of the Manager, and (ii) not to be independent from business relationships with the Manager and LREIT if, among others, the director has received any payment from a related corporation of the Manager at any time during the current or immediately preceding financial year of the Manager, other than salary received for the director’s service as an employee of such related corporation of the Manager. However, under the SFR-LCB, a director who is not considered to be independent from every substantial shareholder of the Manager and every substantial unitholder of LREIT and/or independent from business relationships with the Manager and LREIT may nevertheless be treated as an independent director of the Manager if the Board of Directors of the Manager (the “Board”) is satisfied that the director is able to act in the best interests of all the Unitholders as a whole.

Independence of Mr Simon John Perrott

Mr Simon John Perrott is currently an independent non-executive director and a member of the Audit and Risk Management Committee of Lendlease Real Estate Investments Limited (“**LLREIL**”), a wholly owned subsidiary of the Sponsor. LLREIL holds an Australian financial services licence granted by the Australian Securities and Investments Commission (“**ASIC**”) and it currently acts as the responsible entity and operates five registered managed investment schemes in Australia on behalf of third party investors. In connection with his role as an independent non-executive director of LLREIL, he is paid certain director fees by LLREIL. In addition, Mr Perrott is an independent non-executive director of Retirement Benefit Fund Pty Limited, which is the trustee for the Lendlease Retirement Benefit Fund, a non-profit organisation used to benefit charitable style purposes of the Lendlease Foundation (such as the Lendlease Community Day where employees globally assist their local communities, for example, maintenance of schools/hospitals, clean-up and painting campaigns etc.) and other charitable purposes determined by the board of Retirement Benefit Fund Pty Limited. The board of Retirement Benefit Fund Pty Limited comprises a number of independent directors (such as Mr Perrott) who determine the appropriate usage of the funds consistent with the charter of, Retirement Benefit Fund Pty Limited. In connection with his role as an independent non-executive director of Retirement Benefit Fund Pty Limited, Mr Perrott is paid certain director fees by Retirement Benefit Fund Pty Limited. Lendlease Retirement Benefit Fund has no connection with LREIT.

In light of the foregoing, the Board has reviewed the independence of Mr Perrott from business relationships with the Manager and LREIT. Having carried out such review, the Board is satisfied that the business relationship described above will not interfere with Mr Perrott's independent judgement and ability to act with regard to the interests of all the Unitholders as a whole. Accordingly, the Board is satisfied that Mr Perrott is able to act in the best interests of all the Unitholders as a whole and is therefore an independent director of the Manager and is also considered independent under the Code of Corporate Governance 2018 as well.

The Board has reached this conclusion based on the following reasons:

2.2.1 Mr Perrott is not and has never been employed by any member of the Lendlease Group. His only roles with the Lendlease Group are his appointment as independent non-executive directors of LLREIL and Retirement Benefit Fund Pty Limited;

2.2.2 LLREIL is a licensed entity regulated by ASIC and manages funds which are invested in by third party investors. As a licensed entity, LLREIL is required to meet certain board independence requirements as well and Mr Perrott is considered an independent director in respect of LLREIL. In addition, Retirement Benefit Fund Pty Limited is a non-profit organisation used to benefit charitable style purposes of the Lendlease Foundation (such as the Lendlease Community Day where employees globally assist their local communities, for example, maintenance of schools/hospitals, clean-up and painting campaigns, etc.) and other charitable purposes determined by the board of Retirement Benefit Fund Pty Limited. The board of Retirement Benefit Fund Pty Limited comprises a number of independent directors (such as Mr Perrott) who determine the appropriate usage of the funds consistent with the charter of Retirement Benefit Fund Pty Limited;

2.2.3 save for director fees paid by LLREIL to Mr Perrott which is incidental to his appointment as an independent director of LLREIL, Mr Perrott does not receive any cash or other compensation from the Lendlease Group; and

2.2.4 Mr Perrott does not fall within any of the circumstances set out under Rule 210(5)(d) of the Listing Manual which would make him not independent.

Further, Mr Perrott has shown independent judgement in his deliberation of the interests of LREIT. Mr Perrott's participation in the Board will benefit LREIT given his expertise.

The Nomination and Remuneration Committee is of the opinion that the Independent Directors are able to devote sufficient time to discharge their duties as Independent Directors of the Manager.

Experience and Expertise of the Board of Directors of the Manager

Information on the business and working experience of the directors of the Manager is set out below:

Ms Ng Hsueh Ling is the Chairperson of the Board and a Non-Independent Non-Executive Director of the Manager. She is also a Member of the Nomination and Remuneration Committee.

Ms Ng is the Managing Director & Country Head, Singapore of Lendlease since 2017. She is responsible for developing, overseeing and inputting mid to long term strategies for Singapore and the REIT's investments, products and services to drive growth for Singapore and the REIT. She leads and directs all aspects of the country's operations, managing and monitoring standards of delivery and deployment of resources. She reviews and monitors the development, construction and performance of investments to ensure partnerships, funds and asset value growth and profit opportunities are compatible with the Company's objectives and acceptable risk standards. Prior to joining Lendlease, she was the Chief Executive Officer of Keppel REIT Management Limited, the manager of Keppel REIT, from 2009 to 2017, Chief Executive Officer, Korea & Japan and Senior Vice President of Fund Business Development and Real Estate Fund Management of Ascendas Pte. Ltd. from 2005 to 2009, Vice President of Real Estate Capital Management with CapitaLand Financial Ltd. from 2002 to 2005 and

Vice President of Investment & Investment Sales with CapitaLand Commercial Ltd. from 2000 to 2001.

Ms Ng graduated with a Bachelor of Science (Estate Management) from the National University of Singapore. She is also a Fellow of the Singapore Institute of Surveyors and Valuers and a licensed appraiser for Lands and Buildings with the Inland Revenue Authority of Singapore.

Dr Tsui Kai Chong is the Lead Independent Non-Executive Director of the Manager. He is also the Chairperson of the Audit and Risk Committee and a Member of the Nomination and Remuneration Committee.

Dr Tsui was previously the Provost of the Singapore University of Social Sciences from 2005 to 2021, and the Vice Provost, Singapore Management University from 1998 to 2005, where he was in charge of undergraduate and graduate programmes.

Dr Tsui is also currently an independent non-executive director of Digital Core REIT Management Pte. Ltd., the manager of Digital Core REIT, and a non-executive director of the Intellectual Property Office of Singapore, a position he has held since 2015. He had previously served as a member of the boards of IP Academy, National Council of Social Service, Keppel Land Limited and was also chairman of the manager of Keppel REIT.

Dr Tsui received his Chartered Financial Analyst qualification in 1993. He holds a Master of Philosophy and a Doctor of Philosophy from the Graduate School of Business Administration of New York University.

Mr Simon John Perrott is an Independent Non-Executive Director of the Manager. He is also a Member of the Nomination and Remuneration Committee and Member of the Audit and Risk Committee.

Mr Perrott was previously the Chairman of CIMB Bank Australia from 2012 to 2014 and the Chairman of RBS Australia from 2009 to 2012. From 2002 to 2009, he held various roles in ABN AMRO Bank N.V. where his last held role was Co-Head of Banking. He is currently also an independent non-executive director of LLREIL, a wholly-owned subsidiary of the Sponsor, which holds an Australian financial services licence granted by the Australian Securities and Investments Commission and which is the fund manager of certain of Lendlease's funds. In addition, Mr Perrott is an independent non-executive director of Retirement Benefit Fund Pty Limited, which is the trustee for the Lendlease Retirement Benefit Fund, a non-profit organisation. He is also a director of The Wayside Chapel, a charity and parish mission in Sydney.

Mr Perrott holds a Bachelor of Science from the University of Melbourne and a Master of Business Administration from the University of New South Wales.

Mrs Lee Ai Ming is an Independent Non-Executive Director of the Manager. She is also the Chairperson of the Nomination and Remuneration Committee and a Member of the Audit and Risk Committee.

Mrs Lee has been a Senior Consultant with Dentons Rodyk & Davidson LLP since 2015. Prior to that, she was the Deputy Managing Partner of Dentons Rodyk & Davidson LLP (then known as Rodyk & Davidson LLP), having joined the firm in 1982. She has previously served on the boards of Keppel Telecommunications & Transportation Ltd, HTL International Holdings Pte. Ltd., Keppel Land Limited, Keppel REIT Management Limited (the manager of Keppel REIT) and the Agri-Food and Veterinary Authority as an independent director. She is also a Justice of the Peace, having been appointed in 2016.

Mrs Lee holds a Bachelor of Laws (Honours) from the University of Singapore (now known as the National University of Singapore).

Mr Justin Marco Gabbani is a Non-Independent Non-Executive Director of the Manager. He is also a member of the Audit and Risk Committee.

Mr Gabbani is the Chief Executive Officer Asia of Lendlease, where he is responsible for developing strategies for the growth of Lendlease's business and operations in Asia. He joined Lendlease Group in Sydney in 2003 and has been based in Singapore since 2011.

Mr Gabbani has played a key role in the growth of Asia's integrated businesses over the last 15 years and brings with him many years of experience in strategy, corporate finance, capital markets, investment management, development and construction. Prior to his appointment as the Chief Executive Officer Asia, Mr Gabbani was the Chief Financial Officer Asia of Lendlease. In this position, he was responsible for several key functional areas across Asia including finance, investment & capital markets, research and strategy.

Mr Gabbani holds a Bachelor of Finance and Bachelor of Commerce from Bond University, Queensland and is a Chartered Accountant (CA).

List of Present and Past Principal Directorships of Directors

A list of the present and past directorships of each director of the Manager over the last five years preceding the Latest Practicable Date is set out in Appendix G, "List of Other Principal Directorships of Directors".

Roles of the Board of Directors

The key roles of the Board are to:

2.2.5 guide the corporate strategy and direction of the Manager;

2.2.6 ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise; and

2.2.7 oversee the proper conduct of the Manager.

The Board comprises five directors. The audit and risk committee of the Board (the "**Audit and Risk Committee**") comprises Dr Tsui Kai Chong, Mr Simon John Perrott, Mrs Lee Ai Ming and Mr Justin Marco Gabbani. Dr Tsui Kai Chong is Chairperson of the Audit and Risk Committee. The nomination and remuneration committee of the Board (the "**Nomination and Remuneration Committee**") comprises Mrs Lee Ai Ming, Dr Tsui Kai Chong, Mr Simon John Perrott and Ms Ng Hsueh Ling. Mrs Lee Ai Ming is Chairperson of the Nomination and Remuneration Committee.

The Board meets to review the key activities and business strategies of the Manager. The Board meets regularly, at least once every quarter, to deliberate on the strategies of LREIT, including acquisitions and divestments, funding and hedging activities, approval of the annual budget and review of the performance of LREIT. The Board or the relevant board committee also reviews LREIT's key financial risk areas and the outcome of such reviews are disclosed in the annual report or where the findings are material, immediately announced via SGXNET.

Each director of the Manager has been appointed on the basis of his or her professional experience and ability to contribute to the proper guidance of LREIT.

The Board has in place a set of internal controls which sets out approval limits for operational and capital expenditures, investments and divestments, bank borrowings and cheque signatory arrangements. In addition, sub-limits are delegated to various management levels to facilitate operational efficiency.

The Board, with the concurrence of the Audit and Risk Committee, is of the opinion that the risk management system and system of internal controls in place as at 30 June 2021 are adequate and effective to address in all material respects the financial, operational, compliance and information technology risks within the current scope of LREIT's business operations.

The members of the Audit and Risk Committee will monitor changes to regulations and accounting standards closely. To keep pace with regulatory changes, where these changes have an important bearing on the Manager's or its directors' disclosure obligations, the directors of the Manager will be briefed either during Board meetings or at specially convened sessions involving relevant professionals.

The positions of Chairperson of the Board and Chief Executive Officer are separately held by two persons in order to maintain an effective check and balance. The Chairperson of the Board is Ms Ng Hsueh Ling, while the Chief Executive Officer is Mr Kelvin Chow Chung Yip. The Lead Independent Director is Dr Tsui Kai Chong.

As at the Latest Practicable Date, majority of the directors of the Manager are independent and non-executive. This enables the management to benefit from their external, diverse and objective perspective on issues that are brought before the Board. It also enables the Board to interact and work with the management through a robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the roles of the Chairperson and the Chief Executive Officer, provides a healthy professional relationship between the Board and the management, with clarity of roles and robust oversight as they deliberate on the business activities of the Manager.

Executive Officers of the Manager

The executive officers of the Manager are entrusted with responsibility for the daily operations of the Manager. The following table sets forth information regarding the executive officers of the Manager:

Name	Age	Address	Position
Mr Kelvin Chow Chung Yip	49	c/o 2 Tanjong Katong Road, #05-01 Paya Lebar Quarter, Singapore 437161	Chief Executive Officer
Mr Liaw Liang Huat Joshua	42	c/o 2 Tanjong Katong Road, #05-01 Paya Lebar Quarter, Singapore 437161	Executive General Manager, Finance
Mr Victor Shen Weide	40	c/o 2 Tanjong Katong Road, #05-01 Paya Lebar Quarter, Singapore 437161	Senior Finance Manager
Ms Ling Bee Lin	41	c/o 2 Tanjong Katong Road, #05-01 Paya Lebar Quarter, Singapore 437161	Senior Manager, Investor Relations
Mr Mark Louis	30	c/o 2 Tanjong Katong Road, #05-	Manager, Investment and

Name	Age	Address	Position
Yong Zhi Peng		01 Paya Lebar Quarter, Singapore 437161	Investor Relations

Experience and Expertise of the Executive Officers of the Manager

Information on the working experience of the executive officers of the Manager is set out below:

Mr Kelvin Chow Chung Yip is the Chief Executive Officer of the Manager.

Mr Chow was appointed CEO of Lendlease Global Commercial Trust Management Pte. Ltd. in 2019. He has over 27 years of experience in finance and accounting matters, tax and treasury and capital management, of which more than 16 years are in direct real estate investments and fund management. Prior to this appointment, Mr Chow was the Managing Director of Investment Management in Asia from 2018 where he managed the overall performance of the Asia funds platform and asset management function. Before joining Lendlease, he was the Chief Financial Officer of various REITs where he played a vital role to oversee the company's financial activities.

Mr Chow holds a Master of Business Administration from Universitas 21 Global. He is a Fellow of the Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants.

Mr Liaw Liang Huat Joshua is the Executive General Manager, Finance of the Manager.

Mr Liaw was appointed Executive General Manager, Finance of Lendlease Global Commercial Trust Management Pte. Ltd. in 2019. He has over 15 years of experience in real estate finance and banking. He was previously a General Manager, Finance of Lendlease in Singapore, where he was responsible for the finance functions across Lendlease's operating businesses in Singapore. Mr Liaw joined Lendlease as its Head of Treasury, Asia in 2014, where he was responsible for all debt capital management and treasury activities for the Asia region. Prior to joining Lendlease, he had ten years of banking experience as a real estate coverage banker in Standard Chartered Bank and Citibank.

Mr Liaw holds a Bachelor of Science in Economics (Summa cum Laude) from the Singapore Management University Manager and a Bachelor of Business (Transport & Logistics Management) with Distinction from the Royal Melbourne Institute of Technology.

Based on Mr Liaw's experience in financial control and planning in the real estate industry, the ARC is of the view that Mr Liaw is suitably qualified for the role of Executive General Manager, Finance.

Mr Victor Shen Weide is the Senior Finance Manager of the Manager.

Mr Shen has approximately 17 years of experience in accounting, finance, budgeting, tax, compliance, audit and reporting, of which more than six years are in real estate investment finance and over seven years are in SGX listed entities.

Prior to joining the Manager, he was a Finance Manager with Mapletree Logistics Trust Management Ltd responsible for its consolidation and reporting function.

Mr Shen holds a Bachelor of Business in Accountancy from the Singapore Institute of Management (RMIT University) and is a Certified Public Accountant with CPA Australia.

Ms Ling Bee Lin is the Senior Manager, Investor Relations of the Manager.

Ms Ling has approximately nine years of experience in investor relations and corporate communications. Prior to joining the Manager, she was handling investor relations and corporate communications at another business trust listed on the SGX-ST.

Ms Ling holds a Bachelor of Commerce Degree in Management and Hospitality & Tourism Management from Murdoch University.

Mr Mark Louis Yong Zhi Peng is the Manager, Investment and Investor Relations of the Manager.

Mr Yong is responsible for sourcing, evaluating and executing potential real estate acquisitions in line with the overall investment strategy of LREIT. Prior to joining the Manager, Mr Yong was an Investment Analyst involved in the management of private equity funds and investment mandates under Lendlease Investment Management in Asia.

Mr Yong holds a Bachelor of Science (Real Estate) with Honours (Highest Distinction) from the National University of Singapore.

Roles of the Executive Officers of the Manager

The **Chief Executive Officer** of the Manager works with the Board to determine the strategy for LREIT. The Chief Executive Officer also works with the other members of the management team to ensure that LREIT operates in accordance with the Manager's stated investment strategy. Additionally, the Chief Executive

Officer is responsible for planning the future strategic development of LREIT. The Chief Executive Officer is also responsible for the overall day-to-day management and operations of LREIT and working with the Manager's investment, asset management, financial and legal and compliance personnel in meeting the strategic, investment and operational objectives of LREIT.

The **Executive General Manager, Finance** of the Manager works with the Chief Executive Officer and the other members of the management team to formulate strategic plans for LREIT in accordance with the Manager's stated investment strategy. The Executive General Manager, Finance is responsible for applying the appropriate capital management strategy, including tax and treasury matters, as well as finance and accounting matters, overseeing implementation of LREIT's short and medium-term business plans, fund management activities and financial condition.

The **Senior Finance Manager** of the Manager will work with the Executive General Manager, Finance and other members of the finance, asset management and investment teams and is responsible for assisting the Executive General Manager, Finance in the finance and accounting matters of LREIT including financial reporting, taxation, treasury, corporate finance and capital management.

The **Senior Manager, Investor Relations**, of the Manager collaborates closely with the finance, asset management, investment and sustainability teams to effectively communicate LREIT's business strategy and developments to analysts, the investment community and other stakeholders through various communication channels. These efforts are guided by a clearly defined set of principles and practices set out in the Manager's IR policy, available on LREIT's corporate website.

The **Manager, Investment & Investor Relations,** of the Manager will work with the Chief Executive Officer and the other members of the management team to formulate and execute the investment strategy of the Manager. The Manager, Investment & Investor Relations is responsible for identifying, researching and evaluating potential acquisitions and related investments with a view to enhancing LREIT's portfolio, or divestments where a property is no longer strategic, fails to enhance the value of LREIT's portfolio or fails to be yield accretive. In order to support these various initiatives, the investment team will develop financial models to test the financial impact of different courses of action. The Manager, Investment & Investor Relations also supports the Senior Manager, Investor Relations in communications with LREIT's stakeholders.

2.3 Roles and Responsibilities of the Manager

The Manager has general powers of management over the assets of LREIT. The Manager's main responsibility is to manage LREIT's assets and liabilities for the benefit of Unitholders.

The Manager will set the strategic direction and provide, among others, the following services to LREIT:

2.3.1 Investment: Formulating LREIT's investment strategy, including determining the location, sub-sector type and other characteristics of LREIT's property portfolio, overseeing negotiations and providing supervision in relation to investments of LREIT and making final recommendations to the Trustee.

2.3.2 Asset management: Formulating LREIT's asset management strategy, including determining tenant mix, asset enhancement works and rationalising operation costs. Providing supervision in relation to asset management of LREIT and making final recommendations to the Trustee on material matters.

2.3.3 Capital management: Formulating plans for equity and debt financing for LREIT's property acquisitions, distribution payments, expense payments and property maintenance payments, executing capital and financial risk management plans, negotiating with financiers and underwriters and making final recommendations to the Trustee.

2.3.4 Accounting: Preparing accounts, financial reports and annual reports for LREIT on a consolidated basis.

2.3.5 Compliance: Making all regulatory filings on behalf of LREIT, and using commercially reasonable efforts to assist LREIT in complying with the applicable provisions of the SFA and all other relevant legislation, the Listing Manual, the CIS Code (including the Property Funds Appendix), the Take-Over Code, the Trust Deed, the CMS Licence, any tax ruling and all relevant contracts.

2.3.6 Investor relations: Communicating and liaising with investors, analysts and the investment community.

The Manager has covenanted in the Trust Deed to use its best endeavours to:

2.3.7 carry on and conduct its business in a proper and efficient manner;

2.3.8 ensure that LREIT's operations are carried on and conducted in a proper and efficient manner; and

2.3.9 conduct all transactions with or for LREIT on an arm's length basis and on normal commercial terms.

The Manager will prepare property plans on a regular basis, which may contain proposals and forecasts on Gross Revenue, capital expenditures, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions. The purpose of these plans is to monitor the performance of LREIT's properties.

The Manager may require LREIT to borrow or may recommend that its subsidiaries borrow, (upon such terms and conditions as the Manager deems fit, including the charging or mortgaging of all or any part of the Deposited Property) whenever the Manager considers that such borrowings are necessary or desirable including in order to enable LREIT to meet any liabilities or to finance the acquisition of any property. However, the Manager must not direct the Trustee, or such subsidiary, to incur a borrowing if to do so would mean that LREIT's total borrowings and deferred payments will exceed the limit stipulated by the MAS based on the value of its Deposited Property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units).

In the absence of fraud, gross negligence, wilful default or breach of the Trust Deed by the Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the Trust Deed. In addition, the Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as Manager, to have recourse to the Deposited Property or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence, wilful default or breach of the Trust Deed by the Manager.

The Manager may, in managing LREIT and in carrying out and performing its duties and obligations under the Trust Deed, with the written consent of the Trustee, appoint such person to exercise any or all of its powers and discretions and to perform all or any of its obligations under the Trust Deed, provided always that the Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

2.4 Fees Payable to the Manager

Management Fee

The Manager is entitled under the Trust Deed to the following management fees:

2.4.1 a Base Fee at the rate of 0.3% per annum of LREIT's Deposited Property; and

2.4.2 a Performance Fee at the rate of 5.0% per annum of LREIT's NPI calculated before accounting for the Performance Fee in the relevant Financial Year.

During its tenure as manager of LREIT, the Manager may elect to receive the Base Fee and Performance Fee in the form of cash and/or Units (as the Manager may elect), in such proportions as may be determined by the Manager.

Any increase in the rate or any change in the structure of the Management Fee must be approved by an Extraordinary Resolution passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed. For the avoidance of doubt, the Manager's change in its election to receive cash or Units or a combination of cash and Units is not considered as a change in structure of the Management Fee.

Where the Base Fee and the Performance Fee are payable in the form of Units, such payment shall be made within 30 days of the last day of every calendar quarter (in relation to the Base Fee), and every financial year (in relation to the Performance Fee), or such longer period as the Manager may determine in the event that the Base Fee and/or Performance Fee cannot be computed within 30 days of the last day of the relevant period, in arrears.

Where the Base Fee and the Performance Fee is payable in the form of cash, such payment shall be made within 30 days of the last day of every calendar month (in relation to the Base Fee) or financial year (in relation to the Performance Fee) (or such longer period as the Manager may determine in the event that the Base Fee and/or Performance Fees cannot be computed within 30 days of the last day of the relevant period), in arrears and in the event that cash is not available to make the whole or part of such payment, then payment of such Base Fee or Performance Fee due and payable to the Manager shall be deferred to the next calendar month when cash is available.

The Base Fee for every calendar month shall be computed and paid based on the management accounts of LREIT for the relevant calendar month. The Base Fee shall be adjusted based on the management accounts of LREIT reviewed by the auditors for such period to be determined by the Manager and shall be adjusted by the amount by which the total Base Fee for that relevant period's management accounts exceeds the total payments that have been made for that relevant period. Should the total payments that have been made for the relevant period exceed the total amount of Base Fee that should have been paid based on the relevant period's management accounts, the Manager shall refund the excess to LREIT as soon as reasonably practicable. For the avoidance of doubt, any refund due from and payable by the Manager shall be made in the form of cash regardless of whether or not the Base Fee was originally received by the Manager in the form of Units or cash.

The Base Fee shall accrue on each day of each calendar quarter (or such other period as may be agreed between the Manager and the Trustee) in respect of the period up to and including the last day of that calendar quarter or such other period as may be agreed between the Manager and the Trustee. The amount accruing on each day of each calendar quarter shall be a sum equal to the appropriate percentage of the value of the Deposited Property on the last day of the calendar quarter (or such other period as may be agreed between the Manager and the Trustee) multiplied by the number of days in the relevant period and divided by 365 or as the case may be, 366 days, in the case of a leap year. The "appropriate percentage" shall be the rate of Base Fee applicable on the relevant day.

Acquisition Fee and Divestment Fee

The Manager is also entitled to:

2.4.3 an Acquisition Fee of 1.0% of each of the following as is applicable (subject to there being no double counting):

(i) the acquisition price of any Real Estate purchased, whether directly or indirectly through one or more SPVs, by LREIT (plus any other payments[1] in addition to the acquisition price made by LREIT or its SPVs to the vendor in connection with the purchase of the Real Estate) (pro-rated, if applicable, to the proportion of LREIT's interest);

(ii) the underlying value[2] of any Real Estate which is taken into account when computing the acquisition price payable for the equity

1 "**Other payments**" refer to additional payments to the vendor of the asset, for example, where the vendor has already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the acquisition price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

2 For example, if LREIT acquires an SPV which holds Real Estate, such underlying value would be the value of the Real Estate derived from the amount of equity ascribed to the asset which will be paid to LREIT as the purchase price plus any debt at the level of the SPV.

interests of any vehicle holding directly or indirectly the Real Estate purchased by LREIT, whether directly or indirectly through one or more SPVs (plus any additional payments made by LREIT or its SPVs to the vendor in connection with the purchase of such equity interests) (pro-rated, if applicable, to the proportion of LREIT's interest); or

(iii) the acquisition price of any investment purchased by LREIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring Real Estate or any debt securities which are secured whether directly or indirectly by the rental income from Real Estate; and

2.4.4 a Divestment Fee equivalent to 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of each of the following as is applicable (subject to there being no double-counting):

(i) the sale price of any Real Estate sold or divested, whether directly or indirectly through one or more SPVs, by LREIT (plus any other payments[3] in addition to the sale price received by LREIT or its SPVs from the purchaser in connection with the sale or divestment of the Real Estate) (pro-rated, if applicable, to the proportion of LREIT's interest);

(ii) the underlying value[4] of any Real Estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the Real Estate, sold or divested, whether directly or indirectly through one or more SPVs, by LREIT (plus any additional payments received by LREIT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests) (pro-rated, if applicable, to the proportion of LREIT's interest); or

(iii) the sale price of any investment sold or divested by LREIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or

3 "**Other payments**" refer to additional payments to LREIT or its SPVs for the sale of the asset, for example, where LREIT or its SPVs have already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the sale price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

4 For example, if LREIT sells or divests an SPV which holds Real Estate, such underlying value would be the value of the Real Estate derived from the amount of equity ascribed to the asset which will be paid to LREIT as the sale price plus any debt at the level of the SPV.

acquiring Real Estate or any debt securities which are secured whether directly or indirectly by the rental income from Real Estate.

For the avoidance of doubt, the acquisition price or, as the case may be, the acquisition value, shall take into account any completion or other price or value adjustment to be made post-completion.

For the avoidance of doubt, the Divestment Fee is payable in respect of any divestment of Real Estate assets to both third parties and interested parties.

For the avoidance of doubt, the sale price, or as the case may be, the sale value, shall take into account any completion or other price or value adjustment to be made post-completion.

Any payment to third party agents[5] or brokers in connection with the acquisition or divestment of any real estate of LREIT shall be paid to such persons out of the Deposited Property of LREIT or the assets of the relevant SPV, and not out of the Acquisition Fee or the Divestment Fee received or to be received by the Manager.

The Acquisition Fee and Divestment Fee are payable to the Manager in the form of cash and/or Units (as the Manager may elect), in such proportions as may be determined by the Manager, at the issue price of Units issued to finance or part finance the acquisition in respect of which the Acquisition Fee is payable or in all other instances the then prevailing market price(s). In respect of any acquisition and sale or divestment of real estate assets from/to interested parties, such a fee should be in the form of Units issued by LREIT at prevailing market price(s) and such Units should not be sold within one year from the date of their issuance.

The Acquisition Fee and Divestment Fee are payable as soon as practicable after completion of the acquisition or, as the case may be, sale or disposal.

Any increase in the maximum permitted level of the Manager's Acquisition Fee or Divestment Fee must be approved by an Extraordinary Resolution passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Development Management Fee

The Manager is entitled to receive a Development Management Fee equivalent to 3.0% of the Total Project Costs incurred in a Development Project (each defined

5 These third party agents or brokers could be property agents who are engaged for the purpose of acquiring or divesting assets or auctioneers (where assets are to be acquired or divested through auction sales).

herein) undertaken by the Manager on behalf of LREIT (less any development management fee paid to the Property Managers).

In addition, when the estimated Total Project Costs is greater than S$100.0 million, the Trustee and the Manager's independent directors will first review and approve the quantum of the Development Management Fee whereupon the Manager may be directed by its independent directors to reduce the quantum of the Development Management Fee. Further, in cases where the independent directors of the Manager are of the view that the market pricing for comparable services is materially lower than the Development Management Fee, the independent directors of the Manager shall have the discretion to direct the Manager to accept a Development Management Fee which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken on behalf of the LREIT.

Any increase in the maximum permitted level of the Manager's Development Management Fee or must be approved by an Extraordinary Resolution passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

The Development Management Fee is payable to the Manager in the form of cash and/or Units (as the Manager may elect in its sole discretion).

The Development Management Fee is payable in equal monthly instalments over the construction period of each Development Project based on the Manager's best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount when the Total Project Costs are finalised.

As land costs will not be included in the computation of Total Project Costs, the Manager shall be entitled to receive an Acquisition Fee on the land costs.

The Manager may at its sole discretion appoint one or more service providers to perform all or some of the development management services provided that the Manager remains at all times responsible for the development management services provided by the service provider(s) and the Manager shall be entitled to the full Development Management Fee notwithstanding the appointment of such service provider(s).

LREIT will only undertake development activities within the limits of the Property Funds Appendix. The Property Funds Appendix provides that a REIT should commit no more than 10.0% of its deposited property to development and investments in uncompleted property developments. The 10.0% limit may be exceeded (subject to a maximum of 25.0% of LREIT's deposited property) only if (i) the additional allowance of up to 15.0% of LREIT's deposited property is utilised solely for the redevelopment of an existing property that has been held by LREIT for at least three years and which LREIT will continue to hold for at least three years after the completion of the redevelopment; and (ii) LREIT obtains specific approval of its Unitholders at a general meeting for the redevelopment of the property.

Fees payable to other asset managers, property managers, or investment managers

The Manager may appoint, or the Trustee or any entity which is held by LREIT (whether wholly or partially) may, at the recommendation of the Manager, appoint a Relevant Entity to provide asset management services or investment management services in respect of any asset of LREIT and such Relevant Entity may be entitled to the Relevant Fees. The fees payable to the Manager shall be reduced by the Relevant Fees to the extent that such Relevant Fee relates to an asset management fee, acquisition fee, divestment fee and development management fee. Any such appointment of a Relevant Entity will be subject to the Manager's satisfaction as to the terms of the appointment, which shall include appropriate mechanisms for review of the performance of such Relevant Entity.

2.5 Retirement or Removal of the Manager

The Manager shall have the power to retire in favour of a corporation recommended by the Manager and approved by the Trustee to act as the manager of LREIT.

Also, the Manager may be removed by notice given in writing by the Trustee if:

2.5.1 the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over its assets or a judicial manager is appointed in respect of the Manager;

2.5.2 the Manager ceases to carry on business;

2.5.3 the Manager is in breach of any material obligation imposed on the Manager by the Trust Deed, and such breach has not been cured or remedied within 60 days of receipt of written notice of such breach from the Trustee, provided that at the end of the 60 days, the cure period may be extended for such period as may be agreed between the Manager and the Trustee;

2.5.4 the Unitholders by an Ordinary Resolution duly proposed and passed by Unitholders present and voting at a meeting of Unitholders convened in accordance with the Trust Deed, with no Unitholder (including the Manager and its Related Parties) being disenfranchised, vote to remove the Manager;

2.5.5 for good and sufficient reason the Trustee is of the opinion that the actions of the Manager harms the interests of the Unitholders, and so states in writing such reason and opinion, that a change of Manager is desirable in the interests of the Unitholders; or

2.5.6 the MAS directs the Trustee to remove the Manager.

Where the Manager is removed on the basis that a change of the Manager is desirable in the interests of the Unitholders, the Manager has a right under the Trust Deed to refer the matter to arbitration in accordance with the provisions of the Arbitration Act 2001, before three arbitrators, the first of whom shall be appointed by the Manager, the second of whom shall be appointed by the Trustee and the third of whom shall be appointed by the Chairperson for the time being of the SGX-ST (failing which appointment, the third arbitrator shall be jointly appointed by the Manager and the Trustee) and any decision made pursuant to such arbitration proceedings shall be binding upon the Manager, the Trustee and all Unitholders.

3. THE SINGAPORE PROPERTY MANAGER

Lendlease Retail Pte. Ltd. is the property manager of 313@somerset as well as any properties that are subsequently acquired by the Trustee on behalf of LREIT, whether such properties are directly or indirectly held by LREIT, or are wholly or partly owned by LREIT. The Singapore Property Manager was incorporated in Singapore under the Companies Act on 9 December 1998 and is a member of the Sponsor Group. Its registered office is located at 2 Tanjong Katong Road, #05-01 PLQ 3, Paya Lebar Quarter, Singapore 437161.

The services provided by the Singapore Property Manager for each property under its management include the following:

3.1.1 preparing the annual property, marketing and capital expenditure budgets, including a business plan to achieve those objectives;

3.1.2 preparing the annual leasing strategy for the leasing of the property;

3.1.3 planning for advertising and promotional programmes for the property;

3.1.4 providing accounting and administrative services including the maintenance of suitable books of accounts;

3.1.5 ensuring the proper conduct, use and operation of the property, including planning and supervising maintenance and repairs; and

3.1.6 ensuring that insurances in relation to the tenants are reviewed annually.

4. THE AIF MANAGER

Lendlease Italy SGR S.p.A is the alternative investment fund manager of the Italy AIF, and is an indirectly and wholly-owned subsidiary of the Sponsor. The AIF Manager is an Italian asset management company (società di gestione del risparmio), authorised to provide asset management services and enrolled at no. 184 in the Bank of Italy's Register of alternative investment fund managers established pursuant to Article 35 of the Legislative Decree no. 58 of 24 February 1998 of Italy.

5. THE MILAN PROPERTY MANAGER

Prelios Integra S.p.A. has been appointed as the property manager for Sky Complex. The Milan Property Manager is a third-party professional property manager that is unrelated to the Sponsor Group. It is the property management company of Prelios Group, acquired in 2018 by Davidson Kempner Management Ltd, a US Hedge Fund with more than US$30 billion of assets under management. The Milan Property Manager manages more than 8 million square metres of space (out of which approximately 1.6 million square metres is office space) and 3,400 properties.

The Milan Property Manager is responsible for the following services:

5.1.1 Lease management;

5.1.2 Accounting management, budgeting and reporting;

5.1.3 Property administration;

5.1.4 Technical management;

5.1.5 Safety management; and

5.1.6 Project management services (if requested).

6. ANNUAL REPORTS

An annual report will be issued by the Manager to Unitholders within the timeframe as set out in the Listing Manual and the CIS Code, and at least 14 days before the annual general meeting of the Unitholders, containing, among others, the following key items:

6.1.1 if applicable, with respect to investments other than real property:

(i) a brief description of the business;

(ii) proportion of share capital owned;

(iii) cost;

(iv) (if relevant) Directors' valuation and in the case of listed investments, market value;

(v) dividends received during the year (indicating any interim dividends);

(vi) dividend cover or underlying earnings;

(vii) any extraordinary items; and

(viii) net assets attributable to investments;

6.1.2 amount of distributable income held pending distribution;

6.1.3 the aggregate value of all transactions entered into by the Trustee (for and on behalf of LREIT) with an "interested party" (as defined in the Property Funds Appendix) or with an "interested person" (as defined in the Listing Manual) during the financial year under review;

6.1.4 total amount of fees paid to the Trustee;

6.1.5 name of the manager of LREIT, together with an indication of the terms and duration of its appointment and the basis of its remuneration;

6.1.6 total amount of fees paid to the Manager and the price(s) of any Units issued in part payment thereof;

6.1.7 total amount of fees paid to the Property Managers and the Asset Managers;

6.1.8 a comment by the Board on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems;

6.1.9 disclosure of whether each existing director is independent from management and business relationships with the Manager and LREIT and every substantial shareholder of the Manager and substantial unitholder of LREIT; and in the event that any director is not independent, to describe and explain the relationship of such non-independence;

6.1.10 disclosures on remuneration of directors and executive officers of LREIT as required by the Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management;

6.1.11 the following items which are required to be disclosed in the Property Funds Appendix (as may be amended from time to time) for annual reports:

(i) details of all real estate transactions entered into during the year, including the identity of the buyers or sellers, purchase or sale prices, and their valuations (including the methods used to value the assets);

(ii) details of all of LREIT's real estate assets, including the location of such assets, their purchase prices and latest valuations, rentals received and occupancy rates, or the remaining terms of LREIT's leasehold properties, where applicable;

(iii) the tenant profile of LREIT's real estate assets, including the:

(I) total number of tenants;

(II) top 10 tenants, and the percentage of the total gross rental income attributable to each of these top 10 tenants;

(III) trade sector mix of tenants, in terms of the percentage of total gross rental income attributable to major trade sectors;

(IV) lease maturity profile, in terms of the percentage of total gross rental income, for each of the next five years; and

(V) weighted average lease expiry of both LREIT's portfolio and new leases entered into during the year (and the proportion of revenue attributed to these leases);

(iv) in respect of the other assets of LREIT, details of the:

(I) 10 most significant holdings (including the amount and percentage of fund size at market valuation); and

(II) distribution of investments in dollar and percentage terms by country, asset class (e.g. equities, mortgage-backed securities, bonds, etc.) and by credit rating of all debt securities (e.g. “AAA”, “AA”, etc.);

(v) details of LREIT’s exposure to financial derivatives, including the amount (i.e. net total aggregate value of contract prices) and percentage of derivatives investment of total fund size and at market valuation;

(vi) details of LREIT’s investments in other property funds, including the amount and percentage of total fund size invested in;

(vii) details of borrowings of LREIT and the maturity profile of the borrowings;

(viii) details of deferred payment arrangements entered into by LREIT, if applicable;

(ix) the aggregate leverage, interest coverage ratio and adjusted interest coverage ratio of LREIT;

(x) the total operating expenses of LREIT, including all fees and charges paid to the Manager, adviser and interested parties (in both absolute terms, and as a percentage of LREIT’s NAV as at the end of the financial year) and taxation incurred in relation to LREIT’s real estate assets;

(xi) the distributions declared by LREIT for the financial year;

(xii) the performance of LREIT in a consistent format, covering various periods of time (e.g. one-year, three-year, five-year or 10-year) whereby:

(I) in the case where LREIT is unlisted, such performance is calculated on an “offer to bid” basis over the period; or

(II) in the case where LREIT is listed, such performance is calculated on the change in the Unit price transacted on the stock exchange over the period;

(xiii) the NAV per Unit at the beginning and end of the financial year;

(xiv) where LREIT is listed, the Unit price quoted on the SGX-ST at the beginning and end of the financial year, the highest and lowest Unit price and the volume traded during the financial year;

(xv) the amount of rental support payments received by LREIT during the financial year and the effect of these payments on LREIT's DPU;

(xvi) where the rental support arrangement is embedded in a master lease arrangement, the difference between the amount of rents derived under the master lease arrangement and the actual amount of rents from the underlying leases during the financial year; and

(xvii) any material deviation of actual DPU from forecast DPU, together with detailed explanations for the deviation; and

6.1.12 such other items which may be required to be disclosed under the prevailing applicable laws, regulations and rules.

Additionally, LREIT will announce its NAV on a half yearly basis. Such announcements will be based on the latest available valuation of LREIT's real estate and real estate-related assets, which will be conducted at least once a year (as required under the Property Funds Appendix). The financial year end of LREIT is 30 June.

7. CORPORATE GOVERNANCE OF THE MANAGER

The following outlines certain relevant corporate governance practices of the Manager.

7.1 Compliance Function

The Manager has outsourced the compliance function to the Sponsor Group[6]. The role of compliance officer is held by Ms Amy Chiang, who is Senior Legal Counsel, Investment Management, Asia of Lendlease. She will report to the Chief Executive Officer and the Board, and the duties under the compliance function include:

7.1.1 updating employees of the Manager on compliance requirements under the SFA, the CIS Code (including the Property Funds Appendix), the Listing Manual and relevant Singapore laws, regulations and guidelines;

7.1.2 reviewing returns to the MAS as required under the SFA;

6 The costs arising from outsourcing of the compliance function will be borne by the Manager out of its own funds and not out of Unitholders' funds.

7.1.3 highlighting any deficiencies or making recommendations with respect to the Manager’s compliance processes;

7.1.4 assisting in the application process for the appointment of new directors to the Board; and

7.1.5 assisting in any other matters concerning compliance with the SFA, the CIS Code (including the Property Funds Appendix), the Listing Manual and relevant Singapore laws, regulations and guidelines.

Ms Chiang will have access to external professional advisers who will provide regulatory compliance advice to support her role as compliance officer where necessary.

Ms Chiang joined Lendlease Investment Management Pte. Ltd. in 2013 and was appointed Senior Legal Counsel in 2016. She currently supports the development, retail operations, investment and capital markets, and investment management businesses in the Asia region, and also oversees the corporate secretarial matters in Singapore. Ms Chiang has over 10 years’ post-qualification experience. She joined Lendlease Investment Management Pte. Ltd. from a unit of ARA Asset Management Limited, where she rendered legal support for their private funds’ real estate acquisitions, divestments and related financing, and fund management related matters in Asia.

Prior to that, Ms Chiang was a Senior Associate in Stamford Law Corporation (now Morgan Lewis Stamford), and practised in their M&A and Capital Markets Practice Group, where she advised on various general corporate, transactional, leasing and corporate secretarial matters. Ms Chiang is admitted as an Advocate and Solicitor in Singapore and holds an LL.B. (Hons) from the University of Manchester.

Notwithstanding the outsourcing of the compliance function to the Sponsor Group, the Manager is responsible for ensuring compliance with all applicable laws, regulations and guidelines.

7.2 Potential Conflicts of Interest

The Manager is required to prioritise Unitholders’ interests over those of the Manager and its shareholders in the event of a conflict of interest.

The Manager has also instituted the following procedures to deal with potential conflict of interest issues:

7.2.1 The Manager will not manage any other REIT which invests in the same type of properties as LREIT;

7.2.2 All executive officers will be working exclusively for the Manager and will not hold other executive positions in other entities, save for any wholly-owned subsidiaries of the Manager or LREIT;

7.2.3 All resolutions in writing of the Directors in relation to matters concerning LREIT must be approved by at least a majority of the Directors (excluding any interested Director), including at least one independent director;

7.2.4 At least one third of the Board shall comprise independent directors if Unitholders have the right to vote on the endorsement of directors to the Board and at least half of the Board shall comprise independent directors if Unitholders do not have the right to vote on the endorsement of directors to the Board, provided that where (i) the Chairperson of the Board and the Chief Executive Officer is the same person, (ii) the Chairperson of the Board and the Chief Executive Officer are immediate family members, (iii) the Chairperson of the Board is part of the management team or (iv) the Chairperson of the Board is not an independent director, majority of the board shall comprise independent directors;

7.2.5 In respect of matters in which a Director or his associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the directors and must exclude such interested director;

7.2.6 In respect of matters in which the Lendlease Group has an interest, direct or indirect, any nominees appointed by the Lendlease Group to the Board to represent its interests will abstain from deliberation and voting on such matters. In such matters, the quorum must comprise a majority of the independent directors and must exclude nominee directors of the Lendlease Group;

7.2.7 Save as to resolutions relating to the removal of the Manager, the Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of the Unitholders convened to approve any matter in which the Manager and/or any of its associates has a material interest and for so long as the Manager is the manager of LREIT, the controlling shareholders of the Manager and of any of its associates are prohibited from voting or being counted as part of a quorum for any meeting of Unitholders convened to consider a matter in respect of which the relevant controlling shareholders of the Manager and/or of any of its associates have a material interest; and

7.2.8 It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of LREIT with a Related Party (as defined herein) of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of LREIT, has a *prima facie* case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement.[7] The Directors (including the independent directors) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of LREIT with a Related Party of the Manager, and the Trustee may take such action as it deems necessary to protect the rights of the Unitholders and/or which is in the interests of the Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

8. RELATED PARTY TRANSACTIONS

"Related Party Transactions" in this Circular refers to "Interested Person Transactions" under the Listing Manual and "Interested Party Transactions" under the Property Funds Appendix. The definition of "Interested Person" in the Listing Manual refers to the definition of "Interested Party" used in the Property Funds Appendix.

In general, transactions between:

8.1.1 an entity at risk (in this case, the Trustee (acting in its capacity as trustee of LREIT) or any of the subsidiaries or associated companies of LREIT); and

8.1.2 any of the Interested Parties, being:

(i) a director, chief executive officer or controlling shareholder of the Manager, or the Manager, the Trustee (acting in its personal capacity) or controlling Unitholder; or

7 The Manager will apply this to agreements entered into between LREIT and its subsidiaries, and Related Parties (which shall include, for example, investment agreements and property management agreements).

(ii) an associate of any director, chief executive officer or controlling shareholder of the Manager, or an associate of the Manager, the Trustee (acting in its own capacity) or any controlling Unitholder,

would constitute an Interested Person Transaction.

8.2 The Manager's Internal Control System

The Manager has established an internal control system to ensure that all Related Party Transactions:

8.2.1 will be undertaken on normal commercial terms; and

8.2.2 will not be prejudicial to the interests of LREIT and the Unitholders.

As a general rule, the Manager must demonstrate to its Audit and Risk Committee that such transactions satisfy the foregoing criteria. This may entail:

8.2.3 obtaining (where practicable) quotations from parties unrelated to the Manager; or

8.2.4 obtaining two or more valuations from independent professional valuers (in compliance with the Property Funds Appendix).

The Manager maintains a register to record all Related Party Transactions which are entered into by LREIT and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into.

The Manager also incorporates into its internal audit plan a review of all Related Party Transactions entered into by LREIT. The Audit and Risk Committee reviews the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Trustee also has the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The review may also include a review of any other such documents or matter as may be deemed necessary by the Audit and Risk Committee. If a member of the Audit and Risk Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

Further, the following procedures will be undertaken with respect to Related Party Transactions:

8.2.5 transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S$100,000 in value but below 3.0%

of the value LREIT's net tangible assets are subject to review and approval by the Audit and Risk Committee;

8.2.6 transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of LREIT's net tangible assets are subject to the review and prior approval of the Audit and Risk Committee. Such approval shall only be given if the transactions are on normal commercial terms and not prejudicial to the interests of LREIT and its Unitholders and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and

8.2.7 transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of LREIT's net tangible assets are reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Audit and Risk Committee which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Pursuant to the Listing Manual, transactions with a value below S$100,000 are disregarded for the purpose of the announcement and Unitholders' approval requirements under the Listing Manual as set out in the paragraph above. Accordingly, such transactions are excluded from aggregation with other transactions involving the same Related Parties.

Where matters concerning LREIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of LREIT with a Related Party of the Manager (which would include relevant Associates (as defined in the Listing Manual) thereof) LREIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

8.2.8 on normal commercial terms;

8.2.9 are not prejudicial to the interests of LREIT and the Unitholders; and

8.2.10 are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

The Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a Related Party of the Manager or the Trustee. If the Trustee is to sign any contract with a Related Party of the Manager or the Trustee, the Trustee will review the contract to ensure that it complies with the relevant requirements relating to Related Party Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to REITs.

LREIT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if the value of such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person during the same financial year, is 3.0% or more of LREIT's latest audited net tangible assets.

The aggregate value of all Related Party Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in the annual report of LREIT for the relevant financial year.

8.3 Role of the Audit and Risk Committee for Related Party Transactions

The Audit and Risk Committee will periodically review all Related Party Transactions to ensure compliance with the Manager's internal control system, the relevant provisions of the Listing Manual, and the Property Funds Appendix. The review may also include review of any other such documents or matter as may be deemed necessary by the Audit and Risk Committee.

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

APPENDIX F

INFORMATION CONCERNING THE UNITS

As at the Latest Practicable Date, 1,191,646,376 Units issued and fully paid-up, comprising 100% of the total number of Units in issue are held in Singapore. The Units are traded on the SGX-ST under the book-entry (scripless) settlement system of CDP.

1. Directors and Substantial Unitholders' Interests

1.1 Directors

As at the Latest Practicable Date, the interests of the Directors in the Acquisition are as follows:

(i) Ms Ng Hsueh Ling, the Chairperson and Non-Independent Non-Executive Director of the Manager, is also Managing Director, Singapore, of Lendlease and a director of LLIM, LLR and Lendlease Singapore Pte. Ltd.; and

(ii) Mr Justin Marco Gabbani, a Non-Independent Non-Executive Director of the Manager, is also Chief Executive Officer, Asia of Lendlease, and a director of LLIM.

Based on the Register of Directors' unitholdings in LREIT ("**Unitholding**") maintained by the Manager, the direct and deemed interests of the Directors in the Units as at the Latest Practicable Date are as follows:

Name of Director	Direct Interest		Deemed Interest		Total no. of Units held	%[1]
	No. of Units held	%[1]	No. of Units held	%[1]		
Ms Ng Hsueh Ling	1,945,000	0.16	-	-	1,945,000	0.16
Dr Tsui Kai Chong	500,000	0.04	-	-	500,000	0.04
Mrs Lee Ai Ming	500,000	0.04	-	-	500,000	0.04
Mr Simon John Perrott	65,000	0.01	-	-	65,000	0.01
Mr Justin Marco Gabbani	441,000	0.04	-	-	441,000	0.04

Note:

(1) The percentage is based on 1,191,646,376 Units in issue as at the Latest Practicable Date. Any discrepancies are due to rounding. For the purpose of disclosures of the percentage interests of the directors, percentages are rounded to two decimal places.

1.2 Substantial Unitholders

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, the Substantial Unitholders of LREIT[1] and their interests in the Units as at the Latest Practicable Date are as follows:

Name of Unitholder	Direct Interest No. of Units	%(1)	Deemed Interest No. of Units	%(1)
Lendlease SREIT Pty Limited (as trustee of Lendlease SREIT Sub Trust)	284,041,000	24.05	-	-
Lendlease LLT Holdings Pty Limited (as trustee of Lendlease LLT Holdings Sub Trust)(2)	-	-	284,041,000	24.05
Lendlease Responsible Entity Limited (as trustee of Lendlease Trust(3)	-	-	284,041,000	24.05
Lendlease Corporation Limited(4)	-	-	316,174,602	26.53

Notes:

(1) The percentage of unitholding is calculated based on the total number of 1,191,646,376 Units in issue as at the Latest Practicable Date.

(2) Lendlease LLT Holdings Pty Limited (as trustee of Lendlease LLT Holdings Sub Trust) holds all of the units of Lendlease SREIT Sub Trust ("**LLT Sub-Trust**"). Lendlease LLT Holdings Sub Trust is therefore deemed interested in LLT Sub-Trust's direct interest in 284,041,000 Units.

(3) Lendlease Responsible Entity Limited (as trustee of Lendlease Trust) ("**LLT**") holds all of the units of Lendlease LLT Holdings Sub Trust. LLT is therefore deemed interested in Lendlease LLT Holdings Sub Trust's deemed interest in 284,041,000 Units.

(4) Lendlease Responsible Entity Limited is a wholly-owned subsidiary of the Sponsor. The Sponsor is therefore deemed interested in LLT's deemed interest in 284,041,000 Units. The Sponsor is also deemed interested in 19,385,129 Units which are held directly by its indirect wholly owned subsidiary, Lendlease GCR Investment Holding Pte. Ltd., and 12,748,473 Units which are held directly by the Manager, which is also an indirect wholly owned subsidiary of the Sponsor.

1 The Substantial Unitholders do not have different voting rights from ordinary Unitholders.

Save as otherwise disclosed in this Circular and based on information available to the Manager as at the Latest Practicable Date, none of the Directors or the Substantial Unitholders has an interest, direct or indirect, in the proposed Acquisition.

1.3 Past Changes in Unitholdings of Substantial Unitholders

The following table sets out the details of the significant changes in the percentage unitholdings of the Substantial Unitholders for the past three years prior to the Latest Practicable Date.

Date of Change or Announcement	Unitholders	Previous Holding		New Holding	
		No. of Units	% of Total Units	No. Units	% of Total Units
3 October 2019	Great Eastern Holdings Limited	0	0	122,770,000	10.512
3 October 2019	Lion Global Investors Limited	0	0	117,089,000	10.025
3 October 2019	Orient Holdings Private Limited	0	0	117,089,000	10.025
4 October 2019	The Great Eastern Life Assurance Company Limited	0	0	108,202,400	9.264
4 October 2019	Lendlease Corporation Limited	3	100	326,686,000	27.97
4 October 2019	Lendlease SREIT Pty Limited (as trustee of Lendlease SREIT Sub Trust)	3	100	318,138,000	27.2
4 October 2019	Oversea-Chinese Banking Corporation Limited	0	0	122,790,000	10.513

Date of Change or Announcement	Unitholders	Previous Holding		New Holding	
		No. of Units	% of Total Units	No. Units	% of Total Units
4 October 2019	BlackRock, Inc.	0	0	59,535,913	5.09
11 October 2019	Temasek Holdings (Private) Limited	58,269,600	4.98	58,612,400	5.01
25 October 2019	Lendlease Corporation Limited	326,686,000	27.97	292,589,000	25.05
25 October 2019	Lendlease SREIT Pty Limited (as trustee of Lendlease SREIT Sub Trust)	318,138,000	27.2	284,041,000	24.3
30 October 2019	BlackRock, Inc.	58,456,913	5	58,389,113	4.99
1 November 2019	Great Eastern Holdings Limited	127,917,700	10.952	129,224,400	11.064
1 November 2019	Oversea-Chinese Banking Corporation Limited	127,917,700	10.952	129,224,400	11.064
6 November 2019	BlackRock, Inc.	58,387,313	4.99	58,611,013	5.01
15 November 2019	The Great Eastern Life Assurance Company Limited	106,595,200	9.126	104,744,200	8.968
15 November 2019	Great Eastern Holdings Limited	129,769,300	11.111	127,447,200	10.912
15 November 2019	Oversea-Chinese Banking Corporation Limited	129,769,300	11.111	127,447,200	10.912

Date of Change or Announcement	Unitholders	Previous Holding		New Holding	
		No. of Units	% of Total Units	No. Units	% of Total Units
28 November 2019	BlackRock, Inc.	58,482,913	5.01	57,693,413	4.94
29 November 2019	BlackRock, Inc.	57,817,313	4.95	58,405,313	5
5 December 2019	BlackRock, Inc.	59,228,613	5.07	57,991,313	4.97
7 January 2020	Lion Global Investors Limited	118,791,200	10.171	116,003,600	9.932
7 January 2020	The Great Eastern Life Assurance Company Limited	100,724,500	8.624	97,936,900	8.385
7 January 2020	Orient Holdings Private Limited	118,791,200	10.171	116,003,600	9.932
14 January 2020	Oversea-Chinese Banking Corporation Limited	117,762,600	10.083	115,840,600	9.918
20 January 2020	BlackRock, Inc.	56,743,613	4.86	59,024,713	5.05
20 January 2020	Lion Global Investors Limited	106,665,900	9.133	103,456,500	8.858
21 January 2020	The Great Eastern Life Assurance Company Limited	90,127,100	7.716	87,120,900	7.459
21 January 2020	Orient Holdings Private Limited	106,665,900	9.133	103,456,500	8.858
23 January 2020	Lion Global Investors Limited	103,915,600	8.897	105,501,500	9.033

Date of Change or Announcement	Unitholders	Previous Holding		New Holding	
		No. of Units	% of Total Units	No. Units	% of Total Units
23 January 2020	The Great Eastern Life Assurance Company Limited	86,988,900	7.448	87,588,900	7.499
23 January 2020	Orient Holdings Private Limited	103,915,600	8.897	105,501,500	9.033
13 February 2020	Lion Global Investors Limited	105,010,100	8.991	105,665,700	9.047
14 February 2020	Orient Holdings Private Limited	105,010,100	8.991	105,665,700	9.047
21 February 2020	Temasek Holdings (Private) Limited	59,261,400	5.07	58,114,900	4.97
5 March 2020	Lion Global Investors Limited	105,590,700	9.041	104,465,300	8.944
5 March 2020	Orient Holdings Private Limited	105,590,700	9.041	104,465,300	8.944
9 March 2020	BlackRock, Inc.	58,797,313	5.03	58,320,213	4.99
17 March 2020	BlackRock, Inc.	58,234,013	4.97	58,558,713	5
25 March 2020	The Great Eastern Life Assurance Company Limited	82,600,300	7.063	79,842,300	6.827
26 March 2020	Oversea-Chinese Banking Corporation Limited	105,463,700	9.018	103,359,300	8.838

Date of Change or Announcement	Unitholders	Previous Holding		New Holding	
		No. of Units	% of Total Units	No. Units	% of Total Units
26 March 2020	Great Eastern Holdings Limited	105,363,700	9.009	103,259,300	8.83
26 March 2020	Temasek Holdings (Private) Limited	58,432,000	4.99	58,480,900	5
30 March 2020	FFMC Holdings Pte. Ltd.	50,457,000	4.31	58,619,000	5.01
30 March 2020	Fullerton Fund Management Company Ltd.	50,457,000	4.31	58,619,000	5.01
30 March 2020	FFMC Holdings Pte. Ltd.	58,619,000	5.01	58,469,000	4.99
30 March 2020	Fullerton Fund Management Company Ltd.	58,619,000	5.01	58,469,000	4.99
30 March 2020	Temasek Holdings (Private) Limited	62,107,000	5.31	70,269,000	6
30 March 2020	Fullerton (Private) Limited	50,457,000	4.31	58,619,000	5.01
1 April 2020	The Great Eastern Life Assurance Company Limited	74,183,500	6.343	71,300,500	6.097
1 April 2020	Lion Global Investors Limited	95,308,600	8.15	92,425,600	7.903
1 April 2020	Orient Holdings Private Limited	95,308,600	8.15	92,425,600	7.903

Date of Change or Announcement	Unitholders	Previous Holding		New Holding	
		No. of Units	% of Total Units	No. Units	% of Total Units
1 April 2020	Temasek Holdings (Private) Limited	70,269,000	6	70,119,000	5.99
1 April 2020	Fullerton (Private) Limited	58,619,000	5.01	58,469,000	4.99
7 April 2020	The Great Eastern Life Assurance Company Limited	71,083,900	6.078	70,104,800	5.994
8 April 2020	Great Eastern Holdings Limited	95,078,300	8.13	92,949,200	7.948
8 April 2020	Oversea-Chinese Banking Corporation Limited	95,178,300	8.138	93,049,200	7.956
24 April 2020	BlackRock, Inc.	58,654,713	5.01	57,208,713	4.89
24 April 2020	The PNC Financial Services Group, Inc.	58,654,713	5.01	57,208,713	4.89
11 May 2020	The Great Eastern Life Assurance Company Limited	62,958,400	5.384	61,458,400	5.255
11 May 2020	Lion Global Investors Limited	82,069,200	7.018	80,569,200	6.889
11 May 2020	Orient Holdings Private Limited	82,069,200	7.018	80,569,200	6.889
14 May 2020	The Great Eastern Life Assurance	59,958,400	5.127	58,458,400	4.999

Date of Change or Announcement	Unitholders	Previous Holding		New Holding	
		No. of Units	% of Total Units	No. Units	% of Total Units
	Company Limited				
15 May 2020	Oversea-Chinese Banking Corporation Limited	82,400,200	7.046	81,700,200	6.986
15 May 2020	Great Eastern Holdings Limited	82,300,200	7.037	81,600,200	6.978
11 June 2020	Lion Global Investors Limited	72,123,100	6.155	69,245,800	5.909
11 June 2020	Orient Holdings Private Limited	72,123,100	6.155	69,245,800	5.909
15 June 2020	Temasek Holdings (Private) Limited	60,735,100	5.18	57,774,400	4.93
19 June 2020	Great Eastern Holdings Limited	71,495,700	6.101	68,547,700	5.85
19 June 2020	Oversea-Chinese Banking Corporation Limited	71,595,700	6.11	68,647,700	5.858
25 June 2020	Orient Holdings Private Limited	59,260,400	5.057	58,260,400	4.972
25 June 2020	Lion Global Investors Limited	59,260,400	5.057	58,260,400	4.972
1 July 2020	Great Eastern Holdings Limited	58,800,100	5.018	58,486,900	4.991
2 July 2020	Oversea-Chinese	58,569,900	5	56,763,100	4.844

Date of Change or Announcement	Unitholders	Previous Holding		New Holding	
		No. of Units	% of Total Units	No. Units	% of Total Units
	Banking Corporation Limited				
16 November 2021	Lendlease Corporation Limited	305,524,266	25.87	316,174,602	26.53

APPENDIX G

LIST OF OTHER PRINCIPAL DIRECTORSHIPS OF DIRECTORS

Directors of the Manager	Other Directorships
Ms Ng Hsueh Ling	Lendlease Asian Retail Investment Fund 1 Limited Lendlease Asian Retail Investment Fund 2 Limited Lendlease DC Holdings Trustee Pte. Ltd. Lendlease Global Commercial (IT) Pte. Ltd. Lendlease Global Commercial (SGP) Pte. Ltd. Lendlease Investment Management Pte. Ltd. Lendlease PP Office Pte. Ltd. Lendlease PP Retail Pte. Ltd. Lendlease Retail Pte. Ltd. Lendlease Singapore Holdings Pty Limited Lendlease Singapore Pte. Ltd. Lendlease Vault Holdings Pte. Ltd. Milano Central Holdings Ltd Milano Central Pte. Ltd. Milano Holdings JV Ltd Parkway Parade Partnership Limited Parkway Parade Partnership Pte. Ltd. Prime Asset Holdings Limited Quintique Investment Pte. Ltd. Roma Central Holdings Ltd Roma Central Pte. Ltd. Roma Holdings JV Ltd Singapore Hokkien Huay Kuan Singapore Hokkien Huay Kuan Cultural Academy Pte. Ltd. Space Lab Holding Pte. Ltd. Space Lab One Pte. Ltd. Verona Central Holdings Ltd Verona Central Pte. Ltd. Verona Holdings JV Ltd Yunnan Realty Pte Ltd

Directors of the Manager	Other Directorships
Dr Tsui Kai Chong	Digital Core REIT Management Pte. Ltd. Intellectual Property Office of Singapore
Mr Simon John Perrott	AIN Pty Limited Lendlease Real Estate Investments Limited Perrott Properties Pty Limited Retirement Benefit Fund Pty Limited The Wayside Chapel
Mrs Lee Ai Ming	Temasek Life Sciences Laboratory Limited
Mr Justin Marco Gabbani	Erina Fair Singapore Pte. Ltd. Lendlease Asia Holdings Pte. Ltd. Lendlease Digital Asia Holdings Pte. Ltd. Lendlease Digital Asia Pte. Ltd. Lendlease International Asia Holdings Pty Limited Lendlease Investment Management Pte. Ltd. Lendlease LQ Residential 1 JR Pte. Ltd. Lendlease LQ Residential 1 Pte. Ltd. Lendlease LQ Residential 2 JR Pte. Ltd. Lendlease LQ Residential 2 Pte. Ltd. Lendlease LQ Residential 3 JR Pte. Ltd. Lendlease LQ Residential 3 Pte. Ltd. Lendlease LQ Retail Pte. Ltd. Lendlease Plot 2 Holdings JR Pte. Ltd. Lendlease Plot 2 Holdings Pte. Ltd. Lendlease Plot 2 Hotel And Retail Pte. Ltd. Lendlease Plot 2 Residential Pte. Ltd. Lendlease R&H Holdings JR Pte. Ltd. Lendlease R&H Holdings Pte. Ltd. Lendlease TRX Hotel Pte. Ltd. LQ Hotel Sdn. Bhd. LQ Residential 1 Sdn. Bhd. LQ Residential 2 Sdn. Bhd. LQ Residential 3 Sdn. Bhd. LQ Retail Sdn. Bhd.

Directors of the Manager	Other Directorships
	Plot 2 JV Development Sdn. Bhd. Plot 2 JV Holdings Sdn. Bhd.

APPENDIX H

UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF THE ENLARGED GROUP

Unaudited Pro Forma Financial Information

A. Introduction

The unaudited pro forma statements of financial position as at 30 June 2021 and 31 December 2021, the unaudited pro forma statements of profit or loss and other comprehensive income for the period from 28 January 2019 (date of constitution) to 30 June 2020, for the year ended 30 June 2021 and the six-month period ended 31 December 2020 and 31 December 2021, and the unaudited pro forma statement of cash flows for the six-month period ended 31 December 2021 of Lendlease Global Commercial REIT ("LREIT") and its subsidiaries (the "Pro Forma Group"), and related notes (collectively, the "Unaudited Pro Forma Financial Information") has been prepared for inclusion in the Circular to Unitholders (the "Circular") to be issued in connection with the proposed acquisition by the Pro Forma Group of 13.05% of the total issued share capital in Lendlease Asian Retail Investment 3 Limited ("ARIF3") and of the property known as Jem, located at 50 and 52 Jurong Gateway Road, Singapore (the "Property"), and proposed issuance of up to 1,265,346,000 new Units under the equity fund raising.

LREIT is a Singapore-domiciled real estate investment trust constituted pursuant to the Trust Deed dated 28 January 2019, subsequently amended by the first amending and restating deed dated 10 September 2019 and the first supplemental deed dated 15 July 2020 (collectively, the "Trust Deed"), entered into between RBC Investor Services Trust Singapore Limited (the "Trustee") and Lendlease Global Commercial Trust Management Pte. Ltd. (the "Manager"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the LREIT held by it or through and its subsidiaries in trust for the holders ("Unitholders") of units in LREIT (the "Units").

LREIT was formally admitted to the Official List of Singapore Exchange Securities Trading Limited on 2 October 2019 (the "Listing Date") and was declared as an authorised unit trust scheme under the Trustees Act 1967.

The principal activity of LREIT relates to investment strategy of investing, directly or indirectly, in a portfolio of stabilised income-producing real estate assets located globally that are used primarily for retail and/or office purposes as well as real estate-related assets in connection with the foregoing.

Details of the Manager's management fees, the Trustee's fee and Lendlease Retail Pte. Ltd.'s (the "Property Manager") management fees, lease management fee and lease commissions paid to the Manager are set out in Section E.

B. Basis of Preparation of Unaudited Pro Forma Financial Information

The Unaudited Pro Forma Financial Information of the Pro Forma Group, which has been prepared for illustrative purposes only, is based on certain assumptions and after making certain adjustments to illustrate the effects of:

(i) the acquisition of 13.05% of the total issued share capital in ARIF3 from Lendlease International Pty Limited;

(ii) the acquisition of the Property from Lendlease Commercial Investments Pte. Ltd. ("LLCI") and Lendlease Retail Investments 3 Pte. Ltd. ("LLRI3"); and

(iii) the issuance of up to 1,265,346,000 new Units under the equity fund raising

(hereinafter collectively referred to as the "Transactions").

The unaudited pro forma statements of financial position as at 30 June 2021 and 31 December 2021 reflect the financial position of the Pro Forma Group, assuming it had completed the Transactions on 30 June 2021 and 31 December 2021, respectively.

The unaudited pro forma statements of profit or loss and other comprehensive income for the period from 28 January 2019 (date of constitution) to 30 June 2020, and for the year ended 30 June 2021, and the six-month period ended 31 December 2020 and 31 December 2021 reflect the financial performance of the Pro Forma Group, assuming it had completed the Transactions on the Listing Date.

The unaudited pro forma statement of cash flows for the six-month period ended 31 December 2021 reflect the cash flows of the Pro Forma Group, assuming it had completed the Transactions on 1 July 2021.

The Unaudited Pro Forma Financial Information of the Pro Forma Group has been compiled based on:

(a) the financial statements of LREIT and its subsidiaries for the period from 28 January 2019 (date of constitution) to 30 June 2020 and the year ended 30 June 2021 (collectively the "LREIT Group Audited Financial Statements");

(b) the financial statements of LLCI and LLRI3 for the years ended 30 June 2020 and 30 June 2021;

(c) the management accounts of LLCI and LLRI3 for the period from 2 October 2019 to 30 June 2020 and the period from 1 July 2020 to 31 December 2020;

(d) the management accounts of LREIT and its subsidiaries for the six-month period ended 31 December 2020;

(e) the interim financial statements of LREIT and its subsidiaries for the six-month period ended 31 December 2021 (collectively the "LREIT Group Interim Financial Statements"); and

(f) the interim financial statements of LLCI and LLRI3 for the six-month period ended 31 December 2021.

The LREIT Group Audited Financial Statements were prepared in accordance with International Financial Reporting Standards ("IFRS") and were audited in accordance with auditing standards generally accepted in Singapore. The auditors' reports on these financial statements, which were published, were not subject to any qualifications, modifications or disclaimers.

The financial statements of LLCI and LLRI3 for the year ended 30 June 2020 and 30 June 2021 were prepared in accordance with Singapore Financial Reporting Standards and Singapore Financial Reporting Standards (International), respectively, and were audited in accordance with auditing standards generally accepted in Singapore. No material adjustments were required to restate these financial statements of LLCI and LLRI3 to be in accordance with IFRS. The auditors' reports on these financial statements were not subject to any qualifications, modifications or disclaimers.

The management accounts of LLCI and LLRI3 for the period from 2 October 2019 to 30 June 2020 and the period from 1 July 2020 to 31 December 2020 were unaudited and unreviewed and were prepared in accordance with Singapore Financial Reporting Standards and Singapore Financial Reporting Standards (International), respectively. No material adjustments were required to restate these management accounts of LLCI and LLRI3 to be in accordance with IFRS. The management accounts were prepared based on the audited financial statements of LLCI and LLRI3 for the year ended 30 June 2020 and 30 June 2021, respectively.

The management accounts of LREIT and its subsidiaries for the six-month period ended 31 December 2020 were unaudited and unreviewed and were prepared in accordance with International Financial Reporting Standards ("IFRS"). The management accounts were prepared based on the audited financial statements of LREIT and its subsidiaries for the year ended 30 June 2021.

The LREIT Group Interim Financial Statements were prepared in accordance with International Accounting Standards 34 *Interim Financial Reporting* and were reviewed in accordance with auditing standards generally accepted in Singapore. The auditors' reports on these interim financial statements were not subject to any qualifications, modifications or disclaimers.

The interim financial statements of LLCI and LLRI3 for the six-month period ended 31 December 2021 were prepared in accordance with Singapore Financial Reporting Standards 34 *Interim Financial Reporting* and Singapore Financial Reporting Standards (International) 1-34 *Interim Financial Reporting*, respectively, and were reviewed in accordance with auditing standards generally accepted in Singapore. No material adjustments were required to restate these interim financial statements of LLCI and LLRI3 to be in accordance with IFRS. The auditors' reports on these interim financial statements were not subject to any qualifications, modifications or disclaimers.

The Unaudited Pro Forma Financial Information have been prepared on the basis of the accounting policies set out in Section D and is to be read in conjunction with Section E.

The objective of the Unaudited Pro Forma Financial Information is to show what the financial position, financial performance and cash flows might have been, had the Pro Forma Group undertaken the Transactions as described above at an earlier date. However, the Unaudited Pro Forma Financial Information is not necessarily indicative of the financial position, financial performance and cash flows that would have been attained had the Pro Forma Group actually undertaken the Transactions described above, earlier.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the Pro Forma Group's actual financial position, financial performance or cash flows.

B.1 Unaudited Pro Forma Statements of Financial Position

The unaudited pro forma statements of financial position of the Pro Forma Group as at 30 June 2021 and 31 December 2021 are prepared for illustrative purposes only, after making certain assumptions, to reflect the financial position of the Pro Forma Group as if the Pro Forma Group had completed the Transactions on 30 June 2021 and 31 December 2021, respectively, pursuant to the terms set out in the Circular.

In arriving at the unaudited pro forma statements of financial position as at 30 June 2021, the following key assumptions and adjustments were made:

- Adjustments to reflect the issuance of 141,974,608 units amounting to approximately S$116.0 million and the related issuance costs* for the acquisition of 13.05% of the total issued share capital in ARIF3. The interest of 13.05% is assumed to be accounted for as equity instrument at fair value of which approximately S$116.0 million is assumed to represent the Pro Forma Group's share of the net fair value of ARIF3's net identifiable assets and liabilities as at 30 June 2021;

- Adjustments to reflect the acquisition of the Property at a purchase price (excluding other acquisition costs) of S$2,079.0 million which includes (i) the drawdown of new borrowings of S$844.0 million, with maturity of 1 to 5 years and the related transaction costs incurred of approximately S$22.9 million; (ii) the drawdown of bridge facility of S$225.0 million, with maturity of less than 1 year; (iii) issuance of promissory notes of S$263.0 million to LLCI and LLRI3; (iv) issuance of 1,045,529,062 units amounting to approximately S$854.2 million and the related issuance costs* of approximately S$16.2 million; and (v) fair value loss of approximately S$75.8 million on the acquisition of the Property; and

- Adjustments to reverse the dividend income received of S$1.7 million from ARIF3 in the year ended 30 June 2021.

* *The related issuance costs for both the acquisition of 13.05% of the total share capital in ARIF3 and of the Property is approximately S$16.2 million.*

In arriving at the unaudited pro forma statements of financial position as at 31 December 2021, the following key assumptions and adjustments were made:

- Adjustments to reflect the issuance of 141,974,608 units amounting to approximately S$116.0 million and the related issuance costs* for the acquisition of 13.05% of the total issued share capital in ARIF3. The interest of 13.05% is assumed to be accounted for as investment in associates of which approximately S$116.0 million is assumed to represent the Pro Forma Group's share of the net fair value of ARIF3's net identifiable assets and liabilities as at 31 December 2021; and

- Adjustments to reflect the acquisition of the Property at a purchase price (excluding other acquisition costs) of S$2,079.0 million which includes (i) the drawdown of new borrowings of S$844.0 million, with maturity of 1 to 5 years and the related transaction costs incurred of approximately S$22.9 million; (ii) the drawdown of bridge facility of S$225.0 million, with maturity of less than 1 year; (iii) issuance of promissory notes of S$263.0 million to LLCI and LLRI3; (iv) issuance of 1,045,529,062 units amounting to approximately S$854.2 million and the related issuance costs* of approximately S$16.2 million; and (v) fair value loss of approximately S$75.8 million on the acquisition of the Property.

* *The related issuance costs for both the acquisition of 13.05% of the total share capital in ARIF3 and of the Property is approximately S$16.2 million.*

In addition, to the assumptions set out above, the following key assumptions were made:

- On the assumed date of acquisition, the Property was valued to be S$2,086.0 million;

- The equity instrument at fair value was assumed to remain unchanged post-acquisition of the Property;

- The acquisition related transaction costs of approximately S$82.8 million comprise (i) stamp duty and other transaction costs of approximately S$65.7 million; and (ii) issuance of 20,880,531 Units amounting to approximately S$17.1 million in Units paid to the Manager as acquisition fee on acquisition of the Property;

- All Units were assumed to be issued at an issue price of S$0.817; and

- The exchange rates are assumed to be as follows:

	30 June 2021	**31 December 2021**
S$ and €	S$1.59 : €1.00	S$1.53 : €1.00

B.2 Unaudited Pro Forma Statements of Profit or Loss and Other Comprehensive Income

The unaudited pro forma statements of profit or loss and other comprehensive income of the Pro Forma Group have been prepared to reflect the financial performance of the Pro Forma Group, assuming the Pro Forma Group had completed the Transactions on the Listing Date, pursuant to the terms set out in the Circular.

In arriving at the unaudited pro forma statements of profit or loss and other comprehensive income for the period from 28 January 2019 (date of constitution) to 30 June 2020, the following key assumptions and adjustments were made:

- Adjustments to reflect additional fees and costs from the acquisition of the Property which includes (i) Manager's base and performance fees of approximately S$4.9 million and S$2.7 million, respectively; (ii) Trustee's fees of approximately S$0.2 million; (iii) finance costs (including the amortisation of debt upfront costs) of approximately S$14.1 million; and (iv) fair value loss of approximately S$75.8 million on acquisition of the Property, where acquisition costs were included in the initial measurement of the Property and subsequently recognised in statement of other comprehensive income as net change in fair value of investment properties; and

- Adjustments to reflect (i) net property income of S$52.9 million from the Property for the period from the Listing Date to 30 June 2020; and (ii) other property-related income of S$0.8 million from the Property for the period from the Listing Date to 30 June 2020.

In arriving at the unaudited pro forma statements of profit or loss and other comprehensive income for the year ended 30 June 2021, the following key assumptions and adjustments were made:

- Adjustments to reflect additional fees and costs from the acquisition of the Property which includes (i) Manager's base and performance fees of approximately S$6.5 million and S$4.1 million, respectively; (ii) Trustee's fees of approximately S$0.3 million; and (iii) the finance costs (including the amortisation of debt upfront costs) of approximately S$18.7 million;

- Adjustments to reflect (i) net property income of S$79.5 million from the Property for the year ended 30 June 2021; and (ii) other property-related income of S$3.3 million from the Property for the year ended 30 June 2021; and

- Adjustments to reverse the dividend income received of S$1.7 million from ARIF3 in the year ended 30 June 2021.

In arriving at the unaudited pro forma statements of profit or loss and other comprehensive income for the six-month period ended 31 December 2020, the following key assumptions and adjustments were made:

- Adjustments to reflect additional fees and costs from the acquisition of the Property which includes (i) Manager's base and performance fees of approximately S$3.3 million and S$2.2 million, respectively; (ii) Trustee's fees of approximately S$0.1 million; and (iii) the finance costs (including the amortisation of debt upfront costs) of approximately S$9.4 million; and

- Adjustments to reflect (i) net property income of S$43.4 million from the Property for the six-month period ended 31 December 2020; and (ii) other property-related income of S$0.6 million from the Property six-month period ended 31 December 2020.

In arriving at the unaudited pro forma statements of profit or loss and other comprehensive income for the six-month period ended 31 December 2021, the following key assumptions and adjustments were made:

- Adjustments to reflect additional fees and costs from the acquisition of the Property which includes (i) Manager's base and performance fees of approximately S$3.3 million and S$2.1 million, respectively; (ii) Trustee's fees of approximately S$0.1 million; and (iii) the finance costs (including the amortisation of debt upfront costs) of approximately S$9.4 million;

- Adjustments to reflect (i) net property income of S$41.6 million from the Property for the six-month period ended 31 December 2021; and (ii) other property-related income of S$0.8 million from the Property six-month period ended 31 December 2021; and

- Adjustments to reverse the share of profit of associates received of S$7.4 million in the period ended 31 December 2021. Dividend income from associates in the period ended 31 December 2021 had no impact on the statements of profit or loss and other comprehensive income.

In addition, to the assumptions set out above, the following key assumptions were made:

- The Manager's management fees are fully paid in Units, and Trustee's fees are fully paid in cash;

- The acquisition of the Property was funded by (i) the drawdown of new borrowings of S$844.0 million, with maturity of 1 to 5 years and the related transaction costs incurred of approximately S$22.9 million; (ii) the drawdown of bridge facility of S$225.0 million, with maturity of less than 1 year; (iii) issuance of promissory notes of S$263.0 million to LLCI and LLRI3; and (iv) issuance of 1,045,529,062 Units amounting to approximately S$854.2 million and the total related issuance costs of approximately S$16.2 million for both the acquisition of 13.05% of the total share capital in ARIF3 and of the Property;

- The borrowings drawn down by the Pro Forma Group to finance the Transactions bore interest at a weighted average interest rate of 3.48%, including debt-related upfront fee, and interest at weighted average interest rate 1.13%, excluding debt-related upfront fee;

- On the assumed date of acquisition, the Property was valued to be S$2,086.0 million, and valuation remained unchanged throughout the periods;

- The Pro Forma Group will acquire the Property at total purchase price (excluding transaction costs) of S$2,079.0 million;
- The equity instrument at fair value was assumed to remain unchanged post-acquisition of the Property;
- The acquisition related transaction costs of approximately S$82.8 million comprise (i) stamp duty and other transaction costs of approximately S$65.7 million; and (ii) issuance of 20,880,531 Units amounting to approximately S$17.1 million in Units paid to the Manager as acquisition fee on acquisition of the Property;
- All Units were assumed to be issued at an issue price of S$0.817;
- The impact of straight-lining of rental income is not significant to the Pro Forma Group;
- At least 90% of the specified taxable income is distributed; and
- The exchange rates are assumed to be as follows:

	Period from 28 January 2019 (date of constitution) to 30 June 2020	**Year ended 30 June 2021**	**Six-month period ended 31 December 2020**	**Six-month period ended 31 December 2021**
S$ and €	S$1.52 : €1.00	S$1.61 : €1.00	S$1.61 : €1.00	S$1.57 : €1.00

B.3 Unaudited Pro Forma Statement of Cash Flows

The unaudited pro forma statement of cash flows of the Pro Forma Group have been prepared to reflect the cash flows of the Pro Forma Group, assuming the Pro Forma Group had completed the Transactions on 1 July 2021, pursuant to the terms set out in the Circular.

In arriving at the unaudited pro forma statement of cash flows for the six-month period ended 31 December 2021, the following key assumptions and adjustments were made:

- Adjustments to reflect changes in cash flows from the acquisition of the Property which includes (i) cash outflow from acquisition of the Property of approximately S$2,144.7 million, comprising of purchase price of S$2,079.0 million and transaction costs of S$65.7 million; (ii) cash inflow from proceeds from issuance of new units of approximately S$837.1 million; (iii) cash outflow from payment of issuance costs for both the acquisition of 13.05% of the total share capital in ARIF3 and of the Property of approximately S$16.2 million; (iv) cash inflow from the drawdown of new borrowings of S$844.0 million, with maturity of 1 to 5 years and the drawdown of bridge facility of S$225.0 million, with maturity of less than 1 year; (v) cash outflow from related transaction costs incurred on drawdown of approximately S$22.9 million; and (vi) cash outflow from interest expense and payment of approximately S$6.3 million;
- Adjustments to reflect cash outflow from distribution of S$38.4 million, comprising property and other property-related income of income of S$42.4 million from the Property for the period ended 31 December 2021 and capital return of S$2.0 million, less finance cost (excluding the amortisation of debt upfront costs) of S$6.0 million; and

- Adjustments to reverse cash flows from net dividend income received of S$8.9 million in the period ended 31 December 2021.

In addition, to the assumptions set out above, the following key assumptions were made:

- The Manager's management fees are fully paid in Units;

- The Trustee's fees of approximately S$0.1 million are fully paid in cash;

- All net property income and other property-related income from the Property are 100% distributed;

- On the assumed date of acquisition, the Property was valued to be S$2,086.0 million, and valuation remained unchanged throughout the periods;

- The Pro Forma Group will acquire the Property at total purchase price (excluding transaction costs) of S$2,079.0 million;

- The equity instrument at fair value was assumed to remain unchanged post-acquisition of the Property;

- The acquisition related transaction costs of approximately S$82.8 million comprise (i) stamp duty and other transaction costs of approximately S$65.7 million; and (ii) issuance of 20,880,531 Units amounting to approximately S$17.1 million in Units paid to the Manager as acquisition fee on acquisition of the Property;

- All Units were assumed to be issued at an issue price of S$0.817;

- The non-cash adjustments comprise of (i) Manager's base and performance fees of approximately S$3.3 million and S$2.1 million; (ii) amortisation of debt upfront costs of approximately S$3.3 million; (iii) reversal of share of profit of associate for the period ended 31 December 2021 of S$7.4 million; (iv) fair value loss of approximately S$75.8 million on acquisition of the Property, where acquisition costs were included in the initial measurement of the Property and subsequently recognised in statement of other comprehensive income as net change in fair value of investment properties; and (v) issuance of issuance of promissory notes of S$263.0 million to LLCI and LLRI3; and

- The exchange rates are assumed to be as follows:

	31 December 2021
S$ and €	S$1.57 : €1.00

C. Unaudited Pro Forma Financial Information

C.1 Unaudited Pro Forma Statements of Financial Position

The unaudited pro forma statements of financial position of the Pro Forma Group as at 30 June 2021 and 31 December 2021 have been prepared for inclusion in the Circular and are presented below.

As at 30 June 2021

	Note	Audited Statement of Financial Position S$'000	Pro Forma Adjustments Note (1) S$'000	Note (2) S$'000	Note (3) S$'000	Unaudited Pro Forma Statement of Financial Position S$'000
Non-current assets						
Investment properties	3	1,419,857	–	2,086,000	–	3,505,857
Investment property under development	4	5,521	–	–	–	5,521
Equity instrument at fair value	6	44,591	115,993	–	–	160,584
Trade and other receivables	7	7,311	–	–	–	7,311
Other non-current assets		869	–	–	–	869
Derivative financial instruments		128	–	–	–	128
		1,478,277	115,993	2,086,000	–	3,680,270
Current assets						
Cash and cash equivalents	8	249,264	–	(14,812)	(1,731)	232,721
Trade and other receivables	7	6,664	–	–	–	6,664
Other current assets		2,910	–	–	–	2,910
		258,838	–	(14,812)	(1,731)	242,295
Total assets		1,737,115	115,993	2,071,188	(1,731)	3,922,565
Current liabilities						
Trade and other payables	9	27,393	–	262,953	–	290,346
Loans and borrowings	10	–	–	423,440	–	423,440
Lease liability	11	416	–	–	–	416
Derivative financial instruments		207	–	–	–	207
		28,016	–	686,393	–	714,409
Non-current liabilities						
Trade and other payables	9	5,300	–	–	–	5,300
Loans and borrowings	10	542,573	–	622,612	–	1,165,185
Lease liability	11	2,105	–	–	–	2,105
Derivative financial instruments		2,322	–	–	–	2,322
		552,300	–	622,612	–	1,174,912
Total liabilities		580,316	–	1,309,005	–	1,889,321
Net assets		1,156,799	115,993	762,183	(1,731)	2,033,244
Represented by:						
Unitholders' funds		957,902	115,993	762,183	(1,731)	1,834,347
Perpetual securities holders	13	198,897	–	–	–	198,897
		1,156,799	115,993	762,183	(1,731)	2,033,244
Units issued at end of financial year ('000)	13	1,180,996	141,975	1,045,529	–	2,368,500
Net asset value per unit attributable to Unitholders (S$)		0.81	0.82	0.73	–	0.77

Notes to pro forma adjustments:

1. Adjustments to reflect the issuance of 141,974,608 units amounting to approximately S$116.0 million and the related issuance costs* for the acquisition of 13.05% of the total issued share capital in ARIF3. The interest of 13.05% is assumed to be accounted for as equity instrument at fair value of which approximately S$116.0 million is assumed to represent the Pro Forma Group's share of the net fair value of ARIF3's net identifiable assets and liabilities as at 30 June 2021.

2. Adjustments to reflect the acquisition of the Property at a purchase price (excluding other acquisition costs) of S$2,079.0 million which includes (i) the drawdown of new borrowings of S$844.0 million, with maturity of 1 to 5 years and the related transaction costs incurred of approximately S$22.9 million; (ii) the drawdown of bridge facility of S$225.0 million, with maturity of less than 1 year; (iii) issuance of promissory notes of S$263.0 million to LLCI and LLRI3; (iv) issuance of 1,045,529,062 units amounting to approximately S$854.2 million and the related issuance costs* of approximately S$16.2 million; and (v) fair value loss of approximately S$75.8 million on the acquisition of the Property.

3. Adjustments to reverse the dividend income received of S$1.7 million from ARIF3 in the year ended 30 June 2021.

* *The related issuance costs for both the acquisition of 13.05% of the total share capital in ARIF3 and of the Property is approximately S$16.2 million.*

As at 31 December 2021

	Note	Audited Statement of Financial Position S$'000	Pro Forma Adjustments Note (1) S$'000	Note (2) S$'000	Note (3) S$'000	Unaudited Pro Forma Statement of Financial Position S$'000
Non-current assets						
Investment properties	3	1,404,317	–	2,086,000	–	3,490,317
Investment property under development	4	6,789	–	–	–	6,789
Investment in associates	5	512,347	115,993	–	–	628,340
Equity instrument at fair value	6	–	–	–	–	–
Trade and other receivables	7	4,301	–	–	–	4,301
Other non-current assets		1,350	–	–	–	1,350
Derivative financial instruments		605	–	–	–	605
		1,929,709	115,993	2,086,000	–	4,131,702
Current assets						
Cash and cash equivalents	8	47,529	–	(14,812)	–	32,717
Trade and other receivables	7	5,914	–	–	–	5,914
Other current assets		5,455	–	–	–	5,455
Derivative financial instruments		1,108	–	–	–	1,108
		60,006	–	(14,812)	–	45,194
Total assets		1,989,715	115,993	2,071,188	–	4,176,896
Current liabilities						
Trade and other payables	9	26,004	–	262,953	–	288,957
Loans and borrowings	10	98,597	–	423,440	–	522,037
Lease liability	11	324	–	–	–	324
Derivative financial instruments		1,197	–	–	–	1,197
		126,122	–	686,393	–	812,515
Non-current liabilities						
Trade and other payables	9	4,379	–	–	–	4,379
Loans and borrowings	10	557,085	–	622,612	–	1,179,697
Lease liability	11	1,988	–	–	–	1,988
Derivative financial instruments		113	–	–	–	113
		563,565	–	622,612	–	1,186,177
Total liabilities		689,687	–	1,309,005	–	1,998,692
Net assets		1,300,028	115,993	762,183	–	2,178,204
Represented by:						
Unitholders' funds		961,617	115,993	762,183	–	1,839,793
Non-controlling interests	12	139,492	–	–	–	139,492
Perpetual securities holders	13	198,919	–	–	–	198,919
		1,300,028	115,993	762,183	–	2,178,204
Units issued at end of financial year ('000)	13	1,191,646	141,975	1,045,529	–	2,379,150
Net asset value per unit attributable to Unitholders (S$)		0.81	0.82	0.73	–	0.77

Notes to pro forma adjustments:

1. Adjustments to reflect the issuance of 141,974,608 units amounting to approximately S$116.0 million and the related issuance costs* for the acquisition of 13.05% of the total issued share capital in ARIF3. The interest of 13.05% is assumed to be accounted for as investment in associates of which approximately S$116.0 million is assumed to represent the Pro Forma Group's share of the net fair value of ARIF3's net identifiable assets and liabilities as at 31 December 2021.

2. Adjustments to reflect the acquisition of the Property at a purchase price (excluding other acquisition costs) of S$2,079.0 million which includes (i) the drawdown of new borrowings of S$844.0 million, with maturity of 1 to 5 years and the related transaction costs incurred of approximately S$22.9 million; (ii) the drawdown of bridge facility of S$225.0 million, with maturity of less than 1 year; (iii) issuance of promissory notes of S$263.0 million to LLCI and LLRI3; (iv) issuance of 1,045,529,062 units amounting to approximately S$854.2 million and the related issuance costs* of approximately S$16.2 million; and (v) fair value loss of approximately S$75.8 million on the acquisition of the Property.

* *The related issuance costs for both the acquisition of 13.05% of the total share capital in ARIF3 and of the Property is approximately S$16.2 million.*

C.2 Unaudited Pro Forma Statements of Profit or Loss and Other Comprehensive Income

The unaudited pro forma statements of profit or loss and other comprehensive income of the Pro Forma Group as for the period from 28 January 2019 (date of constitution) to 30 June 2020, for the year ended 30 June 2021 and the six-month period ended 31 December 2020 and 31 December 2021 have been prepared for inclusion in this Circular and are presented below.

Period from 28 January 2019 (date of constitution) to 30 June 2020

	Note	Audited Income Statement S$'000	Pro Forma Adjustments Note (1) S$'000	Note (2) S$'000	Note (3) S$'000	Unaudited Pro Forma Income Statement S$'000
Gross revenue	14	55,536	–	77,875	–	133,411
Property operating expenses	15	(15,247)	–	(24,127)	–	(39,374)
Net property income		40,289	–	53,748	–	94,037
Manager's base fee		(2,850)	(4,885)	–	–	(7,735)
Manager's performance fee		(2,015)	(2,687)	–	–	(4,702)
Other management fee		(580)	–	–	–	(580)
Trustee's fee		(148)	(212)	–	–	(360)
Other trust expenses		(1,228)	–	–	–	(1,228)
Dividend income		–	–	–	–	–
Net foreign exchange loss		(10,999)	–	–	–	(10,999)
Net finance costs	16	(6,709)	(14,109)	–	–	(20,818)
Profit before tax and change in fair value		15,760	(21,893)	53,748	–	47,615
Net change in fair value of investment properties and investment property under development		(20,102)	(75,829)	–	–	(95,931)
Net change in fair value of equity instrument		–	–	–	–	–
Net change in fair value of derivative financial instruments		(4,274)	–	–	–	(4,274)
(Loss)/profit before tax		(8,616)	(97,722)	53,748	–	(52,590)
Tax expense	17	–	–	–	–	–
(Loss)/profit after tax		(8,616)	(97,722)	53,748	–	(52,590)
Attributable to:						
Unitholders		(8,616)	(97,722)	53,748	–	(52,590)
Perpetual securities holders		–	–	–	–	–
		(8,616)	(97,722)	53,748	–	(52,590)
Other comprehensive income						
Items that is or may be reclassified subsequently to profit or loss:						
Translation differences relating to financial statements of foreign subsidiary		11,218	–	–	–	11,218
Total comprehensive income for the period		2,602	(97,722)	53,748	–	(41,372)

Notes to pro forma adjustments:

1. Adjustments to reflect additional fees and costs from the acquisition of the Property which includes (i) Manager's base and performance fees of approximately S$4.9 million and S$2.7 million, respectively; (ii) Trustee's fees of approximately S$0.2 million; (iii) finance costs (including the amortisation of debt upfront costs) of approximately S$14.1 million; and (iv) fair value loss of approximately S$75.8 million on acquisition of the Property, where acquisition costs were included in the initial measurement of the Property and subsequently recognised in statement of other comprehensive income as net change in fair value of investment properties.

2. Adjustments to reflect (i) net property income of S$52.9 million from the Property for the period from the Listing Date to 30 June 2020; and (ii) other property-related income of S$0.8 million from the Property for the period from the Listing Date to 30 June 2020.

Year ended 30 June 2021

	Note	Audited Income Statement S$'000	Pro Forma Adjustments Note (1) S$'000	Note (2) S$'000	Note (3) S$'000	Unaudited Pro Forma Income Statement S$'000
Gross revenue	14	78,651	–	122,708	–	201,359
Property operating expenses	15	(21,733)	–	(39,939)	–	(61,672)
Net property income		56,918	–	82,769	–	139,687
Manager's base fee		(3,933)	(6,546)	–	–	(10,479)
Manager's performance fee		(2,923)	(4,138)	–	–	(7,061)
Other management fee		(801)	–	–	–	(801)
Trustee's fee		(209)	(284)	–	–	(493)
Other trust expenses		(2,561)	–	–	–	(2,561)
Dividend income		1,731	–	–	(1,731)	–
Net foreign exchange loss		(9,219)	–	–	–	(9,219)
Net finance costs	16	(9,989)	(18,664)	–	–	(28,653)
Profit before tax and change in fair value		29,014	(29,632)	82,769	(1,731)	80,420
Net change in fair value of investment properties and investment property under development		(31,284)	–	–	–	(31,284)
Net change in fair value of equity instrument		(942)	–	–	–	(942)
Net change in fair value of derivative financial instruments		1,873	–	–	–	1,873
Profit/(loss) before tax		(1,339)	(29,632)	82,769	(1,731)	50,067
Tax expense	17	–	–	–	–	–
Profit/(loss) after tax		(1,339)	(29,632)	82,769	(1,731)	50,067
Attributable to:						
Unitholders		(1,937)	(29,632)	82,769	(1,731)	49,469
Perpetual securities holders		598	–	–	–	598
		(1,339)	(29,632)	82,769	(1,731)	50,067
Other comprehensive income						
Items that is or may be reclassified subsequently to profit or loss:						
Translation differences relating to financial statements of foreign subsidiary		9,005	–	–	–	9,005
Total comprehensive income for the period		7,666	(29,632)	82,769	(1,731)	59,072

Notes to pro forma adjustments:

1. Adjustments to reflect additional fees and costs from the acquisition of the Property which includes (i) Manager's base and performance fees of approximately S$6.5 million and S$4.1 million, respectively; (ii) Trustee’s fees of approximately S$0.3 million; and (iii) the finance costs (including the amortisation of debt upfront costs) of approximately S$18.7 million.

2. Adjustments to reflect (i) net property income of S$79.5 million from the Property for the year ended 30 June 2021; and (ii) other property-related income of S$3.3 million from the Property for the year ended 30 June 2021.

3. Adjustments to reverse the dividend income received of S$1.7 million from ARIF3 in the year ended 30 June 2021.

Six-month period ended 31 December 2020

	Note	Unaudited Income Statement S$'000	Pro Forma Adjustments Note (1) S$'000	Note (2) S$'000	Note (3) S$'000	Unaudited Pro Forma Income Statement S$'000
Gross revenue	14	41,608	–	59,464	–	101,072
Property operating expenses	15	(11,215)	–	(15,434)	–	(26,649)
Net property income		30,393	–	44,030	–	74,423
Manager's base fee		(1,970)	(3,301)	–	–	(5,271)
Manager's performance fee		(1,520)	(2,201)	–	–	(3,721)
Other management fee		(401)	–	–	–	(401)
Trustee's fee		(103)	(143)	–	–	(246)
Other trust expenses		(1,440)	–	–	–	(1,440)
Dividend income		–	–	–	–	–
Net foreign exchange loss		(14,633)	–	–	–	(14,633)
Net finance costs	16	(5,017)	(9,408)	–	–	(14,425)
Profit before tax and change in fair value		5,309	(15,053)	44,030	–	34,286
Net change in fair value of investment properties and investment property under development		–	–	–	–	–
Net change in fair value of equity instrument		–	–	–	–	–
Net change in fair value of derivative financial instruments		(851)	–	–	–	(851)
Profit/(loss) before tax		4,458	(15,053)	44,030	–	33,435
Tax expense	17	–	–	–	–	–
Profit/(loss) after tax		4,458	(15,053)	44,030	–	33,435
Attributable to:						
Unitholders		4,458	(15,053)	44,030	–	33,435
Perpetual securities holders		–	–	–	–	–
		4,458	(15,053)	44,030	–	33,435
Other comprehensive income						
Items that is or may be reclassified subsequently to profit or loss:						
Translation differences relating to financial statements of foreign subsidiary		14,986	–	–	–	14,986
Total comprehensive income for the period		19,444	(15,053)	44,030	–	48,421

Notes to pro forma adjustments:

1. Adjustments to reflect additional fees and costs from the acquisition of the Property which includes (i) Manager's base and performance fees of approximately S$3.3 million and S$2.2 million, respectively; (ii) Trustee's fees of approximately S$0.1 million; and (iii) the finance costs (including the amortisation of debt upfront costs) of approximately S$9.4 million.

2. Adjustments to reflect (i) net property income of S$43.4 million from the Property for the six-month period ended 31 December 2020; and (ii) other property-related income of S$0.6 million from the Property six-month period ended 31 December 2020.

Six-month period ended 31 December 2021

	Note	Unaudited Income Statement S$'000	Pro Forma Adjustments Note (1) S$'000	Note (2) S$'000	Note (3) S$'000	Unaudited Pro Forma Income Statement S$'000
Gross revenue	14	39,190	–	57,889	–	97,079
Property operating expenses	15	(9,547)	–	(15,475)	–	(25,022)
Net property income		29,643	–	42,414	–	72,057
Manager's base fee		(2,085)	(3,287)	–	–	(5,372)
Manager's performance fee		(1,655)	(2,121)	–	–	(3,776)
Other management fee		(682)	–	–	–	(682)
Trustee's fee		(120)	(142)	–	–	(262)
Other trust expenses		(1,130)	–	–	–	(1,130)
Dividend income		–	–	–	–	–
Net foreign exchange loss		16,914	–	–	–	16,914
Net finance costs	16	(5,598)	(9,408)	–	–	(15,006)
Profit before tax, change in fair value and share of profit		35,287	(14,958)	42,414	–	62,743
Net change in fair value of investment properties and investment property under development		–	–	–	–	–
Net change in fair value of equity instrument		330	–	–	–	330
Share of profit of associates		7,419	–	–	(7,419)	–
Net change in fair value of derivative financial instruments		2,804	–	–	–	2,804
Profit/(loss) before tax		45,840	(14,958)	42,414	(7,419)	65,877
Tax expense	17	–	–	–	–	–
Profit/(loss) after tax		45,840	(14,958)	42,414	(7,419)	65,877
Attributable to:						
Unitholders		39,420	(14,958)	42,414	(7,419)	59,457
Non-controlling interests		2,186	–	–	–	2,186
Perpetual securities holders		4,234	–	–	–	4,234
		45,840	(14,958)	42,414	(7,419)	65,877
Other comprehensive income						
Items that is or may be reclassified subsequently to profit or loss:						
Translation differences relating to financial statements of foreign subsidiary		(17,115)	–	–	–	(17,115)
Total comprehensive income for the period		28,725	(14,958)	42,414	(7,419)	48,762
Attributable to:						
Unitholders		22,305	(14,958)	42,414	(7,419)	42,342
Non-controlling interests		2,186	–	–	–	2,186
Perpetual securities holders		4,234	–	–	–	4,234
		28,725	(14,958)	42,414	(7,419)	48,762

Notes to pro forma adjustments:

1. Adjustments to reflect additional fees and costs from the acquisition of the Property which includes (i) Manager's base and performance fees of approximately S$3.3 million and S$2.1 million, respectively; (ii) Trustee’s fees of approximately S$0.1 million; and (iii) the finance costs (including the amortisation of debt upfront costs) of approximately S$9.4 million.

2. Adjustments to reflect (i) net property income of S$41.6 million from the Property for the six-month period ended 31 December 2021; and (ii) other property-related income of S$0.8 million from the Property six-month period ended 31 December 2021.

3. Adjustments to reverse the share of profit of associates received of S$7.4 million in the period ended 31 December 2021. Dividend income from associates in the period ended 31 December 2021 had no impact on the statements of profit or loss and other comprehensive income.

C.3 Unaudited Pro Forma Statement of Cash Flows

The unaudited pro forma statement of cash flows of the Pro Forma Group as for the six-month period ended 31 December 2021 have been prepared for inclusion in this Circular and are presented below.

Six-month period ended 31 December 2021

	Unaudited Statement of Cash Flows S$'000	Pro Forma Adjustments Note (1) S$'000	Note (2) S$'000	Note (3) S$'000	Unaudited Pro Forma Statement of Cash Flows S$'000
Cash flows from operating activities					
Profit/(loss) after tax	45,840	(88,855)	40,288	(7,419)	(10,146)
Adjustments for:					
Manager's fees paid/payable in Units	3,740	3,287	2,127	–	9,154
Property manager's fees paid/payable in Units	792	–	–	–	792
Transaction costs related to purchase of equity instrument	54	–	–	–	54
Finance income	(90)	–	–	–	(90)
Interest expense	2,698	6,250	–	–	8,948
Amortisation of debt-related transaction costs	2,941	3,346	–	–	6,287
Net unrealised foreign exchange gain	(17,090)	–	–	–	(17,090)
Share of profit of associate	(7,419)	–	–	7,419	–
Net change in the fair value of investment properties and investment property under development	–	75,829	–	–	75,829
Net change in fair value of equity instrument	(330)	–	–	–	(330)
Net change in the fair value of derivatives financial instruments	(2,804)	–	–	–	(2,804)
Operating income before working capital changes	28,332	(143)	42,415	–	70,604
Changes in:					
Trade and other receivables	3,820	–	–	–	3,820
Trade and other payables	(739)	262,953	–	–	262,214
Other current assets	(2,545)	–	–	–	(2,545)
Other non-current assets	(481)	–	–	–	(481)
Net cash generated from operating activities	28,387	262,810	42,415	–	333,612

	Unaudited Statement of Cash Flows S$'000	Pro Forma Adjustments Note (1) S$'000	Note (2) S$'000	Note (3) S$'000	Unaudited Pro Forma Statement of Cash Flows S$'000
Cash flows from investing activities					
Dividends received from associates	12,130	–	–	(12,130)	–
Interest received	90	–	–	–	90
Acquisition of investment property	–	(2,144,770)	–	–	(2,144,770)
Capital expenditure on investment properties	(1,876)	–	–	–	(1,876)
Capital expenditure on investment property under development	(1,343)	–	–	–	(1,343)
Transaction costs related to purchase of equity instrument	129	–	–	–	129
Acquisition of investment in associate	(169,933)	–	–	–	(169,933)
Acquisition of subsidiary	(157,965)	–	–	–	(157,965)
Net cash used in investing activities	(318,768)	(2,144,770)	–	(12,130)	(2,475,668)
Cash flows from financing activities					
Proceeds from issuance of new Units	–	837,138	–	–	837,138
Payment of issue costs for new Units	–	(16,185)	–	–	(16,185)
Proceeds from loans and borrowings	150,000	1,069,000	–	–	1,219,000
Repayment of loans and borrowings	(20,000)	–	–	–	(20,000)
Payment of financing expenses	(2,701)	(22,948)	–	–	(25,649)
Distribution to Unitholders	(27,576)	–	(38,352)	–	(65,928)
Distribution to perpetual securities holders	(4,212)	–	–	–	(4,212)
Distribution to non-controlling interests	(3,210)	–	–	3,210	–
Interest paid	(2,690)	(6,250)	–	–	(8,940)
Payment of lease liability	(231)	–	–	–	(231)
Net cash generated from financing activities	89,380	1,860,755	(38,352)	3,210	1,914,993
Net increase in cash and cash equivalents	(201,001)	(21,205)	4,063	(8,920)	(227,063)
Cash and cash equivalents at beginning of period	249,264	–	–	–	249,264
Effect of exchange rate changes on balances held in foreign currency	(734)	–	–	–	(734)
Cash and cash equivalents at end of the period	47,529	(21,205)	4,063	(8,920)	21,467

Significant non-cash transactions

There were the following significant non-cash transactions:

(i) During the six-month period ended 31 December 2021, LREIT issued an aggregate of 6,470,319 new Units amounting to S$5.3 million as payment for the base fee element of the Manager's management fees.

(ii) During the six-month period ended 31 December 2021, LREIT issued an aggregate of 6,213,817 new Units amounting to S$5.1 million as payment for the performance fee element of the Manager's management fees.

(iii) During the six-month period ended 31 December 2021, LREIT issued an aggregate of 24,564,347 new Units amounting to S$20.3 million as payment for the acquisition fee element of the Manager's management fees.

(iv) During the six-month period ended 31 December 2021, LREIT issued an aggregate of 916,789 new Units amounting to S$0.8 million as payment for the property manager's management fee.

(v) During the six-month period ended 31 December 2021, LREIT issued an aggregate of 141,974,608 new Units amounting to approximately S$116.0 million as payment for the acquisition of 13.05% of the total issued share capital in ARIF3.

(vi) During the six-month period ended 31 December 2021, LREIT issued an aggregate of 1,024,648,531 new Units to amounting to S$837.1 million under private placement and preferential offering.

Notes to pro forma adjustments:

1. Adjustments to reflect changes in cash flows from the acquisition of the Property which includes (i) cash outflow from acquisition of the Property of approximately S$2,144.7 million, comprising of purchase price of S$2,079.0 million and transaction costs of S$65.7 million; (ii) cash inflow from proceeds from issuance of new units of approximately S$837.1 million; (iii) cash outflow from payment of issuance costs for both the acquisition of 13.05% of the total share capital in ARIF3 and of the Property of approximately S$16.2 million; (iv) cash inflow from the drawdown of new borrowings of S$844.0 million, with maturity of 1 to 5 years and the drawdown of bridge facility of S$225.0 million, with maturity of less than 1 year; (v) cash outflow from related transaction costs incurred on drawdown of approximately S$22.9 million; and (vi) cash outflow from interest expense and payment of approximately S$6.3 million.

2. Adjustments to reflect cash outflow from distribution of S$38.4 million, comprising property and other property-related income of income of S$42.4 million from the Property for the period ended 31 December 2021 and capital return of S$2.0 million, less finance cost (excluding the amortisation of debt upfront costs) of S$6.0 million.

3. Adjustments to reverse cash flows from net dividend income received of S$8.9 million in the period ended 31 December 2021.

D. Notes to the Unaudited Pro Forma Financial Information

1. Basis of preparation

1.1. Statement of compliance

The Unaudited Pro Forma Financial Information is prepared in accordance with the basis set out in Section B, International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board, and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed.

The financial information of the Pro Forma Group comprises Lendlease Global Commercial REIT ("LREIT") and its subsidiaries.

1.2. Basis of measurement

The Unaudited Pro Forma Financial Information have been prepared on the historical cost basis, except for investment properties, investment property under development, equity instrument at fair value, derivative financial instruments and certain financial assets and liabilities, which are stated at fair value.

1.3. Functional and presentation currency

The Unaudited Pro Forma Financial Information is presented in Singapore dollars ("S$"), which is the functional currency of LREIT. All Unaudited Pro Forma Financial Information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

1.4. Use of estimates and judgements

The preparation of the Unaudited Pro Forma Financial Information in conformity with IFRS requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements and estimates made in applying the Pro Forma Group's accounting policies that have the most significant effect on the amounts recognised in the Unaudited Pro Forma Financial Information are described in the following notes:

- Note 3: Investment properties;
- Note 4: Investment property under development; and
- Note 6: Equity instrument at fair value.

Measurement of fair values

A number of the Pro Forma Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Pro Forma Group has an established control framework with respect to the measurement of fair values. The Manager has overall responsibility for the appointment of external valuers, where necessary, and all significant fair value measurements and reports directly to the Board of Directors of the Manager.

When measuring the fair value of an asset or a liability, the Manager uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Pro Forma Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 3: Investment properties; and
- Note 4: Investment property under development.
- Note 6: Equity instrument at fair value; and
- Note 20: Fair value of assets and liabilities.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in this Unaudited Pro Forma Financial Information and have been applied consistently by Pro Forma Group entities.

2.1. Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Pro Forma Group. The Pro Forma Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The of subsidiaries are included in the Unaudited Pro Forma Financial Information of the Pro Forma Group from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Pro Forma Group.

Associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity

Associates are accounted for using the equity method (collectively referred to as "equity-accounted investees") and are recognised initially at cost. The cost of the investments includes transaction costs. The Group's investments in equity-accounted investees include goodwill identified on acquisition, net of any accumulated impairment losses. Subsequent to initial recognition, the combined financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operation or has made payments on behalf of the investee.

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Unaudited Pro Forma Financial Information.

2.2. Foreign currencies

Foreign currency transactions

Items included in the financial information of each entity in the Pro Forma Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency").

Transactions in foreign currencies are translated to the respective functional currencies of the Pro Forma Group's entities at the exchange rate at the date of the transactions. The functional currencies of the Pro Forma Group's entities are Singapore dollars ("S$") and Euro ("€"). Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rate prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currencies at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising from translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates prevailing at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at average exchange rates for the reporting period.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve. However, if the foreign operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests ("NCI"). When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is transferred to profit or loss as part of the gain or loss on disposal.

When the Pro Forma Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI.

2.3. Investment properties

Investment properties and investment property under development

Investment properties are properties held either to earn rental income or capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property under development is a property being constructed or developed for future use as investment properties. Investment properties and investment property under development are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties or investment property under development. Transaction costs shall be included in the initial measurement. The cost of self-constructed investment property includes the cost of materials and direct labour, any other cost directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Fair value is determined in accordance with the Trust Deed, which requires investment properties and investment property under development to be valued by independent registered valuers in the following events:

(i) in such manner and frequency as required under the CIS Code issued by MAS; and

(ii) at least once in each period of twelve months following the acquisition of each real estate property.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Property that is being constructed for future use as investment property is accounted for at fair value.

2.4. Financial instruments

(a) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Pro Forma Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, the Pro Forma Group classifies its non-derivative financial assets as measured at: amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Pro Forma Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income ("FVOCI") as described above are measured at FVTPL. On initial recognition, the Pro Forma Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Non-derivative financial assets: Business model assessment

The Pro Forma Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the Manager. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Manager; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Pro Forma Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Pro Forma Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Pro Forma Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Pro Forma Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(c) Derecognition

Financial assets

The Pro Forma Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Pro Forma Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Pro Forma Group enters into transactions whereby it transfers assets recognised in its statements of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Pro Forma Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Pro Forma Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Pro Forma Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

2.5. Impairment

Non-derivative financial assets

The Pro Forma Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost.

Loss allowances of the Pro Forma Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Pro Forma Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Pro Forma Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Pro Forma Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Pro Forma Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Pro Forma Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Pro Forma Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Pro Forma Group in full, without recourse by the Pro Forma Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Pro Forma Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates or credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Pro Forma Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Pro Forma Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- a breach of contract such as a default or being more than 90 days past due; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statements of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Pro Forma Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Pro Forma Group’s procedures for recovery of amounts due.

Non-financial assets

The carrying amounts of the Pro Forma Group’s non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets’ recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit (“CGU”) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflow of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

2.6. Leases

At inception of a contract, the Pro Forma Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Pro Forma Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Pro Forma Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices, However, for the leases of property, the Pro Forma Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Pro Forma Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

For right-of-use assets that meet the definition of investment property, the Pro Forma Group applies the fair value model in IAS 40 *Investment Property* to these assets with any change therein being recognised in the statement of total return and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Pro Forma Group uses the lessee's incremental borrowing rate as the discount rate.

The Pro Forma Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Pro Forma Group's estimate of the amount expected to be payable under a residual value guarantee, if the Pro Forma Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As a lessor

At inception or on modification of a contract that contains a lease component, the Pro Forma Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Pro Forma Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Pro Forma Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Pro Forma Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Pro Forma Group applies IFRS 15 to allocate the consideration in the contract.

The Pro Forma Group leases out its investment properties. The Pro Forma Group recognises lease payments received from investment properties under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

2.7. Unitholders' funds

Unitholders' funds represent mainly the Unitholders' residual interest in the Pro Forma Group's net assets upon termination and is classified as equity. Incremental cost, directly attributable to the issuance, offering and placement of Units in LREIT are deducted directly against Unitholders' funds.

2.8. Dividend and distribution income

Dividend and distribution income are recognised in profit or loss on the date that the Pro Forma Group's or LREIT's right to receive payment is established.

2.9. Finance income and cost

Finance income comprises interest income which is recognised using the effective interest method.

Finance costs comprise interest expense on borrowings, including amortisation of transaction costs which are recognised in profit or loss using the effective interest method over the period for which the borrowings are granted.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortised cost of the financial liability.

2.10. Government grants

Government grants are recognised when there is reasonable assurance that they will be received and the Pro Forma Group will comply with the conditions associated with the grants. Grants that compensate the Pro Forma Group for expenses incurred are recognised in profit or loss as a deduction to the related expenses on a systematic basis in the same periods in which the expenses are recognised. Grants that are related to revenue and for LREIT are recognised within 'gross revenue' on a systematic basis.

2.11. Income tax expense

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in Unitholders' funds.

Current tax is the expected tax payable on the taxable income for the period, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- temporary differences related to investments in subsidiaries to the extent that the Pro Forma Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Pro Forma Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Pro Forma Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

In determining the amount of current and deferred tax, the Pro Forma Group takes into account the impact of uncertain tax positions and whether additional taxes may be due. The Pro Forma Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience with tax authorities. The assessment of these factors relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Pro Forma Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Pro Forma Group has obtained tax rulings from the Inland Revenue Authority of Singapore (“IRAS”) in relation to Singapore income tax treatment of certain income from properties located overseas.

Tax Transparency Treatment

The IRAS has granted tax transparency treatment to LREIT in respect of certain taxable income (“Specified Taxable Income”). Broadly, subject to meeting the terms and conditions that the Trustee and the Manager have undertaken to comply with for purposes of the application for the tax transparency treatment, which includes a distribution of at least 90% of the Specified Taxable Income of LREIT, LREIT is not subject to tax on the Specified Taxable Income distributed to the Unitholders in the same period in which the Specified Taxable Income was derived. In this regard, for Specified Taxable Income of LREIT relating to the financial period ended 30 June 2020 and the financial year ended 30 June 2021, the period for making distributions to meet the 90% requirement has been extended to 31 December 2021. Instead, the Trustee and the Manager would deduct income tax at the prevailing corporate tax rate (currently at 17%) from distributions made to Unitholders out of such Specified Taxable Income, except:

(i) where the beneficial owners are Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax;

(ii) where the beneficial owners are Qualifying Foreign Non-Individual Unitholders, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions made on or before 31 December 2025; or

(iii) where the beneficial owners are Qualifying Non-Resident Funds, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions during the period 1 July 2019 to 31 December 2025.

A "Qualifying Unitholder" is a Unitholder who is:

- an individual;
- a company incorporated and tax resident in Singapore;
- a Singapore branch of a company incorporated outside Singapore;
- a body of persons other than a company or a partnership, registered or constituted in Singapore (e.g. a town council, a statutory board, a registered charity, a registered cooperative society, a registered trade union, a management corporation, a club or a trade industry association);
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145); or
- a real estate investment trust exchange-traded fund which has been accorded the tax transparency treatment (but only in respect of Specified Taxable Income distributions made on or before 31 December 2025).

A Qualifying Foreign Non-Individual Unitholder is a person other than an individual who is not resident in Singapore for Singapore income tax purposes and who:

- does not have a permanent establishment in Singapore; or
- carries on an operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire units of LREIT are not obtained from that operation.

A Qualifying Non-resident Fund is a non-resident fund that qualifies for tax exemption under Section 13CA, 13X or 13Y of the Income Tax Act (Cap.134) and who:

- does not have a permanent establishment in Singapore (other than a fund manager in Singapore); or
- carries on an operation through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used by that qualifying fund to acquire units of LREIT are not obtained from that operation.

The tax transparency treatment does not apply to gains or profits from the disposal of any properties such as immovable properties and shares that are determined by the IRAS to be revenue gains chargeable to tax and income derived by LREIT but not distributed to the Unitholders in the same period in which the income is derived.

Where tax transparency treatment does not apply to any gains, profits or income, such gains, profits or income will be subject to tax at the level of the Trustee. Distribution made out of the after-tax amount will not be subject to any deduction of tax at source nor further tax in the hands of Unitholders. Where the disposal gains are regarded as capital in nature, they will not be subject to tax at the level of the Trustee and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

Foreign-sourced Income Tax Exemption

Pursuant to the Foreign-sourced Income Tax Exemption granted by the IRAS and subject to the meeting of certain conditions, the distributions received from Lendlease Global Commercial Italy Fund by LREIT's wholly-owned subsidiary, Lendlease Global Commercial (IT) Pte. Ltd., will be exempt from Singapore income tax. The dividends paid out by Lendlease Global Commercial (IT) Pte. Ltd. are exempt from Singapore income tax in the hands of LREIT.

Any distributions made by LREIT to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders.

2.12. Distribution policy

LREIT's distribution policy is to distribute at least 90% of its adjusted net cashflow from operations for each financial year. The actual level of distribution will be determined at the Manager's discretion.

LREIT makes distributions to Unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. Under the Trust Deed, the Manager shall pay distributions no later than 90 days after the end of each distribution period.

2.13. Segment reporting

An operating segment is a component of the Pro Forma Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Pro Forma Group's other components. All operating segments' operating results are reviewed regularly by the Pro Forma Group's Chief Operating Decision Makers ("CODMs") which comprise mainly the Board of Directors including the Chief Executive Officer ("CEO") of the Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise fees, other trust expenses, foreign exchange gain/loss, finance cost, interest and other income, fair value of derivative financial instruments and income tax expense as these are centrally manage by the Pro Forma Group.

Segment capital expenditure is the total cost incurred during the period to acquire plant and equipment, investment properties and investment property under development.

2.14. Perpetual securities

Proceeds from the issuance of perpetual securities in LREIT are recognised as equity when there is no contractual obligation to deliver cash or other financial assets to another person or entity or exchange financial assets or liabilities with another person or entities that are potentially unfavourable to the issuer. Expenses relating to the issuance of the perpetual securities are deducted from the net assets attributable to the perpetual securities balance.

3. Investment properties

	31 December 2021 S$'000	30 June 2021 S$'000
At 1 July 2021/1 July 2020	1,419,857	1,442,598
Acquisitions (including acquisition costs) [1]	2,161,829	2,161,829
Capital expenditure	930	2,525
Currency translation differences	(16,470)	8,159
Change in fair value of investment properties	(75,829)	(109,254)
	3,490,317	3,505,857

[1] This relates to the acquisition of a 99-year leasehold interest in the Property.

The valuations of the investment properties are set out below:

Description of property	Location	Term of lease	Existing use	At valuation 31 December 2021 $'000	At valuation 30 June 2021 $'000
313@Somerset	Singapore	99 years	Retail	983,930	983,000
Sky Complex	Italy	Freehold	Commercial	420,387	436,857
Jem	Singapore	99 years	Retail/Commercial	2,086,000	2,086,000
				3,490,317	3,505,857

Measurement of fair value

(i) Fair value hierarchy

The fair values of the investment properties are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion.

As at 31 December 2021, the carrying amounts of 313@Somerset and Sky Complex were based on the valuations performed by independent professional valuers, CBRE Pte. Ltd. and Savills Advisory Services Limited as at 30 June 2021, adjusted for capital expenditure incurred subsequent to the valuation date and translation differences. The Group has assessed that the carrying amounts of the investment properties as at 31 December 2021 approximates their fair values.

As at 31 December 2021 and 30 June 2021, the valuation of Jem is based on the higher of the valuation performed by the independent professionally qualified external valuers, namely Jones Lang LaSalle Property Consultants Pte. Ltd. and CBRE Pte. Ltd..

The valuers have considered the discounted cash flow method and capitalisation approach in arriving at the open market value as at the reporting date. The valuation methods involve certain estimates. The discounted cash flow analysis involves the estimation and projection of a net income stream over a period and discounting the net income stream with an internal rate of return to arrive at the market value. The capitalisation method is an investment approach whereby the estimated gross passing income (on both a passing and market rent basis) has been adjusted against anticipated operating costs to produce a net income on a fully leased basis. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions and that the valuation reports are prepared in accordance with recognised appraisal and valuation standards.

The external valuers have considered all available information as at respective valuation dates relating to COVID-19 and have made necessary adjustments to the valuation. The valuation reports also highlighted that given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that COVID-19 might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review.

(ii) Key unobservable inputs

The following table shows the key unobservable inputs used in the valuation models:

Valuation technique	**Key unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Discounted cash flows analysis	• Discount rate of 6.15% - 7.00% (30 June 2021: 6.15% - 7.00%)	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	• Terminal capitalisation rate of 3.65% - 5.25% (30 June 2021: 3.65% - 5.25%)	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).
Capitalisation method	• Capitalisation rate of 3.50% - 4.50% (30 June 2021: 3.50% - 4.50%)	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).
Sales comparison approach	Adjusted price per square meter	The estimated fair value increases with higher adjusted price per square meter.

4. Investment property under development

	31 December 2021 S$'000	**30 June 2021 S$'000**
Investment property under development	6,789	5,521

Included in development expenditure capitalised are interest expense on lease liabilities capitalised during the year of approximately S$22,000 (30 June 2021: S$nil).

Measurement of fair value

(i) Fair value hierarchy

The fair value of the investment property under development is based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion.

The carrying amounts of the investment property under development as at 31 December 2021 was based on valuation performed by an independent professional valuer, CBRE Pte. Ltd., adjusted for development expenditure incurred subsequent to the valuation date and net change in fair value of right-of-use asset. The Group has assessed that the carrying amounts of the investment property under development as at 31 December 2021 approximates its fair value.

The valuers have considered the residual land method whereby the estimated development costs to be incurred and developer's profit are deducted from the gross development value to arrive at the residual value as at the reporting date. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions and that the valuation reports are prepared in accordance with recognised appraisal and valuation standards.

(ii) Key unobservable inputs

The following table shows the key unobservable inputs used in the valuation models:

Valuation technique	**Key unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Residual land method	Discounted cash flow analysis • Discount rate of 8.50% (30 June 2021: 8.50%)	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	• Terminal capitalisation rate of 8.50 % (30 June 2021: 8.50%)	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).
	Capitalisation method • Capitalisation rate of 8.50% (30 June 2021: 8.50 %)	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).
	Estimated development costs to be incurred (including land costs)	The estimated fair value would increase (decrease) if the estimated development costs to be incurred (including land costs) were lower (higher).

5. Investment in associates

	31 December 2021 S$'000	30 June 2021 S$'000
Investment in associates	628,547	–

The investment in associates relate to LREIT's 37.85% indirect interest in ARIF3 and a 25.0% indirect interest in two entities, LL JV Ltd and Triple Eight JV Limited. The indirect interest in LL JV Ltd and Triple Eight JV Limited is held through a subsidiary, LLJP, which the Group has 53.0% interest in. ARIF3 and LLJP hold 75.0% indirect interest and 25.0% indirect interest respectively in Jem.

On 4 August 2021, the Group acquired 53.0% of the shares in LLJP which holds 25.0% indirect interest in Jem with a purchase consideration of approximately S$158 million.

On 9 September 2021, 17 September 2021 and 21 September 2021, the Group acquired a total of additional 19.8% of the shares in ARIF3 with a purchase consideration of approximately S$172 million. With the acquisition, the Group's equity interest in ARIF3 increased from 5.0% to 24.8% and ARIF3 was reclassified as "investment in associates" from "equity instrument at fair value".

On 31 December 2021, the Group acquired additional 13.05% of the shares in ARIF3 with an aggregate consideration of approximately S$116 million as part of the Transactions.

Details of the associates are as follows:

Name of associates	Country of constitution/ Principal place of business	Principal Activity	Equity interest held by the Pro Forma Group 31 December 2021 %	30 June 2021 %
Lendlease Asian Retail Investment Fund 3 Limited[1]	Bermuda	Investment holding	37.9	5.0[2]
LL JV Ltd	Mauritius	Investment holding	25.0	–
Triple Eight JV Limited	Mauritius	Investment holding	25.0	–

1 ARIF3 consolidates and holds 75% direct interest in both LL JV Ltd and Triple Eight JV Limited.
2 The 5% interest in ARIF3 was classified as equity instrument at fair value. Refer to note 6 for details.

The following table summarises the financial information of each of the Pro Forma Group's material associates based on their respective consolidated financial statements prepared in with IFRS.

	ARIF3 S$'000	LL JV Ltd S$'000	Triple Eight JV Limited S$'000	Total S$'000
Revenue from date of acquisition to period ended 31 December 2021	36,104	8,837	38,323	
Profit after tax/total comprehensive income from date of acquisition to period ended 31 December 2021	13,731	4,977	15,303	
Attributable to NCI	3,661	–	–	
Attributable to investee's shareholders	10,070	4,977	15,303	
Net assets	1,184,412	338,234	844,680	
Attributable to NCI	295,729	–	–	
Attributable to investee's shareholders	888,683	338,234	844,680	
Group's interest in net assets of investee at beginning of the period, excluding goodwill	–	–	–	–
Transfer from equity instrument at fair value	44,921	–	–	44,921
Carrying amount of interest in associates acquired as part acquisition of subsidiary	–	85,581	212,958	298,539
Other adjustments	–	192	478	670
Acquisition during the period	287,828	–	–	287,828
Group's share of total comprehensive income	2,349	1,244	3,826	7,419
Dividends paid	(4,905)	(1,100)	(6,125)	(12,130)
Group's interest in net assets of investee at end of the period, excluding goodwill	330,193	85,917	211,137	627,247
Goodwill	–	373	927	1,300
Group's interest in net assets of investee at end of the period	330,193	86,290	212,064	628,547

6. Equity instrument at fair value

	31 December 2021 S$'000	30 June 2021 S$'000
Equity instrument at fair value	–	160,584

Equity instrument at fair value as at 30 June 2021 relates to LREIT's 5.0% stake in ARIF3 and additional 13.05% stake in ARIF3 as part of the Transactions, prior to the reclassification to investment in associates.

The investment in ARIF3 was subsequently reclassified as "investment in associates" from "equity instrument at fair value" as the Group acquired additional stake in ARIF3 (note 5)

7. Trade and other receivables

	31 December 2021 S$'000	30 June 2021 S$'000
Current		
Trade receivables	121	739
Other receivables	5,793	5,925
	5,914	6,664
Non-current		
Other receivables	4,301	7,311

Other receivables of the Pro Forma Group relate mainly to value-added tax ("VAT") and goods and services tax ("GST") to be claimed from the relevant tax authorities.

8. Cash and cash equivalents

	31 December 2021 S$'000	30 June 2021 S$'000
Cash at banks and on hand	31,017	32,721
Fixed deposit with financial institution	1,700	200,000
	32,717	232,721

9. Trade and other payables

	31 December 2021 S$'000	30 June 2021 S$'000
Current		
Trade payables	1,434	428
Payables due to related parties	240	7,532
Accrued expenses	12,464	5,009
Rental received in advance	3,841	5,209
Deposits	6,652	6,227
Interest payable	1,218	1,141
Promissory notes	262,953	262,953
Other payables	155	1,847
	288,957	290,346
Non-current		
Deposits	4,379	5,300

10. Loans and borrowings

	31 December 2021 S$'000	30 June 2021 S$'000
Non-current		
Unsecured bank loans	1,211,264	1,197,692
Less: Unamortised transaction costs	(31,567)	(32,507)
	1,179,697	1,165,185
Current		
Unsecured bank loans	524,297	425,000
Less: Unamortised transaction costs	(2,260)	(1,560)
	522,037	423,440

Terms and conditions of the interest-bearing borrowings are as follows:

	Nominal interest rate %	Year of maturity	Face value S$'000	Carrying amount S$'000
31 December 2021				
SGD floating rate bank loan	SOR[1] + margin	2023	99,297	98,597
EUR floating rate bank loan	EURIBOR[2] + margin	2024	437,264	429,467
SGD floating rate bank loan	SOR[1] + margin	2026	10,000	9,861
SGD floating rate bank loan	SORA[3] + margin	2026	30,000	29,439
SGD floating rate bank loan	SORA[3] + margin	2026	90,000	88,318
SGD floating rate bank loan	SORA[3] + margin	2023[4]	200,000	198,440
SGD floating rate bank loan	SORA[3] + margin	2025	160,000	156,256
SGD floating rate bank loan	SORA[3] + margin	2026	200,000	194,000
SGD floating rate bank loan	SORA[3] + margin	2027	200,000	191,800
SGD floating rate bank loan	SORA[3] + margin	2027	84,000	80,556
SGD floating rate bank loan	SORA[3] + margin	2022	225,000	225,000
			1,735,561	1,701,734
30 June 2021				
SGD floating rate bank loan	SOR[1] + margin	2023	99,297	98,178
EUR floating rate bank loan	EURIBOR[2] + margin	2024	454,395	444,395
SGD floating rate bank loan	SORA[3] + margin	2023[4]	200,000	198,440
SGD floating rate bank loan	SORA[3] + margin	2025	160,000	156,256
SGD floating rate bank loan	SORA[3] + margin	2026	200,000	194,000
SGD floating rate bank loan	SORA[3] + margin	2027	200,000	191,800
SGD floating rate bank loan	SORA[3] + margin	2027	84,000	80,556
SGD floating bank loan	SORA[3] + margin	2022	225,000	225,000
			1,622,692	1,588,625

1 Swap Offer Rate
2 Euro Interbank Offer Rate
3 Singapore Overnight Rate Average
4 The facility of S$200.0 million which is due within the next twelve months has an extension option by the Pro Forma Group to extend for a period of twenty-four months from the initial maturity date, subject to certain conditions in the facility agreement.

As at 31 December 2021, the Pro Forma Group has approximately S$136.0 million of undrawn debt facilities, including uncommitted undrawn debt facilities.

11. Leases

Leases as lessee

The Pro Forma Group leases land in respect of the investment property under development from Singapore Land Authority. The lease has an initial tenancy term of 3 years, which may be renewed for a further two tenancy terms of 3 years each, and a final tenancy term not exceeding 364 days.

The renewable options are exercisable only by the Pro Forma Group and up to one year before the end of the non-cancellable contract period. The Pro Forma Group has included all renewable options in the lease liability as it assessed at lease commencement date that it is reasonably certain to exercise all renewable options.

Leases as lessor

The Pro Forma Group leases out its investment properties to tenants with lease tenures of 1 to 12 years, with certain leases with options to renew at negotiated terms. The Pro Forma Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	31 December 2021 S$'000	**30 June 2021 S$'000**
Operating leases		
Less than one year	166,185	175,965
One to two years	122,610	127,954
Two to three years	86,925	88,477
Three to four years	61,763	64,738
Four to five years	51,675	57,012
More than five years	521,512	552,029
	1,010,670	1,066,175

12. Non-controlling interest

On 4 August 2021, the Group acquired 53% equity interest in LLJP, and LLJP became a subsidiary from that date. The following subsidiary of the Group have material non-controlling interests (NCI):

	Ownership interest held by NCI	
	31 December 2021 %	**30 June 2021 %**
Lendlease Jem Partners Fund Limited[1]	47	–

[1] Held by Lendlease Global Commercial (SGP) Pte. Ltd.

The following table summarises the financial information of the Group's subsidiary with material NCI based on their respective financial statements prepared in accordance with IFRS.

	LLJP 31 December 2021 $'000
Revenue from date of acquisition to period ended 31 December 2021	–
Profit after tax from date of acquisition to period ended 31 December 2021	4,651
Profit attributable to NCI from date of acquisition to period ended 31 December 2021	2,186
Non-current assets	296,384
Current assets	683
Current liabilities	(275)
Net assets	296,792
Net assets attributable to NCI	139,492
Cash flows used in operating activities	(617)
Cash flows generated from investing activities	7,225
Cash flows used in financing activities	(6,829)
Net decrease in cash and cash equivalents	(221)

13. Units in issue and perpetual securities

Units in issue

	31 December 2021 No. of Units '000	**30 June 2021 No. of Units '000**
Units issued:		
Units issued at 1 July 2021/1 July 2020	1,180,996	1,171,795
Issue of new Units:		
Units issued as payment of Manager's base fees	2,439	4,072
Units issued as payment of Manager's performance fees	3,610	2,750
Units issued as payment of Manager's acquisition fees	24,564	21,512
Units issued as payment of property management fees	917	1,748
Units issued pursuant to acquisition of 13.05% of the total issued share capital in ARIF3	141,975	142,228
Units issued pursuant to acquisition of the Property	1,024,649	1,025,842
At the end of the financial period	2,379,150	2,369,947
Units to be issued:		
Manager's base fees	2,387	2,439
Manager's performance fees	1,888	3,611
Property management fees[1]	903	1,019
Issued and issuable Units at end of the financial period	2,384,328	2,377,016

[1] Estimated based on the 10-day volume weighted average price.

Each Unit represents an undivided interest in LREIT and carries the same voting rights.

A Unitholder has no equitable or proprietary interest in all the assets of LREIT (the "Deposited Property") and is not entitled to the transfer to the Unitholder of the Deposited Property (or any part thereof) or of any real estate, or interests in the Deposited Property (or any part thereof) of the LREIT.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of LREIT in the event that liabilities of the LREIT exceed its assets.

Perpetual securities

On 4 June 2021, LREIT issued S$200.0 million perpetual securities ("Perpetual Securities") under the S$1.0 billion Multicurrency Debt Issuance Programme. The key terms and conditions of the Perpetual Securities are as follows:

- the Perpetual Securities will confer a right to receive distribution payments at a rate of 4.20% per annum with the first distribution rate reset date falling on 4 June 2026 and resets occurring every five years thereafter;

- the Perpetual Securities may be redeemed at the option of LREIT after the first distribution rate reset date and on each distribution payment date thereafter;

- the distributions are payable semi-annually in arrears on a discretionary basis and are non-cumulative; and

- the Perpetual Securities will constitute direct, unconditional, subordinated and unsecured obligations of LREIT and rank pari passu and without any preference among themselves and with any Parity Obligations (as defined in the terms and conditions) of the S$1.0 billion Multicurrency Debt Issuance Programme.

Accordingly, the Perpetual Securities are classified as equity. The expenses relating to the issue of the Perpetual Securities are deducted against the proceeds from the issue.

As at 31 December 2021, the S$198.9 million (30 June 2021: S$198.9 million) presented in the statements of financial position of the Pro Forma Group and LREIT represent the carrying value of the $200.0 million Perpetual Securities issued, net of issue costs and includes the profit attributable to the Perpetual Securities holders from the last distribution date.

14. Gross revenue

	Period from 28 January 2019 (date of constitution) to 30 June 2020 S$'000	Year ended 30 June 2021 S$'000	Six-month period ended 31 December 2020 S$'000	Six-month period ended 31 December 2021 S$'000
Rental income	123,417	179,687	93,547	88,569
Turnover rent	2,860	4,736	2,557	2,758
Other property income	7,134	16,936	4,968	5,752
	133,411	201,359	101,072	97,079

Turnover rent is contingent rent derived from operating leases.

15. Property operating expenses

	Period from 28 January 2019 (date of constitution) to 30 June 2020 S$'000	Year ended 30 June 2021 S$'000	Six-month period ended 31 December 2020 S$'000	Six-month period ended 31 December 2021 S$'000
Property maintenance expenses	8,273	11,367	5,643	5,501
Property management fees	4,521	5,581	2,841	2,714
Property management reimbursements	3,330	4,197	1,946	1,695
Property related tax	13,182	18,273	9,106	9,153
Marketing	3,506	3,928	1,586	1,390
Utilities	3,006	3,870	1,892	1,853
Others	3,556	14,456	3,635	2,716
	39,374	61,672	26,649	25,022

16. Net finance costs

	Period from 28 January 2019 (date of constitution) to 30 June 2020 S$'000	Year ended 30 June 2021 S$'000	Six-month period ended 31 December 2020 S$'000	Six-month period ended 31 December 2021 S$'000
Finance income				
Interest income	531	51	40	90
Finance expense				
Interest expense on bank borrowings	(12,344)	(16,791)	(8,501)	(8,761)
Financing fees[1]	(9,005)	(11,913)	(5,964)	(6,335)
Total finance expenses	(21,349)	(28,704)	(14,465)	(15,096)
Net finance cost	(20,818)	(28,653)	(14,425)	(15,006)

[1] Includes amortisation of debt-related transaction costs and other finance costs.

17. Tax expense

	Period from 28 January 2019 (date of constitution) to 30 June 2020 S$'000	Year ended 30 June 2021 S$'000	Six-month period ended 31 December 2020 S$'000	Six-month period ended 31 December 2021 S$'000
Current tax expense	–	–	–	–
Reconciliation of effective tax rate				
Profit/(loss) before tax	(52,590)	50,067	33,435	65,877
Tax using Singapore tax rate of 17%	(8,940)	8,511	5,684	11,199
Income not subject to tax	(976)	(6,303)	(3,293)	(6,709)
Non-tax deductible items	20,080	13,899	4,364	2,320
Others	(13)	152	91	(26)
Tax transparency	(10,151)	(16,259)	(6,846)	(6,784)
	–	–	–	–

18. Earnings per unit

Basic earnings per unit is calculated by dividing the total loss for the financial period after tax, before distribution, by the weighted average number of units issued during the financial year.

	Period from 28 January 2019 (date of constitution) to 30 June 2020 S$'000	Year ended 30 June 2021 S$'000	Six-month period ended 31 December 2020 S$'000	Six-month period ended 31 December 2021 S$'000
Profit/(loss) after tax attributable to Unitholders	(52,590)	49,469	33,435	59,457
Basic and diluted earnings per unit				
Weighted average number of units at end of the financial year/period ('000)	2,379,150	2,379,150	2,379,150	2,379,150
Basic earnings per unit (cents)	(2.21)	2.08	1.41	2.50

For the purpose of deriving the basic and diluted earnings per unit, the weighted average number of shares for the financial periods is assumed to be 2,379,150,000 (note 13), being LREIT's number of issued shares as at 31 December 2021.

Diluted earnings per unit is the same as basic earnings per unit as there is no potential dilutive units for the financial periods.

19. Related parties

In addition to the related party information disclosed elsewhere in the Unaudited Pro Forma Financial Information, significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the financial periods were as follows:

	Period from 28 January 2019 (date of constitution) to 30 June 2020 S$'000	**Year ended 30 June 2021 S$'000**	**Six-month period ended 31 December 2020 S$'000**	**Six-month period ended 31 December 2021 S$'000**
Trustee fees paid and payable to Trustee	360	493	246	262
Manager's fees paid and payable to the Manager	12,437	17,540	8,992	9,148
Property management fees paid and payable to the Property Manager	4,344	5,426	2,841	4,547
Other management fee paid and payable to the AIF manager	–	662	–	385
Property management reimbursements paid and payable to the Property Manager	3,330	4,197	1,946	3,258
Leasing commission paid and payable to the Property Manager	2,316	2,408	1,204	2,392
Tenancy design review fees paid and payable to the Property Manager	89	275	120	239

20. Financial risk management

Overview

Risk management is integral to the whole business of the Pro Forma Group. The Pro Forma Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager of LREIT continually monitors LREIT's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and LREIT's activities.

The Manager of LREIT continually monitors LREIT's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by LREIT.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a tenant or a counterparty to settle its financial and contractual obligations to the Pro Forma Group, as and when they fall due.

Trade receivables

Credit evaluations are performed by the Manager before lease agreements are entered into with the lessees. Rental deposits as a multiple of monthly rent are received either in cash or bank guarantees to reduce credit risk. The Manager also monitors the amount owing by the lessees on an ongoing basis.

At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the statements of financial position.

Exposure to credit risk

Concentration of credit risk relating to trade receivables is limited due to the Pro Forma Group's many varied tenants and credit policy of obtaining security deposits, banker's guarantees or other forms of collateral from tenants. These tenants comprise retailers engaged in a wide variety of consumer trades. The Pro Forma Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, the Manager believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Pro Forma Group's trade receivables.

Expected credit loss assessment for individual tenants

The Pro Forma Group uses an allowance matrix to measure the ECLs of trade receivables from individual tenants, which comprise a very large number of balances. The ECL on trade receivables from tenants is negligible.

Cash and cash equivalents

Cash and cash equivalents are placed with financial institutions which are regulated.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Pro Forma Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of its counterparties. The ECL on cash and cash equivalents is negligible.

Derivative financial instruments

Transactions involving derivative financial instruments are entered only with counterparties that are regulated.

Other receivables

The Pro Forma Group assesses on a forward-looking basis the ECLs associated with financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Pro Forma Group considers that the credit risk of these counterparties has not increased, and determines that the 12-month ECL on outstanding balances is negligible as at the reporting date.

Liquidity risk

Liquidity risk is the risk that the Pro Forma Group will not be able to meet its financial obligations as they fall due. The Pro Forma Group manages its debt maturity profile and operating cash flows to ensure that refinancing, repayment and funding needs are met. As part of liquidity management, the Pro Forma Group invests primarily in bank deposits and finances its operations through the use of mid to long term financing transactions.

The Pro Forma Group manages their operating cash flows and the availability of funding so as to ensure that all funding needs are met. Funds from capital calls are obtained when necessary to meet its working capital requirements.

Exposure to liquidity risk

The following are the expected contractual undiscounted cash inflows/(outflows) of financial liabilities, at amortised cost, including contractual interest payments and excluding the impact of netting agreements.

		Cash flows			
	Carrying amount S$'000	**Contractual cash flows S$'000**	**Within 1 year S$'000**	**Between 1 to 5 years S$'000**	**After 5 years S$'000**
31 December 2021					
Non-derivative financial liabilities					
Loans and borrowings	1,701,734	(1,795,328)	(539,865)	(1,255,463)	–
Trade and other payables[1]	288,277	(288,277)	(283,898)	(4,307)	(72)
Lease liability	2,312	(2,500)	(363)	(1,057)	(1,080)
Derivative financial (assets)/liabilities, at fair value	(403)	(14)	(7)	(353)	346
	1,991,920	(2,086,119)	(824,133)	(1,261,180)	(806)

[1] Excludes interest payable and rental received in advance.

		Cash flows			
	Carrying amount S$'000	**Contractual cash flows S$'000**	**Within 1 year S$'000**	**Between 1 to 5 years S$'000**	**After 5 years S$'000**
30 June 2021					
Non-derivative financial liabilities					
Loans and borrowings	1,588,625	(1,672,625)	(439,800)	(1,232,825)	–
Trade and other payables[1]	288,343	(288,343)	(283,043)	(5,299)	(1)
Lease liability	2,521	(2,731)	(459)	(1,057)	(1,215)
Derivative financial (assets)/liabilities, at fair value	2,401	(2,523)	(1,813)	(710)	–
	1,881,890	(1,966,222)	(725,115)	(1,239,891)	(1,216)

[1] Excludes interest payable and rental received in advance.

Interest rate risk

The Pro Forma Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings, where feasible. The Pro Forma Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes. The Pro Forma Group also uses derivative financial instruments such as interest rate derivatives and forward currency exchange contracts to minimise its exposure to interest rate volatility, where feasible. These derivative financial instruments are classified as derivative asset or liability on the statements of financial position.

The Pro Forma Group's exposure to interest rate risk for changes in interest rates relates mainly to the interest-bearing financial assets and financial liabilities.

	Notional amount	
	31 December 2021 S$'000	**30 June 2021 S$'000**
Fixed rate instruments		
Interest rate derivatives	(536,561)	(553,692)
Variable rate instruments		
Loans and borrowings	1,735,561	1,622,692
Interest rate derivatives	536,561	553,692
	2,272,122	2,176,384

Sensitivity analysis

The Pro Forma Group does not account for any fixed rate instruments at fair value through profit or loss, and the Pro Forma Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect the statements of profit or loss and other comprehensive income.

For the variable rate financial liabilities and the derivative financial instruments, there is no net exposure to interest rate risk. This analysis assumes that all other variables remain constant.

Accounting classifications and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount				Fair value			
	At amortised cost S$'000	**FVTPL S$'000**	**Other financial liabilities S$'000**	**Total carrying amount S$'000**	**Level 1 S$'000**	**Level 2 S$'000**	**Level 3 S$'000**	**Total S$'000**
31 December 2021								
Financial assets not measured at fair value								
Trade and other receivables[1]	123	–	–	123				
Other non-current assets	1,350	–	–	1,350				
Cash and cash equivalents	32,717	–	–	32,717				
Other current assets[2]	2,311	–	–	2,311				
	36,501	–	–	36,501				
Financial assets measured at fair value								
Equity instrument at fair value	–	–	–	–	–	–	–	–
Derivative financial asset	–	1,713	–	1,713	–	1,713	–	1,713
	–	1,713	–	1,713				
Financial liabilities not measured at fair value								
Trade and other payables[3]	–	–	(280,737)	(280,737)				
Loans and borrowings	–	–	(1,701,734)	(1,701,734)	–	(1,789,415)	–	(1,789,415)
Lease liability	–	–	(2,312)	(2,312)				
	–	–	(1,984,783)	(1,984,783)				
Financial liabilities measured at fair value								
Derivative financial liabilities	–	(1,310)	–	(1,310)	–	(1,310)	–	(1,310)

	Carrying amount				Fair value			
	At amortised cost S$'000	FVTPL S$'000	Other financial liabilities S$'000	Total carrying amount S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
30 June 2021								
Financial assets not measured at fair value								
Trade and other receivables[1]	861	–	–	861				
Other non-current assets	869	–	–	869				
Cash and cash equivalents	232,721	–	–	232,721				
Other current assets[2]	1,766	–	–	1,766				
	236,217	–	–	236,217				
Financial assets measured at fair value								
Equity instrument at fair value	–	160,584	–	160,584	–	–	160,584	160,584
Derivative financial asset	–	128	–	128	–	128	–	128
	–	160,712	–	160,712				
Financial liabilities not measured at fair value								
Trade and other payables[3]	–	–	(289,495)	(289,495)				
Loans and borrowings	–	–	(1,588,625)	(1,588,625)	–	(1,666,168)	–	(1,666,168)
Lease liability	–	–	(2,521)	(2,521)				
	–	–	(1,880,641)	(1,880,641)				
Financial liabilities measured at fair value								
Derivative financial liabilities	–	(2,529)	–	(2,529)	–	(2,529)	–	(2,529)

1 Excludes grant receivables and net VAT receivables.
2 Excludes deposits and prepayments.
3 Excludes rental received in advance and net GST payables.

21. Acquisition of subsidiary

On 4 August 2021, the Group acquired 53.0% of the shares in LLJP which holds 25.0% indirect interest in Jem.

The cash outflows and net assets of subsidiary acquired are provided below:

	S$'000
Investment in associates	298,539
Cash and cash equivalents	877
Prepayments	11
Trade and other payables	(457)
Non-controlling interests	(140,516)
Net assets acquired	158,454
Goodwill arising from acquisition allocated to investment in associates	1,300
Total purchase consideration, including acquisition fees	159,754
Acquisition fees settled by way of issuance of Units	(1,582)
Transaction costs paid[1]	670
Cash of subsidiary acquired	(877)
Cash outflow on acquisition of subsidiary	157,965

[1] Subject to finalisation of transactions costs with service providers.

22. Operating segment

For segment reporting purpose, the primary segment is by geography and it comprises Singapore and Italy. The Pro Forma Group's reportable operating segments are as follow:

(i) Singapore – leasing of 2 properties, comprising retail malls and office in Singapore.

(ii) Italy – leasing of Sky Complex, comprising three office buildings in Milan, Italy.

Segment information is presented in respect of the Pro Forma Group's geographical segments. The operations of each of the Pro Forma Group's geographical segments are separately managed because of different economic and regulatory environments in which they operate in. For the purpose of making resource allocation and the assessment of segment performance, the Pro Forma Group's CODMs have focused on its investment properties. For each of the reporting segments, the Manager reviews internal management reports on a monthly basis.

	Singapore S$'000	Italy S$'000	Total S$'000
Period from 28 January 2019 (date of constitution) to 30 June 2020			
Gross revenue	114,719	18,692	133,411
Property operating expenses	(37,561)	(1,813)	(39,374)
Total segment net property income	77,158	16,879	94,037
Unallocated items:			
Manager's base fees			(7,735)
Manager's performance fees			(4,702)
Other management fee			(580)
Trustee's fee			(360)
Other trust expenses			(1,228)
Net foreign exchange loss			(10,999)
Finance income			531
Finance cost			(21,349)
Profit before tax and change in fair value			47,615
Fair value losses of investment properties & investment property under development	(106,148)	10,217	(95,931)
Fair value losses of equity instrument	–	–	–
Unallocated item:			
Fair value gains of derivative financial instruments			(4,274)
Loss before tax			(52,590)
Year ended 30 June 2021			
Gross revenue	175,044	26,315	201,359
Property operating expenses	(59,066)	(2,606)	(61,672)
Total segment net property income	115,978	23,709	139,687
Unallocated items:			
Manager's base fees			(10,479)
Manager's performance fees			(7,061)
Other management fee			(801)
Trustee's fee			(493)
Other trust expenses			(2,561)
Net foreign exchange loss			(9,219)
Finance income			51
Finance cost			(28,704)
Profit before tax and change in fair value			80,420
Fair value losses of investment properties & investment property under development	(25,385)	(5,899)	(31,284)
Fair value losses of equity instrument	(942)	–	(942)
Unallocated item:			
Fair value gains of derivative financial instruments			1,873
Profit before tax			50,067

	Singapore S$'000	Italy S$'000	Total S$'000
Six-month period ended 31 December 2020			
Gross revenue	87,901	13,171	101,072
Property operating expenses	(25,329)	(1,320)	(26,649)
Total segment net property income	62,572	11,851	74,423
Unallocated items:			
Manager's base fees			(5,271)
Manager's performance fees			(3,721)
Other management fee			(401)
Trustee's fee			(246)
Other trust expenses			(1,440)
Net foreign exchange loss			(14,633)
Finance income			40
Finance cost			(14,465)
Profit before tax and change in fair value			34,286
Fair value losses of investment properties & investment property under development	–	–	–
Fair value losses of equity instrument	–	–	–
Unallocated item:			
Fair value gains of derivative financial instruments			(851)
Profit before tax			33,435
Six-month period ended 31 December 2021			
Gross revenue	84,119	12,960	97,079
Property operating expenses	(23,726)	(1,296)	(25,022)
Total segment net property income	60,393	11,664	72,057
Unallocated items:			
Manager's base fees			(5,372)
Manager's performance fees			(3,776)
Other management fee			(682)
Trustee's fee			(262)
Other trust expenses			(1,130)
Net foreign exchange loss			16,914
Finance income			90
Finance cost			(15,096)
Profit before tax and change in fair value			62,743
Fair value losses of investment properties & investment property under development	–	–	–
Fair value losses of equity instrument	330	–	330
Share of profit of associates	–	–	–
Unallocated item:			
Fair value gains of derivative financial instruments			2,804
Profit before tax			65,877

E. Manager's management fees and trustee's fees

Unless defined in this report, capitalised terms below shall have the meanings set out in the glossary to the Circular.

(i) Manager's management fees

The Manager is entitled to receive base fee, performance fee, acquisition fee, divestment fee, and development management fee, respectively as follow:

Base fee

The Manager is entitled to receive a base fee of 0.3% per annum of the value of the Deposited Property.

The base fee is payable in the form of cash and/or Units as the Manager may elect.

Performance fee

The Manager is entitled to receive a performance fee of 5.0% per annum of the net property income.

The performance fee is payable in the form of cash and/or Units as the Manager may elect.

Acquisition and divestment fee

The Manager is entitled to receive following fees:

(a) an acquisition fee at the rate of 1.0% for acquisitions of each of the acquisition price of any real estate purchased, the underlying value of real estate which is taken into account when computing the acquisition price payable (purchased) and the acquisition price of any investment purchased by LREIT.

(b) a divestment fee at the rate of 0.5% of the sale price of any real estate sold or divested, the underlying value of real estate which is taken into account when computing the sale price receivable (sold or divested) and the sale price of any investment sold or divested by LREIT.

The acquisition and divestment fees are payable in the form of cash and/or Units as the Manager may elect, such election to be made prior to the payment of the fee.

Development management fee

The Manager is entitled to receive a development management fee equivalent to 3.0% of the total project costs incurred in a development project undertaken on behalf of LREIT.

(ii) Trustee's fees

The Trustee's fees shall not exceed 0.015% per annum of the value of Deposited Property, excluding out-of-pocket expenses and goods and services tax in accordance with the Trust Deed.

The Trustee's fee is accrued and payable out of the value of the Deposited Property on a monthly basis, in arrears.

(iii) Property management fee

Property management fee are payable to the Property Manager for each property of the Pro Forma Group under its management:

<u>Singapore</u>

The property management fee for the Singapore properties is charged based on the following formula:

F = F1 + F2, where

F1 = 1.85% of GR; and

F2 = 1.85% of (GR – OE – F1)

and:

GR = Gross receipts for the financial year which refers to all income accruing or resulting from the operation of the Singapore properties for the relevant financial year or part thereof, including but not limited to rental income (including turnover rent), rental premiums, licence fees, service charges, advertising and promotion fees and other sums due from tenants, licensees and concessionaires and other income or revenue earned from all rights of occupation or use of the Singapore properties and the proceeds of any payment under any insurance policy against loss of rent or other income arising from the operation of the Singapore properties.

OE = Operating expenses for that financial year which refers to all costs and expenses incurred in the operation, maintenance, management, repair and cleaning of the Property.

The Singapore Property Manager is also entitled to receive leasing fees in respect of each new lease, renewal of an existing lease or relocation of an existing lease negotiated by the Singapore Property Manager. The leasing fee is equivalent to 80% of one month's base rent, one month's service charge and one month's advertising and promotion fee (if any), payable by the tenant under the lease. The leasing fee will be subject to review every three years to be in line with market rates as may be agreed by the Manager, the Trustee and the Singapore Property Manager.

Where tenancy design review services are required for a new lease, renewal of existing lease, relocation of an existing lease or any licence or concession, a fixed tenancy design review fee of S$6,000 per tenancy, subject to annual increase by a percentage which reflects the percentage increase in the Consumer Price Index in Singapore during the 12 month period prior to that date plus 1%.

Italy

The fees for the Milan Property are charged based on the following, as applicable:

(i) a property management and building management fee of 0.95% per annum of the Gross Rental Income of the Milan Property, subject to a minimum sum of €90,000;

(ii) a project management fee of:

(a) 5.0% of the cost of the maintenance works (the "Milan Property Project Cost") if the Milan Property Project Cost is €200,000 or below;

(b) 3.9% of the Milan Property Project Cost subject to a minimum project management fee of €10,000 if the Milan Property Project Cost is above €200,000 and below €2.0 million; or

(c) 3.2% of the Milan Property Project Cost subject to a minimum project management fee of €78,000 if the Milan Property Project Cost is €2.0 million or above.

(iii) a construction supervision fee of:

(a) 3.0% of the cost of the applicable construction project (the "Milan Property Construction Cost") if Milan Property Construction Cost is €200,000 or below;

(b) 2.5% of the Milan Property Construction Cost subject to a minimum construction supervision fee of €6,000 if the Milan Property Construction Cost is above €200,000 and below €2.0 million; or

(c) 2.0% of the Milan Property Construction Cost subject to a minimum construction supervision fee of €50,000 if the Milan Property Construction Cost is €2.0 million or above.

With effect from 22 February 2021, the fees for the Milan Property comprise property management fee of 0.28% per annum of the annual collected rent of the Milan Property, subject to a minimum sum of €20,000. Such minimum annual fee shall be adjusted annually by 100% of the last variation of the ISTAT [1] index applicable to the workers' and employers' families, only where such variation is positive.

[1] The Italian National Institute of Statistics.

(iv) Other management fee

Italy management fee

The Alternative Investment Fund ("AIF") manager is entitled to a management fee comprising a base fee of 0.175% per annum of the Value of the AIF assets.

The Manager may appoint, or the Trustee or any entity which is held by LREIT (whether wholly or partially) may, at the recommendation of the Manager appoint asset managers, investment managers or any other entities to provide asset management services or investment management services in respect of any asset of LREIT from time to time and the Management Fee payable to the Manager will be reduced by the amount of any fees payable to such entities for asset management, acquisition, divestment or development management services. For the avoidance of doubt, this includes the fees payable to the AIF manager.

UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF THE PROPERTY

Unaudited Pro Forma Financial Information

A. Introduction

The unaudited pro forma statement of profit or loss and other comprehensive income of the property known as Jem, located at 50 and 52 Jurong Gateway Road, Singapore (the "Property") for the years ended 30 June 2019, 30 June 2020 and 30 June 2021 and the six-month period ended 31 December 2020 and 31 December 2021, and related notes (collectively, the "Unaudited Pro Forma Financial Information") has been prepared for inclusion in the Circular to Unitholders (the "Circular") to be issued in connection with the proposed acquisition by Lendlease Global Commercial REIT ("LREIT") and its subsidiaries (the "Pro Forma Group") of 13.05% of the total issued share capital in Lendlease Asian Retail Investment 3 Limited ("ARIF3") and of the Property, and proposed issuance of up to 1,265,346,000 new units under the equity fund raising.

LREIT is a Singapore-domiciled real estate investment trust constituted pursuant to the Trust Deed dated 28 January 2019, subsequently amended by the first amending and restating deed dated 10 September 2019 and the first supplemental deed dated 15 July 2020 (collectively, the "Trust Deed"), entered into between RBC Investor Services Trust Singapore Limited (the "Trustee") and Lendlease Global Commercial Trust Management Pte. Ltd. (the "Manager"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the LREIT held by it or through and its subsidiaries in trust for the holders ("Unitholders") of units in LREIT (the "units").

LREIT was formally admitted to the Official List of Singapore Exchange Securities Trading Limited ("SGX-ST") on 2 October 2019 (the "Listing Date") and was declared as an authorised unit trust scheme under the Trustees Act 1967.

The principal activity of LREIT relates to investment strategy of investing, directly or indirectly, in a portfolio of stabilised income-producing real estate assets located globally that are used primarily for retail and/or office purposes as well as real estate-related assets in connection with the foregoing.

B. Basis of Preparation of Unaudited Pro Forma Financial Information

The Unaudited Pro Forma Financial Information of the Property, which has been prepared for illustrative purposes only, is based on certain assumptions and after making certain adjustments to illustrate the effects of:

(i) the acquisition of 13.05% of the total issued share capital in ARIF3 by the Pro Forma Group from Lendlease International Pty Limited ("LLI");

(ii) the acquisition of the Property by the Pro Forma Group from Lendlease Commercial Investments Pte. Ltd. ("LLCI") and Lendlease Retail Investments 3 Pte. Ltd. ("LLRI3"); and

(iii) the issuance of up to 1,265,346,000 new units under the equity fund raising

(hereinafter collectively referred to as the "Transactions").

The Unaudited Pro Forma Financial Information reflect the financial performance of the Property, assuming it had completed the Transactions on the Listing Date.

The Unaudited Pro Forma Financial Information of the Property has been compiled based on:

(a) the financial statements of LLCI and LLRI3 for the years ended 30 June 2019, 30 June 2020 and 30 June 2021;

(b) the management accounts of LLCI and LLRI3 for the six-month period ended 31 December 2020; and

(c) the interim financial statements of LLCI and LLRI3 for the six-month period ended 31 December 2021.

The audited financial statements of LLCI and LLRI3 for the years ended 30 June 2019, 30 June 2020 and 30 June 2021 were prepared in accordance with Singapore Financial Reporting Standards and Singapore Financial Reporting Standards (International), respectively and were audited in accordance with auditing standards generally accepted in Singapore. No material adjustments were required to restate these financial statements of LLCI and LLRI3 to be in accordance with International Financial Reporting Standards ("IFRS"). The auditors' reports on these financial statements were not subject to any qualifications, modifications or disclaimers.

The management accounts of LLCI and LLRI3 for the six-month period ended 31 December 2020 were unaudited and unreviewed and were prepared in accordance with Singapore Financial Reporting Standards and Singapore Financial Reporting Standards (International), respectively. No material adjustments were required to restate these management accounts of LLCI and LLRI3 to be in accordance with IFRS. The management accounts were prepared based on the audited financial statements of LLCI and LLRI3 for the year ended 30 June 2021.

The interim financial statements of LLCI and LLRI3 for the six-month period ended 31 December 2021 were prepared in accordance with Singapore Financial Reporting Standards 34 *Interim Financial Reporting* and Singapore Financial Reporting Standards (International) 1-34 *Interim Financial Reporting*, respectively, and were reviewed in accordance with auditing standards generally accepted in Singapore. No material adjustments were required to restate these interim financial statements of LLCI and LLRI3 to be in accordance with IFRS. The auditors' reports on these interim financial statements were not subject to any qualifications, modifications or disclaimers.

The Unaudited Pro Forma Financial Information have been prepared on the basis of the accounting policies set out in Section D.

The objective of the Unaudited Pro Forma Financial Information is to show what the financial performance of the Property might have been, had the Property undertaken the Transactions as described above at an earlier date. However, the Unaudited Pro Forma Financial Information is not necessarily indicative of the financial performance of the Property that would have been attained had the Property actually undertaken the Transactions described above, earlier.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the Property's actual financial performance.

Unaudited Pro Forma Financial Information

The Unaudited Pro Forma Financial Information of the Property are prepared for illustrative purposes only, after making certain assumptions, to reflect the financial performance of the Property as if the Property had completed the Transactions on Listing Date, pursuant to the terms set out in the Circular.

In arriving at the Unaudited Pro Forma Financial Information for the years ended 30 June 2019, 30 June 2020 and 30 June 2021 and the six-month period ended 31 December 2020 and 31 December 2021, the following key assumptions were made:

- The impact of straight-lining of rental income is not significant to the Property;

- Adjustments to include other property-related income into the net property income to align with the accounting policies of the Pro Forma Group; and

- Adjustments to (i) reverse income and expenses of the Property which are not in line with the Pro Forma Group's structure post Transactions as the Property will be held by LREIT; (ii) reverse finance costs as these costs relate to the finance costs at LLCI and LLRI3 that are not relevant for the Pro Forma Group; (iii) exclude change in fair value of investment property as valuation of the Property is assumed to remain unchanged throughout the periods and (iv) reverse tax expenses as these are tax expenses at LLCI and at LLRI3 that are not relevant for the Pro Forma Group where LREIT will not be taxed on the portion of the specified taxable income that is distributed to Unitholders.

C. Unaudited Pro Forma Financial Information

The unaudited pro forma statements of profit or loss and other comprehensive income of the Property, for the year ended 30 June 2019, 30 June 2020 and 30 June 2021 and the six-month period ended 31 December 2020 and 31 December 2021 have been prepared for inclusion in this Circular and are presented below.

Year ended 30 June 2019

	Note	Audited LLCI Income Statement S$'000	Audited LLRI3 Income Statement S$'000	Pro Forma Adjustments Note (1) S$'000	Note (2) S$'000	Unaudited Pro Forma Income Statement S$'000
Revenue	3	20,989	103,003	1,061	–	125,053
Property related expenses	4	(5,326)	(27,558)	–	–	(32,884)
Net property income		15,663	75,445	1,061	–	92,169
Change in fair value of investment property		7,671	116,641	–	(124,312)	–
Other income		247	506	(753)	–	–
Administrative expenses		(1,913)	(7,854)	–	9,767	–
Results from operating activities		21,668	184,738	308	(114,545)	92,169
Finance income		139	458	(308)	(289)	–
Finance costs		(9,465)	(50,283)	–	59,748	–
Profit before tax		12,342	134,913	–	(55,086)	92,169
Tax expense		(443)	(1,525)	–	1,968	–
Profit after tax		11,899	133,388	–	(53,118)	92,169

1. Adjustments to include other property-related income into the net property income to align with the accounting policies of the Pro Forma Group.

2. Adjustments to (i) reverse income and expenses of the Property which are not in line with LREIT structure; (ii) reverse finance costs as funding for the acquisition will be borne by LREIT; (iii) exclude change in fair value of investment property as valuation is assumed to remain unchanged throughout the periods and (iv) reverse tax expenses as LREIT will not be taxed on the portion of the specified taxable income that is distributed to Unitholders.

Year ended 30 June 2020

	Note	Audited LLCI Income Statement S$'000	Audited LLRI3 Income Statement S$'000	Pro Forma Adjustments Note (1) S$'000	Pro Forma Adjustments Note (2) S$'000	Unaudited Pro Forma Income Statement S$'000
Revenue	3	20,505	87,159	1,111	–	108,775
Property related expenses	4	(7,202)	(24,832)	–	–	(32,034)
Net property income		13,303	62,327	1,111	–	76,741
Change in fair value of investment property		(16,000)	(56,207)	–	72,207	–
Other income		249	616	(865)	–	–
Administrative expenses		(1,924)	(6,701)	–	8,625	–
Results from operating activities		(4,372)	35	246	(4,091)	76,741
Finance income		134	329	(246)	217	–
Finance costs		(8,872)	(53,959)	–	(62,831)	–
Loss before tax		(13,110)	(53,595)	–	(66,705)	76,741
Tax (expense)/credit		343	(1,842)	–	(1,499)	–
Loss after tax		(12,767)	(55,437)	–	(68,204)	76,741

Notes to pro forma adjustments:

1. Adjustments to include other property-related income into the net property income to align with the accounting policies of the Pro Forma Group .

2. Adjustments to (i) reverse income and expenses of the Property which are not in line with LREIT structure; (ii) reverse finance costs as funding for the acquisition will be borne by LREIT; (iii) exclude change in fair value of investment property as valuation is assumed to remain unchanged throughout the periods and (iv) reverse tax expenses as LREIT will not be taxed on the portion of the specified taxable income that is distributed to Unitholders.

Year ended 30 June 2021

	Note	Audited LLCI Income Statement S$'000	Audited LLRI3 Income Statement S$'000	Pro Forma Adjustments Note (1) S$'000	Pro Forma Adjustments Note (2) S$'000	Unaudited Pro Forma Income Statement S$'000
Revenue	3	22,405	97,024	3,279	–	122,708
Property related expenses	4	(5,025)	(34,914)	–	–	(39,939)
Net property income		17,380	62,110	3,279	–	82,769
Change in fair value of investment property		10,922	(21,586)	–	10,664	–
Other income		270	2,967	(3,237)	–	–
Administrative expenses		(1,937)	(6,554)	–	8,491	–
Results from operating activities		26,635	36,937	42	19,155	82,769
Finance income		46	6,497	(42)	(6,501)	–
Finance costs		(7,082)	(36,840)	–	43,922	–
Profit before tax		19,599	6,594	–	56,576	82,769
Tax expense		(1,425)	(2,984)	–	4,409	–
Profit after tax		18,174	3,610	–	60,985	82,769

Notes to pro forma adjustments:

1. Adjustments to include other property-related income into the net property income to align with the accounting policies of the Pro Forma Group.

2. Adjustments to (i) reverse income and expenses of the Property which are not in line with LREIT structure; (ii) reverse finance costs as funding for the acquisition will be borne by LREIT; (iii) exclude change in fair value of investment property as valuation is assumed to remain unchanged throughout the periods and (iv) reverse tax expenses as LREIT will not be taxed on the portion of the specified taxable income that is distributed to Unitholders.

Six-month period ended 31 December 2020

	Note	Unaudited LLCI Income Statement S$'000	Unaudited LLRI3 Income Statement S$'000	Pro Forma Adjustments Note (1) S$'000	Pro Forma Adjustments Note (2) S$'000	Unaudited Pro Forma Income Statement S$'000
Revenue	3	10,860	48,050	554	–	59,464
Property related expenses	4	(2,476)	(12,958)	–	–	(15,434)
Net property income		8,384	35,092	554	–	44,030
Change in fair value of investment property		10,975	(16,734)	–	5,759	–
Other income		139	382	(521)	–	–
Administrative expenses		(946)	(3,304)	–	4,250	–
Results from operating activities		18,552	15,436	33	10,009	44,030
Finance income		738	1,691	(33)	(2,396)	–
Finance costs		(3,397)	(18,573)	–	21,970	–
Profit before tax		15,893	(1,446)	–	29,583	44,030
Tax expense		(635)	(2,270)	–	2,905	–
Profit after tax		15,258	(3,716)	–	32,488	44,030

Notes to pro forma adjustments:

1. Adjustments to include other property-related income into the net property income to align with the accounting policies of the Pro Forma Group.

2. Adjustments to (i) reverse income and expenses of the Property which are not in line with LREIT structure; (ii) reverse finance costs as funding for the acquisition will be borne by LREIT; (iii) exclude change in fair value of investment property as valuation is assumed to remain unchanged throughout the periods and (iv) reverse tax expenses as LREIT will not be taxed on the portion of the specified taxable income that is distributed to Unitholders.

Six-month period ended 31 December 2021

	Note	Unaudited LLCI Income Statement S$'000	Unaudited LLRI3 Income Statement S$'000	Pro Forma Adjustments Note (1) S$'000	Pro Forma Adjustments Note (2) S$'000	Unaudited Pro Forma Income Statement S$'000
Revenue	3	10,877	46,213	799	–	57,889
Property related expenses	4	(2,330)	(13,145)	–	–	(15,475)
Net property income		8,547	33,068	799	–	42,414
Change in fair value of investment property		(157)	(3,682)	–	3,839	–
Other income		118	676	(794)	–	–
Administrative expenses		(1,007)	(3,264)	–	4,271	–
Results from operating activities		7,501	26,798	5	8,110	42,414
Finance income		488	2,777	(5)	(3,260)	–
Finance costs		(2,767)	(16,331)	–	19,098	–
Profit before tax		5,222	13,244	–	23,948	42,414
Tax expense		(786)	(1,633)	–	2,419	–
Profit after tax		4,436	11,611	–	26,367	42,414

Notes to pro forma adjustments:

1. Adjustments to include other property-related income into the net property income to align with the accounting policies of the Pro Forma Group.

2. Adjustments to (i) reverse income and expenses of the Property which are not in line with LREIT structure; (ii) reverse finance costs as funding for the acquisition will be borne by LREIT; (iii) exclude change in fair value of investment property as valuation is assumed to remain unchanged throughout the periods and (iv) reverse tax expenses as LREIT will not be taxed on the portion of the specified taxable income that is distributed to Unitholders.

D. Notes to the Unaudited Pro Forma Financial Information

1. Basis of preparation

1.1. Statement of compliance

The Unaudited Pro Forma Financial Information have been prepared in accordance with the basis set out in Section B, International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed.

1.2. Basis of measurement

The Unaudited Pro Forma Financial Information have been prepared on the historical cost basis.

1.3. Functional and presentation currency

The financial information is presented in Singapore dollars ("S$"), which is the functional currency of Lendlease Global Commercial REIT ("LREIT"). All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

1.4. Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no accounting estimates and judgements made by management that have a significant effect on the financial statements.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in this financial information and have been applied consistently by LREIT and its subsidiaries ("Pro Forma Group").

2.1. Leases

At inception of a contract, the Pro Forma Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Pro Forma Group uses the definition of a lease in IFRS 16.

As a lessor

At inception or on modification of a contract that contains a lease component, the Pro Forma Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.
When the Pro Forma Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Pro Forma Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Pro Forma Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Pro Forma Group applies IFRS 15 to allocate the consideration in the contract.

The Pro Forma Group leases out its investment properties. The Pro Forma Group recognises lease payments received from investment properties under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

3. Revenue

	Year ended 30 June 2019 S$'000	Year ended 30 June 2020 S$'000	Year ended 30 June 2021 S$'000	Six-month period ended 31 December 2020 S$'000	Six-month period ended 31 December 2021 S$'000
Rental income	113,099	99,015	105,689	54,177	51,660
Turnover rent	4,350	2,810	3,460	1,742	2,193
Other property income	7,604	6,950	13,559	3,545	4,036
	125,053	108,775	122,708	59,464	57,889

Turnover rent is contingent rent derived from operating leases.

4. Property operating expenses

	Year ended 30 June 2019 S$'000	Year ended 30 June 2020 S$'000	Year ended 30 June 2021 S$'000	Six-month period ended 31 December 2020 S$'000	Six-month period ended 31 December 2021 S$'000
Property maintenance expenses	7,613	7,179	7,386	3,509	3,454
Property management fees	3,951	3,950	3,755	1,892	1,882
Property management reimbursements	3,016	2,665	2,672	1,219	1,109
Property related tax	10,753	10,630	10,795	5,370	5,451
Marketing	2,233	1,947	2,440	875	769
Utilities	2,193	2,584	2,459	1,172	1,187
Expected credit loss	25	653	7,585	–	199
Others	3,100	2,426	2,847	1,397	1,424
	32,884	32,034	39,939	15,434	15,475

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE LREIT GROUP

The following discussion should be read in conjunction with the Unaudited Pro Forma Financial Information in ***Appendix H*** *and* ***Appendix I*** *of this Circular and notes thereto included elsewhere in this Circular. Statements contained in this "Management's Discussion and Analysis of Financial Condition and Results of Operations of the LREIT Group" which are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions which could cause actual results to differ materially from those forecasts and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Manager, any of the Joint Global Co-ordinators and Bookrunners, Sponsor, the Trustee or any other person, nor that these results will be achieved or are likely to be achieved (see* ***Appendix B*** *for "Risk Factors"). Recipients of this Circular and all prospective investors in the Units are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date of this Circular.*

The discussion and analysis in this section is based on the results of operations and financial condition of the LREIT Group and should be read in conjunction with the Independent Accountants' Reports set out in **Appendix K** and **Appendix L** of this Circular. This discussion is prepared on the basis that the LREIT Group, as adjusted for the pro forma effects of the Transactions (the "**Enlarged Group**") has been in existence since 2 October 2019 ("**Listing Date**").

1. OVERVIEW OF THE PROPOSED ACQUISITION

LREIT currently holds a 31.8% indirect effective interest in the Property through its ownership of shares in the two funds, ARIF3 and LLJP, and is proposing to acquire the remaining 68.2% interest in the Property so as to obtain a 100.0% direct ownership in the Property. To this end, LREIT is proposing to acquire the remaining interests in the Property through a combination of: (i) an acquisition by SingCo from LLI of its 13.05% of the total issued share capital in ARIF3 (the "**ARIF3 Sale Shares**" and the acquisition of the ARIF3 Sale Shares, the "**ARIF3 Share Acquisition**") for approximately S$116 million[1] (the "**ARIF3 Purchase Consideration**")[2]; and followed by (ii) an asset acquisition by the Trustee of the Property from Lendlease Commercial Investments Pte. Ltd. ("**LLCI**") and Lendlease Retail Investments 3 Pte. Ltd. ("**LLRI3**", and together with LLCI, the "**Property Vendors**") (the "**Property Acquisition**", and together with the ARIF3 Share Acquisition, the "**Acquisition**") for S$2,079 million (the "**Property Purchase Consideration**"). The Property Vendors are indirectly owned by ARIF3 and LLJP, which are funds managed by Lendlease Investment Management Pte. Ltd. ("**LLIM**"). LLIM is an indirect wholly-owned subsidiary of the Sponsor.

[1] Estimated based on the net asset value of ARIF3 as at 31 December 2021. The ARIF3 Purchase Consideration will be fixed based on the net asset value of ARIF3 as at the completion date in accordance with the agreed procedures set out in the ARIF3 SPA and there will be no post-completion adjustments.

[2] LREIT had offered to acquire all the shares that the other shareholders of ARIF3 and LLJP hold for Consideration Units (as defined herein) and only LLI accepted the offer. Accordingly, all the other shareholders of ARIF3 and LLJP are effectively exiting their investment through the Property Acquisition.

2. LREIT'S INVESTMENT PORTFOLIO

As at Listing Date, LREIT's investment portfolio comprised the following:

- a 99-year leasehold interest in 313@somerset, which is a retail mall located in Singapore ("**313@somerset**"); and
- a freehold interest in Sky Complex, which comprises three office buildings located in Milan, Italy (the "**Sky Complex**").

After the Listing Date, LREIT has made the following acquisition of properties:

- in 2020, a 5.0% stake in Lendlease Asian Retail Investment Fund 3 Limited ("**ARIF3**"), which holds a 75.0% indirect interest in the property known as Jem (the "**Property**"); and
- in 2021, a 19.8% stake in ARIF3 and 53.0% stake in the Lendlease Jem Partners Fund Limited ("**LLJP**"), which indirectly holds the remaining 25.0% interest in the Property.

In June 2020, it was announced that LREIT was awarded a tender by the Government of the Republic of Singapore to redevelop the 48,200 square feet carpark at Grange Road into a multi-functional event space.

In addition to the above acquisitions by the LREIT Group, the Enlarged Group is assumed to have acquired on the Listing Date the remaining 68.2% effective interest in the Property through the Acquisition.

3. FACTORS AFFECTING THE ENLARGED GROUP'S RESULTS OF OPERATIONS

3.1 Gross Revenue

Gross Revenue comprises:

- Gross Rental Income (including rental derived from office and retail components of the Properties); and

- Other revenue.

LREIT's lease agreements in relation to retail tenants in 313@somerset and Jem are typically for a period of two to four years for specialty leases, which is consistent with the usual market practice for retail space in Singapore. For major tenants, lease tenures can be longer at five years for Singapore leases.

Jem's 12 levels of office space have been fully leased to the Ministry of National Development of Singapore with a 30-year master lease which commenced on 3 December 2014.

Sky Complex is fully leased to a single tenant with an initial lease for a period of approximately twelve years starting 2008, with an option to renew for another twelve years. As the tenant has waived its right to vacate the property in 2020, the second lease expiry is on 15 May 2032 with a break clause at the end of the eighteenth year (with advance notice to be sent twelve months prior).

The following table sets out details of the Enlarged Group's Gross Revenue for FY2020, FY2021, 1H FY2021 and 1H FY2022.

	Period from 28 January 2019 (date of constitution) to 30 June 2020	**Year ended 30 June 2021**	**Six-month period ended 31 December 2020**	**Six-month period ended 31 December 2021**
	S$'000	**S$'000**	**S$'000**	**S$'000**
313@somerset	36,844	52,336	28,437	26,230
Sky Complex	18,692	26,315	13,171	12,960
Jem	77,875	122,708	59,464	57,889
Total gross revenue	**133,411**	**201,359**	**101,072**	**97,079**

Base rent

Base rent refers to rental income received or receivable (before adjusting for leasing incentives such as rent rebates and rent-free periods where applicable and excluding turnover rent).

Base rent includes service charge which is a contribution paid by tenants towards covering the operation and property maintenance expenses of the Properties. The amount of service charge levied on the tenants at each Property is dependent on market rates of comparable properties and/or consideration for actual operating expenses for the Properties.

Turnover rent

Turnover rent is generally calculated as a pre-determined percentage of the tenant's gross turnover. In some cases, turnover rent may be subject to certain thresholds before it is payable, and the applicable percentage may vary with the turnover achieved. Turnover rent is payable by retail tenants only.

3.2 Property Operating Expenses

Property operating expenses consists of:

- Property management fees;
- Property-related taxes; and
- Other property operating expenses.

Property management fees

The following property management fees are payable to the respective Property Manager for each property of the LREIT Group under its management:

313@somerset

The property management fee is charged based on the following formula:

F = F1 + F2, where

F1 = 1.85% of GR; and

F2 = 1.85% of (GR – OE – F1).

and:

GR = Gross receipts for the Financial Year which refers to all income accruing or resulting from the operation of the property for the relevant Financial Year or part thereof, including but not limited to rental income (including turnover rent), rental premiums, licence fees, service charges, advertising and promotion fees and other sums due from tenants, licensees and concessionaires and other income or revenue earned from all rights of occupation or use of the property and the proceeds of any payment under any insurance policy against loss of rent or other income arising from the operation of the property.

OE = Operating expenses for that Financial Year which refers to all costs and expenses incurred in the operation, maintenance, management, repair and cleaning of the property.

The Property Manager is also entitled to receive leasing fees in respect of each new lease, renewal of an existing lease or relocation of an existing lease negotiated by the Property Manager. The leasing fee is equivalent to 80% of one month's base rent, one month's service charge and one month's advertising and promotion fee (if any), payable by the tenant under the lease. The leasing fee will be subject to review every three years to be in line with market rates as may be agreed by the Manager, the Trustee and the Property Manager.

Where tenancy design review services are required for a new lease, renewal of existing lease, relocation of an existing lease or any licence or concession, a fixed tenancy design review fee of S$6,000 per tenancy, subject to annual increase by a percentage which reflects the percentage increase in the Consumer Price Index in Singapore during the 12-month period prior to that date plus 1%.

Jem

The property management fee is charged based on the following formula:

F = F1 + F2, where

F1 = 1.85% of GR; and

F2 = 1.85% of (GR – OE – F1).

The Property Manager is also entitled to receive leasing fees in respect of each new lease, renewal of an existing lease or relocation of an existing lease negotiated by the Property Manager. The leasing fee is equivalent to 80% of one month's base rent, one month's service charge and one month's advertising and promotion fee (if any), payable by the tenant under the lease. The leasing fee will be subject to review every three years to be in line with market rates as may be agreed by the Manager, the Trustee and the Property Manager.

Where tenancy design review services are required for a new lease, renewal of existing lease, relocation of an existing lease or any licence or concession, a fixed tenancy design review fee of S$5,283 per tenancy, subject to annual increase by a percentage which reflects the percentage increase in the Consumer Price Index in Singapore during the 12-month period prior to that date plus 1%.

Sky Complex

Prior to 22 February 2021, the property management fees are charged based on the following, as applicable:

(i) a property management and building management fee of 0.95% per annum of the Gross Rental Income of Sky Complex, subject to a minimum sum of €90,000;

(ii) a project management fee of:

(a) 5.0% of the cost of the maintenance works (the "Project Cost") if the Project Cost is €200,000 or below;

(b) 3.9% of the Project Cost subject to a minimum project management fee of €10,000 if the Property Project Cost is above €200,000 and below €2.0 million; or

(c) 3.2% of the Project Cost subject to a minimum project management fee of €78,000 if the Project Cost is €2.0 million or above.

(iii) a construction supervision fee of:

(a) 3.0% of the cost of the applicable construction project (the "Construction Cost") if Construction Cost is €200,000 or below;

(b) 2.5% of the Construction Cost subject to a minimum construction supervision fee of €6,000 if the Construction Cost is above €200,000 and below €2.0 million; or

(c) 2.0% of the Construction Cost subject to a minimum construction supervision fee of €50,000 if the Construction Cost is €2.0 million or above.

With effect from 22 February 2021, the fees for Sky Complex comprise property management fee of 0.28% per annum of the annual collected rent of Sky Complex, subject to a minimum sum of €20,000. Such minimum annual fee shall be adjusted annually by 100% of the last variation of the ISTAT 1 index applicable to the workers' and employers' families, only where such variation is positive.

Property-related taxes

In relation to 313@somerset and Jem, the property tax for commercial properties, including retail and office properties, has been 10.0% of the annual value of such properties. Annual value is determined by the tax authorities by estimating the annual rent a property would command if rented out and computed by comparing rents of similar properties in the vicinity of the property.

In relation to Sky Complex, the Municipal Property Tax and Municipal Tax for Indivisible Services in Italy is typically charged at 1.06% of the Cadastral Value multiplied by a coefficient. The value of the coefficient is dependent on the cadastral class for the properties. The bulk of the Property's cadastral value belongs to Class D (buildings for commercial uses/plants) of which the coefficient applied is 65.

Other property operating expenses

Other property operating expenses comprise operating and maintenance expenses, energy and utilities costs and marketing expenses.

Operating and maintenance expenses relate to costs incurred for the upkeep of the properties, including cleaning, security, repair and maintenance, insurance as well as other general and administrative expenses.

Marketing expenses relate to the costs incurred in marketing, advertising and promoting the Properties.

	Period from 28 January 2019 (date of constitution) to 30 June 2020	**Year ended 30 June 2021**	**Six-month period ended 31 December 2020**	**Six-month period ended 31 December 2021**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Property management fees	4,521	5,581	2,841	2,714
Property related tax	13,182	18,273	9,106	9,153
Other property operating expenses	21,671	37,818	14,702	13,155
Property operating expenses	**39,374**	**61,672**	**26,649**	**25,022**

3.3 Non-property Expenses

The following table sets out details of the Enlarged Group's non-property expenses for FY2020, FY2021, 1H FY2021 and 1H FY2022:

	Period from 28 January 2019 (date of constitution) to 30 June 2020	Year ended 30 June 2021	Six-month period ended 31 December 2020	Six-month period ended 31 December 2021
	S$'000	S$'000	S$'000	S$'000
Manager's base fee	7,735	10,479	5,271	5,372
Manager's performance fee	4,702	7,061	3,721	3,776
Other management fee	580	801	401	682
Trustee's fee	360	493	246	262
Other trust expenses	1,228	2,561	1,440	1,130
Other gains and losses	111,204	39,572	15,484	(20,048)
Finance income	(531)	(51)	(40)	(90)
Finance costs	21,349	28,704	14,465	15,096
Non-property expenses	**146,627**	**89,620**	**40,988**	**6,180**

Trustee's fees

The Trustee's fees shall not exceed 0.015% per annum of the value of all the assets of LREIT (Deposited Property), excluding out-of-pocket expenses and goods and services tax in accordance with the Trust Deed. The Trustee's fee is payable out of the value of the Deposited Property on a quarterly basis, in arrears.

Manager's fees

The Manager is entitled to receive base fee, performance fee, acquisition fee, divestment fee, and development management fee, respectively as follow:

The Manager is entitled to receive a base fee of 0.3% per annum of the value of the Deposited Property. The base fee is payable in the form of cash and/or units as the Manager may elect.

The Manager is entitled to receive a performance fee of 5.0% per annum of the net property income. The performance fee is payable in the form of cash and/or units as the Manager may elect.

Other management fee

The Alternative Investment Fund ("**AIF**") manager managing the AIF that owns Sky Complex is entitled to a management fee comprising a base fee of 0.175% per annum of the value of the AIF assets.

Finance costs

Finance costs comprise interest expense and amortisation of debt-related transaction costs. LREIT Group has put in place the following debt facilities ("**Facilities**").

Facility Limit	Outstanding Loan	Interest Rate	Maturity Date
€285 million	€285 million	Floating interest rate of the relevant Euro Interbank Offer Rate plus a margin	2 October 2023
S$99 million	S$99 million	Floating interest rate of the relevant Singapore Swap Offer Rate ("**SOR**") plus a margin	2 October 2022
S$120 million	S$120 million	Floating interest rate of the relevant Singapore Overnight Rate Average ("**SORA**") plus a margin	17 September 2025
S$50 million	S$10 million	SOR plus a margin	11 October 2024

The interest payable on the Facilities are on a floating basis. The LREIT Group has entered into interest rate swap and options to partially hedge the interest rate risk.

In additional to the existing Facilities, the Enlarged Group is expected to put in place new debt facilities of S$860 million.

Facility Limit	Interest Rate	Maturity Date
S$360 million	SORA plus a margin	3 years from first utilisation date of the facility
S$200 million	SORA plus a margin	4 years from first utilisation date of the facility
S$300 million	SORA plus a margin	5 years from first utilisation date of the facility

Other trust expenses

Other trust expenses include operating expenses such as annual listing fees, auditing and tax advisory fees, valuation costs, investor communication costs, acquisition costs for equity instrument, setup costs of the multicurrency debt issuance programme and other miscellaneous expenses.

Other gains and losses

Other gains and losses affecting the total return of the Enlarged Group include, unrealised foreign exchange loss/gain, net change in fair value of investment properties, investment properties under development and net change in fair value of other investment and derivative financial instruments and realised gain/loss on derivative financial instruments.

4. COMPARISON OF THE ENLARGED GROUP'S PERFORMANCE IN FY2021 WITH FY2020

4.1 Gross Revenue

LREIT was listed on the 2 October 2019, it was assumed that Jem was acquired on the Listing Date. Prior to listing, the Enlarged Group had no income and insignificant expenses. Accordingly, the Gross Revenue for FY2021 was significant higher than in FY 2020.

4.2 Property Operating Expenses

The property operating expenses for the Enlarged Group in FY2021 was significant higher than in FY 2020 as LREIT was listed on the 2 October 2019 and it was assumed that Jem was acquired on the Listing Date.

4.3 Non-property Expenses

Trust expenses were higher in FY 2021 than those in FY 2020 due to effects of the full year contribution, acquisition costs for equity instrument and setup costs of debt issuance programme.

4.4 Other Gains and Losses

The net decrease in the fair value of investment properties and investment properties under development in FY2021 was $31 million. The net decrease in the fair value of investment properties in FY2020 was $96 million this was mainly due to the write off of IPO acquisition costs which was partly offset by fair value gains.

5. COMPARISON OF THE ENLARGED GROUP'S PERFORMANCE IN 1H FY2022 WITH 1H FY2021

5.1 Gross Revenue

The Enlarged Group lower revenue was attributed to lower rental reversion at 313@somerset & Jem and lower revenue from Sky Complex due to foreign exchange.

5.2 Property Operating Expenses

The lower expenses were mainly attributed to the absence of net provision for doubtful debts of S$1.5 million at 313@somerset.

5.3 Non-property Expenses

Trust expenses were higher in 1H FY2021 than those in 1H FY2022 due to acquisition costs for the equity instrument.

5.4 Other Gains and Losses

Other losses in 1H FY2021 was mainly due to the foreign exchange loss attributed to a stronger €/S$ exchange rate on the Euro-denominated loan. Other gains in 1H FY2022 was mainly due to the weaker €/S$ exchange rate on the Euro-denominated loan.

6. FINANCIAL IMPACT OF THE ACQUISITION

The following table sets out the financial impact of the Acquisition:

	Period from 28 January 2019 (date of constitution) to 30 June 2020	Year ended 30 June 2021	Six-month period ended 31 December 2020	Six-month period ended 31 December 2021
	S$'000	S$'000	S$'000	S$'000
Gross revenue	133,411	201,359	101,072	97,079
Property operating expenses	(39,374)	(61,672)	(26,649)	(25,022)
Net property income	**94,037**	**139,687**	**74,423**	**72,057**
Non-property expenses	(146,627)	(89,620)	(40,988)	(6,180)
Profit/ (Loss) after tax	**(52,590)**	**50,067**	**33,435**	**65,877**

The following table sets out the financial impact on the total amount distributable to Unitholders in relation to the Acquisition:

	Period from 28 January 2019 (date of constitution) to 30 June 2020	Year ended 30 June 2021	Six-month period ended 31 December 2020	Six-month period ended 31 December 2021
	S$'000	S$'000	S$'000	S$'000
Profit/ (Loss) after tax	**(52,590)**	**50,067**	**33,435**	**65,877**
Less: Attributable to perpetual security holders	-	(598)	-	(4,234)
Less: Attributable to NCI	-	-	-	(2,186)
Profit/ (Loss) after tax attributable to Unitholders before distribution adjustment	**(52,590)**	**49,469**	**33,435**	**59,457**
Add: Distribution adjustments	135,462	72,800	31,139	5,497

	Period from 28 January 2019 (date of constitution) to 30 June 2020	Year ended 30 June 2021	Six-month period ended 31 December 2020	Six-month period ended 31 December 2021
	S$'000	S$'000	S$'000	S$'000
Amount available for distribution to Unitholders	**82,872**	**122,269**	**64,574**	**64,954**

Financial Impact of the Acquisition in FY2021 compared against FY2020

The gross revenue, property management fees, management fees and trustee fees for FY2021 were higher than FY2020 because of the effect of full year contributions. Profit after tax for FY2021 was S$50 million compared to Loss for FY2020 was S$53 million.

Amount available for distribution to Unitholders for FY2021 was S$122 million, S$40 million higher than FY2020 mainly due to the full year effect of contributions.

On 4 June 2021, LREIT issued S$200 million perpetual securities with an annual distribution rate of 4.20%. The perpetual securities constitute direct, unconditional, subordinated and unsecured obligations of LREIT and are, accordingly, classified as equity. Profit attributable to the perpetual securities holders from the issue date are included in FY2021.

Property management fees and management fees in relation to the existing portfolio were assumed to be paid in Units in the same mode of payment as the actual payment for the original portfolio in FY2020 and FY2021.

Taking into account distribution adjustments, the payment of property management fees and management fees in Units for FY2020 and FY2021, the amount available for distribution to Unitholders due to the Acquisition increased by S$47 million and S$67 million respectively.

Financial Impact of the acquisition in 1H FY2022 compared against 1H FY2021

The Enlarged Group gross revenue was lower for 1H FY2022 mainly due to lower rental reversion from 313@somerset & Jem and lower revenue from Sky Complex due to foreign exchange.

Amount available for distribution to Unitholders for 1H FY2022 was S$65 million, S$0.4 million higher than 1H FY2021 mainly due to the acquisition of Jem.

On 4 June 2021, LREIT issued S$200 million perpetual securities with an annual distribution rate of 4.20%. The perpetual securities constitute direct, unconditional, subordinated and unsecured obligations of LREIT and are, accordingly, classified as equity. Profit attributable to the perpetual securities holders from the issue date are included in 1H FY2022.

Property management fees and management fees in relation to the existing portfolio were assumed to be paid in Units in the same mode of payment as the actual payment for the original portfolio in 1H FY2021 and 1H FY2022.

Taking into account distribution adjustments, the payment of property management fees and management fees in Units for 1H FY2021 and 1H FY2022, the amount available for distribution to Unitholders due to the Acquisition increased by S$37 million and S$36 million respectively.

7. FINANCIAL POSITION OF THE ENLARGED GROUP FOR THE SIX MONTH PERIOD ENDED, AND AS AT, 31 DECEMBER 2021 POST COMPLETION OF THE ACQUISITION

The net current liabilities position of the Enlarged Group as at 31 December 2021 is mainly due to approximately S$263 million of the net current liabilities that are attributable to the promissory notes and approximately S$225 million that are attributable to the bridging loan that will be drawn down for the purposes of funding the Acquisition. Further more, although S$488 million of "investment in associates" is reflected as non-current assets[1], the Enlarged Group will be able to receive its share of distributions on "investment in associates" (being returns from LREIT's investment in ARIF3 and LLJP) shortly after the completion of the Acquisition. Upon repatriation of LREIT's share of distributions from ARIF3 and LLJP, "investment in associates" will be reduced (thereby reducing the non-current assets), but the corresponding amount of promissory notes and bridging loan will also be reduced under current liabilities.

Notwithstanding the above and after taking into account the abovementioned adjustments, LREIT will still be in a net current liabilities position of approximately S$278 million due principally to loans that are maturing within the next 12 months, being a S$99 million loan that is maturing in October 2022 and an additional S$200 million loan (which is to be taken up as a 1 year + 2 years facility extendable at LREIT's option) which is taken for the purposes of financing the Property

1 Although "investment in associates" is reflected as S$628 million in Appendix H, only S$488 million is attributable to LREIT, with the remaining being non-controlling interests.

Acquisition. As (i) the S$99 million loan that is due within the next 12 months will be refinanced through extension of the loan or through drawing down on existing undrawn facilities of LREIT or issuance of notes under LREIT's S$1 billion multicurrency debt issuance programme and (ii) the S$200 million loan can be extended at LREIT's option, the Manager is of the view that it will be able to resolve any net current liability position.

The Manager also notes that the net cash generated from operating activities based on the unaudited pro forma statement of cash flows of the Enlarged Group for the six month period ended 31 December 2021 is S$334 million.

Accordingly, the Manager is of the view that following completion of the Acquisition, the LREIT Group will be a going concern, have positive operating cash flows and be in a healthy financial position.

8. FINANCIAL POSITION OF THE PROPERTY VENDORS

Although the Property Vendors are not the subject matter of the Acquisition, for the information of Unitholders only, and to further demonstrate that the Property is in a healthy financial position, certain financial information of the Property Vendors are set out below.

The working capital of the Property Vendors increased from -S$110 million as at 30 June 2021 to S$7 million as at 31 December 2021 mainly due to S$300 million of medium term notes due for redemption within 12 months of 30 June 2021 (which principally contributed to a negative working capital as at 30 June 2021) which has been refinanced with a bank loan of S$300 million maturing in 2026.

Six-month financial period ended 31 December 2021 / as at 31 December 2021	**S$ '000**
Net asset value	678,216
Working capital	7,040
Net cash from operating activities	33,575
Financial year ended 30 June 2021 / as at 30 June 2021	
Net asset value	682,485
Working capital	(110,018)
Net cash from operating activities	57,418

Financial year ended 30 June 2020 / as at 30 June 2021	S$ '000
Net asset value	763,589
Working capital	9,900
Net cash from operating activities	81,817

APPENDIX K

INDEPENDENT ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

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14 February 2022

Dear Sirs

Report on the compilation of unaudited pro forma financial information

We have completed our assurance engagement to report on the compilation of pro forma financial information of Lendlease Global Commercial REIT ("LREIT") and its subsidiaries (the "Group") by Lendlease Global Commercial Trust Management Pte. Ltd. (the "Manager"). The pro forma financial information of LREIT and its subsidiaries (the "Pro Forma Group") consists of the unaudited pro forma statements of financial position as at 30 June 2021 and 31 December 2021, the unaudited pro forma statements of profit or loss and other comprehensive income for the period from 28 January 2019 (date of constitution) to 30 June 2020, and for the year ended 30 June 2021 and for the six-month period ended 31 December 2020 and 31 December 2021 and the unaudited pro forma statement of cash flows for the six-month period ended 31 December 2021, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages H-1 to H-63 of the Circular to Unitholders (the "Circular") to be issued in connection with the proposed acquisition of 13.05% of the total issued share capital in Lendlease Asian Retail Investment 3 Limited ("ARIF3") and of the property known as Jem, located at 50 and 52 Jurong Gateway Road, Singapore (the "Property"), and proposed issuance of up to 1,265,346,000 new units under the equity fund raising. The Unaudited Pro Forma Financial Information of the Pro Forma Group has been prepared for illustrative purposes only and are based on certain assumptions, after making certain adjustments. The applicable criteria (the "Criteria") on the basis of which the Manager has compiled the Unaudited Pro Forma Financial Information are described in Section B of Appendix H.

The Unaudited Pro Forma Financial Information has been compiled by the Manager to illustrate the impact of the following transactions (the "Transactions") set out in Section B of Appendix H on the Pro Forma Group's financial position as at 30 June 2021 and 31 December 2021, as if the Transactions had taken place on 30 June 2021 and 31 December 2021 respectively, and on the Pro Forma Group's financial performance for the period from 28 January 2019 (date of constitution) to 30 June 2020, and for the year ended 30 June 2021, and for the six-month period ended 31 December 2020 and 31 December 2021, as if the Transactions had taken place on 2 October 2019, and on the Pro Forma Group's cash flows for the six-month period ended 31 December 2021, as if the Transactions had taken place on 1 July 2021:

(i) the acquisition of 13.05% of the total issued share capital in ARIF3;

(ii) the acquisition of the Property; and

(iii) the issuance of up to 1,265,346,000 new units under the equity fund raising;

The dates on which the Transactions described above are assumed to have been undertaken, are hereinafter collectively referred to as the "Relevant Dates".

As part of this process, information about the Pro Forma Group's financial position, financial performance and cash flows has been extracted by the Manager from the following:

(i) financial statements of the Group for the period from 28 January 2019 (date of constitution) to 30 June 2020 and for the year ended 30 June 2021, on which audit reports have been published;

(ii) financial statements of Lendlease Commercial Investments Pte. Ltd. ("LLCI") and Lendlease Retail Investments 3 Pte. Ltd. ("LLRI3") for the years ended 30 June 2020 and 30 June 2021, on which audit reports have not been published;

(iii) the management accounts of LLCI and LLRI3 for the period from 2 October 2019 to 30 June 2020 and the period from 1 July 2020 to 31 December 2020, which were prepared based on the audited financial statements of LLCI and LLRI3 for the year ended 30 June 2020 and 30 June 2021, respectively;

(iv) the management accounts of the Group for the six-month period ended 31 December 2020, which were prepared based on the audited financial statements of the Group for the year ended 30 June 2021;

(v) interim financial statements of the Group for the six-month period ended 31 December 2021, on which review reports have not been published; and

(vi) interim financial statements of LLCI and LLRI3 for the six-month period ended 31 December 2021, on which review reports have not been published.

The Manager's responsibility for the Unaudited Pro Forma Financial Information

The Manager is responsible for compiling the Unaudited Pro Forma Financial Information on the basis of the Criteria.

Independent Accountants' independence and quality control

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Singapore Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Accountants' responsibility

Our responsibility is to express an opinion about whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, by the Manager on the basis of the Criteria.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (SSAE) 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants (the "ISCA"). This standard requires that the independent auditors comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Manager has compiled, in all material respects, the Unaudited Pro Forma Financial Information on the basis of the Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at the Relevant Dates would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, on the basis of the Criteria involves performing procedures to assess whether the Criteria used by the Manager in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those Criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the Independent Accountants' judgement, having regard to his understanding of the nature of the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been compiled:

   (i) in a manner consistent with the accounting policies adopted by the Group in its latest audited financial statements, which are prepared in accordance with International Financial Reporting Standards;

   (ii) on the basis of the Criteria stated in Section B of Appendix H; and

(b) each material adjustment made to the information used in the preparation of the Unaudited Pro Forma Financial Information is appropriate for the purpose of preparing such unaudited financial information.

This letter has been prepared for inclusion in the Circular of LREIT to be issued in connection with the Transactions.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore

Lee Chin Siang Barry
Partner-in-charge

14 February 2022

APPENDIX L

INDEPENDENT ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE PROPERTY

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The Board of Directors
Lendlease Global Commercial Trust Management Pte. Ltd.
(in its capacity as Manager of Lendlease Global Commercial REIT)
2 Tanjong Katong Road
#05-01 Paya Lebar Quarter
Singapore 437161

RBC Investor Services Trust Singapore Limited
(in its capacity as Trustee of Lendlease Global Commercial REIT)
8 Marina View, #26-01
Asia Square Tower 1
Singapore 018980

14 February 2022

Dear Sirs

Report on the compilation of unaudited pro forma financial information

We have completed our assurance engagement to report on the compilation of pro forma financial information of the property known as Jem, located at 50 and 52 Jurong Gateway Road, Singapore (the "Property") by Lendlease Global Commercial Trust Management Pte. Ltd. (the "Manager"). The pro forma financial information of the Property consists of the unaudited pro forma statement of profit or loss and other comprehensive income of the Property for the years ended 30 June 2019, 30 June 2020 and 30 June 2021 and the six-month period ended 31 December 2020 and 31 December 2021, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages I-1 to I-11 of the Circular to Unitholders (the "Circular") to be issued in connection with the proposed acquisition of 13.05% of the total issued share capital in Lendlease Asian Retail Investment 3 Limited ("ARIF3") and of the Property, and proposed issuance of up to 1,265,346,000 new units under the equity fund raising. The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and are based on certain assumptions, after making certain adjustments. The applicable criteria (the "Criteria") on the basis of which the Manager has compiled the Unaudited Pro Forma Financial Information are described in Section B of Appendix I.

The Unaudited Pro Forma Financial Information has been compiled by the Manager to illustrate the impact of the following transactions (the "Transactions") set out in Section B of Appendix I on the Property's financial performance for the years ended 30 June 2019, 30 June 2020 and 30 June 2021 and the six-month period ended 31 December 2020 and 31 December 2021, as if the Transactions had taken place on 2 October 2019 (the "Listing Date"):

(i) the acquisition of 13.05% of the total issued share capital in ARIF3;

(ii) the acquisition of the Property; and

(iii) the issuance of up to 1,265,346,000 new units under the equity fund raising;

The dates on which the Transactions described above are assumed to have been undertaken, are hereinafter collectively referred to as the "Relevant Dates".

As part of this process, information about the Property's financial performance has been extracted by the Manager from the following:

(i) financial statements of Lendlease Commercial Investments Pte. Ltd. ("LLCI") and Lendlease Retail Investments 3 Pte. Ltd. ("LLRI3") for the years ended 30 June 2019, 30 June 2020 and 30 June 2021, on which audit reports have not been published;

(ii) the management accounts of LLCI and LLRI3 for the six-month period ended 31 December 2020, which were prepared based on the audited financial statements of the LLCI and LLRI3 for the year ended 30 June 2021; and

(iii) interim financial statements of LLCI and LLRI3 for the six-month period ended 31 December 2021, on which review reports have not been published.

The Manager's responsibility for the Unaudited Pro Forma Financial Information

The Manager is responsible for compiling the Unaudited Pro Forma Financial Information on the basis of the Criteria.

Independent Accountants' independence and quality control

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Singapore Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Accountants' responsibility

Our responsibility is to express an opinion about whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, by the Manager on the basis of the Criteria.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (SSAE) 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants (the "ISCA"). This standard requires that the independent auditors comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Manager has compiled, in all material respects, the Unaudited Pro Forma Financial Information on the basis of the Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at the Relevant Dates would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, on the basis of the Criteria involves performing procedures to assess whether the Criteria used by the Manager in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those Criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the Independent Accountants' judgement, having regard to his understanding of the nature of the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been compiled:

    (i) in a manner consistent with the accounting policies adopted by Lendlease Global Commercial REIT ("LREIT") and its subsidiaries in its latest audited financial statements, which are prepared in accordance with International Financial Reporting Standards;

    (ii) on the basis of the Criteria stated in Section B of Appendix I; and

(b) each material adjustment made to the information used in the preparation of the Unaudited Pro Forma Financial Information is appropriate for the purpose of preparing such unaudited financial information.

This letter has been prepared for inclusion in the Circular of LREIT to be issued in connection with the Transactions.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore

Lee Chin Siang Barry
Partner-in-charge

14 February 2022

INDEPENDENT FINANCIAL ADVISER'S LETTER

INDEPENDENT FINANCIAL ADVISER'S LETTER

DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD
(Incorporated in the Republic of Singapore)
Company Registration Number: 200200144N

14 February 2022

RBC Investor Services Trust Singapore Limited
(as Trustee of Lendlease Global Commercial REIT)
8 Marina View, #26-01
Asia Square Tower 1
Singapore 018960

The Independent Directors and the Audit and Risk Committee
Lendlease Global Commercial Trust Management Pte. Ltd.
(as Manager of Lendlease Global Commercial REIT)
2 Tanjong Katong Road
#05-01 Paya Lebar Quarter
Singapore 437161

Dear Sir/ Madam

INDEPENDENT FINANCIAL ADVISER'S LETTER IN RELATION TO:

(i) PROPOSED ACQUISITION OF THE REMAINING INTEREST IN JEM THROUGH: (I) THE PROPOSED ASSET ACQUISITION OF JEM FROM LENDLEASE COMMERCIAL INVESTMENTS PTE. LTD. AND LENDLEASE RETAIL INVESTMENTS 3 PTE. LTD., AND (II) PROPOSED ACQUISITION FROM LENDLEASE INTERNATIONAL PTY LIMITED OF SHARES REPRESENTING APPROXIMATELY 13.05% OF THE ISSUED SHARE CAPITAL OF LENDLEASE ASIAN RETAIL INVESTMENT FUND 3 LIMITED, WHICH HOLDS 75% INTEREST IN JEM, AS AN INTERESTED PERSON TRANSACTION; AND

(ii) PROPOSED ISSUANCE OF CONSIDERATION UNITS TO LENDLEASE INTERNATIONAL PTY LIMITED (OR ITS NOMINEE) TO FINANCE THE ARIF3 SHARE ACQUISITION (AS DEFINED HEREIN), AS AN INTERESTED PERSON TRANSACTION.

1. INTRODUCTION

1.1 ANNOUNCEMENT OF THE PROPOSED ACQUISITION AND PROPOSED ISSUANCE OF CONSIDERATION UNITS AND SUMMARY OF APPROVALS SOUGHT

On 14 February 2022, Lendlease Global Commercial Trust Management Pte. Ltd., as manager of Lendlease Global Commercial REIT ("**LREIT**", and the manager of LREIT, the "**Manager**") announced the Proposed Acquisition (as defined herein) and Proposed Issuance of Consideration Units (as defined herein).

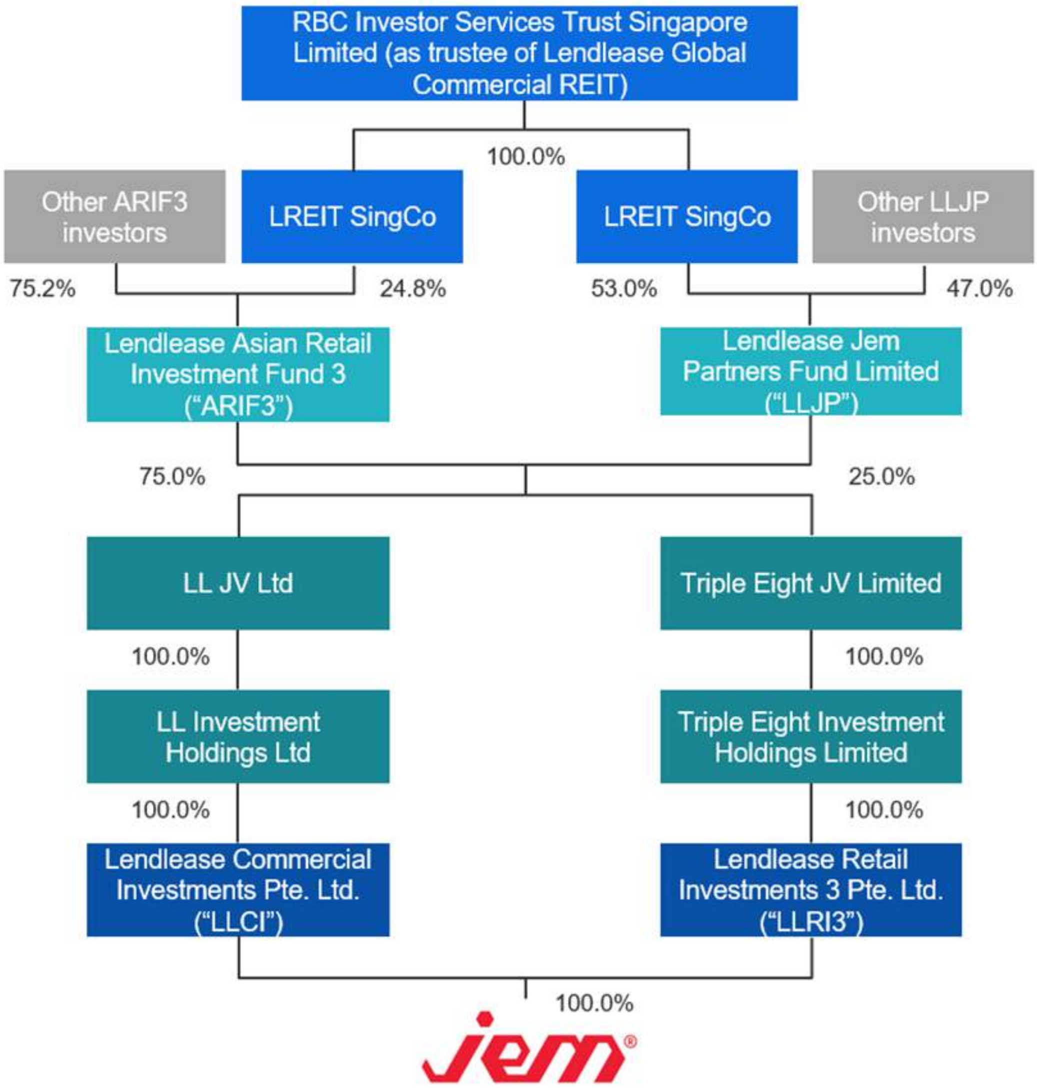
LREIT currently holds a 31.8% indirect effective interest in the Property through its ownership of shares in the two funds, Lendlease Asian Retail Investment Fund 3 Limited ("**ARIF3")** and Lendlease JEM Partners Fund Limited ("**LLJP**"), and is proposing to acquire the remaining 68.2% interest in Jem, located at 50 and 52 Jurong Gateway Road, Singapore (the "**Property**") so as to obtain a 100.0% direct ownership in the Property.

To this end, LREIT is proposing to acquire the remaining interests in the Property through a combination of: (i) an acquisition by Lendlease Global Commercial (SGP) Pte. Ltd. ("**LREIT SingCo**" or "**SingCo**") from Lendlease International Pty Limited ("**LLI**") of its 13.05% of the total issued share capital in ARIF3 (the "**ARIF3 Sale Shares**" and the acquisition of the ARIF3 Sale Shares, the "**ARIF3 Share Acquisition**") for approximately S$116 million[1] (the "**ARIF3 Purchase**

1 Estimated based on the net asset value of ARIF3 as at 31 December 2021. The ARIF3 Purchase Consideration will be fixed based on the net asset value of ARIF3 as at the completion date in accordance with the agreed procedures set out in the ARIF3 SPA and there will be no post-completion adjustments.

Consideration")[2]; and followed by (ii) an asset acquisition by RBC Investor Services Trust Singapore Limited (the trustee of LREIT, the "**Trustee**") of the Property from Lendlease Commercial Investments Pte. Ltd. ("**LLCI**") and Lendlease Retail Investments 3 Pte. Ltd. ("**LLRI3**", and together with LLCI, the "**Property Vendors**") (the "**Property Acquisition**", and together with the ARIF3 Share Acquisition, the "**Proposed Acquisition**") for S$2,079 million (the "**Property Purchase Consideration**"). The Property Vendors are indirectly owned by ARIF3 and LLJP, which are funds managed by Lendlease Investment Management Pte. Ltd. ("**LLIM**"). LLIM is an indirect wholly-owned subsidiary of the Sponsor.

The diagrammatic illustration below sets out the Property's current holding structure:



2 LREIT had offered to acquire all the shares that the other shareholders of ARIF3 and LLJP hold for Consideration Units (as defined herein) and only LLI accepted the offer. Accordingly, all the other shareholders of ARIF3 and LLJP are effectively exiting their investment through the Property Acquisition.

The ARIF3 Share Acquisition will complete shortly before the Property Acquisition but both will take place on the same day such that following the completion of the Property Acquisition, the Property will be directly held by the Trustee as set out below:

The Proposed Acquisition is proposed to be undertaken in two steps because SingCo had offered to acquire all the shares in ARIF3 and LLJP held by the other shareholders of ARIF3 and LLJP and the consideration for the share acquisition will be in new Units only ("**Consideration Units**"). This share acquisition was proposed should any of the shareholders prefer a share sale and offering only Consideration Units and not cash would reduce LREIT's overall need for additional funding to acquire the remaining interests in the Property. As only LLI agreed to sell its shares in ARIF3 for Consideration Units to demonstrate alignment of interests by the Lendlease Group with LREIT, the share acquisition will only comprise the ARIF3 Share Acquisition. Based on the ARIF3 Purchase Consideration of approximately S$116 million divided by the Illustrative Issue Price (as defined herein) of S$0.82 per New Unit (as defined herein), the number of Consideration Units to be issued is approximately 142 million, which represents approximately 11.9% of the total number of Units in issue as at 31 January 2022, being the latest practicable date prior to the date of this Circular (the "**Latest Practicable Date**").

The second step, being the Property Acquisition which involves the Trustee acquiring the Property directly from the Property Vendors shortly after completion of the ARIF3 Share Acquisition, is to achieve the outcome of the Trustee holding the Property directly to achieve tax transparency in LREIT's ownership of the Property.

Upon completion of the proposed ARIF3 Share Acquisition, LREIT will hold:

(i) a 37.8% interest in ARIF3 (after taking into account LREIT's existing 24.8% interest in ARIF3); and

(ii) an effective 41.6% indirect interest in the Property[3].

Upon completion of the Property Acquisition, LREIT will hold a 100% direct interest in the Property.

Following the completion of the Property Acquisition, it is expected that ARIF3 and LLJP as well as their respective intermediate holding companies will be wound up as the Property is the main asset of these funds and holding companies. Similarly, the Manager intends to wind up SingCo if LREIT does not have a purpose for SingCo in the future.

The Property Purchase Consideration is intended to be partially funded by way of a private placement to institutional and other investors (the "**Private Placement**") and/or a non-renounceable preferential offering of new Units to existing Unitholders on a pro rata basis (the "**Preferential Offering**", and together with the Private Placement, the "**Equity Fund Raising**")

3 Effective indirect interest is computed based on the summation of LREIT's shareholdings in LLJP and ARIF3 in percentage terms, multiplied by 25% and 75% respectively.

For more information on the Equity Fund Raising, please refer to Paragraph 7 of the Letter to Unitholders in the Circular.

The Manager intends to finance the Proposed Acquisition, less the Acquisition Fee (which will be paid through the issue of Acquisition Fee Units) via the issuance of Consideration Units (the "**Proposed Issuance of Consideration Units**") for an aggregate issue price of approximately S$116 million, the LREIT promissory notes ("**PNs**") for a principal amount of approximately S$263 million, debt financing, the proceeds from Equity Fund Raising, as well as its own cash reserves, internal resources and/or an issuance of perpetual securities.

The Manager seeks approval from the Unitholders for the resolutions (each, a "**Resolution**") stated below:

(1) Resolution 1: the Proposed Acquisition, as an interested person transaction (Ordinary Resolution[4]);

(2) Resolution 2: the Proposed Issuance of Consideration Units to LLI (or its nominee) as consideration for the ARIF3 Share Acquisition, as an interested person transaction (Ordinary Resolution); and

(3) Resolution 3: the proposed Equity Fund Raising (Ordinary Resolution).

(the Proposed Acquisition, the Proposed Issuance of Consideration Units and the proposed Equity Fund Raising collectively, the "**Transactions**"). **Unitholders should note that Resolutions 1, 2 and 3 are inter-conditional and the Manager will only proceed with the Transactions if all of the resolutions are approved.**

Our opinion as the IFA will only pertain to the interested person transactions which includes the Proposed Acquisition and the Proposed Issuance of Consideration Units. An opinion on the Equity Fund Raising is not included in the scope of this IFA letter.

1.1.1 THE PROPOSED ACQUISITION OF THE REMAINING INTERESTS IN JEM THROUGH: (I) THE PROPOSED ASSET ACQUISITION OF JEM FROM LENDLEASE COMMERCIAL INVESTMENTS PTE. LTD. AND LENDLEASE RETAIL INVESTMENTS 3 PTE. LTD., AND (II) PROPOSED ACQUISITION FROM LENDLEASE INTERNATIONAL PTY LIMITED OF SHARES REPRESENTING APPROXIMATELY 13.05% OF THE ISSUED SHARE CAPITAL OF LENDLEASE ASIAN RETAIL INVESTMENT FUND 3 LIMITED, WHICH HOLDS 75% INTEREST IN JEM, AS INTERESTED PERSON TRANSACTIONS

LREIT currently holds an indirect interest in the Property of 31.8% through its 24.8% interest in ARIF3 and 53.0% interest in LLJP, and is proposing to acquire the remaining 68.2% effective interest in the Property through the Proposed Acquisition.

The Manager is proposing to undertake the Proposed Acquisition for the remaining 68.2% effective interest in the Property through a combination of the ARIF3 Share Acquisition and the Property Acquisition in 2 steps described below.

<u>Step 1: ARIF3 Share Acquisition</u>

SingCo, the Trustee and LLI had on 14 February 2022 entered into a conditional share purchase agreement (the "**ARIF3 SPA**") pursuant to which SingCo will acquire 13.05% of the ARIF3 Share Capital from LLI for the ARIF3 Purchase Consideration of approximately S$116 million[5], to be

4 "**Ordinary Resolution**" refers to a resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed.

5 Estimated based on the net asset value of ARIF3 as at 31 December 2021. The ARIF3 Purchase Consideration will be fixed based on the net asset value of ARIF3 as at the completion date in accordance with the agreed procedures set out in the ARIF3 SPA and there will be no post-completion adjustments.

satisfied in Consideration Units. For the avoidance of doubt, the Consideration Units are subject to the Lock-up Arrangements as described in Paragraph 8 of the Letter to Unitholders in the Circular.

Step 2: Property Acquisition

The Trustee had on 14 February 2022 entered into a put and call option agreement (the "**Asset PCOA**") with the Property Vendors in respect of the sale and purchase of the leasehold interest in the Property for the Property Purchase Consideration of S$2,079 million. Pursuant to the Asset PCOA, the Trustee has a right to accept the Property Vendors' offer to sell the leasehold interest in the Property, and the Property Vendors have a right to accept the Trustee's offer to purchase the leasehold interest in the Property, upon certain conditions precedent being fulfilled by a specified date.

Given that LREIT currently has a 31.8% effective interest in the Property and will hold an aggregate 41.6% effective interest in the Property post-completion of the ARIF3 Share Acquisition, the Manager is proposing to pay part of the Property Purchase Consideration in interest-free promissory notes and with the balance to be paid in cash. The amount of the Property Purchase Consideration to be paid in promissory notes is approximately S$263 million, comprising approximately 12.6% of the Property Purchase Consideration and this non-cash component was agreed between the Trustee and the Property Vendors after taking into account the amount of returns that LREIT (through SingCo) would receive for the sale of its effective interest in the Property by way of return of capital on its shares in each of ARIF3 and LLJP, and with the balance of LREIT's proceeds from the sale of the Property by way of income distributions. As only the return of capital component due to LREIT (through SingCo) can be returned to SingCo by way of a non-cash instrument for various considerations like the costs of flowing a non-cash income distribution through the capital structure of the ARIF3 and LLJP fund entities, and S$263 million represents the maximum amount of capital returns due to LREIT, the amount of the Property Purchase Consideration to be paid promissory notes is therefore the maximum amount that the Manager could negotiate to be paid by way of promissory notes. This promissory note mechanism is beneficial to LREIT as it reduces the amount of cash to be raised and funded by LREIT for the Property Acquisition. Based on LREIT's current 31.8% effective interest in the Property at the time of the Manager's negotiation, the balance of S$399 million of the Property Purchase Consideration (which comprises 31.8% of the Property Purchase Consideration of S$2,079 million less the S$263 million of promissory notes) will be applied towards deduction of LREIT's share of costs and expenses like taxes and repayment of the existing borrowings in order to arrive at the amount of income distributions due to LREIT.

It is contemplated that on completion of the Property Acquisition, the Trustee will issue two promissory notes to one of the two Property Vendors, LLRI3 in part satisfaction of the Property Purchase Consideration, which will comprise:

(i) one promissory note (the "**ARIF3 PN**"), the principal amount of which would be determined by reference to the returns that SingCo (as shareholder of ARIF3) will receive from ARIF3 by way of distributions following the sale of the Property; and

(ii) one promissory note (the "**LLJP PN**", and together with the ARIF3 PN, the "**LREIT PNs**"), the principal amount of which would be determined by reference to the returns that SingCo (as shareholder of LLJP) will receive from LLJP by way of distributions following the sale of the Property.

LLRI3 will flow the LREIT PNs up the capital structure through dividends by LLRI3 up to the intermediate holding company, Triple Eight Investment Holdings Limited, followed by return of share capital to Triple Eight JV Limited up to ARIF3 and LLJP, such that SingCo will eventually receive the ARIF3 PN from ARIF3 as its returns from the sale of the Property and SingCo will eventually receive the LLJP PN from LLJP as its returns from the sale of the Property. All the other shareholders of ARIF3 and LLJP will receive their returns from the sale of the Property in the form of cash and only SingCo will receive the LREIT PNs.

SingCo will endorse the LREIT PNs in favour of the Trustee as redemption proceeds for the redemption of the redeemable preference shares that the Trustee holds in SingCo and as a final step, the Trustee will cancel the LREIT PNs once it receives them.

LLRI3 will receive the remaining amount of the Property Purchase Consideration due to it in cash (being approximately S$1,342 million), and the other Property Vendor, LLCI will receive the amount of the Property Purchase Consideration due to it in cash (being approximately S$474 million), being an aggregate of 87.4% of the Property Purchase Consideration. Following the completion of the Acquisition, it is expected that LLRI3 and LLCI will pay the cash proceeds of the Property Purchase Consideration upstream to their holding companies to be eventually paid to the investors of ARIF3 and LLJP, including SingCo (after settlement of relevant costs and expenses like taxes and repayment of the existing borrowings), and the Manager expects SingCo to receive approximately S$225 million out of such cash proceeds[6] After completion of the Property Acquisition, 41.6% of the total net asset values of ARIF3 and LLJP will be attributable to SingCo after the proceeds of the Property Purchase Consideration are applied towards settlement of relevant costs and expenses like taxes and repayment of the existing borrowings. The bulk of the distribution due to SingCo is expected to be approximately S$488 million which comprises the S$263 million from the LREIT PNs and S$225 million in cash, and with a balance sum to be withheld by ARIF3 and LLJP and their downstream companies to cater for customary expenses like winding up expenses.

For more information on this please refer to Paragraph 2 of the Letter to Unitholders in the Circular.

1.1.2 THE PROPOSED ISSUE OF CONSIDERATION UNITS TO LLI (OR ITS NOMINEE) IN SATISFACTION OF THE CONSIDERATION FOR THE ARIF3 SHARE ACQUISITION, AS AN INTERESTED PERSON TRANSACTION

The Manager proposes to issue Consideration Units to LLI (and/or its nominee) as payment of the ARIF3 Purchase Consideration payable for the ARIF3 Share Acquisition on completion (the "**Proposed Issuance of Consideration Units**").

The number of Consideration Units to be issued shall be calculated based on the ARIF3 Purchase Consideration divided by the issue price of each Consideration Unit (the "**Issue Price**"), rounded downwards to the nearest board lot of 100 Units and any balance sum which is not satisfied by the issue of the Consideration Units due to such rounding down shall be paid in cash.

Pursuant to the ARIF3 SPA, the Issue Price shall be determined as follows:

(i) where one or more equity fund raisings have been successfully carried out by LREIT between the date of the ARIF3 SPA and the date of completion of the ARIF3 SPA to finance (whether partially or fully) the Property Acquisition, the Issue Price shall be equivalent to the highest issue price for each new Unit issued in connection with the equity fund raisings; or

(ii) where no equity fund raising has been successfully carried out by LREIT between the date of the ARIF3 SPA and the date of completion of the ARIF3 SPA to finance (whether partially or fully) the Property Acquisition, the Issue Price shall be the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 business days immediately preceding the date of issuance of the Consideration Units.

Pursuant to Clause 5.3.3 of the Trust Deed, as the Consideration Units are issued as consideration for the ARIF3 Share Acquisition, which is in conjunction with the Equity Fund Raising meant to partly finance the Property Acquisition, the Manager has the discretion to determine that the Issue Price is to be the same as the higher of the issue prices for the new Units issued under the Equity Fund Raising (the "**New Units**"). Based on the ARIF3 Purchase Consideration of approximately

6 The Manager will apply the cash proceeds of approximately S$225 million towards repayment of the bridging loan of S$225 million that will be drawn down for the purposes of funding the Proposed Acquisition.

S$116 million divided by the Illustrative Issue Price (as defined herein), the number of Consideration Units to be issued is approximately 142 million.

The 10-day volume weighted average price for a Unit immediately preceding the date of completion of the ARIF3 SPA may differ from the issue price under each of the Private Placement or the Preferential Offering undertaken to part finance the Total Acquisition Cost, less the Acquisition Fee (which will be paid through the issue of Acquisition Fee Units). To avoid such an incongruity, given that the Consideration Units and the new Units under the Equity Fund Raising are to be issued for the same purpose of partly funding the Total Acquisition Cost, (less the Acquisition Fee, which will be paid through the issue of the Acquisition Fee Units), as the Consideration Units will be issued after the Equity Fund Raising, the issue price of the Consideration Units will be the same as the highest issue price for the Units issued under the Private Placement and Preferential Offering. This will also allow LLI, as the vendor under the ARIF3 SPA, to have certainty with respect to the issue price of the Consideration Units and will put LLI in a position that is on par with the incoming investors under the Equity Fund Raising.

The Consideration Units, when issued, will be fully paid. The Consideration Units shall be issued on the date of Completion and the number of Consideration Units issued shall be rounded downwards to the nearest board lot of 100 Units. Any balance sum which is not satisfied by the issue of the Consideration Units due to rounding down shall be paid in cash.

For more information on this please refer to Paragraph 6 of the Letter to Unitholders in the Circular.

1.1.3 THE EQUITY FUND RAISING

The Manager is seeking Unitholders' approval for the proposed issue of up to 1,265,346,000 New Units (representing approximately 106.2% of the existing number of issued Units as at the Latest Practicable Date).

Based on an illustrative issue price of S$0.82 per New Unit (the "**Illustrative Issue Price**"), the Equity Fund Raising is expected to raise gross proceeds of up to approximately S$1,038 million[7], to partially finance the Total Acquisition Cost (as defined herein), with the balance to be funded by the LREIT PNs, the issuance of the Consideration Units, debt financing, as well as its own cash reserves, internal resources and/or an issuance of perpetual securities.

For more information on this please refer to Paragraph 7 of the Letter to Unitholders in the Circular.

An opinion on the Equity Fund Raising is not included in the scope of this IFA letter.

1.2 LENDLEASE GLOBAL COMMERCIAL REIT

LREIT is established with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of stabilised income-producing real estate assets located globally, which are used primarily for retail and/or office purposes. Its key objectives are to provide Unitholders with regular and stable distributions, achieve long-term growth in distribution per unit and net asset value ("**NAV**") per unit, and maintain an appropriate capital structure.

LREIT is managed by the Manager, an indirect wholly-owned subsidiary of Lendlease Corporation Limited (the "**Sponsor**"). The Sponsor is part of the Lendlease Group, which comprises the Sponsor, Lendlease Trust, and their subsidiaries (the "**Lendlease Group**"). The Lendlease Group is a globally integrated real estate and investment group with core expertise in shaping cities and creating

7 For the avoidance of doubt, S$1,038 million is the maximum amount of gross proceeds that may be raised through the Equity Fund Raising (based on the Illustrative Issue Price) pursuant to the maximum number of New Units granted approval in-principle from SGX. Please refer to Paragraph 4 of the Letter to Unitholders for further information on the estimated amount of gross proceeds to be raised under the Equity Fund Raising of S$837 million as illustrated in the pro forma statements.

strong and connected communities, with operations in Australia, Asia, Europe, and the Americas. LREIT was listed on the Main Board of the SGX-ST on 2 October 2019 and is authorised as a collective investment scheme under Section 286 of the Securities and Futures Act 2001 (the "**SFA**").

LREIT's property portfolio comprises a leasehold interest in 313@somerset, a retail mall located in Singapore, and a freehold interest in Sky Complex, which comprises three Grade-A office buildings located in Milan, Italy. The portfolio has a total net lettable area of approximately 1.3 million square feet, with an appraised value of approximately S$1.4 billion[8] as at 30 June 2021. LREIT is developing a site adjacent to 313@somerset into a multifunctional event space.

In addition, LREIT currently has an effective 31.8% indirect interest in the property known as Jem, located at 50 and 52 Jurong Gateway Road, Singapore (the "**Property**"), through its ownership of: (i) 24.8% of Lendlease Asian Retail Investment Fund 3 Limited ("**ARIF3**"), which holds a 75.0% indirect interest in the Property, held by Lendlease Global Commercial (SGP) Pte. Ltd. ("**LREIT SingCo**" or "**SingCo**")[9], a wholly-owned subsidiary of the Trustee and (ii) 53.0% of Lendlease Jem Partners Fund Limited ("**LLJP**"), which indirectly holds the remaining 25.0% interest in the Property, held by SingCo. Lendlease International Pty Limited ("**LLI**"), a direct wholly-owned subsidiary of the Sponsor holds approximately 13.05% in ARIF3. The other existing shareholders of ARIF3 and LLJP[10] are not related to LREIT or the Sponsor. The Property is an integrated office and retail asset located in Jurong Gateway, the commercial hub of the Jurong Lake District, Singapore. LREIT proposes to acquire the remaining interests in the Property through the Proposed Acquisition.

1.3 VERY SUBSTANTIAL ACQUISITION OR REVERSE TAKEOVER

The Proposed Acquisition will constitute a "very substantial acquisition" or a "reverse takeover" by LREIT under Chapter 10 of the Listing Manual. Rule 1015 of the Listing Manual requires a "very substantial acquisition" by LREIT to be conditional upon the approval of Unitholders. In compliance with the requirements of the Listing Manual, the Manager is seeking Unitholders' approval for the Proposed Acquisition.

However, the Proposed Acquisition will not constitute a "reverse takeover" by LREIT under Chapter 10 of the Listing Manual as the Proposed Acquisition does not involve a change of control of LREIT / the Enlarged Group following the completion of the Proposed Acquisition.

For more information on this please refer to Paragraph 5.2 of the Letter to Unitholders in the Circular.

1.4 INTERESTED PERSON TRANSACTION AND INTERESTED PARTY TRANSACTION

In relation to the Proposed Acquisition

As at 31 January 2022, being the latest practicable date prior to the printing of this Circular (the "**Latest Practicable Date**"), the Sponsor holds an aggregate direct and indirect interest in 316,174,602 Units, which is equivalent to approximately 26.53% of the total number of Units in issue as at the Latest Practicable Date (the "**Existing Units**"), and is therefore regarded as a "controlling unitholder" of LREIT for the purposes of both the Listing Manual and Property Funds Appendix. In addition, as the Manager is an indirect wholly-owned subsidiary of the Sponsor, the Sponsor is therefore regarded as a "controlling shareholder" of the Manager for the purposes of both the Listing Manual and the Property Funds Appendix. As such, the Sponsor is considered (under Chapter 9 of the Listing Manual) an "interested person" of LREIT and (under the Property Funds Appendix) an "interested party" of LREIT.

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8 Sky Complex's valuation is based on the prevailing exchange rate of €1.00: S$1.594 as at 30 June 2021.

9 LREIT undertook an internal restructuring to rationalise its holdings in ARIF3 and LLJP through one single investment holding company and, pursuant to such internal restructuring, LREIT's shares in ARIF3 were transferred from the Trustee to SingCo. All of LREIT's interests in ARIF3 and LLJP shares are now held by SingCo.

10 The other existing shareholders of ARIF3 and LLJP cannot be named due to confidentiality restrictions under the respective bye-laws of ARIF3 and LLJP.

In relation to the proposed ARIF3 Share Acquisition, as LLI is a direct wholly-owned subsidiary of the Sponsor, the proposed ARIF3 Share Acquisition is an "interested person transaction" under Chapter 9 of the Listing Manual, as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the specific approval of Unitholders is required.

Given that the value of the ARIF3 Purchase Consideration of approximately S$116 million[11] (which is 10.0% of the audited NTA of the LREIT Group and of the audited NAV as at 30 June 2021) exceeds 5.0% of the LREIT Group's latest audited NTA, the Proposed Acquisition is subject to the approval of the Unitholders pursuant to Rule 906(1)(a) of the Listing Manual and Paragraph 5.2(b) of the Property Funds Appendix.

In relation to the proposed Property Acquisition, as ARIF3 is managed by LLIM, which is an indirect wholly-owned subsidiary of the Sponsor and the Property Vendors are indirect subsidiaries of ARIF3, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Manager is regarding the proposed Property Acquisition as an "interested person transaction" under Chapter 9 of the Listing Manual, as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

Given that the value of the Property Purchase Consideration of S$2,079 million[12] (which is 179.7% of the audited NTA of the LREIT Group and of the audited NAV as of 30 June 2021) exceeds 5.0% of the LREIT Group's latest audited NTA, the Proposed Acquisition is subject to the approval of the Unitholders pursuant to Rule 906(1)(a) of the Listing Manual and Paragraph 5.2(b) of the Property Funds Appendix.

For more information on this please refer to Paragraph 5.1 of the Letter to Unitholders in the Circular.

<u>In relation to the Proposed Issuance of Consideration Units</u>

The Manager is seeking Unitholders' approval to issue the Consideration Units pursuant to Rule 805(1) of the Listing Manual.

As mentioned above, the Sponsor is regarded as a "controlling unitholder" of LREIT for the purposes of Listing Manual. In addition, as the Manager is an indirect wholly-owned subsidiary of the Sponsor, the Sponsor is therefore regarded as a "controlling shareholder" of the Manager for the purposes of the Listing Manual. As such, the Sponsor is considered (under Chapter 9 of the Listing Manual) an "interested person" of LREIT.

As LLI is an indirect wholly-owned subsidiary of the Sponsor, the Proposed Issuance of Consideration Units to LLI (and/or its nominee) will constitute a placement to a related company of a Substantial Unitholder. Under Rules 812(1) and 812(2) of the Listing Manual, any issue of Units must not be placed to a person which is a Substantial Unitholder, its related company, or its associated company unless specific Unitholders' approval is obtained. The placee and its associates must abstain from voting on the resolution approving the placement.

Further, as LLI is an "associate" of the Sponsor, which is regarded as a "controlling unitholder" of LREIT, and a "controlling shareholder" of the Manager for the purposes of Chapter 9 of the Listing Manual, LLI is (for the purposes of the Listing Manual) an interested person.

The Proposed Issuance of Consideration Units to LLI (and/or its nominee) is part of the Proposed Acquisition which constitutes an "interested person transaction" under Chapter 9 of the Listing Manual, in respect of which the approval of Unitholders is required. Based on the ARIF3 Purchase Consideration of approximately S$116 million divided by the Illustrative Issue Price of S$0.82 per New Unit, the number of Consideration Units to be issued is approximately 142 million, which

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11 Estimated based on the net asset value of ARIF3 as at 31 December 2021. The ARIF3 Purchase Consideration will be fixed based on the net asset value of ARIF3 as at the completion date in accordance with the agreed procedures set out in the ARIF3 SPA and there will be no post-completion adjustments.

12 Subject to relevant post-completion adjustments.

represents approximately 11.9% of the total number of Units in issue as at the Latest Practicable Date.

Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the Proposed Issuance of Consideration Units to LLI (and/or its nominee).

For more information on this please refer to Paragraph 6.4 of the Letter to Unitholders in the Circular.

Independent financial adviser

It is in this context that Deloitte & Touche Corporate Finance Pte Ltd ("**DTCF**") have been appointed as independent financial adviser ("**IFA**") required under listing rule 921(4) as well as to advise the audit and risk committee of the Manager (the "**Audit and Risk Committee**"), the independent directors of the Manager (the "**Independent Directors**") and the Trustee, as to whether the Proposed Acquisition and Proposed Issuance of Consideration Units is on normal commercial terms and is not prejudicial to the interests of LREIT and its minority Unitholders.

This letter sets out our evaluation required under listing rule 921(4) as well as for the Audit and Risk Committee, the Independent Directors, and the Trustee in respect of this engagement.

2. TERMS OF REFERENCE

Our responsibility is to provide our opinion in respect to whether the Proposed Acquisition and Proposed Issuance of Consideration Units is on normal commercial terms and is not prejudicial to the interests of LREIT and its minority Unitholders. Our opinion in relation to the Proposed Acquisition and Proposed Issuance of Consideration Units, as set out under Paragraph 5 of this letter should be considered in the context of the entirety of our advice. This letter is prepared pursuant to Listing Rule 921(4)(a) as well as for the benefit and use by the Independent Directors, the Audit and Risk Committee and the Trustee, and will be incorporated as an Appendix M to the Letter to Unitholders in the Circular.

We were neither a party to the negotiations entered into in relation to the Proposed Acquisition and Proposed Issuance of Consideration Units, nor were we involved in the deliberations leading up to the decision on the part of the Manager to put undertake the Proposed Acquisition and Proposed Issuance of Consideration Units.

We do not, by this letter or otherwise, advise or form any judgement on the strategic or commercial merits or risks of the Proposed Acquisition and Proposed Issuance of Consideration Units. All such evaluations, advice, judgements or comments remain the sole responsibility of the directors of the Manager (the "**Directors**"), the Manager and their advisors.

We have however made reasonable enquiries and drawn upon such evaluations, judgements and comments on the Proposed Acquisition and Proposed Issuance of Consideration Units as we deem necessary and appropriate in arriving at our opinion.

The scope of our appointment does not require us to express, and nor do we express, a view on the future growth prospects, earnings potential or value of LREIT. We do not express any view as to the price at which the Units may trade upon completion of the Proposed Acquisition and Proposed Issuance of Consideration Units or the future value, financial performance or condition of LREIT after the Proposed Acquisition and Proposed Issuance of Consideration Units.

It is also not within our terms of reference to compare the merits of the Proposed Acquisition and Proposed Issuance of Consideration Units to any alternative transactions that were or may have been available to LREIT. Such comparison and consideration remain the responsibility of the Directors, the Manager and their advisors.

In the course of our evaluation, we have held discussions with the management of the Manager, and have considered the information contained in the Circular, publicly available information collated by us as well as information, both written and verbal, provided to us by the management of the Manager. We have relied upon and assumed the accuracy of the relevant information, both written and verbal, provided to us by the aforesaid parties and have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the accuracy, completeness and adequacy of such information. We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty (whether express or implied) is made, and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information. We have nonetheless made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of such information.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, the real properties) of LREIT or the Proposed Acquisition and Proposed Issuance of Consideration Units. We have been furnished with the valuation reports for the Property prepared by the Independent Valuers, which are appointed by the Manager and the Trustee respectively. With respect to such reports, we are not experts and do not hold ourselves to be experts in the evaluation of the assets concerned and have relied solely upon such reports. We have however made reasonable enquiries and have exercised our professional judgement in reviewing the information contained in the respective valuation reports. In our review, we found the valuation approaches to be reasonable.

Our views are based on market, economic, industry, monetary and other conditions (where applicable) prevailing on and our analysis of the information made available to us. We assume no responsibility to update, revise or re-affirm our opinion, factors or assumptions in light of any subsequent development after Latest Practicable Date that may affect our opinion or factors or assumptions contained herein. The Unitholders should take note of any announcements relevant to their considerations of the Proposed Acquisition and Proposed Issuance of Consideration Units which may be released by LREIT after the Latest Practicable Date.

LREIT has been separately advised by its own legal advisor in the preparation of the Circular other than this letter. We have had no role or involvement and have not provided any advice whatsoever in the preparation, review and verification of the Circular other than this letter. Accordingly, we take no responsibility for, and express no views, whether express or implied, on the contents of the Circular except for this letter.

We have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Unitholder. Unitholders may require specific advice in relation to his or her specific investment objectives or portfolio and should consult his or her stockbroker, bank manager, solicitor, accountant, tax advisor or other professional advisors.

The Manager may not reproduce, disseminate, or quote this Letter or any part thereof for any purpose, other than for matters relating to the Proposed Acquisition and Proposed Issuance of Consideration Units, without our prior written consent in each instance.

3. THE PROPOSED ACQUISITION AND THE PROPOSED ISSUANCE OF CONSIDERATION UNITS

3.1 INFORMATION ON ARIF3

ARIF3 is a private fund which is set up as a company incorporated in Bermuda. ARIF3 does not invest in other real estate assets save for the Property, and is managed by LLIM, an indirect wholly owned subsidiary of the Sponsor.

ARIF3, which is managed by LLIM, indirectly (through layers of companies) jointly owns the Property with LLJP (which is also managed by LLIM).

For more information on ARIF3 refer to Paragraph 2.1 of the Letter to Unitholders in the Circular.

3.2 INFORMATION ON THE PROPERTY

The Property, Jem, is an integrated office and retail asset located in Jurong Gateway, the commercial hub of the Jurong Lake District. It is situated next to the Jurong East Mass Rapid Transit ("**MRT**") station and bus interchange. It is one of the largest suburban malls in Singapore with retail space across six levels. It also comprises 12 levels of office space which has been fully leased to the Ministry of National Development of Singapore ("**MND**").

The Property enjoys direct connectivity to both the Jurong East MRT station and bus interchange and is near amenities such as the Ng Teng Fong General Hospital and Jurong Regional Library.

The Property is the first mixed-use asset in Singapore to be awarded the Green Mark Platinum version 4 and received the Building and Construction Authority's Universal Design Mark Gold Plus Design Award. The Property was ranked second in the Asia Retail (Unlisted) category under the 2021 GRESB real estate assessment, an investor-led ESG benchmark for the real estate sector. [13]

As at 31 December 2021, the Property has a net lettable area ("**NLA**") of about 892,502 square feet. Its retail and office space (by NLA) account for 65.1% and 34.9%, respectively. Anchor tenants within the retail space include IKEA (its first small-store concept store in Southeast Asia), FairPrice Xtra (a hypermarket), Cathay Cineplexes (one of the largest cinema multiplexes in western Singapore) and Don Don Donki. (a popular Japanese discount store chain). Other major retail tenants include H&M, Koufu, Uniqlo and Courts.

The table below sets out a summary of selected information on the Property as at 31 December 2021, unless otherwise stated.

Property	Jem
Location	50 & 52 Jurong Gateway Road, Singapore 608549 & 608550
Tenure	99-year leasehold title commencing 27 September 2010
GFA (1)	Retail: 805,444 sq ft Office: 358,722 sq ft Total: 1,164,166 sq ft
NLA	Retail: 581,285 sq ft Office: 311,217 sq ft Total: 892,502 sq ft
Number of storeys	Retail: 6 Office: 12
Committed Occupancy	100.0%
Weighted Average Lease Expiry ("WALE") (By Gross Rental Income ("GRI"))	Retail: 1.7 years Office: 22.9 years Total: 5.9 years

13 2nd place ranking obtained while held under ARIF3 and LLJP.

Independent valuation by JLL (as at 31 December 2021) (2)	S$2,086 million
Independent valuation by CBRE (as at 31 December 2021) (3)	S$2,063 million
Agreed Property Value	S$2,079 million
Agreed Property Value per sq ft of NLA	S$2,329
Capitalisation Rate adopted in the Independent Valuers	Retail: 4.50% Office: 3.50%
NPI (3) (FY2021) (without the effects of COVID-19 related one-off rental abatements and expected credit loss)	S$90.8 million
NPI (3) yield based on Agreed Property Value (FY2021) (without the effects of COVID-19 related one-off rental abatements and expected credit loss)	4.4%
NPI (3) (FY2021) (with the effects of COVID-19 related one-off rental abatements and expected credit loss)	S$82.8 million
NPI (3) yield based on Agreed Property Value (FY2021) (with the effects of COVID-19 related one-off rental abatements and expected credit loss)	4.0%

Notes:
(1) "GFA" refers to gross floor area
(2) JLL relied on the income capitalisation approach and discounted cash flow methods of valuation
(3) CBRE relied on the income capitalisation approach and discounted cash flow methods of valuation
(4) "NPI" refers to the net property income for the relevant period.

3.3 KEY TERMS OF THE PROPOSED ACQUISITION

3.3.1 PURCHASE CONSIDERATION OF THE PROPOSED ACQUISITION AND VALUATION

The Property

The Trustee has commissioned an independent valuer, JLL, and the Manager has commissioned an independent valuer, CBRE, to respectively value the Property.

The Agreed Property Value[14], which was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations by the Independent Valuers, is S$2,079 million, which is at a discount of approximately 0.3% to the Appraised Value of the Property.

14 The Agreed Property Value is lower than the Appraised Value, which is the higher of the two independent valuations of the Property as at 31 December 2021, by S$7 million.

Purchase Consideration

The ARIF3 Purchase Consideration payable by the Purchaser of approximately S$116 million[15] under the ARIF3 SPA reflects 13.05% of the NAV of ARIF3 as at 31 December 2021 and there will be no post-completion adjustments.

The Property Purchase Consideration payable by the Trustee of approximately S$2,079 million (which is equivalent to the Agreed Property Value) is therefore at a discount of S$7 million or 0.3% to the Appraised Value.

JLL in its report stated that the market value of the Property as at 31 December 2021 is S$2,086 million. In arriving at the open market value, JLL relied primarily on the income capitalisation method and discounted cash flow analysis.

CBRE in its report stated that the market value of the Property as at 31 December 2021 is S$2,063 million. In arriving at the open market value, CBRE relied on the income capitalisation method and discounted cash flow analysis.

JLL	**CBRE**	**Agreed Property Value**
S$ million	**S$ million**	**S$ million**
2,086	2,063	2,079

Source: Independent Valuers reports, management

3.3.2 ESTIMATED TOTAL ACQUISITION COST

The estimated total cost of the Proposed Acquisition ("**Total Acquisition Cost**") is approximately S$2,015 million, comprising:

(i) the ARIF3 Purchase Consideration of approximately S$116 million, payable in Consideration Units;

(ii) the Property Purchase Consideration of S$2,079 million less the value of the LREIT PNs of approximately S$263 million;

(iii) the stamp duty of approximately S$62 million;

(iv) the Acquisition Fee[16] payable to the Manager for the Proposed Acquisition ("**Acquisition Fee**") pursuant to the trust deed dated 28 January 2019 constituting LREIT (as amended, restated, and supplemented) (the "**Trust Deed**") of approximately S$17 million[17];

(v) the estimated professional and other fees and expenses incurred or to be incurred by LREIT in connection with the Proposed Acquisition of approximately S$4 million.

15 Estimated based on the net asset value of ARIF3 as at 31 December 2021. The ARIF3 Purchase Consideration will be fixed based on the net asset value of ARIF3 as at the completion date in accordance with the agreed procedures set out in the ARIF3 SPA and there will be no post-completion adjustments.

16 As the Proposed Acquisition is an "interested party transaction" under the Property Funds Appendix, the Acquisition Fee will be in the form of the Acquisition Fee Units which shall not be sold within one year of the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

17 The Acquisition Fee in respect of the Proposed Acquisition is 1.0% of the Property Purchase Consideration, less any amounts paid as acquisition fees for LREIT's previous acquisitions of indirect interests in the Property through acquisitions of shares in ARIF3 and LLJP.

The total amount of cash to be raised by LREIT to finance the Total Acquisition Cost (after taking into account the non-cash components of the Consideration Units, the LREIT PNs and the Acquisition Fee Units) is S$1,882 million.

Although the Trustee will issue the LREIT PNs to partially finance the Property Purchase Consideration, the principal amount of the LREIT PNs has been excluded from the Total Acquisition Cost as such amount will be returned to LREIT as a portion of returns that LREIT (through SingCo) would receive for the sale of its effective interest in the Property. Although SingCo is expected to receive further returns on its shares in each of ARIF3 and LLJP for the sale of its effective interest in the Property, such returns have not been deducted as they have not been declared by ARIF3 and LLJP. Accordingly, the Total Acquisition Cost would be lower after the final cash returns are received by SingCo from ARIF3 and LLJP.

3.3.3 METHOD OF FINANCING

The Manager intends to finance the Proposed Acquisition, less the Acquisition Fee (which will be paid through the issue of Acquisition Fee Units) via the issuance of the Consideration Units for an aggregate issue price of approximately S$116 million, the LREIT PNs for a principal amount of approximately S$263 million, debt financing, the proceeds from the Equity Fund Raising, as well as its own cash reserves, internal resources and/or an issuance of perpetual securities.

3.3.4 PAYMENT OF THE ACQUISITION FEE IN UNITS

The Manager shall be paid the Acquisition Fee of approximately S$17 million for the Proposed Acquisition pursuant to the Trust Deed. As the Proposed Acquisition will constitute an "interested party transaction" under Paragraph 5 of the Property Funds Appendix, the Acquisition Fee payable to the Manager in respect of the Proposed Acquisition will be in the form of the Acquisition Fee Units, which shall not be sold within one year of the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

The Manager will not be receiving an acquisition fee for the ARIF3 Share Acquisition. In respect of the Property Acquisition, the Manager will only receive the Acquisition Fee of approximately S$17 million, which is 1.0% of the Property Purchase Consideration of S$2,079 million, less any amounts paid as acquisition fees for LREIT's previous acquisitions of indirect interests in the Property through acquisitions of shares in ARIF3 and LLJP.

Based on an illustrative issue price of S$0.88 per Acquisition Fee Unit, the number of Acquisition Fee Units issued shall be approximately 19 million Units. For the avoidance of doubt, the illustrative issue price of the Acquisition Fee Units is not the same as the Illustrative Issue Price of S$0.82 per New Unit for the New Units to be issued under the Equity Fund Raising. The illustrative issue price of the Acquisition Fee is based on the VWAP for a Unit for all trades on the SGX-ST for the period of 10 business days immediately preceding the relevant business day on which the Acquisition Fee is paid as opposed to the issue price of Units issued to finance or part finance the acquisition in respect of which the Acquisition Fee is payable.

3.3.5 COMPLETION OF THE PROPOSED ACQUISITION

Completion of the Proposed Acquisition is expected to take place by 15 May 2022. The completion of the proposed Property Acquisition is proposed to be after the completion of the proposed ARIF3 Share Acquisition but on the same day as the completion of the ARIF3 Share Acquisition.

Following the completion of the Proposed Acquisition, LREIT will have a 100% direct interest in the Property through the Trustee.

Following the completion of the Property Acquisition, it is expected that ARIF3 and LLJP will be wound up as the Property is the main asset of these funds.

3.4 RATIONALE FOR AND KEY BENEFITS OF THE PROPOSED ACQUISITION

We have extracted the headers of the investment rationale from Paragraph 3 of the Letter to Unitholders in the Circular. All terms and expressions used in the headers below shall have the same meanings as those defined in the Circular, unless otherwise stated.

3. RATIONALE FOR THE PROPOSED ACQUISITION
- *3.1 Increased exposure to the resilient suburban segment*
  - *3.1.1 Suburban retail malls have proven to better weather economic volatility*
- *3.2 Strategic location that brings long-term growth potential*
  - *3.2.1 Strategically located in the heart of Jurong East*
  - *3.2.2 Well-positioned to capitalise on future trends*
- *3.3 Enhanced portfolio's scale and diversification*
  - *3.3.1 Enlarged portfolio that is well-poised to deliver stable organic growth*
  - *3.3.2 Better visibility and relevance amongst global investors*
  - *3.3.3 Further diversification of tenant mix and income stream*
- *3.4 Top-tier dominant suburban asset*
  - *3.4.1 Quality tenant base*
  - *3.4.2 Strong sustainability credentials*
- *3.5 Transformational acquisition – Full control of Jem via an efficient holding structure*
  - *3.5.1 Tax transparency with direct ownership by LREIT*
  - *3.5.2 Full control to better harness economies of scale*
- *3.6 Attractive value proposition*
  - *3.6.1 Discount to independent valuation*
  - *3.6.2 DPU accretive transaction*

3.5 KEY TERMS OF THE PROPOSED ISSUANCE OF CONSIDERATION UNITS

Pursuant to the ARIF3 SPA, the Issue Price shall be determined as follows:

(a) where one or more equity fund raisings have been successfully carried out by LREIT between the date of the ARIF3 SPA and the date of completion of the ARIF3 SPA to finance (whether partially or fully) the Property Acquisition, the Issue Price shall be equivalent to the highest issue price for each new Unit issued in connection with the equity fund raisings; or

(b) where no equity fund raising has been successfully carried out by LREIT between the date of the ARIF3 SPA and the date of completion of the ARIF3 SPA to finance (whether partially or fully) the Property Acquisition, the Issue Price shall be the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 business days immediately preceding the date of issuance of the Consideration Units.

Pursuant to Clause 5.3.3 of the Trust Deed, as the Consideration Units are issued as consideration for the ARIF3 Share Acquisition, which is in conjunction with the Equity Fund Raising meant to partly finance the Property Acquisition, the Manager has the discretion to determine that the Issue Price is to be the same as the higher of the issue prices for the Units issued under the Private Placement or the Preferential Offering. Based on the ARIF3 Purchase Consideration of approximately S$116 million divided by the Illustrative Issue Price (as defined herein) of S$0.82 per New Unit, the number of Consideration Units to be issued is approximately 142 million, which represents approximately 11.9% of the total number of Units in issue as at the Latest Practicable Date.

The 10-day volume weighted average price for a Unit immediately preceding the date of completion of the ARIF3 SPA may differ from the issue price under each of the Private Placement or the Preferential Offering undertaken to part finance the Total Acquisition Cost, less the Acquisition Fee (which will be paid through the issue of Acquisition Fee Units). To avoid such an incongruity, given that the Consideration Units and the new Units under the Equity Fund Raising are to be issued for the same purpose of partly funding the Total Acquisition Cost (less the Acquisition Fee, which will be paid through the issue of the Acquisition Fee Units), as the Consideration Units will be issued after the Equity Fund Raising, the issue price of the Consideration Units will be the same as the highest issue price for the Units issued under the Equity Fund Raising. This will also allow LLI, as the vendor under the ARIF3 SPA to have certainty with respect to the issue price of the Consideration Units and will put LLI in a position that is on par with the incoming investors under the Equity Fund Raising.

The Consideration Units, when issued, will be fully paid. The Consideration Units shall be issued on the date of Completion and the number of Consideration Units issued shall be rounded downwards to the nearest board lot of 100 Units. Any balance sum which is not satisfied by the issue of the Consideration Units due to rounding down shall be paid in cash.

The structure and timing of the Equity Fund Raising have not been determined. If and when the Manager decides to undertake the Equity Fund Raising, the Equity Fund Raising may, at the Manager's absolute discretion, comprise:

(a) a Private Placement of New Units to institutional and other investors; and/or

(b) a non-renounceable Preferential Offering of New Units to the existing Unitholders on a pro rata basis,

which the Manager deems appropriate in the circumstances and after having considered the then prevailing market conditions.

The structure and time schedule of the Equity Fund Raising and the issue price of the New Units (the "**EFR Issue Price**") will be determined by the Manager and the Joint Global Co-ordinators and Bookrunners closer to the date of the commencement of the Equity Fund Raising. The actual number of New Units to be issued pursuant to the Equity Fund Raising will depend on the aggregate amount of proceeds to be raised from the Equity Fund Raising and the EFR Issue Price.

The structure and time schedule of the Equity Fund Raising and the EFR Issue Price will be determined in accordance with, among others, Chapter 8 of the Listing Manual. The EFR Issue Price under the Private Placement and/or Preferential Offering will comply with Rules 811(1), 811(5) and 816(2) of the Listing Manual, and will not be at more than 10.0% discount to the volume weighted average price ("**VWAP**") for trades done on the SGX-ST for the full market day on which an underwriting agreement between the Manager and the Joint Global Co-ordinators and Bookrunners (the "**Underwriting Agreement**") is signed, or (if trading in the Units is not available for a full market day) for the preceding market day up to the time the Underwriting Agreement is signed, excluding (where applicable) accrued distributions provided that the holders of the New Units are not entitled to the accrued distributions.

As such, the issue price for the Consideration Units will be same as the highest issue price for the Units issued under the Equity Fund Raising, which will not be at more than 10.0% discount to the VWAP for trades done on the SGX-ST for the full market day on which the Underwriting Agreement is signed.

4. EVALUATION OF THE PROPOSED ACQUISITION AND PROPOSED ISSUANCE OF CONSIDERATION UNITS, AS AN INTERESTED PERSON TRANSACTION

In reaching our recommendation in respect of the Proposed Acquisition and Proposed Issuance of Consideration Units, we have given due consideration to the following factors:

(i) rationale for and key benefits of the Proposed Acquisition;

(ii) valuation approaches and assumptions by Independent Valuers;

(iii) valuation results of the Proposed Acquisition and key transaction perimeters;

(iv) comparison to publicly available market benchmarks;

(v) comparison to traded comparables – NPI yield;

(vi) comparison to traded comparables – capitalisation rates;

(vii) comparison to precedent transactions;

(viii) comparison to the existing property portfolio;

(ix) pro forma financial effects of the Proposed Acquisition; and

(x) comparison of issue price of Consideration Units to precedent placements; and

(xi) other relevant considerations that may have a significant bearing on our assessment.

4.1 RATIONALE FOR AND KEY BENEFITS OF THE PROPOSED ACQUISITION, AS AN INTERESTED PERSON TRANSACTION

The disclosures made in relation to the rationale for the Proposed Acquisition are set out in Paragraph 3 of the Letter to Unitholders in the Circular.

We recommend that the Independent Directors and the Audit and Risk Committee to read this information carefully.

4.2 VALUATION APPROACHES AND ASSUMPTIONS BY THE INDEPENDENT VALUERS

In respect of the independent valuations of the Property, both Independent Valuers have utilised the income capitalisation approach and discounted cash flow analysis as the primary valuation method and direct comparison approach as the secondary valuation methods.

We set out below a brief summary of the valuation approaches adopted by the Independent Valuers in relation to the Property:

Valuation approaches adopted by the Independent Valuers

Valuers	JLL	CBRE
Market value definition	• Defined as "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".	
Valuation approach	In accordance to IVSC, SISV guidelines • JLL has adopted the income capitalisation approach where the net income is assumed to be a level of annuity in accordance to the tenure of the land lease and is capitalised using an appropriate capitalisation rate derived; and • JLL has also adopted the discounted cash flow approach where the net operating income is discounted at an	In accordance to RICS, IVSC, SISV guidelines • CBRE has adopted the income capitalisation approach where the adopted fully leased net income is capitalised over the remaining tenure of the property at an appropriate investment yield; and • CBRE has also adopted the discounted cash flow approach to make an assessment of the long term return

Valuers	JLL	CBRE
	appropriate discount rate to arrive at the market value.	that is likely to be derived from a property with a combination of both rental and capital growth over an assumed investment horizon.
Key consideration for key metrics	• For the income capitalisation approach, JLL adopted two capitalisation rates derived from inputs of JLL's capital markets team, market valuations, and both the risks and benefits of the subject property. • JLL's approach to the discounted cash flow method used two separate discount rates for office and retail components respectively, rental growth rates based on JLL's observation and expectation of future rental trend supported by internal market research team, and a two separate terminal capitalization rates for office and retail components respectively.	• For the income capitalisation approach, CBRE took into account an investment yield that reflects the nature, location and tenancy profile of the property together with current market investment criteria. • CBRE's approach to the discounted cash flow method used a discount rate that incorporated a blended rate weighted by income contribution of each segment, assumed a rental growth rate in line with market and historical trends and have accounted for rental escalations, and derived a terminal cap rate from the sum of a blended rate weighted by income contribution of both segment. The analysis also takes into account initial cost of acquisition and the disposal of the asset at the end of the projection horizon.
Market Value adopted	S$2,086 million	S$2,063 million

Source: Independent Valuers reports

Both Independent Valuers took into account the size, location, building quality, tenant quality and lease term in their valuation.

The approaches undertaken by the Independent Valuers are widely accepted methods in Singapore, and appropriate for the purpose of valuing tenanted, income producing retail and commercial properties with medium to long term leases.

We have made reasonable enquiries and have exercised our professional judgement in reviewing the information contained in the respective valuation reports. In our review, we found the valuation approaches to be reasonable.

4.3 VALUATION RESULTS OF THE PROPOSED ACQUISITION AND KEY TRANSACTION PERIMETERS

We have set out below a summary of:

(i) the Market Value in respect to the independent valuations of the Proposed Acquisition by the Independent Valuers - JLL and CBRE;

(ii) the key assumptions adopted by the Independent Valuers; and

(iii) the premium/(discount) between the adopted Market Values (of the Independent Valuers) and Agreed Property Value.

Key valuation assumptions adopted by the Independent Valuers

	JLL		CBRE	
Valuation approach				
Primary	Income capitalisation and discounted cash flow analysis		Income capitalisation and discounted cash flow analysis	
Others	Direct comparison		Direct comparison	
Income capitalisation	**Office**	**Retail**	**Office**	**Retail**
Capitalisation rate	3.50%	4.50%	3.50%	4.50%
Fully leased net income (S$ million)	16.5	73.6	15.2	73.6
DCF analysis	**Office**	**Retail**	**Office**	**Retail**
Terminal capitalisation rate	3.65%	4.50%	4.45%, blended	
Discount rate	6.75%	7.00%	6.90%	
Market value adopted	**S$2,086 million**		**S$2,063 million**	
Agreed Property Value is at a Premium/(Discount) to the market value adopted	**-0.34%**		**0.78%**	

Source: Independent Valuers reports

Based on the table above, we note that:

(i) the Agreed Property Value is within range of the Market Values adopted by the Independent Valuers.

Key transaction perimeters

Certain key financial information with respect to the Proposed Acquisition is set out as follows:

Key transaction perimeters of the Proposed Acquisition

Existing property portfolio valuation (of LREIT)	S$1,801 million [(1)]
Agreed Property Value (100% basis)	S$2,079 million
Effective stake acquired	100%
NPI [(2)] (FY2021) (without the effects of COVID-19 related one-off rental abatements and expected credit loss)	S$90.8 million
NPI [(2)] yield based on Agreed Property Value (FY2021) (without the effects of COVID-19 related one-off rental abatements and expected credit loss)	4.4%
NPI [(2)] (FY2021) (with the effects of COVID-19 related one-off rental abatements and expected credit loss)	S$82.8 million
NPI [(2)] yield based on Agreed Property Value (FY2021) (with the effects of COVID-19 related one-off rental abatements and expected credit loss)	4.0%

Notes:

(1) Provided by management.

(2) "NPI" refers to the net property income for the relevant period.

4.4 COMPARISON TO PUBLICLY AVAILABLE MARKET BENCHMARKS

For the purpose of assessing the implied capitalisation rate of the Proposed Acquisition, we have taken reference to publicly available estimates of capitalisation rates in which the Property operates (the "**Public Benchmarks**") with specific sources provided in notes 2 and 3 to the table below.

We have had discussions with the Management about the suitability and reasonableness of the Public Benchmarks acting as a basis for comparison with the Property. Relevant information has been extracted from publicly available research reports. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The underlying assumptions of the Public Benchmarks with respect to the values which market capitalisation rates were derived may differ from that of the Property.

We have compared the capitalisation rate implied by the Agreed Property Value to Public Benchmarks as follows:

Property type	Public benchmark capitalisation rates (CBRE) (1)	Public benchmark capitalisation rates (Colliers) (2)	Capitalisation rate implied by Agreed Property Value (3) (by segment)
Office	3.75% to 4.00%	3.15% to 3.50%	3.50%
Retail	4.75% to 5.25%	4.25% to 4.75%	4.50%

Source: Market research reports by CBRE and Colliers (CBRE – APAC Cap rate survey October2021; Colliers - Singapore Office Quarterly Q3 2021; Colliers - Singapore Retail Report Semi-annual August 2021)
Note:
(1) Capitalisation rates range estimates from CBRE for decentralised Grade A offices and for decentralised shopping malls as at September 2021.
(2) Capitalisation rates range estimates from Colliers for Grade A CBD offices and island-wide shopping malls as at September 2021. Capitalisation rates range estimates from Colliers for Singapore retail as at June 2021.
(3) Based on stabilised NPI of the Property.

Based on the table above, we note that:

(i) the implied capitalisation rates of 3.50% and 4.50% for the office and retail segments respectively are within the range of Public Benchmarks noted in the publicly available research reports.

4.5 COMPARISON TO TRADED COMPARABLES – NPI YIELD

For the purpose of assessing the NPI yield implied by the Agreed Property Value, we have complied information that is publicly available in respect of the recent valuations of both retail and commercial properties (the "**Comparable Properties**") held by Singapore-listed REITS in order to provide benchmarks for the NPI yield implied by the Agreed Property Value.

We have had discussions with the Management about the suitability and reasonableness of the Comparable Properties acting as a basis for comparison with the Property. Relevant information has been extracted from respective company announcements. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The accounting policies with respect to the values for which the assets or revenue and costs are recorded for Comparable Properties may differ from that of the Property.

We further wish to highlight that the Comparable Properties may not be exhaustive and they may differ from the Property in terms of, inter alia, Agreed Property Value, size, clientele, tenant composition, asset base, location, track record, operating and financial leverage, risk profile, liquidity, accounting policies, tax regimes, future prospects and other relevant criteria respectively.

As such, any comparison made is necessarily limited and merely serves as an illustrative guide.

REIT	Commercial Property	WALE (By GRI)	LTM NPI (as at LPD)	Latest Market Value	Latest valuation date	NPI yield
		(years)	S$'000	S$'mn		%
Mapletree Commercial Trust	Mapletree Business City I/II[(1)]	3.1	177,400	3,800	Sep-21	4.67%
Mapletree Commercial Trust	mTower (former PSA Building)	3.1	34,100	748.0	Sep-21	4.56%
Mapletree Commercial Trust	BAML Harbourfront	3.1	16,400	340.0	Sep-21	4.82%
Frasers Centrepoint Trust	Central Plaza	N/A	7,550	215.0	Sep-21	3.51%
Keppel REIT	Keppel Bay Tower	N/A	16,493	674.7	Dec-21	2.44%*
Max						**4.82%**
Mean						**4.39%**
Median						**4.61%**
Min						**3.51%**
Implied NPI yield [(2)] of Property – office segment		**22.9**				**3.58%**

Sources: Company filings
Note:
(1) *NPI includes business parks/spaces*
(2) *NPI yield refers to the adjusted net property income for the relevant period, without the effects of COVID-19 related one-off rental abatements and expected credit loss*
** Keppel Bay Tower is excluded from this list as Keppel Bay Tower was acquired by Keppel REIT on 18 May 2021 and only contributes to the Keppel REIT NPI for less than 12 months.*

REIT	Retail Property [(1)]	LTM NPI (as at LPD)	Latest Market Value	Latest valuation date	NPI yield
		S$'000	S$'mn		%
SPH REIT	The Clementi Mall	29,900	594	Aug-21	5.03%
Mapletree Commercial Trust	VivoCity	137,000	3,146	Sep-21	4.35%

REIT	Retail Property [1]	LTM NPI (as at LPD)	Latest Market Value	Latest valuation date	NPI yield
		S$'000	**S$'mn**		**%**
Frasers Centrepoint Trust	Causeway Point	60,910	1,312	Sep-21	4.64%
Frasers Centrepoint Trust	Northpoint City, North Wing / Yishun 10 retail podium	37,740	805	Sep-21	4.69%
Frasers Centrepoint Trust	Changi City Point	13,430	325	Sep-21	4.13%
Frasers Centrepoint Trust	Waterway Point	53,900	1,300	Sep-21	4.15%
Frasers Centrepoint Trust	Tampines 1	29,800	762	Sep-21	3.91%
Frasers Centrepoint Trust	Century Square	24,360	574	Sep-21	4.24%
Frasers Centrepoint Trust	Hougang Mall	18,260	432	Sep-21	4.23%
Frasers Centrepoint Trust	White Sands	17,880	428	Sep-21	4.18%
CapitaLand Integrated Commercial Trust	Tampines Mall	52,900	1,078	Dec-21	4.91%
CapitaLand Integrated Commercial Trust	Junction 8	38,800	796	Dec-21	4.87%
CapitaLand Integrated Commercial Trust	Lot One Shoppers' Mall	24,300	544	Dec-21	4.47%
CapitaLand Integrated Commercial Trust	Bedok Mall	37,600	783	Dec-21	4.80%
CapitaLand Integrated Commercial Trust	Westgate	41,500	1,091	Dec-21	3.80%
CapitaLand Integrated Commercial Trust	Jcube/ Bukit Panjang Plaza[2]	30,500	617	Dec-21	4.95%
CapitaLand Integrated Commercial Trust	IMM Building (retail portion only)	54,600	670	Dec-20	8.15%*
Max					**5.03%**
Mean					**4.46%**
Median					**4.41%**
Min					**3.80%**

REIT	Retail Property (1)	LTM NPI (as at LPD)	Latest Market Value	Latest valuation date	NPI yield
		S$'000	S$'mn		%
Implied NPI yield (3) of Property – retail segment					**4.60%**

Sources: Company filings
Note:
(1) Based on 100% interest of respective properties
(2) Reported as a combined figure in the company filings
(3) NPI yield refers to the adjusted net property income for the relevant period, without the effects of COVID-19 related one-off rental abatements and expected credit loss
** IMM Building is excluded from this list as the IMM Building has lower lease term of 28 years and is an outlet mall, which has different characteristics as compared to the Property*

Based on the table above, we note the following:

(i) the implied NPI yield of 3.58% for the office segment of the Property is lower than the mean and median but within the range of NPI yields of 3.51% and 4.82% of the commercial Comparable Properties; and

(ii) the implied NPI yield of 4.60% for the retail segment of the Property is above the mean and median and within the range of NPI yields of 3.80% and 5.03% of the retail Comparable Properties.

4.6 COMPARISON TO TRADED COMPARABLES – CAPITALISATION RATES

We set out below the capitalisation rates used for the purpose of valuation of selected comparable retail and commercial properties held by Singapore listed REITs.

The information in the table below is for illustration purposes only. The Comparable Properties might differ from the Property in terms of property size and design, property age, location, accessibility, land title, tenure, revenue mix, market risks, future prospects, operating history, branding and other relevant criteria. There is no property under the Comparable Properties that may be considered identical to the Property in terms of the abovementioned factors.

For the above reasons, while the selected retail and commercial Comparable Properties taken as a whole may provide a broad and indicative benchmark for assessing the Proposed Acquisition, care has to be taken in the selection and use of any individual data point for the same purpose.

Comparable Commercial Properties	Location	Lease tenure	WALE (By GRI)	Date of latest valuation	Valuation capitalisation rate (1)
		(years remaining)	(years)		%
Mapletree Business City I (1)	Pasir Panjang	75	3.1	Sep-21	3.75%
mTower (former PSA Building) (1)	Alexandra	75	3.1	Sep-21	4.00%
BAML Harbourfront	Harbourfront	75	3.1	Sep-21	3.75%
Central Plaza	Tiong Bahru	69	N/A	Sep-21	3.75%
Keppel Bay Tower	Harbourfront	75	N/A	Dec-21	3.55%

Comparable Commercial Properties	**Location**	**Lease tenure**	**WALE (By GRI)**	**Date of latest valuation**	**Valuation capitalisation rate [(1)]**
		(years remaining)	**(years)**		**%**
Max					**4.00%**
Mean					**3.76%**
Median					**3.75%**
Min					**3.55%**
Implied cap rate based on stabilised NPI of Property – office segment		**88**	**22.9**		**3.50%**

Sources: Company filings
Note:
(1) Valuation capitalisation rates of office components only

Comparable Retail Properties	**Location**	**Lease tenure**	**Date of latest valuation**	**Valuation capitalisation rate**
		(years remaining)		**%**
The Clementi Mall	Clementi	88	Aug-21	4.50%
VivoCity	Harbourfront	75	Sep-21	4.60%
Causeway Point	Choa Chu Kang	73	Sep-21	4.75%
Northpoint City, North Wing / Yishun 10 retail podium	Yishun	68	Sep-21	4.75%
Changi City Point	Changi	48	Sep-21	5.00%
Waterway Point	Punggol	89	Sep-21	4.50%
Tampines 1	Tampines	68	Sep-21	4.75%
Century Square	Tampines	70	Sep-21	4.75%
Hougang Mall	Hougang	72	Sep-21	4.75%
White Sands	Pasir Ris	70	Sep-21	4.75%
Tampines Mall	Tampines	70	Dec-20	4.70%
Junction 8	Bishan	69	Dec-20	4.70%
Lot One Shoppers' Mall	Choa Chu Kang	71	Dec-20	4.70%
Bedok Mall	Bedok	89	Dec-20	4.60%
Westgate	Jurong	89	Dec-20	4.50%
Jcube	Jurong	69	Dec-20	4.75%

Comparable Retail Properties	Location	Lease tenure	Date of latest valuation	Valuation capitalisation rate
		(years remaining)		%
Bukit Panjang Plaza	Bukit Panjang	70	Dec-20	4.80%
IMM Building (retail portion only)	Jurong	28	Dec-20	6.20%*
Max				**5.00%**
Mean				**4.70%**
Median				**4.75%**
Min				**4.50%**
Implied cap rate based on stabilised NPI of Property – retail segment		**88**		**4.50%**

Sources: Company reports
Note:
** IMM Building is excluded from this list as the IMM Building has lower lease term of 28 years and is an outlet mall, which has different characteristics as compared to the Property*

Based on the tables above, we note that:

(i) the implied capitalisation rate of the Property's office component of 3.50% is below the range of selected commercial Comparable Properties of 3.55% to 4.00%. It has been noted that the WALE of the office segment of the Property is 22.9 years, which is significantly higher than that of the commercial Comparable Properties of 3.1 years; and

(ii) the implied capitalisation rate of the Property's retail component of 4.50% is below the mean and median and within the range of selected retail Comparable Properties of 4.50% to 5.00%.

4.7 COMPARISON TO PRECEDENT TRANSACTIONS

We have identified a list of property transactions that took place in Singapore's suburban areas for the period from Jan 2014 to November 2021 for which information is publicly available and have extracted the relevant information ("**Comparable Transactions**") in order to compare the implied price per NLA of the retail and office components of the Property.

The information in the tables below is for illustration purposes only. The Comparable Transactions might differ from the Property in terms of property size and design, property age, location, accessibility, land title, tenure, revenue mix, market risks, future prospects, operating history, branding and other relevant criteria. There is no property under the Comparable Transactions which may be considered identical to the Property in terms of the abovementioned factors.

For the above reasons, while the Comparable Transactions taken as a whole may provide a broad and indicative benchmark for assessing the Proposed Acquisition, care has to be taken in the selection and use of any individual data point for the same purpose.

Transacted Date	Commercial Development Name	Estimated NLA / Strata Area	Tenure	Transacted Price	Price on NLA / Strata Area
		(sq ft)	(years remaining)	(S$ m)	(S$/sq ft)
Jun-21	Westgate Tower (40% stake)	122,000	89	244	2,000
Jan-21	Keppel Bay Tower	386,600	75	657	1,700
May-21	Galaxis (75% stake)	655,898	51	720	1,098*
Mar-20	Galaxis (25% stake)	653,928	52	630	963*
Sep-19	Mapletree Business City Phase 2	1,184,694	77	1550	1,308
Apr-19	7 and 9 Tampines Grande	287,596	87	395	1,373
Jan-14	Westgate Tower	304,963	96	579	1,899
Max					**2,000**
Mean					**1,656**
Median					**1,700**
Min					**1,308**
Agreed Property Value – Office segment			**88**		**1,523**

Sources: Company filings, CBRE, JLL, market research
** Galaxis is excluded from this list as the Galaxis building has a lower lease term of 52 years*

Transacted Date	Retail Development Name	Estimated NLA / Strata Area	Tenure	Transacted Price	Price on NLA / Strata Area
		sq ft	(years remaining)	(S$ m)	(S$/sq ft)
Jan-22	JCube	210,038	68	340	1,619
Aug-21	Le Quest	55,750	94	139	2,500
Mar-21	YewTee Point	73,668	84	220	2,986
Nov-20	Bedok Point	82,713	57	108	1,306
Oct-20	Northpoint City South Wing (50% stake)	145,272	94	550	3,786

Transcacted Date	Retail Development Name	Estimated NLA / Strata Area	Tenure	Transacted Price	Price on NLA / Strata Area
		sq ft	(years remaining)	(S$ m)	(S$/sq ft)
Nov-19	The Star Vista (retail portion)	162,459	48	296	1,822
Apr-19	Chinatown Point Mall	211,956	59	520	2,450
Mar-19	Rivervale Mall	81,193	77	230	2,833
Dec-18	I12 Katong (77.6% stake)	207,000	60	57	N/A
Aug-18	Westgate retail component (70% stake)	287,546	92	790	2,746
Apr-18	Sembawang Shopping Centre	143,631	866	248	1,727
Max					**3,786**
Mean					**2,377**
Median					**2,475**
Min					**1,306**
Agreed Property Value – Retail segment			**88**		**2,761**

Sources: Company filings, CBRE, JLL, market research

Based on the tables above, we note that:

(i) The Agreed Property Value per sq ft of NLA of S$1,523 for the office segment is below the mean and median and within the range of the commercial Comparable Transactions of S$1,308 and S$2,000 respectively. We further note that the office segment of the Property has a higher remaining land tenure than those observed for the commercial Comparable Transactions (with the exception of Westgate Tower); and

(ii) The Agreed Property Value per sq ft of NLA of S$2,761 for the retail segment is above the mean and median and within the range of the retail Comparable Transactions of S$1,306 and S$3,786. We further note that the retail segment of the Property has a higher remaining land tenure than those observed for the retail Comparable Transactions (with the exception of Sembawang Shopping Centre, Northpoint City South Wing, Westgate retail component and Le Quest).

4.8 COMPARISON TO THE EXISTING PORTFOLIO

We set out in the following table the NPI yield analysis of the Proposed Acquisition and the existing portfolio of LREIT:

Pro Forma Financials for 1H FY2022	**LREIT (existing portfolio)**	**Property**
	S$'000	**S$'000**
Valuation	1,409,800 (1)	2,079,000
NPI	59,200 (2)	90,800
NPI yield	**4.20%**	**4.37%**

Source: Company filings, Management
Notes:
(1) Existing holdings in JEM is accounted as investment in associate and dividends from JEM are accounted as dividend income. As NPI does not include dividends from JEM, to remain consistent, JEM's valuation has been excluded from the valuation used in the computation of NPI yield for the existing portfolio of LREIT. This valuation includes Grande Road Car Park development which has a carrying value of S$6.8 million.
(2) On annualised basis

As illustrated in the table above, we note that:

(i) the NPI yield of the Property of 4.37% is higher than the NPI yield of the existing LREIT portfolio for 1H FY2022 of 4.20%.

4.9 PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The pro forma financial effects of the Proposed Acquisition is set out in Paragraph 4 of the Letter to Unitholders in the Circular.

On the basis presented and using the assumptions made as set out in Paragraphs 4.1, 4.2, and 4.3 of the Letter to Unitholders in the Circular, we note the pro forma financial effects of the Proposed Acquisition is as follows:

***Pro Forma* effects of the Proposed Acquisition for FY2021 / as at 30 June 2021**	**Effects of the Acquisition**				**Remarks**
			After the Acquisition		
	Actual FY2021	**Adjusted FY2021 (1)**	**With one-off COVID-19 Impact (2)**	**Actual without one-off COVID-19 Impact (3)**	
DPU (cents) (4)	4.68	4.58	4.68	5.01	DPU accretive
NAV per Unit (S$) (5)	0.81	0.81	0.80		Decrease
Gearing (%) (6)	32.0%	35.3%	41.0%		Increase

Notes:
(1) Adjusted FY2021 base assumes no indirect ownership of the Property, so as to present the effects of the acquisition of the Property had LREIT acquired 100% of the Property directly at one go. The Manager is of the view that the financial effects of acquiring the Property against the portfolio of LREIT without any interests in Jem would present the true value of the Property to Unitholders and is also consistent with the Manager's intention of an eventual acquisition of 100% of the Property.
(2) Based on the Property's net property income with effects of COVID-19 related one-off rental abatements and expected credit loss.
(3) Based on the Property's net property income without the effects of COVID-19 related one-off rental abatements and expected credit loss.
(4) Assumes the additional Acquisition Fee Units and Consideration Units are issued at the beginning of the reporting period on 1 July 2020.
(5) Excludes NAV attributable to perpetual security holders and other non-controlling interests.
(6) Computed as gross borrowings over total assets. Total assets include non-controlling interests share of total assets.

***Pro Forma* effects of the Proposed Acquisition for 1H FY2022 / as at 31 December 2021**	**Effects of the Acquisition**				**Remarks**
	Actual 1H FY2022 (1)	**Adjusted 1H FY2022** (2)	**After the Acquisition**		
			With one-off COVID-19 Impact (3)	**Actual without one-off COVID-19 Impact** (4)	
DPU (cents) (5)	2.40	2.25	2.40	2.49	DPU accretive
NAV per Unit (S$) (6)	0.81	0.81	0.80		Decrease
Gearing (%) (7)	33.5%	34.6%	40.7%		Increase

Notes:
(1) Actual effects of the Acquisition for 1H FY2022 includes a 3.75% indirect interest in the Property, and a further 28.1% indirect interest in the Property which was acquired in September 2021.
(2) Adjusted 1H FY2022 base assumes no indirect ownership of the Property, so as to present the effects of the acquisition of the Property had LREIT acquired 100% of the Property directly at one go. The Manager is of the view that the financial effects of acquiring the Property against the portfolio of LREIT without any interests in Jem would present the true value of the Property to Unitholders and is also consistent with the Manager's intention of an eventual acquisition of 100% of the Property.
(3) Based on the Property's net property income with effects of COVID-19 related one-off rental abatements and expected credit loss.
(4) Based on the Property's net property income without the effects of COVID-19 related one-off rental abatements and expected credit loss.
(5) Assumes the additional Acquisition Fee Units are issued at the beginning of the reporting period on 1 July 2021.
(6) Excludes NAV attributable to perpetual security holders and other non-controlling interests.
(7) Computed as gross borrowings over total assets. Total assets include non-controlling interests share of total assets.

As illustrated in the tables above, we note that:

(i) For FY2021, the adjusted DPU will increase from 4.58 cents to 5.01 cents (Actual without one-off COVID-19 Impact), and for 1H FY2022, the adjusted DPU will increase from 2.25 cents to 2.49 cents (Actual without one-off COVID-19 Impact);
(ii) As at 30 June 2021, the adjusted NAV per unit will decrease from S$0.81 to S$0.80, and as at 31 December 2021 the adjusted NAV per unit will decrease from S$0.81 to S$0.80;
(iii) As at 30 June 2021, the adjusted gearing will increase from 35.3% to 41.0%, and as at 31 December 2021 the adjusted gearing will increase from 34.6% to 40.7%. This is below the current MAS recommended gearing limit of 50%.

4.10 DEVELOPMENT MANAGEMENT AGREEMENT

The fee structure for the Development Management Agreement is expected to remain the same upon approval of the Proposed Acquisition. For more information on this please refer to Paragraph 2.9.4 of the Letter to Unitholders in the Circular.

Development Management Agreement - Fee table

Type of Fees	**Fees**
Development Management Fee	5% of all development hard costs actually incurred, excluding consultant and authority fees during the feasibility stage of the project. The development hard costs comprise of: (a) the guaranteed maximum price or lump sum price for the project, excluding the contractors margin; (b) costs incurred in respect of builder and machine and electronic works; (c) all governmental agency's submission fees relating to the project;

Type of Fees	Fees
	(d) quantity surveyor fees; and (e) external consultant fees. **No double counting of fees: The Management Fee payable to the Manager will be reduced by the amount of fees paid to LLR under the Development Management Agreement.**

The table below comprises of the management fee structure (as defined in the Circular) of some selected S-REITS:

Management Fee - Comparison table

	LREIT	CapitaLand Integrated Commercial Trust	Mapletree Commercial Trust	Frasers Centrepoint Trust	Suntec REIT	SPH REIT	Starhill Global REIT
Base fees	0.3% pa of deposited property	<0.7% pa of deposited property Real estate investments: 0.25% pa of deposited property Non-real estate investments: 0.5% pa of investment value	<0.25% pa of deposited property	0.3% pa of deposited property	<0.3% pa of deposited property	0.25% pa of deposited property	0.5% pa of deposited property
Performance fees	5.0% pa of NPI	Real estate investments: 4.25% pa of NPI	4.0% pa of NPI	5.0% pa of NPI	4.5% pa of NPI	5.0% pa of NPI	Tier 1: 5.0% of outperformance against benchmark index Tier 2: 15.0% in excess of 2.0% outperformance against benchmark index

Source: Company filings

As illustrated in the table above, we note that:

(i) As the Development Management Agreement are subject to the no double counting of fees clause, the Development Management Agreement fee structure is similar to the selected S-REITS.

4.10.1 BASIS OF THE CONTRACTS

Based on the information provided to us (whether written or verbal) by the Management, as well as the information contained in the Circular, and on our evaluation of the methods or procedures to be used for determining the transaction prices for the Interested Person Transactions and subject to the qualifications made in this letter, we are of the opinion that the methods or procedures for determining the transaction prices of the Interested Person Transactions as set out in Paragraphs

2.9.1, 2.9.2 and 2.9.3 of the Letter to Unitholders in the Circular, if adhered to, are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of LREIT and its minority unitholders.

4.11 COMPARISON OF ISSUE PRICE OF CONSIDERATION UNITS TO PRECEDENT PLACEMENTS

As part of our analysis, we have considered the details of other completed placements undertaken by REITs or business trusts listed on the SGX-ST, where there was a placement of units or stapled securities to an interested person (the "**Precedent Placements**").

We set out below, for illustrative purposes only, examples of Precedent Placements for the period commencing 1 January 2019 up to the Latest Practicable Date. In our analysis of similar offerings of units or stapled securities, we have not included fund raising exercises by way of rights issues:

REITs	Date of placement announcement	Unitholding of the interested person prior to placement (%)	Total proceeds from placement (S$millions)	"Issue/ Subscription price"	Discount to VWAP for trades done on the SGX-ST for the full market day on date of signing (%)
Ascendas REIT	04-May-21	17.37	S$80.0	S$2.944	5.2
Mapletree Logistics Trust (1)	20-Oct-20	30.59	S$500.0	S$2.027	2.5
Frasers Centrepoint Trust	28-Sep-20	36.57	S$575.0	S$2.350	6.6
Dasin Retail Trust	26-Jun-20	54.20	S$94.0	S$0.780	6.0
Keppel Pacific Oak US REIT	17-Oct-19	6.89	S$75.6	S$0.725	4.8
Dasin Retail Trust	03-Sep-19	59.99	S$68.8	S$0.836	2.4
Keppel Infrastructure Trust	14-Mar-19	18.20	S$300.0	S$0.441	9.8

Source: Company filings
Notes:
(1) *Based on the consideration units issued by Mapletree Logistics Trust as partial consideration for its acquisitions. The issue price of the consideration units was the same as the issue price of the private placement announced on 20 October 2020 to fund the acquisitions.*

Based on our review, we noted that:

(a) the Precedent Placements listed above had placement issue prices of no more than 10% discount to the VWAP for trades done on the SGX-ST for the full market day on which the placement agreements were signed;

(b) the issue price of the Consideration Units is determined in accordance with the provisions of the Trust Deed and the Listing Manual, taking into account, inter alia, market conditions and the Equity Fund Raising; and

(c) the process and pricing adopted for the Equity Fund Raising was similar to that of the Precedent Placements, the pricings of which were determined by the issue managers and underwriters, working with the respective REIT managers having regard to the then prevailing market conditions.

Based on the above, we note that the issue price of the Consideration Units will be matched to the issue price of the Equity Fund Raising, which was in turn determined via price discovery through a book building process involving independent investors.

4.12 OTHER RELEVANT CONSIDERATIONS WHICH MAY HAVE A SIGNIFICANT BEARING ON OUR ASSESSMENT

4.12.1 BASIS OF THE PURCHASE CONSIDERATION UNDER THE ARIF3 SPA AND THE ASSET PCOA

The Purchase Consideration payable as part of the Proposed Acquisition of S$2,079 million was derived based on the Agreed Property Value was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations by the Independent Valuers for the Property.

4.12.2 CERTAIN TERMS AND CONDITIONS OF ARIF3 SPA AND THE ASSET PCOA

We note that the ARIF3 SPA and the Asset PCOA contains provisions relating to the Proposed Acquisition, including representations and warranties and other commercial terms. Notably, these provisions are customary to transaction of this nature.

5. OUR RECOMMENDATION

In arriving at our recommendation, we have taken into account the following factors which we consider to have a significant bearing on our assessment of the Proposed Acquisition and Proposed Issuance of Consideration Units:

(i) rationale for and key benefits of the Proposed Acquisition;

(ii) the approaches undertaken by the Independent Valuers are widely accepted methods in Singapore, and appropriate for the purpose of valuing tenanted, income producing retail and commercial properties with medium to long term leases;

(iii) the methodology and key assumptions of the Independent Valuers are consistent with market standards;

(iv) the Agreed Property Value is within the range of the Market Values adopted by the Independent Valuers;

(v) the implied capitalisation rates of 3.50% and 4.50% for the commercial and retail segments respectively are within market benchmarks used by the valuers;

(vi) the implied NPI yield of 3.58% for the office segment of the Property is lower than the mean and median but within the range of NPI yields of 3.51% and 4.82% of the commercial Comparable Properties;

(vii) the implied NPI yield of 4.60% for the retail segment of the Property is above the mean and median and within the range of NPI yields of 3.80% and 5.03% of the retail Comparable Properties;

(viii) the implied capitalisation rate of the Property's office component of 3.50% is below the range of selected commercial Comparable Properties of 3.55% to 4.00%. It has been noted that the WALE of the office segment of the Property is 22.9 years, which is significantly higher than that of the commercial Comparable Properties of 3.3 years;

(ix) the implied capitalisation rate of the Property's retail component of 4.50% is below the mean and median and within the range of selected retail Comparable Properties of 4.50% to 5.00%;

(x) The Agreed Property Value per sq ft of NLA of S$1,523 for the office segment is below the mean and median and within the range of the commercial Comparable Transactions of S$1,308 and S$2,000 respectively. We further note that the office segment of the Property has a higher remaining land tenure than those observed for the commercial Comparable Transactions (with the exception of Westgate Tower);

(xi) The Agreed Property Value per sq ft of NLA of S$2,761 for the retail segment is above the mean and median and within the range of the retail Comparable Transactions of S$1,306 and S$3,786. We further note that the retail segment of the Property has a higher remaining land tenure than those observed for the retail Comparable Transactions (with the exception of Sembawang Shopping Centre, Northpoint City South Wing, Westgate retail component and Le Quest);

(xii) the NPI yield of the Property of 4.37% is higher than the NPI yield of the existing LREIT portfolio for 1H FY2022 of 4.20%;

(xiii) For FY2021, the adjusted DPU will increase from 4.58 cents to 5.01 cents (Actual without one-off COVID-19 Impact), and for 1H FY2022, the adjusted DPU will increase from 2.25 cents to 2.49 cents (Actual without one-off COVID-19 Impact);

(xiv) As at 30 June 2021, the adjusted NAV per unit will decrease from S$0.81 to S$0.80, and as at 31 December 2021 the adjusted NAV per unit will decrease from S$0.81 to S$0.80;

(xv) As at 30 June 2021, the adjusted gearing will increase from 35.3% to 41.0%, and as at 31 December 2021 the adjusted gearing will increase from 34.6% to 40.7%. This is below the current MAS recommended gearing limit of 50%;

(xvi) the Development Management Agreement fee structure is subject to the no double counting of fees clause and is similar to the selected S-REITS;

(xvii) Based on the information provided to us (whether written or verbal) by the Management, as well as the information contained in the Circular, and on our evaluation of the methods or procedures to be used for determining the transaction prices for the Interested Person Transactions and subject to the qualifications made in this letter, we are of the opinion that the methods or procedures for determining the transaction prices of the Interested Person Transactions as set out in Paragraphs 2.9.1, 2.9.2 and 2.9.3 of the Letter to Unitholders in the Circular, if adhered to, are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of LREIT and its minority unitholders;

(xviii) The Purchase Consideration payable as part of the Proposed Acquisition of S$2,079 million was derived based on the Agreed Property Value was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations by the Independent Valuers for the Property; and

(xix) the ARIF3 SPA and the Asset PCOA contains customary provisions to transactions of this nature.

Having considered the above and subject to the assumptions and qualifications set out herein and taking into account the prevailing conditions as at Latest Practicable Date, we are of the opinion that the:

Proposed Acquisition and Proposed Issuance of Consideration Units is on normal commercial terms and is not prejudicial to the interests of LREIT and its minority Unitholders.

In addition, we are of the opinion that the Development Management Agreement and the Interested Person Transactions (as per Paragraph 4.10.1 of this IFA letter) are on normal commercial terms and are not prejudicial to the interests of LREIT and its minority Unitholders.

Accordingly, we advise that the Independent Directors may recommend that the Unitholders vote in favour of the Proposed Acquisition and Proposed Issuance of Consideration Units (including the Development Management Agreement and the Interested Person Transactions (as per Paragraph 4.10.1 of this IFA letter)**.**

Our recommendation is issued pursuant to Listing Rule 921(4)(a) as well as to advise the Independent Directors, the Audit and Risk Committee and the Trustee for their benefit in connection with and for the purpose of their consideration of the Proposed Acquisition and Proposed Issuance of Consideration Units. Any recommendation made by the Independent Directors and the Audit and Risk Committee in respect of the Proposed Acquisition and Proposed Issuance of Consideration Units shall remain their responsibility.

Our recommendation is governed by the laws of Singapore and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully

Deloitte & Touche Corporate Finance Pte Ltd

Koh Soon Bee
Executive Director

APPENDIX N

VALUATION CERTIFICATES

Valuation Certificate

Property: 50 & 52 Jurong Gateway Road
Jem
Singapore 608549 & 608550

Client: Lendlease Global Commercial Trust Management Pte. Ltd.
(in its capacity as manager of Lendlease Global Commercial REIT)

Trust: Lendlease Global Commercial REIT

Trustee: RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Lendlease Global Commercial REIT)

Purpose: Proposed acquisition purposes

Interest Valued: Leasehold for a term of 99 years commencing from 27 September 2010. Balance term 87.74 years.

Basis of Valuation: Market Value subject to existing tenancies and occupational arrangements.

Registered Owner: Lend Lease Retail Investments 3 Pte. Ltd. (Shares : 871/1000) and Lend Lease Commercial Investments Pte. Ltd. (Shares : 129/1000)

Land Area (sqft): 205,854

Master Plan 2019: "White" with a gross plot ratio of 5.6

Brief Description: Jem is a 17-storey mixed use retail and commercial development. The retail podium comprises 6 levels of shopping space (located from Basement 1 to Level 5) while the office tower is a 12-storey block (located from Level 6 to Level 17) rising above the retail podium. JEM started trading in 2013. Car parking is provided on basements 2 & 3 for approximately 674 vehicles.

Tenancy Profile: The retail portion has an occupancy rate of approximately 99.7% and a Weighted Lease Expiry Term of approximately 1.62 years (including committed leases) based on the leasing status as at the date of valuation.

The office tower is leased to Ministry of National Development (MND) for a term of 30 years commencing 3 December 2014, with 3.6% rent escalation on the 6th year. The agreement for lease provides for the payment of base rental and service charge and the passing rent is $21,473,986 or $5.75 psf on NLA. The landlord pays for property maintenance, property tax and property management fees.

Retail tenants in Jem includes key tenants and specialty tenancies (including ATM/SAM and storage tenancies). The key tenants include IKEA, Don Don Donki , Koufu, Cathay Cineplex, Fairprice Xtra, Courts, H&M and Uniqlo. Out of these key tenants, the 5 major tenants we have selected for our analysis are IKEA, Don Don Donki , Koufu, Cathay Cineplex and Fairprice Xtra.

NLA (sqft): 892,477 (office and retail components only)

GFA (sqft): 1,164,182 (for whole of Jem)

Valuation Approaches: Capitalisation Approach & Discounted Cash Flow Analysis

	Office	Retail	Overall
Capitalisation Rate :	3.50%	4.50%	4.30%
Terminal Capitalisation Rate:	3.65%	4.65%	4.45%
Discount Rate:	6.50%	7.00%	6.90%

Date of Inspection: 21 October 2021

Date of Report: 11 February 2022

Date of Valuation: 31 December 2021

Assessed Value: $2,063,000,000
(Two Billion And Sixty-Three Million Only)

This valuation is exclusive of GST.

Market Value psf of GFA: $1,772

Market Value psf of NLA: $2,312

Assumptions, Disclaimers, Limitations & Qualifications: *This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the valuation report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within the report. Reliance on the valuation report and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.*

Prepared By: **CBRE Pte. Ltd.**

Per: Png Poh Soon MSc (Real Est) MSISV
Appraiser's License No. AD041-2009900J
Executive Director - Valuation & Advisory Services

Per: Rachel Lim BSc (Est. Mgt) Hons MSISV
Appraiser's License No. AD041-2007447K
Director - Valuation & Advisory Services

CBRE

Valuation (Land & Building)

Your Ref : -
Our Ref : JC:CHH:na:212206

RBC Investor Services Trust Singapore Limited
(in its capacity as trustee of Lendlease Global Commercial REIT)
8 Marina View, #26-01
Asia Square Tower 1
Singapore 018960

February 11, 2022

Dear Sir/Madam,

MARKET VALUATION OF JEM & JEM OFFICE TOWER, 50 & 52 JURONG GATEWAY ROAD SINGAPORE 608549 & 608550 (THE "PROPERTY")

We have been instructed by RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Lendlease Global Commercial REIT) to assess the Market Value of the abovementioned Property as at December 31, 2021, subject to existing leases and occupancy arrangements. We confirm that we have inspected the Property and conducted relevant enquiries and investigations as we considered necessary for the purposes of providing you with our opinion of the Market Value of the Property.

This valuation may be relied upon by RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Lendlease Global Commercial REIT),and may be also relied upon by Lendlease Global Commercial Trust Management Pte Ltd (in its capacity as manager of Lendlease Global Commercial REIT) (the "Manager").

Notwithstanding paragraph 3 of Annexure 1 of our valuation report, we consent to disclosure of this report to be made available for any third party's inspection in connection with the proposed acquisition of the Property.

We also consent to the inclusion of the whole of or any part of this report, including the form and context in which it appears, in any SGX-NET announcements and circular issued by Lendlease Global Commercial REIT in connection with the proposed acquisition of the Property.

Our valuations are made on the basis of Market Value, defined by the International Valuation Standards (IVS) and SISV Valuation Standards and Practice Guidelines as follows:

Market Value is defined as "the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion."

Jones Lang LaSalle Property Consultants Pte Ltd
1 Paya Lebar Link #10-08 Paya Lebar Quarter Tower 2 Singapore 408533
tel +65 6971 5688 fax +65 6200 4283

Our valuation has been made on the assumption that the owner sells the Property in the market subject to the existing committed tenancies, encumbrances, covenants, terms and conditions of the leases.

We have relied on the information provided by Lendlease Global Commercial REIT on matters such as land area, tenure, gross / lettable floor area, tenancy details, budgeted capital expenditure, current and historical profit and loss statements and other relevant information as at September 30, 2021. All information provided is treated as correct and Jones Lang LaSalle accepts no responsibility for subsequent changes in information and reserve the right to change our opinion of value if any other information provided were to materially change.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property, nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the Property is free from any major or material encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have not carried out investigations on site in order to determine the suitability of ground conditions, nor have we undertaken archaeological, ecological or environmental surveys. Our valuation is on the basis that these aspects are satisfactory.

In arriving at our opinion of value, we have considered the prevailing market conditions, especially those pertaining to the retail and office sectors of the Property market. The valuation methods adopted to arrive at our assessment of values are the Discounted Cash Flow Analysis and Income Capitalisation Method. Our concluded assessment of Market Value is the rounded average of the adopted methodologies.

We have prepared this valuation summary and specifically disclaim liability to any person in the event of any omission from or false or misleading statement, other than in respect of the information provided within our full valuation report and this summary. We do not make any warranty or representation as to the accuracy of the information other than as expressly made or given in our full valuation report or this summary.

RBC Investor Services Trust Singapore Limited
(in its capacity as trustee of Lendlease Global Commercial REIT) (the "Trustee")
- Market Valuation Of Jem & Jem Office Tower, 50 & 52 Jurong Gateway Road Singapore 608549 & 608550 (the "Property")

February 11, 2022

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our unbiased professional analyses, opinions and conclusions. The opinion of value contained in the valuation report are not guarantees or predictions but are based on the information obtained from reliable and reputable agencies and sources, and other related parties.

We have no present or prospective interest in the Property and are not a related corporation of nor do we have a relationship with the advisers or other party/parties whom RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Lendlease Global Commercial REIT) is contracting with. The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

This valuation report was prepared by Chia Hui Hoon, Senior Director, with oversight by James Crawford, Head of Valuation and Advisory Services, Southeast Asia.

We hereby certify that our valuers undertaking this valuation is authorised to practise as valuers and have the necessary expertise and experience in valuing similar types of properties in a similar industry and area as the Property.

Faithfully,

Chia Hui Hoon
B.Sc. (Est. Mgt.) (Hons), MSISV
Appraiser Licence No: AD041-2006555E
Senior Director
JONES LANG LASALLE

James Crawford
B App Sc (Prop Econ), MRICS, AAPI
Head of Valuations – Southeast Asia
JONES LANG LASALLE

Enc

Valuation Certificate

Date of Valuation	:	December 31, 2021.
Property	:	Jem & Jem Office Tower 50 & 52 Jurong Gateway Road Singapore 608549 & 608550 (the "Property")
Client	:	RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Lendlease Global Commercial REIT).
Basis of Valuation		Market Value, subject to existing tenancies and occupational arrangements.
Purpose of Valuation	:	To determine the Market Value of the Property for acquisition purposes.
Legal Description	:	Lot 8460N Mukim 5.
Interest Valued	:	Leasehold for 99 years commencing from September 27, 2010. Balance term of 87.7 years.
Registered Proprietors	:	Lend Lease Retail Investments 3 Pte. Ltd. (Shares: 871/1,000) and Lend Lease Commercial Investments Pte. Ltd. (Shares 129/1,000) as tenants in common in unequal shares.
Brief Description of Property	:	The Property is a 17-storey mixed use retail and office building with 3 basement levels comprising a 6-storey retail mall (located from Basement 1 to Level 5) and a 12-storey office tower. The property has two frontages along Jurong Gateway Road and Boon Lay Way. In addition, there is direct access to the neighbouring mall on the 1st and 2nd storeys as well as the Jurong East MRT Station on the 2nd storey. The Temporary Occupation Permit (TOP) were issued in May, September and December 2013 for the retail mall and January 17, 2014 for the office tower.
Site Area	:	19,124.5 sq.m. (205,854 sq.ft.)
Gross Floor Area (GFA) & Net Lettable Area (NLA) (as provided and subject to survey)	:	

Component	Gross Floor Area *	Lettable Area *
Retail	76,026 sq.m. 818,341 sq.ft.	54,001 sq.m. 581,259 sq.ft.
Office	32,130 sq.m. 345,841 sq.ft.	28,913 sq.m. 311,217 sq.ft.
Total	108,156 sq.m. 1,164,182 sq.ft. (including outdoor refreshment area)	82,914 sq.m. 892,478 sq.ft.

Valuation Certificate (Cont'd)

Tenancy Details	:	The retail component is multi-tenanted with lease terms predominantly of 2 to 5 years and weighted average lease expiry term of 1.7 years (by income) as at the date of valuation. Major tenants within the mall include IKEA, H&M, Fairprice Xtra, Don Don Donki and Cathay Cineplex. The office component is 100% leased to a master tenant for 30 years commencing from December 3, 2014. The current contracted gross rent is S$21,473,986 per annum or S$5.75 psf per month on NLA and is subject to market rent review every 5 years with a cap and collar of 18% of the rent applicable on the preceding rent review date. We are of the view that the passing rental income under the lease is slightly lower than market rentals of comparable Grade A office spaces and on this basis we have made appropriate adjustments within our calculations with reference to a market rent of $6.00 psf per month on NLA. Based on the tenancy information provided to us, the Property has an approximate committed occupancy and gross passing rents as follows:-

Component	Committed Occupancy	Gross Passing Rent (per month)
Retail	99.7%	S$138.96 psm ($12.91 psf)
Office	100%	S$61.89 psm ($5.75 psf)

Annual Value (as provided by the Client)	:	S$106,461,000/-.
Methods of Valuation	:	Income Capitalisation Method and Discounted Cash Flow Analysis.
Capitalisation Rate	:	Retail – 4.50%. Office – 3.50%.
Terminal Capitalisation Rate	:	Retail – 4.50%. Office – 3.65%.
Discount Rate	:	Retail – 7.00%. Office – 6.75%.
Growth Rates (10 yr avg)	:	Retail – 2.93%. Office – 3.44%.

Valuation Certificate (Cont'd)

Master Plan Zoning (2019 Edition)	:	White with a plot ratio of 5.6.
Market Value (100% interest) as at December 31, 2021	:	S$2,086,000,000/ (Singapore Dollars Two Billion And Eighty-Six Million)
Value psm on GFA	:	S$19,287 psm
Value psf on GFA	:	S$1,792 psf
Value psm on NLA	:	S$25,159 psm
Value psf on NLA	:	S$2,337 psf

Chia Hui Hoon
B.Sc. (Est. Mgt.) (Hons), MSISV
Appraiser Licence No: AD041-2006555E
Senior Director
JONES LANG LASALLE

James Crawford
B App Sc (Prop Econ), MRICS, AAPI
Head of Valuations – Southeast Asia
JONES LANG LASALLE

APPENDIX O

INDEPENDENT MARKET RESEARCH REPORT

Singapore Retail and Office Market Overview

07 February 2022

For Lendlease Global Commercial REIT

Contents

Abbreviations

MTI – Ministry of Trade and Industry

Singstat – Department of Statistics

GFC – Global Financial Crisis

ASEAN – Association of Southeast Asian Nations

CPI – Consumer Price Index

MAS – Monetary Authority of Singapore

GDP – Gross Domestic Product

SORA- Singapore's Overnight Rate Average

VTL - Vaccinated Travel Lanes

STB - Singapore Tourism Board

1. Economic Overview

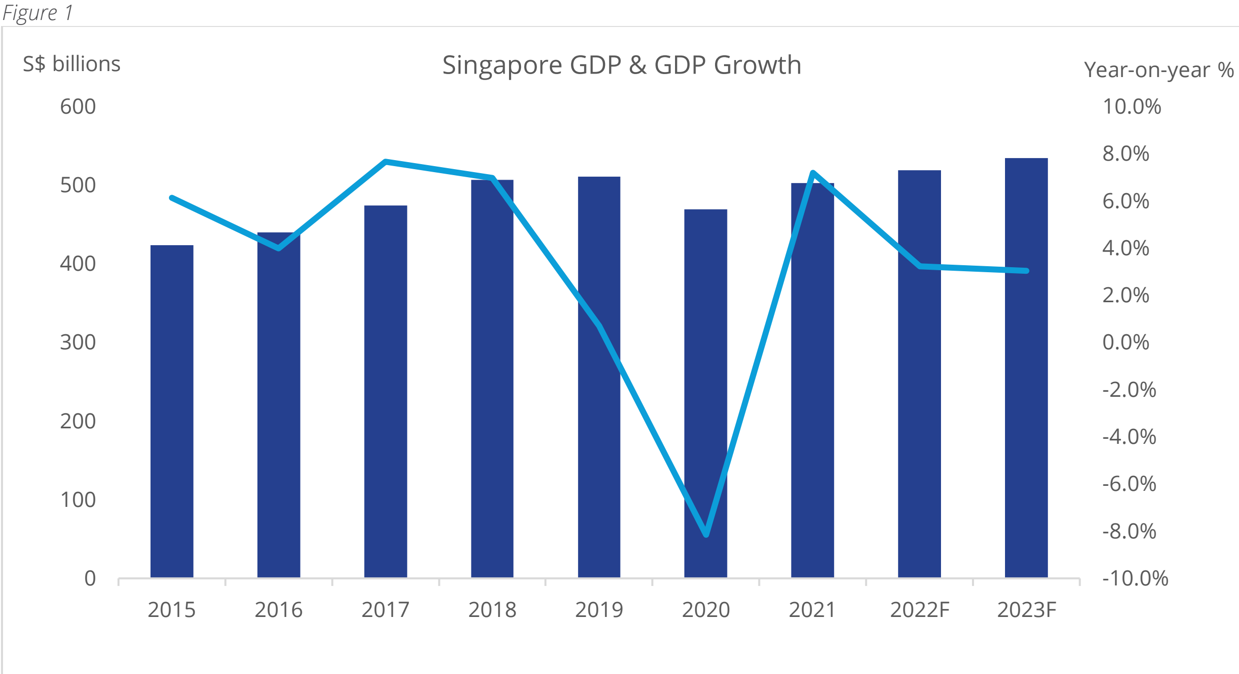
1.1. Economic Performance and Outlook

Singapore is one of the most highly industrialised, open and diverse market economies in the world. Owing to its strategic location, world-class infrastructure and competitive tax environment, the city-state is one of the world's key global trade, logistics and financial hubs and the primary business centre in ASEAN. Singapore is consistently ranked by the World Bank Group as one of the best places in the world to do business due to its efficient government and streamlined administrative processes. The city-state is also ranked as one of the most innovative economies in the world according to Bloomberg's Innovation Index, with research and innovation being a key component of the country's long-term economic resiliency strategy. Singapore is also a major international business and leisure tourism destination, attracting over 19 million international visitors per year prior to the Covid-19 pandemic. Singapore's solid economic fundamentals, including near full employment, high disposable incomes and sustained growth in consumer demand and gross domestic product, provide a strong foundation for the continued performance of the city-state's office and retail sectors.

Gross Domestic Product

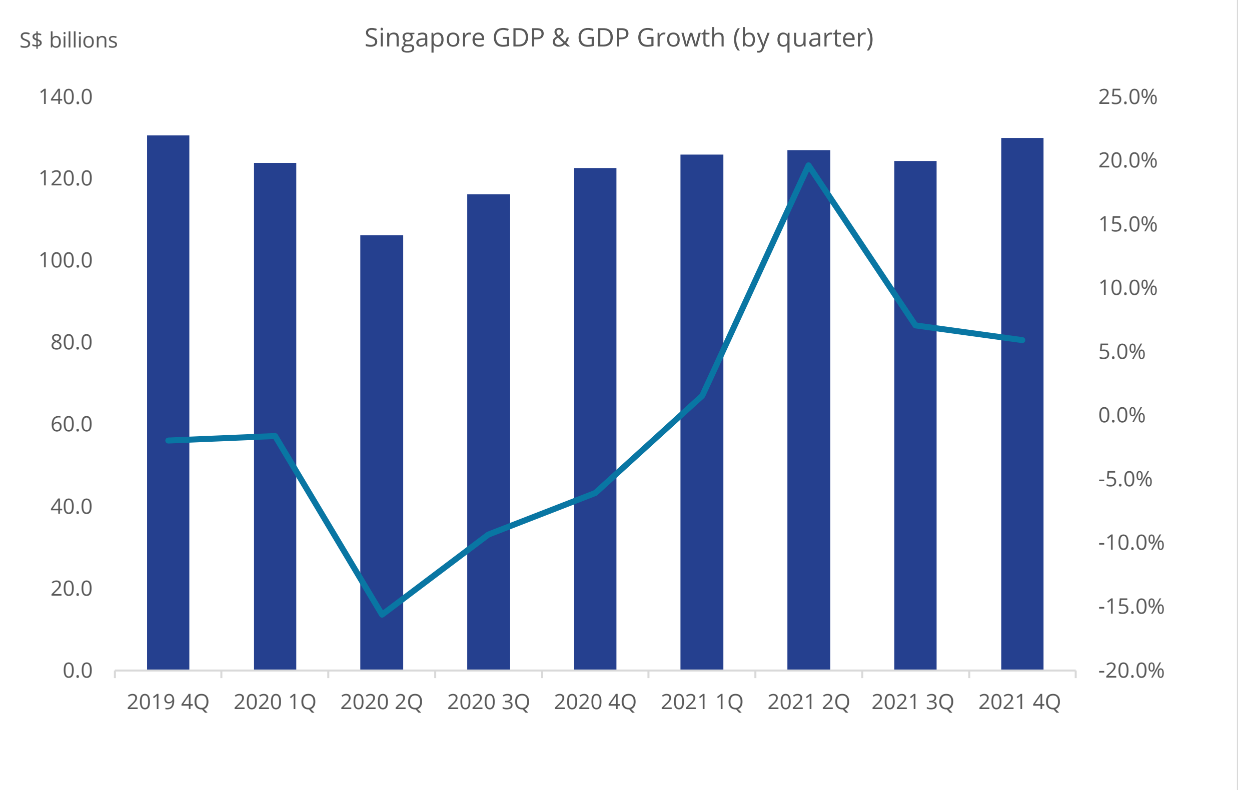
According to the Ministry of Trade and Industry (MTI) and the Department of Statistics (Singstat) Singapore's gross domestic product (GDP) at current market prices totalled S$469.1 billion in 2020, contracting by 5.4% year-on-year in 2020 due to the Covid-19 pandemic, its worst economic recession since the 2008-2009 Global Financial Crisis (GFC). As a result of the Covid-19 pandemic and the ensuing global economic slowdown, Singapore's export-dependent economy has been adversely impacted. Despite prevailing geopolitical and Covid-19 uncertainties, Singapore's economy is expected to benefit from the recovery of key ASEAN economies as well as the projected expansion of its manufacturing sector, tourism and aviation related sector, retail trade and construction sector in years to come. According to the advanced estimates released by the MTI on 3 January, Singapore's economy grew by 7.2% year-on-year in 2021.

Figure 1



Source: MTI, Singstat, Oxford Economics

Figure 2



Source: MTI, Singstat, Oxford Economics

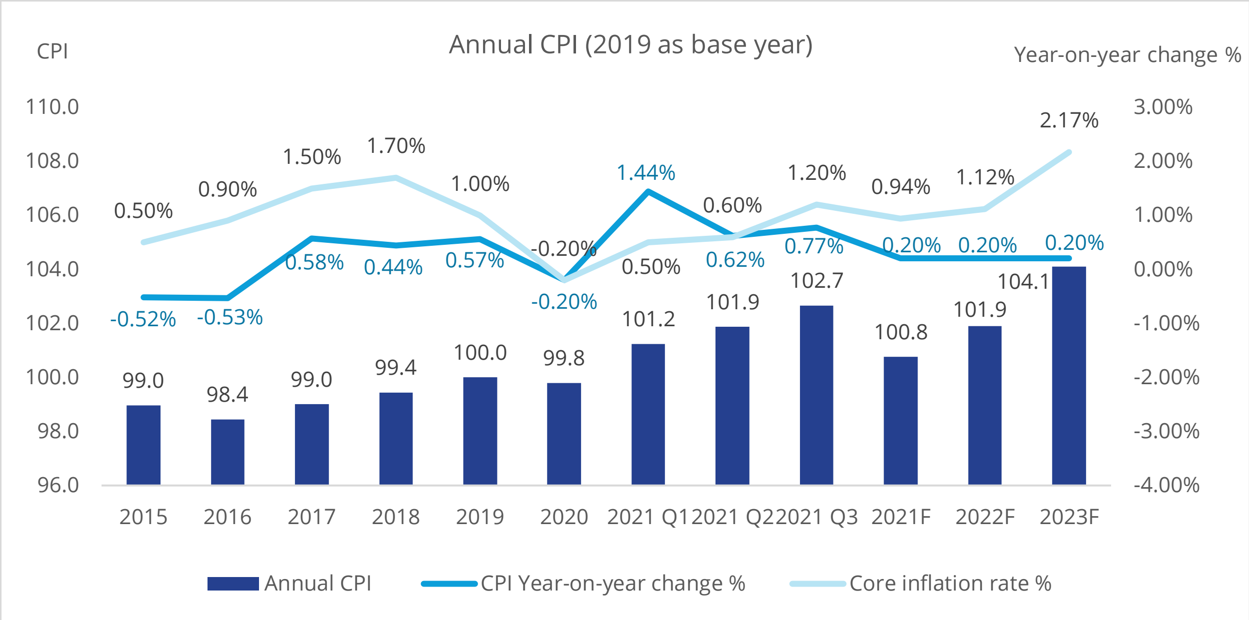
Inflation

There are two indexes used to monitor the costs of goods and services in Singapore. The "Consumer Price Index" (CPI) – which is an index where 100 indicates price levels at the year of reference - is designed to measure the average price changes in a fixed basket of goods and services commonly purchased by resident households in a given time period. The "MAS Core Inflation measure" (Core Inflation) is expressed as a year-on-year percentage change and is derived from the CPI but excludes "Housing" and "Private Road Transport" components which are more prone to volatile price variations and account for a large share of consumer spending.

Overall inflation has remained low in Singapore over the past five years amid a strong and stable Singapore dollar and the country's secure access to the global supply chain, ensuring the availability of a wide range of affordable imported products. The CPI trended on a flat curve over the past five years, rising by just 0.17% per year on average from 2016 to 2020, while the MAS core inflation rose gradually over time, averaging about 0.98% per year for the same period. In 2020, the CPI dropped to -0.20% year-on-year to 99.8 points on the back of economic recession due to the Covid-19 pandemic, while the MAS core inflation declined -0.20%, down from 1.0% in 2019. Core inflation fell into negative territory for the first time in a decade in February 2020 as the pandemic's impact on demand outweighed price pressure from supply disruptions. Low inflation combined with sustained income growth continues to expand the spending power of Singapore households.

In June 2021, the forecast for the full year 2021 CPI stood at 1.4% in the survey conducted by the Monetary Authority of Singapore (MAS) while the 2021 core inflation forecast was 0.8%, up from the 0.7% projected previously.

Figure 3

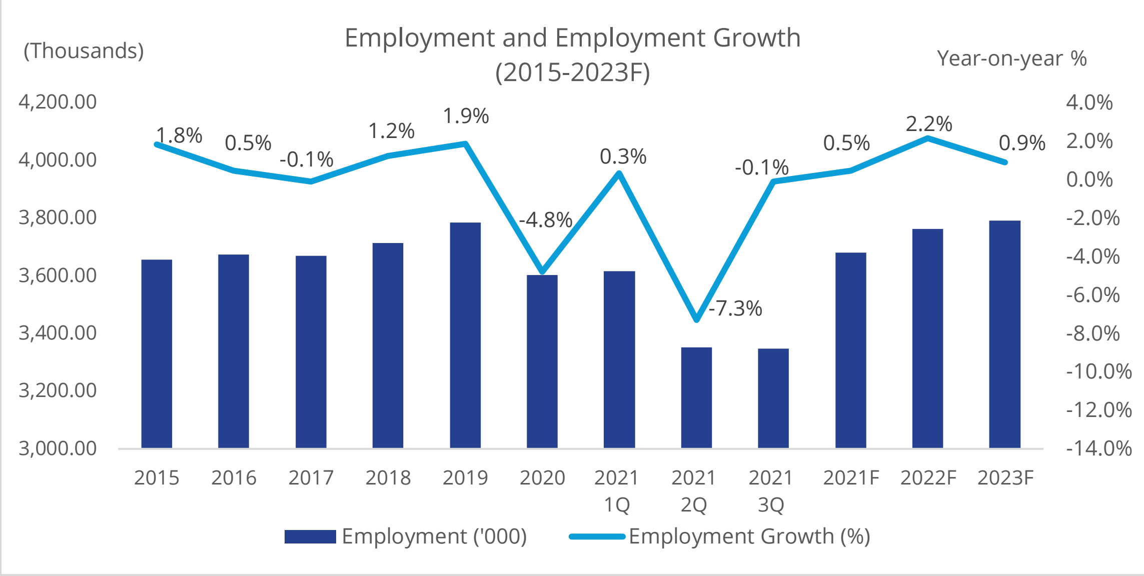


Source: Singstat

Employment

According to data from MTI, the Singapore active workforce stood at 3.6 million people in 2020, declining by about 181,000 jobs and down 4.8% compared to 2019. The decline in employment in 2020 as a result of the Covid-19 pandemic and global economic recession was the highest recorded since the Global Financial Crisis of 2008-2009. In 2020, Singapore's economy was inevitably adversely affected by weakened external and internal demand factors, with significant contractions in employment in the construction, retail trade, transportation & storage, accommodation, F&B, professional services, real estate and administrative services sectors.

Figure 4



Source: Singstat

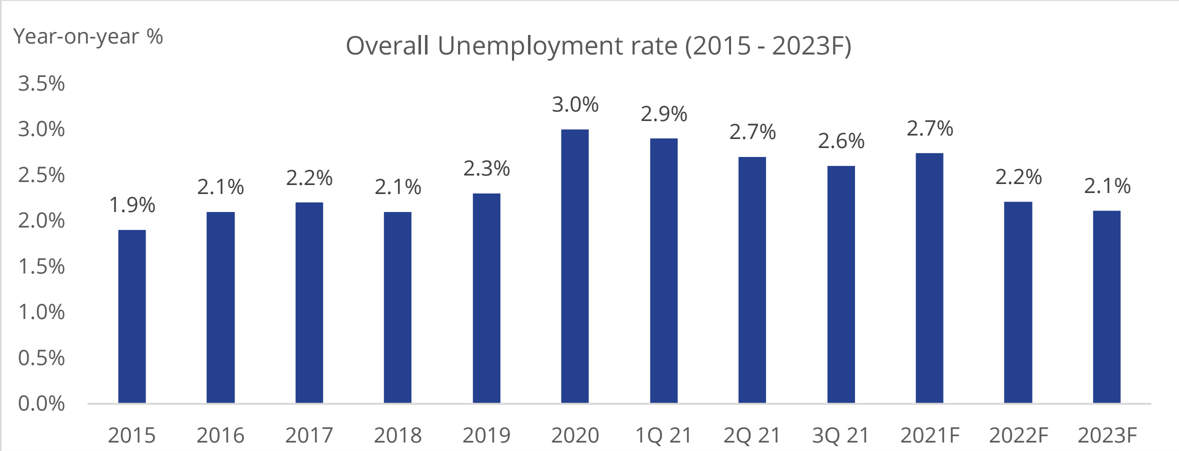
In 3Q 2021, there was a substantial rise in resident employment as the labour market continued to improve. The total employment in Singapore fell by 3,400 jobs excluding migrant domestic workers (MDW) with a considerably lesser decline than the 16,300 job losses recorded in 2Q 2021. This could be attributed to the growth in resident employment especially in outward-oriented industries (including professional services, information, communications and financial services) amid the mass exodus of expatriates.

Singapore's unemployment rate has remained well below 3.0% since the 2009 Global Financial Crisis, a level that is considered as technical full employment. In 2020, the total overall unemployment rate (including Singapore residents and non-residents) increased to 3.0%, the highest increase recorded since the 2008-2009 Global Financial Crisis. As an impact of Covid-19, firms downsized or shut down resulting in employees being laid off or retrenched. MOM reported the decline in non-resident employment was widespread across all sectors while resident employment fell primarily in select hard-hit sectors, including accommodation, wholesale trade and retail trade.

Despite the increase in the unemployment rate in 2020, the Singapore unemployment rate remains low by international standards and a key feature of the city's strong economic position, as the annual unemployment rates stayed below the rates observed during the 2003 SARS outbreak and the 2009 Global Financial Crisis. The labour market is on the recovery, with resident employment returning to pre-Covid-19 levels for the first time in 4Q 2020, with improvements in growth sectors such as info-communications and technology, financial services and professional services.

Since the start of the year, the labour market has been in recovery mode, showing a decrease in unemployment levels at 2.6% in 3Q 2021, down 0.4% from 4Q 2020. Oxford Economics projects that employment will gradually improve as the economy recovers and that the unemployment rate will return to its pre-pandemic level by 2023.

Figure 5



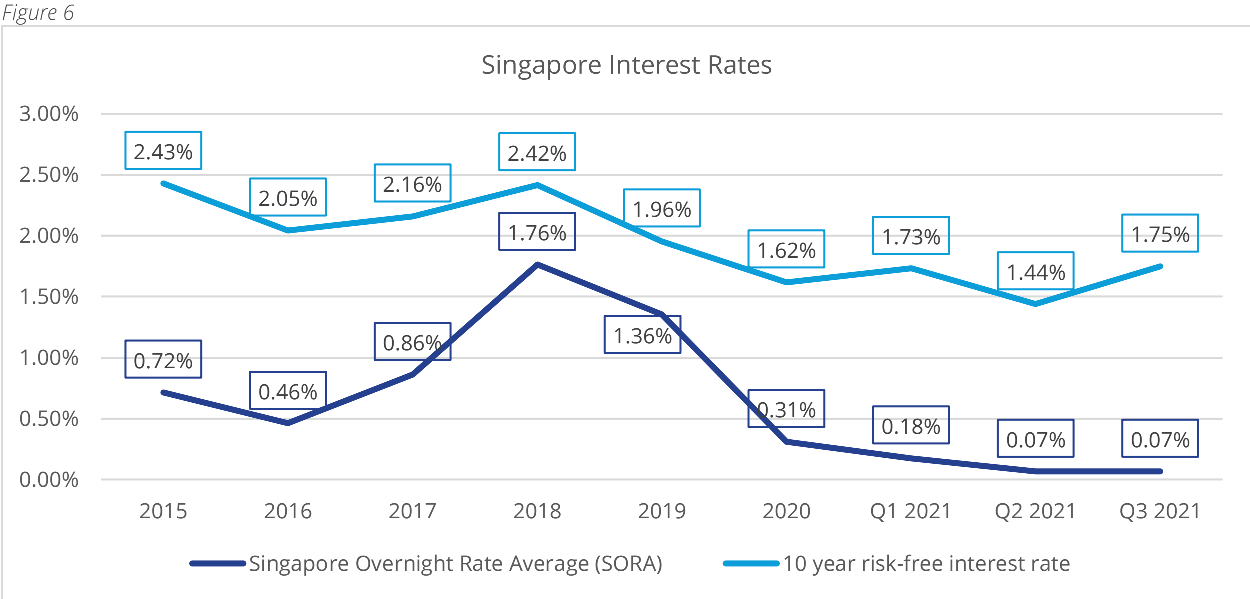
Source: Singstat

Interest Rates

Singapore's low interest rate environment has prevailed over the past five years despite multiple rounds of rate hikes implemented by central banks across the developed world since 2017. The Singapore long-term government bond rate rose from mid-2017 amid gradual rate hikes from the US Federal Reserve. The Singapore's Overnight Rate Average (SORA) has seen an increase from 2016 onwards with a slight dip in 2019. However, since late December 2018 the world reverted to a declining interest rate environment on the back of the global trade tensions and economic uncertainty. As of end-2020, the 10-year Singapore government bond (risk free) rate stood at 1.62%, down from 1.96% in 2018 and the Singapore Overnight Rate (SOR) average stood at 0.31%, down from 1.36% in 2018.

As of 3Q 2021, the 10-year Singapore government bond (risk free) rate stood at 1.75%, up from 1.62% in 4Q 2020 and the Singapore Overnight Rate Average (SORA) stood at 0.07%, down from 0.31 % in 4Q 2020.

Figure 6



Source: Oxford Economics derived from data from the Monetary Authority of Singapore (MAS)

1.2. Impact of Covid-19 Pandemic & Government Measures

Covid-19 Outbreak: Economic Impact of Unprecedented Magnitude

The Covid-19 outbreak has put a dampener on the Singapore economy and had severe economic consequences in 2020. Based on MTI's press release published on 15 February 2021, the Singapore economy contracted by 5.4% year-on-year in 2020. The economic impact of the Covid-19 has had the strongest impact in the second quarter of 2020 amid the Circuit Breaker – a Singapore government-imposed partial shutdown to curb the spread of the virus. In addition, Singapore's borders have been closed to foreigners from March 2020, with the exceptions of travellers from select countries and foreigners with residency and permission to work in Singapore. A mandatory 14-day isolation period was also imposed for all travellers entering Singapore.

The Circuit Breaker which took place from 7 April 2020 to 1 June 2020 imposed the closure of all non-essential businesses, places of work and public services in response to a sudden and rapid increase in Covid-19 cases in the city-state. It is estimated that about 80% of retail businesses temporarily ceased operations, with only the following essential retail businesses permitted to remain open subject to implementing strict social distancing and hygiene measures such as supermarkets, convenience stores, grocery stores and wet markets.

Timely and Generous Government Support Measures to Mitigate Economic impact of the Pandemic

In the face of mounting economic pressure resulting from the Covid-19 pandemic, the Singapore government acted swiftly, announcing four rounds of economic measures and packages in 2020 namely, Unity (18 February), Resilience (26 March), Solidarity (6 April) and Fortitude (26 May) budgets – with a combined value of S$92.9 billion, equivalent to 19.2% of Singapore's GDP) – to cushion the effect of the outbreak.

The numerous government measures implemented included a deferred loan payment scheme to companies, direct financial support to self-employed workers and freelancers, direct payouts to households, job support scheme for private sector employees and property tax rebates for non-residential properties.

The properties most affected by the outbreak, including hotels, serviced apartments, tourist attractions, and retail properties received a 100% rebate on their 2020 property tax bill, while other non-residential properties such as offices and industrial properties received a 30% rebate on their property tax payable for the year. Landlords were also required to pass on the property tax rebates to their tenants in the form of temporary rent rebates.

The Singapore Tourism Board (STB), along with Enterprise Singapore and Sentosa Development Corporation, launched the SingapoRediscovers initiative aimed at boosting domestic tourism and retail spending. All adult Singaporean citizens aged 18 and above received a S$100 tourism voucher to spend on designated leisure attractions and hotels from December 2020 to June 2021 which was further extended to 31 December 2021. As of April 2021, more than one million Singaporeans have used their vouchers to book hotels, attractions and hotels. As announced in April this year, the government will pump an extra $68.5 million into tourism fund to support the sector.

In the 2021 budget, the Singapore government announced that it will allocate S$24 billion to enable firms and workers to emerge stronger from the downturn. While the economy recovery is underway, the Singapore government continues to extend generous support to businesses, including an additional S$8 billion to support the hardest hit sectors such as aerospace, aviation and tourism. The Job Support Scheme (JSS) provides wage support to all private sector employers to retain their local employees during the outbreak and the Circuit Breaker, with a subsidy of up to 75% of employee wages (up to a maximum of S$4,600 per month) in all sectors up to March 2021, and extended by six months for more badly affected industries from April 2021 to October 2021. Other industries may benefit from a 25% employee wage subsidy for up to nine months. More firms in sectors such as construction, retail and aerospace will be eligible for higher tier wage subsidies under the enhanced JSS.

As of 21 October 2021, the Singapore government has announced the roll out of $640 million support package to support the extension of tightened restrictions from 24 October to 21 November. This includes 25% of wage support for affected sectors such as F&B, retail, cinemas, museums, tourism, and gyms as well as half a month of rental waiver for eligible building tenants and stallholders in hawker centres managed by the NEA or its appointed operators.

Earlier this year, Singapore's government announced a new fiscal package worth S$11 billion to support Covid-19 vaccination efforts and economic sectors that were impacted by the pandemic. A key measure was an estimated S$4.8 billion for public health and safe reopening measures, such as vaccination, contract tracing and testing capabilities. Other components of the fund include extensions of the many existing schemes to subsidise workers' wages, provide financing for businesses as well as targeted support for certain sectors such as aviation, land transportation and the arts.

Colliers is of the opinion that the overall retail demand will remain high as the disposable income and consumer expenditure levels remain higher than that in 2017 and only experienced a slight drop in 2020. The National Jobs Council will continue to work on creating jobs and continue to oversee the creation of 100,000 jobs and training opportunities under the SGUnited Jobs and Skills Package. The Covid-19 vaccination programme roll out has been successful, with 89% of the total population (or 92% of the eligible population) completing the full vaccination regiment while 59% of the total population has received booster shots as of 4 February 2022.

As part of its approach to shift to an endemic COVID-19 strategy, the Singapore government unveiled its border reopening strategy. Since September 2021, Singapore gradually introduced Vaccinated Travel Lanes (VTL), which allow for quarantine free travel for fully vaccinated travellers - first with Brunei and Germany, then to 15 additional countries Australia, Brunei, Canada, Denmark, France, Germany, Italy, India, Indonesia, Malaysia, the Netherlands, South Korea, Spain, Switzerland, the United Kingdom, and the United States. Additionally, VTL flights from Thailand commenced from 14 December 2021, as well as Cambodia, Maldives, Sri Lanka, and Turkey from 16 December 2021. The launch of vaccinated travel lanes with Qatar, Saudi Arabia and the United Arab Emirates (UAE) were also previously announced by the government but will be deferred, and border measures will be reviewed amid the emergence of the Omicron COVID-19 variant. As of 22 December 2021, all new ticket sales for vaccinated travel lane (VTL) flights and buses between 23 December 2021 and 20 January 2022 were suspended amid a "rapid spread" of Omicron cases in many countries in the government's move to limit Singapore exposure to imported Omicron COVID-19 cases. VTL quotas and ticket sales for travel after 20 January 2022 will also be temporarily reduced and developments will be monitored closely and policy to be updated as the situation changes.

2. Singapore Retail Market Overview

2.1. Overview of Singapore Retail Sector

According to data from the Urban Redevelopment Authority (URA), Singapore's total existing island-wide retail stock stood at 62.2 million square feet as of 3Q 2021. The bulk of the total retail stock (39.7%) is located in the Central Area, followed by the CBD Fringe Area (25.6%). The West and East Region accounted for 10.8% and 10.5% of the total island-wide retail stock respectively.

The Central Area consists of the following planning areas as defined by the URA: Newton, Orchard, Rochor, River Valley, Museum, Singapore River, Outram, Downtown Core, Singapore River, Straits View, Marina South and Marina East.

The CBD Fringe Area consists of the following planning areas as defined by the URA: Bukit Merah, Bukit Timah, Queenstown, Kallang, Bishan, Marine Parade, Geylang, Toa Payoh, Tanglin, Novena and Southern Islands.

Figure 7

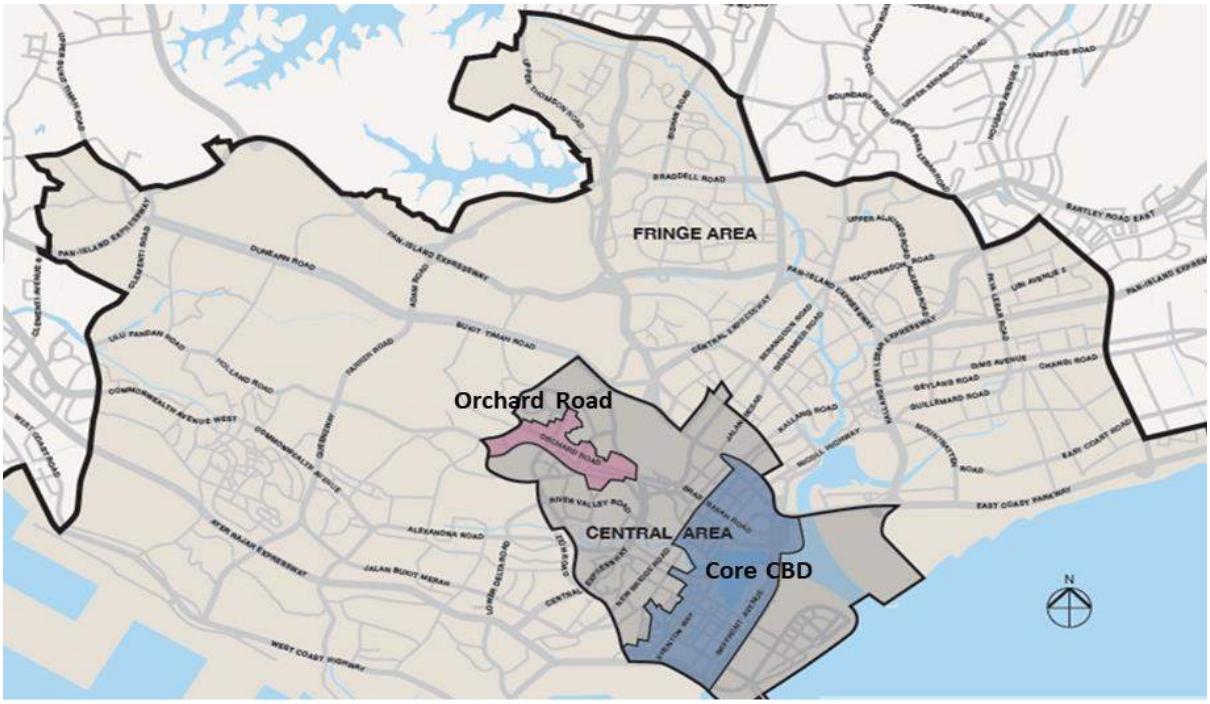
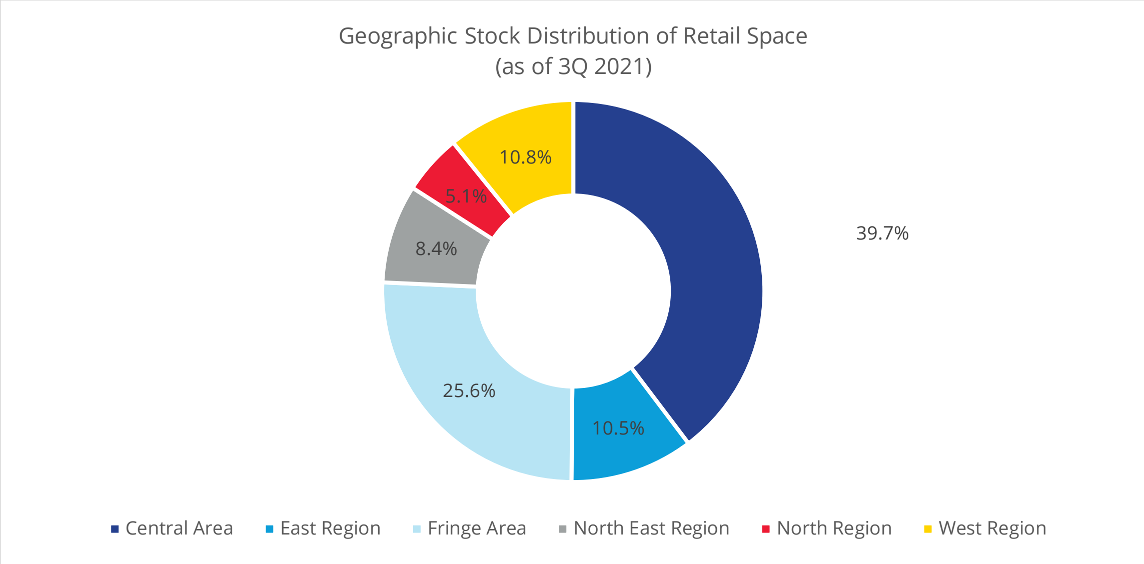
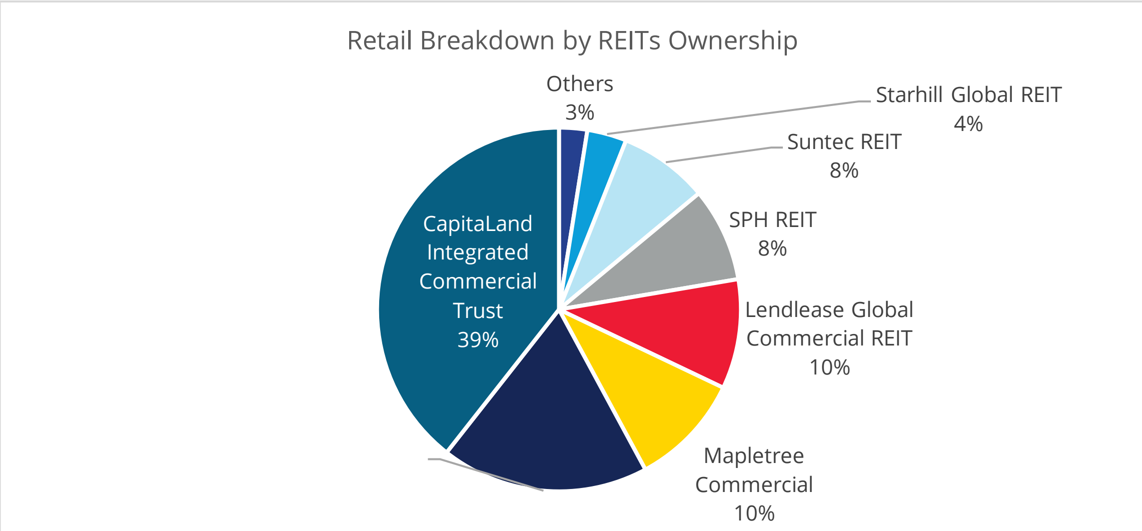


Figure 8



Source: REALIS/Colliers International Singapore Research

Figure 9



Source: RCA, Colliers International

Capitaland Integrated Commercial Trust owns the majority of retail space in Singapore as compared to other REITs at 39%, followed by Frasers Centrepoint Trust at 18% and Lendlease Global and Mapletree Commercial Trust at 10%.

Based on the 2021 census population data, we estimate the retail space per capita for each planning region in Figure 10 below. The West region has a retail space per capita of 5.40 and is hence more competitive as compared to the East region and the Singapore island-wide national retail space per capita average.

Figure 10

Planning Region	Retail Space Per Capita (sf)	Total Stock by Region (sf) (3Q 2021)	Estimated Annual Population Growth (2015 to 2021)	Estimated Total Population by Region 2021
Central Region	32.63	40,567,600	60,674	1,243,262
East Region	7.03	6,500,164	46,173	924,367
North-East Region	4.15	5,199,819	83,994	1,254,420
North Region	4.03	3,161,021	50,577	784,743
West Region	5.41	6,729,039	68,040	1,243,208
Total Singapore Island-wide	**11.41**	**62,157,644**	**309,458**	**5,450,000**

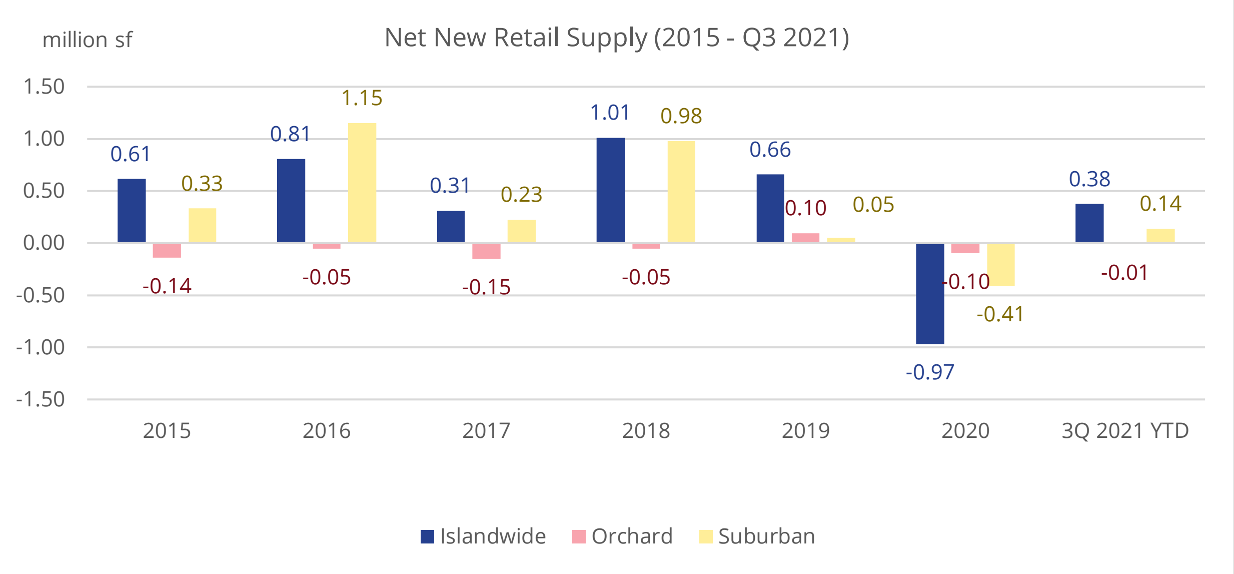
Source: REALIS/Colliers International Singapore Research

2.2. Retail Supply, Demand and Occupancy

The average net retail supply over the past five years (2016 to 2020) increased by approximately 400,000 sf per year in the suburban submarket[1] and 52,000 sf per year in the Orchard submarket[2], while the island-wide average stood at 364,000 sf per year. In 2020, the net new retail supply saw a decrease across both the Orchard submarket and suburban submarket at approximately -97,000 sf and -409,000 sf respectively, aligning with a net withdrawal of island-wide supply of approximately 1 million sf in the same year as malls undergo refurbishments or are being converted to co-working space or other uses.

In 3Q 2021 YTD, the net new retail supply increased by 380,000 sf island-wide, while the Orchard submarket saw a decline by 10,000 sf and the suburban submarket saw an increase by 140,000 sf.

Figure 11



Source: URA, Colliers International

According to data from the URA, the average gross absorption of retail space over the past five years (2016 to 2020) stood at approximately 357,000 sf per year in the suburban submarket and at -105,000 sf per year in the Orchard submarket. Notably, the average net new retail supply in the suburban and Orchard submarkets exceeded demand of 400,000 sf and -50,000 sf respectively for the same period. The island-wide average gross absorption of retail space stood at 127,000 sf per year from 2016 to 2020, lower than the island-wide average supply of approximately 363,000 sf for the same period.

In 2020, the retail gross absorption saw its largest decrease across both the Orchard submarket and suburban submarket at approximately -355,000 sf and -322,000 sf respectively, in tandem with the decline in island-wide demand of approximately 1.7 million sf in the same year. In 3Q 2021, the retail gross absorption rose island-wide by 810,000 sf and 320,000 sf for the suburban submarket while the Orchard submarket experienced a negative gross absorption by 10,000 sf.

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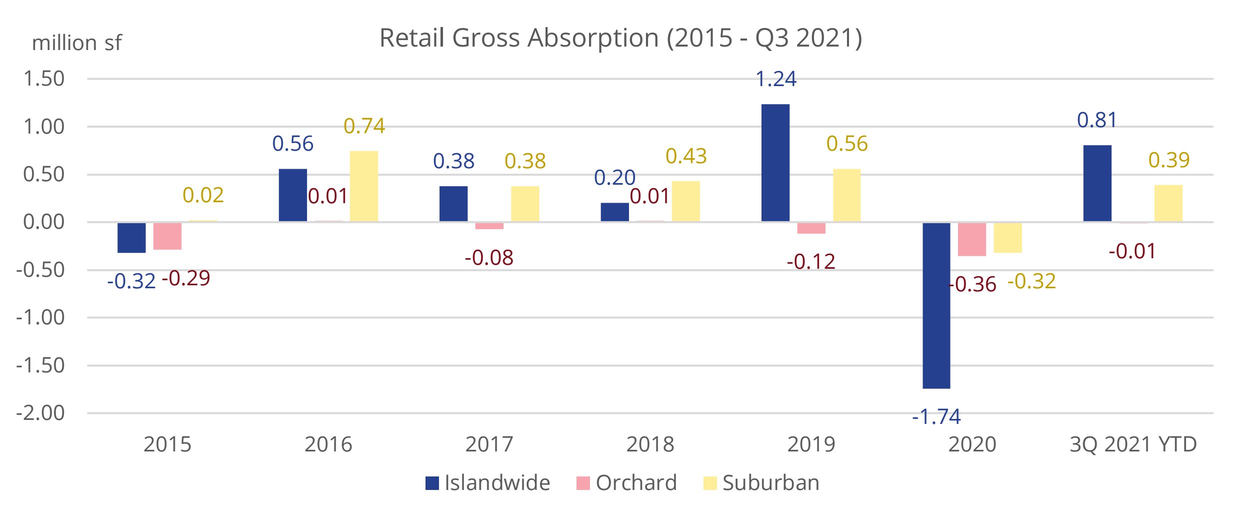
[1] The suburban submarket refers to the retail space in the suburban areas outside the Central Region as defined by the URA

[2] The Orchard submarket refers to retail space in the Orchard Planning Area as defined by the URA

Figure 12



Source: URA, Colliers International

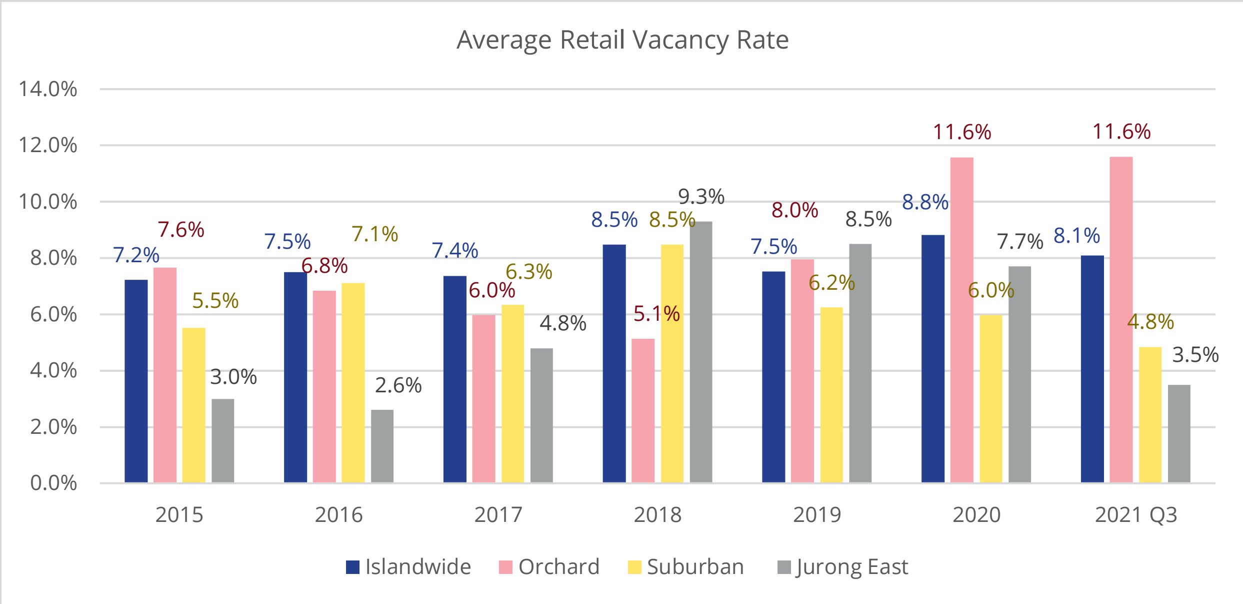
There were several high-profile retail brand closures including Robinsons, Esprit, Sportslink, Topshop, Kidzania, and several F&B brands, although not all of these were strictly related to Covid-19. However, some resilient brands quickly backfilled these vacated spaces with new concepts. BHG took over part of the space formerly occupied by Robinsons at Raffles City Shopping Centre and partnered with CapitaLand to launch One Assembly, which will focus on premium products and service offerings. Decathlon also took over space previously occupied by Metro at Centrepoint, with the new store having a range of "immersive and activity-based" features and concepts. Further, Courts will open a new flagship store at The Heeren by Q1 2022, taking over the space vacated by department store Robinsons. The IKEA deal in Jem was secured at almost the same time as Robinsons' announcement of store closures, demonstrating high confidence in the Jurong sub-market. The Jem store will be IKEA's first mall format/concept in Southeast Asia.

The island-wide retail vacancy rate increased during the same period from 7.5% in 2016 to 8.8% in 2020. In the Orchard retail submarket, the vacancy rate increased by 3.6% year-on-year, from 8.0% in 2019 to 11.6% in 2020. In comparison, the suburban retail submarket's performance improved, with its vacancy rate falling by 0.3% year-on-year, from 6.2% in 2019 to 6.0% in 2020, with the most marked improvement in 4Q 2020.

In 3Q 2021, the vacancy rate improved island-wide, in the suburban and Jurong East submarket while the vacancy rate stayed flat for the Orchard submarket.

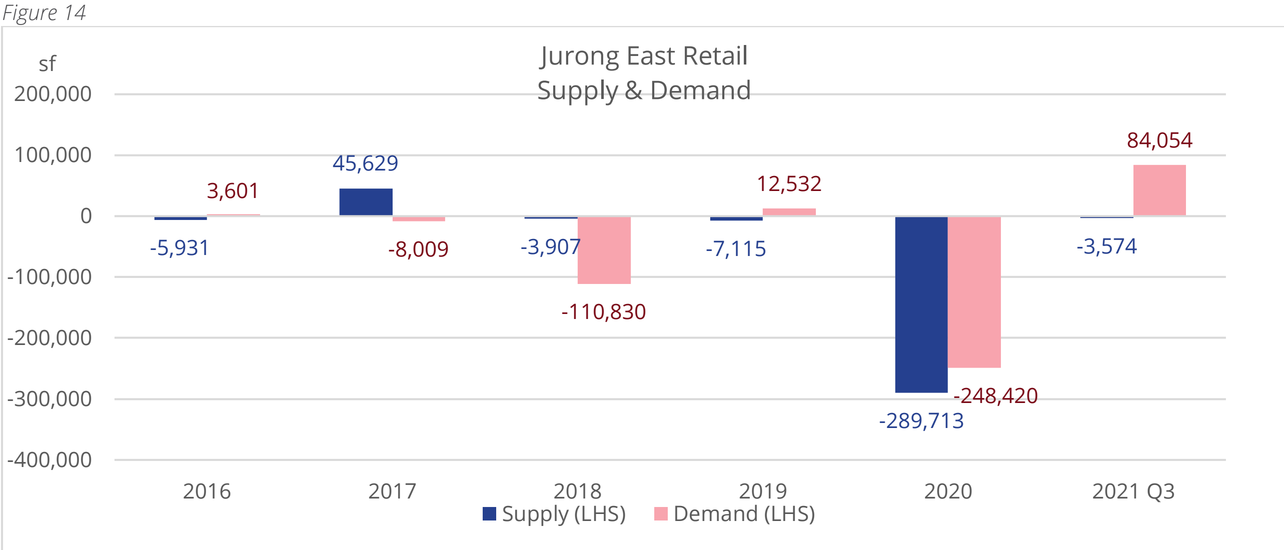
The strong performance of the suburban submarket as compared to the Orchard submarket shows the resilience of suburban retail malls amid thebetter economic downturn and the considerable drop in tourism arrivals in Singapore. Given that the suburban malls provide convenience and essential retail and services catering to the resident population, they have been less impacted by the border closures and considerable drop in international tourism visitation and spending in Singapore. Suburban malls have actually benefitted from the work from home trends during 2020 and 2021 which translated into higher footfall and spending during the daytime operating hours as compared to before the pandemic.

Figure 13



Source: URA, Colliers International

Figure 14

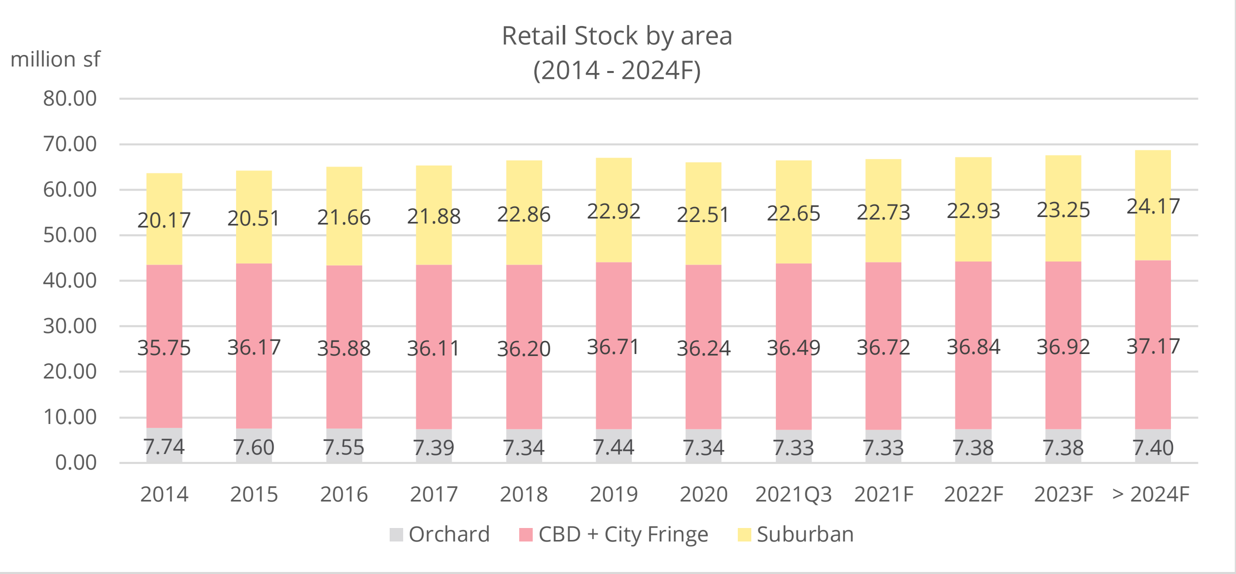


Source: URA, Colliers International

The closure of Big Box in 2020 has resulted in the sharp decline in supply and demand in Jurong East. Despite the impact of Covid-19 the vacancy rate has compressed in Jurong East partly due to the closure of Big Box.

Approximately 2.2 million sf of retail space is anticipated to be delivered island-wide from 2020 to 2024, averaging about 550,000 sf per year of new upcoming supply, which is considerably less than the five-year average of 680,000 sf per year from 2015 to 2019. There will be an expected 590,000 sf of retail space to be injected in 2021. An additional 198,300 sf will be delivered in 2022 and 321,000 sf in 2023, and 1.0 million sf are expected from 2024 and beyond. The new additions are mostly concentrated in the suburban retail submarket and CBD Fringe submarkets.

Figure 15



Source: URA, Colliers International

In 2021, 62,900 sf retail space will come from the completion of the Grantral Mall @ MacPherson in the suburban submarket and 64,400 sf will come from the asset enhancement initiative at Shaw Plaza in CBD Fringe submarket. In 2022, 81,500 sf of new supply will be completed from the mixed development at Holland Road in the City fringe submarket, 96,800 of new retail space from Woodleigh Mall in the Suburban submarket and 20,000 sf of upcoming space from Guoco Midtown in the CBD submarket.

The suburban retail submarket will make up the bulk of the supply in 2023 and 2024, with an expected 307,900 sf and 478,400 sf of retail space to be completed respectively. There is limited upcoming or planned retail development in the Orchard submarket over the next few years. The bulk of the future supply in 2023 will be from the North-east region, with 173,000 sf from the retail component of Punggol Digital District as well as 54,800 sf from the Sengkang Grand Mall. In 2024 and beyond, there will be major supply from the East region and the City Fringe although more retail development may come online in the next few years.

Most developments currently in the pipeline, such as Boulevard 88 (29,900 sf) along Orchard Boulevard to be completed by 4Q 2021, are ancillary retail spaces of mixed-use developments. There is limited upcoming supply in the Jurong East area, with only one upcoming retail development in the West region - the Jurong East integrated transport hub which will connect directly to the North-South and East-West line and the future Jurong Region Line. The development is expected to be completed in 2027 and will feature a 27-storey tower block connected by a skybridge to an 8-storey podium block. This new development in Jurong East will contain only convenience retail and offering serving the ridership of the integrated transport hub and the occupiers of the future office tower and is not expected to compete directly with surrounding destination retail centres. The new integrated transport hub will considerably increase the footfall around the Jurong East MRT and its surrounding, particularly with the opening of the new Jurong Region Line, which will benefit all retail properties in the vicinity.

As part of the Singapore government's initiative to rejuvenate Orchard Road, Lendlease Global Commercial REIT will commence redevelopment works at Grange Road Carpark in 2H 2021. There are plans to transform the carpark into a multi-functional event space with an independent cinema, hawker stalls and host concerts and events. The rejuvenation of the Grange Road Carpark is expected to be completed in 2022. Along with the approved conversion of Midpoint Orchard, OG Orchard Point and Faber House to hotels or serviced apartments as part of a mega-integrated development, the prime retail submarket would see good quality retail spaces in the medium to long term.

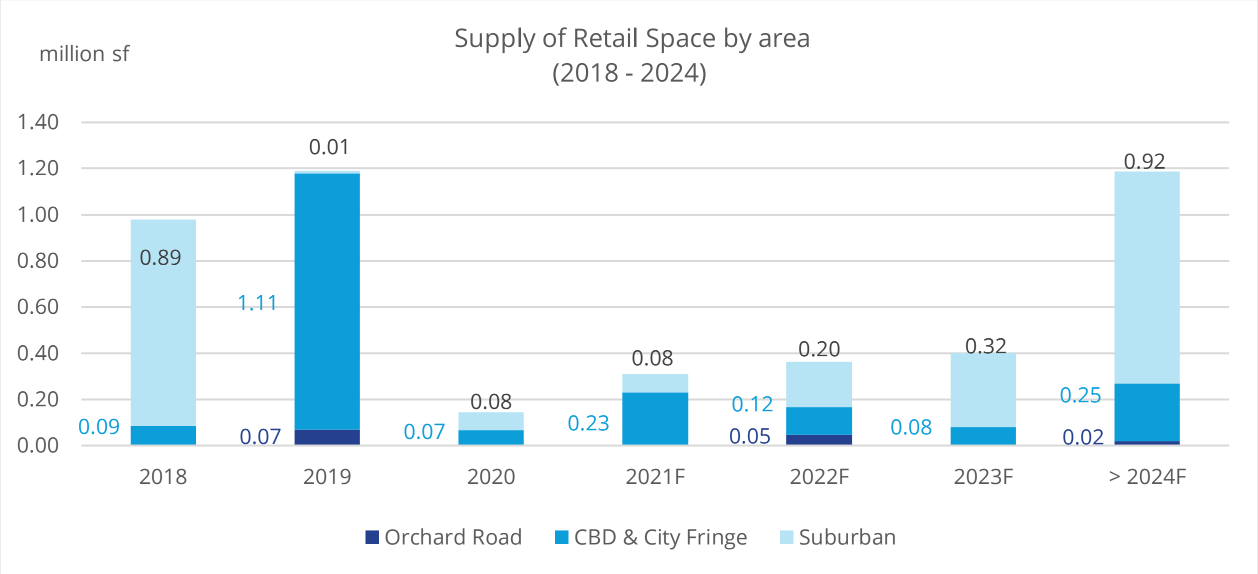
Singapore has a much lower shopping mall stock per capita than other developed countries at 5.80 sf of shopping mall space per capita. Given the city's high population density and limited land base, this translates to a higher retail productivity rate per sf of leasable space.

Figure 16

Countries	Shopping Mall Stock per capita (sf)
USA	23.10
Canada	16.80
Australia	11.40
Singapore	5.80
Japan	4.40

Source: REALIS/Colliers International Singapore Research

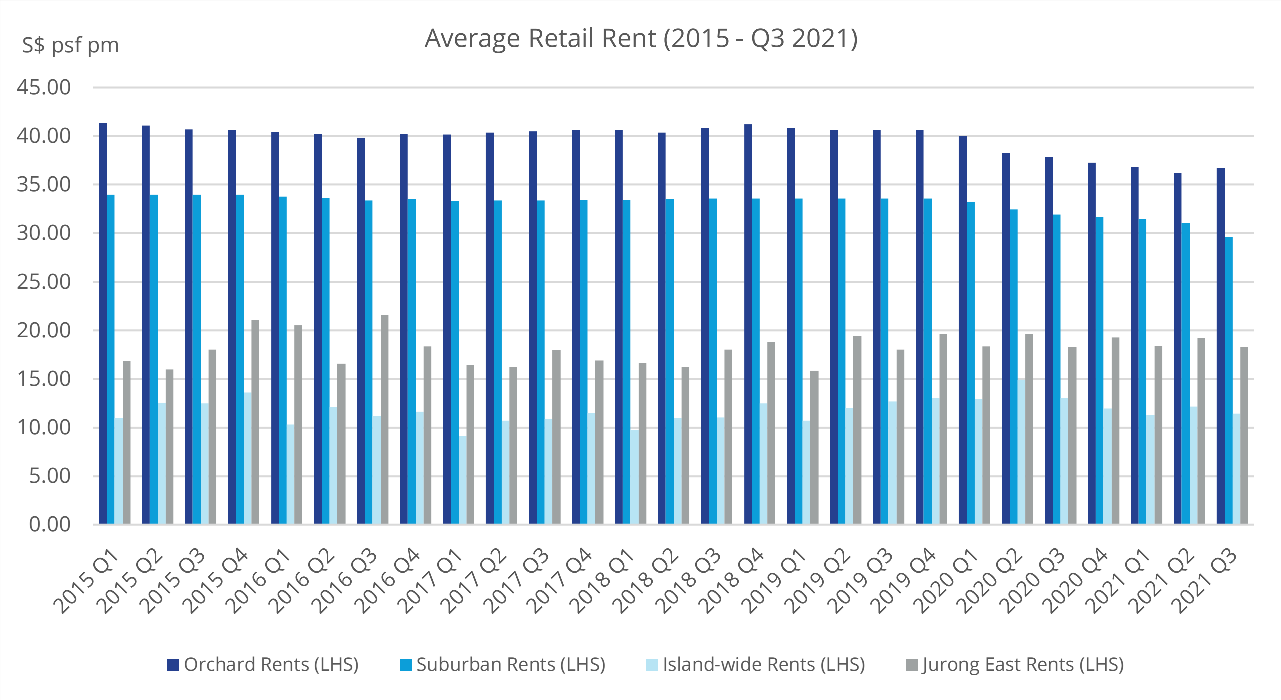
Figure 17



Source: URA, Colliers International

2.3. Retail Rents

Figure 18



Source: URA, Colliers International

Based on Colliers' research, the ground-floor gross monthly rent in the Orchard submarket declined by 8.4% year-on-year from S$40.65 per square foot (psf) per month in 2019 to S$37.24 psf per month in 2020, while that of the suburban submarket (Regional Centres)[3] declined by 5.7% year-on-year from S$33.60 psf per month in 2019 to S$31.68 psf per month in 2020. Likewise, the median rents for Jurong East submarket also declined albeit at a slower rate than the Orchard and Suburban submarket, by 1.8% year-on-year from S$19.59 psf per month in 2019 to S$19.24 psf per month in 2020. Hence, the Jurong East retail submarket is generally more resilient than other locations in Singapore given its retail offerings focused on essential retail and a broad catchment area serving a large population.

According to data from URA REALIS, the island-wide median gross monthly rents of retail space declined by 8.3% from S$13.02 psf pm in 2019 to S$11.94 psf pm in 2020. The decline was mainly due to weak demand of retail space amid business closures, low consumer spending and little tourism traffic. The Orchard submarket which had been the most dependent on tourism spending was the hardest hit from the travel restrictions due to the pandemic and saw the most decline in rents. Retail rents in suburban areas and Regional Centres, including Jurong East, remain the most resilient of the submarkets as they have natural local population catchments and domestic demand, and comprise a larger portion of non-discretionary trade categories as compared to malls in the prime areas. With work from home continuing to be the default, customers have recentred their spending on retail centres located near their place of residence in lieu of those located near their place of work.

As of 3Q 2021, the average retail rent island-wide fell by 12.4% year-on-year, while the suburban rents and Orchard rents fell by 7.3% and 3.0% year-on-year respectively. Jurong east rents showed the least decline in 3Q 2021 by only 0.1% year-on-year.

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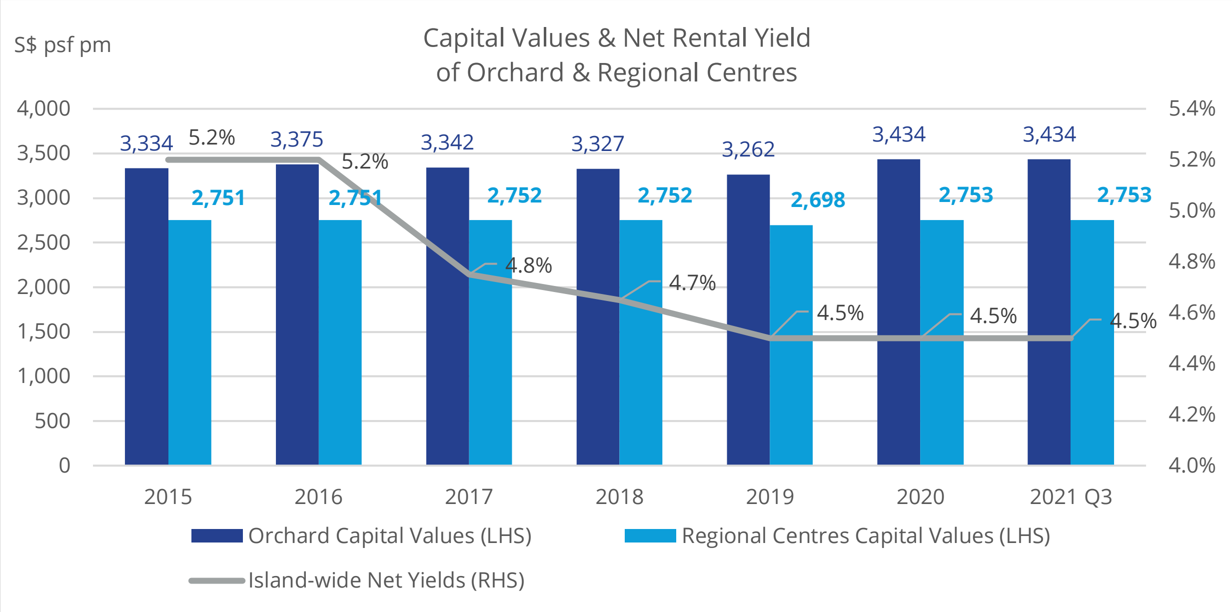
[3] Regional centres refer to suburban malls in key regional centres such as the North (Woodlands), East (Tampines) and West (Jurong East).

2.4. Retail Yields and Capital Values

Figure 19



Source: Colliers International

According to Colliers International valuation metrics, prime retail yields island-wide have steadily compressed from 2016 to 2020 to stand at about 4.25% to 4.75% in 2020 amid considerable investment appetitive for but a shortage of prime Singapore assets for sale in the market. Capital values have risen slightly in 2020 to S$3,434 psf in the Orchard submarket and S$2,753 in the regional centres. Capital values and net yields have stayed flat in 3Q 2021 and are expected to remain flat in 2021, tracking rental rates and stable yields despite the detrimental impact of the COVID-19 pandemic on Singapore's retail landscape There is an expected increase in interest from foreign investors as the pandemic subsides. In the long run, it is expected that investors would continue to favour the retail mall asset class in Singapore due to its relative scarcity and stability, as well as the increasing capital allocation to quality assets in Asia's key gateway cities.

2.5. Retail Sales (e-commerce vs. brick and mortar)

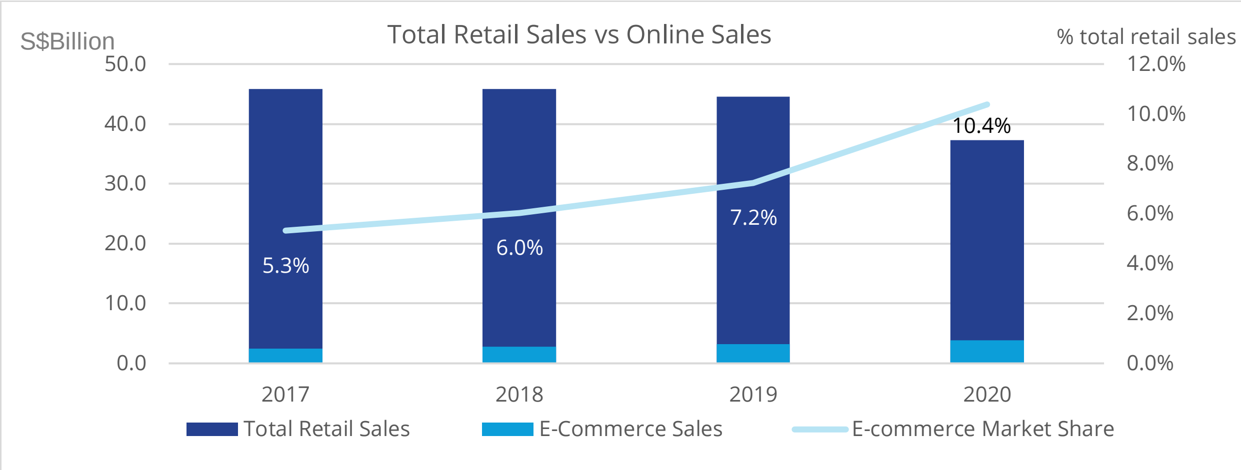
The global retail sector is undergoing considerable transformations and the Singapore retail landscape is no exception. Key ongoing trends are driving material and rapid changes in consumers preferences and expectations, retail formats and offering and marketing channels. However, physical shopping remains relevant as an experience for consumers and we expect online and offline shopping channels to complement each other as physical shops enriches the consumers in-store experiences and consumers can enjoy browsing the online catalogue in the comfort of their homes.

Continued rise of e-commerce: Singapore's e-commerce market is booming, expanding at a compounded average growth rate of 17.2% per year since 2015. According to JP Morgan's 2020 E-Commerce Report[4], Singapore's business to consumer e-commerce value totalled $6.1 billion in 2019, with an expected CAGR of 7.7% to 2023, taking into account the global economic downturn. Mobile commerce is projected to be worth S$6.52 billion, growing faster than the overall e-commerce market at 13.6% to 2023. Growth in this subsegment is expected to be focused in the 18 to 29 age group, with up to 75% using mobile devices to shop. According to Colliers International research, Singapore currently has the highest online shopping penetration rate in Southeast Asia, with 26% of Singaporeans shopping online at least once a week. The 25 to 44 age group has the highest propensity to shop online and are a driving force in the current retail environment. Brick-and-mortar grocers and retailers are increasingly leveraging on e-commerce platforms and omni-channel strategies to improve their in-store sales, including through "Click-and-Collect" options and other omni-channel marketing

[4] https://www.jpmorgan.com/merchant-services/insights/reports/singapore-2020

strategies which are proving to be popular among consumers and effective in driving in-store sales. During 2020, the Covid-19 pandemic intensified the rise of online sales as a share of total retail sales to stand at 10.4%, relative to 7.2% in 2019.

Figure 20

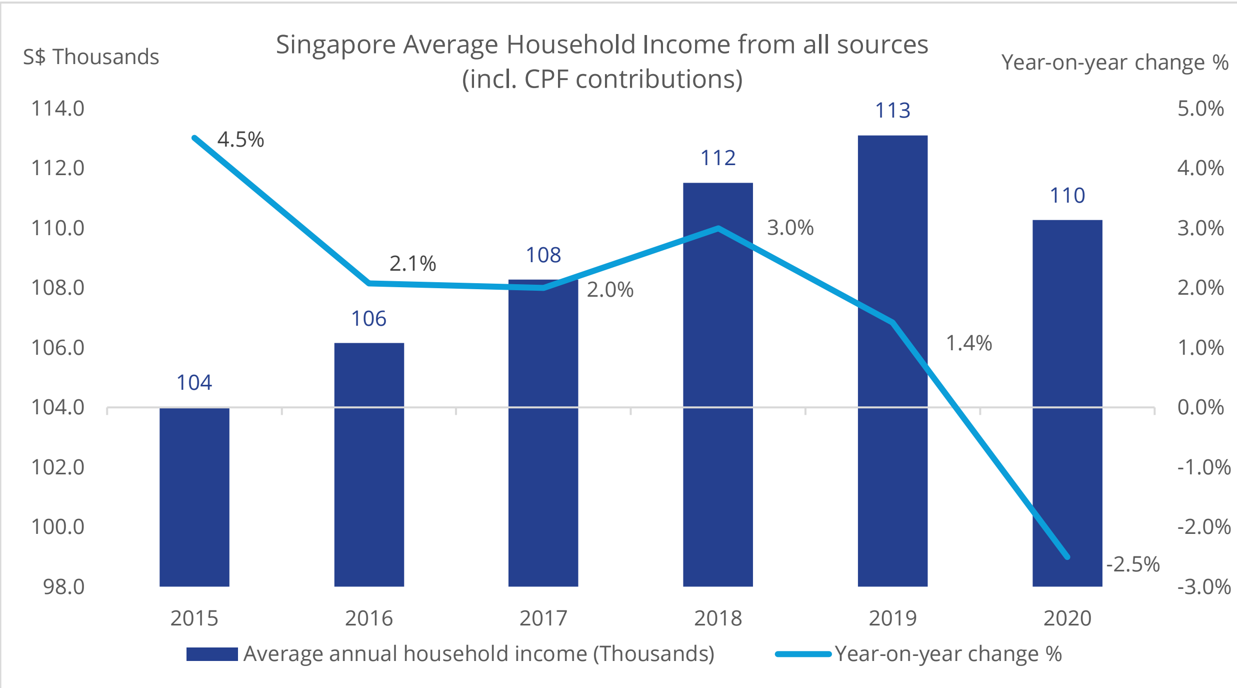


Source: E-conomy SEA 2019 Report by Google, Temasek and Bain & Company, JP Morgan's 2020 E-Commerce Report, Oxford Economics and Singstat. Chart assembled by Colliers International.

2.6. Household Income & Retail Spending power

According to data from Singstat and Oxford Economics, the average household income from all sources (including CPF contributions) stood at S$110,268 in 2020, down 2.5% year-on-year from 2019. Over the previous five years prior to Covid-19, the Singapore average household income rose by an average of 2.6% per year, outpacing the five-year inflation rate average of 0.25%.

Figure 21

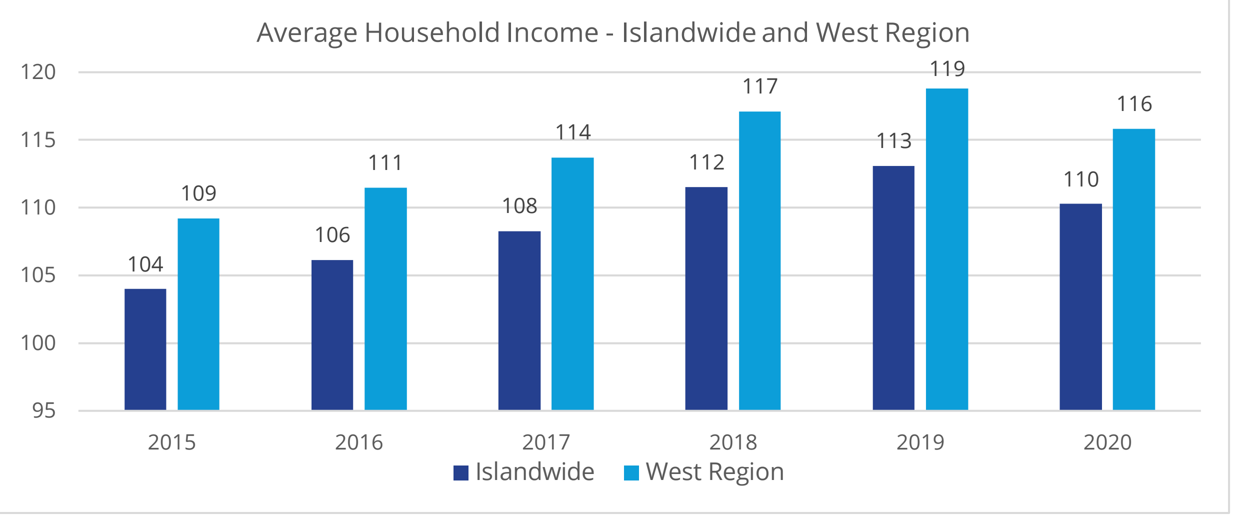


Source: Singstat, Oxford Economics

Singapore's total consumer expenditures declined for the first time in the past five years amid the economic recession. Based on estimates from Oxford Economics, total consumer spending stood at about S$124.1 billion in 2020, down 9.6% year-on-year relative to 2019. Consumer spending declined across most categories of expenditures, with the largest year-on-year declines in accommodation services (-43.9%), non-personal transport services (-42.7%), packaged holidays (-49.3%) and restaurants and hotels (-36.4%), while the largest increase in consumer spending year-on-year was in alcoholic beverages (8.5%), reflecting the effects of the lockdown on the community.

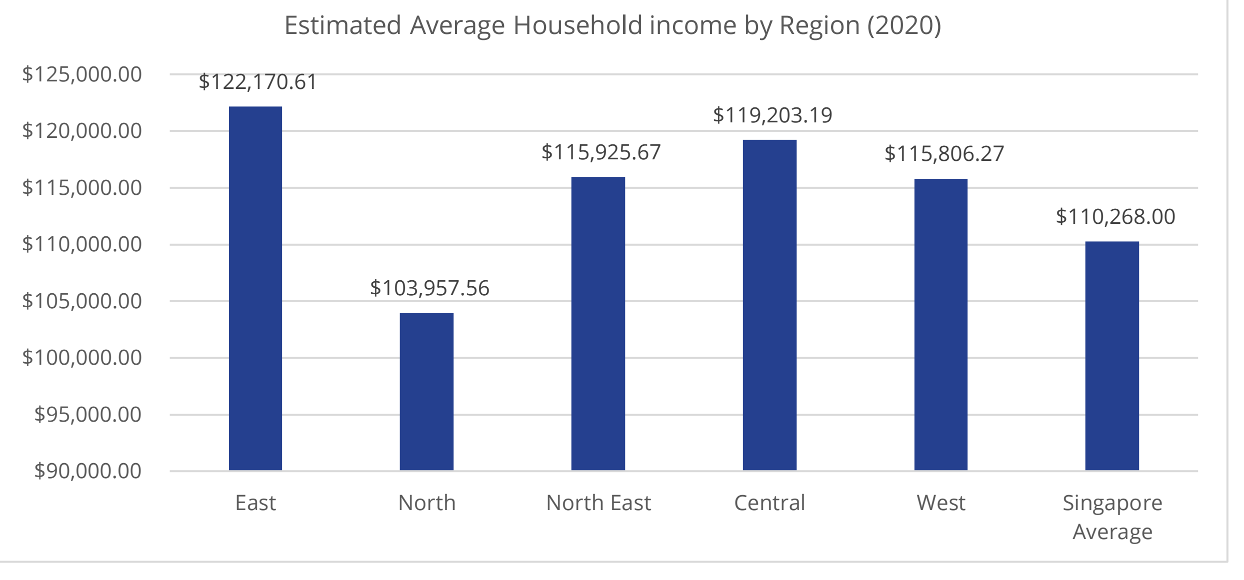
According to census data from Singstat the West Region's average household income is approximately 5.0% higher on an annual basis compared to the Singapore island-wide average, which suggests that the West Region households have a slightly higher disposable income and equivalent higher average retail spend that the rest of the Singapore population.

Figure 22



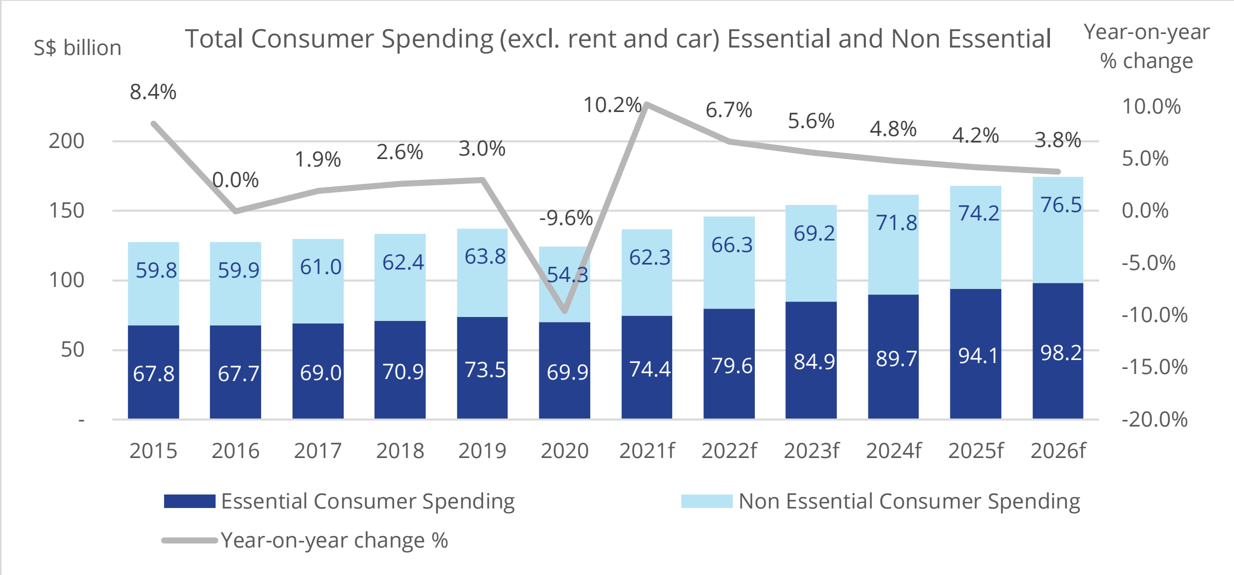
Source: Colliers estimates based on Singstat, Oxford Economics

Figure 23



Source: Colliers estimates based on Singstat, Oxford Economics

Figure 24



Source: Oxford Economics based on Singstat

2.7. Retail Industry & Business Trends and Their Impacts on the Retail Sector

The Covid-19 pandemic has accelerated certain emerging trends in the Singapore retail sector, as follows:

Shifting tenant mix with food & beverage businesses anchoring malls: Food and beverage (F&B) continues to be a major growth driver of the retail sector, reinforced by the strong growth in online sales recorded in 2020. Supported by a shift in spending patterns toward food-related retail categories among customers, the share of F&B businesses in the tenancy mix is rising in malls across Singapore. Several existing malls have added new F&B components or are repositioning their tenancy mix in favour of F&B outlets, with as much as 35% to 40% of total net lettable area being dedicated to F&B outlets, to improve their F&B offering and provide new experiences to consumers. In the aftermath of the Covid-19 pandemic, F&B businesses are considered favourable tenants as they were allowed to continue operations and generate revenue during the Circuit Breaker using online delivery applications.

More experiential and community-based activities in malls: Singapore retail malls are attracting activity-based tenants and activities to entice repeat visitation and extend dwell time among patrons. Diverse lifestyle and experience-based operators, including gyms, fitness studios, education centres, entertainment operations, social kitchens, makerspaces and other concepts are growing in popularity across Singapore. Several malls also increasingly feature family-friendly and community-oriented tenants and amenities, including childhood enrichment centres, sport and cultural facilities, community centres, and host regular community events. Post-Covid-19, experiential retail will likely continue with more stringent preventive measures in place such as disinfecting public areas more frequently and registration before entering these areas to facilitate contact tracing.

Digital transformation of the retail landscape: Alongside the digital transformation of corporations, the retail landscape is shifting towards the use digital transformation at unprecedented speed. From the use of AI and data analytics to deepen their understanding of the consumer base, optimization of inventory and operation via algorithmic approaches, enhancing the shopping experience though the use of augmented reality, building collaborative ecosystems through partnerships with other retailers, technology platforms or other innovative partners will extend retailers to extend existing business capabilities and offer new products and services therefore ultimately resulting in improved consumer satisfaction. For examples, Lendlease has came up with a Rewards program that expands their reach to their consumer base and improves customer retention.

Prevalence of malls as main socialisation locales in Singapore: In Singapore, shopping malls are the primary form of meeting, entertainment and community spaces. Given their strategic locations and controlled environments, shopping malls play a key role in the social fabric of Singapore, both in the primary shopping areas such as Orchard Road and in the regional centres and remain the places with the highest customer footfall and repeat visitation. As a result, many online-only retail platforms are looking for brick and mortar stores to set up a physical presence in Singapore shopping malls, because while online engagement will continue to increase, a physical presence is still very essential in the Singapore context.

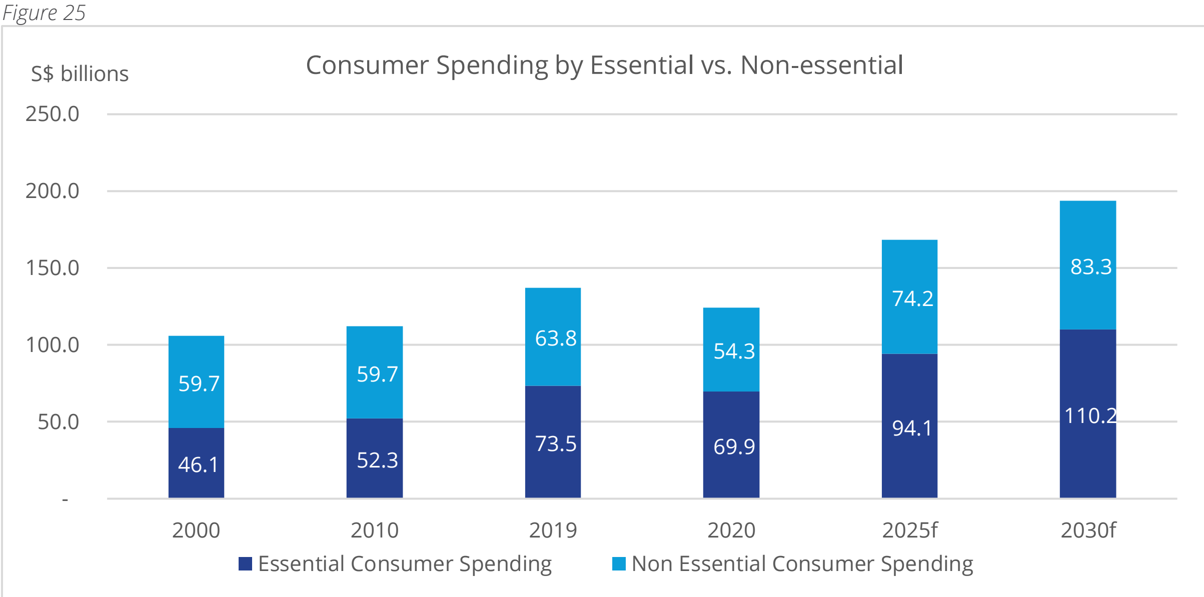
Malls are bridging the gap between physical and digital retail: Singapore retail malls have made considerable efforts to become the bridge between brick-and-mortar and digital retail formats. Shopping malls are now increasingly leveraging on integrated “Click-and-Collect” options, omni-channel marketing strategies and digital marketplaces featuring the merchandising of their tenants, to enhance the shopping experience, complement in-store offering and drive sales. While these strategies were already being used by individual retailers and brands, these have barely started being implemented by shopping mall operators in Singapore. These platforms offer shoppers the flexibility to browse items online, before purchasing in-store. Simultaneously, shoppers have the option to browse in-store before purchasing items online and opt for home delivery, in-store collection or collection points such as POPstations situated conveniently in retail malls to facilitate last mile delivery. As the retail sector transitions toward a 'phy-gital' model, retail malls have an opportunity to play a key role in bridging the gap between the physical and the digital realms.

2.8. Outlook and Forecast

In the short term, retail absorption is expected to turn positive in 2021 as the economy gradually reopens, while new supply will remain muted. As tenant mixes are rejigged, average retail rents are expected to stay flat in 2021 but could improve thereafter with widespread virus containment and resumption of tourism.

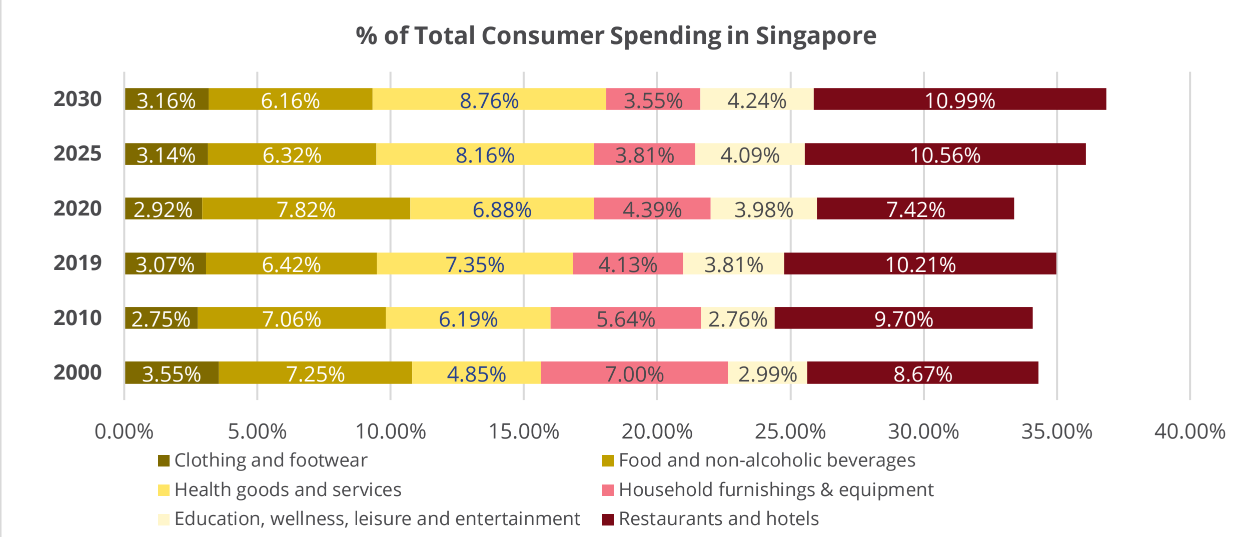
There is a shifting trend in consumer spending by retail categories. The distribution of consumer spending has changed over time due to shifting consumer preferences and will continue to transform the retail sector, benefiting key categories such as spending in restaurants and health good & services. Hence, consumer spending on essential goods and services are generally more resilient and is expected to increase as a share of total spending in years to come.

Figure 25



Source: Colliers International, Oxford Economics

Figure 26



Source: Colliers International, Oxford Economics

Due to the limited 2021-2025 island-wide new supply, representing just 0.8% of total stock per annum compared to the 10-year historical average of 1.1%, vacancy rates should improve gradually to 8.6% in 2025 as the economy recovers. In addition, the new supply is mostly concentrated in suburban and fringe areas, where there are well-defined population catchments which will help in improving vacancy rates. Rental rates are expected to edge up in tandem with a decrease in vacancy. Capital values will continue to appreciate amid strong investors' appetite for and limited supply of good quality retail assets for sale in Singapore. The table below summarises Colliers International's retail forecasts for the next five years as of March 2021.

Figure 27 Retail Forecasts as of October 2021

Year	Island-wide Demand (sf)	Island-wide Supply (sf)	Island-wide Vacancy (%)	Island-wide Stock (sf)	Orchard Rents (S$psf pm)	Orchard Capital Values (S$ psf)
2021F	652,002	487,881	8.5%	66,578,291	36.49	3,434
2022F	641,168	700,730	8.5%	67,279,021	36.86	3,502
2023F	508,995	482,223	8.4%	67,761,244	37.22	3,538
2024F	462,421	504,827	8.4%	68,266,071	37.78	3,573
2025F	458,000	500,000	8.4%	68,766,071	38.35	3,609

Source: Colliers International

Year	Jurong East Rents (S$psf pm)	Jurong East Vacancy (%)	Jurong East Stock (sf)
2021F	18.95	7.4%	2,079,831
2022F	19.34	7.4%	2,079,831
2023F	19.34	7.3%	2,079,831
2024F	19.43	7.3%	2,079,831
2025F	19.43	7.3%	2,079,831

Source: Colliers International

3. Singapore Office Market Overview

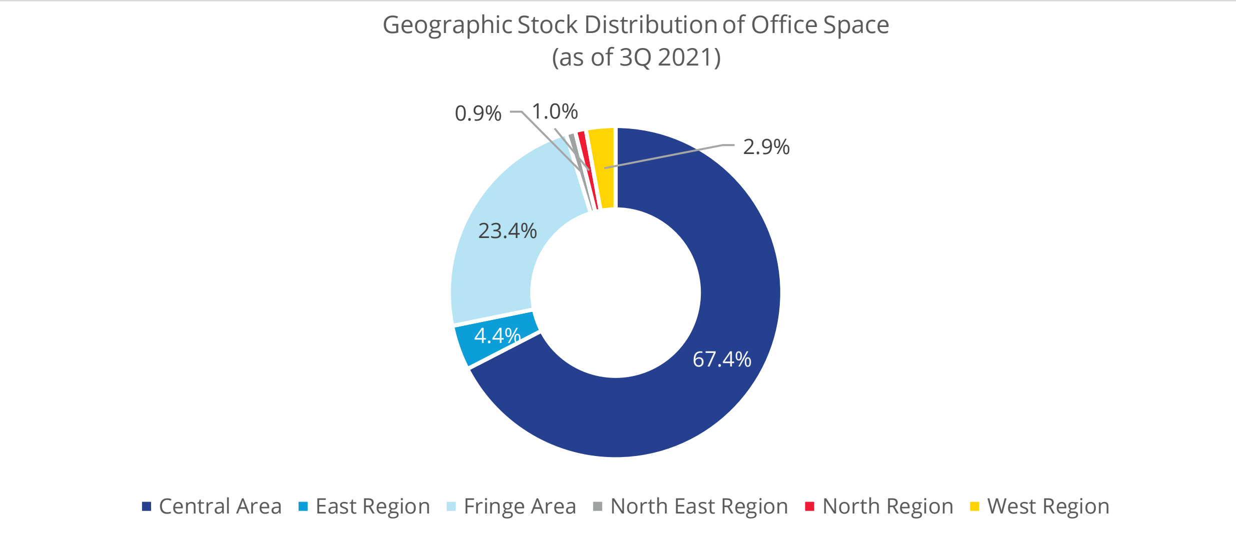
3.1. Overview of Singapore Office Sector

According to data from the Urban Redevelopment Authority (URA), Singapore's existing total island-wide office stock stood at 8.0 million sf as of 3Q 2021. The bulk of the total office stock (67.4%) is located in the Central Area, followed by the Fringe Area (23.4%). The West and East Regions accounted for 2.9% and 4.4% of the total island-wide office stock respectively.

The Central Area consists of the following planning areas as defined by the URA: Newton, Orchard, Rochor, River Valley, Museum, Singapore River, Outram, Downtown Core, Singapore River, Straits View, Marina South and Marina East.

The Fringe Area consists of the following planning areas as defined by the URA: Bukit Merah, Bukit Timah, Queenstown, Kallang, Bishan, Marine Parade, Geylang, Toa Payoh, Tanglin, Novena and Southern Islands.

Figure 28



Source: Colliers International, URA

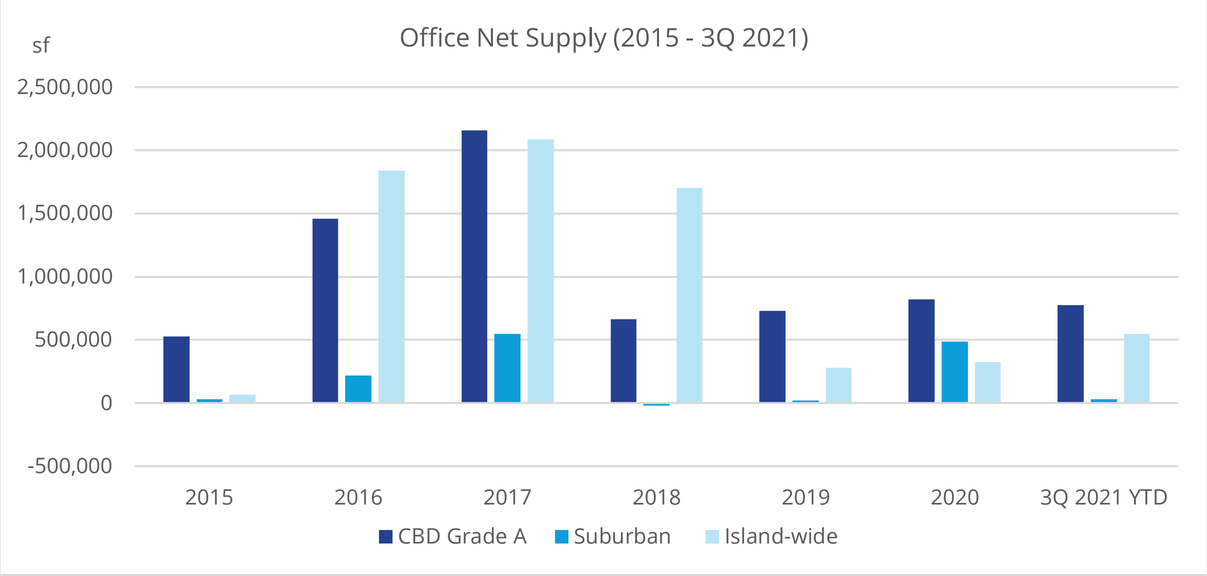
3.2. Office Supply, Demand and Vacancy

The average net office supply over the past five years (2016 to 2020) increased by approximately 250,000 sf per year in the suburban submarket[5] and 1,200,000 sf per year in the CBD Grade A submarket, while the island-wide average stood at 1,240,000 sf per year. In 2020, the net new office supply saw an increase across both the CBD Grade A submarket and suburban submarket at approximately 88,600 sf and 460,000 sf respectively, while the island-wide supply rose by 0.4 million sf.

In 3Q 2021, there was a decline in net supply for the CBD Grade A submarket by 44,600 sf and 450,000 sf in the suburban submarket, whereas the island-wide net supply increased by 220,000 sf.

[5] The suburban submarket refers to the retail space in the suburban areas outside the Central Region as defined by the URA

Figure 29



Source: Colliers International, URA

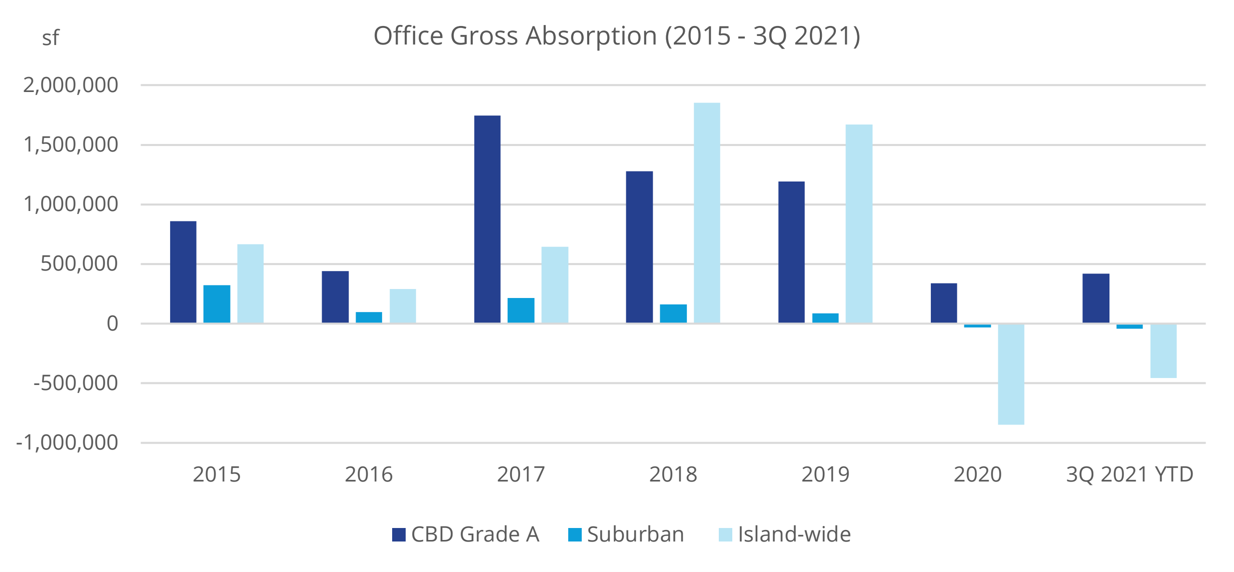
According to the URA, the island-wide gross absorption for all grades of office space turned negative in 2020 for the first time in five years, falling from approximately 1.7 million sf in 2019 to approximately -850,000 sf in 2020. The island-wide net supply has increased from approximately 280,000 sf in 2019 to approximately 320,000 sf in 2020. As a result, the vacancy rate for island-wide all office grades rose from 10.5% in 2019 to 11.8% in 2020 year-on-year. This sudden decline in absorption and occupancy occurred on the back of the cost-conscious approach of office occupiers and the implementation of work from home arrangements during and after the Circuit Breaker.

Similarly, according to Colliers Research, the gross office absorption in the CBD Grade A office segment has slowed significantly in 2020, falling from approximately 1.2 million sf in 2019 to approximately 330,000 sf in 2020. Despite the falling demand, the net supply of CBD Grade A office space increased from approximately 730,000 sf in 2019 to approximately 820,000 sf in 2020 as occupiers continue to seek new quality of space. As a result, the vacancy rate for CBD Grade A office space increased by 180 basis points year-on-year, from 3.4% in 2019 to 5.2% in 2020 amid weak occupier demand and a net supply surplus compared to previous years. The incremental new take-ups in recently completed buildings were marginal while vacancies edged up in all micro-markets except Raffles Place/New Downtown's premium buildings.

In comparison, the gross absorption for suburban office space (all office grades) was negative in 2020 for the first time in five years, falling from approximately 80,000 sf in 2019 to approximately -32,000 sf in 2020. The net supply has increased from approximately 22,000 sf in 2019 to approximately 480,000 sf in 2020. Given the surplus in supply, the vacancy rate for suburban all office grades rose from 12.6% in 2019 to 18.2% in 2020 year-on-year, the largest increase recorded across the office submarkets in 2020. Most of the negative absorption recorded was in the CBD Grade B and below segment and is due to the flight to quality trend which favoured Grade A and Premium buildings. The contraction in gross absorption of office space island-wide as demand turned negative in 2020 reflects the businesses' determination to reduce costs during the pandemic. The negative gross absorption of office space island-wide could also be attributed to delays in fit-out periods, as the majority of pre-committed tenants at Woods Square (in the Suburban submarket) and Centrium Square (in the CBD Fringe submarket) pushed back their move-in dates. Woods Square, developed by Far East Organization, will have a varied tenants list, including AIA Singapore, Omni Network, Tokyo Electron as well as Far East Organization's secondary Headquarters.

In 3Q 2021, the net demand for CBD Grade A improved by 80,000 sf, an uptick from 2020 while the suburban submarket continue to experience a negative demand of -10,000 sf albeit as a slower rate than 2020. The island-wide net demand as also improved to positive levels by 400,000 sf of office space.

Figure 30

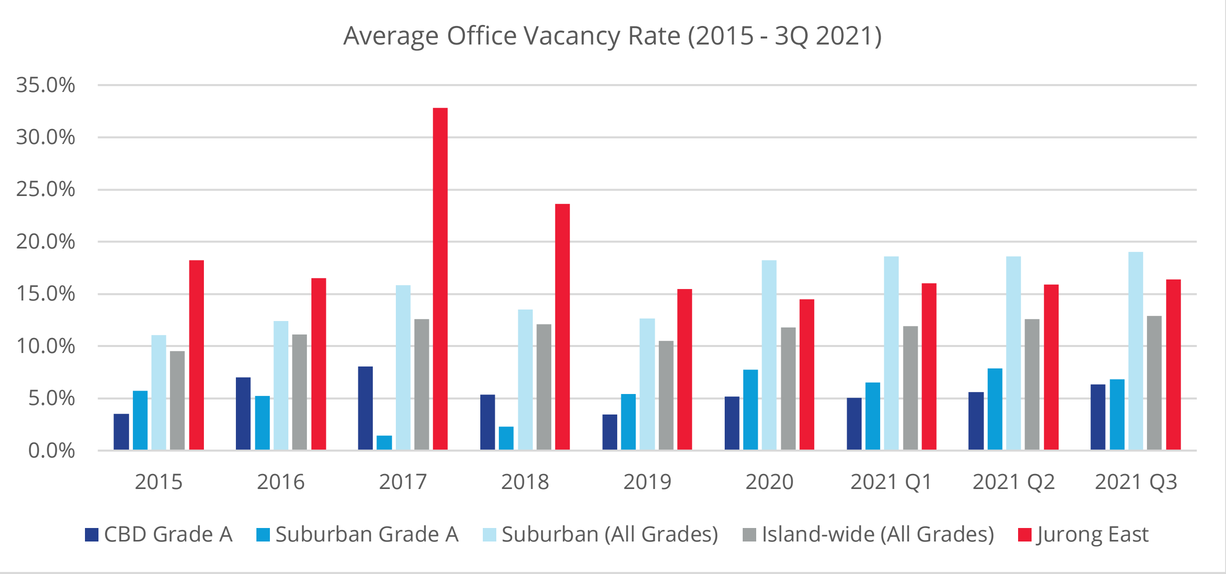


Source: Colliers International, URA

Office demand continues to be driven by the flexible workspace and technology sectors. The Great Room will occupy 37,000 sf of space at the new Afro-Asia i-Mark building after its completion in Q4 2020, while The Executive Centre plans to move and expand into the two highest floors in One Raffles Quay North Tower in 2021. It has also been reported that Twitter and Rackspace Technology, among other technology firms, are expanding their headcount in Singapore. Furthermore, ByteDance is reportedly planning to invest billions of dollars and recruit hundreds in Singapore as part of its global expansion, while Tencent intends to open a new office in Singapore that will be its regional hub for Southeast Asia. Global technology firm Amazon also recently took over three floors (approximately 90,000 sf of space) at Asia Square Tower 1 from Citigroup which will be relocating some consumer banking staff and employees in other functions to the Changi Business Park. Other firms that performed well during this period are seeking to expand, moving into recently vacated office spaces. For example, QBE Insurance which currently has its office at One Raffles Quay South Tower, will move to Guoco Tower after committing to take over one floor of space that was vacated by Grab, which will be consolidating at its new headquarters in one-north. Additional office demand was driven by companies seeking alternative space to meet their reduced space requirements or lower occupancy costs, and many are looking for offices that had been fit out to reduce capital expenditure.

The CBD Grade A vacancy is expected to rise further in 2021 given the incoming supply of Afro Asia i-Mark which is approximately 70% pre-committed. Net absorption in the CBD is expected to moderate in 2020 and return to positive levels in 2021 in face of projected economic recovery and GDP growth.

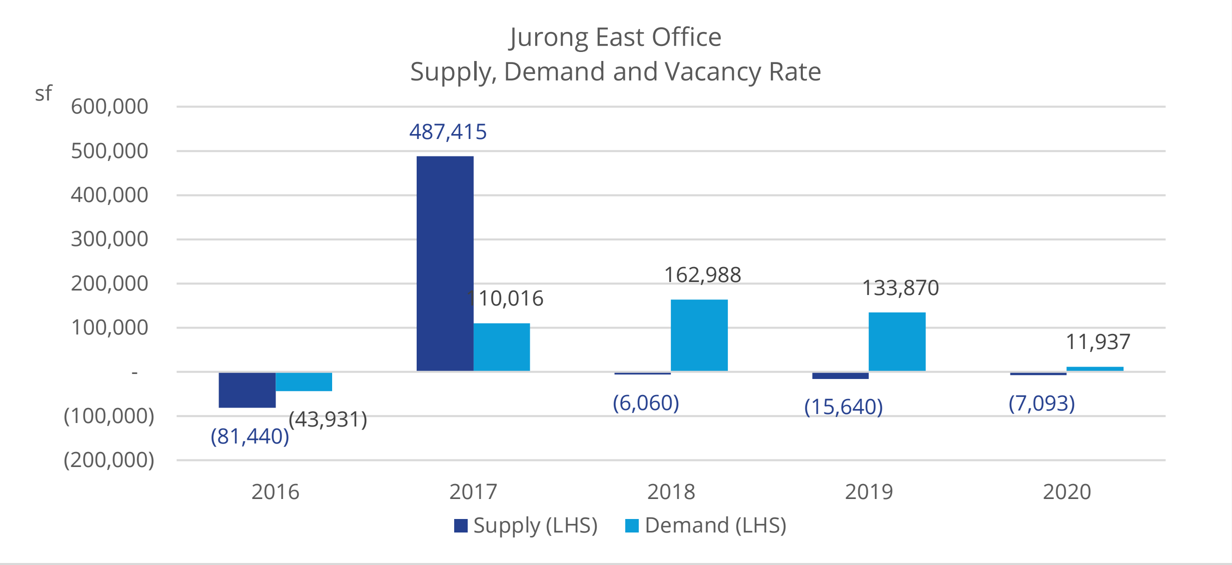
Figure 31



Source: Colliers International, URA

Vacancy rates in the Jurong East submarket has remained resilient despite the Covid-19 pandemic, performing consistently better than the suburban submarket average.

Figure 32



Source: Colliers International, URA

A total of approximately 5.8 million sf of new office supply will be available between 2020 and 2024 island-wide, of which an estimated 66% (or 3.8 million sf) will be in the CBD. The CBD Grade A supply is expected to be muted in 2021 and 2022, with the next major supply wave scheduled for 2023.

In 2021, there will be a projected 1.4 million sf of new office space completed, of which the majority will be in the CBD submarket[6] (770,000 sf). Notable upcoming developments include the Capital Spring which will inject 640,000 sf of Grade A office space in the CBD submarket, refurbishment works at St. James Power Station for

[6] CBD submarket refers to office buildings located within the Central Area, as defined by the URA

conversion of nightlife into office use which will inject 118,000 sf of space in the CBD Fringe[7] with Dyson pre-committing to 100% of the available space, Surbana Jurong Campus @ Cleantech Loop in the CBD Fringe submarket which will house the Surbana Jurong global headquarters with 200,000 sf of office space and Rochester Commons in the Suburban submarket with 260,000 sf of new office space. Both the Rochester Commons and Surbana Jurong are mixed-use developments, with the bulk of Surbana Jurong Campus to include business park uses with a white site component designated for office use and Rochester Commons at one-North to comprise office, retail and hotel components along with a shared executive learning centre.

In 2022, there will be an expected 0.9 million sf of office space to be completed, with majority of the new supply (0.8 million sf) to be injected into the CBD submarket. Notable upcoming office developments include the Guoco Midtown integrated development (650,000 sf) and Hub Synergy Point redevelopment (130,000 sf), both located within the CBD.

In 2023, there will be an expected 1.6 million sf of office space to be completed, with the majority of the new supply (1.2 million sf) to be injected into the CBD submarket. The upcoming office supply in CBD will come from the Central Boulevard GLS site (1,258,000 sf) which was delayed from 2022. There is an expected 360,000 sf of office space to be completed in the Suburban submarket, taken up by the office development at the new mixed-use Punggol Digital District by JTC. The new development will feature a business park, in addition to office, residential and retail components, as well as community facilities and the Singapore Institute of Technology's new campus.

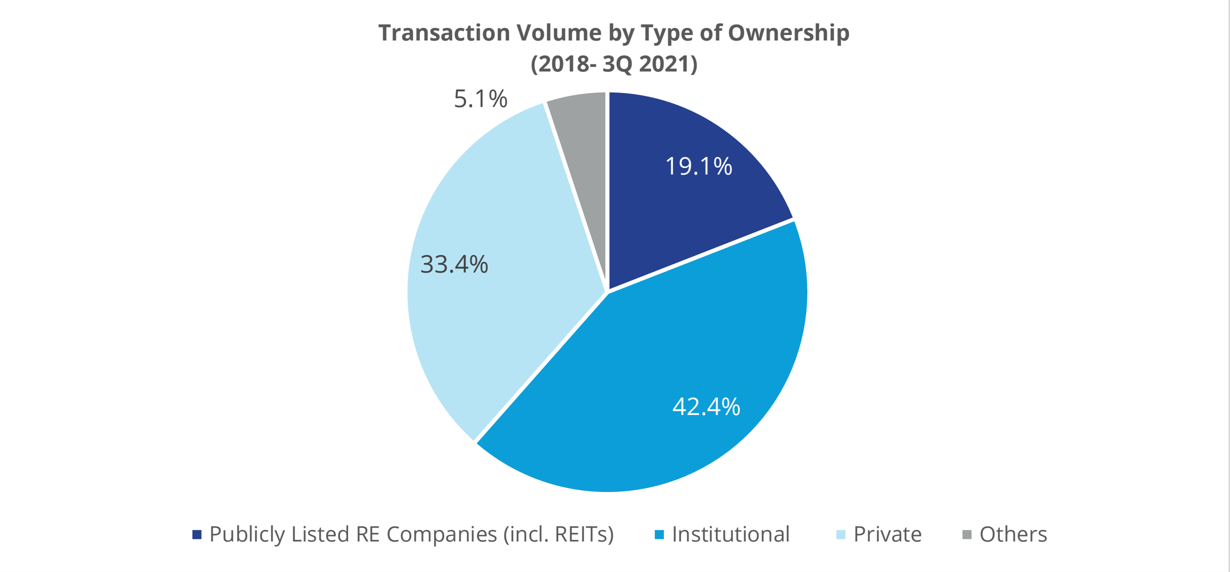
In 2024, the new upcoming office supply is estimated at approximately 1.8 million sf, half of which will be in the CBD submarket and the other half in the suburban submarket. Notable new office developments in the CBD submarket include Keppel Towers redevelopment and the Shaw Towers redevelopment which will inject approximately 525,000 sf and 400,000 sf of office space respectively.

There are three mixed use developments expected to be completed in the suburban and city fringe submarket. The office/retail development at the Jurong East Integrated Transport Hub to be constructed by the Land Transport Authority and the Ministry of Transport at Gateway Drive/Jurong Gateway Road will add 370,000 sf of space which is expected to be completed in 2027. The office/retail development Holland Road will add another 53,200 sf of office space to the total office stock. It is understood that this new development will primarily house the corporate offices of LTA and other government agencies, complementing the Jem office which is 100% leased to the Ministry of National Development (MND), including the Building Construction Agency (BCA) and Agri-food & Veterinary Authority of Singapore (AVA).

The development at Tanah Merah Coast Road will add 220,000 sf of space, with provisional permission given for an integrated hotel, office and retail development which would form part of the future Changi Terminal 5. However, construction progress of this development may be delayed for at least two years due to the pause in the construction of Changi Airport Terminal 5 amid uncertainties regarding the future of the aviation and travel industries in the post-COVID era.

[7] CBD Fringe submarket refer to office buildings located within the Fringe Area, as defined by the URA

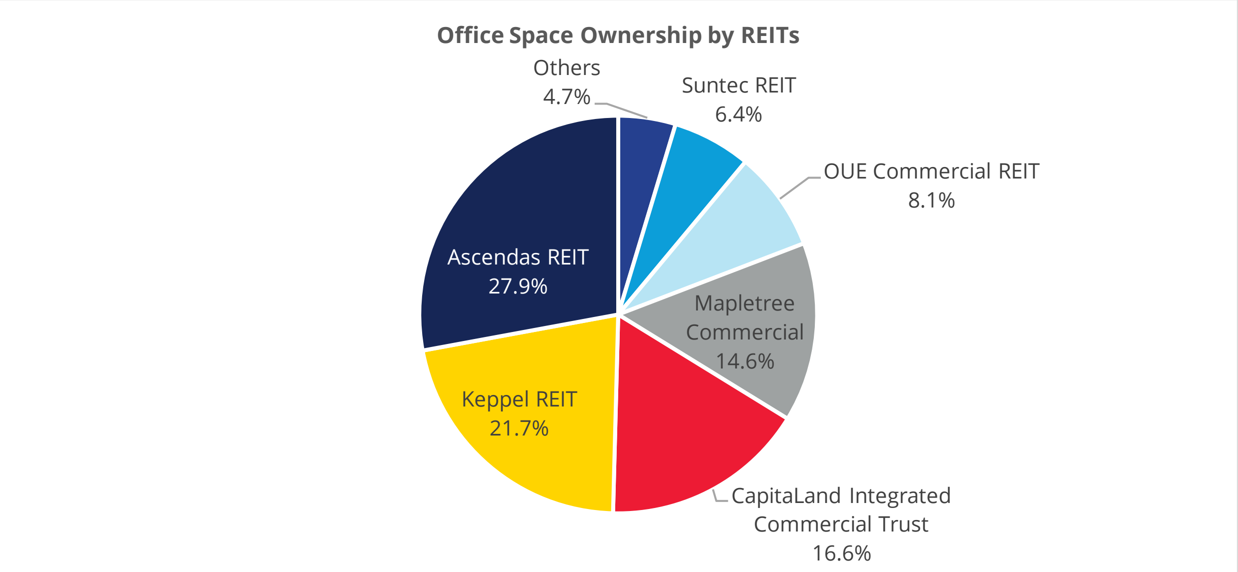
Figure 33



Source: Colliers International, RCA

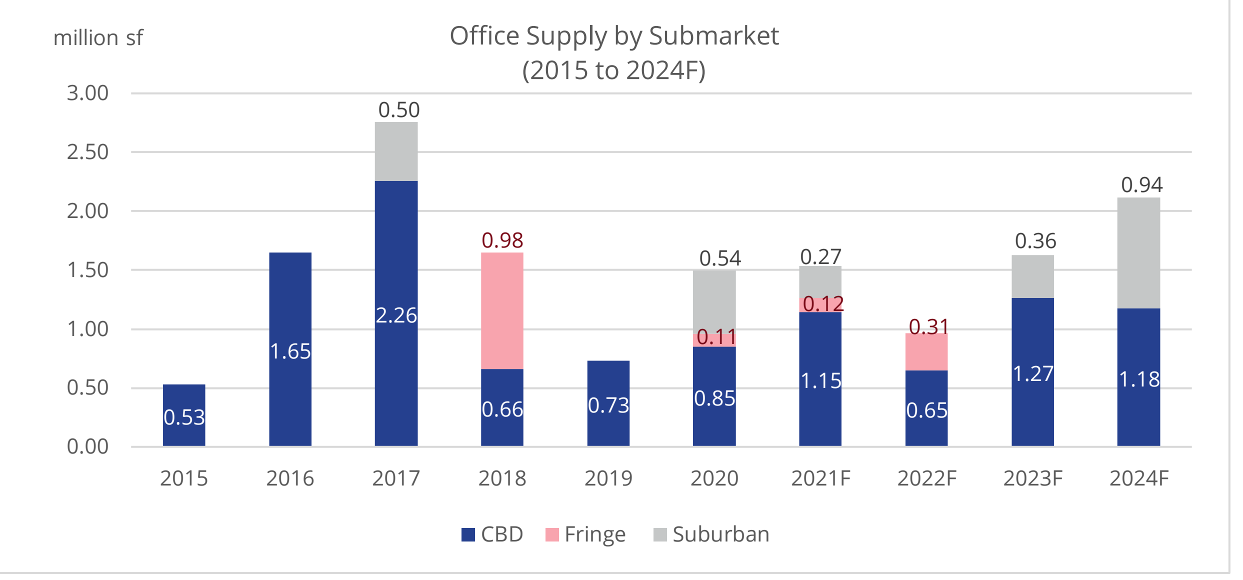
Note: Publicly listed companies include REITs and real estate operating companies. Institutional includes pension funds, NGO, investment managers, insurance and funds. Private includes high net worth individuals and developer, owner and operators. Others include education and corporates.

Figure 34



Source: Colliers International, RCA

Figure 35



Source: Colliers International, URA

3.3. Office Rents

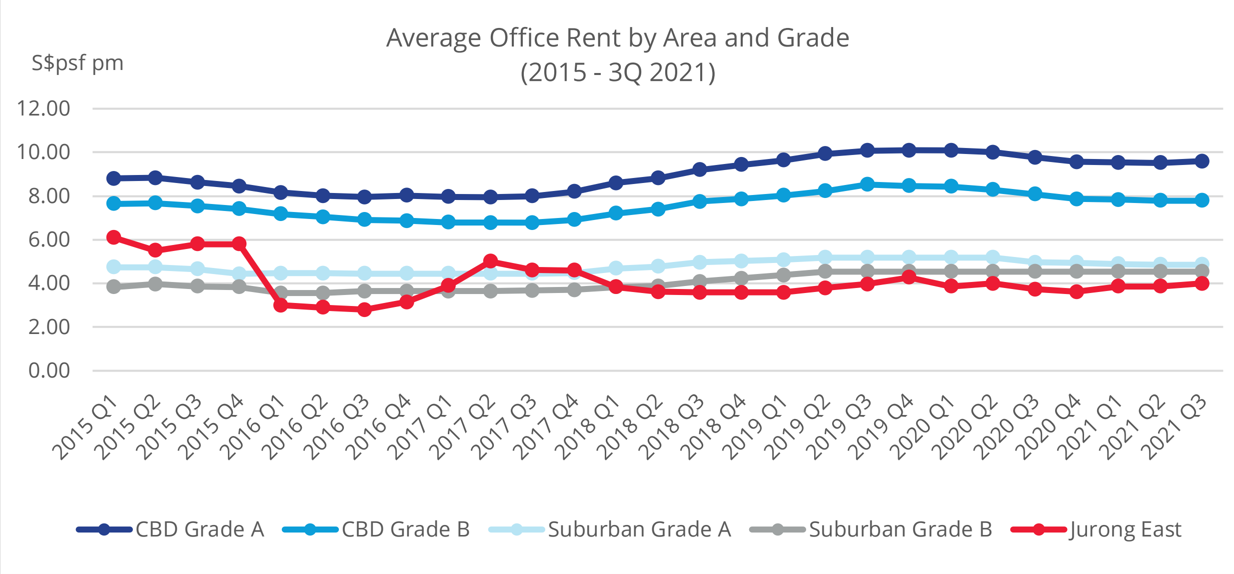
According to the URA, the median rent of island-wide office space fell by 15.2% year-on-year from S$6.05 psf per month in 2019 to S$5.20 psf per month in 2020 as work from home became the normal for a majority of companies amid the Covid-19 pandemic. There are signs of recovery in 3Q 2021 as the median rent of island-wide office space rose to S$5.31 psf per month.

Based on Colliers Research, the average gross effective monthly rent of CBD Grade A office space fell by 5.4% year-on-year from S$10.09 psf per month in 2019 to S$9.57 psf per month in 2020. The average gross effective rent of CBD Grade B office space fell by 7.2% year-on-year from S$8.47 psf per month in 2019 to S$7.86 psf per month in 2020 as occupiers look for value in higher quality buildings. In 3Q 2021, the average gross effective monthly rent of CBD Grade A and Grade B office space declined marginally to S$9.59 psf per month and S$7.79psf per month respectively.

By contrast, the average gross effective monthly rent of suburban Grade A office space fell by 4.4% year-on-year from S$5.18 psf per month in 2019 to S$4.95 psf per month in 2020. The average gross effective monthly rent of Suburban Grade B office space remained flat year-on-year, at S$4.54 psf per month in 2020. The suburban Grade A and B rents were more resilient than that of the CBD Grade A and B rents as the majority of office stock is concentrated in the CBD, which saw a larger decline in rent. In 3Q 2021, the Suburban Grade A average gross effective monthly rent has declined marginally to S$4.86 psf per month while the Suburban Grade B rent remained flat.

In the West region, the median rent of office space fell by 15.5% year-on-year from S$4.27 psf per month in 2019 to S$3.64 psf per month in 2020, while rents in the Jurong East planning area saw similar decline of 15.5% year-on-year from S$4.27 psf per month in 2019 to S$3.62 psf per month in 2020. In 3Q 2021, the Jurong East median rent saw an uptick to S$4.00 psf per month.

Figure 36



Source: Colliers International, URA

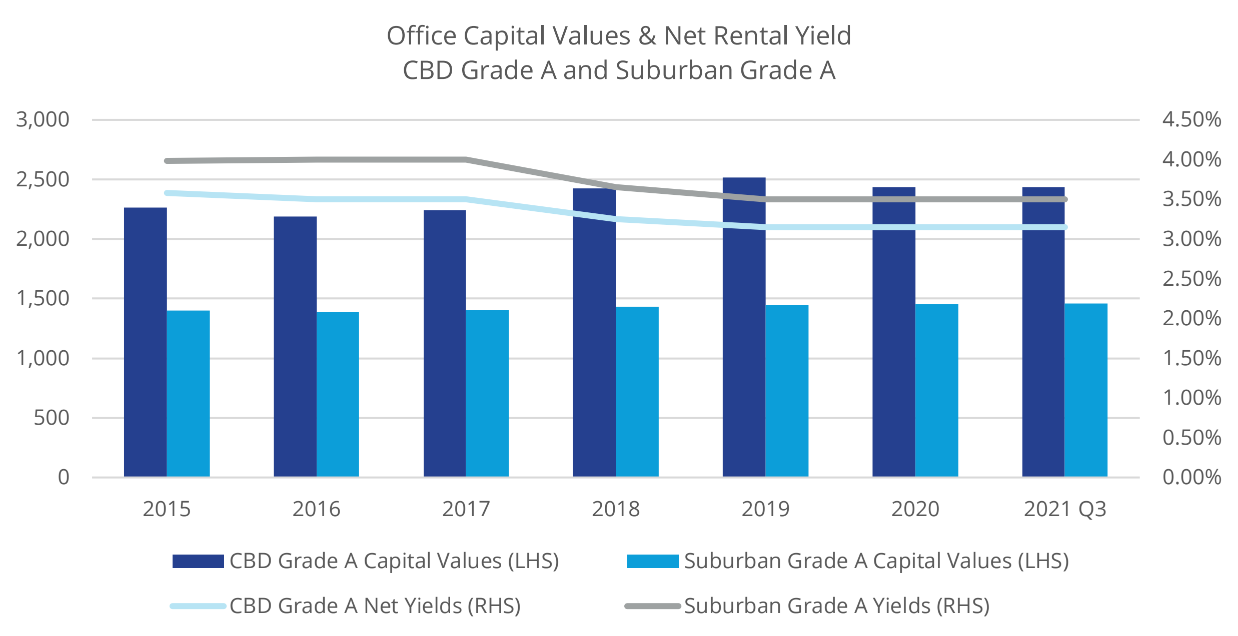
3.4. Office Capital Values and Yields

Based on Colliers Research, the average capital value of CBD Grade A office properties declined by 3.3% year-on-year from S$2,518 psf in 2019 to $2,436 psf in 2020, along with the rental declines. In contrast, the suburban Grade A capital value increased marginally by 0.1% from S$1,450 in 2019 to S$1,452 in 2020, demonstrating the resilience of suburban assets.

Based on Colliers' valuation matrix, the net rental yields for CBD Grade A office properties stood at 3.15% in 2020, remaining flat year-on-year from 2019 while net rental yields for Suburban Grade A office properties stood at 3.5% in 2020, remaining flat year-on-year from 2019, in line with the rental compression in these submarkets.

The capital values and rental yields for CBD Grade A and suburban Grade A office has stayed generally flat in 3Q 2021, with the CBD Grade A net yields rising by 1 b.p. and the suburban Grade A net yields compressing by 9 b.p. as compared to 2020.

Figure 37



Source: Colliers International, URA

3.5. Industry & Business Trends and Their Impacts on the Office Sector

The Covid-19 pandemic has accelerated certain emerging trends in the Singapore office sector, as follows:

Wellness Boom

Occupiers are increasingly looking to asset owners and flexible workspace operators to ensure that employee wellness needs are met. Colliers expects this to become a key priority for office occupiers in 2021 as the pandemic has brought a renewed focus on the employee experience and wellness, with safety and wellness now at the heart of decision making for workspace. Many occupiers are placing more emphasis on wellness criteria such as air replacement frequency and cleaning policies than merely on rental rates and are implementing integrated wellness offerings to add value to the overall office and employee experience.

Flexible Workplace

There has been a significant growth of flexible workspaces outside of central business districts amid the rise of the co-working and flexible workspace format as a suitable office space solution for corporate occupiers of all sizes. This is expected to continue in the near future given the impact of Covid-19 on the office market as occupiers seek more flexibility and lower capital costs associated with their office footprints. In addition, there will be a rise in the use of a Flex and Core strategy as it provides firms with the benefit of long-term security for core operations and allows flexibility for growth, to manage fluctuating or unpredictable headcount projections. As occupiers continue to seek a range of CBD and Suburban locations to meet the new space requirements for their distributed workforce, there is a substantial deficit of supply in suburban areas. The level of amenities for employees is elevated with access to spaces such as meeting, conferencing and event spaces, while reducing the occupier's core commitment. In 2021, Colliers expects the supply of flexible workspace in the non-CBD submarkets (suburban and fringe) to increase dramatically, coming from both existing operators and new entrants, as well as from repositioned retail and hotel assets.

Downsizing and Decentralisation of Offices

There has been an acceleration of decentralising and downsizing of offices as the move towards telecommuting meant businesses seek to reduce their workforce concentration in the CBD and lower their office real estate rental costs. Several occupiers have relocated their corporate offices in their branch offices and others have adopted a flex and core approach with a smaller CBD office space and a series of decentralised office locations throughout Singapore. The rising rents and tight vacancies in the CBD over the past few years has seen a move towards a decentralised business operation model, which was made possible by the economic decentralisation policy of the Urban Redevelopment Authority (URA), promoting the development of new office precincts outside of the Central Area. The CBD Fringe along with other suburban commercial precincts (including Alexandra Road, Harbourfront, Paya Lebar Quarter and good quality office properties in Jurong East such as Jem) have become attractive options for firms due to lower rents, shorter commute for employees and convenient access from residential areas. The trend for shifting non-consumer facing operations to non-CBD areas such as Changi Business Park, one-North and Pasir Panjang are expected to continue, as seen in Google and Cisco moving to Mapletree Business City II in recent years. Colliers expects demand for decentralised office spaces to rise in years to come amid a rationalisation of the office rental costs and greater work flexibility provided to employees.

Sustainability and Green Buildings

As US rejoins the Paris Accord for climate change and China aims to be carbon neutral by 2060, there will be a global shift in mindset towards the environment and sustainability. Sustainability will be a key consideration for occupiers and owners, as renewable energy and efficiency increase in importance along with governmental regulations. The Building and Construction Authority (BCA) targets at least 80% of buildings (by GFA) to be green by 2030. Building owners must submit energy audits annually and those with GFA over 15,000 sqm must adhere to the minimum standards. New buildings will seek to incorporate these standards, hence increasing construction costs, as well as the cost of retrofitting for existing buildings. Based on the International Finance Corporation (IFC), green office and industrial properties represent an investment opportunity of US$2.7 trillion in the APAC region over the next 10 years, as well as operational cost savings up to 37%, price premium of up to 37%, higher occupancy of up to 23% and annual rental incomes up by 8%.

Following on from the pandemic, there have been an increase in the preference for wellness certified buildings that optimise indoor air quality, provide acoustic and thermal comfort, maximise natural lighting, and provide high water quality. The World Green Building Council has found that green buildings with wellness features reduce employee absenteeism, with employees feeling more productive and healthier. Over the near term, we expect the increasing importance of sustainability to have the following implications for investors and owners.

Rise of Asian Technology Occupiers

The technology sector has become a major demand driver for the Singapore office sector. In November 2020, the Wall Street Journal reported that the technology sector contributed 75% of the returns of the S&P 500 up to that time in the year. While the global sector is dominated by Apple, Amazon, Microsoft, Facebook, Google and Netflix, within APAC, local and regional companies are also achieving rapid growth. Despite the threat of delisting from US stock exchanges, Alibaba, Tencent, Huawei, Meituan, JD.com, Baidu, and Xiaomi are some of APAC's fastest expanding groups. In 2020, Singapore become the focal point of this outward movement, with multiple announcements from major Chinese technology companies showed their ambitions towards both the city state and the wider ASEAN region:

- Tencent, Alibaba and ByteDance announced plans to set up and expand their regional headquarters in the city.
- Alibaba, which owns Lazada, a Singaporean e-commerce firm, also invested in the AXA Tower, which is expected to be the site of its new headquarters in the city.
- BigoLive planned to move its servers from Hong Kong to Singapore.
- The MAS (Monetary Authority of Singapore) granted two digital wholesale banking licenses, one to the Ant Group (Alibaba's financial services arm) and the other to a Chinese-led consortium comprising Greenland Financial Holdings, Beijing Co-operative Equity Investment Fund Management and Linklogis Hong Kong.
- In addition, there was interest from Haitong Securities in expanding operations, while Huawei's cloud division was planning to establish new operations.
- Sea Ltd. has pre-commited majority of the space at Rochester Commons in one-North, which is slated for completion in 2022.

As Asian technology occupiers will continue to dominate the office market in determining rents, incentives and deal structures, it will in effect function as benchmarks for other occupiers. There will be a move away from the

Western MNCs which have traditionally been the source of occupier benchmarks and Colliers expect there to be interest from occupiers in measuring themselves against Asian technology groups recently.

As competition for talent rises in the technology sector, tech occupiers focus on workplace strategy for talent attraction and retention. Based on the results of Colliers' recent Global Workplace Survey and a recent report from Forbes indicate that staff experience, wellness, workplace flexibility, company culture, a sense of belonging as well as companies seeking and acting on employee feedback are paramount in employee retention. Hence, Colliers expect that the continued growth trajectories of Asian technology occupiers will make them attractive to building owners.

3.6.Outlook and Forecast

Despite the present economic recession, Colliers believes that the market dynamics are conducive for a recovery towards the end of 2021 based on:

i) MTI advance estimates of GDP growth of 7.2% year-on-year in 2021
ii) New office demand to be driven by the technology sector and an overall business recovery. The recent award of the digital banks' licenses could also support demand for office space, while Jurong Gateway is well poised to support the move towards decentralisation
iii) Limited supply levels in in the short term 2021 to 2022 with the average annual expansion at 2.6% of stock as compared to 4.7% for the last five years
iv) Positive net absorption to tighten vacancy rates before the next supply hike in 2023
v) CBD stock is expected to further reduce through redevelopment by landlords, such as AXA Tower, Fuji Xerox Towers and Tower Fifteen which have all announced plans for redevelopment, and more are expected to follow in the next few years.

Colliers projects the demand for CBD Grade A space to rebound significantly in 2021, to approximately 780,000 sf, and return to pre-Covid levels by 2023. CBD Grade A supply is expected to drop slightly in the short term as landlords take some buildings offline for refurbishment works. Vacancy rates for the submarket is expected to improve in the short term but rise slightly in 2023 as the market absorbs the large injection in supply.

The demand for office space in the suburban market are likely to remain resilient in the near to long term as well, due to the decentralisation trend as more offices look to the suburban areas to save on rental costs and adopting a flex and core strategy. In addition, in view of the projected growth of the technology sector and their penchant for locating in the fringe/suburban market, we project a healthy and resilient demand for office spaces in the suburban market in the medium to long term, especially in the aforementioned commercial precincts.

Rental rates are projected to improve over the next five years in all submarkets. CBD Grade A rents are expected to rise most significantly by 5.5% to S$10.09 psf per month by 2024. Colliers projects the capital value growth for the CBD Grade A submarket by 2.5% in 2021, in the low interest rates environment and increasing weight of capital allocation to gateway cities in Asia. Rental yields are expected to remain relatively constant amid the low interest rate environment and the desirability of Singapore office properties as an investment asset class.

	JURONG EAST RENTS (S$PSF PM)	JURONG EAST VACANCY (%)	JURONG EAST STOCK (SF)
2021F	3.57	14.4%	1,793,142
2022F	3.61	13.3%	1,793,142
2023F	3.65	13.8%	1,793,142
2024F	3.76	13.8%	1,793,142
2025F	3.80	13.6%	1,793,142

Source: Colliers International

	CBD GRADE A DEMAND (SF)	CBD GRADE A SUPPLY (SF)	CBD GRADE A VACANCY RATE	CBD GRADE A STOCK (SF)	CBD GRADE A RENTS (S$PSF PM)	CBD GRADE A CAPITAL VALUES (S$PSF)	CBD GRADE A NET YIELDS (SF)
2021F	643,030	775,000	5.5%	27,293,150	9.72	2,460	3.8%
2022F	823,824	650,000	4.8%	27,943,150	9.98	2,529	3.8%
2023F	1,131,892	1,265,000	5.0%	29,208,150	10.22	2,592	3.8%
2024F	954,083	925,000	4.8%	30,133,150	10.54	2,670	3.8%
2025F	839,333	800,000	4.5%	30,933,150	10.85	2,670	3.8%

Source: Colliers International

	ISLANDWIDE DEMAND (SF)	ISLANDWIDE SUPPLY (SF)	ISLANDWIDE VACANCY RATE	ISLANDWIDE STOCK (SF)	ISLANDWIDE RENTS (S$PSF PM)	ISLANDWIDE STOCK (SF)
2021F	120,658	257,203	12.1%	8,258,590	$59.01	3.9%
2022F	111,343	35,096	12.9%	8,369,933	$61.65	3.9%
2023F	150,966	152,869	12.6%	8,520,900	$63.23	4.0%
2024F	150,966	114,601	12.8%	8,671,866	$64.23	4.0%

4. Asset Overview

4.1. Location and catchment area analysis

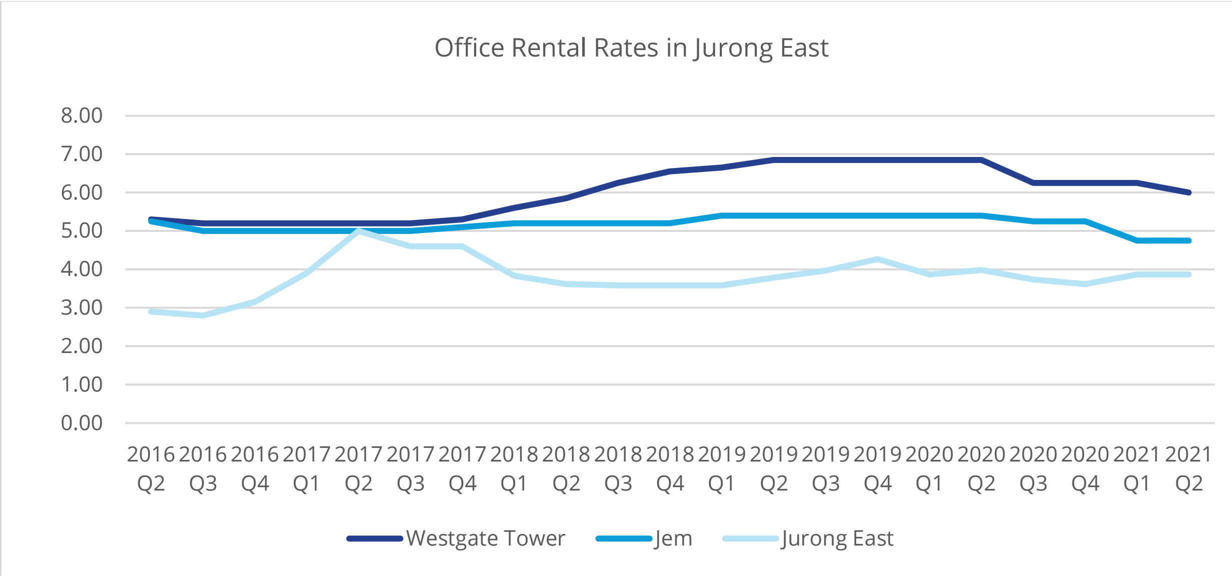
Jem (the "Property") is located in the heart of Jurong Gateway, one of Singapore's designated regional centres and commercial hubs. The Jurong East Regional Centre serves the entire West Region and acts as the primary destination retail and business centre for the western and northwest parts of Singapore. In addition to its proximity to the main campuses of NUS and NTU, Jurong East is also directly connected to the CBD, One North and the Tuas Industrial district via two MRT Lines as well as via the Ayer Rajah Expressway (AYE), and is one of the busiest MRT stations in Singapore by ridership

Note: The catchment area analysis is a high-level estimate based on Colliers knowledge of spending and visitation patterns, Colliers' real estate market understanding and available information from Singstat.

Office Catchment Analysis

Jurong Gateway is the largest office cluster in the West Region and caters to a mixture of office occupiers, including government agencies (Jurong Town Corporation, Housing Development Board, Building Construction Authority), professional services firms, innovation-driven companies and manufacturing-related businesses with operations in the Tuas Industrial district. As part of the future Jurong Lake District, Jurong East is slated to become Singapore's largest commercial and regional centre outside the CBD. We expect the Jurong Lake District to feature strong growth prospects in the medium-to-long term, due to in the move towards decentralisation of economic activities as well as the expansion of Tuas Megaport which is expected to be completed by 2040. As the world's largest automated port terminal and a key destination for maritime activities, the projected demand for office and retail space in Jurong East will likely rise from a positive spillover effect of the Tuas Megaport as manufacturing-and-maritime-related firms seek the commercial hub closest to the Megaport. Based on Colliers Research data on office rental rates for the Property (Jem) and Westgate, the Property consistently performed better than the average for the Jurong East planning area. The average gross office rental rates for Jem stood at S$5.25 psf per month based on sub-leases in 4Q 2020 while the median rental for Jurong East Planning Area was S$3.62 in the same period.

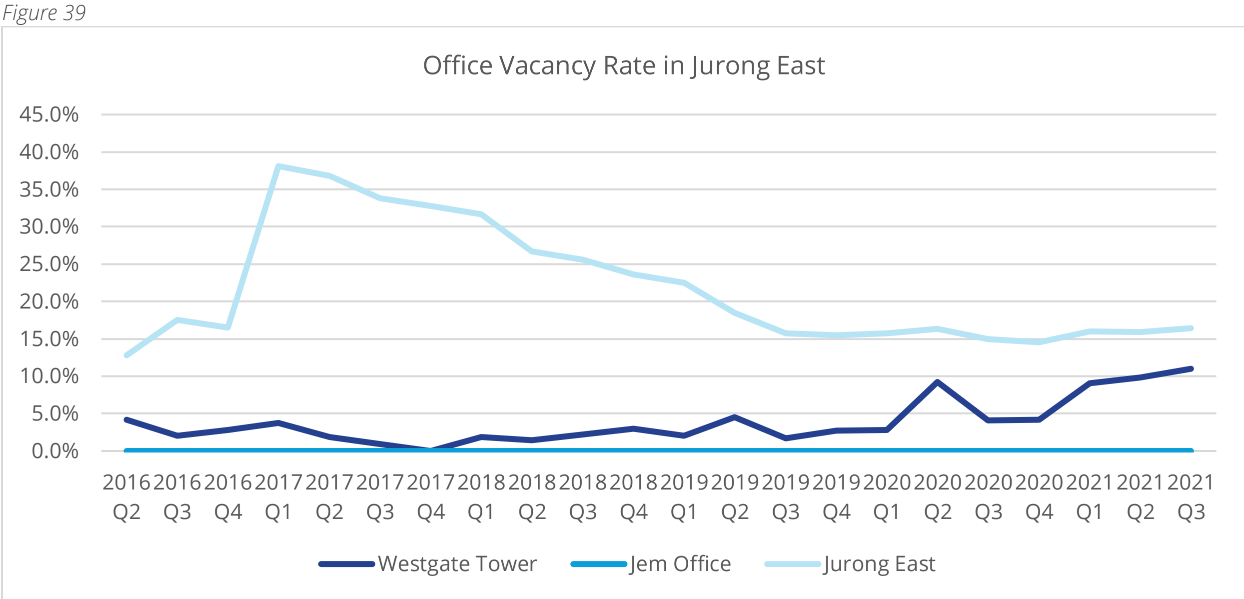
Figure 38



Source: Colliers International, URA

Based on Colliers Research data on office vacancy rates for the Property (Jem) compared with the Jurong East office submarket, the Property consistently performed better than the average for the Jurong East office submarket. The average vacancy rates for Jem was null in 3Q 2021 while the average vacancy rate for the Jurong East office submarket was at 15.9% in the same period.

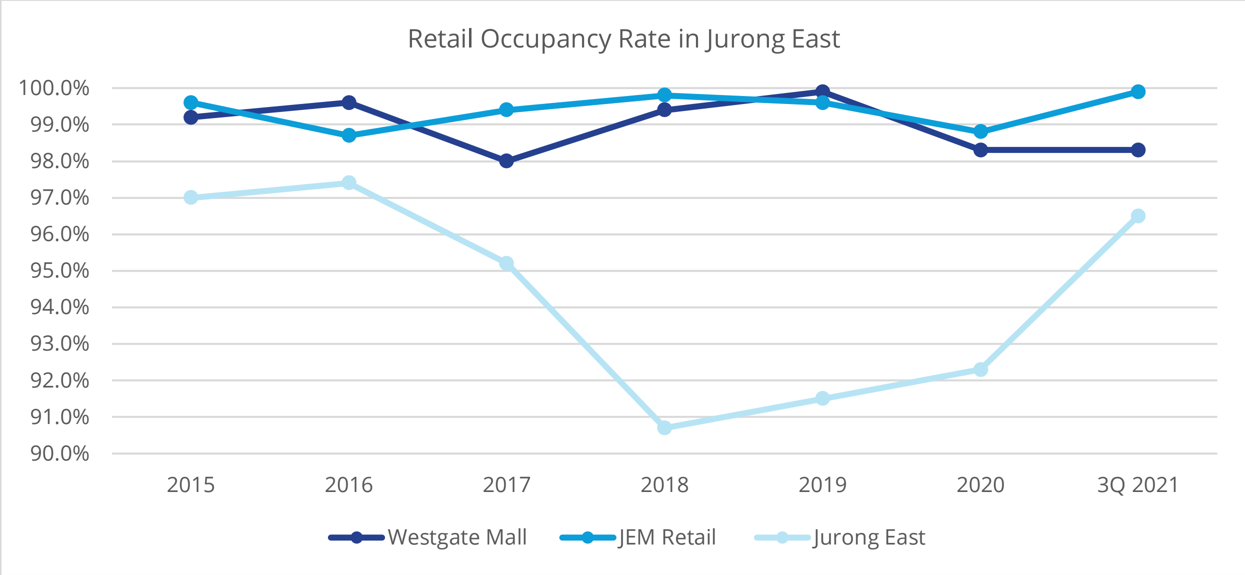
Figure 39



Source: Colliers International, URA

Based on Colliers Research data on retail occupancy rates for the Property (Jem) compared with the Jurong East retail submarket, the Property consistently performed better than the average for the Jurong East retail submarket. The average occupancy rates for Jem were at 100% in 3Q 2021 while the average occupancy rate for the Jurong East retail submarket was at 98.3% in the same period.

Figure 40



Source: Colliers International, URA

Retail Trade Area Analysis Due to the presence of four major destination retail malls (Jem, Westgate, IMM and JCube) and benefiting from the presence of two MRT lines serving high-density residential areas, Jurong Gateway has established itself as the primary destination retail centre in the West Region. The area has become a location of choice for both local and international brands and F&B operators wishing to serve the large and growing population of the West Region. Based on Colliers' market understanding, the total retail catchment area of Jurong Gateway extends to the entire West Region of Singapore along with the Bukit Timah and Queenstown Planning Areas.

The retail catchment area of the Jurong Gateway cluster is divided into three subtrade areas which correspond to the level of visit frequency and share of wallet spend by residents and workers. The delineation of a given catchment area is conducted based on considerations such as spending and visitation patterns, competition with other nearby retail clusters, transport connectivity, and the presence of geographical barriers.

The primary catchment area is the area from which the Jurong Gateway malls derive a large share of their footfall and sales due to regular visitation (several times per week) and a high market share of total spending. The secondary catchment area attracts customers with moderate visit frequency (once per week) and who also spend regularly at other retail clusters. The tertiary catchment area draws occasional customers (with visit frequency of about 1-2 times per month) and a relatively small wallet share at the Jurong Gateway retail cluster.

Colliers estimates the primary catchment area consists of a 2-km radius around Jurong Gateway with an estimated population of 87,295 in 2020 which includes the residents and workers of Jurong East Planning Area.

The secondary catchment area extends to a 5-km radius and includes the Clementi and Jurong West Planning Area (including the upcoming Tengah Forest Town), with an estimated population of about 375,000 in 2020. The tertiary catchment area consists of the entire West Region along with Queenstown and Bukit Timah Planning Area, with an estimated population of 642,000 in 2020. Overall, the entire retail trade area of the Jurong Gateway retail cluster encompasses a broad area with an estimated combined total population of about 1.1 million residents in 2020[8]. Colliers estimate the population growth for primary, secondary and tertiary catchment areas to be approximately 2,300, 9,900 and 17,000 respectively from the period 2015 to 2020.

The average annual household income in the West Region is estimated at S$115,806 as of 2020, which is 5.0% higher than the national average of S$110,258 for the same period. This indicates a higher consumer spending

[8] The population for 2020 is estimated based on the proportion of the catchment area to island-wide total population in 2015 and adjusted for 2020.

power in the West region. According to Oxford Economics, the estimated total consumer spending (excluding rent and car) totalled S$100.2 billion in 2020 in Singapore. Colliers estimates based on Singstat household income data and Oxford Economics' consumer spending that the total consumer spending in the entire trade area accounts for about 23.9% of the Singapore total, totalling approximately S$23.94 billion of estimated consumer spending potential in 2020.

Future Development Plans

The Tengah Forest Town masterplanned by HDB (Housing and Development Board) will feature a smart and sustainable development with an emphasis on nature and community living. The upcoming new town will complement the neighbouring Jurong Lake District and Jurong Innovation District, adding an expected 42,000 new homes upon completion. First phase for the Tengah Forest Town is expected to be completed in 2022 and will be connected to the Jurong East MRT station via the future Jurong Region Line.

Based on information currently available from URA and other agencies, the Jurong Lake District, Tengah Forest Town and Jurong East Planning Area will accommodate an additional of approximately 63,000 new homes which translates into an estimated increase population increase of 160,000 over the next few decades.

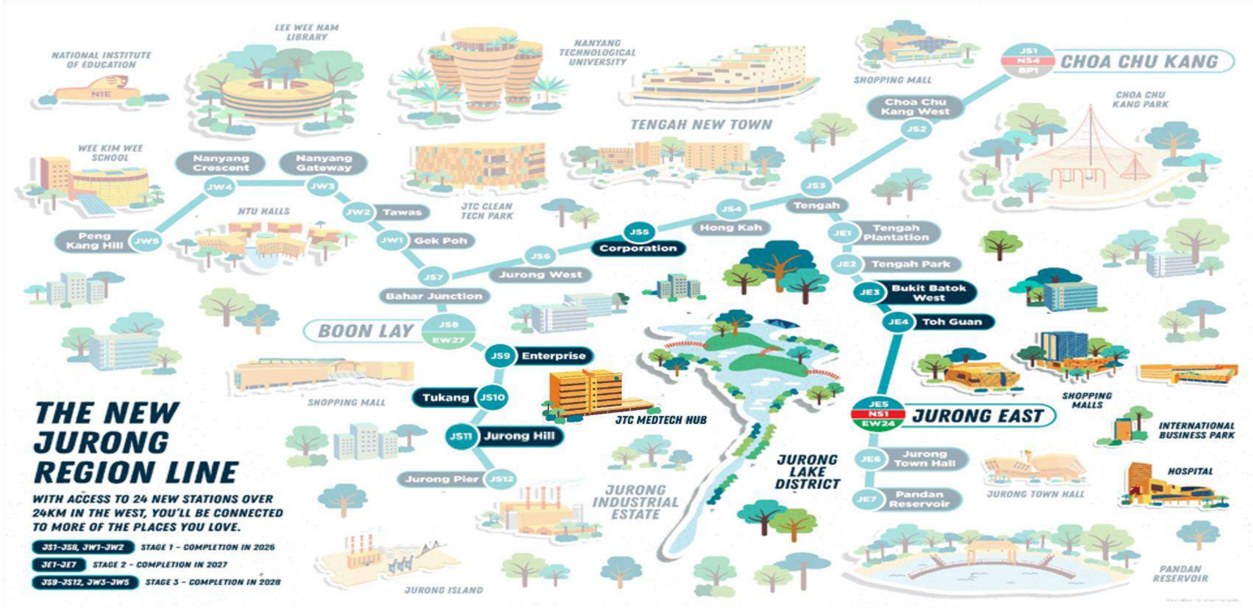
Colliers expect Jurong Gateway to remain a strategic commercial location due the development of the Jurong Lake District and the construction of new transport infrastructure. Most notably, the future Jurong Region MRT Line (JRL) and the new Jurong East Integrated Transport Hub, which are expected to be completed from 2027 to 2029, will enhance connectivity between NTU, Tengah and Jurong East, thereby driving consumer traffic from western residential areas into Jurong Gateway. Improved connectivity with surrounding areas in the West Region is expected to strengthen the role of Jurong East as a major mixed-use office and retail hub, in line with the government's efforts to promote decentralisation.

Figure 41

KEY COMMERCIAL/RESIDENTIAL AREAS	DISTANCE TO JEM (KM)
TENGAH FOREST TOWN	4.1
TUAS MEGAPORT	25.0
TUAS CHECKPOINT	18.0
JURONG INNOVATION DISTRICT	7.8
NTU	8.0

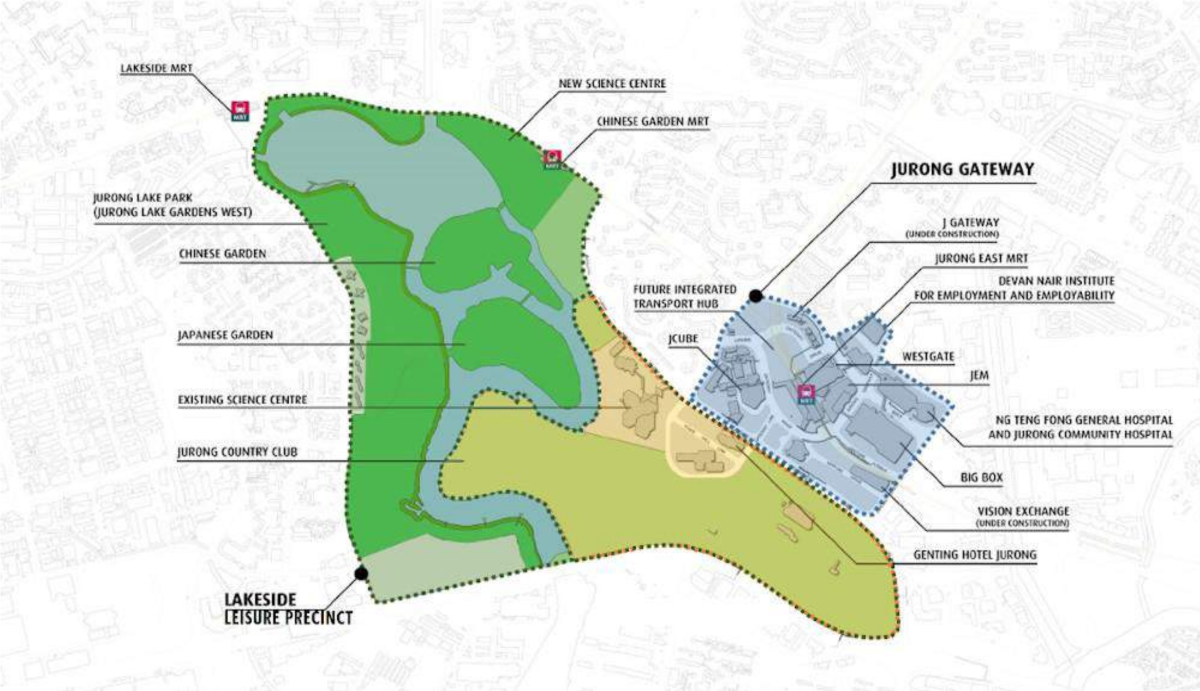
JURONG LAKE DISTRICT	1.8
NG TENG FONG GENERAL HOSPITAL	0.2
JURONG REGIONAL LIBRARY	0.5

Figure 42



Source: Jurong-Clementi Town Council

In addition, the 600ha Jurong Innovation District with its first phase near completion in 2022 will function as an advanced manufacturing hub and create over 95,000 new jobs when completed. Plans for conversion of the former Big Box by acquired by Perennial Estate Holdings will invest over S$70 million to redevelop it into a business park and will be completed progressively from 4Q 2021. Also, IKEA recently opened its third outlet in Singapore in Jem in April 2021, its first store in a shopping mall in the city-state. The ample pipeline of projects in Jurong East will ensure vibrancy in the area and its function as a commercial hub of the West. The Jurong East MRT station connects two MRT lines (East-West and North-East) and the Jurong bus interchange, making it one of the busiest MRT stations in Singapore.

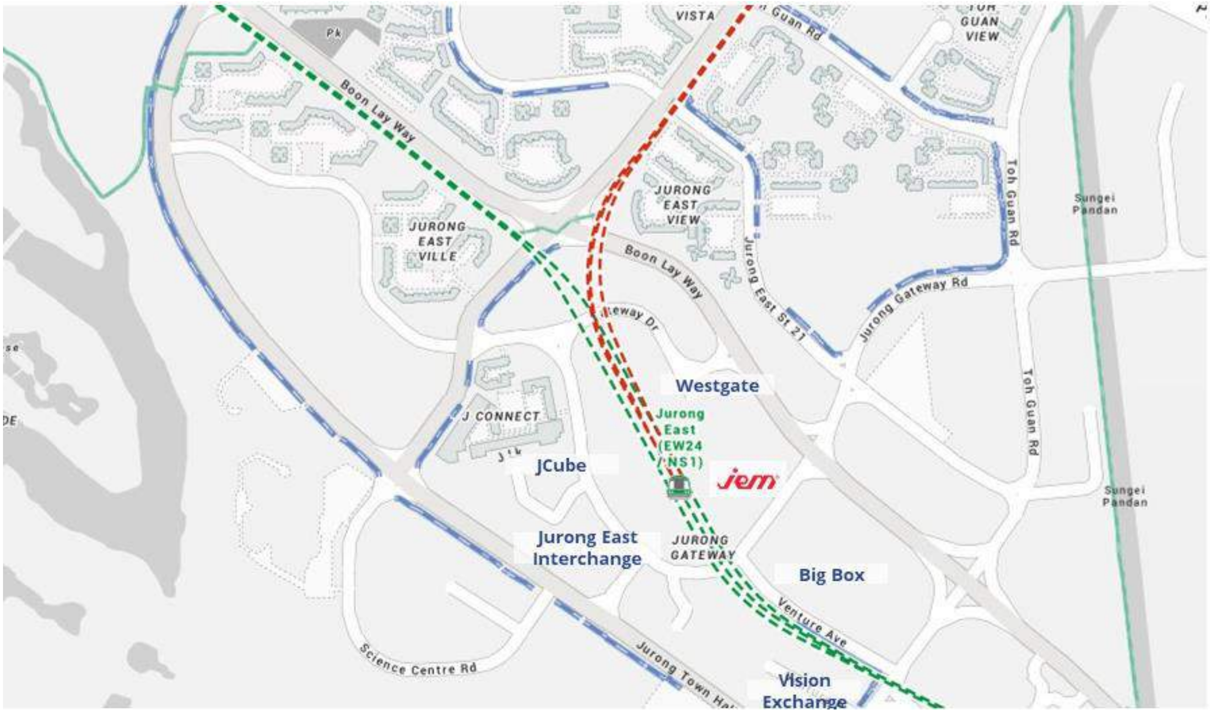


Source: URA

4.2. Property Comparison and Competitive Review

Within the Jurong Gateway micro-market, the Property's key competitors include Westgate Tower (office), Westgate Mall (retail), JCube and Vision Exchange due to their locational attributes and positioning. Colliers has conducted a competitive review comprising these four assets to assess the performance of the property relative to these four properties.

Figure 43



Source: Onemap

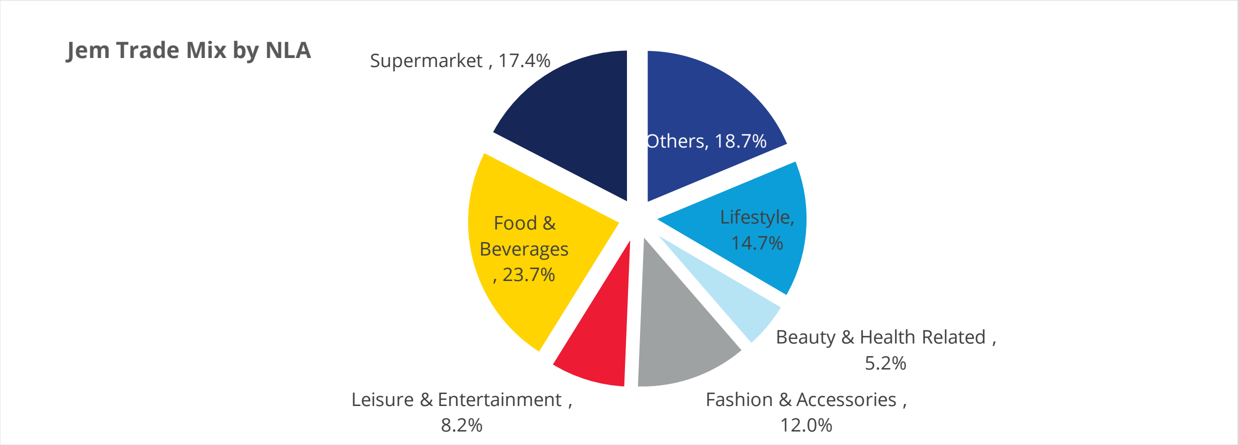
Description and Key Performance Indicators of Jem

Jem is an 892,477 sf mixed-use retail and commercial development built in 2014 located in Jurong Gateway. The mixed-use development is directly connected to the Jurong East MRT and bus interchange and is part of the J Walk - an elevated pedestrian walkway - connecting major surrounding developments (Westgate, IMM, Big Box and the Ng Teng Fong General Hospital). Jem presently has an overall occupancy of 100.0% of its retail and office components as at 30 September 2021.

The retail component of Jem spans six-stories and is positioned as a prime suburban destination shopping mall. The top three trade mix by NLA are F&B at 23.7%, supermarket at 17.4%, fashion and accessories at 12.1% as at 30 September 2021. The key anchor tenants include IKEA, Cathay Cineplex theatre, Fairprice Xtra hypermarket, H&M, Don Don Donki.

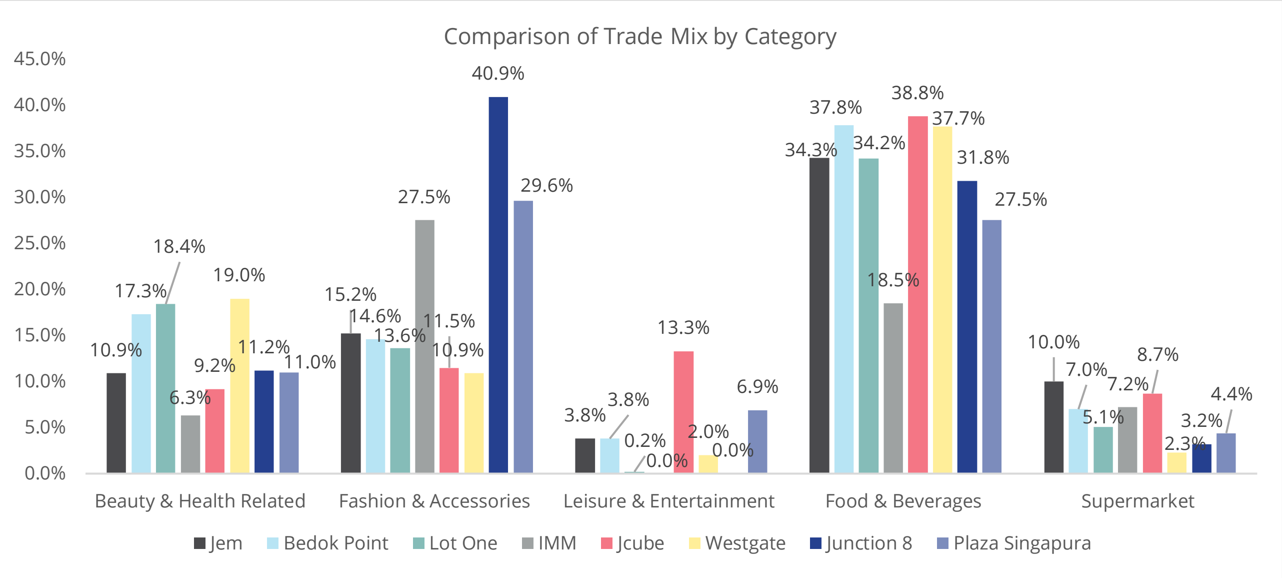
The office component sits atop the retail mall taking up 12 stories, with an ergonomic design that uses natural light. It has large efficient floorplates of approximately 24,000 sf with column free Grade A spaces and raised flooring. The entire office component is fully leased to the Ministry of National Development.

Figure 44



Source: Lendlease Global Commercial REIT as of 30 September 2021

Figure 45



Source: Colliers International, Capitaland Integrated Commercial Trust Annual Report 2020

Note that the % by trade mix by category is based on the gross rental income, as published in the Capitaland Integrated Commercial Trust Annual Report 2020 and provided by Lendlease.

Note that Plaza Singapura is added as a proxy of prime retail mall in Singapore.

Property	Owner	Tenure	NLA (sq ft)	Annual Shopper Traffic (million)	Occupancy Rate	Valuation S$ psf NLA	Estimated Valuation Cap Rate	Tenant Mix	Sustainability
Westgate Tower (Office Grade A)	Sun Ventures Homes & Low Keng Huat JV	LH 99 years with effect from 29 August 2011	320,000	N.A.	95.8%	1,809	**N.A.**	Platinum Yoga, CPG Corporation, Great Eastern, JustCo	BCA Universal Design Mark Platinum
Vision Exchange (Office Grade A)	Sim Lian Group	LH 99 years with effect from 2013	500,000	N.A.	82.7%	N.A.	**2.7% (rental yield)**	Regus, Air Liquide Asia, AIA, Maybank, Magic life	BCA Green Mark Gold Plus (2017)
Jem (Office Grade A)	**Lendlease Global Commercial REIT**	**LH 99 years with effect from 2010**	**311,217**	**N.A.**	**100.0 %**	**2,327 (overall basis)**	**3.5%**	**Ministry of National Development**	**BCA Green Mark Platinum**
One@ Changi City (Business Park Space)	Ascendas REIT	LH 60 years with effect from 2009	667,152	N.A.	92.2%	752	**N.A.**	JP Morgan, EMC, Credit Suisse	BCA Green Mark Gold Plus
Westgate Mall (Retail)	Capitaland Integrated Commercial Trust	LH 99 years with effect from 29 August 2011	410,535	51.1	99.9%	2,753	**4.5%**	Isetan, Paradise Group, Fitness First, Spotlight, Beauty One International, Breadtalk, HAO Mart	BCA Universal Design Mark Platinum (2015) BCA Green Mark Platinum (2018)
Jcube (Retail)	Capitaland Integrated Commercial Trust	LH 99 years with effect from 1 March 1991	206,938	13.9	92.8%	1,392	**4.9%**	Pan Pacific Retail Management, Shaw Theatres, Aston Food & Beverage Specialities, Singapore Sports Council, Hanbaobao	BCA Universal Design Mark GoldPLUS (2013) BCA Green Mark Platinum (2020)

Bedok Mall	Capitaland Integrated Commercial Trust	LH 99 years with effect from 21 November 2011	222,469	20.2	99.5%	3,569	**5.4%**	NTUC, Wing Tai Retail Management, Cotton On, Best Denki, Hanbaobao	BCA Green Mark Platinum (2017)
Lot One	Capitaland Integrated Commercial Trust	LH of 99 years with effect from 1 December 1993	227,671	16.8	99.3%	2,359	**5.6%**	NTUC, Breadtalk, BHG, Courts, Beauty One	BCA Green Mark Gold (2020)
Junction 8	Capitaland Integrated Commercial Trust	LH of 99 years with effect from 1 September 1991	254,209	33.6	100.0%	3,143	**5.6%**	Breadtalk, NTUC, BHG, Best Denki, Golden Village	BCA Green Mark Platinum (2017)
IMM	Capitaland Integrated Commercial Trust	LH of 30 + 30 years with effect from 23 January 1989	424,161	16.1	99.4%	1,591	**9.0%**	Cold Storage, Best Denki, Extra Space Jurong, NTUC, Daiso	BCA Green Mark GoldPLUS (2019)
Singapura	Capitaland Integrated Commercial Trust	Freehold	484,439	16.1	98.7%	2,683	**3.9%**	Golden Village, Cold Storage, NTUC, Spotlight, Wing Tai Retail	BCA Green Mark Gold (2019)
Jem Retail	**Lendlease Global Commercial REIT**	**99 years LH w.e.f from 2010**	**581,259**	**22.2**	**99.9%**	**2,327 (overall basis)**	**4.5%**	**Fairprice Xtra, Cathay Cineplex, Don Don Donki, Koufu, Uniqlo, IKEA**	**BCA Green Mark Platinum**

Westgate Mall, built in 2013, is one of the malls located in Jurong Gateway and directly accessible via J Walk from Jurong East MRT and bus interchange. With an almost full occupancy of 99.9% and an NLA of 410,535 sf of retail space, it is owned and managed by Capitaland Integrated Commercial Trust. As a premier family and lifestyle mall with amenities such as the Ng Teng Fong General Hospital, it offers a holistic shopping experience featuring a ventilated alfresco dining options and children playground, as well a mix of mid and high end offering of retail and F&B family restaurants, food kiosks, fast food and casual dining (Miam Miam, Crystal Jade, Breadtalk, Beauty in a Pot, Genki Sushi), specialty marts (Japan Home and Miniso), wellness and beauty (Sephora, Kiehl's, Fitness First) and fashion (Bata, ECCO, FILA, Pandora, Editor's Market). Westgate caters to a wide range of shopping needs for families, and students in the local catchment area.

JCube, built in 2012, is one of the malls located in Jurong Gateway and across the road from Jurong East MRT and bus interchange. With an occupancy of 92.8% and retail NLA of 206,938 sf, it is owned and managed by Capitaland Integrated Commercial Trust. It is a leisure and edutainment mall housing Singapore's one and only Olympic-sized ice-skating rink and IMAX theatre in the regional centres, and offers a variety of education centres, convenience retail (QB House, Watsons, Daiso, Don Don Donki) and F&B options of family restaurants, food kiosks, fast food and casual dining (Aston's, KFC, KOI, McDonald's, MOS Burger, Saizeriya). JCube caters to a wide range of shopping needs for young families in the neighbourhood.

Vision Exchange is a 25-storey premier commercial building located in Jurong Gateway and across the road from Jurong East MRT and bus interchange, comprising of offices, medical suites and ancillary F&B space. Built in 2018, it is owned by Sim Lian Group and has an occupancy of 82.7%. As the only strata-titled commercial development for sale in Jurong Gateway, it also features high-grade specifications such as raised flooring, fibre-optics connectivity, chilled water system, full height floor-to-ceiling. With floor plates of 25,000 sf and options to subdivide the area, it is home to a mix of SMEs and MNCs in financial institutions, chemical and oil, manufacturing etc. such as Regus, Air Liquide Asia, AIA and Hitachi.

Westgate Tower (office) is a 20-storey commercial building located in Jurong Gateway and integrated with Westgate Mall, accessible directly from Jurong East MRT and bus interchange. With an average floorplate of 17,000 sf, it is developed by Capitaland in 2014 and subsequently owned by Sun Ventures Homes & Low Keng Huat JV. With an occupancy of 95.8%, it has a centralized air-conditioning system, raised flooring and attractive views. Current occupiers include Platinum yoga, Great Eastern, JustCo and CPG Corporation.

Jem to Maintain Competitive Positioning and Benefit from Rejuvenation of Jurong East

Since its completion in 2014, Jem has established itself as one of Jurong Gateway's best performing retail and office mixed-use developments. Strategically located adjacent to and with direct access to the Jurong East MRT station, Jem enjoys a high level of committed occupancy in both its retail and office components even after the Covid-19 pandemic, with 100.0% overall committed occupancy as at 30 September 2021. The rapid taking over of the former Robinsons department store space by the new IKEA store, despite the challenging retail environment and the Covid-19 pandemic, is a strong demonstration of Jem's attractiveness as a retail destination in the West region of Singapore.

The development is well-positioned relative to its competitors in terms of both its tenancy mix, presence of key anchor tenants, retail offering and quality of its space. Jem's unique retail positioning benefits from the active tenancy management and curation strategies to attract and retain unique retail tenants such as IKEA, Don Don Donki, Tsui Wah, Scoop Wholefoods and to maintain a high-level of footfall. The basement F&B area recently underwent an asset enhancement initiative (AEI) and offers plenty of seating area for on-site consumption while catering well to the growing food takeaway business. The balanced retail offering of Jem, with a mix of specialty retail, destination dining options, and local-oriented offering, including the presence of a large FairPrice Xtra supermarket, provides an unequal level of resiliency and future-proofing to changes in the retail environment. Essential services trade mix such as food and beverages, services, supermarket and hypermarket, beauty and health account for circa 58% of its retail NLA. These conditions provide Jem with the potential to rebound faster than its competitors from the Covid-19 downturn, given its ability to attract customers from a vast catchment area, while capturing a high proportion of spending from residents of the Jurong area. In fact, regional suburban malls which are well-tenanted like Jem have already proven to do well during the pandemic due to its higher proportion of non-discretionary uses.

Jem provides one of the very few options of Grade A office space as part of a mixed-use asset with direct access to the MRT station in the West Region. Jem's office component also benefits from a 30-year lease with a stable Singapore government agency, the Ministry of National Development (MND). MND's long-term lease leads the way in the government's push for decentralisation away from the Central Business District and into the regional centres. This validates Jem's positioning as a mixed-use asset that captures the future benefits of the suburban Grade A office sector. With the expected office decentralisation trend as a result of the Covid-19 pandemic and the adoption of remote working, Jem will be particularly well-positioned as it provides conveniently located good quality office spaces near residential communities. Jem's large food & beverage and retail offering also constitutes a strong advantage for office occupiers and workers who increasingly value convenience and experiential considerations when choosing an office location.

Jem is expected to benefit strongly from the further development of the Jurong Gateway area and the adjacent Jurong Lake District as Singapore's second central business district and new tourism destination. With the densification and rejuvenation of the Jurong East area, Jem will benefit from the growing residential and office workers' population as well from the larger number of tourists and visitors. The completion of the new transportation infrastructure in the area, including the new Jurong East Integrated Transport Hub, the Jurong Region Line (JRL) and the Cross Island Line (CRL) will materially improve connectivity to the precinct and expand Jem's retail and office catchment area to a broader area within the West Region and beyond. The relocation of the port activities to the Tuas Mega Port will also have considerable benefits for Jem as many port-oriented companies will consider moving their offices closer to port facilities, with Jurong East being the preferred location.

In short, as a mixed-use development, Jem provides unparalleled conditions for a stable and resilient performance amid a rapidly changing retail and office environment in Singapore. Colliers is of the opinion that Jem will not only maintain its unique and attractive market positioning moving forward but also materially benefit from the numerous exciting urban and infrastructure development projects to occur in the surrounding environment.

4.3. Outlook

Despite the considerable impact of the Covid-19 outbreak and Circuit Breaker in the first half of 2020, the economy rebounded in the second half of 2020. Based on MTI's GDP advance estimates for full year 2021, a year-on-year growth of 7.2% shows a favourable position for Singapore on the back of solid economic fundamentals, healthy household balance sheet and strong overall economic position. Widespread vaccine rollout globally also indicates a likely recovery of global economies, especially China, Europe and the United States which will drive global demand and positively impact Singapore's export-oriented economy. This is especially true for the Jurong East Regional Centre given its rising role to Singapore's commercial landscape.

The Jurong East Regional Centre will remain resilient due to its favourable location as the second CBD of Singapore and the healthy pipeline in the medium to long term will ensure vibrancy and high commercial traffic in the area from manufacturing-and-maritime related firms, government agencies and dense residential catchment area of the entire West Region. Jem is expected to remain competitive and to perform well during the post-Covid-19 recovery due to its strategic location, large catchment area, destination retail offering, high proportion of non-discretionary trades, good quality office space and connectivity to the rest of Singapore. With its mix of mass market, destination retail and family-oriented positioning, Jem is also expected to record a faster recovery from the Covid-19 outbreak as compared to other mixed-use properties in the Jurong East micro-market and elsewhere in Singapore.

Limiting Conditions

1. MARKET PROJECTIONS

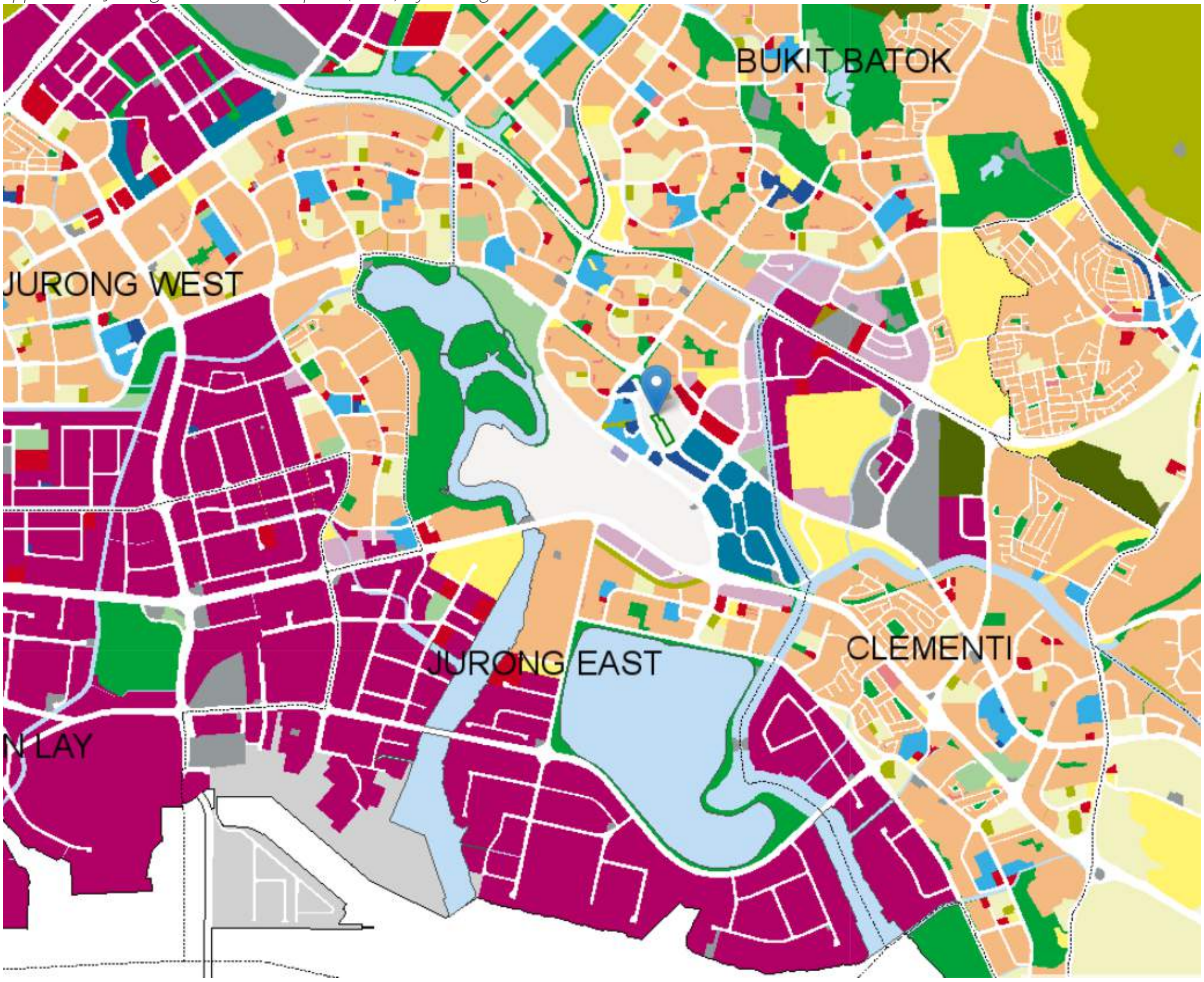
1. Any market projections incorporated within our Services including, but not limited to, growth rates, stock and occupancy rates are projections only and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.
2. Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections. Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.

2. LIMITATION OF COLLIERS LIABILITY

1. To the extent permissible under applicable laws, in no event shall Colliers International be liable to the Client or anyone claiming by, through or under Client, including insurers, for any lost, delayed, or diminished profits, revenues, production, business, use or opportunities, or any incidental, special, indirect, or economic losses, wasted costs, diminution of value or consequential damages, of any kind or nature whatsoever, however caused.
2. All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers International. Notwithstanding this, Colliers International reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.
3. Colliers International, or any employee of Ours shall not be required to give testimony or to appear in court or any other tribunal or to any government agency by reason of this consultancy report or with reference to the property in question unless prior arrangements have been made and we are properly reimbursed.
4. For the avoidance of doubt, our directors and employees shall have no liability in respect of their private assets.

Appendix

Appendix 1: Jurong East URA Masterplan (2019) by Zoning



Legend Key

- Residential
- Residential with Commercial at 1st storey
- Commercial & Residential
- Commercial
- Hotel
- White
- Business 1
- W Business 1 - White
- Business 2
- W Business 2 - White

For more information, please contact

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APPENDIX P

EXISTING INTERESTED PERSON TRANSACTIONS

The table below sets out details of all Existing Interested Person Transactions entered into between (1) LREIT and (2) the Sponsor Group and its associates, during the course of FY2022 and up to the Latest Practicable Date, which are the subject of aggregation pursuant to Chapter 9 of the Listing Manual. The Audit and Risk Committee is of the opinion that the Existing Interested Person Transactions are on normal commercial terms and are not prejudicial to the interests of LREIT and its minority Unitholders.

No.	Interested Person	Nature of Transaction	Value of Transaction (S$ million)
1.	Lendlease Retail Pte. Ltd.	Renewal of portal licence agreement for FY2022	0.3
2.	Lendlease Retail Pte. Ltd.	Professional development management services for the development and construction of Jem ex-Robinsons' Reconfiguration Works	0.4
3.	Lendlease Retail Pte. Ltd.	Professional development management services for the development and construction of Jem Projector Room Works	0.3
4.	Lendlease Retail Pte. Ltd.	Reimbursement of severance package of certain staff	0.2
5.	Lendlease Digital Australia Pty Limited	Provision of website hosting and support services for 313@somerset	0.1
Total			**1.2**[1]

1 Any discrepancies in the figures included in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

APPENDIX Q

PROCEDURES FOR EXTRAORDINARY GENERAL MEETING

Steps for pre-registration, pre-submission of questions and voting at the EGM

Unitholders will be able to observe and/or listen to the EGM proceedings through a live audio-visual webcast or live audio-only stream by pre-registering, submit questions in advance of the EGM and vote by appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM.

To do so, they will need to complete the following steps:

No.	Steps	Details
1.	Pre-registration	Unitholders and CPF/SRS investors must pre-register at LREIT's pre-registration website at https://www.lendleaseglobalcommercialreit.com/ from now till 10.00 a.m. on 4 March 2022 to enable the Manager to verify their status as Unitholders. Following the verification, authenticated Unitholders will receive an email which will contain the instructions as well as the link to access the live audio-visual webcast and a toll-free telephone number to access the live audio-only stream of the EGM proceedings (the "**Confirmation Email**"). Authenticated Unitholders who do not receive the Confirmation Email by 10.00 a.m. on 6 March 2022, but have registered by the 4 March 2022 deadline should contact the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6536 5355 or email LREIT2022@boardroomlimited.com. Investors who hold Units through a relevant intermediary (other than CPF/SRS investors) will not be able to pre-register at https://www.lendleaseglobalcommercialreit.com/ for the live broadcast of the EGM. Such investors who wish to participate in the live broadcast of the EGM should instead approach their relevant intermediary as soon as possible in order to make the necessary arrangements.
2.	Pre-submission of questions	**Unitholders will not be able to ask questions live at the EGM during the webcast or audio stream, and therefore it is important for Unitholders to pre-register and submit their questions in advance of the EGM.**

No.	Steps	Details
		Submission of questions: Unitholders may submit questions related to the resolution(s) to be tabled for approval at the EGM in advance of the EGM, in the following manner: (a) if submitted electronically, be submitted: i) via LREIT's pre-registration website at https://www.lendleaseglobalcommercialreit.com/; or ii) via email to the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at LREIT2022@boardroomlimited.com; or (b) if submitted by post, be deposited at the office of the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632. (c) Unitholders who submit questions via email or by post to the Unit Registrar must provide the following information: i) the Unitholder's full name; ii) the Unitholder's address; and iii) the manner in which the Unitholder holds the Units (e.g., via CDP, CPF or SRS). (d) In view of the current COVID-19 situation in Singapore, Unitholders are strongly encouraged to submit their questions via the pre-registration website or by email. (e) **Deadline to submit questions**: All questions must be submitted by 21 February 2022. **Addressing substantial and relevant questions**: The Manager will endeavour to address all substantial and relevant questions, submitted in advance of the EGM, prior to or during the EGM. The Manager will publish the responses to the substantial and relevant questions which the Manager is unable to address during the EGM, on LREIT's website and on SGXNET prior to the EGM. **Minutes of EGM**: The Manager will publish the minutes of the EGM on LREIT's website and on SGXNET within one month from the date of the EGM, and the minutes will include the responses to substantial and relevant questions from Unitholders which are addressed during the EGM.

No.	Steps	Details
3.	Submission of Proxy Form to vote	**Appointment of Chairperson of the EGM as proxy**: Unitholders (whether individual or corporate) who wish to vote on the resolution(s) to be tabled at the EGM must appoint the Chairperson of the EGM as their proxy to attend, speak and vote on their behalf at the EGM, in accordance with the instructions on the Proxy Form. **Specific voting instructions to be given**: Where Unitholders (whether individual or corporate) appoint the Chairperson of the EGM as their proxy, they must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairperson of the EGM as proxy for that resolution will be treated as invalid. **Submission of Proxy Forms**: Proxy Forms must be submitted in the following manner: **(a)** if submitted by post, be lodged at the registered office of LREIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or **(b)** if submitted electronically, be submitted via email to LREIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at LREIT2022@boardroomlimited.com; in either case, not later than 10.00 a.m. (Singapore time) on 4 March, being not less than 72 hours before the time fixed for holding the EGM. A Unitholder who wishes to submit the Proxy Form by post or via email must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. **In view of the current COVID-19 situation in Singapore and the related safe distancing measures, Unitholders are strongly encouraged to submit completed Proxy Forms electronically via email to LREIT2022@boardroomlimited.com.**

No.	Steps	Details
		CPF/SRS investors who wish to appoint the Chairperson of the EGM as proxy should approach their respective CPF agent bank or SRS operator to submit their votes by 5.00 p.m. on 24 February 2022. Other persons holding Units through other relevant intermediary who wish to vote should approach their relevant intermediary as soon as possible to specify their voting instructions.

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** ("**EGM**") of Lendlease Global Commercial REIT ("**LREIT**", and holders of units in LREIT, the "**Unitholders**") will be convened and held by way of electronic means on 7 March 2022 at 10.00 a.m. for the purpose of considering and, if thought fit, passing (with or without modification) the following resolution (capitalised terms not otherwise defined herein shall bear the meanings ascribed to them in the circular to Unitholders dated 14 February 2022 (the "**Circular**")):

1. THE PROPOSED ACQUISITION OF THE REMAINING INTERESTS IN JEM THROUGH: (I) THE PROPOSED ASSET ACQUISITION OF JEM FROM LENDLEASE COMMERCIAL INVESTMENTS PTE. LTD. AND LENDLEASE RETAIL INVESTMENTS 3 PTE. LTD., AND (II) THE PROPOSED ACQUISITION FROM LENDLEASE INTERNATIONAL PTY LIMITED OF SHARES REPRESENTING APPROXIMATELY 13.05% OF THE ISSUED SHARE CAPITAL OF LENDLEASE ASIAN RETAIL INVESTMENT FUND 3 LIMITED, WHICH HOLDS 75% INTEREST IN JEM, AS AN INTERESTED PERSON TRANSACTION (ORDINARY RESOLUTION)

That subject and contingent upon the passing of Resolutions 2 and 3:

(i) approval be and is hereby given for the proposed acquisition of the property known as Jem from Lendlease Commercial Investments Pte. Ltd. and Lendlease Retail Investments 3 Pte. Ltd. on the terms and conditions set out in the Asset PCOA for a purchase consideration of S$2,079 million, and the entry into the Asset PCOA be and is hereby approved and ratified;

(ii) approval be and is hereby given for the proposed acquisition by Lendlease Global Commercial (SGP) Pte. Ltd. (the "**Purchaser**") of 13.05% of the total issued share capital of Lendlease Asian Retail Investment Fund 3 Limited ("**ARIF3**") from Lendlease International Pty Limited on the terms and conditions set out in the ARIF3 SPA, for a total purchase consideration of approximately S$116 million, and the entry into the ARIF3 SPA be and is hereby approved and ratified;

(iii) approval be and is hereby given for the proposed issue of new units in LREIT for payment of the acquisition fee to Lendlease Global Commercial Trust Management Pte. Ltd., as manager of LREIT, for the proposed Acquisition;

(iv) approval be and is hereby given for the payment of all fees and expenses relating to the proposed Acquisition;

(v) approval be and is hereby given for the entry by LREIT (whether directly or indirectly through its subsidiaries) into all agreements and transactions in connection with the proposed Acquisition and all ancillary agreements contemplated thereby or incidental thereto, or which are necessary to give effect to the proposed Acquisition; and

(vi) the Manager, any director of the Manager and the Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of LREIT to give effect to the proposed Acquisition and the entry into the share purchase agreements and all transactions in connection therewith.

2. THE PROPOSED ISSUANCE OF NEW UNITS TO LENDLEASE INTERNATIONAL PTY LIMITED (OR ITS NOMINEE) IN SATISFACTION OF THE CONSIDERATION FOR THE PROPOSED ACQUISITION OF SHARES IN LENDLEASE ASIAN RETAIL INVESTMENT FUND 3 LIMITED, AS AN INTERESTED PERSON TRANSACTION (ORDINARY RESOLUTION)

That subject and contingent upon the passing of Resolutions 1 and 3:

(i) approval be and is hereby given for the issuance of new Units at an issue price which shall be determined as follows: (i) where one or more equity fund raisings have been successfully carried out by LREIT between the date of the ARIF3 SPA and the date of completion of the ARIF3 SPA to finance (whether partially or fully) the Property Acquisition, the Issue Price shall be equivalent to the highest issue price for each new Unit issued in connection with the equity fund raisings; or (ii) where no equity fund raising has been successfully carried out by LREIT between the date of the ARIF3 SPA and the date of completion of the ARIF3 SPA to finance (whether partially or fully) the Property Acquisition, the Issue Price shall be the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 business days immediately preceding the date of issuance of the Consideration Units. The Consideration Units shall rank *pari passu* in all respects with the existing Units, save that the Consideration Units shall not be entitled to any dividend, right or other distribution, the entitlement date of which is prior to the date of issuance of the Consideration Units; and

(ii) the directors of the Manager and each of them be and are hereby severally authorised to do all such things and execute all such documents as they or he may consider necessary or appropriate to give effect to this resolution as they or he may think fit with full power to assent to any condition, modification, variation and/or amendment that may be required, or that may be imposed by any regulatory authority and to issue or enter into any confirmations, agreements or arrangements as may be necessary or expedient to give full effect to, implement and complete the proposed issuance of the Consideration Units.

3. THE PROPOSED ISSUE OF UP TO 1,265,346,000 NEW UNITS UNDER THE EQUITY FUND RAISING (ORDINARY RESOLUTION)

That subject and contingent upon the passing of Resolutions 1 and 2:

(i) approval be and is hereby given for the issue of up to 1,265,346,000 New Units under the Equity Fund Raising in the manner described in the Circular; and

(ii) the Manager, any director of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of LREIT to give effect to the Equity Fund Raising.

BY ORDER OF THE BOARD

Lendlease Global Commercial Trust Management Pte. Ltd.
(as manager of Lendlease Global Commercial REIT)
(Company Registration No. 201902535N)

Ms Ng Hsueh Ling
Chairperson and Non-Independent Non-Executive Director
14 February 2022

Important Notice:

1. The EGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 as amended. In addition to printed copies of this Notice that will be sent to Unitholders, this Notice will also be sent to Unitholders by electronic means via publication on LREIT's website at the URL https://www.lendleaseglobalcommercialreit.com/ and will also be made available on the website of the SGX-ST at the URL https://www.sgx.com/securities/company-announcements.
2. **Due to the current COVID-19 situation in Singapore, a Unitholder will not be able to attend the EGM in person.** Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairperson of the EGM in advance of the EGM, addressing of substantial and relevant questions at the EGM and voting by appointing the Chairperson of the EGM as proxy at the EGM, are set out below. Any reference to a time of day is made by reference to Singapore time.
3. Unitholders will be able to observe and/or listen to the EGM proceedings through a live audio-visual webcast or live audio-only stream via their mobile phones, tablets or computers. In order to do so, Unitholders must pre-register at LREIT's pre-registration website at the URL https://www.lendleaseglobalcommercialreit.com/ from now till 10.00 a.m. on 4 March 2022 to enable the Manager to verify their status as Unitholders.

   Following the verification, authenticated Unitholders will receive an email, which will contain user ID and password details as well as instructions on how to access the live audio-visual webcast and live audio-only stream of the EGM proceedings, by 10.00 a.m. on 6 March 2022. Unitholders who do not receive an email by 10.00 a.m. on 6 March 2022 but have registered by the 4 March 2022 deadline should contact the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6536 5355 (during office hours) or by email at LREIT2022@boardroomlimited.com.

4. Unitholders may also submit questions related to the resolution to be tabled for approval at the EGM to the Chairperson of the EGM, in advance of the EGM. In order to do so, their questions must be submitted in the following manner by 21 February 2022:

   (i) via LREIT's pre-registration website at https://www.lendleaseglobalcommercialreit.com/; or

   (ii) via email to the Manager, at enquiry@lendleaseglobalcommercialreit.com; or

   (iii) if submitted by post, be deposited at the office of the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

   Unitholders who submit questions by email or by post must provide the following information:

   (1) the Unitholder's full name;

   (2) the Unitholder's address; and

   (3) the manner in which the Unitholder holds Units in LREIT (e.g., via CDP, CPF or SRS).

   The Manager will endeavour to address all substantial and relevant questions received in advance of the EGM prior to or during the EGM. The Manager will publish the responses to the substantial and relevant questions which the Manager is unable to address during the EGM, on LREIT's website and on SGXNET prior to the EGM. The Manager will publish the minutes of the EGM on LREIT's website and on SGXNET within one month from the date of the EGM, and the minutes will include the responses to the substantial and relevant questions which are addressed during the EGM.

   Unitholders will not be able to ask questions at the EGM live during the webcast or audio-stream, and therefore it is important for Unitholders who wish to ask questions to submit their questions in advance of the EGM.

5. If a Unitholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairperson of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In addition to the printed copies of the Proxy Form which will be sent to Unitholders, the Proxy Form is available on LREIT's website and on the website of the SGX-ST at the URLs https://www.lendleaseglobalcommercialreit.com/ and https://www.sgx.com/securities/company-announcements, respectively.

   In appointing the Chairperson of the EGM as proxy, a Unitholder must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairperson of the EGM as proxy for that resolution will be treated as invalid.

6. The Proxy Form must be submitted to the Manager c/o the Unit Registrar Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

   (a) if submitted by post, be lodged at the office of the Unit Registrar at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   (b) if submitted electronically, be submitted via email to the Unit Registrar at LREIT2022@boardroomlimited.com,

   in either case, by 10.00 a.m. on 4 March 2022, being 72 hours before the time fixed for the EGM.

   A Unitholder who wishes to submit a Proxy Form must first complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the COVID-19 situation in Singapore and the related safe distancing measures which may make it difficult for Unitholders to submit completed Proxy Forms by post, Unitholders are strongly encouraged to submit completed Proxy Forms electronically via email.

7. Persons who hold Units through relevant intermediaries (as defined below), and who wish to participate in the EGM by (a) observing and/or listening to the EGM proceedings through live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the EGM; and/or (c) appointing the Chairperson of the EGM as proxy to attend, speak and vote on their behalf at the EGM, should contact the relevant intermediary through which they hold such Units as soon as possible in order to make the necessary arrangements for them to participate in the EGM.

   For the avoidance of doubt, CPF and SRS Investors who wish to participate in the EGM by (a) observing and/or listening to the EGM proceedings through live audio-visual webcast or live audio-only stream and/or (b) submitting questions in advance of the EGM should refer to paragraphs 3 and 4 above respectively. However, CPF and SRS investors who wish to appoint the Chairperson of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 24 February 2022, being seven (7) working days before the date of the EGM.

   "**relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds Units in that capacity; or

   (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

8. The Chairperson of the EGM, as proxy, need not be a Unitholder of LREIT.

9. The Circular may be accessed at LREIT's website at the URL https://www.lendleaseglobalcommercialreit.com/.

10. Due to the COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the EGM at short notice. Unitholders should check LREIT's website at the URL https://www.lendleaseglobalcommercialreit.com/ for the latest updates on the status of the EGM.

Personal data privacy:

By submitting an instrument appointing the Chairperson of the EGM as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, a Unitholder consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents or service providers) for the purpose of the processing and administration by the Manager and the Trustee (or their agents or service providers) of the appointment of the Chairperson of the EGM as proxy for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

LENDLEASE GLOBAL COMMERCIAL REIT

(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT TO A TRUST DEED DATED 28 JANUARY 2019 (AS AMENDED, RESTATED AND SUPPLEMENTED))

NOTE: This Proxy Form may be accessed at Lendlease Global Commercial REIT's website at https://www.lendleaseglobalcommercialreit.com/, and will be made available on the website of the SGX-ST at https://www.sgx.com/securities/company-announcements.

Personal Data Privacy
By submitting an instrument appointing the Chairperson of the EGM (as defined below) as proxy, the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 14 February 2022.

PROXY FORM
EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. The EGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 as amended. In addition to the printed copies of the Notice of EGM dated 14 February 2022 which will be sent to unitholders, the Notice of EGM will also be available through electronic means via publication on Lendlease Global Commercial REIT's website at https://www.lendleaseglobalcommercialreit.com/, and will also be made available on the website of the SGX-ST at https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairperson of the EGM in advance of the EGM, addressing of substantial and relevant questions either before or at the EGM and voting by appointing the Chairperson of the EGM as proxy at the EGM, are set out in the Notice of EGM.
3. **Due to the current COVID-19 situation in Singapore, a unitholder will not be able to attend the EGM in person. If a unitholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairperson of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM.**
4. If a CPF or SRS investor wishes to appoint the Chairperson of the EGM as proxy, he/she should approach his/her respective CPF Agent Banks or SRS Operators to submit his/her votes by 5.00 p.m. on 24 February 2022, being 7 working days before the date of the EGM.
5. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairperson of the EGM as a unitholder's proxy to attend, speak and vote on his/her/its behalf at the EGM.**

I/We ______________________________ (Name(s) and NRIC No./Passport No./Company Registration No.)
______________ of ______________________________ (Address)
being a unitholder/unitholders of Lendlease Global Commercial REIT ("**LREIT**"), hereby appoint the Chairperson of the EGM as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Extraordinary General Meeting (the "**EGM**") of LREIT to be convened and held by way of electronic means on **Monday, 7 March 2022 at 10.00 a.m.** and at any adjournment thereof.

I/We direct the Chairperson of the EGM as my/our proxy to vote for or against, or to abstain from voting on, the resolution to be proposed at the EGM as indicated hereunder.

No.	Resolution	No. of Votes For*	No. of Votes Against*	No. of Votes to Abstain*
	ORDINARY BUSINESS			
1	To approve the proposed Acquisition, as an interested person transaction (Ordinary Resolution)			
2	To approve the proposed issuance of Consideration Units, as an interested person transaction (Ordinary Resolution)			
3	To approve the Equity Fund Raising (Ordinary Resolution)			

* *Voting will be conducted by poll. If you wish the Chairperson of the EGM as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with a "√" in the space provided under "For" or "Against". If you wish the Chairperson of the EGM as your proxy to abstain from voting on a resolution, please indicate a "√" in the space provided under "Abstain". Alternatively, please indicate the number of units that the Chairperson of the EGM as your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions in respect of a resolution, the appointment of the Chairperson of the EGM as your proxy for that resolution will be treated as invalid.*

Dated this ______ day of ______________ 2022.

Total No. of Units held	

IMPORTANT: Please read notes on the reverse side

____
Signature(s) of Unitholder(s) or
Common Seal of Corporate Unitholder

Notes:

1. **Due to the current COVID-19 situation in Singapore, a unitholder will not be able to attend the EGM in person.** If a unitholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairperson of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. This Proxy Form will be sent to Unitholders and may be accessed at LREIT's website at https://www.lendleaseglobalcommercialreit.com/, and on the website of the SGX-ST at the URL https://www.sgx.com/securities/company-announcements. In appointing the Chairperson of the EGM as proxy, a unitholder must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairperson of the EGM as proxy for that resolution will be treated as invalid.
2. CPF or SRS investors who wish to appoint the Chairperson of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 24 February 2022, being 7 working days before the date of the EGM.
3. The Chairperson of the EGM, as proxy, need not be a unitholder of LREIT.
4. A unitholder should insert the total number of units held. If the unitholder has units entered against the unitholder's name in the Depository Register maintained by The Central Depository (Pte) Limited, the unitholder should insert that number of units. If the unitholder has units registered in the unitholder's name in the Register of Unitholders of LREIT, the unitholder should insert that number of units. If the unitholder has units entered against the unitholder's name in the said Depository Register and registered in the unitholder's name in the Register of Unitholders of LREIT, the unitholder should insert the aggregate number of units. If no number is inserted, this Proxy Form will be deemed to relate to all the units held by the unitholder.

1st fold here

Postage will be paid by addressee. For posting in Singapore only.

lendlease
GLOBAL COMMERCIAL REIT

BUSINESS REPLY SERVICE
PERMIT NO. 09581

Lendlease Global Commercial Trust Management Pte. Ltd.
c/o Boardroom Corporate & Advisory Services Pte Ltd
1 Harbourfront Avenue,
#14-07 Keppel Bay Tower,
Singapore 098632

2nd fold here

5. The Proxy Form must be submitted to the Manager c/o LREIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:
   (a) if submitted by post, be lodged at the office of LREIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
   (b) if submitted electronically, be submitted via email to LREIT's Unit Registrar at LREIT2022@boardroomlimited.com,

   in either case, by 10.00 a.m. on 4 March 2022, being 72 hours before the time fixed for the EGM.

   A unitholder who wishes to submit the Proxy Form must first complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the COVID-19 situation in Singapore which may make it difficult for unitholders to submit completed Proxy Forms by post, unitholders are strongly encouraged to submit completed Proxy Forms electronically via email.
6. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed or a duly certified copy of such power or authority must (failing previous registration with the Manager) if the Proxy Form is submitted by post, be lodged with the Proxy Form, or, if the Proxy Form is submitted electronically via email, be emailed with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. Any reference to a time of day is made by reference to Singapore time.

General

The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Manager.

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