INFORMATION IN THIS PRELIMINARY PRICING SUPPLEMENT IS NOT COMPLETE AND MAY BE CHANGED. THIS PRELIMINARY PRICING SUPPLEMENT IS NOT AN OFFER TO SELL SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER SOLICITATION OR SALE IS NOT PERMITTED. THE DEFINITIVE TERMS OF THE TRANSACTION(S) DESCRIBED HEREIN WILL BE DESCRIBED IN THE FINAL VERSION OF THIS PRICING SUPPLEMENT.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS –** The Perpetual Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Perpetual Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Perpetual Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Perpetual Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Perpetual Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Perpetual Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**NOTIFICATION UNDER SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE** – In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Perpetual Securities are prescribed capital markets products (as defined in the CMP Regulations 2018) and are Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

**Pricing Supplement dated [•] March 2022**

**RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Lendlease Global Commercial REIT)**
**Issue of S$[•] Fixed Rate Subordinated Perpetual Securities**
**under the S$1,000,000,000 Multicurrency Debt Issuance Programme**

This document constitutes the Pricing Supplement relating to the issue of Perpetual Securities described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Perpetual Securities (the "**Conditions**") set forth in the Offering Circular dated 8 January 2021. This Pricing Supplement contains the final terms of the Perpetual Securities and must be read in conjunction with such Offering Circular.

An advance tax ruling will be requested from the Inland Revenue Authority of Singapore ("**IRAS**") to confirm, amongst other things, whether the IRAS would regard the Perpetual Securities as "debt securities" for the purposes of Section 43H(4) of the Income Tax Act 1947 of Singapore (the "**Income Tax Act**") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations and/or whether the distributions (including any Optional Distributions) will be regarded as interest payable on indebtedness and will enjoy the tax concessions and exemptions available for qualifying debt securities under the Income Tax Act, assuming that the other requisite conditions for the Perpetual Securities to be qualifying debt securities are satisfied.

There is no guarantee (i) that the IRAS will agree to provide the rulings sought or (ii) that the rulings issued will be in accordance with the rulings sought.

If the Perpetual Securities are not regarded as "debt securities" for the purposes of the Income Tax Act and/or the distributions (including any Optional Distributions) are not regarded as interest payable on indebtedness and/or the Perpetual Securityholders are not eligible for the tax concessions and exemptions available for qualifying debt securities under the Income Tax Act, the tax treatment for the Perpetual Securityholders may differ.

No assurance, warranty or guarantee is given on the tax treatment for the Perpetual Securityholders in respect of the distributions payable to them (including any Optional Distributions). It is recommended that persons proposing to subscribe for or purchase the Perpetual Securities consult their own legal and other advisers before purchasing or acquiring the Perpetual Securities. Such persons are also advised to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposal of the Perpetual Securities.

Where interest (including distributions which are regarded as interest for Singapore income tax purposes), discount income, prepayment fee, redemption premium or break cost is derived from any of the Perpetual Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act 1947 of Singapore (the "**Income Tax Act**"), shall not apply if such person acquires such Perpetual Securities using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest (including distributions which are regarded as interest for Singapore income tax purposes), discount income, prepayment fee, redemption premium or break cost derived from the Perpetual Securities is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

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| **1** | Issuer: | | RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Lendlease Global Commercial REIT) |
| **2** | (i) | Series Number: | 2 |
| | (ii) | Tranche Number: | 1 |
| **3** | Currency or Currencies: | | Singapore Dollars ("**S$**") |
| **4** | Aggregate Principal Amount: | | |
| | (i) | Series: | S$[●] |
| | (ii) | Tranche: | S$[●] |
| **5** | Issue Price: | | [●] per cent. of the Aggregate Nominal Amount |
| **6** | (i) | Denomination Amount: | S$250,000 |
| | (ii) | Calculation Amount: | S$250,000 |
| **7** | (i) | Issue Date: | [●] 2022 |
| | (ii) | Distribution Commencement Date: | Issue date |
| | (iii) | First Call Date: | [●] 2025 |
| **8** | Maturity Date: | | Not Applicable |
| **9** | Distribution Basis: | | Fixed Rate<br>(further particulars specified below) |
| **10** | Redemption/Payment Basis: | | Redemption at par |
| **11** | Redemption Amount (including early redemption): | | Denomination Amount |
| **12** | Put/Call Options: | | Redemption at the Option of the Issuer<br>Redemption for Taxation Reasons<br>Redemption for Accounting Reasons<br>Redemption for Tax Deductibility<br>Redemption in the case of Minimal Outstanding Amount<br>Redemption upon a Regulatory Event (further particulars specified below) |
| **13** | Status of Perpetual Securities: | | Subordinated Perpetual Securities |
| **14** | Parity Obligations (in addition to those specified in the Conditions): | | As defined in limb (i) of "Parity Obligations" in Condition 3(b)(i) |
| **15** | Junior Obligations (in addition to those specified in the Conditions): | | As defined in limb (1) of "Junior Obligations" in Condition 4(IV)(a) |
| **16** | Listing and admission to trading: | | Singapore Exchange Securities Trading Limited |
| **17** | Method of distribution: | | Syndicated |

**PROVISIONS RELATING TO DISTRIBUTION PAYABLE**

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| **18** | Fixed Rate Perpetual Security Provisions: | | Applicable |
| | (i) | Distribution Rate: | The Distribution Rate applicable to the Perpetual Securities shall be:<br>(i) in respect of the period from (and including) the Issue Date to (but excluding) the First Reset Date, [●] per cent. per annum payable semi-annually in arrear; and<br>(ii) in respect of the period from (and including) the First Reset Date and each Reset Date falling thereafter to (but excluding) the immediately following Reset Date, the Reset Distribution Rate payable semi-annually in arrear. |
| | (ii) | Distribution Payment Date(s): | [●] and [●] in each year, [*not adjusted*] |
| | (iii) | Initial Broken Amount: | Not Applicable |
| | (iv) | Final Broken Amount: | Not Applicable |
| | (v) | Day Count Fraction: | Actual/365 (Fixed) |
| | (vi) | First Reset Date: | [●] 2025 |
| | (vii) | Reset Date: | The First Reset Date and each successive date falling every three years after the First Reset Date |
| | (viii) | Reset Distribution Rate: | [Prevailing 3-Year SORA-OIS (or the Successor Rate or, as the case may be, the Alternative Rate) with respect to the relevant Reset Date plus the Initial Spread, payable semi-annually in arrear.] |
| | (ix) | Initial Spread: | [●] per cent. |
| | (x) | Reset Period: | Every three years |
| | (xi) | Step-Up Margin: | Not Applicable |
| | (xii) | Step-up Date: | Not Applicable |
| | (xiii) | Relevant Rate: | "**3-year SORA-OIS**" means (a) the 3-year SORA- OIS reference rate available on the "OTC SGD OIS" page on Bloomberg under "BGN" appearing under the column headed "Ask" (or such other substitute page thereof or if there is no substitute page, the screen page which is the generally accepted page used by market participants at that time as determined by an independent financial institution (which is appointed by the Issuer and notified to the Calculation Agent)) at the close of business on the second Business Day preceding the Reset Date, or (b) if a Benchmark Event has occurred in relation to the "3-year SORA-OIS", such rate as determined by the Independent Advisor or the Issuer (in the circumstances |

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| | | set out in Condition 4(III)(e)(i)) (as the case may be) having given due consideration to any industry-accepted market practice for the Perpetual Securities. |
| | (xiv) Other terms relating to the method of calculating distribution for Fixed Rate Perpetual Securities: | Not Applicable |
| **19** | Floating Rate Perpetual Security Provisions: | Not Applicable |
| **20** | Others: | |
| | (i) Distribution Deferral: | Applicable, Non-cumulative |
| | (ii) Dividend Stopper: | Applicable |
| | (iii) Dividend Pusher and Reference Period: | Not Applicable |
| | (iv) Additional Distribution: | Not Applicable |

**PROVISIONS RELATING TO REDEMPTION**

| | | |
|---|---|---|
| **21** | Redemption at the Option of the Issuer:<br>Issuer's Redemption Option Period (Condition 5(b)): | Yes, on giving not less than 30 nor more than 60 days' irrevocable notice to the Perpetual Securityholders after the First Reset Date and on each Distribution Payment Date thereafter |
| **22** | Redemption for Taxation Reasons: | Yes, at any time on giving not less than 30 nor more than 60 days' irrevocable notice to the Perpetual Securityholders<br>As per Condition 5(c) |
| **23** | Redemption for Accounting Reasons: | Yes, at any time on giving not less than 30 nor more than 60 days' irrevocable notice to the Perpetual Securityholders<br>As per Condition 5(d) |
| **24** | Redemption for Tax Deductibility: | Yes, at any time on giving not less than 30 nor more than 60 days' irrevocable notice to the Perpetual Securityholders<br>As per Condition 5(e) |
| **25** | Redemption in the case of Minimal Outstanding Amount: | Yes, at any time on giving not less than 30 nor more than 60 days' irrevocable notice to the Perpetual Securityholders<br>As per Condition 5(f) |
| **26** | Redemption upon a Regulatory Event: | Yes<br>As per Condition 5(g) |
| **27** | Redemption upon a Ratings Event: | No |

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| **28** | Redemption for Cessation or Suspension of trading: | | No |
| **29** | Redemption Amount of each Perpetual Security: | | S$250,000 per Calculation Amount |

**GENERAL PROVISIONS APPLICABLE TO THE PERPETUAL SECURITIES**

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| **30** | Form of Perpetual Securities: | | Registered Perpetual Securities registered in the name of CDP |
| **31** | Talons for future Coupons to be attached to Definitive Perpetual Securities (and dates on which such Talons mature): | | No |
| **32** | Redenomination, renominalisation and reconventioning provisions: | | Not Applicable |
| **33** | Consolidation provisions: | | Not Applicable |
| **34** | Private Banking Rebate: | | Applicable |
| **35** | Use of Proceeds: | | Refinancing of existing borrowings, financing of potential acquisition and investment opportunities (including the proposed acquisition of the remaining interests in Jem (see Appendix 1)) which the Group may pursue in the future as well as general working capital and capital expenditure requirements and the general corporate purposes of the Group |
| **36** | Other terms or special conditions: | | Not Applicable |

**DISTRIBUTION**

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| **37** | (i) | If syndicated, names of Managers: | **<u>Joint Global Coordinators</u>**<br>DBS Bank Ltd.<br>Oversea-Chinese Banking Corporation Limited<br>**<u>Joint Bookrunners</u>**<br>DBS Bank Ltd.<br>Oversea-Chinese Banking Corporation Limited<br>United Overseas Bank Limited |
| | (ii) | Stabilising Manager (if any): | Not Applicable |
| **38** | If non-syndicated, name of Dealer: | | Not Applicable |
| **39** | U.S. selling restrictions: | | Reg. S Category 2; TEFRA Not Applicable. The Perpetual Securities are being offered and sold only in accordance with Regulation S. |
| **40** | Prohibition of Sales to EEA Retail Investors: | | Applicable |
| **41** | Prohibition of Sales to UK Retail Investors: | | Applicable |

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| **42** | Additional selling restrictions: | Not Applicable |
| **43** | Approved Jurisdictions (marketing in European Union member states only) | Not Applicable |

## OPERATIONAL INFORMATION

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|---|---|---|
| **44** | ISIN Code: | [●] |
| **45** | Common Code: | [●] |
| **46** | Legal Entity Identifier (LEI) | 2549002B9UHG224VCA80 |
| **47** | Any clearing system(s) other than Euroclear, Clearstream, Luxembourg or CDP and the relevant identification number(s): | Not Applicable |
| **48** | Delivery: | Delivery free of payment |
| **49** | Additional Paying Agent(s) (if any): | Not Applicable |

## GENERAL

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|---|---|---|
| **50** | Applicable governing document: | Trust Deed dated 8 January 2021 |
| **51** | The aggregate principal amount of Perpetual Securities in the Currency issued has been translated into S$ at the rate specified, producing a sum of: | Not applicable |
| **52** | In the case of Registered Perpetual Securities, specify the location of the office of the Registrar if other than Luxembourg or Singapore: | Not Applicable |
| **53** | In the case of Bearer Perpetual Securities, specify the location of the office of the Issuing and Paying Agent if other than London or Singapore: | Not Applicable |
| **54** | Ratings: | The Perpetual Securities to be issued are unrated. |
| **55** | Governing Law: | English law, except that the subordination provisions set out in Condition 3(b) shall be governed by and construed in accordance with the laws of Singapore. |

## PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Singapore Exchange Securities Trading Limited of the Perpetual Securities described herein pursuant to the S$1,000,000,000 Multicurrency Debt Issuance Programme of Lendlease Global Commercial REIT.

## INVESTMENT CONSIDERATIONS

There are significant risks associated with the Perpetual Securities including, but not limited to, counterparty risk, country risk, price risk and liquidity risk. Investors should contact their own financial, legal, accounting and tax advisers about the risks associated with an investment in these Perpetual Securities, the appropriate tools to analyse that investment, and the suitability of the investment in each investor's particular circumstances. No investor should purchase the Perpetual Securities unless that investor understands and has sufficient financial resources to bear the price, market liquidity, structure and other risks associated with an investment in these Perpetual Securities.

Before entering into any transaction, investors should ensure that they fully understand the potential risks and rewards of that transaction and independently determine that the transaction is appropriate given their objectives, experience, financial and operational resources and other relevant circumstances. Investors should consider consulting with such advisers as they deem necessary to assist them in making these determinations.

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of RBC INVESTOR SERVICES TRUST SINGAPORE LIMITED (in its capacity as trustee of Lendlease Global Commercial REIT) as Issuer

By: ______________________________

Duly authorised

______________________________

Duly authorised

## Schedule

*In respect of the Perpetual Securities, the Offering Circular is hereby supplemented with the following information, which shall be deemed to be incorporated in, and to form part of, the Offering Circular. Save as otherwise defined herein, capitalised terms defined in the Offering Circular have the same meaning when used in this Schedule.*

**1** The terms and conditions of the Perpetual Securities shall be amended by deleting the existing Condition 5(c) in its entirety and replacing it with the following:

"(c) **Redemption for Taxation Reasons**

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable) and in writing to the Trustee and the Issuing and Paying Agent, at their Redemption Amount, (together with distribution (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

(i) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:

(1) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43H(4) of the Income Tax Act 1947 of Singapore ("**ITA**") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; and/or

(2) the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable on indebtedness and/or will not enjoy the tax concessions and exemptions available for "qualifying debt securities" under the ITA; or

(ii) the Issuer satisfies the Trustee immediately prior to the giving of such notice that (a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax as defined in Condition 7, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the applicable Pricing Supplement, or as a result of a position adopted by any political subdivision or any authority of or in Singapore having power to tax, which causes the Perpetual Securities not to qualify as "qualifying debt securities" for the purposes of the ITA, which position becomes effective on or after the Issue Date or any other date specified in the Pricing Supplement and (b) such obligations cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver or procure that there is delivered to the Issuing and Paying Agent and the Trustee:

(i) a certificate signed by the Chief Executive Officer and the Executive General Manager Finance of the LREIT Manager who are also Authorised Signatories of the LREIT Manager stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(ii) in the case of a notice of redemption pursuant to Condition 5(c), an opinion of independent tax or legal advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such ruling, change or amendment to the laws.

The Trustee shall be entitled (but shall not be obliged) to accept and rely conclusively on such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) of this Condition 5(c) above without further enquiry and without liability to any Perpetual Securityholder, Couponholder or any other person, in which event the same shall be conclusive and binding on the Perpetual Securityholders and Couponholders. The Trustee shall be protected and shall have no liability to any Perpetual Securityholder or any other person for so accepting and relying on any such certificate and opinion.

Upon the expiry of any such notice as is referred to in this Condition 5(c), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(c)."

**2** The sub-section titled "Selling Restrictions – Singapore" on pages 183 and 184 of the Offering Circular under the section titled "Subscription and Sale" shall be deleted in its entirety and replaced with the following:

"Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust must not be transferred within six (6) months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person as defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(c)(ii) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(c)(ii) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time."

**3** The sub-section titled "Risks relating to the Grange Road property" on page 30 of the Offering Circular shall be amended by deleting the third paragraph in its entirety and replacing it with the following:

"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."

**4** The sub-section titled "The Group may have a higher level of leverage compared to other unit trusts" shall be inserted under the section titled "Risks Relating to the Group's Operations" on page 32 of the Offering Circular:

"**The Group has a higher level of leverage compared to other unit trusts**

The 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 Group's cash flow. The Group's borrowings may also adversely affect the LREIT Manager's ability to implement its strategies."

**5** The sub-section titled "The amount the Group may borrow is limited, which may affect the operations of the Group" on page 34 of the Offering Circular shall be amended by deleting the first and second paragraph in their entirety and replacing them with the following:

"Under the prevailing Property Funds Appendix, the Group is permitted to borrow up to 45.0% of the value of 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 (the "**Deposited Property**")[1] 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 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 31 January 2022, the Group has in place total debt facilities of approximately S$707 million which are unsecured. As at 31 January 2022, gross borrowings of approximately S$667 million were drawn from such debt facilities, with total borrowings and deferred payments (if any) as a percentage of the Deposited Property of approximately 33.5%. As at 31 January 2022, the Group's adjusted interest coverage ratio is 5.0 times."

**6** The following section titled "Risk Factors Relating to the Proposed Acquisition of Jem (the "**Property**") from Lendlease Commercial Investments Pte. Ltd. ("**LLCI**") and Lendlease Retail Investments 3 Pte. Ltd. ("**LLRI3**")" shall be inserted immediately before the

[1] 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.

beginning of the section titled "Risks Relating to the Securities Issued Under the Programme" on page 42 of the Offering Circular:

**"RISK FACTORS RELATING TO THE PROPOSED ACQUISITION OF JEM (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 (as defined below) is subject to risks generally associated with the acquisition of properties**

Jones Lang LaSalle Property Consultants Pte Ltd and CBRE Pte. Ltd. have conducted inspections of the physical condition of the Property as part of the valuation exercise. While the LREIT 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 and thereby adversely affecting the operations of LREIT and incurring significant capital expenditures, or payment or other obligations to third parties.

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 (as defined below) 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 defined below) 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 since the completion of the review, survey and inspection process.

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[2] (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. 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 Group under the Asset PCOA (the "**Jem W&I Insurance Policy**"). The Jem W&I Insurance Policy itself is also subject to conditions and limitations, including conditions

[2] The LREIT Manager is of the view that the Property Vendors' representations and warranties under 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.

and limitations on time, scope, amount, minimum size of claims, the aggregate amount claimable and the losses that the Group would have to bear before making a claim under the Jem W&I Insurance Policy.

In recognition of the intention that the Property Vendors and the fund entities upstream of the Property Vendors will be wound up following the Acquisition, the 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 Jem W&I Insurance Policy.

While the LREIT Manager considers the limits set out in the Jem 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 Group may not have full coverage for all losses or liabilities which the 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.

While the LREIT 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 Group in connection with the Property beyond the limits of the recourse under the Asset PCOA and the Jem W&I Insurance Policy. In the event that the Group suffers losses or liabilities in connection with the Property to which it has no recourse or only limited recourse under the Asset PCOA and the Jem W&I Insurance Policy, the Group's financial condition, business, results of operations and/or prospects may be materially adversely affected.

**The Property might be adversely affected if the LREIT 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 LREIT Manager, the Property Manager and/or any other person appointed to manage the Property fail 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 and prospects.

**The Acquisition may not be successfully completed**

The completion of the Acquisition as contemplated remains subject to certain conditions precedent being fulfilled by a specified date. LREIT cannot provide assurances that it will be able to successfully complete the Acquisition on the terms or within the timeline expected, or at all. The failure to complete the Acquisition on terms and within a time frame acceptable to LREIT may have an adverse effect on its financial condition, results and prospects.

**The Acquisition may not realise the expected benefits**

The Property may not be able to maintain the levels of revenue or earnings that the Property has achieved before the Acquisition. In addition, the Acquisition may not be accomplished smoothly, successfully or within the anticipated costs or timeframe or achieve the projected revenue. The anticipated benefits of the Acquisition may not be realised fully, or at all, or may take longer to realise than expected."

**7** The following sub-section titled "The unaudited pro forma financial information contained in any document provided by LREIT is not necessarily indicative of the future performance of LREIT" shall be inserted directly before the beginning of the section titled "Risks Relating to the Group's Operations" on page 32 of the Offering Circular:

**"The unaudited pro forma financial information contained in the appendix provided by LREIT is not necessarily indicative of the future performance of LREIT**

The unaudited pro forma financial information contained in the appendix provided by LREIT is not necessarily indicative of the future performance of LREIT. There is no assurance that LREIT's portfolio after the Property Acquisition will be in line with that set out in the unaudited pro forma financial information."

**8** The section titled "Overview" on page 148 of the Offering Circular shall be amended by deleting the second and third paragraphs in its entirety and replacing it with the following:

"LREIT was listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 2 October 2019. Since listing, LREIT was included in the MCSI Singapore Small Cap Index, iEdge S-REIT Index, iEdge S-REIT Leader Index, GPR APREA Investable REIT 100 Index, FTSE ST Small Cap Index and FTSE ST Singapore Shariah Index. In September 2021, LREIT was included in the FTSE EPRA Nareit Global Developed Index.

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 ("**NLA**") of approximately 1.3 million square feet, with an appraised value of approximately S$1.4 billion[3] 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. ("**SingCo**")[4], a wholly-owned subsidiary of the LREIT 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[5] 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."

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

[4] 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 LREIT Trustee to SingCo. All of LREIT's interests in ARIF3 and LLJP shares are now held by SingCo.

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

**9** The following shall be inserted at the end of the sub-section titled "Singapore – 313@somerset" under the section titled "Description of Assets and Operations of LREIT" on page 148 of the Offering Circular:

"On 14 February 2022, LREIT announced that bonus gross floor area ("**GFA**") from the URA Master Plan 2019, a scheme that recognises developments that have achieved enhanced standards in productivity, digitalisation, sustainability and quality, will be deployed to two prime units at the ground floor of 313@somerset to expand leasable unit space. LREIT's strategy in deploying the additional GFA in a tenant refresh underscores its strategy in optimising the additional leasable space from the URA scheme."

**10** The following sub-section titled "Singapore – Jem" shall be inserted immediately after the sub-section titled "Singapore – 313@somerset" on page 148 of the Offering Circular:

"***Singapore – Jem***

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 have 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. Further details on the property are set out in the section titled "The Properties – Singapore – Jem"."

**11** The sub-section "Occupancy Rates and Lease Expiry Profile" appearing on page 149 of the Offering Circular shall be amended by:

(i) deleting the last line sentence of the third paragraph and replacing it with the following:

"The chart below shows the lease expiry profile of the Singapore Property and the Milan Property as at 31 December 2021."; and

(ii) deleting the chart titled "Lease Expiry Profile by NLA and GRI (as at 30 September 2020)" and replacing it with the following:

**"Lease Expiry Profile by NLA and GRI (as at 31 December 2021)**

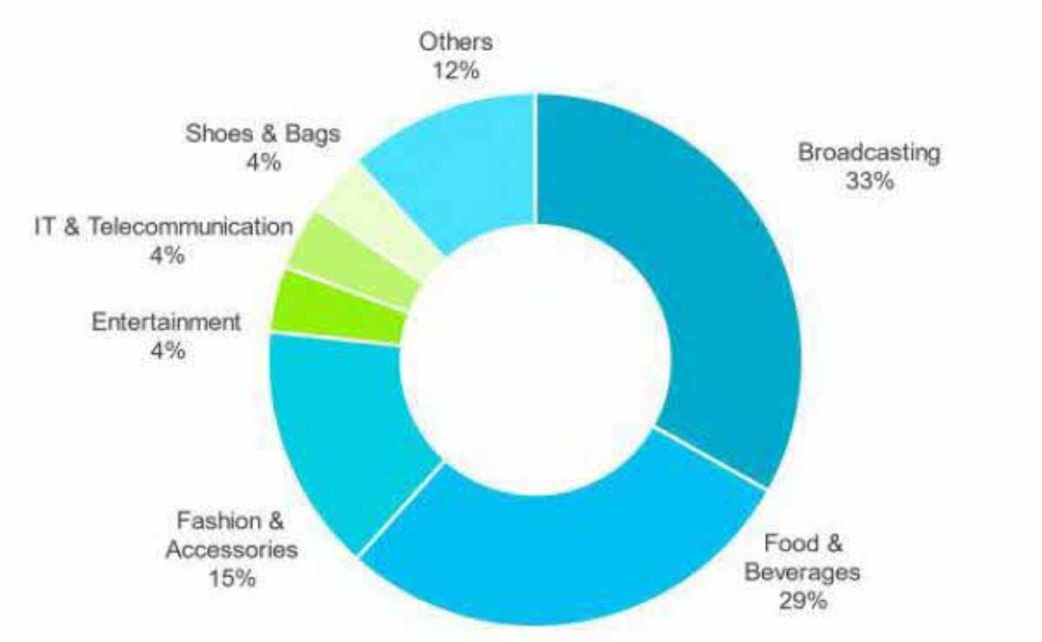

"

**12** The section titled “Diversified Tenant Base” on page 150 of the Offering Circular shall be deleted in its entirety and replaced with the following:

“**Diversified Tenant Base**

LREIT's trade sectors breakdown by GRI is shown below.

**GRI Breakdown by Trade Sector (as at 31 December 2021)**




By trade sectors, the broadcasting sector contributed 33% to LREIT’s GRI while the food & beverage and fashion & accessories sectors contributed 29% and 15%, respectively, to LREIT’s GRI.

The top ten tenants contributed approximately 57% of the total GRI for the month of December 2021.

**Top 10 Tenants of LREIT's Portfolio (Before Acquisition and as at 31 December 2021)**

Note: LREIT compiles and discloses a list of its top 10 tenants on an annual basis only. Accordingly, the list of LREIT's top 10 tenants as of the date of the relevant Pricing Supplement may not be as reflected in this list.

| **Tenants (by % of GRI)** | **GRI** |
|---|---|
| Sky Italia | |
| Food Republic | |
| Cotton On | |
| Zara | 57% |
| Marche | |
| Sony | |
| Hai Di Lao | |

| Tenants (by % of GRI) | GRI |
|---|---|
| K Bowling Club | |
| Fat Cat Arcade | |
| Pomelo | |
| **Other Tenants** | 43% |
| **Total** | 100% |

**Top 10 Tenants of LREIT's Portfolio (After Acquisition and as at 31 December 2021)**[6]

Note: LREIT compiles and discloses a list of its top 10 tenants on an annual basis only. Accordingly, the list of LREIT's top 10 tenants as of the date of the relevant Pricing Supplement may not be as reflected in this list.

| Tenants (by % of GRI) | GRI |
|---|---|
| Sky Italia | |
| MND | |
| Fairprice Xtra | |
| Cotton On | |
| Food Republic | |
| Cathay Cineplex | 41% |
| Don Don Donki | |
| Koufu | |
| Marche | |
| Uniqlo | |
| **Other Tenants** | 59% |
| **Total** | 100% |

Note:

(1) GRI excludes turnover rents."

**13** The section "Asset Management and Enhancement Strategy" appearing on page 151 of the Offering Circular shall be amended by deleting the first three paragraphs in their entirety and replacing them with the following:

"**Proactive Asset Management and Enhancement Strategy**

The LREIT Manager's strategy for organic growth is to actively manage the Group's properties and grow strong relationships with tenants by providing value-added property-related services.

[6] This list is prepared on a pro forma basis for the month of December 2021 on the assumption that the Acquisition has already taken place.

Through such active asset management, the LREIT Manager seeks to maintain tenant retention and occupancy levels, an appropriate tenant mix and achieve stable rental growth, as well as reduce the costs associated with marketing and leasing space to new tenants. LREIT is expected to benefit from the Sponsor's experience in asset management and asset enhancement."

**14** The following sub-sections appearing on page 152 of the Offering Circular shall be amended as follows:

(a) by deleting the sub-section titled "Maintaining and improving occupancy rates" in its entirety and replacing it with the following:

**"*Maintaining and improving occupancy rates***

The LREIT Manager will seek to maintain and improve the occupancy rates for the 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 reduce vacant periods due to either lease expiration or premature termination and to:

- work towards rental benchmarks established for each Property;
- proactively engage in early renewal negotiations with tenants whose leases are about to expire;
- improve the overall marketability and profile of LREIT's portfolio of properties to increase the prospective tenant base;
- (in respect of the retail properties) implement asset management strategies to improve the resilience and relevance of the retail centres to shoppers;
- actively market current and impending vacancies to reduce vacant periods;
- actively monitor rental arrears to reduce defaults by tenants and other aspects of tenant performance;
- endeavour to incorporate contractual periodic rental step-up provisions in leases to provide an additional source of organic growth;
- search for new tenants from sectors currently under-represented in LREIT's portfolio of properties to pursue a diversified tenant mix;
- 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
- understand and seek to satisfy the expansion needs of existing tenants.

The LREIT Manager will work with the Property Managers to initiate tenant retention programme initiatives to further strengthen tenant relationships. The LREIT Manager believes that such efforts will assist in maintaining and improving tenant retention levels, reducing vacancy levels and reducing gaps in rental income, as well as the associated costs of securing new tenants."; and

(b) by deleting the sub-section titled "Delivering services to tenants" in its entirety and replacing it with the following:

"***Delivering services to tenants***

The LREIT Manager intends to work with the Property Managers, seeking to ensure it continues to provide services to tenants through:

- providing quality asset management services to maintain retention rates;
- facilitating relocation or expansion of tenants according to their operational requirements;
- being responsive to tenants' feedback and enquiries; and
- providing additional value-added services for tenants."

**15** The following sub-sections appearing on page 153 of the Offering Circular shall be amended as follows:

(a) by deleting the sub-section titled "Implementing marketing plans" in its entirety and replacing it with the following:

"***Implementing pro-active marketing plans***

The LREIT 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 increase tenant interest and enhance the public profile and visibility with a view to increasing the value and appeal of the Group's properties and to maintain the long-term value of the Group's properties."

(b) by deleting the sub-section titled "Continuing to manage operating costs" in its entirety and replacing it with the following:

**"Continuing to rationalise operating costs**

The LREIT Manager will continue to work closely with the Property Managers to optimise the operational performance and rationalise the operating costs of the Group's properties, by managing and reducing property operating expenses while maintaining the quality of maintenance and services.

Given LREIT's organic earnings growth potential, the LREIT Manager's initial strategy is to focus on optimising the operational performance of the Group's properties."

**16** The sub-sections under "Investment criteria" appearing on page 153 of the Offering Circular shall be amended as follows:

(a) by deleting the first paragraph in this sub-section in its entirety and replacing it with the following:

"In evaluating future acquisition opportunities for LREIT, the LREIT Manager, working with the Asset Managers, will focus primarily on the following investment criteria in relation to the property under consideration:"

(b) by deleting the second bullet point in this sub-section in its entirety and replacing it with the following:

"**Tenant mix and occupancy characteristics** – The LREIT Manager will seek to acquire properties with quality and reputable existing tenants, or properties with the potential to generate higher rentals and properties with the potential for high tenant retention rates, relative to comparable properties in their respective micro-property markets. In addition, the LREIT 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 mix, business sector and lease expiry profiles."

(c) by deleting the fifth bullet point in this sub-section in its entirety and replacing it with the following:

"**Building and facilities specification** – Working with the Property Managers, the LREIT Manager will endeavour to conduct thorough property due diligence and adhere to relevant specifications, with due consideration given to the size and age of the buildings, with respect to potential properties to be acquired by LREIT. The LREIT 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 LREIT 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."

**17** The bullet point titled "Ability to benefit from the Sponsor Group's Real Estate Investment and Management Experience" appearing on page 154 of the Offering Circular shall be deleted in its entirety and replaced with the following:

**"Ability to leverage on the Sponsor Group's Real Estate Investment and Management Experience**

Being a globally integrated real estate group with operations in Australia, Asia, Europe and the Americas, the Sponsor Group designs, develops, constructs, funds, owns, co-invests in, operates and manages real estate 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. The Sponsor Group's current strategy has been focused on becoming a leading globally integrated real estate group, growing its global development pipeline value to approaching A$114 billion, increasing its core construction backlog to A$15 billion and growing its funds under management to A$40 billion as at 30 June 2021. As such, the LREIT 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.

In addition, LREIT will consider increasing its exposure to other cities in which the Sponsor Group operates in the future through the Sponsor Group's secured development pipeline either through the right of first refusal being granted by each of the Sponsor and Lendlease Trust (through its responsible entity Lendlease Responsible Entity Limited) if certain conditions are met, or through other potential acquisition opportunities which may be sourced from the Sponsor. LREIT will position itself to take full advantage of these acquisition opportunities."

**18** The section titled "Capital Management Strategy" appearing on page 154 of the Offering Circular shall be deleted in its entirety and replaced with the following:

"**Capital Management Strategy**

The LREIT Manager will seek to manage LREIT's capital structure and cost of capital within the borrowing limits set out in the Property Funds Appendix.

The LREIT Manager will also endeavour to:

(a) maintain a strong balance sheet;

(b) employ a combination of debt and equity instruments in financing acquisitions and asset enhancement initiatives;

(c) secure diversified funding sources to access both financial institutions and capital markets;

(d) optimise its cost of debt financing; and

(e) utilise interest rate and currency risk management strategies (including hedging) to minimise exposure to market volatility on its income, where appropriate."

**19** The bullet points titled "Capital structure strategy", "Risk management strategy" and "Other financing strategies" appearing on pages 155 and 156 of the Offering Circular shall be deleted in their entirety and replaced with the following:

"(1) **Capital structure strategy** – Within the borrowing limits set out in the Property Funds Appendix, the LREIT Manager will endeavour to employ an appropriate capital structure, comprising an appropriate mix of debt and equity in financing the acquisition of properties and asset enhancement activities of its properties. The LREIT Manager's capital management strategy involves adopting and maintaining suitable aggregate leverage levels and debt maturity schedules, while maintaining flexibility in respect of future capital expenditures or acquisitions.

In the event that LREIT incurs any future borrowings, the LREIT 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 LREIT 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.

As at 31 January 2022, LREIT had borrowings of approximately S$667 million with an Aggregate Leverage of 33.5%.

(2) **Debt diversification strategy** – As and when appropriate, the LREIT 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) **Proactive risk management hedging strategy** – LREIT will endeavour to utilise interest rate and currency risk management hedging strategies, where appropriate. The LREIT 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% of LREIT's borrowings will be hedged to a fixed interest rate.

(4) **Other financing strategies** – The LREIT 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."

**20** The table appearing under the sub-section titled "Key information on 313@somerset" on page 156 of the Offering Circular shall be deleted in its entirety and replaced with the following:

"The table below sets out a summary of selected information on 313@somerset as at 31 December 2021, unless otherwise stated:

| | |
|---|---|
| **No. of buildings** | 1 |
| **Property Type** | Retail |
| **Title** | Leasehold of 99 years commencing from 21 November 2006 |
| **Purchase Consideration** | S$1,003.0 million |
| **Acquisition Date** | 2 October 2019 |
| **Ownership** | 100.0% |
| **NLA (square feet)** | 288,318 |
| **Committed Occupancy** | 99.7% |
| **FY2021 Net Property Income** | S$33.2 million |
| **Adopted Capitalisation Rate for Valuation as at 30 June 2021** | 4.25% |
| **Valuation as at 30 June 2021** | S$983 million(1) |

Note:

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

**21** The following section titled "Singapore – Jem" shall be inserted immediately before the section titled "Milan – Sky Complex" on page 158 of the Offering Circular:

"**Singapore – Jem**

50 and 52 Gateway Jurong Gateway Road, Singapore 608549 & 608550

**Key information on Jem**

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

| | |
|---|---|
| **Property Type** | Integrated Office and Retail |
| **Title** | Leasehold of 99 years commencing from 27 September 2010 |
| **Purchase Consideration** | S$2,079 million |
| **Acquisition Date** | Expected to be on or before 15 May 2022 (or such other date as may be agreed between the LREIT Trustee and the Property Vendors) |
| **Ownership** | 31.8% |
| **NLA (square feet)** | 892,502 |
| **Committed Occupancy** | 100.0% |
| **FY2021 Net Property Income** | S$90.8 million(1) |
| **Adopted Capitalisation Rate for Valuation as at 30 June 2021** | Retail: 4.50%(2)<br>Office: 3.50%(2) |
| **Valuation as at 30 June 2021** | S$2,086 million(2) |

Notes:

(1) 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) Based on the higher of the two independent valuations of Jem (the "**Appraised Value**") as at 31 December 2021.

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 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 have been fully leased to the 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.[7]

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."

**22** The table appearing under the sub-section titled "Key information on Sky Complex" on page 158 of the Offering Circular shall be deleted in its entirety and replaced with the following:

"The table below sets out a summary of selected information on Sky Complex as at 31 December 2021, unless otherwise stated:

| | |
|---|---|
| **No. of buildings** | 3 |
| **Property Type** | Grade-A Office(1) |
| **Title** | Freehold |
| **Purchase Consideration** | €262.5 million |
| **Acquisition Date** | 2 October 2019 |
| **Ownership** | 100.0% |
| **NLA (square feet)** | 985,967 |
| **Committed Occupancy** | 100.0% |
| **FY2021 Net Property Income** | S$23.7 million |
| **Adopted Capitalisation Rate for Valuation as at 30 June 2021** | 5.25% |
| **Valuation as at 30 June 2021** | S$420 million(2) |

Notes:

(1) Comprises office and television studios.

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

**23** The section "Recent Developments" shall be amended by deleting the section in its entirety and inserting the following at the end of the sub-section "Singapore" under "Impact of COVID-19" on page 160 of the Offering Circular:

"On 4 April 2020, the Singapore Multi-Ministry Taskforce announced an elevated set of safe distancing measures (locally referred to as "circuit breaker" measures) which started on 7 April 2020 and lasted to 1 June 2020. Under the "circuit breaker" measures, only businesses providing essential services were allowed to continue operating and residents

[7] 2nd place ranking obtained while held under ARIF3 and LLJP.

were ordered to stay at home with a limited range of exceptions. As a result of the "circuit breaker" measures, the tenants of 313@somerset who were deemed to be non-essential businesses had to suspend their businesses. Examples of non-essential businesses include wellness and beauty product shops and consumer electronics retailers. These "circuit breaker" measures were gradually relaxed from 2 June 2020. Singapore entered phase two, phase three and the stabilisation phase of its reopening plans on 19 June 2020, 28 December 2020 and 27 September 2021 respectively, as restriction measures were eased to allow a majority of economic activities to resume, subject to certain safe distancing measures. The COVID-19 situation and various phases of safe management measures continue to adversely affect the tenant sales and shopper traffic to 313@somerset. The resurgence of community COVID-19 cases and implementation of tightened safe management measures under phase 2 and phase 3 (heightened alert) and the stabilisation phase also affected 313@somerset's performance and recovery. Retail businesses, shopper traffic and general sentiment will continue to be affected by the ongoing COVID-19 pandemic and safe management measures. Uncertainties from the COVID-19 pandemic have posed and may continue to pose risks to LREIT's business and financial performance.

Retail activity has gradually resumed from June 2020 as most entertainment venues and retail outlets have reopened and dining-in at restaurants is allowed with group sizes limited to five persons. While the Ministry of Health announced on 16 February 2022 that safe distancing will no longer be required in all mask-on settings, the current density limit equivalent to a 50% capacity limit continues to apply for shopping malls and large standalone stores where there are more than 1,000 visitors at any one time. Until these safe distancing measures are lifted, such measures will continue to weigh on shopper traffic and tenant sales in the short term."

**24** The section "Recent Developments" shall be amended by inserting the following section titled "Proposed Acquisition of Jem" on page 161 of the Offering Circular:

"**Proposed Acquisition of Jem**

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[8] (the "**ARIF3 Purchase Consideration**")[9]; and followed by (ii) an asset acquisition by the LREIT Trustee of the Property from LLCI and LLRI3 (LLCI and LLRI3 collectively, 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

8 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.

9 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.

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 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 LREIT Trustee.

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 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 31 January 2022.

The second step, being the Property Acquisition which involves the LREIT Trustee acquiring the Property directly from the Property Vendors shortly after completion of the ARIF3 Share Acquisition, is to achieve the outcome of the LREIT 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 LREIT Manager intends to wind up SingCo if LREIT does not have a purpose for SingCo in the future.

The LREIT 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[10] of S$2,079 million. Pursuant to the Asset PCOA, the LREIT 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 LREIT 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 LREIT 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 and this non-cash component was agreed between the LREIT 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

[10] The purchase consideration payable to the Property Vendors pursuant to the Asset PCOA.

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 LREIT 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 as at the date of the Asset PCOA, 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 LREIT 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 LREIT Trustee as redemption proceeds for the redemption of the redeemable preference shares that the LREIT Trustee holds in SingCo and as a final step, the LREIT 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 LREIT Manager expects SingCo to receive approximately S$225 million out of such cash proceeds[11].

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.

***Rationale of the Proposed Acquisition of Jem***

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

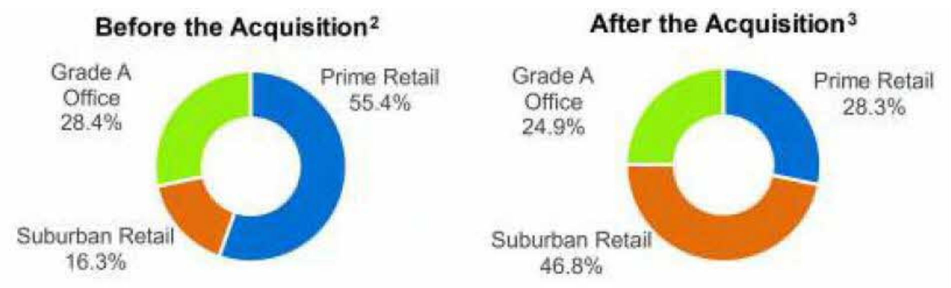
(a) *Increased exposure to the resilient suburban segment*

Immediately following the acquisition of Jem, LREIT's enlarged property portfolio (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 greater exposure to the resilient suburban retail segment.

**Greater Portfolio Diversification[(1)]**


**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.

[11] The LREIT 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.

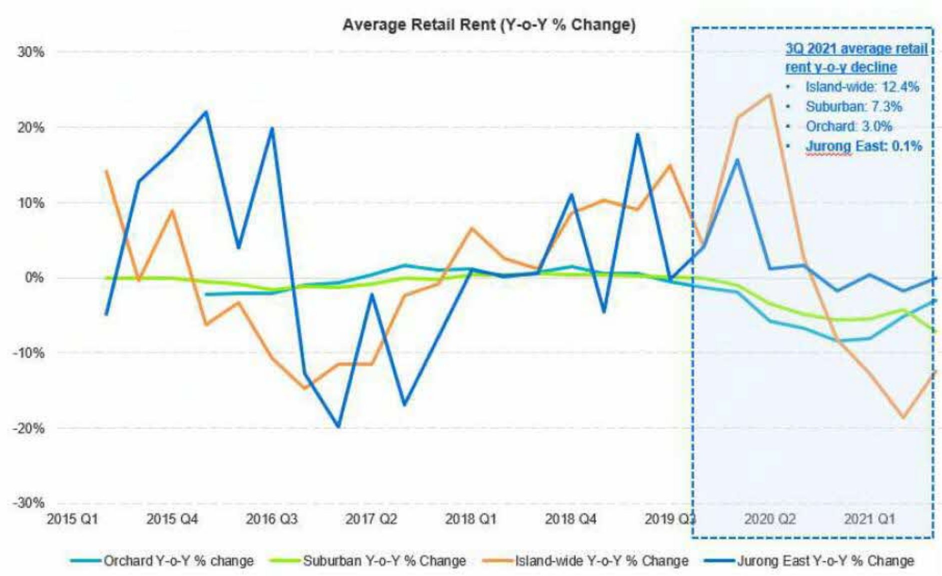
(2) 31.8% effective interest in Jem based on the NAV of ARIF3 and LLJP as at 31 December 2021.

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

**Suburban retail malls have proven to better weather economic volatility**

According to research undertaken by Colliers, 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, is expected to 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

(b) *Strategic location that brings long-term growth potential*

(i) Strategically located in the heart of Jurong East

(1) 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**

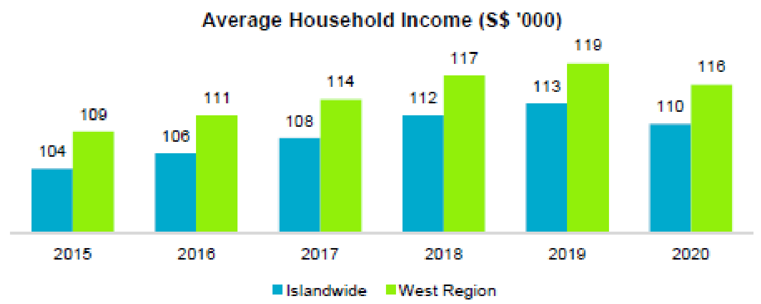

Source: Colliers Research

(2) 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

(ii) Well-positioned to capitalise on future trends

(1) 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.

**Development of the new Jurong Region Line**


Source: Colliers Research

In addition, the 600 hectare Jurong Innovation District, with its first phase near completion in 2022, is expected to 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**

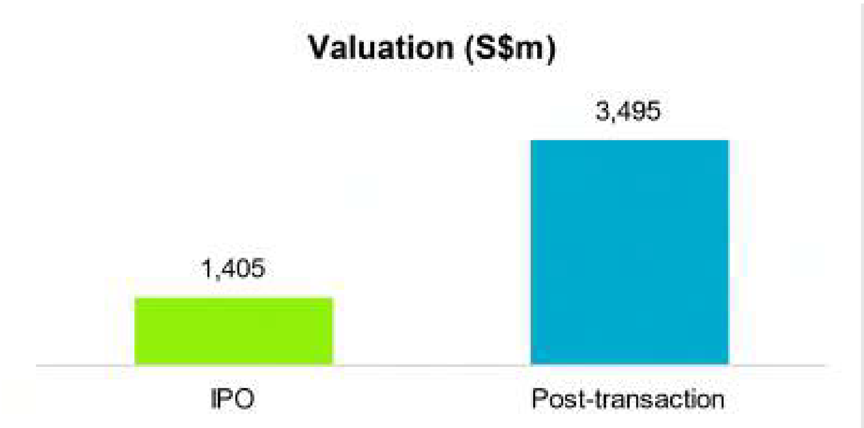

Source: Colliers Research

(c) *Enhanced portfolio's scale and diversification*

(i) <u>Enlarged portfolio that is well-poised to deliver stable organic growth</u>

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**



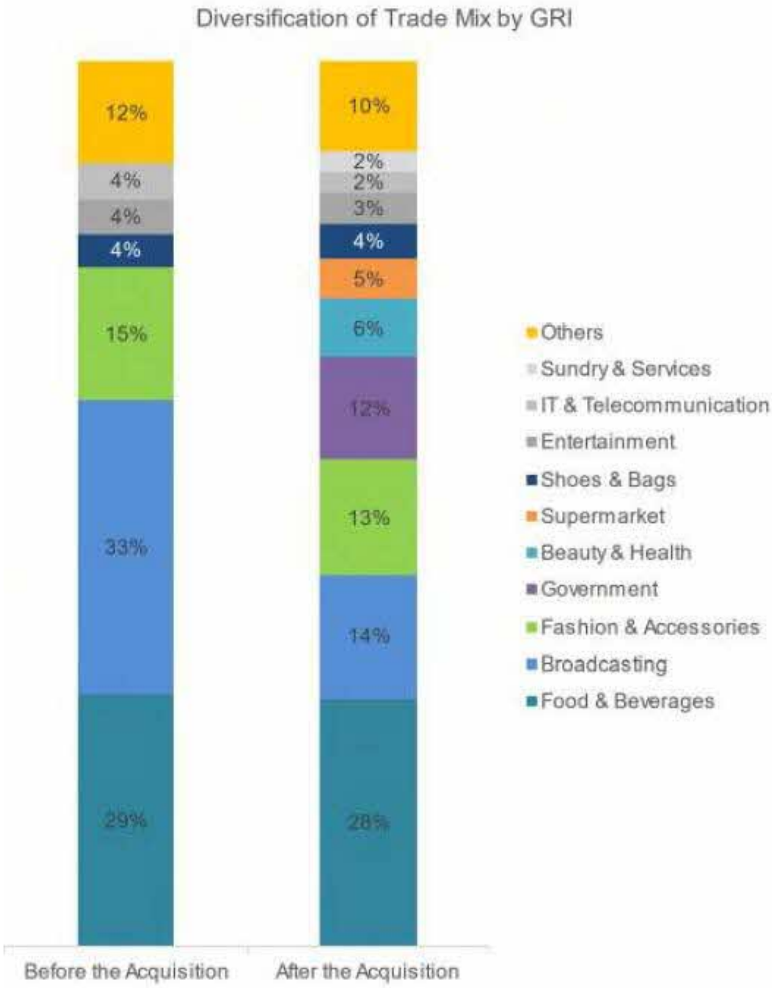

(ii) <u>Better visibility and relevance amongst global investors</u>

The Acquisition would potentially rank LREIT as one of the largest S-REITs by total deposited property and one of the largest S-REIT retail space owners in Singapore.

A larger scale provides enhanced visibility within the S-REIT 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 31 January 2022, may potentially increase. This could help to drive higher trading liquidity.

(iii) <u>Further diversification of tenant mix and income stream</u>

The LREIT 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 Property 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. 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. Please refer to the sub-section titled "Description of Assets and Operations of LREIT – Diversified Tenant

Base" for the lists of the top 10 tenants before and after the acquisition of Jem.

(d) *Top-tier dominant suburban asset*

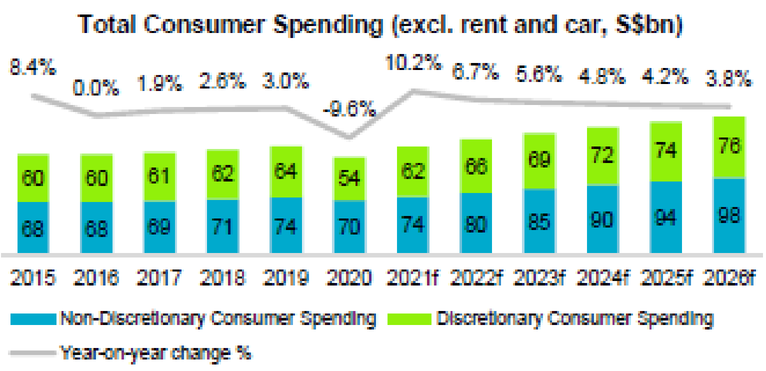
(i) <u>Quality tenant base</u>

(1) 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.

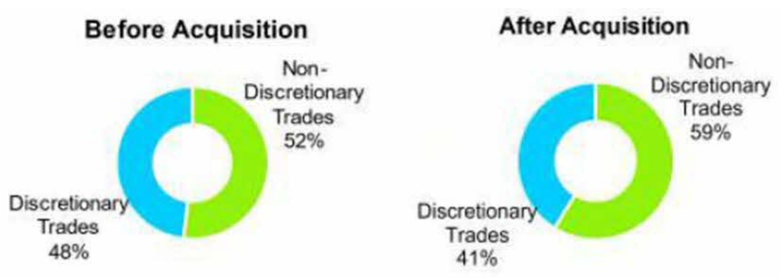
The LREIT Manager believes that Jem enhances the defensiveness of the portfolio with its emphasis on non-discretionary trades. GRI contribution to the portfolio from non-discretionary trades is expected to increase from approximately 52% in 31 December 2021 to approximately 59% following the Acquisition.

**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.

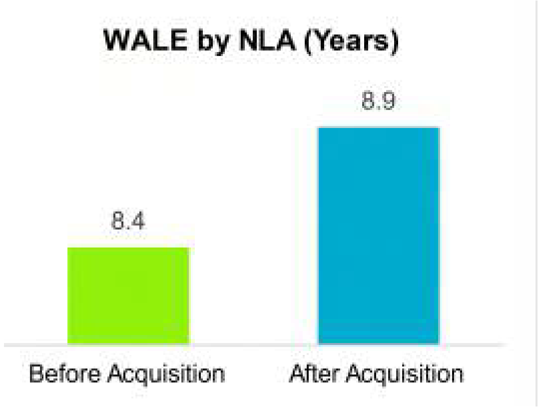
(2) High level of committed occupancy with strong anchor tenants

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.

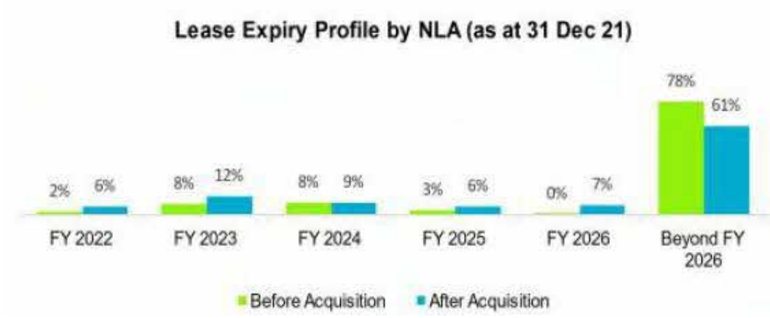
**Increase in WALE[(1)]**




Note:

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

**Staggered expiries**




(3) Active management and support to tenant base

As part of active mall management, asset enhancement initiatives ("**AEIs**") were previously carried out 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 a 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 Dropoff / 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.

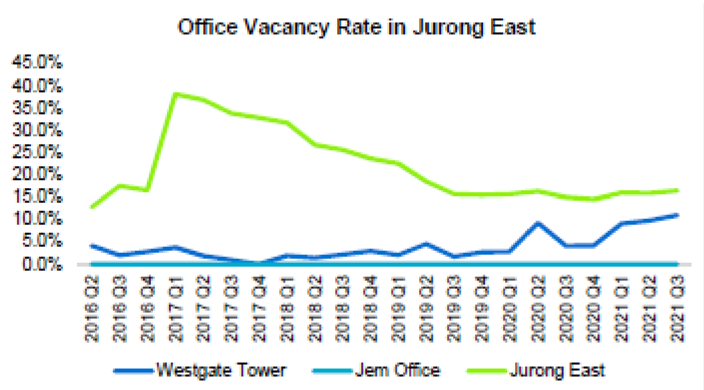
Jem benefits from being part of a broader digital loyalty platform powered by Lendlease. The mobile application platform and loyalty programme (Lendlease Plus) offers tenants of Jem an alternative channel to connect with customers. Lendlease Plus links up a network of affiliated shopping malls to offer 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.

(4) 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.

**Full occupancy for Jem's office component**




Source: Colliers Research

(e) *Strong sustainability credentials*

Standing 18 storeys tall, Jem boasts a green façade with open air gardens, uses water systems which reduces water consumption to the volume of about 100 Olympic-size swimming pools (or approximately 250,000 cubic metres) every year, energy system that cuts down energy consumption by about 13GWh annually, and waste management system which can cut decomposition time from 4 weeks to just 24 hours. 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 five stars for its ESG

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

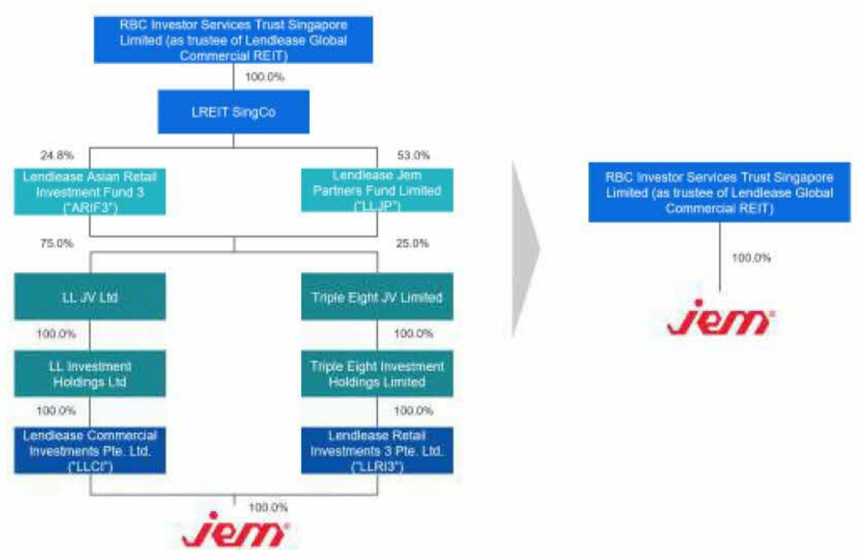
performance for two consecutive years since its listing in 2019. As such, Jem would be a natural fit in LREIT's portfolio.

(f) *Transformational acquisition – Full control of Jem via an efficient holding structure*

(i) 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**




(ii) Full control to better harness economies of scale

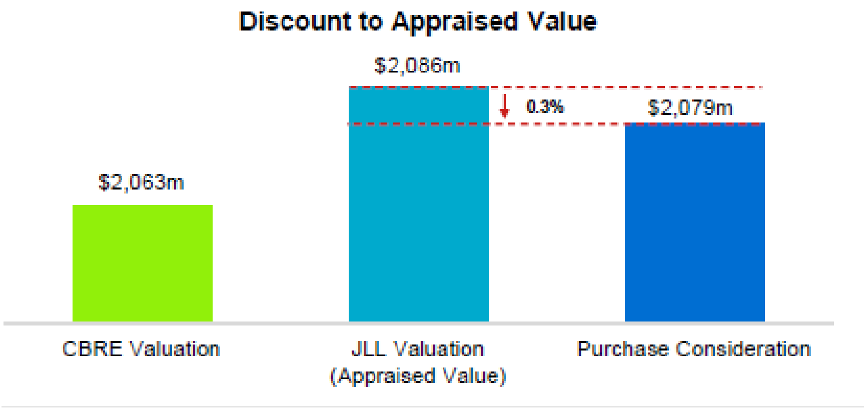
With full control of Jem, the LREIT Manager can better manage operational matters and asset enhancements vis-à-vis the portfolio, as compared to holding only an indirect interest in the asset. The LREIT Manager is able to directly implement its asset management strategies for the overall portfolio, instead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

Some examples of economies of scale which could 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.

(g) *Attractive Value Proposition*

(i) Discount to independent valuation

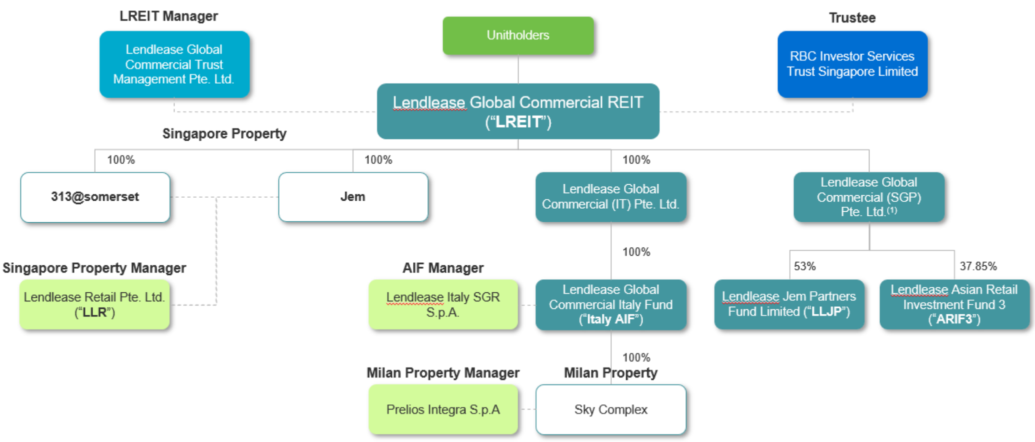
The Property is proposed to be acquired at a Purchase Consideration of S$2,079 million, which is approximately at a 0.3% discount to the Appraised Value.




25 The following shall be inserted at the end of the section titled "Structure of LREIT" on page 162 of the Offering Circular:

"The following diagram illustrates the relationship between, among others, LREIT, the LREIT Manager, the LREIT Trustee, the Singapore Property Manager, the Milan Property Manager and LREIT's Unitholders following the Acquisition:

Post-Acquisition Structure Overview




Note:

(1) Following the completion of the 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 LREIT Manager intends to wind up SingCo if LREIT does not have a purpose for SingCo in the future."

26 The section "Board of Directors and Executive Officers of the LREIT Manager" appearing on page 167 of the Offering Circular shall be deleted in its entirety and substituted thereof for the following:

"***Board of Directors and Executive Officers of the LREIT Manager***

The Board of Directors of the LREIT Manager as at 29 March 2022 are:

| Name | Position |
|---|---|
| Ms Ng Hsueh Ling | Chairperson and Non-Independent Non-Executive Director |
| Dr Tsui Kai Chong | Lead Independent Non-Executive Director |
| Mr Simon John Perrott | Independent Non-Executive Director |
| Mrs Lee Ai Ming | Independent Non-Executive Director |
| Mr Justin Marco Gabbani | Non-Independent Non-Executive Director |

**27** The section "Chairman and Non-Independent Non-Executive Director, Anthony Peter Lombardo" appearing on page 167 and 168 of the Offering Circular shall be deleted in its entirety and substituted thereof for the following:

"**Chairperson and Non-Independent Non-Executive Director, Ng Hsueh Ling**

Ms Ng Hsueh Ling is the Chairperson of the Board, a Non-Independent Non-Executive Director of the LREIT Manager and a Member of the Nomination and Remuneration Committee.

Ms Ng is the Managing Director & Country Head, Singapore of Lendlease Investment Management Pte. Ltd. since 2017. She is responsible for developing, overseeing and inputting mid to long term strategies for Singapore's and the REIT's investments, products and services to drive growth. 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 the Group, she was the Chief Executive Officer of Keppel REIT Management Limited, the LREIT 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."

**28** The section " Lead Independent Non-Executive Director, Tsui Kai Chong" appearing on page 168 of the Offering Circular shall be deleted in its entirety and substituted thereof for the following:

**"Lead Independent Non-Executive Director, Tsui Kai Chong**

Dr Tsui Kai Chong is the Lead Independent Non-Executive Director of the LREIT 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. He had previously served as a member of the boards of the Intellectual Property Office of Singapore, 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."

**29** The section "Independent Non-Executive Director, Simon John Perrott" appearing on page 168 of the Offering Circular shall be deleted in its entirety and substituted thereof for the following:

**"Independent Non-Executive Director, Simon John Perrott**

Mr Simon John Perrott is an Independent Non-Executive Director of the LREIT 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."

**30** The section "Independent Non-Executive Director, Lee Ai Ming appearing on page 168 of the Offering Circular shall be deleted in its entirety and substituted thereof for the following:

**"Independent Non-Executive Director, Lee Ai Ming**

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)."

**31** The section "Non-Independent Non-Executive Director, Ng Hsueh Ling" appearing on page 169 of the Offering Circular shall be deleted in its entirety and substituted thereof for the following:

**"Non-Independent Non-Executive Director, Justin Marco Gabbani**

Mr Justin Marco Gabbani is a Non-Independent Non-Executive Director of the LREIT Manager, he is also a Member of the Audit and Risk Committee.

Mr Gabbani is also the Chief Executive Officer ("**CEO**") Asia of Lendlease Investment Management Pte. Ltd., where he is responsible for developing strategies for the growth of the company's business and operations in Asia. He joined 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 CEO, Mr Gabbani was the Chief Financial Officer Asia of Lendlease Investment Management Pte. Ltd.. 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."

**32** The section "Experience and Expertise of the Executive Officers of the LREIT Manager" appearing on page 169 of the Offering Circular shall be deleted in its entirety and substituted thereof for the following:

**"Experience and Expertise of the Executive Officers of the LREIT Manager:**

| **Name** | |
|---|---|
| Mr Kelvin Chow Chung Yip | Chief Executive Officer |
| Mr Liaw Liang Huat Joshua | Executive General Manager, Finance |
| Mr Victor Shen Weide | Senior Finance Manager |
| Ms Ling Bee Lin | Senior Manager, Investor Relations |
| Mr Mark Louis Yong Zhi Peng | Manager, Investments and Investor Relations |

**33** The section "Deputy Fund Manager, Julia Chew" appearing on page 170 of the Offering Circular shall be deleted in its entirety.

**34** The section "Investor Relations Manager, Ling Bee Lin" appearing on page 170 of the Offering Circular shall be retitled "Senior Manager, Investor Relations, Ling Bee Lin".

**35** The section “Senior Analyst, Investment and Investor Relations, Mark Yong” appearing on page 170 of the Offering Circular shall be retitled “Manager, Investment and Investor Relations, Mark Yong”.

**36** The section “The Milan Property Manager” appearing on page 171 of the Offering Circular shall be amended by deleting the first paragraph in its entirety and substituting with the following:

“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.”

**37** The following appendices shall be inserted at the end of the section titled “Index to Financial Statements” on page F-57 of the Offering Circular:

“Appendix 1 – Unaudited Pro Forma Financial Information”; and

“Appendix 2 – Independent Accountant’s Report on the Unaudited Pro Forma Financial Information of the Group”

## Appendix 1 - 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 "Tr**ust 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 | Pro Forma Adjustments Note (1) | Note (2) | Note (3) | Unaudited Pro Forma Statement of Financial Position |
|---|---|---|---|---|---|---|
| | | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *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 |

| | Note | Audited Statement of Financial Position | Pro Forma Adjustments Note (1) | Note (2) | Note (3) | Unaudited Pro Forma Statement of Financial Position |
|---|---|---|---|---|---|---|
| | | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'000* |
| Derivative financial instruments......... | | 207 | — | — | — | 207 |
| | | 28,016 | — | 686,393 | — | 714,409 |
| **Non-current liabilities** | | | | | | |
| Trade and other payables ................ | 9 | 5,300 | — | — | — | 5,300 |
| Loans and borrowings...................... | 10 | 542,573 | — | 622,612 | — | 1,165,185 |
| Lease liability................................... | 11 | 2,105 | — | — | — | 2,105 |
| Derivative financial instruments......... | | 2,322 | — | — | — | 2,322 |
| | | 552,300 | — | 622,612 | — | 1,174,912 |
| **Total liabilities**................................ | | 580,316 | — | 1,309,005 | — | 1,889,321 |
| **Net assets** ...................................... | | 1,156,799 | 115,993 | 762,183 | (1,731) | 2,033,244 |
| Represented by: | | | | | | |
| Unitholders' funds............................ | | 957,902 | 115,993 | 762,183 | (1,731) | 1,834,347 |
| Perpetual securities holders............. | 13 | 198,897 | — | — | — | 198,897 |
| | | 1,156,799 | 115,993 | 762,183 | (1,731) | 2,033,244 |
| Units issued at end of financial year ('000)............................................... | 13 | 1,180,996 | 141,975 | 1,045,529 | — | 2,368,500 |
| Net asset value per unit attributable to Unitholders (S$)........................... | | 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 | Pro Forma Adjustments Note (1) | Note (2) | Note (3) | Unaudited Pro Forma Statement of Financial Position |
|---|---|---|---|---|---|---|
| | | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *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 |

| | Note | Audited Statement of Financial Position | Pro Forma Adjustments Note (1) | Note (2) | Note (3) | Unaudited Pro Forma Statement of Financial Position |
|---|---|---|---|---|---|---|
| | | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'000* |
| Units issued at end of financial year ('000)............................................... | 13 | 1,191,646 | 141,975 | 1,045,529 | — | 2,379,150 |
| Net asset value per unit attributable to Unitholders (S$)............................ | | 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 | Pro Forma Adjustments | | | Unaudited Pro Forma Income Statement |
|---|---|---|---|---|---|---|
| | | | Note (1) | Note (2) | Note (3) | |
| | | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *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**: | | | | | | |

| | Note | Audited Income Statement | Pro Forma Adjustments Note (1) | Note (2) | Note (3) | Unaudited Pro Forma Income Statement |
|---|---|---|---|---|---|---|
| | | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'000* |
| 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 | Pro Forma Adjustments Note (1) | Note (2) | Note (3) | Unaudited Pro Forma Income Statement |
|---|---|---|---|---|---|---|
| | | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *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 | Pro Forma Adjustments Note (1) | Note (2) | Note (3) | Unaudited Pro Forma Income Statement |
|---|---|---|---|---|---|---|
| | | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *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 | Pro Forma Adjustments Note (1) | Note (2) | Note (3) | Unaudited Pro Forma Income Statement |
|---|---|---|---|---|---|---|
| | | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *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 |

| | Note | Unaudited Income Statement | Pro Forma Adjustments Note (1) | Note (2) | Note (3) | Unaudited Pro Forma Income Statement |
|---|---|---|---|---|---|---|
| | | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'000* |
| | | 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 | Pro Forma Adjustments | | | Unaudited Pro Forma Statement of Cash Flows |
|---|---|---|---|---|---|
| | | Note (1) | Note (2) | Note (3) | |
| | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *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 | Pro Forma Adjustments | | | Unaudited Pro Forma Statement of Cash Flows |
|---|---|---|---|---|---|
| | | Note (1) | Note (2) | Note (3) | |
| | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *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.

**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** | **30 June 2021** |
|---|---|---|
| | *S$'000* | *S$'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:

| | | | | **At valuation** | |
|---|---|---|---|---|---|
| **Description of property** | **Location** | **Term of lease** | **Existing use** | **31 December 2021** | **30 June 2021** |
| | | | | *$'000* | *$'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%)<br>• (Terminal capitalisation rate of 3.65% - 5.25% (30 June 2021: 3.65% - 5.25%) | The estimated fair value would increase (decrease) if discount rate was lower (higher).<br>The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher). |
| Capitalisation method.... | • (Capitalisation rate of 3.50% - 4.50%<br>• (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** | **30 June 2021** |
|---|---|---|
| | *S$'000* | *S$'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<br>• 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<br>• 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** | **30 June 2021** |
|---|---|---|
| | *S$'000* | *S$'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 | LL JV Ltd | Triple Eight JV Limited | Total |
|---|---|---|---|---|
| | *S$'000* | *S$'000* | *S$'000* | *S$'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 | |

| | ARIF3 | LL JV Ltd | Triple Eight JV Limited | Total |
|---|---|---|---|---|
| | *S$'000* | *S$'000* | *S$'000* | *S$'000* |
| **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 | 30 June 2021 |
|---|---|---|
| | *S$'000* | *S$'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 | 30 June 2021 |
|---|---|---|
| | *S$'000* | *S$'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 | 30 June 2021 |
|---|---|---|
| | *S$'000* | *S$'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 | 30 June 2021 |
|---|---|---|
| | *S$'000* | *S$'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 |

| | 31 December 2021 | 30 June 2021 |
|---|---|---|
| | *S$'000* | *S$'000* |
| | 288,957 | 290,346 |
| **Non-current** | | |
| Deposits | 4,379 | 5,300 |

## 10 Loans and borrowings

| | 31 December 2021 | 30 June 2021 |
|---|---|---|
| | *S$'000* | *S$'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 | Carrying amount |
|---|---|---|---|---|
| | *(%)* | | *S$'000* | *S$'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** | | | | |

| | Nominal interest rate | Year of maturity | Face value | Carrying amount |
|---|---|---|---|---|
| | *(%)* | | *S$'000* | *S$'000* |
| 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 | 30 June 2021 |
|---|---|---|
| | *S$'000* | *S$'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 |

| | LLJP |
|---|---|
| | 31 December 2021 |
| | $'000 |
| 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 | 30 June 2021 |
|---|---|---|
| | No. of Units | No. of Units |
| | *'000* | *'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 |

| | 31 December 2021 | 30 June 2021 |
|---|---|---|
| | No. of Units | No. of Units |
| | *'000* | *'000* |
| **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 | 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* |
| 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 | 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 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 | 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* |
| **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 | 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* |
| 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** | **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 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** | **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* |
| 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 |

| | 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 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** | **Contractual cash flows** | **Within 1 year** | **Between 1 to 5 years** | **After 5 years** |
| | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *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** | **Contractual cash flows** | **Within 1 year** | **Between 1 to 5 years** | **After 5 years** |
| | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *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 may allow 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** | **30 June 2021** |
| | *S$'000* | *S$'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** | **FVTPL** | **Other financial liabilities** | **Total carrying amount** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'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) |

| | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|
| | **At amortised cost** | **FVTPL** | **Other financial liabilities** | **Total carrying amount** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'000* |
| 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** | **FVTPL** | **Other financial liabilities** | **Total carrying amount** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'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) | | | | |

| | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|
| | **At amortised cost** | **FVTPL** | **Other financial liabilities** | **Total carrying amount** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'000* |
| **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 | Italy | Total |
|---|---|---|---|
| | *S$'000* | *S$'000* | *S$'000* |
| **Period from 28 January 2019 (date of constitution) to 30 June 2020** | | | |
| Gross revenue | 114,719 | 18,692 | 133,411 |

| | Singapore | Italy | Total |
|---|---|---|---|
| | *S$'000* | *S$'000* | *S$'000* |
| 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) |

| | Singapore | Italy | Total |
|---|---|---|---|
| | *S$'000* | *S$'000* | *S$'000* |
| *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 | Italy | Total |
|---|---|---|---|
| | *S$'000* | *S$'000* | *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 | — | — | — |

| | Singapore | Italy | Total |
|---|---|---|---|
| | *S$'000* | *S$'000* | *S$'000* |
| *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) <u>Trustee's fees</u>

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%.

**<u>Italy</u>**

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.

**(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."

"Appendix 2 – Independent Accountant's Report on the Unaudited Pro Forma Financial Information of the Group

[1] The Italian National Institute of Statistics.

**Appendix 2 – Independent Accountant's Report on the Unaudited Pro Forma Financial Information of the Group**

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RBC Investor Services Trust Singapore Limited
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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