lendlease
GLOBAL COMMERCIAL REIT

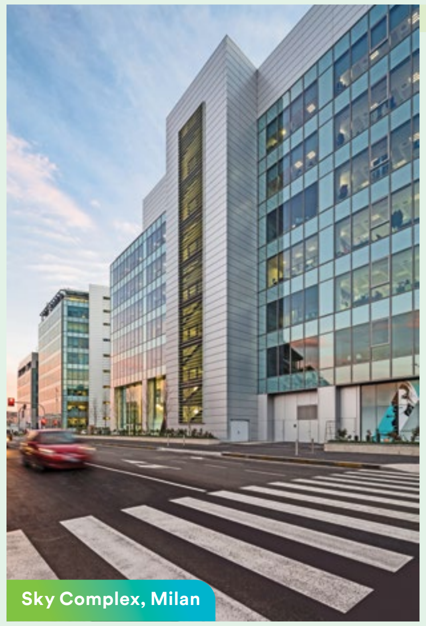
BALANCING GROWTH WITH STABILITY

Lendlease Global Commercial REIT
Annual Report FY2024

5TH ANNIVERSARY

CONTENTS


313@somerset, Singapore


Sky Complex, Milan

Jem, Singapore

Parkway Parade, Singapore


Multifunctional Event Space adjacent to 313@somerset (under development)

Since the listing of LREIT in 2019, it has achieved an equity market capitalisation growth of 1.3 times to S$1.3 billion as at 30 June 2024. Over the years, significant milestones were achieved. These include the acquisition of Jem and a stake in Parkway Parade, achieving Net Zero Carbon status as well as topped GRESB ranking for four consecutive years. LREIT's asset under management also grew approximately 2.6 times to S$3.68 billion.

The Manager will continue to build on this foundation to balance growth with stability.

ABOUT LREIT

LREIT is a real estate investment trust listed on the Main Board of the SGX-ST. Its principal investment strategy is to invest directly or indirectly, in a diversified portfolio of stabilised income-producing real estate assets located globally that are used primarily for retail or office purposes.

Its portfolio comprises two leasehold properties in Singapore and three freehold commercial buildings in Milan. In addition, LREIT owns a stake in Parkway Parade and is developing a multifunctional event space on a site adjacent to 313@somerset.

Mission

To provide Unitholders with regular, stable distributions while achieving long-term growth in DPU and NAV per unit, as well as maintaining a prudent capital structure.

Strategy

1. Proactive Asset Management
2. Prudent Capital Management
3. Investment and Acquisition Growth

PERFORMANCE HIGHLIGHTS

GROSS REVENUE (S$m) 220.9

FY2024	220.9
FY2023	204.9

NET PROPERTY INCOME (S$m) 165.3

FY2024	165.3
FY2023	153.9

DISTRIBUTABLE INCOME (S$m) 91.4

FY2024	91.4
FY2023	108.2

DISTRIBUTION PER UNIT (S¢) 3.87

FY2024	3.87
FY2023	4.70

TOTAL ASSETS (S$m) 3,829.8

FY2024	3,829.8
FY2023	3,826.4

NET ASSET VALUE PER UNIT (S$)[1] 0.76

FY2024	0.76
FY2023	0.79

APPRAISED VALUE (S$m)[2] 3,682.4

FY2024	3,682.4
FY2023	3,650.0

COMMITTED PORTFOLIO OCCUPANCY (%) 89.1[3]

FY2024	89.1[3]
FY2023	99.9

CAPITAL MANAGEMENT

GEARING RATIO
40.9%

WEIGHTED AVERAGE COST OF DEBT
3.58%
per annum[4]

WEIGHTED AVERAGE DEBT MATURITY
2.5
years

INTEREST COVERAGE RATIO
3.2 times[5]

Retail Rental Reversion
14.0%

Weighted Average Lease Expiry (By NLA)
7.5 years

[1] Excludes non-controlling interests and perpetual securities holders' funds.
[2] Comprises investment properties and investment property under development (includes right-of-use asset).
[3] The lower occupancy rate compared to FY2023 was due to the lease restructuring exercise at Sky Complex. Building 3 is undergoing repositioning for multi-tenancy.
[4] Excludes amortisation of debt-related transaction costs.
[5] The ICR as at 30 June 2024 of 3.2 times is in accordance with requirements in its debt agreements. In accordance with the Property Funds Appendix of the Code on Collective Investment Schemes, ICR is 2.2 times and adjusted ICR is 1.7 times.

SUSTAINABILITY HIGHLIGHTS

ENVIRONMENTAL[1]

ENERGY CONSUMPTION
2%
Landlord

WATER CONSUMPTION
5%
Landlord

GHG EMISSIONS[2] (SCOPE 1 AND 2)
Net Zero Carbon
Since FY2023

WASTE RECYCLING
24%

BOARD DIVERSITY
Female
40%

SENIOR MANAGEMENT
Female
67%

STAKEHOLDERS ENGAGEMENT

TENANT SATISFACTION SCORE (%) 70

FY2024	70
FY2023	82

SHOPPER SATISFACTION SCORE (%) 90

FY2024	90
FY2023	84

HEALTH AND SAFETY

ZERO INCIDENTS

- Work-related injuries and ill health incidents
- Non-compliance with regulations and voluntary codes

GOVERNANCE

ZERO INCIDENTS

- Corruption
- Complaints on breach of customer privacy
- Leaks, thefts or losses of customer data
- Non-compliance with relevant laws and regulations including environmental

MISSION STATEMENT:

LREIT aims to deliver a sustainable future for its stakeholders by striving towards economic, environmental, social and governance progress.

Scan the QR code to read our Sustainability Report FY2024

[1] From baseline year FY2022.
[2] Market based emission.

SUSTAINABILITY PERFORMANCE IN FY2024

PLANET (ENVIRONMENTAL)

The Manager integrates environmental stewardship and social practices into its operations and decision-making processes to meet stakeholder expectations and ensure long-term viability. It aims to revisit the baseline year for LREIT's environmental performance in FY2027.

CLIMATE ACTION AND ENERGY MANAGEMENT

Landlord energy consumption
24,471 MWh
(FY2024)

Tenant energy consumption
34,755 MWh
(FY2024)

Target: Maintain green building rating status for LREIT's assets.

FY2027 and beyond: Set interim targets to track progress towards **Absolute Zero Carbon**. Scan QR code to see Lendlease Asia roadmap.

WATER MANAGEMENT

Potable water
37,647 kL
(FY2024)

NEWater
220,708 kL
(FY2024)

Target: Maintain water efficiency index at top 25th percentile in the local market.

FY2027 and beyond: Further reduce landlord water consumption and ensure all water fittings newly installed or replaced are **WELS 3 ticks rating**.

WASTE MANAGEMENT

Total waste generated
5,800 Tonnes
(FY2024)

FY2027 and beyond:
100% food waste by tenant to be segregated and sent to onsite food digestor.

ACHIEVEMENTS

LEED Gold for Milan assets

BCA Green Mark Platinum for Singapore assets

PARTNER (GOVERNANCE)

The Manager is committed to conducting its business activities in accordance with high ethical standards.

BUSINESS ETHICS AND GOVERNANCE

Adopts a **strict zero-tolerance policy** towards fraud, corruption and other unethical conduct.

100% new suppliers were screened for environmental and social impacts before being onboarded. No significant instances of negative impacts were identified.

DATA PRIVACY AND CYBERSECURITY

Established procedure for the property manager of Jem and 313@somerset to address complaints promptly.

ACHIEVEMENTS

MSCI ESG RATINGS BBB

Governance component improved from 6.7 points in June 2023 to 7.2 points in July 2024 and above industry average of 6.3 points

GRESB ★★★★★ 2023

5-star rating for four consecutive years since 2020

PEOPLE (SOCIAL)

The Manager aims to generate value within the communities where it operates by supporting people beyond LREIT's asset boundaries and fostering shared value partnerships.

HEALTH AND SAFETY

Commitment towards zero work-related incidents

- Risk Control Plan formulated to mitigate risks and ensure safety of the employees.
- Joint management-worker health and safety committee meeting every quarter to facilitate collaboration and address health and safety initiatives.
- Risk management team formed within the property manager of Jem and 313@somerset to assess and implement workplace safety.
- Safe Work Method Statement process to identify and assess potential risks on works conducted by third-party contractors.
- Health and safety training programme to uphold employee competency.

DIVERSITY AND INCLUSION

Four focus areas:

1. Culture:
Prioritising people's health and well-being is fundamental to the Group's culture and purpose.

2. Careers:
Strong focus on talent attraction and retention.

3. Leadership:
Global leadership programmes have been successfully implemented across all regions, with **415** participants globally.

4. Learning:
The Manager's workforce scored **7.8** for Growth, which reflects positive perception on the support and opportunities for professional development.

Total training hours
1,447
(FY2024)

COMMUNITY DEVELOPMENT AND ENGAGEMENT

- One of the first to adopt the Sustainable Philanthropy Framework launched by the NCSS.
- **First retail mall** in Singapore to develop access guide with the Disabled People's Association.
- For more details on the Manager's community engagements, refer to page 36 to 38 of the Sustainability Report FY2024.

ACHIEVEMENTS

bizSAFE partner certification

Culture of Acceptance, Respect and Empathy (CARE) award

Silver Workplace Safety and Health (WSH) award

Company of Good – 3 Hearts

OPERATIONAL PERFORMANCE (ECONOMIC)

The Manager believes that long-term value creation, both operationally and financially, depends on the sustainable development of LREIT's business.

TENANT AND SHOPPER SATISFACTION SCORE

Tenant Satisfaction:
70%
(FY2024)

Shopper Satisfaction:
90%
(FY2024)

Target: Improve or maintain tenant and shopper satisfaction score YoY.

SUSTAINABLE FINANCING

85% of committed debts are sustainable financing.

Met all sustainability pegged targets and **achieved interest savings** since the establishment of green finance in FY2022.

Target: Maintain minimum 85% of committed debts as sustainable financing.

OPERATIONAL PERFORMANCE

+14% retail rental reversion in FY2024. For more details on LREIT's operational performance, refer to page 22 to 25.

BUILDING FOUNDATION FOR GROWTH

Gross Revenue
S$220.9 million

Market Capitalisation
S$1.3 billion

Distributable Income
S$91.4 million

Net Property Income
S$165.3 million

Distribution Per Unit
3.87¢

We continued to strengthen our foundation in FY2024. Through building strong relationships with tenants and identifying opportunities to enhance our properties, we ensure continued relevance of our properties to meet occupiers' needs and demands.

Group Overview
What's in this section :

DIALOGUE WITH CHAIRPERSON AND CEO

Tourism, hospitality and retail sectors marked steady recovery in FY2024 with momentum likely to continue. The pace of economic recovery, however, remained weak on the back of geopolitical tension and the higher-for-longer interest rate environment. Against this backdrop, the Manager prioritised prudent capital management to manage costs and gearing during the year.

Balancing growth with stability, LREIT delivered healthy operational performance in FY2024. Mr Justin Marco Gabbani, Chairperson, and Mr Kelvin Chow, Chief Executive Officer, share how LREIT navigated the challenging macroeconomic landscape to pave the way for its sustained growth and create greater value for its Unitholders.

From left to right:
Mr Justin Marco Gabbani
Chairperson
Mr Kelvin Chow
Chief Executive Officer

Q Question JG Justin Marco Gabbani KC Kelvin Chow

Q What is the team's strategy in coping with the high interest rate environment?

JG The high interest rate environment confronts the entire real estate industry, including LREIT. We maintain a close watch on market sentiments and interest rate developments, monitoring for windows of opportunity to secure fixed rates to mitigate high borrowing costs. Post the financial year end, LREIT has increased its interest hedging to approximately 70%, tapping on a material downward shift in projected rates amidst renewed optimism on rate cuts.

Whilst the US Federal Reserve is expected to continue easing of monetary policy following the recent rate cut, the timing and magnitude of further rate cuts remain to be seen. We will continue to focus on prudent capital management and stay agile to adapt to changing circumstances as appropriate.

KC Echoing our Chairperson, we recognise that high interest expenses have affected distributions to Unitholders.

Apart from being prudent in managing our balance sheet, we are also focused on enhancing operational performance through proactive asset management strategy.

During the year, we secured a two-year electricity tariff contract at a lower rate for Jem and 313@somerset. Besides hedging against price volatility, the contract is expected to deliver savings of approximately 30% per annum for the next two years.

Operationally, we continue to drive rental growth in our assets and have achieved positive retail rental reversion of 14.0% YoY in FY2024. Gross revenue and NPI also increased by 7.8%[1] to S$220.9 million and 7.4%[1] to S$165.3 million respectively.

LREIT's retail portfolio has achieved committed occupancy of 100% as at 30 June 2024.

Q What was the thinking behind the lease restructuring of Sky Complex which accounts for approximately 10% of LREIT's portfolio value?

KC We always look to maximise returns for our Unitholders. In FY2024, we saw an opportunity to do that with our Milan portfolio.

Due to the pandemic, the Italy office market underwent a shift driven by the changing dynamics of workplace and the increasing emphasis on flexible and collaborative work environments. Our lease with the tenant, Sky Italia, for the three commercial buildings were originally due to expire in 2032 with an option for termination in 2026. We saw the need to engage Sky Italia to optimise occupancy efficiency. In December 2023, we pivoted our strategy to restructure our office lease to reduce tenant concentration risk and reposition one of the buildings for multi-tenancy to secure market rent.

With the lease restructuring, two of the buildings remain tenanted to Sky Italia until January 2033 without tenant pre-termination rights, coupled with a rental uplift of approximately 1.5%. Most of the expenses continue to be borne by Sky Italia. Our exposure to the broadcasting sector is reduced to 10.2% from 13.6%.

Retail portfolio achieved 100% occupancy

Configuration of the third building for multi-tenancy is in progress and will be carried out in phases through 2024, together with the marketing and leasing up of the space. The repositioning coupled with the building's LEED Gold certification and the upcoming 2026 Winter Olympics, place it in a good position to secure new tenants at prevailing market rents.

Q How are you looking to drive performance in the near term?

KC We remain focused on driving organic growth in our existing portfolio through active asset management to ensure stable performance and distribution to our Unitholders.

For the retail properties, we regularly refresh them to ensure their vibrancy and relevance to our target consumers. This creates a ripple effect that draws footfall to the malls, generating recurring sales for tenants and consequently supporting property income and regular distributions to Unitholders.

We have to constantly strike a balance between retaining tenants and managing rentals to ensure that our malls appeal to the customers. We also review our tenants' business model to assess if they are the right fit for the malls. The positive retail rental reversion of 14.0% with healthy tenant retention rate of 84.9% by NLA in FY2024 demonstrate the effectiveness of our proactive tenant management strategy.

Our office portfolio, on the other hand, contributes to LREIT's income stability with a long WALE of 14.8 years by GRI as at 30 June 2024 and accounted for approximately 21% of LREIT's GRI.

[1] On a proforma basis excluding the Supplementary Rent recognised in advance, gross revenue and NPI increased 3.2% and 1.3% YoY respectively. See Financial Review section on page 30.

DIALOGUE WITH CHAIRPERSON AND CEO

Q When we talk about LREIT's mid- and long-term growth, how does sustainability fit in?

JG Sustainability is an integral part of LREIT's business strategy.

Tenants are increasingly looking to locate their businesses in green spaces so as to advance their own sustainability goals, ensure business viability and achieve operational savings. Investors look to invest in businesses with a robust ESG framework whilst banks are making good progress in harnessing green financing to support its own pursuit of sustainability commitments as well as provide funding for companies to become greener.

LREIT started tapping on sustainable financing back in 2022 when it acquired Jem and we are pleased to share that as at 30 June 2024, sustainability-linked loans account for approximately 85% of LREIT's total committed debt facilities, one of the highest among S-REITs. The sustainability-linked loans have delivered interest savings during FY2024 as LREIT achieved its sustainability outcomes and attained Net Zero Carbon[2].

The sustainable financing, together with our continuous efforts to drive sustainability initiatives in our asset operations, underlines LREIT's comprehensive approach towards our vision to achieve sustainable economic growth and create vibrant and resilient communities and cities by taking part in climate action. These also synergise with our strategy to build resilience into LREIT's portfolio in the face of climate change and potential new climate related regulations.

Sustainable financing account for approximately

85%

of LREIT'S total committed debt facilities

Jem, Singapore

Q What are some highlights in LREIT's sustainability journey in FY2024?

KC A key highlight in FY2024 was the recognition of LREIT as the Global Sector Leader (Retail) in GRESB 2023, underscoring our dedication in responsible investment practices. In addition, for four consecutive years since its listing, LREIT has clinched the Regional Sector Leader (Listed Retail) in GRESB scoring "A" for Public Disclosure.

Sustainability is an ongoing endeavour underpinned by accountability, responsibility and risk management towards ESG disclosures. With the increasing complexity and development of sustainability standards, we have established an ESG Committee to assist the Board in providing oversight on ESG matters and setting strategic objectives, with a focus on value creation, innovation and sustainability.

A training framework has also been established for the Board of Directors to provide leadership oversight on sustainability matters and set strategic objectives, and employees of the Manager to equip themselves with adequate expertise to assess, manage and monitor environmental risk in a rigorous, timely and efficient manner. In addition, as part of our internal controls and risk management around ESG, an ESG disclosure manual has been formalised. The document is subject to annual review by the ESG Committee to ensure its effectiveness. An annual Responsible Property Investment Disclosure is also made available on our website to inform stakeholders on our ESG strategies and performance.

Beyond governance, we have enhanced our social impact in FY2024 by adopting the NCSS Early Adopter Programme of the Sustainable Philanthropy Framework. We also continue to emphasise D&I and advocate for inclusive communities.

LREIT's broad-based progress in sustainability was rewarded in the Singapore Apex Corporate Sustainability Awards 2023 (finalist) under the Sustainable Business category, and received an appreciation token at the Community Chest Awards 2023 for being one of the pioneers in its Change-For-Charity Initiative.

More details on LREIT's sustainability initiatives and our plans in the near and medium term can be found in the Sustainability Report FY2024 uploaded on LREIT's corporate website.

Q In the year ahead, what can Unitholders look forward to from LREIT?

JG We are focused on optimising returns for Unitholders and proactively managing our assets to drive income and capital growth. In addition, we will continue to look for ways to enhance our portfolio construction and the opportunity for growth with a strong focus on capital and risk management. We remain committed to balancing inorganic growth aspirations with financial stability to create value for our Unitholders.

The continued support of our Unitholders, the unwavering dedication of our employees and the astute leadership of our Board have been instrumental to our ability to balance growth with stability. We are thankful for being able to count on these over the past few years, and look forward to sustaining them in the years ahead.

On behalf of the Board, I welcome Penny as a non-executive director. I am confident that her extensive experience and business acumen in the real estate industry will be an asset to LREIT.

MR JUSTIN MARCO GABBANI
Chairperson

MR KELVIN CHOW
Chief Executive Officer

Awarded Global Sector Leader (Retail) in GRESB 2023

GRESB

[2] LREIT attained Net Zero Carbon in FY2023. For more information, please refer to LREIT's Sustainability Report FY2024.

BOARD OF DIRECTORS

From left to right:

DR TSUI KAI CHONG
Lead Independent Non-Executive Director

MS PENELOPE JANE RANSOM
Non-Independent Non-Executive Director

MR JUSTIN MARCO GABBANI
Chairperson and Non-Independent Non-Executive Director

MR SIMON JOHN PERROTT
Independent Non-Executive Director

MRS LEE AI MING
Independent Non-Executive Director

BOARD OF DIRECTORS

MR JUSTIN MARCO GABBANI

Chairperson and Non-Independent Non-Executive Director

Board Committee Membership
Member of the Audit and Risk Committee

Age: 42

Date of appointment as a director:
26 October 2021

Date of last re-endorsement as a director:
25 October 2022

Length of service as a director (as at 30 June 2024):
2 years 8 months

Academic & professional qualifications
Bachelor of Finance and Bachelor of Commerce, Bond University, Queensland

Chartered Accountant, Australia

Present directorships in other listed companies (as at 30 June 2024)
-

Present principal commitments (as at 30 June 2024)
Chief Executive Officer, Asia, Lendlease Group*

Interim Chief Executive Officer, Vita Growth Partners Pte. Ltd.

Director, Lendlease Asia Holdings Pte. Ltd.

Director, Lendlease Investment Management Pte. Ltd.

* Note: On 1 July 2024, Mr Gabbani transitioned to a new role as Chief Executive Officer, Investment Management, Lendlease

Past directorships in other listed companies held over the preceding three years (as at 30 June 2024)
-

Background and working experience
Chief Financial Officer, Asia, Lendlease Group (from 2016 to 2021)

Head of Investment & Capital Markets, Asia and Europe, Lendlease Group (2015 to 2016)

Head of Investment & Capital Markets, Asia, Lendlease Group (2011 to 2015)

Head of Product Development, Investment Management, Lendlease Group (2009 to 2011)

DR TSUI KAI CHONG

Lead Independent Non-Executive Director

Board Committee Membership
Chairperson of the Audit and Risk Committee

Member of the Nomination and Remuneration Committee

Member of the Environmental, Social and Governance Committee

Age: 68

Date of first appointment as a director:
29 August 2019

Date of last re-endorsement as a director:
25 October 2021

Length of service as a director (as at 30 June 2024):
4 years and 10 months

Academic & professional qualifications
BA (Hons) Business Studies, First Class Honours, Polytechnic of Central London

MPhil and PhD (Finance), New York University

Chartered Financial Analyst, CFA Institute, USA

Present directorships in other listed companies (as at 30 June 2024)
Director, Digital Core REIT Management Pte Ltd (as manager of Digital Core REIT)

Present principal commitments (as at 30 June 2024)
-

Past directorships in other listed companies held over the preceding three years (as at 30 June 2024)
-

Background and working experience
Professor Emeritus, Singapore University of Social Sciences (from 2021 to present)

Provost, Singapore University of Social Sciences (from 2005 to 2021)

MRS LEE AI MING

Independent Non-Executive Director

Board Committee Membership
Chairperson of the Nomination and Remuneration Committee

Member of the Audit and Risk Committee

Member of the Environmental, Social and Governance Committee

Age: 69

Date of appointment as a director:
29 August 2019

Date of last re-endorsement as a director:
31 October 2023

Length of service as a director (as at 30 June 2024):
4 years and 10 months

Academic & professional qualifications
Bachelor of Laws (Honours), National University of Singapore

Present directorships in other listed companies (as at 30 June 2024)
-

Present principal commitments (as at 30 June 2024)
Director, Temasek Life Sciences Laboratory Limited

Senior Consultant, Dentons Rodyk & Davidson LLP

Past directorships in other listed companies held over the preceding three years (as at 30 June 2024)
-

Background and working experience
Deputy Managing Partner, Dentons Rodyk & Davidson LLP (1982 to 2014)

MR SIMON JOHN PERROTT

Independent Non-Executive Director

Board Committee Membership
Chairperson of the Environmental, Social and Governance Committee

Member of the Nomination and Remuneration Committee

Member of the Audit and Risk Committee

Age: 66

Date of appointment as a director:
29 August 2019

Date of last re-endorsement as a director:
25 October 2022

Length of service as a director (as at 30 June 2024):
4 years and 10 months

Academic & professional qualifications
Bachelor of Science, University of Melbourne

Master of Business Administration, University of New South Wales

Present directorships in other listed companies (as at 30 June 2024)
-

Present principal commitments (as at 30 June 2024)
Chairperson and Non-Executive Director, The Wayside Chapel

Chairperson and Independent Non-Executive Director, Lendlease Real Estate Investments Limited

Past directorships in other listed companies held over the preceding three years (as at 30 June 2024)
-

Background and working experience
Chairperson, CIMB Bank Australia (from 2012 to 2014)

Chairperson, RBS Australia (from 2009 to 2012)

Various roles and last held role was Co-Head of Banking, ABN AMRO Bank N.V. (from 2002 to 2009)

MS PENELOPE JANE RANSOM

Non-Independent Non-Executive Director

Board Committee Membership
Member of the Nomination and Remuneration Committee

Member of the Environmental, Social and Governance Committee

Age: 51

Date of appointment as a director:
8 November 2023

Length of service as a director (as at 30 June 2024):
7 months

Academic & professional qualifications
University of Western Sydney, Hawkesbury, Bachelor of Business (Land Economics)

FINSIA, Graduate Diploma Applied Finance and Investment

Saïd Business School, University of Oxford, Advanced Management and Leadership Program

Member of the Royal Institution of Chartered Surveyors (MRICS)

Member of Chief Executive Women (CEW)

Present directorships in other listed companies (as at 30 June 2024)
-

Present principal commitments (as at 30 June 2024)
Group Head of Investments, Lendlease Group*

Managing Director, Investments, Europe, Lendlease Group

* Note: On 1 July 2024, Ms Ransom transitioned to a new role as Chief Investment Officer, Lendlease

Past directorships in other listed companies held over the preceding three years (as at 30 June 2024)
-

Background and working experience
Chief Investment Officer, Investa Property Group (2021 to 2022)

Group Executive, Head of Investment Management, Investa Property Group (2019 to 2021)

Group Executive, Investa Property Group and Fund Manager, Investa Office Fund (2016 to 2018)

Fund Manager, Dexus Wholesale Property Fund, Dexus Property Group (2014 to 2016)

Head of Capital, Dexus Property Group (2011 to 2014)

THE MANAGER

MR KELVIN CHOW

Chief Executive Officer

Kelvin leads the team and oversees the REIT business including investment, asset management, finance, investor relations and compliance. His areas of expertise span REITs, private funds and capital markets and has more than 30 years of experience working on direct real estate investments and fund management.

Under his leadership, LREIT's portfolio asset size and equity market capitalisation increased 2.6 times and 1.3 times respectively over the past five years. He was named the Executive of the Year (Commercial Real Estate Trust) at the SBR Management Excellence Awards 2023 and Best CEO at the Asia Pacific Best of the Breeds REITs Award 2023. The REIT also bagged multiple accolades for its performance in various business operations. The accolades include Best Investor Relations (Gold) at the Singapore Corporate Awards 2024, SBR National Business Awards 2023, Best Retail REIT (Platinum) in the Asia Pacific Best of the Breeds REITs Awards 2023 and Best Sustainability-linked Loan Award (Singapore) at The Asset Triple A Sustainable Capital Markets Awards 2022.

Prior to his appointment as the CEO of the Manager, he was the Managing Director of Investment Management in Lendlease Asia, responsible for overseeing the performance of the Asia funds. Before joining Lendlease Asia, he was the Chief Financial Officer at various REITs including Keppel REIT and Soilbuild REIT. Under his guidance, the REITs received recognition at the Singapore Corporate Awards in 2016 (Best Annual Report (Gold) and 2014 (Best Investor Relations (Merit) and Best Annual Report (Bronze)) respectively.

Kelvin is currently a member of the executive committee of REITAS and co-chairperson of REITAS' sustainability taskforce, where he provides guidance to the association in helping its members to accelerate on their sustainability journey. Under his guidance, LREIT became the first REIT in Singapore to attain Net Zero Carbon.

He holds a Master of Business Administration from Universitas 21 Global. He is a Fellow of the Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants. Kelvin also earned an executive certification from INSEAD on senior leadership.

MS TEO LAY TING

Executive General Manager, Finance

Lay Ting has over 20 years of experience in investments and portfolio management, covering key aspects including investment assessment, fund raising, treasury, tax, finance and investor relations. Prior to this appointment, Lay Ting was the Investment Director of Investment and Capital Markets in Lendlease where she played a key role in driving growth of the Asia business.

Before joining Lendlease, she was with various real estate institutions including GIC Real Estate and AMP Capital, where she was responsible for portfolio management and driving strategic business initiatives.

Lay Ting holds a Bachelor of Accountancy (First Class Honours) from the Nanyang Technological University and is a member of both the Institute of Singapore Chartered Accountants and the CFA Institute.

MS LOH KAR YEN

Head of Asset Management

Kar Yen has more than 20 years of experience in real estate portfolio and asset management, valuation and lease management for private and public landlords, including close to 18 years in the Singapore REIT industry.

Before joining LREIT, she was in the portfolio and asset management role with various entities in the CapitaLand Group including CapitaLand Commercial Trust. Prior to CapitaLand, she also held positions in Keppel REIT and Ascendas REIT.

Kar Yen holds a Bachelor of Science Degree (Honours) in Estate Management from the National University of Singapore.

MR VICTOR SHEN WEIDE

Financial Controller

Victor has approximately 20 years of experience in accounting, finance, budgeting, tax, compliance, audit and reporting, of which more than seven years are in real estate investment finance and over nine years are in SGX listed entities.

Prior to joining the Manager, he was a Finance Manager with Mapletree Logistics Trust Management Ltd responsible for its consolidation and reporting function.

Victor holds a Bachelor of Business in Accountancy from the Singapore Institute of Management (RMIT University) and is a Certified Public Accountant with CPA Australia.

MS LING BEE LIN

Head of Investor Relations and ESG

Bee Lin has over 10 years of experience in investor relations and corporate communications. She leads the investor relations and ESG team responsible for cultivating relationships and facilitating clear, timely communications and engagements with Unitholders and stakeholders, including analysts and investors. Bee Lin works closely with her colleagues to communicate sustainability-related matters to stakeholders, providing transparency to LREIT's ESG performance. Prior to joining the Manager, she was handling investor relations at a business trust listed on the SGX-ST and also held position in Group Corporate Communications for six years at a listed fund on the London Stock Exchange.

Bee Lin holds a Bachelor of Commerce Degree in Management and Hospitality & Tourism Management from Murdoch University.

MS AMY CHIANG

Deputy Head of Legal

Amy has over 15 years' post-qualification experience and is responsible for supporting the Manager on all legal, compliance and corporate secretarial matters.

Prior to this, Amy supported Lendlease's development, retail operations, investment and capital markets, and investment management businesses in the Asia region, and also oversaw the corporate secretarial matters in Singapore. She joined Lendlease from ARA Asset Management, where she rendered legal support to their private funds in Asia.

Amy is admitted as an Advocate and Solicitor in Singapore and holds an LL.B. (Hons) from the University of Manchester.

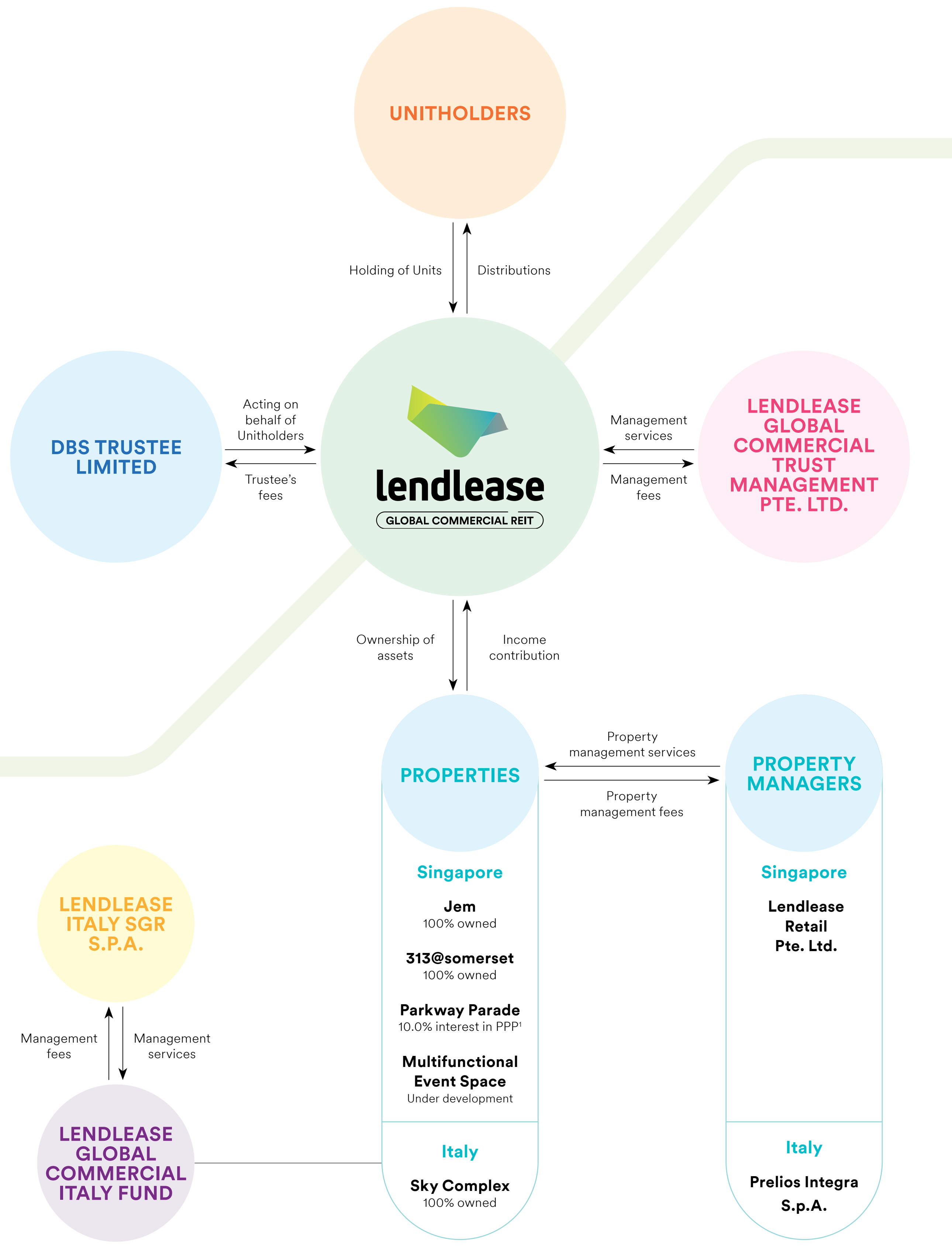
MR MARK YONG

Investment Manager

Mark is responsible for formulating and executing LREIT's overall investment strategy globally. He leads the investment team to identify, evaluate and negotiate potential investment opportunities that are suitable and beneficial for the REIT. In addition, Mark is involved in the capital market strategy of LREIT for each acquisition milestone. Prior to joining the Manager, Mark was involved in managing private equity funds and investment mandates under Lendlease Investment Management in Asia.

Mark holds a Bachelor of Science (Real Estate) with Honours (Highest Distinction) from the National University of Singapore.

TRUST STRUCTURE



[1] LREIT owns a 10.0% interest in PPP, which holds an indirect 100% interest in 291 strata lots in Parkway Parade, representing 77.09% of the total share value of the strata lots in Parkway Parade.

CORPORATE INFORMATION

STOCK EXCHANGE QUOTATION

SGX Stock Code: JYEU
Bloomberg Stock Code: LREIT SP Equity
ISIN Code: SGXC61949712

MANAGER

Lendlease Global Commercial Trust Management Pte. Ltd.
2 Tanjong Katong Road
#05-01 PLQ3
Paya Lebar Quarter
Singapore 437161
t +65 6671 7374
f +65 6671 7372
e enquiry@lendleaseglobalcommercialreit.com
w www.lendleaseglobalcommercialreit.com

TRUSTEE

DBS Trustee Limited
12 Marina Boulevard, Level 44
DBS Asia Central @ Marina Bay Financial Centre
Tower 3
Singapore 018982

BOARD OF DIRECTORS

Mr Justin Marco Gabbani
Chairperson and Non-Independent Non-Executive Director

Dr Tsui Kai Chong
Lead Independent Non-Executive Director

Mrs Lee Ai Ming
Independent Non-Executive Director

Mr Simon John Perrott
Independent Non-Executive Director

Ms Penelope Jane Ransom
Non-Independent Non-Executive Director

AUDIT AND RISK COMMITTEE

Dr Tsui Kai Chong
Chairperson

Mrs Lee Ai Ming
Member

Mr Simon John Perrott
Member

Mr Justin Marco Gabbani
Member

NOMINATION AND REMUNERATION COMMITTEE

Mrs Lee Ai Ming
Chairperson

Dr Tsui Kai Chong
Member

Mr Simon John Perrott
Member

Ms Penelope Jane Ransom
Member

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr Simon John Perrott
Chairperson

Dr Tsui Kai Chong
Member

Mrs Lee Ai Ming
Member

Ms Penelope Jane Ransom
Member

COMPANY SECRETARY

Ms Amy Chiang

AUDITORS

KPMG LLP
12 Marina View
#15-01 Asia Square Tower 2
Singapore 018961
t +65 6213 3388
f +65 6225 0984

Partner-In-Charge:
Mr Lee Chin Siang Barry
(Appointment date: 8 January 2020)

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632
t +65 6536 5355
f +65 6536 1360

For updates or change of mailing address, please contact:

The Central Depository (Pte) Limited
4 Shenton Way
#02-01 SGX Centre 2
Singapore 068807
t +65 6535 7511
e asksgx@sgx.com
w www.sgx.com/securities/retail-investor

Appraised Portfolio Value
S$3.68 billion

Weighted Average Lease Expiry (by NLA)
7.5 years

Portfolio Committed Occupancy
89.1%

Office Rental Escalation for Sky Complex
1.2%

Retail Rental Reversion
14.0%

ENHANCING VALUE OF PORTFOLIO

We set out to enhance the performance of our portfolio. Through proactive asset management, we seek to optimise operational performance of our various assets to achieve positive NPI growth.

Performance Overview
What's in this section :

OPERATIONS REVIEW

PROACTIVE ASSET MANAGEMENT

The Manager constantly strives to optimise LREIT's portfolio performance through proactive asset management to ensure sustainable earnings for its Unitholders.

Lease Restructuring at Sky Complex to Mitigate Tenant Concentration Risk

In December 2023, the Manager successfully completed a strategic lease restructuring exercise for Sky Complex, comprising three Grade A commercial buildings in Milan, to mitigate tenant concentration risk. Prior to the restructuring, Sky Complex was fully leased to Sky Italia until 2032, subject to tenant's option to pre-terminate in 2026. With the restructured lease, Building 1 and 2 remain tenanted to Sky Italia till January 2033, without pre-termination rights, to continue providing long term stable cash flow. In addition, the annual rent for Building 1 and 2 was revised upwards by approximately 1.5%.

The Manager is in the process of repositioning Building 3 for multi-tenancy to secure new tenants at prevailing market rates. More updates will be provided through LREIT's quarterly business updates as the leasing progresses.

Details of the lease restructuring can be found in the announcement dated 18 December 2023 on the SGXNet or LREIT's corporate website.

Lower Electricity Tariff Rate Secured to Hedge Against Price Volatility

In FY2024, the Manager secured a two-year electricity tariff contract for LREIT's Singapore assets at a fixed rate to effectively hedge against volatile electricity markets. As the fixed rate is lower than electricity tariffs in FY2024, it is estimated to reduce electricity expenses by approximately 30% per annum for FY2025 and FY2026 and help cushion against potential increases in other expenses. The Manager will continue to proactively manage operational costs to optimise efficiency and create value for LREIT's Unitholders.

Sky Complex, Milan

Appraised Portfolio Value

S$3.68 billion

PORTFOLIO PERFORMANCE

LREIT's portfolio continued to perform well in FY2024 with positive rental reversion and long WALE.

Positive Rental Reversion

LREIT achieved a positive retail rental reversion of 14.0% as at 30 June 2024 and maintained a healthy tenant retention rate of 84.9% by NLA. Approximately 98% of the retail leases (by NLA) have contractual rental step-ups during their lease terms.

New concept tenants including Sake+, Siong Tong Gai, Eat Pizza, Rituals, Tim Hortons and Aluxe were brought in during the year. This underscores the Manager's dedication to stay at the forefront of market trends, offering innovative and in-demand services to consumers. During the year, 313@somerset welcomed the relocation of Singtel's flagship store from Comcentre, the Singtel Shop, which also houses Singapore's first Casetify Studio and Tik Tok Creator House within its space.

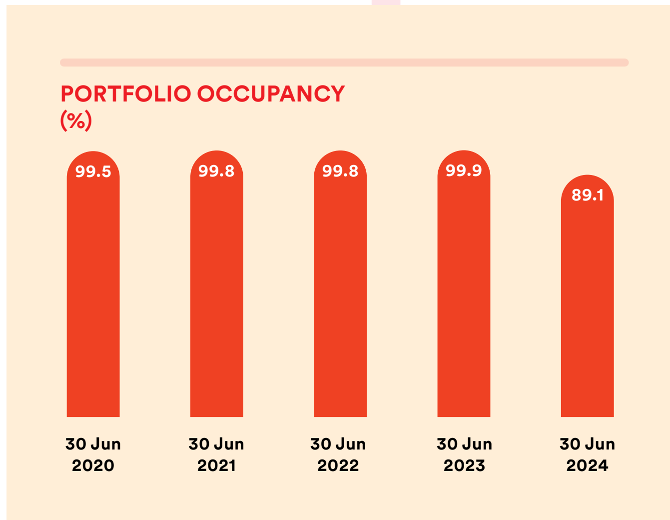
By actively curating a tenant mix that caters to LREIT's target consumers, the Manager aims to enhance the overall consumer experience across LREIT's retail portfolio and strengthen its competitive position in the retail landscape.

For Building 1 and 2 at Sky Complex, the rental was escalated by 1.2% in April 2024 based on the ISTAT CPI variation. This annual escalation allows for rental increase in tandem with CPI. In addition, most of the operating expenses of Building 1 and 2 are borne by the tenant, minimising LREIT's exposure to expense inflation.

Portfolio Occupancy

LREIT's committed portfolio occupancy rate was 89.1% as at 30 June 2024 (vs. 99.9% as at 30 June 2023). Its retail portfolio achieved 100% occupancy (vs. 99.7% as at 30 June 2023) and office portfolio was at 80.9% (vs. 100.0% as at 30 June 2023). The lower occupancy rate compared to FY2023 was due to the lease restructuring exercise at Sky Complex. Building 3 is undergoing repositioning for multi-tenancy.

313@somerset, Singapore



OPERATIONS REVIEW

Lease Expiry Profile

As of 30 June 2024, LREIT maintained a healthy lease expiry profile with a portfolio WALE of 7.5 years by NLA and 4.7 years by GRI.

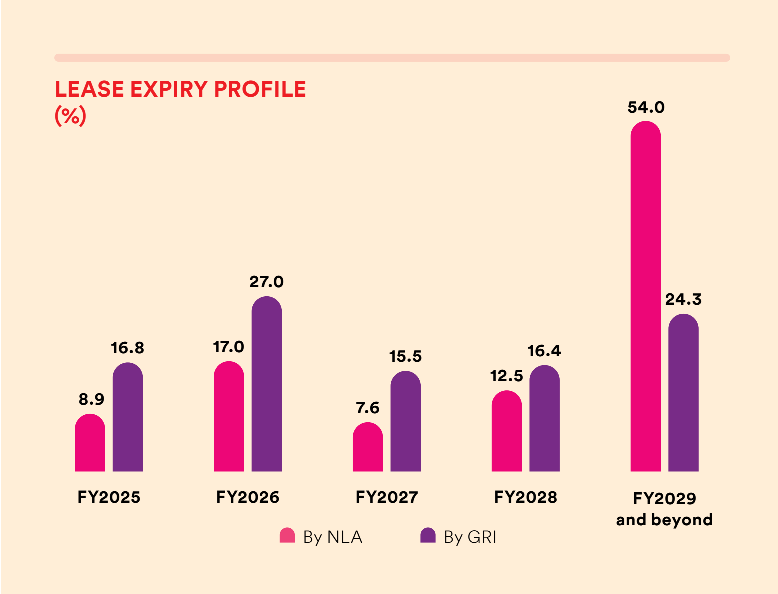
For the new retail leases committed during the year, the WALE by GRI is approximately 5.4 years based on the lease commencement dates and these leases account for approximately 27% of the GRI for June 2024.

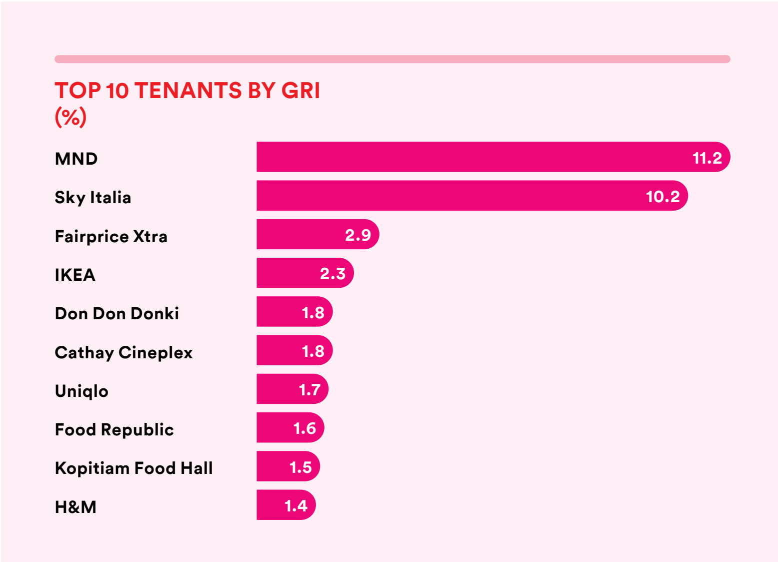
For the office leases, LREIT's Singapore office remains fully leased to the MND until 2044. Building 1 and 2 in Milan are leased to Sky Italia until 2033. Based on GRI for June 2024, these leases account for approximately 21% of LREIT's portfolio.

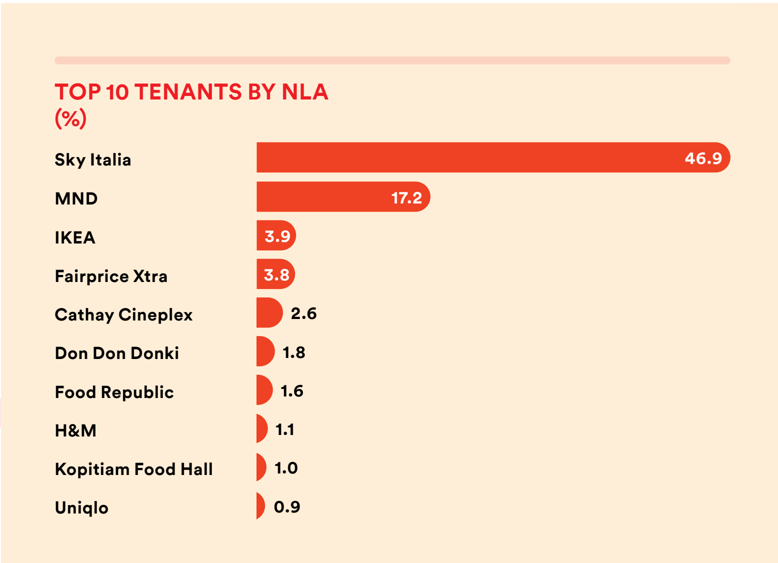
Tenant Diversification

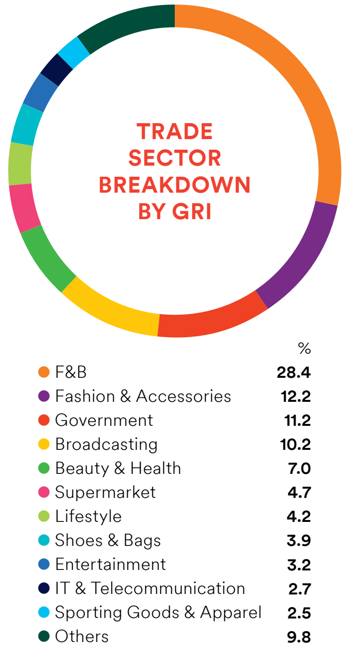
As at 30 June 2024, LREIT had a total of 411 tenants across 21 trade sectors with a high concentration in the essential services trades accounting for approximately 57% by retail GRI. Top 10 tenants contributed approximately 36% of LREIT's portfolio GRI in June 2024.

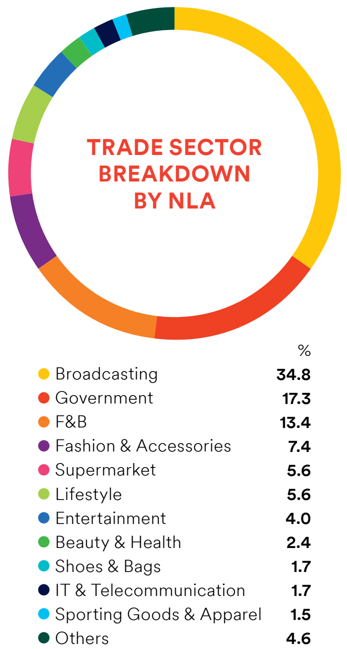
LREIT's top 3 trade sectors were F&B, fashion & accessories and government agency, which accounted for 28.4%, 12.2% and 11.2% respectively, of the GRI for the month of June 2024.







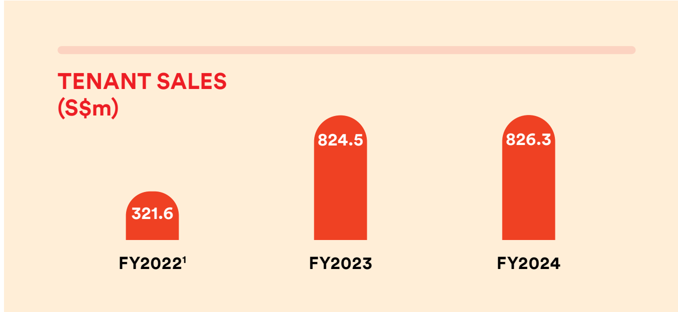


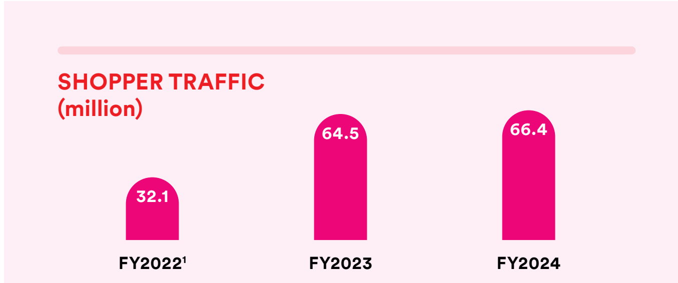


Tenant Sales and Shopper Traffic

Tenant sales continued to surpass pre-pandemic average levels. With a focus to continuously enhance the offerings for consumers, tenant sales grew 0.2% YoY to S$826.3 million in FY2024. Shopper traffic also rose approximately 3% YoY to 66.4 million during the year.

Through the Manager's proactive asset management approach to curate a diverse tenant mix and enhance vibrancy, LREIT's retail portfolio will continue to attract consumers, driving its future success.





Portfolio Valuation

Portfolio valuation for LREIT's portfolio was S$3,682.4 million as at 30 June 2024. Valuation for Sky Complex declined 10.9% to S$382.1 million mainly due to the expansion of terminal capitalisation rate as well as higher upfront capital expenditure and vacancy due to Building 3's multi-tenancy strategy. Nevertheless, Sky Complex only accounted for approximately 10% of LREIT's total portfolio value and the decline was offset by an increase in valuations of Singapore assets.

	FY2024	FY2023	Variance (%)	Cap rate FY2024 (%)	Cap rate FY2023 (%)
Jem	S$2,254.0 million	S$2,188.0 million	+3.0	Retail: 4.50 Office: 3.50	Retail: 4.50 Office: 3.50
313@somerset	S$1,046.3 million[2]	S$1,033.2 million[2]	+1.3	4.25[3]	4.25[3]
Sky Complex[4]	€263.1 million (S$382.1 million)	€290.5 million (S$428.8 million)	-9.4 (€) -10.9 (S$)	6.00[5]	5.75[5]
Total	**S$3,682.4 million**	**S$3,650.0 million**	**+0.9**	**N.A.**	**N.A.**

Note: Any discrepancies on figures in this section are due to rounding.

1 Tenant sales and shopper traffic include contribution from Jem with effect from its acquisition in April 2022.

2 Includes the development of the multifunctional event space, adjacent to 313@somerset, which will be connected seamlessly to the Discovery Walk that links to 313@somerset. Value reflected is the total of the market value and right-of-use-asset.

3 Refers to operating asset only.

4 Conversion of € to S$ for FY2024 and FY2023 were based on the FX rate of 1.452 and 1.476 as at 30 June 2024 and 30 June 2023 respectively.

5 Refers to terminal cap rate.

PROPERTY SUMMARY

KEY STATISTICS
(as at 30 June 2024)

LOCATION:
50 and 52 Jurong Gateway Road, Singapore 608549 and 608550

TITLE/TENURE:
Leasehold 99 years from 2010

OWNERSHIP:
100%

NUMBER OF TENANTS:
256

CAR PARK LOTS:
674

PURCHASE PRICE:
S$2,079.0 million

VALUATION:
S$2,254.0 million

NET LETTABLE AREA:
893,044 sq ft

GROSS REVENUE FOR FY2024:
S$128.9 million

NET PROPERTY INCOME FOR FY2024:
S$95.2 million

COMMITTED OCCUPANCY:
100.0%

Jem is an iconic retail destination and lifestyle hub for shoppers, and an accessible address and workplace for businesses and professionals in Jurong Gateway. Comprising twelve office floors and six retail levels, the integrated retail and commercial development offers 893,044 sq ft of NLA.

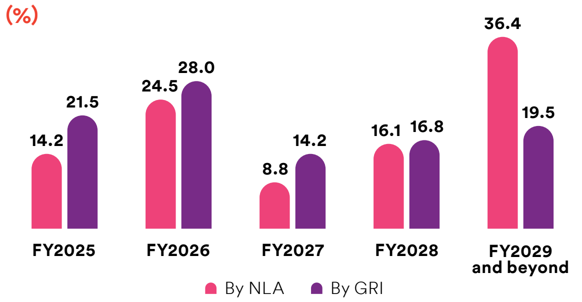
The office floors are fully leased to the Singapore MND, while the retail spaces are occupied by over 250 retail tenants. Among which are popular brands and retailers such as IKEA, FairPrice Xtra, Kopitiam, H&M and Don Don Donki.

Strategically located next to Jurong East MRT Station and bus interchange, and surrounded by amenities such as Ng Teng Fong General Hospital and Jurong Regional Library, Jem is well-placed to benefit from the high footfall traffic in the precinct. In tandem with the Singapore government's push to shape the JLD into Singapore's largest business district outside the city centre and the expected completion of JRL Station and the Jurong Integrated Transport Hub in 2027, Jurong Gateway is poised to be the commercial hub of JLD and the western region.

Jem is the first office and retail property to receive the Green Mark Platinum version 4 and Universal Design Mark Gold Plus Design Award from the Building and Construction Authority in Singapore.

	%
F&B	26.3
Government	18.2
Fashion & Accessories	10.9
Beauty & Health	9.4
Supermarket	7.6
Lifestyle	5.7
Shoes & Bags	4.0
Jewellery & Watches	3.4
Non Retail	3.3
Entertainment	3.0
Sundry & Services	1.8
IT & Telecommunications	1.5
Electrical & Electronics	1.1
Sporting Goods & Apparel	1.1
Toys & Hobbies	1.0
Others	1.7

LEASE EXPIRY PROFILE BY NLA AND GRI
(%)



KEY STATISTICS
(as at 30 June 2024)

LOCATION:
313 Orchard Road, Singapore 238895

TITLE/TENURE:
Leasehold 99 years from 2006

OWNERSHIP:
100%

NUMBER OF TENANTS:
153

CAR PARK LOTS:
220

PURCHASE PRICE:
S$1,003.0 million

VALUATION:
S$1,037.0 million

NET LETTABLE AREA:
288,946 sq ft[1]

GROSS REVENUE FOR FY2024:
S$56.7 million

NET PROPERTY INCOME FOR FY2024:
S$37.9 million

COMMITTED OCCUPANCY:
99.9%

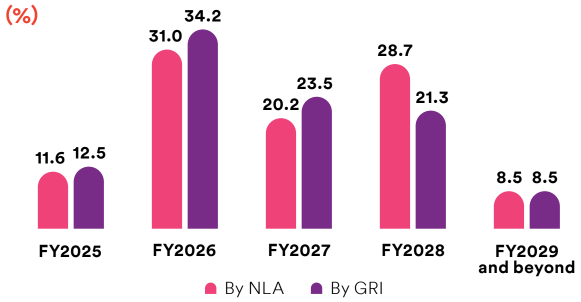
313@somerset stands out as a favourite hangout and retail spot for youths, families, and tourists along Singapore's famous shopping belt – Orchard Road. Featuring a diverse mix of over 150 quality shopping and dining experiences from both global and local retailers, 313@somerset is known for its bustling activities and vibrancy. Notable tenants such as Zara, Puma, Muji, Marche and Food Republic are found across eight floors of retail space in the mall.

Enjoying a prominent frontage along Orchard Road and Somerset Road, 313@somerset is well-located to attract shoppers and tenants. Its convenient accessibility to various transport nodes and direct access to Somerset MRT Station brings a constant flow of footfall to the mall. Furthermore, its Discovery Walk – the popular walkway to the mall lined with an eclectic collection of restaurants, cafes and bars – also strengthens the overall appeal of 313@somerset to shoppers and tenants alike.

With the government's plans to rejuvenate Orchard Road and designate Somerset as a youth hub, together with the development of the adjacent multifunctional event space, 313@somerset is well-positioned for further growth.

	%
F&B	43.5
Fashion & Accessories	19.5
Sporting Goods & Apparel	6.4
IT & Telecommunications	6.3
Shoes & Bags	5.2
Entertainment	4.9
Beauty & Health	4.4
Sundry & Services	4.3
Lifestyle	2.3
Gifts & Souveniers	1.3
Others	1.9

LEASE EXPIRY PROFILE BY NLA AND GRI
(%)



[1] NLA reduced from previous 288,979 sq ft due to resurvey.

PROPERTY SUMMARY

Sky Complex comprises three Grade A commercial buildings in the Milano Santa Giulia business district in Milan, with a total gross area of approximately 130,000 sq m and an NLA of 78,873 sq m[2].

Sky Complex is adjacent to the Rogoredo high-speed rail station and only 7.5 km from the Milano Linate Airport. With the full completion of the new metro line, travelling time from Milan city centre to Linate Airport takes only 12 minutes, offering convenience and connectivity to tenants and visitors alike.

Building 1 and 2 are fully leased to Sky Italia till January 2033, a subsidiary of Comcast Corporation, one of the world's largest broadcasting and cable television companies. Building 3 is currently undergoing repositioning for multi-tenancy use.

All three buildings of Sky Complex achieved LEED Gold Certification. The Spark Business District, where Sky Complex is located, also garnered the prestigious LEED Neighbourhood Development Gold certification. This accomplishment is a first in Italy. With an increasing focus on sustainability and climate change action, Building 3 is well poised to benefit from the rising demand for Grade A green buildings.

Sky Complex
Milan, Italy

KEY STATISTICS
(as at 30 June 2024)

LOCATION:
Via Luigi Russolo 4 (Building 1 & 2)
Via Luigi Russolo 9 (Building 3), 20138 Milan, Italy

TITLE/TENURE:
Freehold

OWNERSHIP:
100%

CAR PARK LOTS:
501

PURCHASE PRICE:
€262.5 million

VALUATION:
€263.1 million

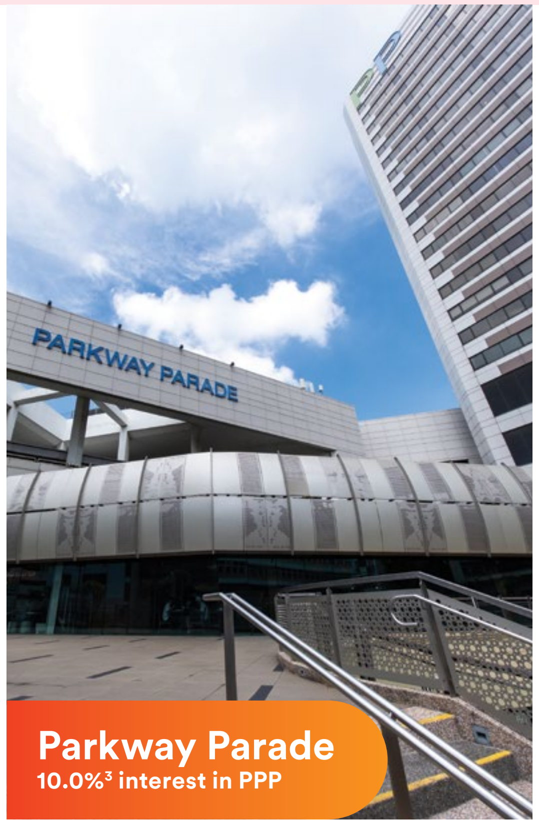
TOTAL GROSS AREA: APPROXIMATELY
130,000 sq m

GROSS REVENUE FOR FY2024:
S$35.3 million

NET PROPERTY INCOME FOR FY2024:
S$32.2 million

COMMITTED OCCUPANCY:
73.9%

[2] Based on valuation report as at 30 June 2024.



Parkway Parade
10.0%[3] interest in PPP

Parkway Parade is not only one of Singapore's first major and biggest suburban malls, it is also a one-stop lifestyle hub for families staying in the eastern district of Singapore. Beyond shopping and dining, Parkway Parade offers a diverse range of entertainment options and amenities, with more than 250 stores spread across seven levels. Among which, many are well-known and popular international and local brands like Best Denki, FairPrice Xtra, Harvey Norman, Muji and Uniqlo.

Situated along Marine Parade Road and adjacent to Marine Parade Central, the mixed-use development is located approximately 8 km from the CBD and well-connected to various parts of Singapore.

With the newly opened Marine Parade MRT Station, its accessibility to major expressways and public transportation has been enhanced.

To capitalise on the increased accessibility and foot traffic from the new MRT station, Parkway Parade has AEI plans to build an MRT linkway connected directly to the mall. When completed, it is expected to add a robust array of offerings with new retail and F&B experiences drawing shoppers both from within the neighbourhood and other parts of Singapore. The AEI will also benefit from the government's recently announced plans to extend TEL to link up with the Expo and Changi Airport MRT Stations.

Multifunctional Event Space
(Under Development)

KEY STATISTICS
(as at 30 June 2024)

SITE AREA: APPROXIMATELY
48,200 sq ft[4]

PERCENTAGE OF INTEREST:
100%

GROSS FLOOR AREA: APPROXIMATELY
86,500 sq ft

The multifunctional event space, currently under development, will be transformed into a space for live performances and specially curated events. With a capacity to host up to 3,000 people, the space is optimal for both large performances as well as more intimate and small-sized events. Construction of the event space is expected to commence in the later part of 2024 and will take approximately 12 to 18 months to complete.

Envisioned to offer experiential lifestyle activities and social networking opportunities, the project caters to the younger demographic, in sync with the Singapore government's plan for rejuvenating Orchard Road and repositioning Somerset as a youth hub. Its proximity to the Discovery Walk and 313@somerset is expected to provide a unique opportunity to synergise both offerings, fostering a distinctive experiential enclave for youths, shoppers and tourists alike.

With Live Nation, a leading global live entertainment company, signed on as an anchor tenant, a calendar of events can be assured all year round. Tie-ups with STB and other potential local brands are also expected to further accentuate the appeal of the space.

[3] LREIT owns a 10.0% interest in PPP, which holds an indirect 100% interest in 291 strata lots in Parkway Parade, representing 77.09% of the total share value of the strata lots in the Parkway Parade.

[4] Floor area and scheme are subject to final design and approval by the authorities.

FINANCIAL REVIEW

The Manager has maintained a prudent capital structure in FY2024 to manage costs and gearing ratio amidst a challenging interest rate environment. LREIT's exposure to market volatility is managed by utilising interest rate and currency risk management strategies, while the Manager secures diversified funding sources to access both financial institutions and capital markets.

FINANCIAL PERFORMANCE

Gross revenue for FY2024 increased 7.8% YoY to S$220.9 million mainly attributed to the healthy operational performance from LREIT's Singapore portfolio and the upfront recognition of supplementary rent received from the lease restructuring of Sky Complex ("**Supplementary Rent**")[1].

The higher gross revenue was partially offset by higher property expenses of S$55.6 million mainly due to higher property tax and utilities costs from the Singapore portfolio. Consequently, NPI increased 7.4% YoY to S$165.3 million.

On a proforma basis excluding the Supplementary Rent recognised in advance, gross revenue and NPI increased 3.2% and 1.3% YoY respectively.

MANAGEMENT FEES

The Manager's base fee was 1.4% lower as compared to the same period last year whilst performance fee was 9.0% higher due to the higher NPI.

FINANCE EXPENSES AND OTHER TRUST EXPENSES

Full year borrowing costs increased 32.8% to S$68.2 million attributed to higher interest expenses. This is mainly due to the elevated interest rate environment, including the replacement of the Euribor hedge at higher fixed rate. FY2024 also factored in the full year impact of interest expense in relation to the acquisition of 10.0% stake in PPP in June 2023.

Meanwhile, other trust expenses fell 50.9% YoY to S$1.8 million in FY2024.

Gross Revenue	FY2024 (S$ million)	FY2023 (S$ million)	Variance (%)
Jem	128.9	124.9	3.1
313@somerset	56.7	54.9	3.5
Sky Complex	35.3	25.1	40.7
Total	**220.9**	**204.9**	**7.8**

Net Property Income	FY2024 (S$ million)	FY2023 (S$ million)	Variance (%)
Jem	95.2	93.4	1.9
313@somerset	37.9	38.1	(0.6)
Sky Complex	32.2	22.4	43.7
Total	**165.3**	**153.9**	**7.4**

Total Operating Expenses	FY2024 (S$ million)	FY2023 (S$ million)
Total operating expenses[2], including all fees, charges and reimbursable costs paid to the Manager and interested parties	77.4	74.0
Net Assets as at 30 June	2,212.3	2,230.8
Total Operating Expenses as Percentage of Net Assets	**3.5%**	**3.3%**

DISTRIBUTION

Distributable income for FY2024 declined 15.6% YoY to S$91.4 million. DPU declined 17.7% YoY to 3.87 cents, impacted by the higher borrowing costs as well as an enlarged unit base. The breakdown of the DPU in Singapore cents for FY2024 as compared to FY2023 are as follows:

Period	1 July to 31 December	1 January to 30 June
FY2024	2.10	1.77
FY2023	2.45	2.25

ASSETS AND LIABILITIES

As at 30 June 2024, the total assets for LREIT maintained at approximately S$3.83 billion. Total liabilities increased 1.4% to S$1.62 billion for the financial year ended 30 June 2024, as compared to S$1.60 billion as at 30 June 2023. The marginal increase was mainly due to the drawdown of loan facilities for the tenant incentive in relation to the lease restructuring of Sky Complex.

As a result, net assets declined S$18.5 million to S$2.21 billion as compared to the previous financial year ended 30 June 2023.

The fair value of LREIT's investment in PPP was S$86.1 million as at 30 June 2024 as compared to S$85.8 million as at 30 June 2023 and represents approximately 2.2% of the total assets.

Jem, Singapore

S$'000 Unless Otherwise Stated	As at 30 June 2024	As at 30 June 2023
Total Assets	3,829,814	3,826,351
Total Liabilities	(1,617,511)	(1,595,586)
Net Assets	**2,212,303**	**2,230,765**
Represented By:		
Unitholders' Funds	1,811,647	1,829,344
Non-controlling Interests	1,224	1,989
Perpetual Securities Holders	399,432	399,432
	2,212,303	**2,230,765**
Number of Units in Issue (number)	2,376,578,012	2,323,661,727
NAV per Unit (S$)[3]	**0.76**	**0.79**

Note: Any discrepancies on figures in this section are due to rounding.

[1] Supplementary rent equivalent to approximately two years of the prevailing annual rent of Building 3 received and recognised upfront. For details, please refer to the announcement "Lendlease Global Commercial Italy Fund Restructures Lease at Sky Complex to Reduce Tenant Concentration Risk" dated 18 December 2023.

[2] Includes property operating expenses, Manager's fees, other management fee, Trustee's fee and other trust expenses.

[3] Excludes non-controlling interests and perpetual securities holders.

FINANCIAL REVIEW

CAPITAL MANAGEMENT

In addition to maintaining a prudent approach towards capital management, the Manager maintains strong and diversified banking relationships with reputable banks and has established various bank facilities and capital market programmes to ensure LREIT's financial flexibility and diversification in funding sources. In April 2024, LREIT established a S$500 million multi-currency Euro-Commercial Paper Programme to enhance its financing flexibility.

As at 30 June 2024, LREIT's total gross borrowings of S$1,565.7 million remained fully unsecured. With a gearing ratio of 40.9%[4], LREIT has a debt headroom of S$157.7 million based on the regulatory limit of 45% as at the end of June 2024.

As at the financial year end, LREIT has maintained a well spread debt maturity profile to minimise refinancing risk with a weighted average term to maturity of 2.5 years and no more than 35% of debt due for refinancing in any year. Following the unprecedented rate hikes in 2022/2023, the industry has been confronted with an elevated interest rate environment after a decade of low borrowing costs. Against this backdrop, weighted average cost of debt for LREIT increased 89 basis points in FY2024 to 3.58% per annum[5].

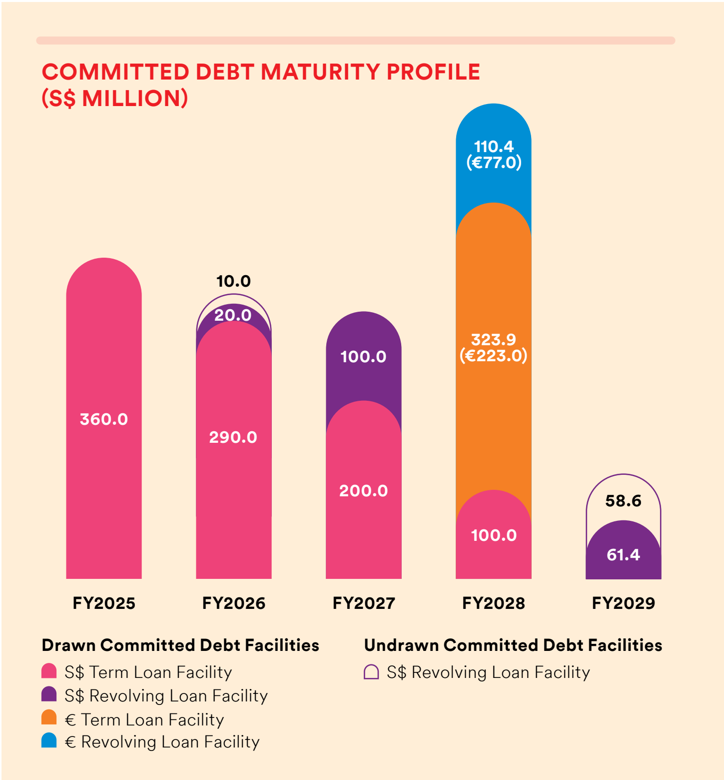
The Manager mitigates its interest rate risk by hedging a majority of its interest exposures. Post the financial year end, LREIT increased its hedging ratio from 61% to approximately 70%, tapping on renewed optimism around rate cuts to lock in projected lower rates.

As at 30 June 2024, LREIT has an ICR of 3.2 times[6] and sustainability-linked financing accounted for approximately 85% of total committed debt facilities, one of the highest among S-REITs. Since the establishment of green finance in FY2022, LREIT has met the sustainability performance targets for its sustainability-linked financing, achieving interest savings for Unitholders.

In addition, LREIT's foreign currency risk exposure from its investment in Sky Complex benefits from a natural hedge via its Euro term loan and credit facilities. The Manager assesses the net exposure of the projected Euro-denominated distribution from Sky Complex against Euro-denominated interest expense to put in place foreign exchange derivatives as appropriate.

As at 30 June 2024, LREIT's net derivative financial assets of S$0.3 million represented 0.01% of the net assets. The net change in fair value of derivative financial instruments was S$13.4 million. Further details can be found in the Financial Statements.

In FY2024, a total of 13.7 million of new units were issued pursuant to the DRP. The DRP provides unitholders with the opportunity to receive units in LREIT without incurring additional costs, while enhancing LREIT's working capital reserves.



Capital Management	As at 30 June 2024	As at 30 June 2023
Gross Borrowings	S$1,565.7 million	S$1,552.8 million
Gearing Ratio	40.9%[4]	40.6%
Weighted Average Debt Maturity	2.5 years	2.1 years
Weighted Average Running Cost of Debt[5]	3.58% p.a.	2.69% p.a.
ICR[6]	3.2 times	4.2 times

[4] The Manager is of the view that the higher gearing ratio as at 30 June 2024 will not have a material impact on the risk profile of LREIT as the increase of 0.3% is not substantial and the Manager will remain prudent and disciplined in managing the overall leverage profile of LREIT.

[5] Excludes amortisation of debt-related transaction costs.

[6] The ICR as at 30 June 2024 of 3.2 times is in accordance with requirements in its debt agreements. In accordance with the Property Funds Appendix of the Code on Collective Investment Schemes, ICR is 2.2 times and adjusted ICR is 1.7 times.

313@somerset, Singapore

CASH FLOW AND LIQUIDITY

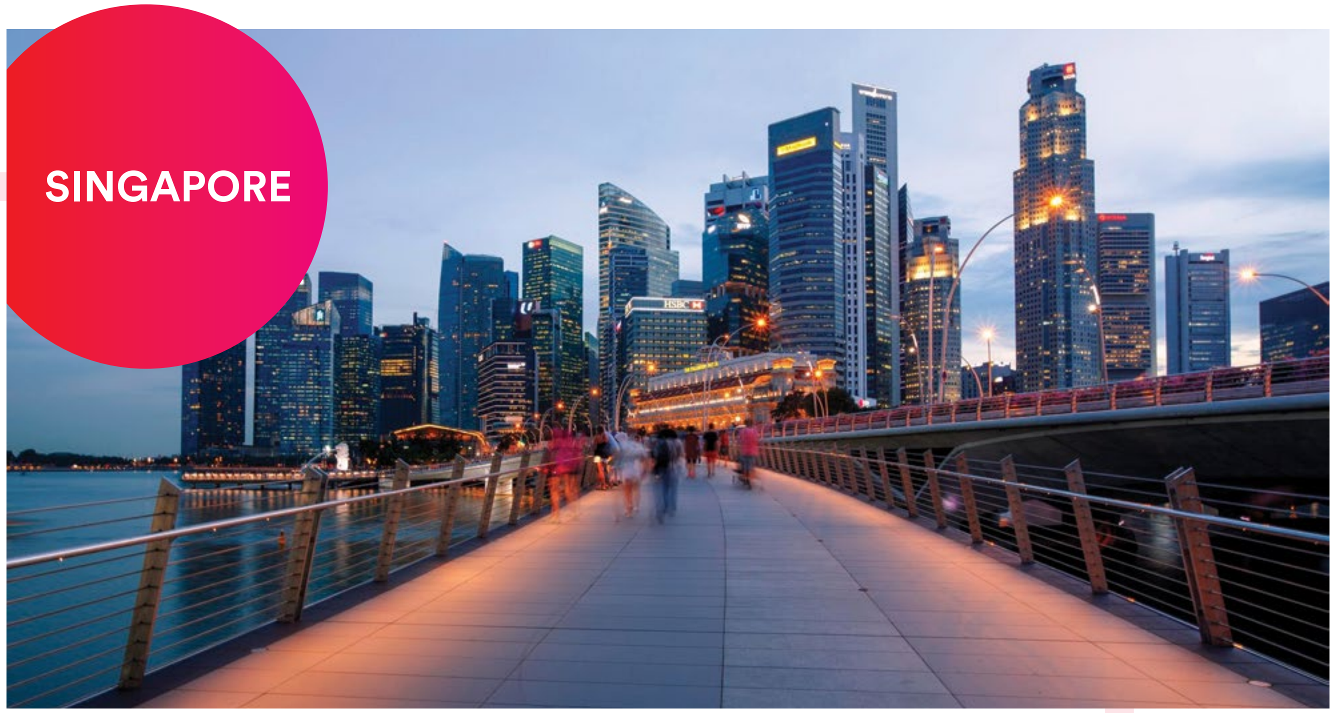
As at 30 June 2024, LREIT has S$168.6 million of undrawn debt facilities available for working capital and future financial obligations.

Net cash generated from operating activities during FY2024 was S$128.8 million. The lower cash generated was mainly due to payment of the tenant incentive for the lease restructuring of Sky Complex. Net investing cashflows generated for the financial year was S$0.5 million primarily attributed to dividends received from associates and PPP, while net financing cash outflow of S$149.3 million was largely due to distributions made during the year.

Undrawn debt facilities

S$168.6 million

INDEPENDENT MARKET REVIEW



Singapore is one of the world's most advanced economies. It is both a major global trade, logistics and financial hub, as well as a popular business and leisure destination.

Due to its strategic location, world-class infrastructure and competitive tax environment, the city-state is consistently ranked among the most attractive business and investment destinations globally, establishing itself as the primary international business hub in Southeast Asia. Singapore has also become one of the most innovative economies globally, with research and innovation being a key pillar of the country's long-term economic growth plan.

According to the SingStat, Singapore's population stood at 5.9 million at the end of 2023, up 5.0% relative to 2022. This is amid a solid post-pandemic economic recovery and a return of expatriates and overseas Singaporeans, contributing to the fastest population growth rate in the past 15 years.

ECONOMIC GROWTH

Based on annual GDP figures released by the MTI on 12 July 2024, Singapore's GDP at market prices in chained (2015) dollars totalled S$532.3 billion in 2023. This represents a YoY growth of 1.1%, lower than the 3.8% growth recorded in 2022. The downward reversion was mainly attributed to a slowing global economy, persistent inflation and the impact of monetary tightening around the world. According to MTI's advance estimates, the Singapore economy grew by 2.9% YoY in the second quarter of 2024, extending the 3.0% growth recorded in the previous quarter. MTI maintained Singapore's GDP growth forecast for 2024 within the 1.0% to 3.0% range at its latest press release on 23 May 2024.

Service-producing industries expanded by 3.3% YoY in Q2 2024, moderating from the 4.3% YoY growth in Q1 2024. Goods-producing industries recorded growth of 1.3% YoY in Q2 2024 driven primarily by the construction sector (4.3% YoY).

Within the service-producing industries, the Information & Communications, Finance & Insurance and Professional Services sector experienced the largest expansion of 5.6% YoY in Q2 2024, followed by Wholesale & Retail Trade and Transportation & Storage (2.5% YoY) and Accommodation & Food Services, Real Estate, Administrative & Support Services and Other Services (1.9% YoY).

The ongoing Russia-Ukraine and Israel-Hamas conflicts have disrupted the global supply of energy, food and commodities. At the same time, elevated inflation levels and interest rates continue to challenge the global economy. Although US inflation eased in June 2024, and rates have peaked, there is still uncertainty in the pace and magnitude of the US Federal Reserve's approach in easing its monetary policy. Meanwhile, the Central Bank of Canada, the European Central Bank and the Bank of England have initiated modest interest rate cuts amid stabilising inflation in their respective economies, signalling that a more generalised cycle of monetary easing may be on the horizon.

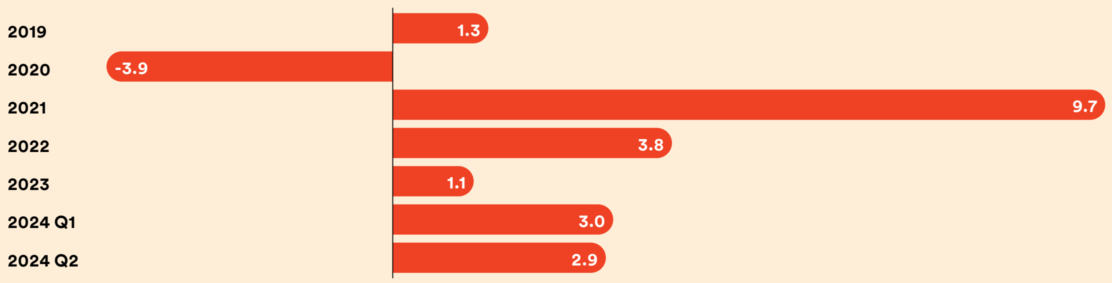
Domestically, the MAS maintained the prevailing rate of appreciation of the nominal effective exchange rate policy band. Singapore's headline inflation rate in 2023 stood at 4.8%, while MAS' Core Inflation – which excludes volatile components such as housing prices and private transport costs – recorded a YoY increase of 4.2%. According to the MAS Monetary Policy Statement released on 26 July 2024, Core Inflation continued to moderate to 3.0% YoY in Q2 2024, from 3.3% in Q1 2024, with MAS expecting it to step down more discernibly in Q4 this year and into 2025.

Despite prevailing geopolitical and economic uncertainties, Singapore's economy is expected to benefit from its safe haven financial and business hub status and from the growth potential of ASEAN economies amid a restructuring and redistribution of global supply chains.

313@somerset, Singapore

Singapore economy grew by **2.9%** in Q2 2024

SINGAPORE REAL GDP GROWTH (2019 TO Q2 2024) (% YoY)



Source: MTI, SingStat

INDEPENDENT MARKET REVIEW

Tourism: Recovery Towards Pre-pandemic Levels on the Horizon

In 2023, Singapore's tourism sector recorded a solid recovery in visitor arrivals and spending after three consecutive years of subdued tourism demand globally due to the COVID-19 pandemic. While still below pre-pandemic levels, Singapore's visitor arrivals increased to 13.6 million in 2023. This was up 115.8% from 2022 and represented around 71.2% of pre-pandemic levels. The sustained increase in visitor arrivals recorded in H1 2024, up 31.2% YoY, also signals a clear path to recovery to pre-pandemic levels. According to the STB, tourism receipts totalled S$27.2 billion in 2023, just short of 2019's S$27.7 billion, but higher than STB's earlier forecast of S$24.5 billion to S$26.0 billion. In 2024, STB expects 15.0 million to 16.5 million visitor arrivals and between S$27.5 billion and S$29.0 billion in total tourism receipts.

The Singapore Government has introduced policies and initiatives expected to benefit the tourism sector in years to come. In December 2023, a mutual 30-day visa-free travel agreement between China and Singapore was unveiled and took effect on 9 February 2024. This removes barriers for Chinese travellers to travel to Singapore and will strengthen Singapore's role as the business and leisure travel gateway to Southeast Asia for the large outbound Chinese travel market. The STB has also embarked on Tourism 2040, a long-term strategy and roadmap to identify new opportunities and growth areas that can drive the next round of quality tourism growth for Singapore.

Furthermore, Singapore welcomed new and enhanced tourism experiences in the past year, including HyperDrive (gamified electric Go-Kart at Sentosa), Bird Paradise, KidzWorld at the Singapore Zoo and the world's first surf-snow-skate attraction TRIFECTA right in the heart of Orchard Road.

In 2024, notable major events to take place in Singapore include the Formula 1 Singapore Grand Prix, third edition of Wellness Festival Singapore and the Rotary International Convention 2024 which will attract a large number of international delegates and visitors to the city.

In addition, future tourism projects currently in the pipeline, including the expansion plans of the two integrated resorts of Marina Bay Sands and Resort World Sentosa, the launch of the tender for a wellness attraction at the Southern Coast and the Porsche Experience Centre Singapore at Changi, will considerably expand and rejuvenate Singapore's future tourism attractions and experiential offerings.

Parkway Parade, Singapore

SINGAPORE RETAIL MARKET

According to data from the URA, Singapore's total existing island-wide retail stock – comprising all types of private and public sector retail spaces – stood at 63.9 million sq ft as of Q2 2024. The total Singapore retail stock comprises both mall and non-mall floorspace, which represents 55.9% and 44.1% respectively of total retail stock in the city-state.

By geographic distribution, the Central Area constitutes the largest proportion of retail floorspace, accounting for 38.6% of total island-wide stock including the Orchard (11.2%) and Downtown Core (12.1%) micro-markets. The Suburban retail stock – located outside of the Central and Fringe Areas – represents 35.1% of Singapore's total retail landscape, while the Fringe Area makes up the remaining 26.4%.

In 2023, retail activity in Singapore benefited from the recovery in inbound tourism spending, while domestic spending remained strong amid healthy employment levels, sustained income growth and strong household balance sheet. However, further growth in the retail sector may face potential headwinds due to uncertainties in the global economy, persistent inflationary pressure, elevated interest rates, and delays in the full recovery of tourism visitation to pre-COVID-19 levels – particularly due to subdued outbound travel from China.

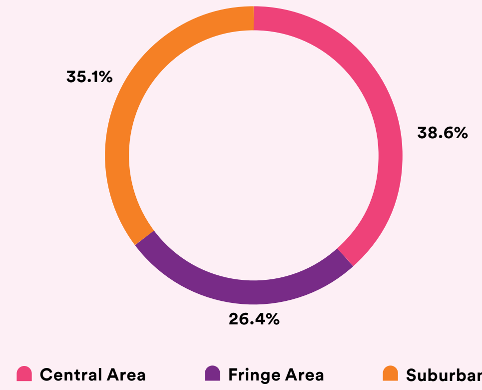
The total retail sales index (excluding motor vehicles) as of May 2024 improved by 0.8% YoY. The increase was largely driven by the F&B sectors such as Food Catering (20.2%) and Food & Alcohol (12.8%), alongside Watches & Jewellery (8.8%). However, sectors such as Optical Goods & Books (-5.4%), Wearing Apparel & Footwear (-4.7%) and Computer & Telecommunications Equipment (-4.4%) posted contractions over the same period.

The proportion of online sales excluding motor vehicles stabilised at around 13.4% as of May 2024, declining slightly from 13.5% recorded in May 2023. Data from SingStat indicate that since 2022, the absolute levels of online retail and F&B sales have stabilised and their share of total sales has declined. This suggests that physical retailers have regained some of the ground lost to e-commerce platforms during the pandemic.

Total retail sales index (Jan to May 2024) improved by

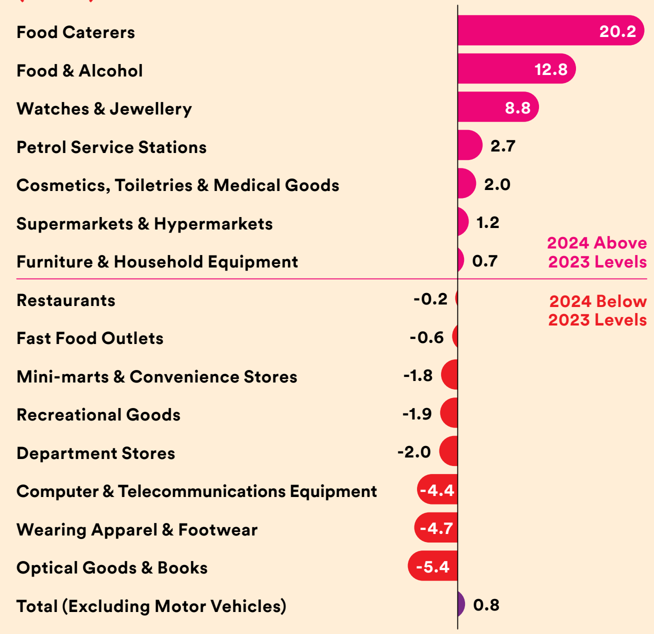
0.8% YOY

GEOGRAPHIC DISTRIBUTION OF EXISTING RETAIL STOCK ACROSS SINGAPORE AS OF Q2 2024 (%)



Source: URA, Cistri
Note: Percentages may not add up to 100.0% due to rounding

RETAIL SALES INDEX (JANUARY TO MAY 2024) (% YoY)



Source: SingStat, Cistri

INDEPENDENT MARKET REVIEW

Retail Supply

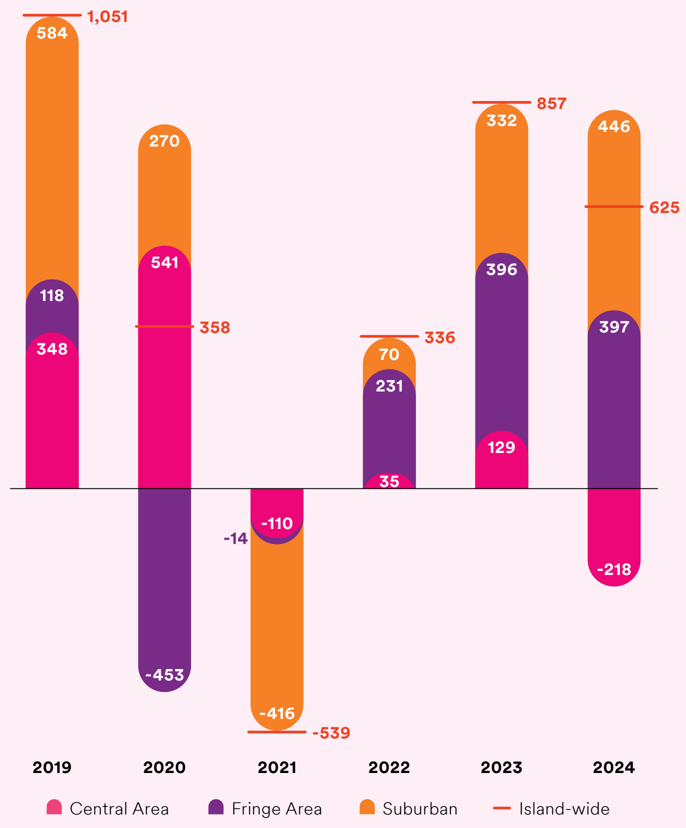
Cistri's estimate of future retail floorspace includes announced retail projects, longer-term allowances for unannounced future projects, as well as an allowance for obsolescence. Supply forecasts for announced projects are based on the URA's commercial projects pipelines and developers' intentions.

The historic average net supply over the past five years was approximately 412,000 sq ft of additional retail space annually. Since Q2 2023, total Island-wide retail stock rose by 1.0% YoY in Q2 2024, with net retail supply totalling around 625,000 sq ft. Notable malls that opened in H1 2024 in the Suburban submarket include Pasir Ris Mall and Plantation Plaza at Tengah. The only addition in the Central Area was the opening of New Bahru at 46 Kim Yam Road.

Between 2024 and 2028, total retail floorspace is set to increase by 6.2 million sq ft of GFA of which 2.3 million sq ft is currently under construction and 4.0 million sq ft is in the planning phase. Of the total retail space currently under construction, approximately 549,000 sq ft is expected for completion in 2024, another 829,000 sq ft in 2025, 431,000 sq ft in 2026, 205,000 sq ft in 2027 and 269,000 sq ft in 2028 and beyond.

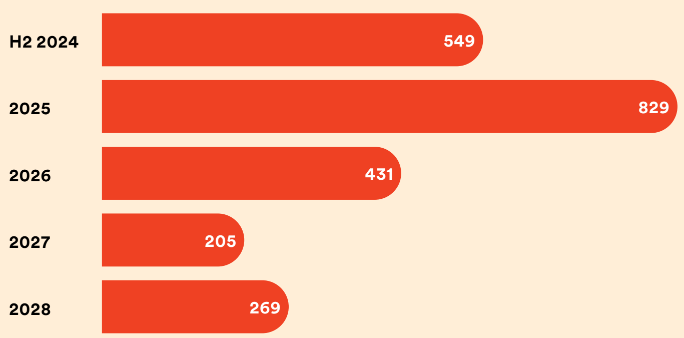
Notable upcoming retail development in the Central Area include the reopening of the Cathay Building in late 2024 and the expected completion of CanningHill Square in 2025, leading to an increase of approximately 300,000 sq ft of retail space. The Marine Parade MRT Station's Underground Mall and IMall are set to open by 2025, adding up to approximately 150,000 sq ft of retail space in the Fringe Area. In the suburbs, the opening of the PDD is set to add up to 175,000 sq ft in the Outer North-East sector and 36,000 sq ft from the Jurong East Integrated Transport Hub in the Outer West sector.

HISTORIC RETAIL NET SUPPLY (UP TO Q2 2024) ('000 SQ FT)



Source: URA, Cistri
Note: For the period from July to June (i.e. 2019 refers to July 2018 to June 2019)

UPCOMING NEW RETAIL SUPPLY UNDER CONSTRUCTION (H2 2024 TO 2028) ('000 SQ FT)



Source: URA, Cistri

In addition, other locations have been identified with potentials for new retail floorspace:

- Areas identified for development under URA's 2019 Master Plan, including Woodlands Regional Centre, Changi Gateway, the Greater Southern Waterfront, Tengah and Bidadari, as well as tourist destinations like Sentosa-Brani, JLD and Mandai Eco-Tourism Hub.
- GLS provide opportunities for mixed-use developments with retail components. Currently, there are three GLS sites that could potentially accommodate retail development, two of which are in the Confirmed List and the remaining one on the Reserve List. As of July 2024, there has yet to be a successful developer application for Woodlands Avenue 2 White Site as it remains on the Reserve List.
- A key unknown for new retail supply in the West Region is the future development of the first GLS site at the JLD. Some retail will almost certainly be part of the mixed-use project which will also include a range of other uses including office, residential, hotels, sports facilities and community uses. The tender was not awarded by the authorities and hence it remains unclear the quantum and potential market positioning of the retail floorspace that will be provided.

The Orchard micro-market currently consists of 7.2 million sq ft of retail stock with no major completions over the past four quarters. Upcoming retail developments within the micro-market include the retail podium of Boulevard 88, a mixed-use residential, hotel and retail development set for completion in 2025 and the redevelopment of the Grange Road carpark by LREIT and Live Nation.

As of Q2 2024, the Jurong East micro-market consists of approximately 1.9 million sq ft of retail stock with no noted major completions over the past four quarters. We expect the only changes to be the completion of the retail podium at J'den, the redevelopment of the former JCube.

Between 2024 and 2028, total retail floorspace is set to increase by

6.2 million sq ft

The ongoing construction of the Jurong East Integrated Transport Hub and the JRL is projected to significantly improve connectivity within the Jurong region. This will be achieved through key interchanges at the Boon Lay MRT Station, Jurong East MRT Station, and Choa Chu Kang MRT Station. The initial phase of the JRL, which will serve Jurong West, is slated for completion in 2027. The subsequent phase, which will cater to Jurong East, is anticipated to complete by 2028.

In addition, the forthcoming JID, envisioned as a comprehensive advanced manufacturing hub, is projected to generate approximately 95,000 new employment opportunities upon its completion. With the potential future development of the JLD and Tengah New Town, an increase in the retail catchment within the broader Jurong is anticipated.

The Marine Parade micro-market consists of approximately 1.5 million sq ft of retail stock. While there have not been any major completions in the past four quarters, the upcoming IMall and Marine Parade Underground Mall are expected to open by 2025. Roxy Square has also been put up for collective sale and could be potentially redeveloped into a commercial and residential development with approximately 80,000 sq ft of retail space. Subject to approval, the site could be re-zoned with potential office, hotel and other commercial uses. With the increased accessibility through the opening of the TEL, we anticipate a surge in visitation to the area.

INDEPENDENT MARKET REVIEW

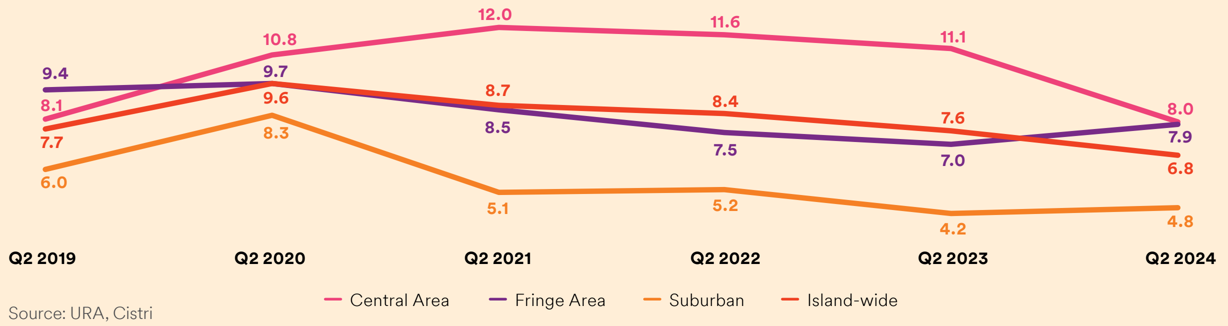
Retail Demand and Occupancy

After four years of headwinds in the retail sector, the Singapore retail property market has embarked on a path to recovery, with improving absorption and occupancy rates underpinned by sustained retail sales growth. This general improvement was reflected in the Central Area where vacancy rates declined from 11.1% in Q2 2023 to 8.0% in Q2 2024, contributing to an overall Island-wide decline from 7.6% to 6.8% over the same time period. Meanwhile, vacancy rates in the Fringe Area and Suburban submarkets increased slightly on the back of new retail supply comprising One Holland Village, The Woodleigh Mall and Sengkang Grand Mall. Nonetheless, the Suburban submarket continued to outperform the overall market with an average vacancy rate of just 4.8% as at Q2 2024 amid limited new supply and strong sales performance of decentralised retail malls across Singapore.

Improvements in retail occupancy was most notable in the Orchard micro-market, with vacancy rates down from 13.2% in Q2 2023 to 7.1% in Q2 2024 reflecting retailers' optimism in the recovery of retail amid strong tourism figures. However, the Marine Parade and Jurong East micro-markets experienced increased vacancy rates as compared to Q2 2023 on the back of tenancy movements, space consolidation and a wave of non-renewal of expiring leases.

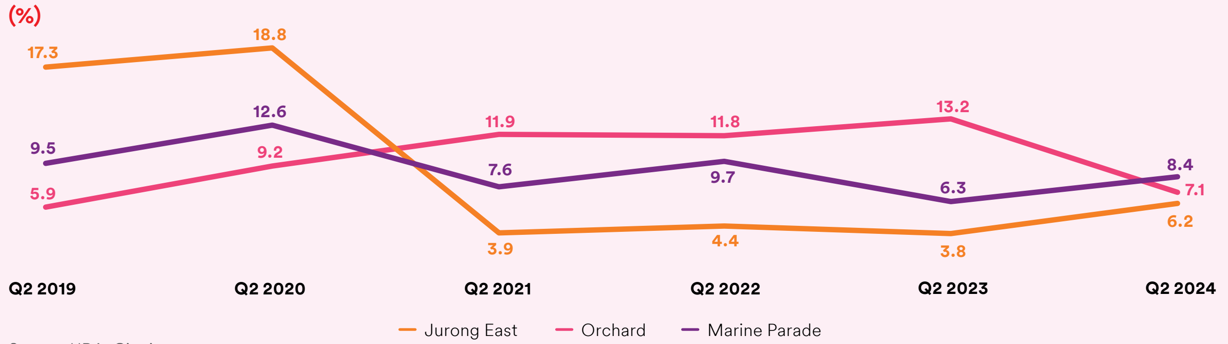
We expect occupancy at Orchard and the broader Central Area to improve further by the end of 2024 on the back of sustained growth in inbound tourism receipts. Occupancy at the Suburban submarket, which is already outperforming that of the Central Area, is expected to remain stable amid limited new supply and strong occupier demand for quality retail spaces to serve residential catchment areas.

RETAIL VACANCY BY SUBMARKET (Q2 2019 TO Q2 2024) (%)



Source: URA, Cistri
Note: Vacancy is as at June of each year.

RETAIL VACANCY BY MICRO-MARKET (Q2 2019 TO Q2 2024) (%)



Source: URA, Cistri
Note: Vacancy is as at June of each year.

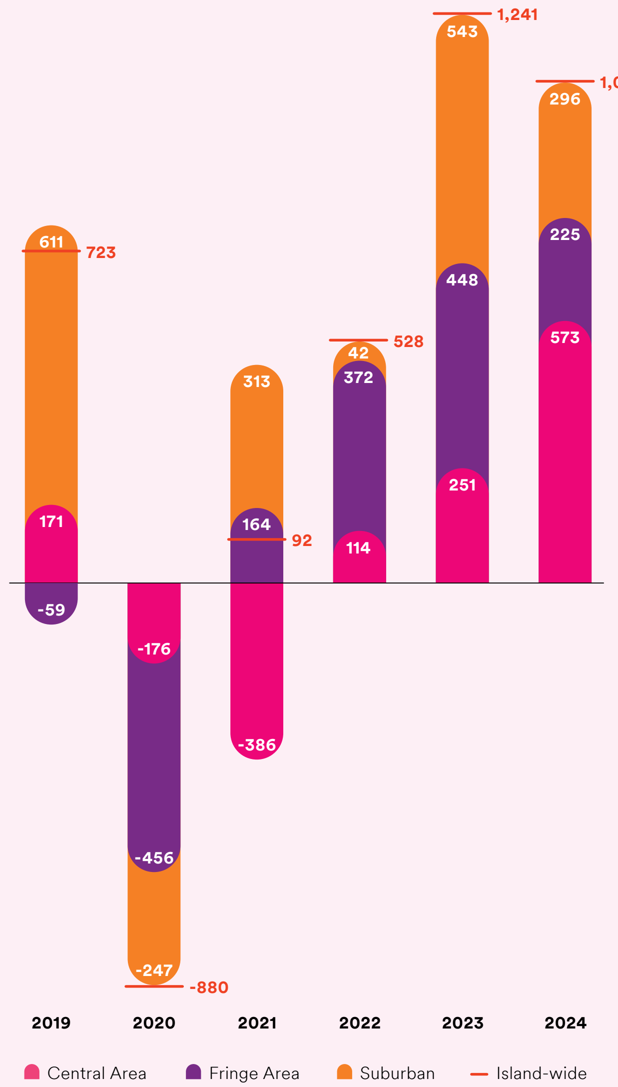
Absorption

According to data from the URA, the average gross absorption of retail space over the past five years stood at approximately 341,000 sq ft per year island-wide, including -5,000 sq ft in the Central Area, 94,000 sq ft in the Fringe Area and 252,000 sq ft in the Suburban submarket.

Gross absorption recorded in the past year significantly outperformed the five-year average in all retail submarkets. During that period, the island-wide retail market recorded robust absorption of 1,094,000 sq ft on the back of strong retail occupier demand, sustained retail sales growth and continued consolidation in the retail and F&B industry. The Central Area accounted for 52.4% of total island-wide absorption (573,000 sq ft), while the Fringe Area captured 20.6% (225,000 sq ft) and the Suburban submarket captured 27.1% (296,000 sq ft).

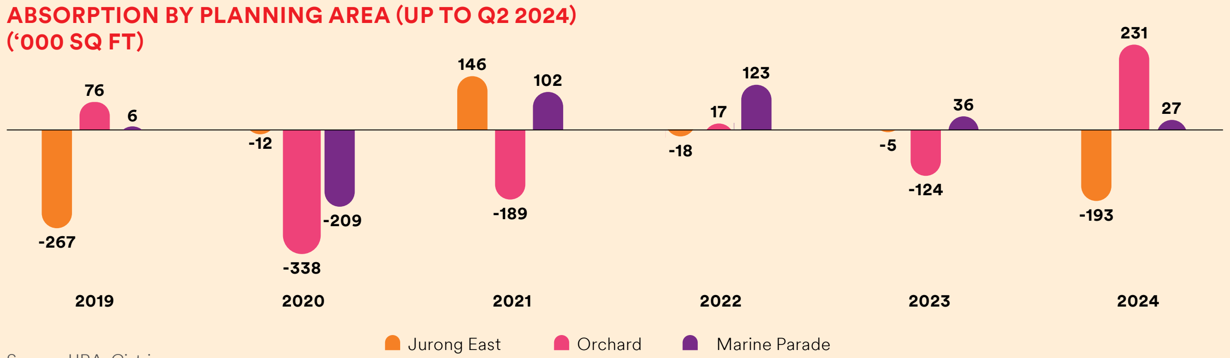
The Orchard micro-market contributed significantly to a large proportion of the total absorption in the Central Area with a positive net absorption of 231,000 sq ft as of Q2 2024, making up 40.4% of the total absorption in the Central Area. The Marine Parade micro-market remained relatively strong with four consecutive periods of positive net absorption, albeit at a declining rate with a net positive absorption of 27,000 sq ft, reflecting the optimism of retailers in the area given the recent opening of the Marine Parade MRT Station along the TEL. Meanwhile, the Jurong East micro-market had a net negative absorption of 193,000 sq ft, which can be attributed to the recent closure of JCube. Excluding the closure of JCube, absorption has been relatively stable in the Jurong East micro-market over the past three years, and it is expected to remain similar moving forward.

ABSORPTION BY MICRO-MARKET (UP TO Q2 2024) ('000 SQ FT)



Source: URA, Cistri
Note: For the period from July to June (i.e. 2019 refers to July 2018 to June 2019)

ABSORPTION BY PLANNING AREA (UP TO Q2 2024) ('000 SQ FT)



Source: URA, Cistri
Note: For the period from July to June (i.e. 2019 refers to July 2018 to June 2019)

INDEPENDENT MARKET REVIEW

Underpinned by strong economic fundamentals, robust discretionary spending by local residents and rapidly recovering tourism spending, several retailers and F&B chains have increased their footprint in Singapore since the start of 2024.

The F&B segment has been a major source of occupier demand, representing about half of new retail leases during the first half of 2024. Notable market entries and/or expansions in the past year include Moroccan Bacha Coffee, Chinese eatery Gong Yuan Ma La Tang, Canadian coffee chain Tim Hortons, Chinese coffee chains Luckin Coffee, Greybox Coffee and casual dining restaurant Mamma Mia Trattoria E Caffè. Notably, MGCA Cafe plans to open 10 to 15 more Tim Hortons coffee shops across Singapore within 2024 as part of the company's ambitious Southeast Asia expansion plans.

Casual dining concepts offering affordable menus continue to expand as consumers seek good value-for-money dining experiences amid the higher cost of living. This includes Sake+, a new concept by premium Japanese grocery chain Fish Mart Sakuraya, which serves affordable Japanese-Italian fusion cuisine and curated sake in 313@somerset.

Several new and returning international brands have opened in Q2 2024 such as Hoka, the newly renovated Louis Vuitton boutique at ION Orchard as well as Samsung's three new experience concept stores across Singapore.

Notable movements in the retail sector include the closure of the 8,000 sq ft Taiwan Night Markets gourmet eatery concept at Orchard Cineleisure in March 2024, after just eight months of operations due to high operating costs and supply chain issues. The Giant hypermarket at Sembawang Shopping Centre has also closed its doors after 21 years of operations, following a wave of consolidation in the supermarket space in recent years.

New developments offering unique designs and experiential concepts are also shaking up the local retail landscape with fresh ideas. New Bahru, developed by hospitality firm The Lo & Behold Group, is a lifestyle and creative cluster within an adaptive re-use of a former school compound that offers a variety of unique dining, leisure and retail businesses.

CapitaLand's iconic Clarke Quay precinct has also reopened in April 2024 after a two-year rejuvenation programme, to reposition itself as a day-and-night destination. In addition to revamped F&B and entertainment concepts, new additions to Clarke Quay include a FairPrice Finest concept store and fitness studios.

Retail Rents

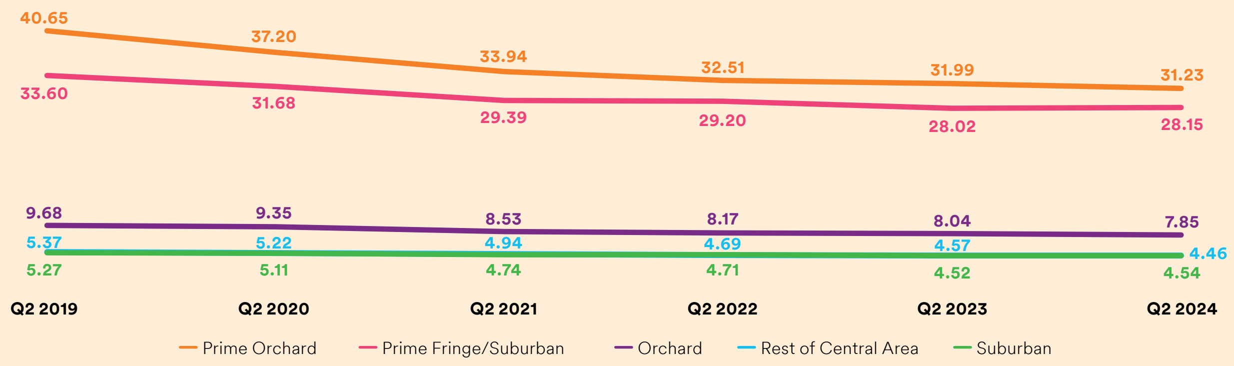
Data for the first half of 2024 suggest that Singapore retail rents are starting to stabilise following a few quarters of landlord concession and stronger occupier demand. With the gradual return of the workforce to the office, recovering tourism visitation and strengthening retailer optimism, there are signs that rental rates have bottomed out.

According to data from URA REALIS, the median retail rent in the Orchard micro-market declined by 2.4% from S$8.04 per sq ft per month in Q2 2023 to S$7.85 per sq ft per month in Q2 2024. The rental decline was mainly due to a healthy recalibration of landlords' and tenants' expectations on achievable rental rates, which contributed to the decline in the overall vacancy rate. While median rental rents in the Orchard micro-market remain around 18.9% below 2019 levels, there are signs that rents are stabilising amid stronger absorption, reduced vacancy and sustained retailer demand for prime retail spaces within the Orchard micro-market.

Median rental rates in the Rest of City Area declined 2.4% YoY from S$4.57 to S$4.46 per sq ft per month. Since 2019, rental rates in the Rest of City Area have been on a decline from its peak of S$5.66 per sq ft per month in Q4 2019 with no indication of a rebound thus far.

Rents in Suburban submarket remain the most resilient as there are natural local population catchments and a larger portion of non-discretionary trade categories as compared to malls in the prime areas. According to the URA data, the median suburban retail rent rose from S$4.52 per sq ft per month in Q2 2023 to S$4.54 per sq ft per month in Q2 2024 amid consistently low vacancy and robust sales performance of suburban malls.

MEDIAN RETAIL RENTS (Q2 2019 TO Q2 2024) (S$ PER SQ FT PER MONTH)



Source: URA, Cistri

The median rents reported by the URA are across the entire market and are therefore not representative of the prime retail segments and locations. Cistri estimates that the average gross monthly rent for prime mall retail spaces – which corresponds to ground floor and MRT level spaces in good quality malls – stood at S$31.23 per sq ft per month in the Orchard micro-market and at S$28.15 per sq ft per month at suburban and fringe retail malls in Q2 2024.

Rental growths in the micro-markets of Jurong East and Marine Parade have outperformed their respective regions with positive YoY increases. Jurong East showed the highest YoY growth at 6.0% and Marine Parade showed a growth of 4.6%.

With growing sales and limited rental growth, rental affordability has improved for retailers in recent quarters. However, there remains some operating challenges for retailers, including a continued labour shortage, rising overheads and the recent GST rate hike to 9.0%. We expect the current trend of rental decline to bottom out by the end of 2024 before beginning to rebound in 2025. A rental recovery is anticipated particularly in the Orchard micro-market as inbound tourism visitation volumes recover to the pre-pandemic levels.

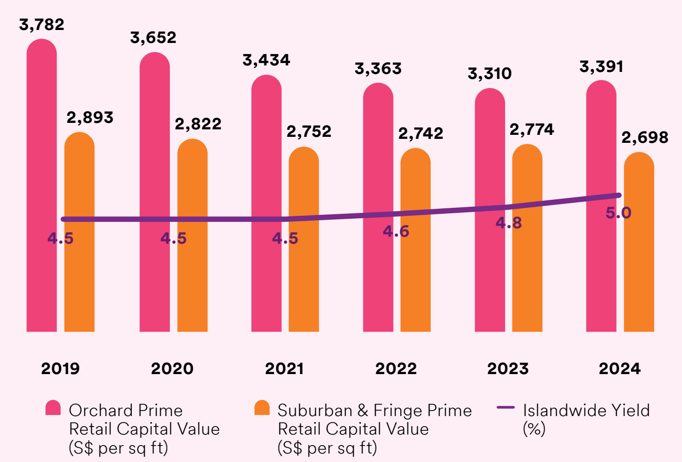
Retail Capital Values, Net Yields and Transaction Volume

Capital values of Singapore's prime retail assets remain resilient thanks to strong occupancy, sustained growth in gross operating revenue, and the strong financial profile of retail landlords with a long-term investment horizon in the Singapore market. However, the high-interest-rate environment has considerably reduced the transaction volume of commercial properties in Singapore and globally.

A total investment volume of S$3.3 billion was recorded in 2023 and S$1.9 billion recorded in H1 2024, a decrease of 34.3% as compared to the same period in 2023.

According to Cistri's valuation metrics, prime retail asset yields island-wide have steadily risen from about 4.5% during the 2019 to 2022 period to approximately 5.0% in Q2 2024 amid the rising interest rate environment. Retail capital values have remained fairly stable at an average of about S$3,391 per sq ft of NLA in the Orchard micro-market and S$2,698 per sq ft of NLA in the Suburban submarket as of Q2 2024.

PRIME RETAIL CAPITAL VALUE AND YIELDS (2019 TO Q2 2024)



Source: Cistri estimates based on valuation metrics derived from REIT portfolio valuation and retail market indicators

INDEPENDENT MARKET REVIEW

Notable transactions that occurred in H1 2024 include the sale of Seletar Mall, a 50% stake in NEX in Q1 2024, the collective sale of Delfi Orchard and the Rail Mall in Q2 2024.

Capital values are expected to remain flat through 2024, tracking rental rates and stable yields until there is an easing of monetary policies leading to an interest rate cut and a lower cost of capital. In the long term, it is expected that investors will maintain a strong investment appetite for prime retail mall assets in Singapore due to their relative scarcity, stable income profile and sustained capital appreciation potential.

Retail Industry and Business Trends
The following emerging industry, business and consumer trends will continue to have a transformative impact on the future of the Singapore retail property market.

Catering to Next-Generation Consumers Through Omnichannel Retail
The young generation of shoppers appreciate the convenience offered by omnichannel experiences. As a result, more omnichannel retailers are emerging, and many of those looking to tap into the market of young shoppers in Southeast Asia are doing so via Singapore. Examples of recent entrants into Singapore's retail market include Luckin Coffee, as well as digital native brands such as Spanish furniture retailer Kave Home and Chinese apparel brand Neiwai. The entry of digital native brands into physical retailing presents an opportunity for malls to discover new potential tenants that can enhance their omnichannel experience.

Having a successful omnichannel offering also includes providing shoppers with an enjoyable in-store shopping experience. For that reason, retailers are increasingly incorporating experiential elements into their physical stores to attract footfall, extend dwell time and strengthen engagement with consumers. Some retailers, such as fashion retailers Marimekko, FJ Benjamin and cycling apparel brand Pas Normal Studios, have chosen to do this by offering in-store dining experiences. These higher-end brands are following the trends set by mass market brands such as

Jem, Singapore

Muji and Benjamin Barker. Others are offering interactive educational experiences, such as Richard Mille's in-store watchmaking workshops. Another example is the recent opening of Porsche Studio Singapore at Guoco Midtown where customers and fans alike can enjoy an immersive brand experience at Café Carrera. The studio also hosts modular spaces that can be configured to cater for activities such as Porsches and Pretzels, a weekly get-together for the local fan community to share and foster connections among enthusiasts.

Rising Shopper Awareness on Sustainability
Singapore shoppers are becoming increasingly aware about sustainability. This has encouraged the emergence of stores focused on the sale and swapping of second-hand goods, notably youths' apparel. An example is second-hand fashion retailer Refash, acquired by online marketplace Carousell in 2022 for its growth potential, which so far has added five new store locations across central and suburban malls in 2023.

The growing public interest in environmental topics also presents mall operators with an opportunity to organise sustainability-themed placemaking activations. Lendlease's "You Won't Believe It's Trash" roving exhibition held across multiple malls such as 313@somerset, Jem, Parkway Parade and PLQ Mall includes a textiles collection drive, where selected participants can receive prizes in exchange for their textile recycling donations. Such activations can attract visitors to malls while providing them opportunities to participate in meaningful sustainability initiatives.

Retail Within Mixed-Use Developments
New malls in Singapore are increasingly being developed as part of mixed-use developments encompassing residences, offices and/or hotels. This is the case for most of the known upcoming malls in Singapore. For instance, CapitaLand and Frasers Property have proposed to redevelop JCube and Bedok Point respectively into residential-led mixed-use developments.

Mixed-use developments can create benefits for both their retail and non-retail components. On one hand, the retail mall benefits from direct access to an on-site market of potential shoppers, which supports footfall and sales at the mall. On the other hand, the mall provides an amenity that enhances the attractiveness of the on-site residences, offices or hotels. In turn, this can support the take-up or occupancy, as well as the sales price or rental premiums, that these non-retail components can achieve.

In addition, mixed-use developments are becoming increasingly important in the rejuvenation of older estates. Healthcare and transport facilities such as polyclinics and integrated transport hubs are being included as tender conditions for GLS sites released, such as the newly completed Pasir Ris Mall and Sengkang Grand Mall and the upcoming Reserve Residences at Jalan Anak Bukit. The inclusion of these amenities as a tender condition allows for a wider variety of offerings to be seamlessly integrated into a single development, making it a one-stop destination for the needs of residents living on-site or in the vicinity.

Retail Market Outlook
The Singapore retail sector exhibited encouraging signs of improvement in the past year amid resilient consumer spending, retail sales growth, healthy tourism receipts, and increased occupier demand from retail and F&B operators. Growing evidence suggests that the retail property sector is on a path to recovery, underpinned by declining vacancy and stabilising rents, with some further market improvements expected to benefit landlords towards the end of 2024.

In the short term, structural headwinds will persist in the Singapore retail sector, including labour shortages, higher operating costs, slowing consumption due to high inflation and the impact of the GST hike. Furthermore, we expect investment and transaction activities to remain slow until a generalised easing of the interest rate environment globally.

In the long term, the retail property sector will continue to benefit from Singapore's solid economic fundamentals and their underlying impact on household income, discretionary income and consumption levels. The rapid recovery of inbound tourism receipts will continue to benefit prime retail malls along Orchard Road and across the Central Area, while Suburban malls will maintain their dominant market penetration within their respective catchment areas. Strong overall retail demand will prevail in Singapore in the long term and prime retail assets will remain highly regarded as a safe and desirable property investment class.

The positive impact of the opening of new mass transit infrastructure, including the recent opening of the Marina Parade MRT Station on the TEL and the future opening of the JRL between 2027 to 2029 will particularly benefit Parkway Parade and Jem respectively. The expected rejuvenation of the Somerset Youth Belt and related initiatives will also bring new life and activation to the immediate vicinity of 313@somerset. The potential future development of the JLD will further raise the profile of Jurong East as a major regional business and commercial centre which will be beneficial to Jem in years to come. Future commercial and residential development projects will consolidate the Live-Work-Play character of the precinct, ensure vibrancy, and generate high footfall from across the West Region and beyond.

INDEPENDENT MARKET REVIEW

SINGAPORE OFFICE MARKET

According to data from the URA, Singapore's total existing all-grade island-wide office stock stood at 86.0 million sq ft as of Q2 2024. The Central Area – which includes the CBD – totalled 57.9 million sq ft (67.4%) of the total island-wide office stock, while the City Fringe was home to 20.2 million sq ft of office floorspace (23.4%). The Decentralised submarket – located outside the Central Area – had the remaining 7.9 million sq ft (9.2%) of existing office stock.

Office Supply

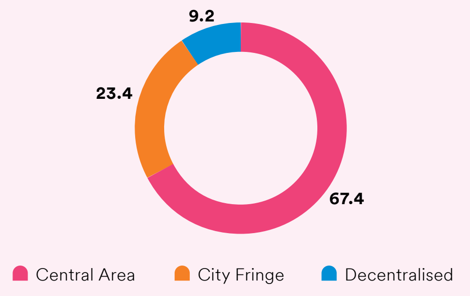
Over the past five years, total island-wide new office supply averaged at 1.1 million sq ft per year.

Across 2023 and 2024, new office space injection was limited to the office component of One Holland Village which obtained its TOP in H2 2023, adding approximately 53,000 sq ft of office space into the Decentralised submarket.

Between H2 2024 and 2028, island-wide new office supply is expected to total 6.9 million sq ft, with the Combined CBD (Core CBD and Fringe CBD), City Fringe and Decentralised submarkets accounting for 70.8%, 6.0% and 23.2% respectively. Of the total office development pipeline, approximately 2.6 million sq ft (37.3%) is poised to be delivered in 2024, 1.1 million sq ft (15.6%) in 2025, 189,000 sq ft (2.7%) in 2026, 888,000 sq ft (12.8%) in 2027 and 2.2 million sq ft (31.5%) in 2028 and beyond. Of the 6.9 million sq ft of new office supply in the development pipeline, it is worth noting that approximately 2.8 million sq ft are replacement office spaces in properties that are undergoing redevelopment. As such, the actual net new supply expected over the next five years is approximately 4.1 million sq ft, which works out to an average of approximately 820,000 sq ft per year, slightly below the five-year new supply trend. Examples of these redevelopment projects include the Shaw Tower, Solitaire on Cecil, Newport Tower, One Sophia, the Comcentre redevelopment, The Skywaters, Central Mall and Roxy Square.

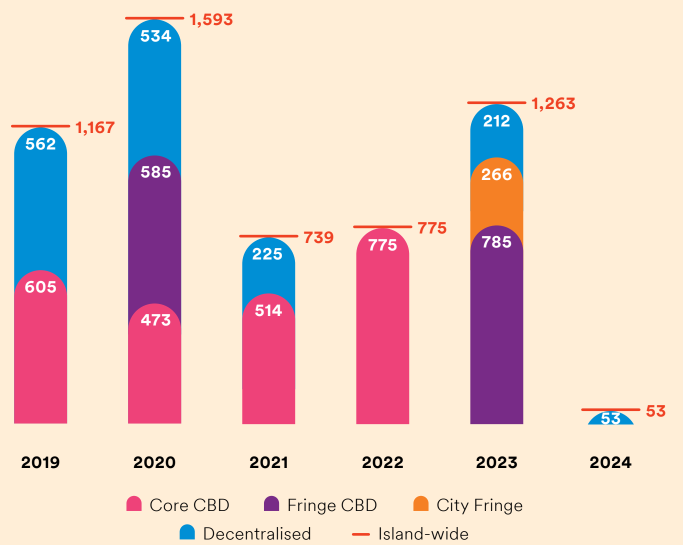
IOI Central Boulevard Towers and the redevelopment of Odeon 333 (formerly 333 North Bridge Road) are expected to obtain TOP in Q3 2024, adding a total of 1.3 million sq ft of office space to the Core CBD submarket. Labrador Tower and Paya Lebar Green are expected to complete by H2 2024, injecting up to 0.9 million sq ft of Grade A office space in the City Fringe submarket. The progressive opening of PDD starting from Q3 2024 is likely to add up to 250,000 million sq ft of office space in the Decentralised submarket, with full completion set for H1 2025. Keppel South Central and the redevelopment of Shaw Tower are expected to complete by H1 2025, adding up to 1.0 million sq ft of Grade A office space into the Combined CBD submarket.

GEOGRAPHIC DISTRIBUTION OF EXISTING OFFICE STOCK IN SINGAPORE AS OF Q2 2024 (%)



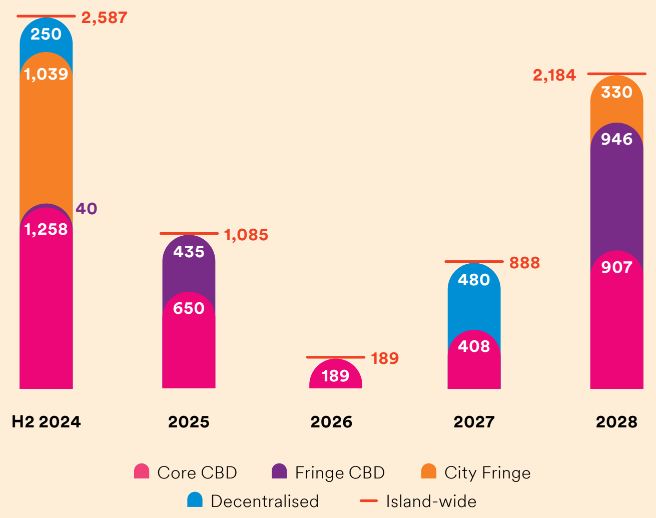
Source: URA, Cistri

HISTORIC OFFICE NEW SUPPLY BY SUBMARKET (UP TO Q2 2024) ('000 SQ FT)



Source: URA, Cistri
Note: For the period from July to June (i.e. 2019 refers to July 2018 to June 2019)

FUTURE NEW SUPPLY BY SUBMARKET (H2 2024 TO 2028) ('000 SQ FT)



Source: URA, Cistri

Notable completions expected between 2026 to 2028 include Solitaire on Cecil, Clifford Centre, Newport Tower, One Sophia, Jurong East Integrated Transportation Hub, The Skywaters, and the redevelopment of Central Mall, Comcentre and Roxy Square, totalling approximately 3.3 million sq ft, of which 2.4 million sq ft (59.5%) is set to be redeveloped stock coming back to market. Over this period, the Combined CBD submarket will receive 2.5 million sq ft (75.2%) of supply, while the City Fringe and Decentralised submarkets will receive approximately 330,000 sq ft (10.1%) and 480,000 sq ft (14.7%) respectively.

Coupled with the launch of IOI Central Boulevard Towers in Q4 2024 and the steady pipeline supply in the following years, occupancy and rents are expected to come under pressure as landlords provide incentives to tenants. The Decentralised submarket will see about 250,000 sq ft of supply in H2 2024, as the office component of PDD comes on stream.

In the West region, JID and JLD will be key components of future office supply in the Decentralised submarket. In addition, the expected completion of the Jurong East Integrated Transportation Hub in 2027 will bring approximately 480,000 sq ft of supply.

In the East region, the launch of Paya Lebar Green in Q4 2024, in addition to the launch of PDD's office component, will add another 220,000 sq ft and 250,000 sq ft of office space to the Fringe CBD and Decentralised submarkets respectively. Additionally, the potential redevelopment of Roxy Square may add up to 130,000 sq ft to the Fringe CBD submarket. Those upcoming office developments will further attract occupier demand for good quality decentralised spaces in both the West and East regions.

Office Demand and Occupancy

Over the past five years, the Singapore island-wide office absorption remained consistently resilient, averaging 170,000 sq ft per year, with vacancy compressing considerably amid limited new supply delivered during that period. This is despite the economic slowdown during the COVID-19 pandemic, the shift to flexible workspace layouts and hybrid work trends.

During the 12-month period ending in Q2 2024, island-wide office absorption slowed to total only about 110,000 sq ft amid a similar influx to supply, resulting in the vacancy rate remaining flat at 10.8% in both Q2 2023 and Q2 2024.

In the same period, net supply in the City Fringe decreased by 21,000 sq ft while absorption came in at about -49,000 sq ft, resulting in a marginal rise in vacancy from 7.8% in Q2 2023 to 7.9% in Q2 2024,

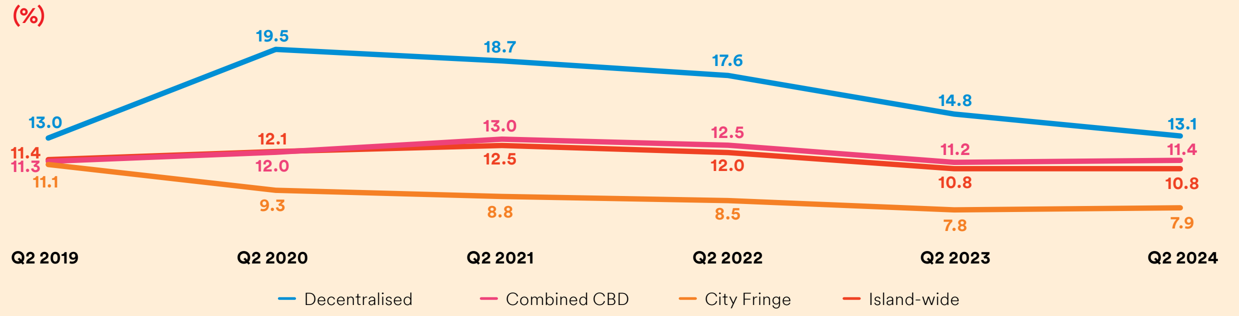
Within the Decentralised submarket, net supply decreased by 40,000 sq ft over the past 12 months while an absorption of 9,000 sq ft was recorded over the same period. This resulted in vacancy tightening from 14.8% in Q2 2023 to 13.1% in Q2 2024.

In the Jurong East micro-market, office vacancy increased from 13.4% in Q2 2023 to 17.3% in Q2 2024 on the back of negative absorption of approximately 78,000 sq ft. In the Marine Parade micro-market, office vacancy declined from 8.6% in Q2 2023 to 7.0% in Q2 2024 due to the demolition of aging office properties in the area.

Drivers of occupier demand remained diversified in Q2 2024, sustained by the consumer goods, legal, non-bank financial, professional services, and energy sectors. However, these sectors were seen to have relatively smaller office space requirements, with firms continuing to focus on space optimisation and prudence in spending as they navigate prevailing high capital costs. Similarly, major institutions and tech companies continue to right-size and optimise their footprints.

INDEPENDENT MARKET REVIEW

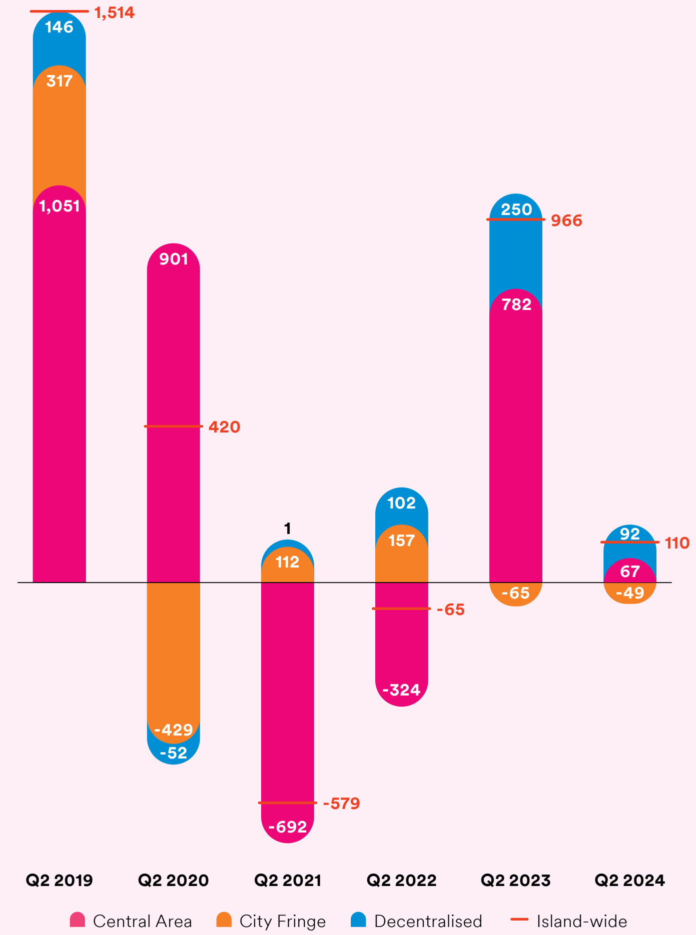
OFFICE VACANCY BY SUBMARKET (Q2 2019 TO Q2 2024) (%)



Source: URA, Cistri

Note: Vacancy is as at June of each year.

ABSORPTION BY SUBMARKET (UP TO Q2 2024) ('000 SQ FT)



Source: URA, Cistri

Note: For the period from July to June (i.e. 2019 refers to July 2018 to June 2019)

Occupiers continue to take advantage of sub-leased, secondary and shadow spaces following the waves of right-sizing and flight to quality of the past year, opting to seek readily fitted-out spaces to save on capital expenditures.

With modern specifications and adherence to the latest ESG standards, the newly delivered IOI Central Boulevard Towers and Labrador Tower are expected to command higher rents and play into the flight-to-quality trend. The large influx of quality office space is expected to increase pressure on rents and occupancy in other office property segments.

The shift towards hybrid work arrangements, digitalisation, right-sizing and cost consciousness has resulted in a higher demand for decentralised spaces among corporate occupiers. Therefore, decentralised business nodes such as Jurong East and Paya Lebar are expected to benefit from this transition. Alongside URA's long-term plans, three key economic centres have been highlighted to complement the CBD's economic activities by bringing jobs and amenities closer to home, namely JLD, One-North and Paya Lebar Central.

Office Rents

Island-wide office rents have continued to exhibit growth in Q2 2024 as a result of the tight office supply, with URA reporting 2.2% growth in rents from S$6.50 per sq ft per month in Q2 2023 to S$6.64 per sq ft per month in Q2 2024.

Decentralised office rents rose 3.4% YoY from S$5.52 per sq ft per month in Q2 2023 to S$5.71 per sq ft per month in Q2 2024, while Fringe CBD office rents rose 3.2% YoY from S$9.67 per sq ft per month in Q2 2023 to S$9.98 per sq ft per month in Q2 2024.

Supported by the continuous demand for high-quality office spaces, Premium and Grade A Core CBD rents increased from S$11.30 per sq ft per month in Q2 2023 to S$11.51 per sq ft per month in Q2 2024, recording a 1.9% YoY growth.

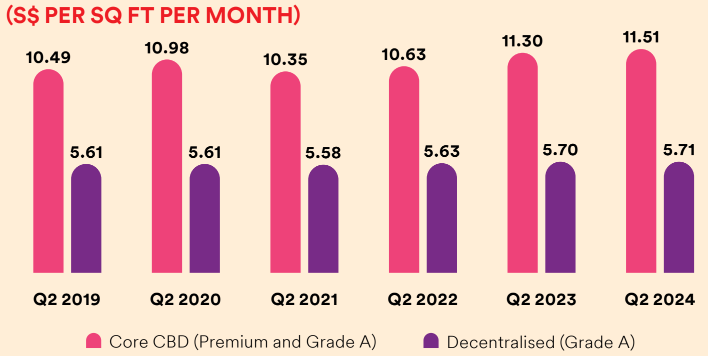
Rents in the Jurong East micro-market decreased by 0.6% YoY from S$4.90 per sq ft per month in Q2 2023 to S$4.87 per sq ft per month in Q2 2024. Conversely, rents in the Marine Parade micro-market rose 7.4% YoY from S$5.50 per sq ft per month in Q2 2023 to S$5.65 per sq ft per month in Q2 2024 on the back of tighter supply.

We expect rents in the Jurong East micro-market to soften slightly due to the upcoming delivery of the Jurong East Integrated Transport Hub (480,000 sq ft) in 2027. However, we expect some of this impact to be cushioned by stronger office demand in the micro-market from the completion of the JRL.

In the Marine Parade micro-market, rents are expected to benefit from the upcoming launch of Paya Lebar Green in H2 2024. The influx of quality space with the opening of a string of MRT stations on the TEL will strengthen the attractiveness of the micro-market as an office and employment location.

In the coming year, the large influx of quality space in the CBD from the upcoming delivery of IOI Central Boulevard Towers will hamper rental growth, as office landlords will offer incentives and rent-free periods to attract and retain tenants, particularly for large tenancy footprints. However, in the longer-term, considering the tight stock with limited readily-available supply and high cost of office spaces in the CBD submarket, the Decentralised submarket is set to benefit from the spillover effects as occupiers search for alternative options. Demand for Grade A buildings in the Decentralised submarket is set to see an uptick due to an increase in the requirement for affordable quality spaces amid a shift toward cost-consciousness and right-sizing among corporate occupiers.

MEDIAN OFFICE RENTS BY SUBMARKET (Q2 2019 TO Q2 2024) (S$ PER SQ FT PER MONTH)



Source: Cistri

Office Investment Transactions

Across Q3 2022 to Q2 2023, the Singapore office investment market totalled approximately S$1.6 billion in transaction volume, recording a 75% decrease YoY amid a challenging interest rate and cost of capital environment. Demand was primarily driven by strata office transactions, with interest from private capital and international buyers who are less affected by higher costs of capital and drawn to the stability of Singapore's office market.

From Q3 2023 to Q2 2024, investment volume increased to S$2.0 billion, buoyed by the sale of Mapletree Anson for S$775 million, Shenton House for S$538 million, and an eight-storey office building on 20 Harbour Drive for S$160 million.

In addition to the transactions above, continued interest was observed in the strata office submarket, with notable transactions including the sale of four units at PLUS for approximately S$4,900 per sq ft each, and a unit at City Plaza for approximately S$5,100 per sq ft.

The Singapore office investment market is expected to remain muted for the foreseeable future until there is a clear path to monetary policy easing globally. However, the strong financial profile and long-term outlook of Singapore office landlords and investors, combined with the robust rental and occupancy performance across the local market, have kept capital values of office properties resilient. Singapore has not exhibited the level of office asset re-pricing witnessed in Europe and North America. Singapore's office capital values are expected to remain stable as office properties remain a highly attractive investment asset class among both local and international investors.

INDEPENDENT MARKET REVIEW

Office Market Outlook

The Singapore office market has proven resilient in recent years as businesses adapted to the post-pandemic business environment. Despite the trend of tech layoffs at the start of 2024, diversified occupier demand drivers such as consumer, private wealth and flexible workspace sectors are expected to mitigate the impact of the slump from the tech and information & communication technology sectors. Flight-to-quality, right-sizing and flexible workspace trends are expected to prevail amid continued efforts to improve cost efficiency, tightened financing conditions and a challenging global business environment.

In view of high relocation and fit-out costs, companies are scaling back on expansions and opting to reconfigure their existing office footprint while adopting hybrid-working, particularly in the context of limited headcount expansion. Alongside the incorporation of technology specifications and agile space solutions, occupiers are likely to optimise and shrink their office footprint, potentially impacting the demand for office spaces. Nonetheless, expansionary demand is expected to continue in certain sectors such as professional services, non-banking financial institutions and family offices.

In the near term, the Singapore office sector will face some headwinds amid the weakening economy, elevated supply of sub-leased and shadow spaces and the upcoming completion of IOI Central Boulevard Towers in H2 2024. As a result, it is expected that the overall office vacancy rate will increase towards the end of 2024 and into 2025 until new office supply is absorbed, business confidence improves and the global economy recovers. Investment volume is expected to remain subdued for the foreseeable future, until the cost of capital eases further.

Despite cautiousness from occupiers tempering office leasing activities in the short term, the Singapore office market is expected to remain healthy in the long term, amid sustained occupier demand underpinned by strong economic fundamentals and limited new quality office supply across Singapore. Supported by the flight-to-quality trend and a more cost-conscious approach to office tenancies, occupiers will seek out high-quality office spaces that encompass flexible space solutions and wellness amenities. With the already tight occupancy rates and high rents in the CBD, decentralised office spaces will continue to benefit, particularly those located in areas with good MRT access and live-work-play environments. This is in addition to the Singapore government's emphasis on decentralising employment and economic growth in emerging business centres across Singapore.

As decentralised business and commercial centres improve their connectivity and attractiveness, they will increasingly become office locations of choice for companies seeking quality offices spaces at an attractive price point, positively impacting their office markets. The Marine Parade and Jurong East office micro-markets are particularly well-positioned to benefit from this decentralisation tailwind. The Marine Parade micro-market, with the recent opening of the TEL, is poised to raise its profile as an attractive office and employment location within the Fringe Area and the East Region. The Jurong East office micro-market will also benefit from the development of new infrastructure projects (e.g. JRL, Cross Island Line) as well as the development of the JLD as Singapore's second commercial centre and business district in years to come.

Jem office facade, Singapore

MILAN, ITALY

The Milan Metropolitan City is Italy's main economic centre and the fourth largest urban economy in the European Union. It is the capital of the Lombardy Region and the centre of Northern Italy's sophisticated industrial complex.

According to Eurostat, Milan had a population of around 3.2 million residents and an estimated regional GDP of about €230 billion (at current market prices) in 2023. Milan's primary economic sectors include business services, finance & insurance, fashion, advanced manufacturing and tourism. Furthermore, in recent years, the city has recorded strong growth in business services and transport and logistics. As a major international business hub, four out of ten international companies with a presence in Italy are based in Milan.

ECONOMIC OVERVIEW

According to ISTAT, Italy's real GDP grew by 0.9% YoY in 2023. Despite this being a decrease from Italy's post-pandemic growth in 2022 of 4.0%, it was still one of the best economic performances among that of countries in the Eurozone. This was driven by a vigorous expansion in capital spending in the form of substantial tax credits for energy-efficient renovation of residential buildings. Furthermore, private consumption increased by 1.3% YoY during this time, supported by a gradual recovery in wages and employment growth. Domestic demand has mainly been influenced by private consumption (+1.4% in 2023), thanks due to the deceleration of inflation, associated with a gradual recovery in wages and employment growth. Investments, although still growing, are expected to significantly slow down compared to the growth in the previous two years.

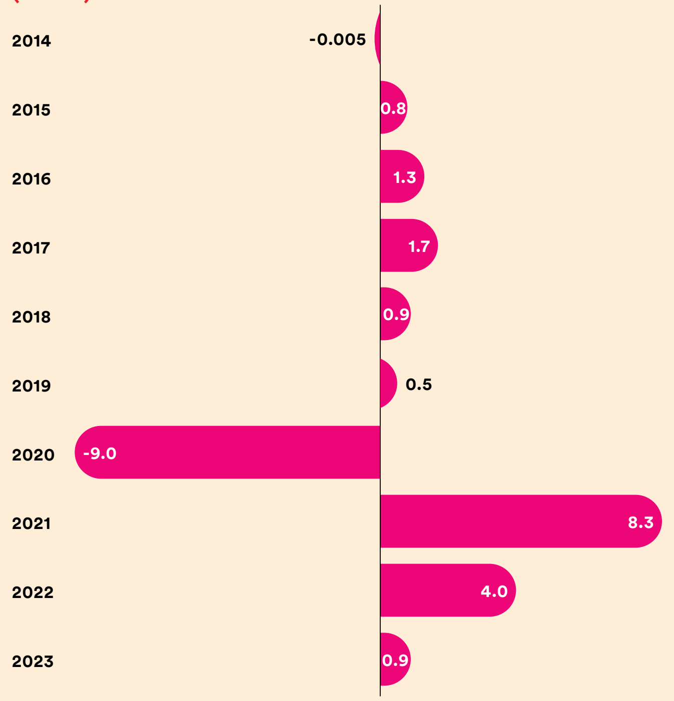
INDEPENDENT MARKET REVIEW

Monetary policies implemented by the ECB and the decline of energy prices have helped decelerate inflation in Italy. As of June 2024, Italy's average YoY HICP recorded only 0.9% YoY growth, significantly below that of the overall Eurozone's 2.5%.

Italy's economic activity has continued to show resilience since the start of 2024, with real GDP increasing by 0.6% YoY in Q1 2024 and by 0.9% in Q2 2024. According to the Bank of Italy, Italy's GDP growth is projected to reach 0.6% in 2024, 0.9% in 2025 and 1.1% in 2026 amid growing demand from Italy's key export markets and rising consumption from the stabilisation of inflation and interest rates.

Italy's GDP growth is projected to reach
1.1%
in 2026

ITALY REAL GDP GROWTH (2014 TO 2023) (% YoY)



Source: ISTAT

MILAN OFFICE MARKET OVERVIEW

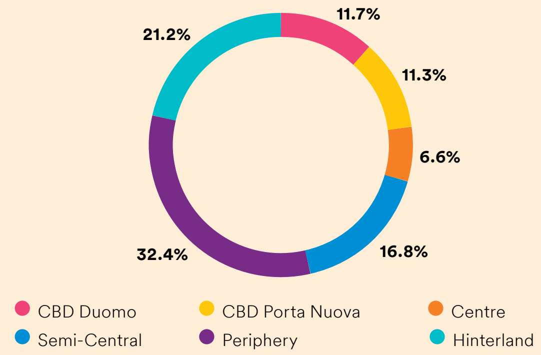
As of June 2024, the total office space inventory in the Greater Milan market amounted to approximately 12.7 million sq m. The Central Milan office micro-markets – CBD Duomo, CBD Porta Nuova and Centre – comprised a total of approximately 3.75 million sq m of office space, representing about 29.7% of the total office stock in the Greater Milan Region. The Periphery submarket had a total office stock of about 4.1 million sq m of office space, accounting for 32.4% of the Greater Milan office stock, with a large proportion of modern office properties developed since 2009. Home to the largest proportion of Milan's existing stock, the Periphery submarket has become increasingly attractive for office development given its land availability, accessibility to the Milan Linate International Airport, high-speed rail services and other regional public transport infrastructure.

While the Periphery submarket has traditionally been home to manufacturing and engineering activities, the area is now increasingly popular with industries such as media & communication, business services, technology, financial & insurance services and consumer & leisure services. Large corporations and multinational corporations favouring Grade A spaces have increased their presence in the Periphery submarket amid the availability of large office floor plates at a lower cost than in the prime Central Milan office micro-markets.

The 2026 Winter Olympic Games are expected to have a considerable impact on the urban regeneration of certain locations within the Periphery submarket, including the former Porta Romana railway yard and the Milano Santa Giulia precinct, where a new 16,000-seat arena is being built as a key venue for the Winter Olympic Games.

Sky Complex, comprising three Grade A commercial buildings owned by LREIT, is located within 150 metres from the Milano Rogoredo high-speed rail train and metro station within the Milano Santa Giulia precinct. The precinct is a major brownfield urban regeneration project encompassing retail, residential, commercial office, and leisure spaces with a total area of 1.1 million sq m of gross development area.

DISTRIBUTION OF EXISTING OFFICE STOCK IN MILAN (Q2 2024) (%)



Source: Colliers Italia

New Office Supply

As of Q2 2024, approximately 897,000 sq m of GLA of office space is expected to be completed across Milan by 2027, of which about 39.0% are speculative developments, 32.7% are projects currently under pre-leasing and 28.3% are planned projects which have not yet commenced their development process.

The Semi-Central submarket has the largest upcoming office development pipeline of 338,800 sq m, accounting for 37.8% of the Milan total. This is followed by the Periphery submarket at 207,123 sq m, which represents 23.1% of the total upcoming new supply. The Central Milan micro-markets combined – CBD Duomo, CBD Porta Nuova and Centre – account for about 35.0% of the upcoming new office development pipeline by 2027.

In 2023, approximately 170,000 sq m of new offices (including new developments and refurbishments) were completed across Milan. Developers are directing their efforts towards the construction of high-specification buildings, with the aim of obtaining one or more green building certifications.

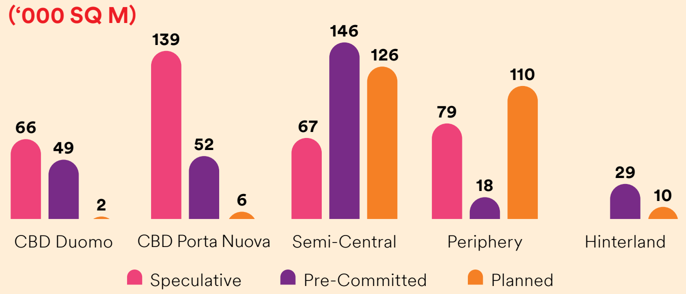
The Periphery submarket has also become an office development hotspot in the Milan market as well-located and readily available development sites remain scarce in central and semi-central areas of the city. However, the Periphery submarket's office stock increased only slightly in 2023 (+19,000 sq m), with no addition in H1 2024. By 2027, the Periphery submarket is expected to welcome approximately 207,000 sq m of new office developments, of which 110,000 sq m of project space has been planned but has not commenced.

Between the end of 2023 and the first half of 2024, more than 200,000 sq m of new Grade A quality office space was completed and delivered. With over 90,000 sq m of space completed, Porta Nuova District accounted for the largest share of office new supply, including the new headquarters of the Unipol insurance group (18,000 sq m) and the redevelopment of the Pirelli 35 building (about 34,000 sq m). Within the Periphery submarket, over 50,000 sq m of offices have been completed during the same period, of which more than 50% in three office buildings are located in the Sei Milano urban regeneration project adjacent to the M1 Bisceglie station.

Notable upcoming office developments are mainly located within major mixed-use urban regeneration projects. Symbiosis, developed by Covivio in South Milan, will transform a former industrial area into a new mixed-use urban centre which includes 26,000 sq m of office space currently under construction and to be completed by 2026. These include:

- Symbiosis – This project is being developed by Covivio in South Milan and will transform a former industrial area into a new mixed-use urban centre. The development will include 26,000 sq m of office space currently under construction and to be completed by 2026. Symbiosis secured pre-leasing commitments from major corporate occupiers such as Fastweb, Moncler and SNAM.
- Scalo Farini – This project is being developed by UniCredit, in partnership with Prelios and Hines. It is one of the largest mixed-use urban regeneration initiatives in Europe and will include the new UniCredit Campus and about 40,000 sq m office space expected to complete by 2026.
- MIND – This project is being developed by Lendlease in joint venture partnership with CPP Investments and Arexpo SpA Group. It is a major urban redevelopment project of the former site of the Milan Expo site with approximately 50,000 sq m of planned office space expected by 2027 in the West Gate.

FUTURE NEW SUPPLY BY SUBMARKET AND STATUS (2024 TO 2027) ('000 SQ M)



Source: Colliers Italia

INDEPENDENT MARKET REVIEW

Office Demand and Occupancy

As of H1 2024, the total vacant office space stood at 1.1 million sq m in the total Milan office market with 425,550 sq m in the Periphery submarket, recording a vacancy rate of 8.5% and 10.4% respectively. The overall office vacancy rate has decreased in the Milan market over the past five years amid limited net new supply, renovation, refurbishment and conversion of ageing office stock, and strong occupier demand for quality office spaces.

Across the entire Milan market, average annual absorption from 2019 to 2024 stood at 86,000 sq m, exceeding the average annual net new supply of 21,000 sq m, leading to a decline of the vacancy rate from 10.0% in 2019 to 8.5% in H1 2024. In the Periphery submarket, the five-year average of about 44,880 sq m per year also exceeded net new supply of about 21,100 sq m per year over the same period, causing the vacancy rate to decline from 13.7% in 2019 to 10.4% in H1 2024.

Historically, the Periphery submarket has had a higher vacancy rate compared to other central submarkets such as CBD, Centre and CBD Porta Nuova. In the Periphery submarket, the five-year average vacancy rate was 10.8%, compared to 5.0% generally in the Central Milan office micro-markets. This disparity is primarily due to the large proportion of Grade B and C spaces in the Periphery submarket office stock, which record higher vacancy rates than good quality Grade A office properties.

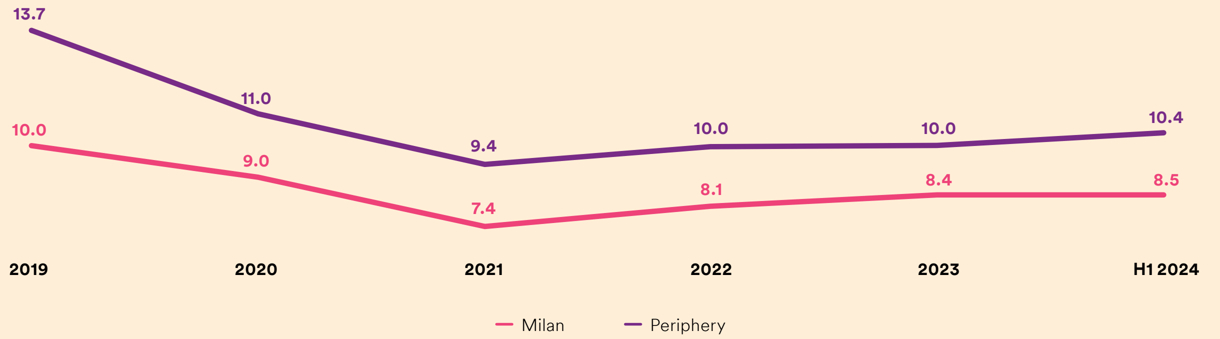
Over the past five years, the average absorption across the entire Milan office market was 406,000 sq m per annum. The Milan (excluding Periphery) submarket constituted 57.3% of the absorption, followed by the Periphery submarket (24.6%) and Hinterland submarket (18.1%).

Recent leasing activity has remained resilient despite the economic slowdown and elevated inflation, with a larger number of transactions for both small-medium and medium-large spaces. In the first half of 2024, the Milan office market recorded stable absorption, with approximately 178,000 sq m of office space taken up.

Notable recent transactions include a 15,000 sq m leasing deal at the Unipol Tower in Porta Nuova where construction work has just been completed, the acquisition of a 10,000 sq m office building by the Campari Group at Corso Europa 2 and the 45,000 sq m lease by Eni at a new office building under construction in the San Donato area.

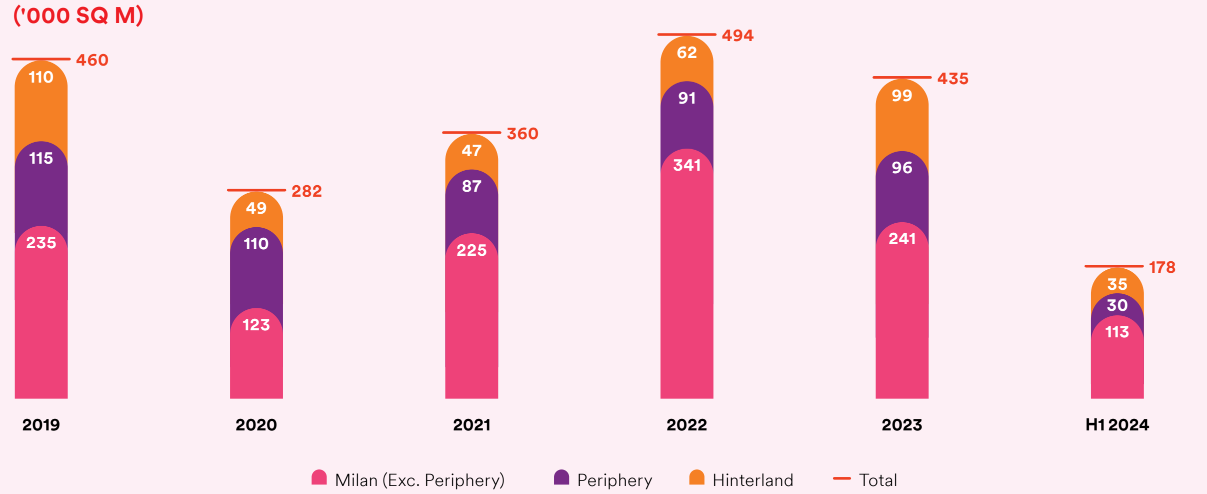
There is generally strong occupier demand for flexible spaces in office premises that have been renovated in recent years and currently undergoing renovation and upgrading works. Flight-to-quality emphasis on ESG-compliant office spaces and occupiers' right-sizing plans mainly benefit office landlords who have committed to renovating and upgrading their properties. Of the total take-up activity in 2023 across the entire Milan market, good quality Grade A office buildings accounted for 59.4% of overall transaction activity. Strong corporate occupier demand continues to fuel leasing activity, particularly in business services, financial and insurance services, manufacturing and media & communication. Furthermore, there remains a strong preference for office properties located within walking distance from metro and train stations.

OFFICE VACANCY BY SUBMARKET (2019 TO H1 2024) (%)



Source: Colliers Italia

ABSORPTION BY SUBMARKET (2019 TO H1 2024) ('000 SQ M)



Source: Colliers Italia

Office Rents

The tightening of supply and demand conditions across the Milan office market has placed upward pressure on rents in recent years, both in Central and Peripheral office submarkets. The reduction in the availability of vacant office stock has made it more challenging for occupiers to secure large floor plates in high-quality Grade A buildings, particularly in established business districts near metro and rail stations.

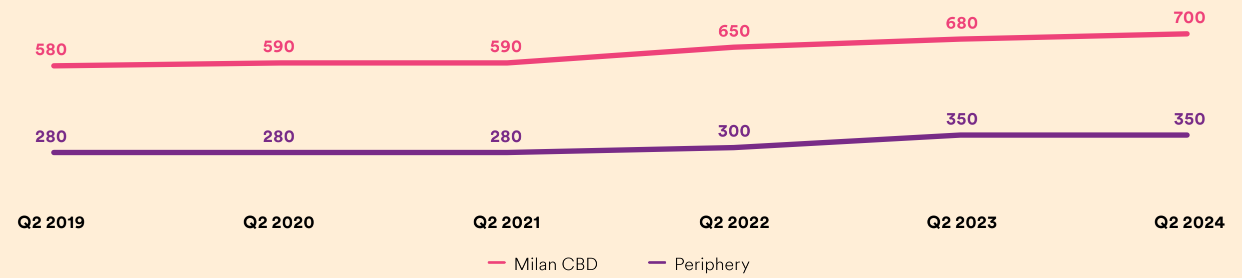
The average rent of prime Grade A office locations in Milan rose from €580 per sq m per year in Q2 2019 to €700 per sq m per year in H1 2024, a CAGR of 3.8% over the five-year period. The sustained rent increase was supported by persistently low vacancy rates and limited new supply in the prime Central Milan office districts of CBD Duomo and CBD Porta Nuova. The occupiers' focus on quality remains paramount, which led to higher prime rents across Milan's CBD submarkets, surpassing the €700 per sq m per year mark for the first time. Compared to the same period of 2023, rents rose in all submarkets with the exception of the Periphery submarket which recorded stable prime rents.

The rate of growth of average prime rents in the Periphery submarket outpaced the Milan average over the past five years. Average Periphery submarket prime office rents rose from €280 per sq m per year in Q2 2019 to €350 per sq m per year in Q2 2024 – a 4.6% CAGR – amid a larger influx of higher-priced new development supply and sustained occupier demand for good quality decentralised office spaces.

Given that most good quality office stock in the Periphery submarket was developed in the past 15 years or so, a large number of tenants are first occupiers. As more leases expire, further rent increases are expected in the Periphery submarket in years to come as occupiers move towards quality decentralised space, supply-demand dynamics continue to tighten, and the submarket becomes more established as a Grade A office location.

INDEPENDENT MARKET REVIEW

**AVERAGE OFFICE RENTS BY SUBMARKET (Q2 2019 TO Q2 2024)
(€ PER SQ M PER YEAR)**



Source: Colliers Italia

Companies are willing to rent smaller but higher quality spaces, leading to higher rents, especially for central, well-connected and sustainable buildings. Prime properties tend to have one or more environmental certifications, underlining the importance of ESG. According to Colliers Italia, rents for green-certified properties grew by 10% to 20% more than high-quality properties without green certifications.

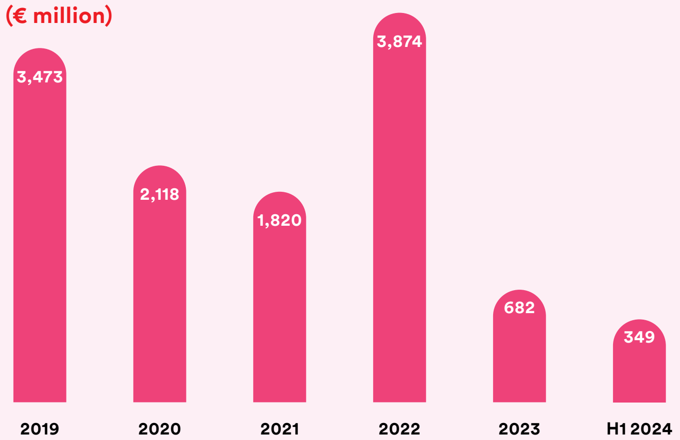
Office Yield and Investment Transactions

From 2019 to H1 2024, Milan captured 73.1% of the office property investment volume across Italy, making it the primary gateway destination for this asset type in the country. The five-year average of office transaction volume stood at €2.4 billion per year, impacted by a considerable decline in 2023 amid rising interest rates, disruption in the office sector due to hybrid work arrangements and decline in office property portfolio valuations. Office property transaction volume declined by 82.4% from the €3.9 billion in value recorded in 2022 to €0.7 billion recorded in 2023.

Office property yields rose substantially since 2022 in tandem with the generalised increase in interest rates and the cost of capital globally. The Milan office asset market valuation is based on a two-tier investment yield system. Office assets located in prime central districts such as CBD Duomo and CBD Porta Nuova command a valuation premium, given the scarcity of office assets and development opportunities in Central Milan. Net yield reached around 4.3% as of Q2 2024, growing from 3.0% in Q2 2021 amid the rising interest rate environment.

The second investment yield tier includes good quality office assets in well-located decentralised business centres, such as the Periphery submarket. For assets in this tier, yields for good quality office properties increased from 5.8% in Q2 2021 to 6.8% in Q2 2024. Given the broader availability of existing office assets and development opportunities within the Periphery submarket, the office yields within this submarket had not compressed as much as those within Central Milan. The Central Milan office market had largely been driven by speculative, capital-value-based investment objectives during the lower-interest-rate environment previously. On the contrary, the Periphery submarket is less driven by speculation and hence, its investment yields and valuations did not undergo the same level of correction as those in Central Milan. Furthermore, Periphery submarket office assets offer a more attractive spread over the risk-free rate of return currently available in Italy, in comparison to prime office assets.

**OFFICE PROPERTY INVESTMENT VOLUMES IN MILAN
(2019 TO H1 2024)
(€ million)**

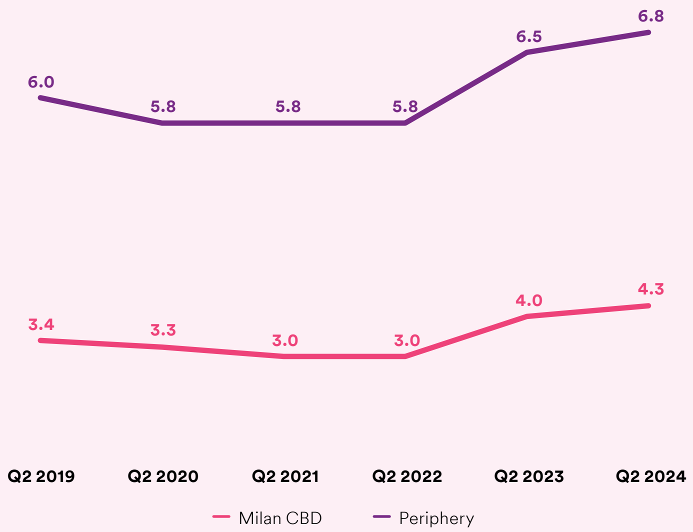


Source: Colliers Italia

Milan Office Market Outlook

Despite the global economic uncertainty, the Milan office market has proven resilient amid robust occupier demand, sustained rental growth and declining overall vacancy rates. While transaction volumes are down considerably due to the challenging high interest rate environment, the Milan office market has performed well amid strong economic fundamentals of the Milan and broader Italian economy. Investment appetite from local and international investors is expected to return once the cost of capital environment becomes more favourable. Key occupier demand drivers such as the flight-to-quality, transition to flexible workspaces and the emphasis on sustainability will support take-up activity across the Milan office market. Existing office landlords will continue to benefit from robust market conditions amid the limited new supply in the pipeline. Furthermore, landlords can tap into strong value creation opportunities in asset enhancement initiatives and property upgrades, particularly for securing green building certifications.

**OFFICE INVESTMENT YIELDS BY SUBMARKET (Q2 2019 TO Q2 2024)
(%)**



Source: Colliers Italia

The Periphery submarket is expected to remain a highly desirable location for major occupiers interested in built-to-suit and decentralised office solutions. This will be driven by occupiers looking to expand their footprint into good quality office buildings located near rapid transit and are at a lower price point than those within the prime Central Milan micro-markets. The office vacancy rate in the Periphery submarket is expected to continue to decrease gradually in the coming years as large occupiers pursue space rationalisation and office decentralisation strategies. The limited space availability and office development potential in central and semi-central areas will also generate spillover demand to the Periphery submarket, particularly in office locations with top quality spaces located near a metro and rail station, such as Milano Santa Giulia. As these locations become more desirable and highly sought-after, they will continue to outperform the Central Milan office micro-markets, while attracting increasing investment interest for potential office developments. The development of a new 16,000 seat arena for the 2026 Winter Olympics Games in Milano Santa Giulia will rejuvenate the district and position it as an emerging mixed-use live-work-play destination. Sky Complex will considerably benefit from the enhanced regional destination status of Milano Santa Giulia given its strategic location near the area's transit node and its good quality office space, with rents and capital values expected to increase amid growing occupier and investor interest.

DISCLAIMER

This independent market overview report has been prepared by Cistri Pte. Ltd., with assistance from Colliers Italia for the Milan, Italy office market overview.

To the extent permissible under applicable laws, in no event shall Cistri Pte. Ltd. be liable to LREIT or anyone claiming by, through or under LREIT, including insurers, for any lost, delayed, or diminished profits, revenues, production, business, use or opportunities, or any incidental, special, indirect, or economic losses, wasted costs, diminution of value or consequential damages, of any kind or nature whatsoever, however caused.

All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Cistri Pte. Ltd. Notwithstanding this, Cistri Pte. Ltd. reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or information, viewpoints, judgments and information provided in this report.

Cistri. Pte. Ltd. or any employee of theirs shall not be required to give testimony or to appear in court or any other tribunal or to any government agency by reason of this consultancy report or with reference to the property in question unless prior arrangements have been made and it is properly reimbursed.

For the avoidance of doubt, its directors and employees shall have no liability in respect of their private assets.

INVESTOR RELATIONS

Good investor relations underpin the continued trust and support from LREIT's Unitholders and the broader investor community. That is why the Manager is committed to ensuring good governance, transparency in disclosure, and regular and timely communication. This commitment is reflected in the IR policy published on LREIT's corporate website (https://www.lendleaseglobalcommercialreit.com/about/corporate-governance/). The IR policy is reviewed annually to uphold best practices in the industry and address stakeholders' top-of-mind concerns.

With the increasing complexity and development of sustainability standards such as ISSB IFRS, LREIT has established an ESG Committee to assist the Board in providing oversight on ESG matters and setting strategic objectives, with a focus on value creation. An ESG disclosure manual has also been formalised as part of the Manager's system of internal controls and risk management around ESG.

With the objective of strengthening LREIT's investor relations, the Manager worked with Kantar, an international market research company, to measure investors' satisfaction level with LREIT's business performance and the Manager's accountability and responsibility to the business. The survey results indicated a high level of satisfaction in the Manager's responsiveness, communication clarity and transparency. Through the survey, the Manager also uncovered opportunities to engage with regional and global investors.

EMBRACING PROACTIVE ENGAGEMENT

To facilitate Unitholders and investors in making well-informed investment decisions, the Manager proactively explores new, creative, and diverse ways to engage with different stakeholders. These range from radio and video interviews to podcasts, TikTok videos and asset site tours.

One example is the use of podcasts to engage and keep family offices up-to-date on developments at LREIT and the use of TikTok videos to bring focus to various sustainability initiatives undertaken at LREIT's assets. Concurrently, the Manager sought out interviews and seized opportunities with different media, finance blogs and platforms to share LREIT's performance, business updates and growth strategies. These efforts resulted in LREIT being featured on Singapore's Business and Personal Finance radio station – Money FM 89.3, as well as AlphaInvest (previously known as Shareinvestor), Smartkarma, Beansprout and The Financial Coconut.

During the year, the Manager also leveraged SGX's regional network of media agencies to bolster LREIT's visibility in Indonesia and Thailand through interviews and video footages. Recognising a growing interest in asset site tours among institutional investors, the Manager conducted over 10 asset tours in FY2024 for investors from countries in the region and beyond, including Singapore, Malaysia, Thailand, Hong Kong, Japan and the United States.

ENHANCING GOVERNANCE AND TRANSPARENCY

The Manager upholds high standards of governance and transparency in LREIT's operations through regular benchmarking of standards and performance against indices such as Singapore Governance and Transparency Index, MSCI ESG Index and GRESB to enhance its disclosures. These include responding to enquiries received through LREIT's enquiry email within three business days, as well as timely reporting and disclosure of material information via announcements, press releases, presentations, annual report, sustainability report and quarterly business updates on SGXNET and LREIT's corporate website.

The Manager's efforts paid off in FY2024. LREIT improved its scores in the MSCI ESG Index. Notably, LREIT's score for the governance component in the GRESB 2023 maintained a full score for the fourth consecutive year – since its listing. More details can be found in LREIT's Sustainability Report FY2024 on its corporate website.

RESEARCH COVERAGE

8 research houses:

- Bank of America
- CGS-CIMB
- Citi Research
- DBS Bank Ltd
- Macquarie Research
- Maybank Research
- Philip Capital
- UOB Kay Hian

CONSTITUENT OF KEY INDICES

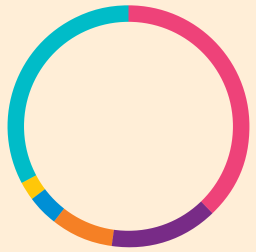
- FTSE EPRA Nareit Global Developed Index
- FTSE ST Small Cap Index
- GPR/APREA Investable REIT 100 Index
- GPR 250 Index
- GPR 250 REIT Index
- iEdge-OCBC Singapore Low Carbon Select 50 Capped Index
- iEdge SG ESG Leader Index
- iEdge SG ESG Transparency Index
- iEdge S-REIT Leader Index
- MSCI Singapore Small Cap Index

UNITHOLDERS' ENQUIRIES

If you have any enquiries or would like to find out more about LREIT, please contact Ms Ling Bee Lin at:

T: +65 6671 7374 **E:** enquiry@lendleaseglobalcommercialreit.com **W:** www.lendleaseglobalcommercialreit.com

UNITHOLDINGS BY GEOGRAPHY (%)



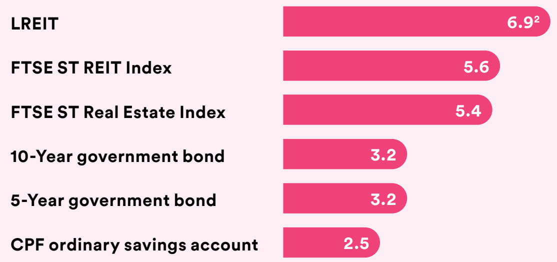
- Singapore (excluding unitholdings of Lendlease Group and related parties) 27.3%
- North America 10.3%
- Asia (excluding Singapore) 6.0%
- Europe (ex United Kingdom) 3.1%
- United Kingdom 1.7%
- Others 23.5%[1]

UNITHOLDINGS BY INVESTOR TYPE (%)

- Institutional investors 36.1%
- Retail investors 35.9%
- Lendlease Group 28.0%

Information on unitholdings statistics was as at 30 June 2024.

YIELDS COMPARED TO OTHER INVESTMENTS (AS AT 30 JUNE 2024) (%)



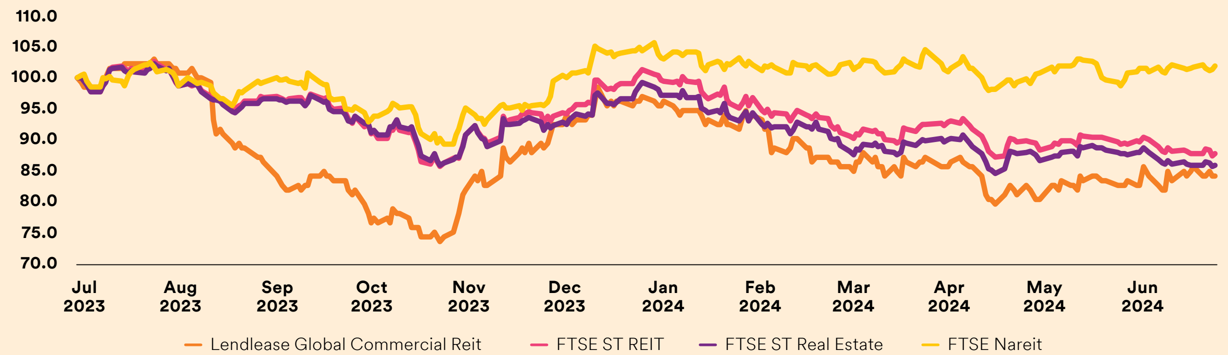
Sources: Bloomberg, MAS and CPF

Unit Price and Trading Volume	FY2024
Opening price on the first trading day of the year (S$ per unit)	0.665
Closing price on last trading day of the year (S$ per unit)	0.560
Highest closing price (S$ per unit)	0.685
Lowest closing price (S$ per unit)	0.490
Average closing price (S$ per unit)	0.585
Total trading volume (million units)	1,456.28
Market capitalisation as at 30 June 2024 (S$ million)	1,330.88
Total Return[3]	**%**
1-year	-9.61
3-year	-15.38
Since listing	-14.77

[1] Comprises the rest of the world and unitholdings below the analysis threshold.
[2] Based on LREIT's DPU of 3.87 cents for FY2024 and the market closing price per unit of S$0.560 as at 30 June 2024.
[3] Assuming dividends reinvested and based on Bloomberg data as at 30 June 2024.

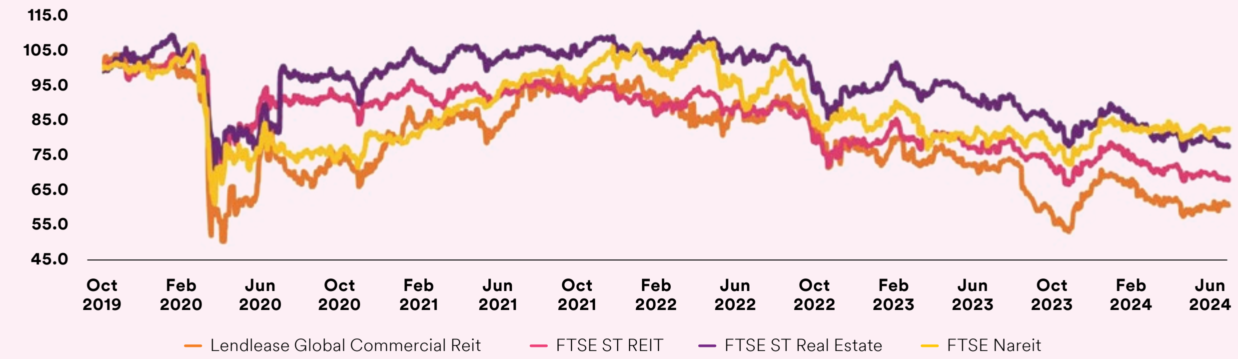
INVESTOR RELATIONS

TRADING PRICE PERFORMANCE FOR THE PERIOD 1 JULY 2023 TO 30 JUNE 2024 (%)



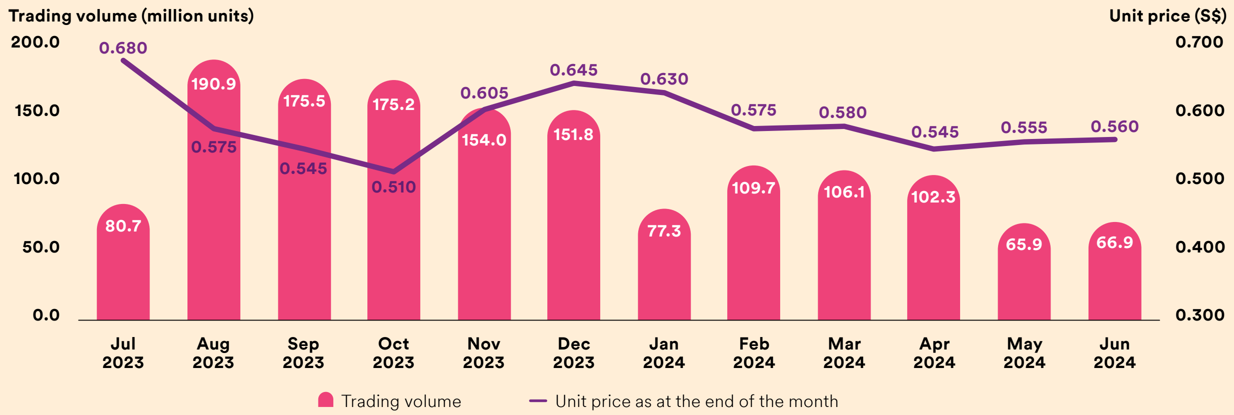
Source: Bloomberg

TRADING PRICE PERFORMANCE SINCE LISTING ON 2 OCTOBER 2019 TO 30 JUNE 2024 (%)



Source: Bloomberg

MONTHLY TRADING PERFORMANCE



IR EVENTS AND MILESTONES

AUG 2023

- Full Year FY2023 Results: Announcement
- Full Year FY2023 Results: Analyst Briefing
- Full Year FY2023 Results: Investor Conference Call
- Maybank-REITAS Singapore REIT Day 2023
- SIAS Webinar: Understanding ESG For Investing
- Property Tour for Singapore Institution Investors

SEP 2023

- SGX-REITAS Webinar: Second-half and Full-year FY2023 Financial Result
- The Edge REITs Panel Discussion: Cresting the Rate Hikes
- HSBC Private Banking: S-REITs Investment Insights
- Property Tour for Thailand Institution Investors

OCT 2023

- Property Tour for Taiwanese Institution Investors
- Annual General Meeting FY2023

NOV 2023

- 1Q FY2024 Business Update: Announcement
- 1Q FY2024 Business Update: Analyst Briefing
- 1Q FY2024 Business Update: Investor Conference Call
- DBS-SGX-REITAS Bangkok Conference 2023
- Property Tour for Singapore Institution Investors
- Sustainability Property Tour for Katadata (Online-only Business News Provider in Indonesia)

JAN 2024

- Smartkarma Corporate Webinar
- RHB Research Corporate Presentation
- Interview with Money FM 89.3 (Under the Radar)

FEB 2024

- 1H FY2024 Results: Announcement
- 1H FY2024 Results: Analyst Briefing
- 1H FY2024 Results: Investor Conference Call
- SGX-REITAS Webinar: First-half Financial Results 2024

MAR 2024

- Non-deal Roadshow in Taipei by UOB Kay Hian
- DBS Vickers Pulse of Asia Conference 2024
- Property Tour for Hong Kong Institution Investors

APR 2024

- Sustainability Property Tour for Ngee Ann Polytechnic
- Sustainability Property Tour for Longtunman (Digital Media Company in Thailand)

MAY 2024

- 3Q FY2024 Business Update: Announcement
- 3Q FY2024 Business Update: Analyst Briefing
- 3Q FY2024 Business Update: Investor Conference Call
- DBS Private Banking-REITAS: Staying Agile to Changing Consumption Trends
- Lunch Club by CLSA
- Citi 2024 Macro and Pan-Asia Investor Conference

JUN 2024

- Property Tour for Thailand Institution Investors
- BofA 2024 APAC Financial Real Estate Equity and Credit Conference

Good corporate governance is critical to the success and performance of the Manager

DOING RIGHT BY THE BUSINESS

Our corporate governance policies guide our strategic decision-making as well as day-to-day operations. Besides benchmarking our governance and transparency standards and performance against global indices, we conduct audits and enhance our disclosures regularly.

The Manager is headed by an effective Board which is responsible for the long-term success of LREIT

The Manager has an experienced and well-qualified team to run the operations of LREIT

Managing risks timely and effectively is vital for protecting Unitholders' interests and value

The Board has an appropriate level of independence and diversity in its composition to enable it to make the best decisions for LREIT

Governance
What's in this section :

CORPORATE GOVERNANCE

The Board and Management of the Manager are fully committed to upholding high standards of corporate governance as we firmly believe that it is essential in protecting the interests of the Unitholders. Good corporate governance is also critical to the performance and success of the Manager.

The Manager adopts the 2018 Code as its benchmark for corporate governance policies and practices. This report sets out LREIT's corporate governance practices for FY2024 with specific reference to principles of the 2018 Code.

The Manager is pleased to report that it has complied with the 2018 Code in all material respects and to the extent that there are any deviations from the 2018 Code, the Manager has provided explanations for such deviation and details of the alternative practices which have been adopted by LREIT which are consistent with the relevant principle of the 2018 Code.

The Manager of LREIT

The Manager has general powers of management over the assets of LREIT. The Manager's main responsibility is to manage LREIT's assets and liabilities for the benefit of Unitholders. The Manager sets the strategic direction of LREIT and gives recommendations to the Trustee, on the acquisition, divestment, development and/or enhancement of assets of LREIT in accordance with its stated investment strategy.

The Manager uses its best endeavours to carry on and conduct its business in a proper and efficient manner, and to conduct all transactions with, or for LREIT, at arm's length. The Manager is also responsible for the capital and risk management of LREIT. Other key functions and responsibilities of the Manager include:

- developing LREIT's business plans and budget so as to manage the performance of LREIT's assets;
- ensuring compliance with applicable requirements, laws and regulations, such as those set out in the listing manual of the SGX-ST (the "**Listing Manual**"), the CIS Code issued by the MAS (including the Property Funds Appendix), the CMS License for REIT management issued by the MAS, written directions, notices, codes and other guidelines that MAS may issue from time to time, tax rulings issued by the Inland Revenue Authority of Singapore on the taxation of LREIT and Unitholders, the SFA, the SF(LCB) Regulations, the 2018 Code and the AIFMD, as well as ensuring that the Manager's obligations under the Trust Deed[1] are properly carried out; and
- establishing a framework of prudent and effective controls which enable financial, operational, compliance and information technology risks (including sanctions-related risks) to be assessed and managed.

LREIT, which is constituted as a trust, is externally managed by the Manager and therefore has no personnel of its own. The Manager is an indirect wholly-owned subsidiary of the Sponsor. Lendlease Group holds a significant interest in LREIT. The Lendlease Group is an Australian integrated real estate business, and has a vested interest in the long-term performance of LREIT. The Manager's association with the Lendlease Group provides, among others, access to the Sponsor's strategic pipeline of assets as well as its real estate investment and management experience. The Manager has an experienced and well-qualified Management with a diverse set of competencies such as investments, portfolio and asset management as well as finance and capital management, enabling it to run the day-to-day operations of LREIT and carry out its duties in a satisfactory manner. All Directors and employees of the Manager are remunerated by the Manager, and not by LREIT.

The Manager was appointed in accordance with the terms of the Trust Deed. The Manager was issued a CMS Licence pursuant to the SFA on 13 September 2019.

The Trust Deed outlines certain circumstances under which the Manager can be removed by notice in writing given by the Trustee in certain situations, including a resolution passed by a simple majority of Unitholders present and voting at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed, with no Unitholder (including the Manager and its related parties) being disenfranchised.

[1] A copy of the Trust Deed is available for inspection at the registered office of the Manager during usual business hours, upon prior appointment.

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Role of Board

The Board is responsible for the overall management and corporate governance of the Manager, including establishing goals for Management and monitoring the achievement of these goals. The Board is also responsible for the strategic business direction and risk management of LREIT. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance, and the nomination and review of the Directors.

The key roles of the Board are to:

- guide the corporate strategy and direction of the Manager to foster the success of LREIT so as to deliver sustainable value over the long term to Unitholders;
- ensure that Management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise; and
- oversee the proper conduct of Management.

All Directors are fiduciaries and are collectively and individually obliged at all times to act honestly and objectively in the best interests of LREIT and hold Management accountable for performance. The Board sets an appropriate tone from the top on the desired organisational culture, and ensures proper accountability within the Manager. The Board is entrusted with the responsibility for the overall management and corporate governance of the Manager, including establishing goals for Management and monitoring the achievement of these goals. The Board has in place a framework for the Management and LREIT, including a system of internal audit and controls and a business risk management process. In respect of matters in which a Director or his or her associates has an interest, direct or indirect, such interested Director is required to disclose his or her interest to the Board and will abstain from voting. In such matters, the quorum must comprise a majority of the Directors and must exclude such interested Director.

Board Committees

To assist the Board in the discharge of its oversight function, the Board Committees have been constituted with clear written terms of reference, setting out their respective compositions, authorities and duties, including reporting back to the Board. They play an important role in ensuring good corporate governance and the responsibilities of the Board Committees are disclosed in the Appendix hereto.

The Board meets at least quarterly, or more often if necessary, to review and approve the Manager's key activities, including its business strategies and policies for LREIT, proposed acquisitions and divestments, the annual budget, the performance of the business, capital management related matters and the financial performance of LREIT and the Manager.

The Board reviews and approves the release of the financial results. In addition, the Board reviews risk management and sustainability issues that materially impact LREIT's operations or financial performance, examine liability management and act upon any comments from the auditors of LREIT.

Board and Board Committee meetings are scheduled and circulated to the Directors prior to the start of the financial year to allow Directors to plan ahead to attend and actively participate in such meetings, so as to maximise participation. The Manager's constitution permits Board meetings to be held by way of conference via telephone or any other similar communication equipment by which all persons participating are able to hear and be heard by all other participants. Directors with multiple directorships are expected to ensure that sufficient time and attention can be and is given to the affairs of the Manager in managing the assets and liabilities of LREIT for the benefit of Unitholders.

CORPORATE GOVERNANCE

The number of Board and Board Committee meetings held in FY2024, as well as the attendance of each Board member at these meetings, are disclosed in the following table:

Director	Board Meetings	ARC Meetings	NRC Meetings	ESGC Meetings
Mr Justin Marco Gabbani	5	4	3	1
Dr Tsui Kai Chong	5	4	4	1
Mrs Lee Ai Ming	5	4	4	1
Mr Simon John Perrott	5	4	4	1
Ms Penelope Jane Ransom	3	2	1	1
Ms Ng Hsueh Ling	1	1	1	-
No. of meetings held in FY2024	**5**	**4**	**4**	**1**

Notes:
1. The ESGC was constituted on 5 April 2024.
2. Mr Justin Marco Gabbani attended the NRC and ESGC meetings as an invitee.
3. Ms Penelope Jane Ransom was appointed as a Director and member of the NRC effective 8 November 2023. She attended the ARC meetings as an invitee.
4. Ms Ng Hsueh Ling attended the ARC meeting as an invitee. She stepped down as a Director and a member of the NRC effective 8 August 2023.

Management provides the Directors with complete, adequate and timely information prior to Board and Board Committee meetings and on an on-going basis. This enables the Directors to make informed decisions and discharge their duties and responsibilities. If a Director is unable to attend a Board or Board Committee meeting, he or she still receives all the papers and materials for discussion at that meeting. He or she will review them and will advise the Chairperson or the chairperson of the Board Committee ahead of the meeting and his or her views and comments are taken into consideration during the meeting.

The Manager has adopted a set of internal guidelines which sets out the financial limits of authority for investment/business acquisition and divestment, operating/capital expenditure, capital management, leasing, disposal and write-off of income accruing to LREIT and corporate matters that require the approval of the Board. Transactions and matters which require the approval of the Board are set out in the internal guidelines, and these are clearly communicated to Management in writing. Appropriate delegations of authority and approval sub-limits are also provided at Management level to facilitate operational efficiency.

Upon appointment, a formal letter of appointment is provided to newly-appointed Directors explaining their roles, duties and obligations as Director. All newly-appointed Directors undergo an induction programme which include Management's presentations on the business, operations, strategies, organisation structure, responsibilities of the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Manager ("**key management personnel**"), and financial and governance practices. This induction programme includes visits to LREIT's properties and through this induction programme, the new Director also gets acquainted with members of Management which facilitates their interaction at Board meetings.

New Directors who have no prior experience as a director of a public listed entity listed on the SGX-ST will undergo further training required under Rule 210(5)(a) of the Listing Manual. Ms Penelope Jane Ransom, who was appointed as a Non-Independent Non-Executive Director with effect from 8 November 2023, has completed the following modules under the Listed Entity Directors Programme conducted by the Singapore Institute of Directors on the following dates:

Module	Date
LED 1 – Listed Entity Director Essentials	9 and 10 July 2024
LED 2 – Board Dynamics	11 July 2024
LED 4 – Stakeholder Engagement	12 March 2024
LED 7 – Nominating Committee Essentials	19 March 2024
LED 8 – Remuneration Committee Essentials	20 March 2024
LED 9 – Environmental Social & Governance Essentials	13 March 2024

Ms Ransom will complete all of the remaining training as required under Rule 210(5)(a) of the Listing Manual by 8 November 2024 (being one year from the date of her appointment to the Board). As at the date of this report, arrangements have been made for Ms Ransom to attend the remaining module (LED 3 - Board Performance) under the Listed Entity Directors Programme conducted by the Singapore Institute of Directors to complete the mandatory training requirement under Practice Note 2.3 of the Listing Manual, with the target date to complete by 8 November 2024 or earlier.

As at the end of FY2024, all Directors had completed the training required under Rule 720(7) of the Listing Manual.

In view of the increasingly demanding, complex and multi-dimensional role of a director, the NRC had reviewed the training and professional development programmes for the Board and its Directors, and reviews the courses attended by the Directors on an annual basis. Changes to laws, regulations, policies, accounting standards and industry-related matters are monitored closely. Where the changes have an important and significant bearing on LREIT and its disclosure obligations, the Directors are briefed either during Board meetings, at specially convened sessions or via circulation of Board papers. The Directors are provided with opportunities for developing and maintaining their skills and knowledge and continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act, the CIS Code, and industry-related matters. This allows the Directors to understand the Manager's and LREIT's business as well as their directorship duties (including their roles as non-executive and independent directors) and a lso promotes active engagement between the Board and the key management personnel of the Manager. The cost of such continuing education is borne by the Manager. In FY2024, sharing and information sessions were also organised as part of Board meetings, where guest speakers presented on key topics such as regulatory updates, market updates, and cyber security to the Board. A sustainability workshop for the Board was also conducted by an external sustainability expert to equip the Directors with knowledge on sustainability matters. Directors are also encouraged to attend and participate in programmes organised by the Singapore Institute of Directors and other business partners, which are relevant to their duties.

The Directors have separate and independent access to Management and the Company Secretary. The Company Secretary attends to corporate secretarial administration matters and advises the Board, the Board Committees and Management on corporate governance matters. The Company Secretary attends Board and Board Committees' meetings and assists the chairpersons in ensuring that Board and Board Committees' procedures are followed. The appointment and the removal of the Company Secretary is subject to the Board's approval.

The Directors, whether individually or collectively as the Board, are also entitled to have access to independent external professional advice where necessary, at the Manager's expense.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

As at 30 June 2024, the Board consisted of five members, all of whom are non-executive directors and three of whom are also independent Directors. The Board determines on an annual basis, taking into account the views of the NRC, whether or not a Director is independent, bearing in mind the 2018 Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a Director not to be independent, as well as the independence criteria under the SF(LCB) Regulations.

Under the 2018 Code, an "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the Manager, its related corporations, its substantial shareholders, or its officers or substantial unitholders of LREIT that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of LREIT. In addition, under the Listing Manual and the SF(LCB) Regulations, an independent Director is one who:

(i) is independent from the Management and LREIT;
(ii) is independent from any business relationship with the Manager and LREIT;
(iii) is independent from every substantial shareholder of the Manager, and every substantial unitholder of LREIT;
(iv) is not a substantial shareholder of the Manager, or a substantial unitholder of LREIT;
(v) has not served as a director of the Manager for a continuous period of nine years or longer; and
(vi) is not employed or has not been employed by the Manager or LREIT or any of their related corporations in the current or any of the past three financial years and does not have an immediate family member who is employed or has been employed by the Manager or LREIT or any of their related corporations in the current or any of the past three financial years and whose remuneration is or was determined by the Board.

CORPORATE GOVERNANCE

The NRC is of the view that, taking into account the nature and scope of LREIT's operations, the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of LREIT. In addition, the size of the Board and each Board Committee is appropriate and facilitates effective decision-making.

The nature of the Directors' appointments on the Board and details of their membership on the Board Committees are set out on page 90 of this Annual Report.

The Manager has in place a Board Diversity Policy that sets out the Manager's philosophy on and approach to achieving diversity on the Board. Board diversity embraces differences in skills, knowledge, business experience, gender, age, ethnicity and culture, geographical background and nationalities, religion and tenure of service. These differences are taken into account in determining the optimal composition of the Board and where possible should be balanced appropriately. All Director appointments will be based on merit and take into account the benefits of diversity and needs of the Board. The objectives of the Board Diversity Policy include (1) committing to achieving a Board composition that reflects a diversity of backgrounds, knowledge, experience and abilities, (2) including at least one female candidate as part of the interview and selection panel for Board appointments, and (3) identifying and including female candidates with suitable skills and experience for consideration for Board succession planning. As of FY2024, the Board composition reflects the philosophy as set out in the Board Diversity Policy. The Board had two female Directors during FY2024, one of whom is the chairperson of the NRC, as well as two Board members with international exposure. The Board is therefore of the view that it has achieved its objectives under the Board Diversity Policy. The policy is reviewed from time to time as appropriate, to ensure its effectiveness.

The NRC is satisfied that the Board and its Board Committees comprise Directors who as a group provide an appropriate balance and mix of skills, knowledge, experience, perspectives, and other aspects of diversity such as gender and age, required for the Board and Board Committees to be effective and avoid groupthink, and to serve the needs and plans of LREIT.

The composition of the Board is also determined using the following principles:

(i) the Chairperson should be a non-executive Director of the Manager;
(ii) the Board should comprise Directors with a broad range of commercial experience including expertise in funds management, legal matters, audit and accounting, and the property industry; and
(iii) at least half of the Board should comprise independent Directors if the Unitholders are not given the right to vote to approve the members of the Board.

In FY2024, independent Directors made up a majority of the Board, which is in line with Provision 2.2 of the 2018 Code, as the Chairperson is a non-independent Director.

The Board has appointed Dr Tsui Kai Chong as the lead independent director (the "**Lead Independent Director**") to provide leadership in situations where the Chairperson is conflicted, and especially when the Chairperson is not independent. None of the Directors have served on the Board for nine years or longer.

The composition of the Board will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

The Board and Management fully appreciate that an effective and robust Board, whose members engage in open and constructive debate and challenge Management on its assumptions and proposals, is fundamental to good corporate governance. For this to happen, the Board, in particular, the independent non-executive Directors, are kept well informed of LREIT's and the Manager's business and affairs and are knowledgeable about the industry in which the businesses operate. For FY2024, the independent non-executive Directors have constructively challenged and helped to develop proposals on strategy and reviewed the performance of Management. They have unrestricted access to Management and have sufficient time and resources to discharge their oversight function effectively. If required, there may be closed-door discussions at the beginning of every scheduled quarterly Board meeting between the non-executive Directors and/or independent Directors without the presence of Management which are led by the Lead Independent Director, and feedback is provided to the Board and/or the Chairperson as appropriate.

Chairperson and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The positions of Chairperson and CEO are held by two separate persons in order to maintain effective oversight and an effective check and balance. The Chairperson and CEO are not immediate family members. The separation of responsibilities between the Chairperson and CEO ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

The Chairperson provides leadership and facilitates the conditions for the overall effectiveness of the Board so that the members of the Board and Management work together with integrity and competency, and that the Board engages Management in an open and constructive debate on strategy, business operations, enterprise risk and other plans.

The Chairperson, with the assistance of the Company Secretary, reviews meeting agenda to ensure that there is sufficient information and time at meetings to address all agenda items. The Chairperson monitors the flow of information from Management to the Board to ensure that all material information is provided in a timely manner for the Board to make informed decisions. At Board meetings, the Chairperson encourages a frank exchange of views, drawing out contributions from all Directors so that the debate benefits from the full diversity of views.

The CEO has full executive responsibilities over business direction and operational decisions in the day-to-day management of the Manager. Assisted by Management, the CEO makes strategic proposals to the Board and after robust and constructive Board discussion, executes the approved strategy, manages and develops LREIT's businesses and implements the Board's decisions.

The Manager has put in place written terms of reference for the Chairperson and the CEO. This gives clear guidance on the separation of roles of the Chairperson and CEO and provides a healthy professional relationship between the Board and Management for robust deliberations on the business operations of LREIT.

Separately, the Lead Independent Director is available to Unitholders when they have concerns, and for which contact through the normal channels of communication with the Chairperson or Management are inappropriate or inadequate. Questions or feedback can be addressed via email to the Lead Independent Director at enquiry@lendleaseglobalcommercialreit.com.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Nomination and Remuneration Committee

The NRC has been appointed by the Board to, among other things, make recommendations to the Board on all Board appointments. The NRC comprises four Directors, a majority of whom, including the chairperson of the NRC, are independent Directors. The Lead Independent Director is a member of the NRC. The members of the NRC are:

- Mrs Lee Ai Ming (NRC chairperson)
- Dr Tsui Kai Chong
- Mr Simon John Perrott
- Ms Penelope Jane Ransom

The responsibilities of the NRC are disclosed in the Appendix hereto.

CORPORATE GOVERNANCE

Process for Appointment of New Directors and Succession Planning for the Board

The NRC is responsible for making recommendations to the Board on all appointment and remuneration matters. In this regard, it has put in place a formal process for the renewal of the Board and the selection of new Directors. The NRC leads the process and makes recommendations to the Board as follows:

(a) the NRC reviews the balance and diversity of skills, experience, gender, age, independence, track record as a director and knowledge required by the Board and the size of the Board which would provide an appropriate balance and contribution to the collective skills of the Board;
(b) in light of such review, the NRC assesses if there is any inadequate representation in respect of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment;
(c) searches for possible candidates are conducted through contacts, recommendations and external help (for example, the Singapore Institute of Directors, search consultants, open advertisement) if required;
(d) the NRC meets with the shortlisted candidates to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required; and
(e) the NRC makes recommendations to the Board for approval.

The Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the Board is continually under review.

In reviewing succession plans, the NRC has in mind LREIT's strategic priorities and the factors affecting the long-term success of LREIT. Further, the NRC aims to maintain an optimal Board composition by considering the trends affecting LREIT, reviewing the skills needed and identifying gaps, including considering whether there is an appropriate level of diversity of thought. In addition, the NRC considers different time horizons for succession planning as follows: (i) long-term planning, to identify competencies needed for LREIT's strategy and objectives; (ii) medium-term planning, for the orderly replacement of Board members and key management personnel, and (iii) contingency planning, for preparedness against sudden and unforeseen changes.

Criteria for Appointment of New Directors

All new appointments are subject to the recommendation of the NRC based on the following objective criteria:

(i) integrity;
(ii) independent judgement;
(iii) diversity – possess core competencies that meet the current needs of LREIT and the Manager and complement the skills and competencies of the existing Directors;
(iv) ability to commit time and effort to carry out duties and responsibilities effectively;
(v) track record as a director;
(vi) experience in high-performing corporations or property funds; and
(vii) financially literate.

Once appointed, the NRC will ensure that new Directors are aware of their duties and obligations. For re-appointment of Directors, the Board assesses the relevant Director's performance as disclosed under the Appendix and determines if Directors shall be re-endorsed at the AGM. The Board seeks to refresh its membership progressively, taking into account the balance of skills and experience, tenure and diversity, as well as benchmarking within the industry, as appropriate.

Unitholders' Endorsement for the Appointment of Directors

Lendlease Singapore Holdings, an indirect wholly-owned subsidiary of the Sponsor, has on 13 September 2019 provided an undertaking to the Trustee (the "**Undertaking**") to provide Unitholders with the right to endorse the appointment of each of the Directors by way of an ordinary resolution at AGMs of LREIT. Pursuant to the Undertaking, Lendlease Singapore Holdings has undertaken to the Trustee:

(a) to procure the Manager to seek Unitholders' re-endorsement for the appointment of each Director no later than the third AGM of LREIT after the date LREIT was admitted to the Official List of the SGX-ST, being 2 October 2019;
(b) to procure the Manager to seek Unitholders' re-endorsement for the appointment of each Director no later than every third AGM of LREIT after the relevant general meeting at which such Director's appointment was last endorsed or re-endorsed, as the case may be;
(c) (where a person is appointed as Director, either to fill a vacancy or as an addition to the existing Board, at any time) to procure the Manager to seek Unitholders' endorsement for his or her appointment as a Director at the next AGM immediately following his or her appointment; and
(d) to procure any person whose appointment as a Director has not been endorsed or re-endorsed (as the case may be) by the Unitholders at the relevant general meeting of LREIT where the endorsement or re-endorsement (as the case may be) for his or her appointment was sought, to resign or otherwise be removed from the Board either (i) within 21 days from the date of the relevant general meeting or (ii) in the event that the Board determines that a replacement Director has to be appointed, no later than the date when such replacement Director is appointed, and the regulatory approval for such appointment (if any) has been obtained.

The endorsement or re-endorsement from Unitholders of any appointment of any person as a Director shall be by way of an ordinary resolution passed at the relevant general meeting of LREIT. The Undertaking shall not restrict the Manager or Lendlease Singapore Holdings from appointing any Director from time to time in accordance with applicable laws and regulations (including any applicable rules of the SGX-ST) and the Constitution of the Manager.

The Undertaking shall remain in force for so long as:

(a) the Manager remains as a wholly-owned subsidiary (as defined in the Companies Act) of Lendlease Singapore Holdings; and
(b) Lendlease Global Commercial Trust Management Pte. Ltd. remains as the Manager.

Review of Directors' Independence

There is a rigorous process to evaluate the independence of each independent Director. As part of the process:

(i) each independent Director provides information of his or her business interests and confirms, annually, that there are no relationships which interfere with the exercise of his or her independent business judgement with a view to the best interests of the Unitholders as a whole, and such information is then reviewed by the NRC and tabled to the Board; and
(ii) the Board also reflects on the respective independent Directors' conduct and contributions at Board and Board Committee meetings, in particular, whether the relevant independent Director has exercised independent judgement in discharging his or her duties and responsibilities.

Each independent Director is required to recuse himself or herself from the Board's deliberations on his or her independence. In appropriate cases, the Board also reviews the independence of an independent Director as and when there is a change of circumstances involving the independent Director. In this regard, an independent Director is required to report to the Manager when there is any change of circumstances which may affect his or her independence.

The Manager has also put in place procedures to deal with potential conflicts of issues and Related Party Transactions. Further details are set out in pages 85 to 87.

CORPORATE GOVERNANCE

The NRC is charged with reviewing the “independence” status of the Directors annually and providing its views to the Board. The following further sets out the assessment of each Director’s independence against the requirements under the SF(LCB) Regulations:

	Mr Justin Marco Gabbani[2, 6]	Dr Tsui Kai Chong	Mrs Lee Ai Ming	Mr Simon John Perrott[3, 6]	Ms Penelope Jane Ransom[4, 6]	Ms Ng Hsueh Ling[5,6]
Independent from Management and LREIT during FY2024	-	✓	✓	✓	-	-
Independent from any business relationship with the Manager and LREIT during FY2024	-	✓	✓	✓	-	-
Independent from every substantial shareholder of the Manager and every substantial unitholder of LREIT during FY2024	-	✓	✓	-	-	-
Not a substantial shareholder of the Manager or a substantial unitholder of LREIT during FY2024	✓	✓	✓	✓	✓	✓
Not served as a Director of the Manager for a continuous period of nine years or longer as at the last day of FY2024	✓	✓	✓	✓	✓	✓

[2] As at 30 June 2024, Mr Justin Marco Gabbani was the CEO, Asia, Lendlease Group, and a director of LLIM and Lendlease Asia Holdings Pte. Ltd., both of which are related corporations of the Sponsor. As such, during FY2024, pursuant to the SF(LCB) Regulations, Mr Gabbani is deemed (i) to have a management relationship with the Manager and LREIT; (ii) to have a business relationship with the Manager and LREIT; and (iii) to be connected to a substantial shareholder of the Manager and a substantial unitholder of LREIT. The Board is satisfied that, as at the last day of FY2024, Mr Gabbani was able to act in the best interests of all the Unitholders as a whole.

[3] Mr Simon John Perrott is an independent non-executive director and chairperson of the board of LLREIL, which is a wholly-owned subsidiary of the substantial shareholder of the Manager and substantial unitholder of LREIT, namely the Sponsor. As such, during FY2024, pursuant to the SF(LCB) Regulations, Mr Perrott was deemed to be connected to a substantial shareholder of the Manager and a substantial unitholder of LREIT. Taking into consideration (i) Mr Perrott having declared that (a) he serves in his personal capacity as an independent non-executive director and the chairperson of the board of LLREIL, and (b) he is not in any employment relationship with the Lendlease Group and is not under any obligation to act in accordance with the directions, instructions or wishes of the Lendlease Group, and (ii) the instances of constructive challenge and probing of Management by Mr Perrott at the Board and the Board Committee meetings of the Manager, the Board is satisfied that, as at the last day of FY2024, Mr Perrott was able to act in the best interests of all the Unitholders as a whole and is therefore an independent director of the Manager and is also considered independent under the 2018 Code.

[4] As at 30 June 2024, Ms Penelope Jane Ransom was the Group Head of Investments and Managing Director, Investments, Europe, Lendlease Group, and a director of Lendlease SREIT Pty Limited and Lendlease LLT Holdings Pty Limited, both of which are related corporations of the Sponsor. As such, during FY2024, pursuant to the SF(LCB) Regulations, Ms Ransom is deemed (i) to have a management relationship with the Manager and LREIT; (ii) to have a business relationship with the Manager and LREIT; and (iii) to be connected to a substantial shareholder of the Manager and a substantial unitholder of LREIT. The Board is satisfied that, as at the last day of FY2024, Ms Ransom was able to act in the best interests of all the Unitholders as a whole.

[5] Ms Ng Hsueh Ling stepped down from the Board effective 8 August 2023. As of 7 August 2023, she was the Managing Director and Country Head, Singapore, Lendlease Group, and also a director of Lendlease Retail Pte. Ltd., Lendlease Singapore Pte. Ltd. and LLIM, all of which are related corporations of the Sponsor. As such, for the period from 1 July 2023 to 7 August 2023, pursuant to the SF(LCB) Regulations, Ms Ng is deemed (i) to have a management relationship with the Manager and LREIT; (ii) to have a business relationship with the Manager and LREIT; and (iii) to be connected to a substantial shareholder of the Manager and a substantial unitholder of LREIT. The Board is satisfied that, for the period from 1 July 2023 to 7 August 2023, Ms Ng was able to act in the best interests of all the Unitholders as a whole.

[6] As at the last day of FY2024, each of the abovementioned Directors was able to act in the best interests of all the Unitholders as a whole.

Annual Review of Directors’ Time Commitments

A Director with multiple directorships is expected to ensure that he or she can devote sufficient time and attention to the affairs of the Manager. As a general rule, each Director should hold no more than four board appointments in public listed companies. Directors should consult the Chairperson before accepting any new appointments as a director of a public listed company, and the Chairperson shall consult the chairperson of the NRC as required.

The NRC determines annually whether a Director with other listed company board representations and other principal commitments is able to and has been adequately carrying out his or her duties as a Director. The NRC took into account the assessment results in the evaluation of the effectiveness of the individual Director, and the respective Directors’ conduct on the Board and the competing time commitments that are faced when Directors serve on multiple boards and have other principal commitments, in making this determination, and is satisfied that all the Directors have been able to and have adequately carried out their duties as Directors notwithstanding their other listed company board representations and other principal commitments.

Environmental, Social and Governance Committee

On 5 April 2024, the Board constituted the ESGC to assist the Board in providing oversight on ESG matters and to support the Board in understanding the material ESG issues relevant to LREIT’s business operations. The ESGC comprises four Directors. The members of the ESGC are:

- Mr Simon John Perrott (ESGC chairperson)
- Mrs Lee Ai Ming
- Dr Tsui Kai Chong
- Ms Penelope Jane Ransom

The responsibilities of the ESGC are disclosed in the Appendix hereto.

Key Information Regarding Directors

The following key information regarding Directors is set out in the following pages of this Annual Report:

Pages 14 and 15: Academic and professional qualifications, Board Committees served on (as a member or chairperson), date of appointment as a Director, date of last re-endorsement as a Director, present directorships in other listed companies, present principal commitments and past directorships in other listed companies held over the preceding three years, background and working experience; and

Page 176: Unitholdings in LREIT as at 21 July 2024.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

With the assistance and recommendation of the NRC, the Board has implemented formal processes for assessing the effectiveness of the Board as a whole and its Board Committees, as well as the contribution by each individual Director to the effectiveness of the Board. The assessment processes and performance criteria are set out in the Appendix hereto.

The Board assessment exercise provides an opportunity to obtain constructive feedback from each Director on whether the Board’s procedures and processes allow him or her to discharge his or her duties effectively and the changes which should be made to enhance the effectiveness of the Board and/or Board Committees. The assessment exercise also helps the Directors to focus on their key responsibilities. The Board plans to appoint an external facilitator to facilitate the evaluation process once every three years, as it believes that the use of an external facilitator would enhance the quality and objectivity of the evaluation. The Board last appointed an external facilitator in FY2022 to facilitate the evaluation process for the Board, the Board Committees and individual Directors. For FY2024, no external facilitator was appointed.

As part of the process, questionnaires are sent to the Directors. The assessment results are aggregated and reported to the NRC for review, and thereafter the Board. The findings are considered by the Board and follow-up action is taken where necessary with a view to enhancing the effectiveness of the Board, Board Committees and individual Directors in the discharge of its and their duties and responsibilities.

CORPORATE GOVERNANCE

Board and Board Committees

The assessment categories covered in the questionnaire include Board composition, Board independence, Board process, Board Committees, internal controls and risk management, Board accountability, Board information, relations with the CEO and Management, standards of conduct and Board's and Board Committees' performance. As part of the questionnaire, the Board also considers whether the creation of value for Unitholders has been taken into account in the decision-making process.

Individual Directors

The assessment categories covered in the questionnaire include Director's duties and responsibilities, interactive skills, knowledge and domain expertise and availability.

The Board also recognises that contributions by an individual Director can take different forms including providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and accessibility to Management outside of the formal environment of Board and Board Committee meetings.

Board Evaluation as an Ongoing Process

The Board believes that performance assessment should be an ongoing process. The regular interactions between the Directors, and between the Directors and Management, also contribute to this ongoing process. Through this process of engaging its members, the Board also benefits from an understanding of shared norms between Directors which also contributes to a positive Board culture. The collective Board performance and the contributions of individual Directors are also reflected in, and evidenced by, the synergistic performance of the Board in discharging its responsibilities as a whole by providing proper guidance, diligent oversight and able leadership, and lending support to Management in steering LREIT in the appropriate direction, as well as the long-term performance of LREIT whether under favourable or challenging market conditions.

Remuneration Matters

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The composition of the NRC has been set out on page 69 of this Annual Report. The NRC comprises four non-executive Directors, a majority of whom, including the chairperson of the NRC, are independent Directors.

The NRC is responsible for ensuring that a formal and transparent procedure is in place for developing policy on executive remuneration and for determining the remuneration packages of individual Directors and key management personnel. The NRC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate the Directors to provide good stewardship of the Manager and key management personnel to successfully manage LREIT for the long term, and thereby maximise Unitholders' value. The NRC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, and grant of Units and the specific remuneration packages for each Director and key management personnel. The NRC also reviews the remuneration of key management personnel of the Manager and the administration of the Manager's Unit-based incentive plans. In addition, the NRC reviews the Manager's obligations arising in the event of termination of the key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The NRC has access to expert advice from external consultants where required. It will ensure that in the event of such advice being sought, existing relationships, if any, between the Manager and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. In FY2023, Willis Towers Watson was appointed as independent remuneration consultant to provide professional advice on executive remuneration and is on a retainer till at least 31 December 2025. Willis Towers Watson is a leading global advisory, broking and solutions company with over 45,000 employees serving more than 140 countries and markets. The independent remuneration consultant is not related to the Manager, its controlling shareholder, related corporations or any of its Directors.

In reviewing policies on remuneration and determining the remuneration packages for key management personnel, the NRC takes into consideration appropriate compensation benchmarks within the industry, so as to ensure that the remuneration packages payable to key management personnel are competitive and in line with the objectives of the remuneration policies. It also considers the compensation framework of the Sponsor as a point of reference. The Manager is an indirect wholly-owned subsidiary of the Sponsor, and the Lendlease Group holds a significant stake in LREIT. The association with the Sponsor puts the Manager in a better position to attract and retain better qualified management talent. Additionally, it provides an intangible benefit to the Manager such that it allows its employees to associate themselves with an established corporate group which can offer them the depth and breadth of experience and enhanced career development opportunities.

The framework for determining the Directors' fees is shown in the table below:

	Chairperson	Director	Member
Main Board	S$110,000 per annum	S$60,000 per annum	-
Audit and Risk Committee	S$40,000 per annum	-	S$25,000 per annum
Nomination and Remuneration Committee	S$25,000 per annum	-	S$10,000 per annum
Environmental, Social and Governance Committee	S$12,000 per annum	-	S$6,000 per annum

Annual Remuneration Report

Although the remuneration of the Directors and employees of the Manager is paid by the Manager and not by LREIT, the Manager is disclosing the following information on the remuneration of its Directors and key management personnel.

Additional information on remuneration matters is disclosed in accordance with the AIFMD in compliance with the requirements of the AIFMD.

Policy in Respect of Non-Executive Directors' Remuneration

Each Director is paid a basic fee and an additional fee for services performed on Board Committees, as per the framework above. The Chairperson and the chairperson of each Board Committee are paid a higher fee compared with members of the Board and of such Board Committee in view of the greater responsibility carried by that office. The non-executive Directors are also entitled to an Attendance Fee. The Attendance Fee may differ depending on whether attendance is in person or by audio or video conference.

For FY2024, each of the Directors (including the Chairperson) will receive 100% of his or her total Directors' fees in cash. The remuneration of the non-executive Directors is benchmarked against market and appropriate to the level of contribution, taking into account the effort, time spent and demanding responsibilities on the part of the Directors in light of the scale, complexity and scope of LREIT's business.

Remuneration Policy in Respect of Key Management Personnel

The Manager advocates a performance-based remuneration system that is highly flexible and responsive to the market, corporate and individual performance.

In designing the remuneration structure, the NRC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in achieving a balance between current versus long-term remuneration and between cash versus equity incentive remuneration.

CORPORATE GOVERNANCE

The NRC has approved a total remuneration structure reflecting four key objectives:

(i) alignment of interests: To incorporate performance measures that are aligned to Unitholders' interests;
(ii) alignment of horizon: To motivate employees and Management to drive sustainable long-term growth of LREIT;
(iii) simplicity: To ensure that the remuneration structure is easy to understand and communicate to stakeholders; and
(iv) retention: To facilitate talent retention.

The total remuneration mix comprises three components – annual fixed pay, annual performance bonus and unit incentive plan. The annual fixed pay component comprises the annual basic salary plus any other fixed allowances which the Manager benchmarks with the relevant industry market data. The size of the Manager's annual performance bonus pot is mainly determined by LREIT's financial and non-financial performance, and is distributed to employees based on individual performance.

There are two types of unit incentive plans: the ExSTI Plan and MSTI Plan. The Unit Plans have been put in place to increase the Manager's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance and to motivate them to continue to strive for long-term Unitholder value. The Unit Plans also aim to strengthen the Manager's competitiveness in attracting and retaining talented key management personnel and employees. The MSTI Plan applies to a broader base of key position holders while the ExSTI Plan applies to the top Management personnel who are of executive levels.

A portion of the annual performance bonus for the CEO, key management personnel and key position holders will be granted in the form of deferred Units that are awarded under the Unit Plans. The MSTI Plan comprises a service condition and vests after one year, while the ExSTI Plan comprises both a service condition and performance targets, and vests over a longer-term horizon of four years. Executives who have greater ability to influence strategic outcomes will be granted deferred Units under the ExSTI Plan and have a greater proportion of their overall remuneration at risk. Eligible employees of the Manager will be granted existing Units in LREIT that are owned by the Manager. Therefore, no new Units will be issued by LREIT to satisfy the grant of the Units under the Unit Plans.

The NRC has the discretion not to award variable incentives in any year if an executive is directly involved in a material restatement of financial statements or in misconduct resulting in restatement of financial statements or financial losses to LREIT or the Manager. Outstanding performance bonuses are also subject to the NRC's discretionary review.

The NRC exercises broad discretion and independent judgement in reviewing and ensuring that the amount and mix of remuneration for the Manager's key personnel and non-executive directors are aligned with the interests of Unitholders and LREIT and the risk management policies of LREIT, and promote the long-term success of LREIT.

The remuneration structure is directly linked to corporate and individual performances, both in terms of financial and non-financial performances. It is linked in the following ways:
(1) by placing a significant portion of executive's remuneration at risk ("**at-risk component**") and subject to a vesting schedule and vesting conditions;
(2) by incorporating appropriate KPIs for awarding annual incentives:
    (a) there are five scorecard areas that the Manager has identified as key to measuring its performance:
        (i) financial;
        (ii) customers and stakeholders;
        (iii) sustainability and compliance;
        (iv) people; and
        (v) safety.
        Some of the key sub-targets within each of the scorecard areas include key financial indicators, strategic and operational excellence, safety goals, risk management, compliance and controls measures, governance around climate-related risks and opportunities, corporate social responsibility activities, employee engagement, talent development and succession planning;
    (b) the five scorecard areas have been chosen because they support how the Manager achieves its strategic objectives. The framework provides a link for staff in understanding how they contribute to each area of the scorecard, and therefore to the Manager's overall strategic goals.
    (c) The NRC reviews and approves the scorecard annually. Progress against the scorecard is reviewed semi-annually and is used in the determination of the executive's annual incentive payout.
(3) by selecting performance conditions such as relative total Unitholders' return for equity awards that are aligned with Unitholders' interests;
(4) by requiring those KPIs or conditions to be met in order for the at-risk component of remuneration to be awarded or to vest; and
(5) forfeiture of the at-risk component of remuneration when those KPIs or conditions are not met at a satisfactory level.

The NRC also recognises the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore, in determining the remuneration structure, the NRC had taken into account the risk policies and risk tolerance of LREIT and the Manager as well as the time horizon of risks, and incorporated risks-adjustments into the remuneration structure through several initiatives, including but not limited to:

(i) prudent funding of annual performance bonus;
(ii) granting a portion of the annual performance bonus in the form of deferred Units, for the CEO, key management personnel and key position holders, to be awarded under the ExSTI Plan or the MSTI Plan;
(iii) vesting of deferred Units under the ExSTI Plan being subjected to performance conditions being met for the respective performance periods; and
(iv) potential forfeiture of variable incentives in any year due to misconduct.

The NRC is of the view that the overall level of remuneration is not considered to be at a level which is likely to promote behaviour contrary to the Manager's risk profile. In determining the actual quantum of the variable component of remuneration, the NRC had taken into account the extent to which the performance conditions set forth above, have been met. The NRC is of the view that remuneration is aligned to performance in FY2024. The Directors, the CEO and the key management personnel (who are not Directors or the CEO) are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what have been disclosed.

The non-executive Directors, Mr Justin Marco Gabbani and Ms Penelope Jane Ransom, are eligible to receive shares of the Sponsor under the Sponsor's employee incentive plans as at FY2024 as part of their remuneration package as employees of the Lendlease Group in FY2024. Their holdings in shares of the Sponsor are not material. Accordingly, the award of the shares of the Sponsor to the Non-Executive Directors as part of their employee remuneration will not result in a misalignment of interests of these Directors with the long-term interests of the Unitholders. Furthermore, there is unlikely to be any potential misalignment of interests given that Mr Justin Marco Gabbani and Ms Penelope Jane Ransom acted as non-independent non-executive Directors in FY2024 and do not hold executive positions in the Manager. As non-independent Directors, they would in any event have to abstain from approving and recommending any Related Party Transactions with an entity within the Lendlease Group, mitigating any potential misalignment of interests with those of Unitholders.

Other than disclosed above, the remuneration of the Directors and Management are not paid in the form of shares or interests in the Sponsor or its related entities and are not linked to the performance of any entity other than LREIT.

In order not to adversely affect the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the REIT industry where there is considerable risk of poaching of senior management, the Manager is disclosing the remuneration of the CEO in bands of S$250,000 and is not disclosing the aggregate total remuneration paid to the top five key management personnel (who are not Directors or the CEO). The Manager is of the view that despite the deviation from Provision 8.1 and Provision 8.3 of the 2018 Code, and the Notice to All Holders of a Capital Markets Service Licence for Real Estate Investment Trust Management (Notice No: SFA4-N14), such disclosure or non-disclosure (as the case may be) will not be prejudicial to the interests of Unitholders as detailed information is provided on the Manager's remuneration framework, including the remuneration structure, the operation of the Unit Plans and the KPIs taken into account, to disclose to Unitholders the link between the remuneration paid to the CEO and its key management personnel, and performance as set out on pages 75 to 77 of this Annual Report. The Manager is accordingly of the view that its practice is consistent with the intent of Principle 8 of the 2018 Code as a whole.

Quantitative Remuneration Disclosure Under the AIFMD

The Manager is required under the AIFMD to make quantitative disclosures of remuneration. Disclosures are provided in relation to (a) the employees of the Manager, (b) employees who are senior management, and (c) employees who have the ability to materially affect the risk profile of LREIT.

All individuals included in the aggregated figures disclosed below are rewarded in line with the Manager's remuneration policies.

CORPORATE GOVERNANCE

The aggregate amount of remuneration awarded by the Manager to its staff in respect of FY2024 was S$2.67 million. This figure comprised fixed pay of S$2.24 million and variable pay of S$0.43 million (including any Units issuable under the Unit Plans, where applicable). There were a total of 16 beneficiaries of the remuneration described above.

In respect of FY2024, the aggregate amount of remuneration awarded by the Manager to its senior management (who are also members of staff whose actions have a material impact on the risk profile of LREIT) was S$1.07 million, comprising two individuals identified having considered, among others, their roles and decision-making powers.

Level and Mix of Remuneration of Directors for FY2024

Name of Director	Directors' Fees[7] (S$)	Percentage
Mr Justin Marco Gabbani[8]	149,309	100%
Dr Tsui Kai Chong[9]	131,927	100%
Mrs Lee Ai Ming[9]	131,927	100%
Mr Simon John Perrott[9]	112,853	100%
Ms Penelope Jane Ransom[9, 10]	55,563	100%
Ms Ng Hsueh Ling[11]	16,960	100%

Remuneration of Employees who are Substantial Shareholders of the Manager, Substantial Unitholders of LREIT or Immediate Family Members of a Director, the Chief Executive Officer or a Substantial Shareholder of the Manager or Substantial Unitholder.

There are no employees of the Manager who are substantial shareholders of the Manager or substantial unitholders of LREIT or immediate family members of a Director, the CEO, a substantial shareholder of the Manager or a substantial unitholder of LREIT and whose remuneration exceeds S$100,000 during FY2024. "Immediate family member" refers to the spouse, child, adopted child, step-child, brother, sister and parent.

The level and mix of the remuneration of the CEO and each of the other key management personnel (who are not Directors of the Manager), in bands of S$250,000, are set out below:

Remuneration Band and Names of CEO and Key Management Personnel (who are not Directors of the Manager)[12]	Base/Fixed Salary[13]	Performance-related Cash Bonuses[14]	Performance-related Unit-based Incentive Award[15]
S$500,000 to S$750,000			
Mr Kelvin Chow Chung Yip	70%	0%	30%
S$250,000 to S$500,000			
Ms Teo Lay Ting	78%	0%	22%

[7] This is a lump-sum amount including both annual fees and Attendance Fees. Each of the Directors will receive 100% of his or her total Director's fee in cash. Amounts have been rounded up to the nearest dollar.
[8] Mr Justin Marco Gabbani's fees will be paid to Lendlease Asia Holdings Pte. Ltd., of which he is an employee.
[9] Dr Tsui Kai Chong, Mrs Lee Ai Ming, Mr Simon John Perrott and Ms Penelope Jane Ransom were appointed to the ESGC on 5 April 2024. Their fees are pro-rated accordingly.
[10] Ms Penelope Jane Ransom was appointed as a Director and member of the NRC effective 8 November 2023. Her fees will be paid to Lendlease (Australia) Pty Limited, of which she is an employee.
[11] Ms Ng Hsueh Ling stepped down as a Director effective 8 August 2023. Her fees for the period from 1 July 2023 to 7 August 2023 will be paid to LLIM, of which she had been an employee.
[12] The Manager has less than five key management personnel other than the CEO.
[13] The base/fixed salary was paid in cash and includes Central Provident Fund contributions.
[14] No cash bonus was paid for FY2024.
[15] Value of Deferred Unit Award is calculated based on face value.

__Risk Management and Internal Controls__

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The ARC assists the Board in examining the adequacy and effectiveness of LREIT's and the Manager's risk management system to ensure that a robust risk management system is maintained. The ARC also reviews and guides Management in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, in order to safeguard Unitholders' interests and LREIT's assets. The ARC reports to the Board any material findings or recommendations in respect of significant risk matters.

The Board, with the concurrence of the ARC, is of the opinion that (a) there has been no material change in its risk of being subject to any sanctions-related law or regulation, and (b) the risk management system and system of internal controls in place as at FY2024 are adequate and effective to address in all material respects the financial, operational, compliance and information technology risks (including sanctions-related risks) within the current scope of LREIT's business operations and that the financial records have been properly maintained and the financial statements give a true and fair view of the operations and finances of LREIT.

Risk Assessment and Management of Business Risk

Recognising and managing risks timely and effectively is essential to the business of LREIT and for protecting Unitholders' interests and value. The Manager operates within overall guidelines and specific parameters set by the Board. Responsibility for managing risk lies with the Manager, working within the overall strategy outlined by the Board. The Manager has appointed an experienced and well-qualified Management to handle its day-to-day operations.

Management surfaces the identified key risks for discussion and consults with the ARC and the Board regularly. The identification of key risks is based on LREIT's ERM Framework which includes a systematic risk assessment process for identifying, assessing, managing, monitoring and reporting business risks and mitigating actions in achieving LREIT's strategic objectives and value creation. In assessing these key risks, the Board takes into consideration the economic environment and the risks relevant to the property industry. The ERM Framework is reviewed and updated annually. Hence, the Board ensures the adequacy and effectiveness of LREIT's and the Manager's risk management system.

Details of the Manager's approach to risk management and internal control and the management of key business risks are set out in the "Risk Management" section in pages 97 to 99 of this Annual Report.

Independent Review of Internal Controls

Deloitte & Touche Enterprise Risk Services Pte. Ltd., the internal auditors of LREIT (the "**Internal Auditors**" or "**Deloitte**"), and KPMG LLP, the external auditors of LREIT (the "**External Auditors**"), conduct an annual review of the adequacy and effectiveness of LREIT's and the Manager's material internal controls, including financial, operational, and compliance controls. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the ARC. The ARC also reviews the effectiveness of the actions taken by Management based on the recommendations made by the Internal Auditors and the External Auditors in this respect.

The Board, supported by the ARC, oversees LREIT's and the Manager's system of internal controls and risk management. The Board has received assurances from Mr Kelvin Chow Chung Yip, CEO, and Ms Teo Lay Ting, Executive General Manager, Finance, that, amongst others:

(i) the financial records of LREIT and the Manager have been properly maintained and the financial statements give a true and fair view of the operations and finances of LREIT and the Manager;
(ii) the internal controls of LREIT and the Manager are adequate and effective to address the financial, operational, compliance and information technology risks which the Manager considers relevant and material to its current business scope and environment and that they are not aware of any material weakness in the system of internal controls; and
(iii) they are satisfied with the adequacy and effectiveness of LREIT's and the Manager's risk management system.

Ms Teo's roles and responsibilities as the Executive General Manager, Finance, are akin to the roles and responsibilities of a Chief Financial Officer. As such, the assurance under Provision 9.2(a) of the 2018 Code given by the Executive General Manager, Finance in lieu of a Chief Financial Officer would adequately serve the intent of Provision 9.2(a) of the 2018 Code. The Manager is accordingly of the view that despite this partial deviation from Provision 9.2(a) of the 2018 Code, its practice is consistent with the intent of Principle 9 of the 2018 Code as a whole.

CORPORATE GOVERNANCE

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

Accountability and Audit

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

The Board is responsible for providing a balanced and understandable assessment of LREIT's performance, position and prospects, including interim and other price sensitive public reports, and reports to regulators, if required.

The Board has embraced openness and transparency in the conduct of the Manager's affairs, whilst preserving the commercial interests of LREIT. Financial reports and other price sensitive information are disseminated to Unitholders through announcements via SGXNET to the SGX-ST, media releases and LREIT's corporate website at www.lendleaseglobalcommercialreit.com.

Audit and Risk Committee

The ARC has been appointed by the Board from among the Directors of the Manager and is composed of four non-executive Directors, a majority of whom (including the chairperson of the ARC) are independent Directors. The members are:

- Dr Tsui Kai Chong (ARC chairperson)
- Mr Simon John Perrott
- Mrs Lee Ai Ming
- Mr Justin Marco Gabbani

At least two members of the ARC, including the ARC chairperson, have recent and relevant accounting, or related financial management or risk management expertise or experience. Thus, the Board is of the view that all members of the ARC are suitably qualified to assist the Board in areas of internal controls, financial and accounting matters, compliance and risk management, including oversight over management in the design, implementation and monitoring of risk management and internal control systems.

In compliance with the 2018 Code, the ARC does not comprise any former partner or director of the incumbent External Auditors, within the previous two years or hold any financial interest in the auditing firm.

The role of the ARC is to monitor and evaluate the effectiveness of the Manager's internal controls. The ARC also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of the External Auditors and reviewing the adequacy and quality of external audits in respect of cost, scope and performance. The responsibilities of the ARC are disclosed in the Appendix hereto.

The ARC has the authority to investigate any matter within its terms of reference, full access to and cooperation by Management and full discretion to invite any Director or executive officer to attend its meetings and reasonable resources to enable it to discharge its functions properly.

A total of four ARC meetings were held in FY2024. In addition, the ARC met with the External Auditors and Internal Auditors once, without the presence of Management.

During the financial year, the ARC has performed independent reviews of the financial statements of LREIT before the announcement of LREIT's half-year and full-year results. In the process, the ARC reviewed the key areas of management judgement applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a significant impact on the financial statements.

The ARC also reviewed and approved both the Internal Auditors' and the External Auditors' plans to ensure that the scope of audit was sufficient for purposes of reviewing the significant internal controls of LREIT and the Manager. Such significant internal controls comprise financial, operational, compliance and information technology controls. All audit findings and recommendations put up by the Internal Auditors and the External Auditors were tabled to the ARC. Significant issues were discussed at the ARC meetings.

In addition, the ARC undertook a review of the independence and objectivity of the External Auditors through discussions with the External Auditors as well as reviewing the non-audit services fees paid to them, and has confirmed that the non-audit services performed by the External Auditors would not affect their independence.

For FY2024, an aggregate amount of S$302,700, comprising non-audit service fees of S$12,300 and audit service fees of S$290,400 was paid/payable to the External Auditors of LREIT.

Cognisant that the External Auditors should be free from any business or other relationships with LREIT that could materially interfere with their ability to act with integrity and objectivity, the ARC undertook a review of the independence of the External Auditors and gave careful consideration to LREIT's relationships with them in FY2024. In determining the independence of the External Auditors, the ARC reviewed all aspects of LREIT's relationships with them including safeguards adopted by the Manager and the External Auditors relating to auditor independence. The ARC also considered the nature of the provision of the non-audit services in FY2024 and the corresponding fees and ensured that the fees for such non-audit services did not impair or threaten auditor independence. Based on the review, the ARC is of the opinion that the External Auditors are, and are perceived to be, independent for the purpose of LREIT's statutory financial audit.

LREIT has complied with Rule 712 and Rule 715 read with Rule 716 of the Listing Manual in relation to the appointment of its auditing firms.

The ARC is responsible for oversight and monitoring of whistleblowing. The ARC reviewed LREIT's Whistleblowing Policy which provides the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. To facilitate the management of incidences of alleged fraud or other misconduct, the ARC follows a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence.

In addition, the ARC reviews the Whistleblowing Policy annually to ensure that the arrangements in place are most expedient and efficient for reporting any possible improprieties. The details of the Whistleblowing Policy are set out in page 91 of this Annual Report.

The ARC members are kept updated whenever there are changes to the financial reporting standards or issues that may have an impact on the financial statements of LREIT.

Role and Duties of Internal Auditors

For FY2024, the internal audit function of LREIT and the Manager was outsourced to Deloitte, a member firm of Deloitte Touche Tohmatsu Limited.

The Internal Auditors are independent of Management and report directly to the ARC on audit matters and to Management on administrative matters. The ARC is satisfied that the Internal Auditors had met the standards set by internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The ARC has assessed the adequacy of the Internal Auditors and is of the view that the Internal Auditors were independent, effective, adequately resourced to perform its functions effectively, had the relevant qualifications and had appropriate standing within the Manager. The Internal Auditors have also maintained their independence from the activities that they audit and had unfettered access to LREIT's and the Manager's documents, records, properties and personnel, including the ARC.

The role of the Internal Auditors is to provide independent assurance to the ARC to ensure that LREIT and the Manager maintain a sound system of internal controls by performing risk-based reviews on the key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the ARC, and conducting regular in-depth audits of high-risk areas.

CORPORATE GOVERNANCE

During the year, the Internal Auditors adopted a risk-based approach to audit planning and execution that focuses on significant risks, including financial, operational, compliance and information technology risks. An annual audit plan is developed using a structured risk and control assessment framework. The internal audit plan is submitted to the ARC for review and approval prior to the commencement of the internal audit of each year. A summary of the internal auditor's report is extended to the ARC, the CEO and Executive General Manager, Finance of the Manager. To ensure timely and proper closure of audit findings, the status of the implementation of the actions agreed by Management is tracked and discussed with the ARC.

The ARC approves the appointment, removal, evaluation and fees of the Internal Auditors, and conducts an assessment of the Internal Auditors' performance during re-appointments.

Key Audit Matter

The ARC reviewed the valuation of investment properties, being the key audit matter as reported by the External Auditors for FY2024. The ARC reviewed the methodologies, assumptions and outcomes and discussed the detailed analysis of asset valuation with Management. The ARC also considered the findings of the External Auditor, including their assessment of the appropriateness of the valuation methodologies and key assumptions applied in the valuation of the investment properties.

The ARC was satisfied with the appropriateness of the valuation methodologies and assumptions applied across all investment properties as disclosed in the financial statements.

Unitholder Rights, Conduct of General Meetings and Engagement with Unitholders and Stakeholders

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Investor Relations and ESG

The Manager has in place an IR Policy which sets out the principles and practices that the Manager applies in its outreach to the investor community. The IR Policy promotes regular, effective and fair communication through full disclosure of material information. Material information is disclosed in a comprehensive, accurate and timely manner through the SGX-ST via SGXNET, LREIT's corporate website and/or media releases. The Manager ensures that unpublished price sensitive information is not selectively disclosed, and if on the rare occasion when such information is inadvertently disclosed, it will immediately be released to the public through the SGX-ST via SGXNET, LREIT's corporate website and/or media releases.

In addition to the matters mentioned above in relation to "Accountability and Audit", the Manager maintains regular and two-way communication with Unitholders to share views and address any queries on LREIT's operating performance and business strategies. The IR Policy, which is available on LREIT's website, sets out the mechanism through which Unitholders may contact the Manager with questions and through which the Manager may respond to such questions. Unitholders are able to engage with the Manager beyond general meetings and they may do so via phone calls or emails to the IR team, whose contact details may be found on the website. The IR team endeavours to respond to emails within three business days of receipt.

In FY2024, the Manager conducted a hybrid of virtual conferences and in-person meetings with institutional and retail investors including analysts through participation in one-on-one conferences, post-results investor briefings and non-deal roadshows. More details of the Manager's IR activities and efforts including its engagement with the stakeholders are set out in the Investor Relations section of this Annual Report.

Unitholders are also kept abreast of the latest announcements and updates on LREIT via LREIT's website. Unitholders and members of the public can post questions via the enquiry webpage, or to the IR contact available on LREIT's website.

The Board's responsibility includes considering sustainability as part of its strategic formulation. On an annual basis, the Board will review LREIT's sustainability strategy and provide leadership oversight on sustainability matters. The Board will also review the Manager's ESG Disclosure and ESG Training procedure and ensure that the Manager is kept informed of market expectations and evolving requirements on ESG.

As a Group, LREIT is a signatory under the Principles of Responsible Investment where it commits to actions outlined in the signed Responsible Property Investment Policy Statement, which will be published on its website annually.

More details of LREIT's sustainability strategy can be found in its Sustainability Report FY2024.

General Meetings

The AGM for FY2023 was held physically. Unitholders were encouraged to submit their questions ahead of the AGM to facilitate Unitholders' participation. The responses to relevant and substantial questions from Unitholders were subsequently published on SGXNET and made available on LREIT's website prior to the AGM. All resolutions were polled and an independent scrutineer was appointed to verify the votes, validate the voting procedures and oversee the process. The minutes were published on SGXNET and LREIT's website within one month from the date of the meeting.

Unitholders are informed of Unitholders' meetings through notices of meetings sent to all Unitholders. The notice includes a disclosure of detailed information on each agenda item for the meeting and the requisite notice period for general meetings is adhered to. The Manager ensures that Unitholders are able to participate effectively and vote at the general meetings. Unitholders are invited to such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any Unitholder is unable to attend, he or she is allowed to appoint up to two proxies to vote on his or her behalf at the meeting through proxy forms sent in advance. Where a Unitholder is a relevant intermediary (including but not limited to, a nominee company or a custodian bank), such Unitholder may appoint more than one proxy to vote on its behalf at the meeting through proxy forms sent in advance and each proxy exercises the rights attached to a different Unit or Units held by it (the number of Units and class shall be specified).

At Unitholders' meetings, each distinct issue is proposed as a separate resolution, unless the resolutions are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Manager will explain the reasons and material implications in the notice of meeting. Each resolution at the general meetings will be voted on by way of electronic poll voting. An announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages is made after each poll is conducted. The total number of votes cast for or against each resolution and the respective percentages are also announced in a timely manner after the Unitholders' meetings through the SGX-ST via SGXNET.

Where possible, all the Directors will attend Unitholders' meetings. In particular, the Chairperson and the respective chairperson of the Board Committees are required to be present to address questions at general meetings. The External Auditors will also be present at such meetings to assist the Directors with Unitholders' queries, where necessary. In FY2024, all Directors and the CEO attended the AGM of LREIT. After the AGM, they also took the opportunity to interact with the Unitholders to understand their viewpoints and concerns around LREIT and Management's plan.

The Manager is not implementing absentia voting methods (as required under Provision 11.4 of the 2018 Code) such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved. The Manager is of the view that despite this deviation from Provision 11.4 of the 2018 Code, its practice is consistent with the intent of Principle 11 of the 2018 Code as Unitholders have opportunities to communicate their views on matters affecting LREIT even when they are not in attendance at general meetings, through the enquiry page and IR contact indicated on LREIT's website before the date of the general meeting.

The Company Secretary prepares the minutes of Unitholders' meetings, which incorporate substantial and relevant comments or queries from Unitholders and responses from the Board and Management. These minutes will be published on SGX-ST via SGXNET and LREIT's website within one month from the date of Unitholders' meetings.

CORPORATE GOVERNANCE

Distribution Policy

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.

On 7 February 2023, the Manager announced the establishment of a DRP, pursuant to which Unitholders may elect to receive fully paid new units in LREIT in respect of all or part only (where applicable) of the cash amount of any distribution to which the DRP applies. The DRP provides Unitholders the option to receive their distribution to which the DRP applies in the form of fully-paid new Units instead of cash, or a combination of fully-paid new Units and cash.

The DRP may be applied from time to time to any distribution declared by LREIT as the Manager may determine in its absolute discretion. The Manager will make an announcement whenever it decides to apply the DRP to a particular distribution, and such announcement will contain, among others, (a) the procedures, timeline and other relevant details in relation to the application of the DRP to such distribution and (b) details on whether LREIT is relying on a general mandate or specific Unitholders' approval for the issue of new Units under the DRP.

Managing Stakeholder Relationships

The Manager adopts an inclusive approach for LREIT by considering and balancing the needs and interests of material stakeholders, as part of the overall strategy to ensure that the best interests of LREIT are served. The Manager is committed to sustainability and incorporates the key principles of environmental and social responsibility, and corporate governance in LREIT's business strategies and operations. In addition to the measures set out in the "Investor Relations and ESG" section above, the Manager has arrangements in place to identify and engage with material stakeholder groups from time to time to gather feedback on LREIT as well as sustainability issues most important to them.

The rights of LREIT's creditors, which comprise lending banks, are protected with a well-spread out debt maturity and financial metrics within regulatory limits. Regular internal reviews are also conducted to ensure that various capital management metrics remain compliant with loan covenants.

More details of LREIT's stakeholder engagement can be found in the Investor Relations section of this Annual Report as well as the Governance and Stakeholder Engagement section of LREIT's Sustainability Report FY2024.

Securities Transactions

Dealings in Units

The Manager has issued guidelines on dealing in the Units. These pertain to the existence of insider trading laws and the rules and regulations with regard to dealings in the Units by the Directors and officers of the Manager. The Manager has also adopted the best practices on securities dealings issued by the SGX-ST. In compliance with Rule 1207(19) of the Listing Manual on best practices on dealing in securities, the Manager issues notices to its Directors and officers informing that the Manager and its officers must not deal in listed securities of LREIT one month before the release of the full-year results and semi-annual results (if LREIT does not announce its quarterly financial statements) and two weeks before the release of quarterly results (if LREIT announces its quarterly financial statements, whether required by the SGX-ST or otherwise), and if they are in possession of unpublished price-sensitive information. The Manager's officers are also informed that they should not deal in LREIT's securities on short-term considerations.

Conflicts of Interests

The Manager is required to prioritise Unitholders' interests over those of the Manager and its shareholders in the event of a conflict of interests. The Manager has in place a Conflicts of Interest Procedure, instituting the following procedures to deal with potential conflicts of interest issues:

(1) the Manager will not manage any other REIT which invests in the same types of properties as LREIT;
(2) all executive officers will be working exclusively for the Manager and will not hold other executive positions in other entities, save for any wholly-owned subsidiaries of the Manager or LREIT;
(3) all resolutions in writing of the Directors in relation to matters concerning LREIT must be approved by at least a majority of the Directors (excluding any interested Director), including at least one independent Director;
(4) at least one third of the Board shall comprise independent Directors if Unitholders have the right to vote on the endorsement of directors to the Board and at least half of the Board shall comprise independent directors if Unitholders do not have the right to vote on the endorsement of directors to the Board, provided that where (i) the Chairperson and the CEO is the same person, (ii) the Chairperson and the CEO are immediate family members, (iii) the Chairperson is part of Management or (iv) the Chairperson is not an independent Director, majority of the Board shall comprise independent directors;
(5) in respect of matters in which a Director or his associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested Director will abstain from voting. In such matters, the quorum must comprise a majority of the Directors and must exclude such interested Director;
(6) in respect of matters in which the Lendlease Group has an interest, direct or indirect, any nominees appointed by the Lendlease Group to the Board to represent its interests will abstain from deliberation and voting on such matters. In such matters, the quorum must comprise a majority of the independent Directors and must exclude nominee directors of the Lendlease Group;
(7) save as to resolutions relating to the removal of the Manager, the Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of the Unitholders convened to approve any matter in which the Manager and/or any of its associates has a material interest and for so long as the Manager is the manager of LREIT, the controlling shareholders of the Manager and any of its associates are prohibited from voting or being counted as part of a quorum for any meeting of Unitholders convened to consider a matter in respect of which the relevant controlling shareholders of the Manager and/or any of its associates have a material interest; and
(8) it is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of LREIT with a Related Party (meaning any "interested person" as defined in the Listing Manual and/or, as the case may be, an "interested party" as defined in the Property Funds Appendix) of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of LREIT, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement[16]. The Directors (including the independent Directors) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of LREIT with a Related Party of the Manager, and the Trustee may take such action as it deems necessary to protect the rights of the Unitholders and/or which is in the interests of the Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

Lendlease Group Code of Conduct

The Manager follows the Code of Conduct Policy which explains the standards the Lendlease Group expects in the conduct of its business and operations. The Code of Conduct Policy[17] supports the Lendlease Group's core values of Respect, Integrity, Innovation, Collaboration, Excellence and Trust, especially Integrity (which "is non-negotiable") and links these values to more specific global, regional and local business procedures. The Code of Conduct Policy is supplemented by a Lendlease employee conduct guide (the "**Employee Conduct Guide**"), which aims to explain more clearly the standards and expectations required by all employees every day.

[16] The Manager will apply this to agreements entered into between LREIT and its subsidiaries, and Related Parties (which shall include, for example, investment agreements and property management agreements).
[17] A copy of the Code of Conduct Policy may be found at https://www.lendleaseglobalcommercialreit.com/about/corporate-governance/.

CORPORATE GOVERNANCE

The Code of Conduct Policy sets out the standards of conduct and ethics expected of its business and people, regardless of location, addressing matters such as compliance with laws, operational safety, conflicts of interest, insider trading, corrupt conduct, fair and equal treatment of employees, sustainability practices and political donations. It is clear from the Code of Conduct Policy that the Lendlease Group prohibits all forms of bribery and corrupt conduct, including the offering of bribes or "facilitation payments" to anyone, and the Employee Conduct Guide sets out the key rules to be followed by the employees. The Employee Conduct Guide also provides information on gifts and entertainment, government relations and money laundering as a complement to the bribery and corruption section. The Employee Conduct Guide further sets out that Lendlease is committed to maintaining high ethical standards, excellence, integrity and respect in all business relationships, and encourages employees to speak up if they are concerned whether an action is legal or ethical, or in line with Lendlease's core values and Code of Conduct Policy.

The Lendlease Group also has in place a Consequence Management Framework which establishes oversight on the conduct of all Lendlease employees. Where applicable, investigations into alleged misconducts are carried out by independent units/personnel with the relevant expertise or appointed external investigators. Proper frameworks also exist to determine the severity of each misconduct and the corresponding disciplinary actions or escalation to the Business Integrity Committee, as appropriate.

The Code of Conduct Policy and Employee Conduct Guide are published on the intranet which is accessible by all employees of the Manager. New employees of the Manager are trained on the Code of Conduct Policy when they join the Manager. Further, it is mandatory for all employees of the Manager to complete an annual recertification training on the Code of Conduct Policy to ensure awareness and continuous compliance when working as an employee of the Manager.

Related Party Transactions

"Related Party Transactions" in this Annual Report refers to "Interested Person Transactions" under the Listing Manual and "Interested Party Transactions" under the Property Funds Appendix. Rule 904(4)(b) of the Listing Manual provides that in the case of a REIT, the definition of "Interested Person" shall have the same meaning as the definition of "Interested Party" in the Property Funds Appendix.

In general, transactions between:

(a) an entity at risk (in this case, the Trustee (acting in its capacity as trustee of LREIT) or any of the subsidiaries or associated companies of LREIT); and

(b) any of the Interested Parties, being:
  - (i) a director, CEO or controlling shareholder of the Manager, or the Manager, the Trustee (acting in its personal capacity) or controlling Unitholder; or
  - (ii) an associate of any of the persons or entities in (i) above,

would constitute an Interested Person Transaction.

The Manager's Internal Control System

The Manager has established an internal control system to ensure that all Related Party Transactions are undertaken on normal commercial terms and will not be prejudicial to the interests of LREIT and the Unitholders.

As a general rule, the Manager must demonstrate to the ARC that such transactions satisfy the foregoing criteria. This may entail obtaining (where practicable) quotations from parties unrelated to the Manager or obtaining two valuations from independent professional valuers (in compliance with the Property Funds Appendix).

The Manager maintains a register to record all Related Party Transactions which are entered into by LREIT and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into.

The Manager also incorporates into its internal audit plan a review of all Related Party Transactions entered into by LREIT. The ARC reviews the internal audit reports at least twice a year, and where appropriate, ascertains that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The review may also include a review of any other such documents or matter as may be deemed necessary by the ARC. If a member of the ARC has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

Further, the following procedures will be undertaken:

(i) transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of LREIT's net tangible assets will be subject to review and approval by the ARC;

(ii) transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of LREIT's net tangible assets will be subject to the review and approval of the ARC. Such approval shall only be given if the transactions are on normal commercial terms and are not prejudicial to the interests of LREIT and its Unitholders and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and

(iii) transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of LREIT's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Unitholders' approval may be required depending on the materiality of the transactions. Pursuant to the Listing Manual, transactions with a value below S$100,000 are disregarded for the purpose of the announcement and Unitholders' approval requirements under the Listing Manual as set out in the paragraph above. Accordingly, such transactions are excluded from aggregation with other transactions involving the same Related Parties.

Where matters concerning LREIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of LREIT with a Related Party of the Manager of LREIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of LREIT and the Unitholders, and are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

The Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a Related Party of LREIT or the Manager. If the Trustee is to sign any contract with a Related Party of the Manager or the Trustee, the Trustee will review the contract to ensure that it complies with the relevant requirements relating to Related Party Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST that apply to REITs.

LREIT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if the value of such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person during the same financial year, is 3.0% or more of LREIT's latest audited net tangible assets.

The aggregate value of all Related Party Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year is disclosed in LREIT's Annual Report for the relevant financial year.

Role of the Audit and Risk Committee for Related Party Transactions

The ARC reviews all Related Party Transactions to ensure compliance with the Manager's internal control system, the relevant provisions of the Listing Manual, and the Property Funds Appendix. The review may also include review of any other such documents or matter as may be deemed necessary by the ARC.

If a member of the ARC has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

CORPORATE GOVERNANCE

APPENDIX

Board Committees – Responsibilities

(A) Audit and Risk Committee

Under its terms of reference, the ARC's scope of duties and responsibilities include:

(1) monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to Interested Person Transactions and the provisions of the Property Funds Appendix relating to Interested Party Transactions and (collectively, Related Party Transactions);
(2) reviewing transactions constituting Related Party Transactions (including renewals of such transactions);
(3) deliberating on conflicts of interest situations involving LREIT, including (i) situations where the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of LREIT with a Related Party (as defined herein) of the Manager, (ii) reviewing any compensation payable to the Trustee arising from such a breach of an agreement with a Related Party of the Manager, and (iii) where the Directors, controlling shareholder of the Manager and their associates are involved in the management of or have shareholding interests in similar or related business as the Manager, and in such situations, the ARC will monitor the investments by these individuals in LREIT's competitors, if any, and will make an assessment whether there is any potential conflict of interest;
(4) reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by Management;
(5) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of LREIT and any announcements relating to LREIT's financial performance;
(6) reviewing internal and external audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;
(7) ensuring that the internal audit and accounting function is adequately resourced and has appropriate standing with LREIT;
(8) reviewing, on an annual basis, the adequacy and effectiveness of the internal audit function and LREIT's risk management system;
(9) reviewing the adequacy, effectiveness, independence, scope and results of the Internal Auditors;
(10) reviewing the statements included in LREIT's annual report on LREIT's internal controls and risk management framework;
(11) monitoring the procedures in place to ensure compliance with applicable legislation, regulations, the Listing Manual and the Property Funds Appendix;
(12) reviewing the assurances from the CEO and the Executive General Manager, Finance on the financial records and financial statements;
(13) making recommendations to the Board on (i) the proposed appointment and removal of the External Auditors and (ii) the remuneration and terms of engagement of the External Auditors for the financial year;
(14) reviewing the adequacy, effectiveness, independence, scope and results of the External Auditors;
(15) reviewing the nature and extent of non-audit services performed by External Auditors;
(16) reviewing, on an annual basis, the independence and objectivity of the External Auditors;
(17) meeting with External Auditors and Internal Auditors, without the presence of the executive officers, at least on an annual basis;
(18) assisting the Board to oversee the formulation, updating and maintenance of an adequate and effective risk management framework;
(19) reviewing the system of internal controls including financial, operational, compliance and information technology controls (including sanctions-related risks) and risk management processes;
(20) reviewing the policy and arrangements by which staff of the Manager and external parties may, in confidence, raise probable improprieties in matters of financial reporting or other matters, with the objective that arrangements are in place for the independent investigation of such matters, and for appropriate follow-up action to be taken;
(21) reviewing the financial statements and the internal audit report;
(22) reviewing and providing their views on all hedging policies and instruments to be implemented by LREIT to the Board;
(23) reviewing all hedging policies and procedures to be implemented by LREIT for the entry into of any hedging transactions (such as foreign exchange hedging and interest rate hedging) and monitor the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy for entering into foreign exchange hedging transactions;
(24) investigating any matters within the ARC's terms of reference, whenever it deems necessary; and
(25) reporting to the Board on material matters, findings and recommendations.

(B) Nomination and Remuneration Committee

Under its terms of reference, the NRC's scope of duties and responsibilities include:

(1) reviewing succession plans for Directors, in particular the appointment and/or replacement of the Chairperson, the CEO and key management personnel;
(2) developing the process and criteria for evaluation of the performance of the Board, its Board Committees and Directors;
(3) reviewing training and professional development programmes for the Board and its Directors;
(4) regularly reviewing the size and composition of the Board and making recommendations to the Board on the appointment and re-appointment of Directors (including alternate directors, if applicable), having regard to the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance including, if applicable, as an independent Director;
(5) determining annually, and as when circumstances require, if a Director is independent;
(6) deciding if a Director is able to and has been adequately carrying out his duties as a director of the company, taking into consideration the Director's principal commitments;
(7) reviewing and recommending to the Board a general framework of remuneration for the Board and key management personnel;
(8) reviewing and recommending to the Board the specific remuneration packages for each Director as well as for the key management personnel; and
(9) reviewing LREIT's obligations arising in the event of termination of executive Directors' and key management personnel's contracts of service and ensuring that such contracts of service contain fair and reasonable termination clauses which are not overly generous, and that all aspects of remuneration are fair.

(C) Environmental, Social and Governance Committee

Under its terms of reference, the ESGC's scope of duties and responsibilities include:

(1) reviewing LREIT's sustainability strategy to ensure that they are relevant to evolving local and global sustainability trends and developments;
(2) ensuring that LREIT has in place an effective governance structure for ESG matters;
(3) reviewing annually the materiality factors identified by the ESG Working Committee, as well as the processes for identifying, assessing, and managing climate-related risks and opportunities;
(4) considering the Manager's proposals and recommendations on sustainability-related policies and practices and make recommendations to the Board, where relevant;
(5) monitoring LREIT's performance against previously disclosed targets in relation to identified material ESG factors;
(6) reviewing and approving the audit process conducted by the internal auditors, and assess annually the adequacy and effectiveness of the process;
(7) reviewing LREIT's sustainability reporting and sustainability-related disclosures, providing oversight on the Manager's compliance with applicable sustainability-related legal and regulatory requirements;
(8) providing oversight on HSW issues such as giving guidance on HSW standards to ensure the safety and health of all the workers in LREIT's properties and the Manager, and where appropriate, developing strategies and initiatives to achieve these standards;
(9) reviewing, endorsing and tracking HSW targets and performance regularly;
(10) reviewing incidents that impact, or have the potential to impact, LREIT's ESG performance; and
(11) reporting to the Board on material sustainability and safety issues, findings, and recommendations, and briefing the Board on applicable HSW developments and measures.

CORPORATE GOVERNANCE

Board, Board Committees, Self and Peers Assessment Evaluation Processes

Board and Board Committees

The Board evaluation comprises both formal and informal processes that encourages constructive and candid feedback from the Board members. As part of the formal process, each Board member would be required to complete an evaluation questionnaire. The responses will be compiled and a report will be prepared and presented to the NRC for consideration. Where appropriate, the NRC will propose recommendations with the objective of enhancing Board performance and effectiveness to the Board after reviewing the report presented. The Board will then consider and decide on the implementation of the NRC's recommendations.

Individual Directors

In the assessment of the performance of the Directors, each Director will be required to perform a self-assessment based on an agreed set of criteria. Based on the completed questionnaire, a consolidated report will be prepared and presented to the NRC. The NRC then reviews the feedback and makes recommendations to the Board for action.

Performance Criteria

The objective performance criteria for the board evaluation are in respect of board structure in terms of size, composition, independence and diversity, Board's and Board Committees' performance, Board accountability, Board process, internal controls and risk management, Board Committees, Board information, relations with CEO and Management, standards of conduct and Board culture in terms of team dynamics within the Board. Based on the responses received, the Board continues to perform and fulfil its duties, responsibilities and performance objectives in accordance with the established Board processes of the Manager.

The individual Director's performance criteria are based on four categories, namely:

(1) interactive skills;
(2) knowledge and domain expertise;
(3) duties and responsibilities; and
(4) availability.

Nature of Current Directors' Appointments and Membership on Board Committees

Director	Board Membership	Board Committee Membership		
		Audit and Risk Committee	Nomination and Remuneration Committee	Environmental, Social and Governance Committee
Mr Justin Marco Gabbani	Chairperson and Non-Independent Non-Executive Director	Member	-	-
Dr Tsui Kai Chong	Lead Independent Non-Executive Director	Chairperson	Member	Member
Mrs Lee Ai Ming	Independent Non-Executive Director	Member	Chairperson	Member
Mr Simon John Perrott	Independent Non-Executive Director	Member	Member	Chairperson
Ms Penelope Jane Ransom	Non-Independent Non-Executive Director	-	Member	Member

Whistleblowing Policy

The Whistleblowing Policy was established to encourage employees, service providers and associates to report suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously, investigated appropriately and their confidentiality will be respected.

To facilitate reporting with the assurance that reports made will be managed and investigated objectively, the Manager has engaged the chairperson of the ARC to provide an independent online reporting channel, details of which are available on LREIT's website. The online reporting channel facilitates the reporting of possible illegal, unethical, or improper conduct when the normal channels of communication have proven ineffective or difficult. They are available for use by all employees and outside parties, such as suppliers, contractors, tenants and other stakeholders, to report any concern regarding irregularities or questionable behaviour of employees, service providers or associates.

Reports will be received and reviewed by the chairperson of the ARC who will determine the appropriate initial action. Reports are provided to relevant parties in the Manager at the level of senior management and to the ARC, unless the whistleblowing report is related to the senior management directly. Confidentiality around the identity of the reporter is maintained at all times, regardless of whether the report was made openly or anonymously. The Manager will not tolerate any retaliation towards employees who report concerns and any employees taking action in response to a report will be subject to the disciplinary procedure.

The Manager and the ARC are responsible for ensuring the maintenance, regular review and updating of the Whistleblowing Policy. Revisions, amendments and alterations to the Whistleblowing Policy can only be implemented with approval by the ARC and the Board.

CORPORATE GOVERNANCE

Additional Information on Endorsement or Re-endorsement of Director

The information required under Rule 720(6) read with Appendix 7.4.1 of the Listing Manual in respect of Directors whom the Manager is seeking endorsement or re-endorsement by Unitholders at the annual general meeting to be held in 2024 is set out below.

Name	Dr Tsui Kai Chong	Ms Penelope Jane Ransom
Date of Appointment	29 August 2019	8 November 2023
Date of last endorsement or re-endorsement of appointment (as the case may be)	25 October 2021	Not Applicable
Age	68	51
Country of principal residence	Singapore	Australia
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The NRC of the Manager has reviewed the qualifications and experience of Dr Tsui and recommended to the Board the re-endorsement of Dr Tsui as the Lead Independent Non-Executive Director, chairperson of the ARC and a member of the NRC and ESGC. The Board has considered the recommendation and assessment of the NRC on Dr Tsui's expertise, experience, age, background, diversity of skillsets, independence, contributions and commitment in the discharge of his duties as an Independent Non-Executive Director, chairperson of the ARC and a member of the NRC and ESGC; and is satisfied that he will continue to contribute meaningfully to the Board, ARC, NRC and ESGC; and approved the re-endorsement of Dr Tsui as the Lead Independent Non-Executive Director, chairperson of ARC and a member of the NRC and ESGC of the Manager. The seeking of endorsement or re-endorsement of Directors to the Board is further explained on page 71 of this Annual Report.	The NRC of the Manager has reviewed the qualifications and experience of Ms Ransom and recommended to the Board the endorsement of Ms Ransom as a Non-Independent Non-Executive Director and a member of the NRC and ESGC. The Board has considered the recommendation and assessment of the NRC on Ms Ransom's knowledge, age, background, expertise, experience, diversity of skillsets, contributions and commitment in the discharge of her duties as a Non-Independent Non-Executive Director and a member of the NRC and ESGC; and is satisfied that she will continue to provide the Board with insights into the business; and approved the endorsement of Ms Ransom as a Non-Independent Non-Executive Director and member of the NRC and ESGC of the Manager. The seeking of endorsement or re-endorsement of Directors to the Board is further explained on page 71 of this Annual Report.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title	Lead Independent Non-Executive Director, chairperson of the ARC and a member of the NRC and ESGC.	Non-Independent Non-Executive Director and a member of the NRC and ESGC.

Name	Dr Tsui Kai Chong	Ms Penelope Jane Ransom
Professional qualifications	BA(Hons) Business Studies, First Class Honours, Polytechnic of Central London MPhil and PhD (Finance), New York University Chartered Financial Analyst, CFA Institute, USA	University of Western Sydney, Hawkesbury, Bachelor of Business (Land Economics) FINSIA, Graduate Diploma Applied Finance and Investment Saïd Business School, University of Oxford, Advanced Management and Leadership Program Member of the Royal Institution of Chartered Surveyors (MRICS) Member of Chief Executive Women (CEW)
Working experience and occupation(s) during the past 10 years	**2021 to present** Professor Emeritus, Singapore University of Social Sciences **2005 to 2021** Provost of the Singapore University of Social Sciences	**July 2024 to present** Chief Investment Officer, Lendlease Group **2022 to June 2024** Group Head of Investments, Lendlease Group Managing Director, Investments, Europe, Lendlease Group **2021 to 2022** Chief Investment Officer, Investa Property Group **2019 to 2021** Group Executive, Head of Investment Management, Investa Property Group **2016 to 2018** Group Executive, Investa Property Group and Fund Manager, Investa Office Fund **2014 to 2016** Fund Manager, Wholesale Property Fund, Dexus Property Group
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest (as at 21 July 2024) – 668,278 Units	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Ms Ransom is the Chief Investment Officer for Lendlease Corporation Limited, the Sponsor of Lendlease Global Commercial REIT
Conflict of interest (including any competing business)	Nil	As above
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

CORPORATE GOVERNANCE

Name	Dr Tsui Kai Chong	Ms Penelope Jane Ransom
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	Intellectual Property Office of Singapore IP Academy	BTR TC I Pty Ltd BTR TC II Pty Ltd Cynwest Pty Limited Davidson Hughes Developments Pty Ltd Detawind Pty Limited Dorcas Pty Ltd ICPF Finance Pty Ltd ICPF Investments Pty Limited ICPF Nominees Pty Ltd INDI Management Services Pty Ltd Investa Asset Management (QLD) Pty Limited Investa Asset Management Pty Limited Investa External Funds Management Pty Limited Investa External Funds Management Subsidiary Pty Limited Investa Investment Management Pty Limited Investa Listed Funds Management Limited Investa Nominees (2) Pty Ltd Investa Nominees (5) Pty Limited Investa Office Development Pty Limited Investa Office Management Pty Limited IOF Custodian Pty Limited Maritime Nominees Pty Limited Martin Place Holdings Pty Limited Martin Place Nominees (1) Pty Limited Nesseyre Pty Limited Northern Site Pty Limited OPG TC Holding Pty Ltd OPG TC IV Pty Ltd OPG TC V Pty Ltd OPG TC VI Pty Ltd OPG TC VII Pty Ltd Principal Sydney Development Pty Limited Project Ben Pty Limited Property Industry Foundation Pty Limited RV Investment Management Pty Ltd Skylight RS Pty Limited Skylight ST Pty Limited Southern Site Pty Limited The Property Industry Foundation Limited The Rugby Union Players Association Inc. Wetastop Pty Limited
Present (directorships)	Digital Core REIT Management Pte. Ltd.	Lendlease LLT Holdings Pty Limited Lendlease SREIT Pty Limited
Present major appointments (other than directorships)	Nil	Chief Investment Officer, Lendlease Group

Name		Dr Tsui Kai Chong	Ms Penelope Jane Ransom
Information required pursuant to Appendix 7.4.1 of the Listing Manual			
(a)	**Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?**	No	No
(b)	**Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?**	No	No
(c)	**Whether there is any unsatisfied judgment against him?**	No	No
(d)	**Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?**	No	No
(e)	**Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?**	No	No
(f)	**Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?**	No	No
(g)	**Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?**	No	No
(h)	**Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?**	No	No

CORPORATE GOVERNANCE

Name		Dr Tsui Kai Chong	Ms Penelope Jane Ransom
(i)	**Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?**	No	No
(j)	**Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:**		
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k)	**Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the MAS or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?**	No	No

RISK MANAGEMENT

The Manager continues to recognise risk management as an integral part of operating LREIT's business in accordance with best practice principles in a manner that protects its stakeholders, employees and corporate reputation.

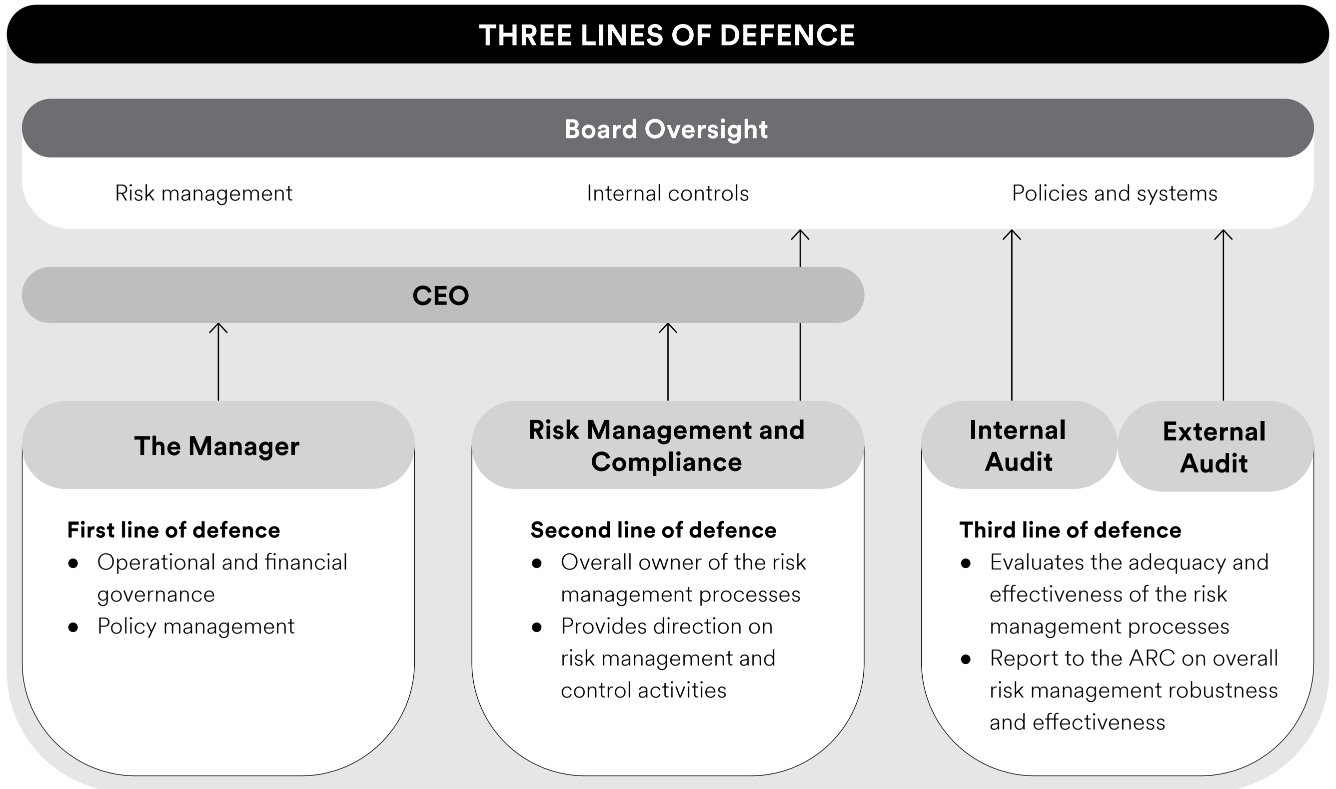
LREIT's ERM Framework sets out the ERM process and governance adopted by LREIT. The ERM Framework is adapted from ISO31000:2018 – Risk Management and guided by COSO Enterprise Risk Management Framework and other relevant best practices and guidelines. These guidelines specify the components needed to manage risks in an integrated, systematic, and consistent manner. The ERM Framework is reviewed and updated annually to ensure continuous relevance to LREIT's operating environment and strategic objectives.

The diagram below sets out the ERM governance structure based on three lines of defence adopted by LREIT to ensure that overall ERM process and system of internal controls is robust across LREIT.

The Board is the principal governor of the ERM Framework and establishes the overall risk strategy and governance. It delegates the oversight responsibility of the ERM Framework to the ARC of the Manager, which assists the Board in overseeing risk management matters of LREIT and is accountable to the Board in establishing a robust risk management framework to safeguard LREIT's assets and address its strategic, financial, operational, compliance, technology and climate-related risks ("**Risk Category**").

The Manager acknowledges that risk management should not only focus on reducing and minimising risks, it should also seek to preserve capital and ensure resilience to cyclical changes in business conditions. The ERM Framework applies a structured process in formulating risk-based strategies across respective functions, identifying potential issues that may affect LREIT and managing risks to an acceptable level within the risk appetite as approved by the Board. It provides assurance to the Board that the framework is adequate and effective in mitigating the identified risks.

The Manager recognises that risk culture is one of the critical success factors of an effective risk management program. Driving the desired risk culture starts with the tone set by the Board and senior management, cascading down to all staff within the organisation. Regular communications and trainings to internal stakeholders are necessary to build awareness, understanding and appreciation of risk management.



RISK MANAGEMENT

DETAILS OF KEY RISKS AND MITIGATION ACTIONS

Risk Category	Key Risks	Mitigation Actions
Strategic Risk	• Economic uncertainties and downturns in the markets where LREIT operates (or intends to operate) in could pose risks of decreasing profits, disrupted access to capital markets or increased counterparty risks, impacting on LREIT's ability to achieve its strategic goals.	• Close monitoring of macroeconomic trends and policy changes with assessment of relevant impacts on a regular basis. • Adopt a disciplined approach to financial management. • Evaluate all investments against a rigorous set of investment criteria with due diligence reviews undertaken including assessment of rental sustainability, sensitivity analysis and potentials for growth in yield and/or value creation. • The Board reviews and approves all investment decisions.
Financial Risk	• Potential risks of market illiquidity amidst financial downturns may pose challenges in securing funding to meet financial obligations, capital expenditure or investments, leading to increased costs of funding and/or loss in investment opportunities. • Interest rates fluctuations expose LREIT to volatility in financing costs. • Unfavourable movements in foreign currencies against the Singapore Dollar may translate to a reduction in earnings.	• Maintain an appropriate debt maturity profile, adequate operating cash flows and available funding sources to ensure that there are sufficient financial resources to fund operations and initiatives. • Minimise over-reliance on a single source of funding for financing requirements. • Review and maintain an appropriate mix of exposures to floating and fixed borrowing rates (including through interest rate hedging). • Minimise the level of foreign exchange risks by entering into financial derivatives to hedge these risks, where possible.
Operational Risk	• Risks of business disruption due to occurrence of adverse external event (man-made and natural cause) and inadequate planning for business continuity and disaster recovery. • Potential conflict of interests risks due to competing interests between LREIT and its sponsor or related parties, potentially interfering with decision making and performance. • Failure to provide an environment which promotes HSW, impacting on LREIT's ability to achieve corporate and social responsibilities.	• Business Continuity Plan is in place, reviewed and updated from time to time. • LREIT's properties are properly insured in accordance with current industry practices. • Potential conflicts of interests are managed with segregation of duties between the Manager and its Sponsor as well as implementation of Conflict of Interest policy which includes annual declaration by senior management (including Board members). • Implement Lendlease Group's GMRs incorporating HSW in work practices. • Mandatory training to understand how GMRs support continuous improvement of the safety environment at workplaces.

Risk Category	Key Risks	Mitigation Actions
Compliance Risk	• Incurrence of liability or additional costs from non-compliance with key laws or regulations and/or the inability to respond to changing laws and regulations may lead to financial and reputational losses.	• Proactive stance to observe all laws and regulations on an ongoing basis, including the requirements of the Listing Manual, the CIS Code issued by the MAS and the provisions in the Trust Deed. • Written corporate policies to facilitate staff awareness and minimise unintentional breach of applicable legislations and obligations. • Compliance with policies and procedures is always required. The policies will be reviewed by the Manager on an annual or biennial basis and are submitted to the relevant Board Committees for review and to the Board for approval. • Keep abreast of material changes in relevant rules and regulations. Adopt guidance from the SGX-ST and MAS to provide timely disclosures during uncertain times for the investment community to make informed decisions. • LREIT's compliance manual addresses sanctions-related risks. Sanctions checks relating to the Manager and LREIT's business operations will be carried out by the Manager, property manager and fund manager on onboarding of suppliers and thereafter on an annual basis.
Technology and Cyber Risk	• Risks on cybersecurity breaches to systems and data assets. • Ineffective/inefficient IT systems that are no longer supported by vendors, and/or are unable to support current and future business needs may compromise operations and data privacy regulations.	• Implement new systems with updated security protection and policies in place, to address the known cybersecurity threats at the point in time. • Tap into the expertise of the Information, Communication & Technology team from the Lendlease Group to execute the risk management strategy through ongoing review against business environment and existing/evolving threat landscapes. • Conduct IT Security Awareness Training and internal phishing campaigns to continually raise the awareness of employees to stay vigilant on cybersecurity in the information security chain. • Periodical review by Lendlease Group and update IT Security Policy and Data Protection Framework to ensure relevancy.
Climate-related Risk	• Physical risks presented by extreme weather events such as urban flooding and heat wave. • Financial risks due to potential liabilities from adverse climate impacts. • Transitional risks as different stakeholders – governments, investors, suppliers, tenants, and customers – respond unevenly to climate change.	• Lendlease Group will conduct climate scenario analysis for each of the asset to identify relevant climate-related risks and opportunities, using climate scenarios that it developed. The main scenarios used to identify CRI are the Resignation, Polarisation, Paris Alignment and Transformation scenarios. With the climate scenario analysis, we identify the CRI relevant to LREIT's assets and business. • More details on LREIT's response to climate-related risks can be found in the Sustainability Report FY2024.

GLOSSARY

AEI	Asset enhancement initiative
AGM	Annual general meeting
AIFMD	Alternative Investment Fund Managers Directive
ARC	Audit and Risk Committee
Attendance Fee	Fee for attending Board and Board Committee meetings
Board	Board of directors of the Manager
Board Committees	Collectively, the ARC, NRC and ESGC
Building 1 and 2	Two buildings of Sky Complex fully leased to Sky Italia
Building 3	Latest completed building of Sky Complex
CAGR	Compounded annual growth rate
CBD	Central Business District
CEO	Chief Executive Officer
Chairperson	Chairperson of the Board
CIS Code	Code on Collective Investment Schemes
CMS Licence	Capital Markets Services Licence
Code of Conduct Policy	Lendlease Group's Code of Conduct Policy
Companies Act	Companies Act 1967 of Singapore
Company Secretary	Company secretary of the Manager
CPF	Central Provident Fund
CPI	Consumer Price Index
CRI	Climate-related impacts
D&I	Diversity and inclusion
Director	A director of the Manager
Directors	All directors of the Manager
DPU	Distribution per Unit
DRP	Distribution Reinvestment Plan
ECB	European Central Bank
Employee Conduct Guide	Lendlease employee conduct guide
ERM	Enterprise Risk Management
ERM Framework	Enterprise Risk Management framework
ESG	Environmental, social and governance
ESGC	Environmental, Social and Governance Committee
ExSTI Plan	The executive short-term incentive plan
F&B	Food and beverage
FY2024	Financial year ended 30 June 2024
GDP	Gross Domestic Product
GFA	Gross floor area
GLA	Gross lettable area
GLS	Government Land Sales
GMRs	Global Minimum Requirements
GRI	Gross rental income
GST	Goods and Service Tax
HICP	Harmonised Index of Consumer Price
HSW	Health, safety and well-being
ICR	Interest coverage ratio
Interested Party Transactions	Interested party transactions under the Property Funds Appendix
Interested Person Transactions	Interested person transactions under the Listing Manual
IR	Investor relations
IR Policy	Unitholders' communication and investor relations policy
ISTAT	The Italian National Institute of Statistics
JID	Jurong Innovation District
JLD	Jurong Lake District
JRL	Jurong Region Line
km	Kilometres
KPIs	Key performance indicators
Lendlease Group	Lendlease Corporation Limited, Lendlease Trust and their subsidiaries
Lendlease Singapore Holdings	Lendlease Singapore Holdings Pty Limited
LLIM	Lendlease Investment Management Pte. Ltd.
LLREIL	Lendlease Real Estate Investments Limited
LREIT	Lendlease Global Commercial REIT
Management	Management team of the Manager
Manager	Lendlease Global Commercial Trust Management Pte. Ltd. (as Manager of LREIT)
MAS	Monetary Authority of Singapore
MIND	Milan Innovation District
MND	Ministry of National Development
MRT	Mass rapid transit
MSTI Plan	The management short-term incentive plan
MTI	Ministry of Trade and Industry
NAV	Net asset value
NCSS	National Council of Social Service
NLA	Net lettable area
NPI	Net property income
NRC	Nomination and Remuneration Committee
PDD	Punggol Digital District
PPP	Parkway Parade Partnership Pte. Ltd.
Property Funds Appendix	Appendix 6 of the CIS Code
REIT	Real estate investment trust
REITAS	REIT Association of Singapore
Related Party Transactions	Interested Party Transactions and Interested Person Transactions
SF(LCB) Regulations	Securities and Futures (Licensing and Conduct of Business) Regulations
SFA	Securities and Futures Act 2001 of Singapore
SGX-ST	Singapore Exchange Securities Trading Limited
SIAS	Securities Investors Association (Singapore)
SingStat	Singapore Department of Statistics
Sponsor	Lendlease Corporation Limited
sq ft	Square feet
sq m	Square meters
S-REIT	Singapore REIT
STB	Singapore Tourism Board
TEL	Thomson-East Coast Line
TOP	Temporary occupation permit
Trust Deed	Trust deed dated 28 January 2019 (as amended, restated or supplemented from time to time)
Trustee	DBS Trustee Limited (as Trustee of LREIT)
Unit Plans	Collectively, the ExSTI Plan and MSTI Plan
Unitholders	Unitholders of LREIT
Units	Units in LREIT
URA	Urban Redevelopment Authority
US	United States
WALE	Weighted average lease expiry
YoY	Year-on-year
2018 Code	Code of Corporate Governance 2018

FINANCIALS

FINANCIAL STATEMENTS

OTHER INFORMATION

REPORT OF THE TRUSTEE

DBS Trustee Limited (the "**Trustee**") is under a duty to take into custody and hold the assets of Lendlease Global Commercial REIT ("**LREIT**") and its subsidiaries (collectively, the "**Group**") in trust for the holders ("**Unitholders**") of units in LREIT (the "**units**"). In accordance with the Securities and Futures Act 2001, its subsidiary legislation, the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and the Listing Manual of Singapore Exchange Securities Trading Limited, the Trustee shall monitor the activities of Lendlease Global Commercial Trust Management Pte. Ltd. (the "**Manager**") for compliance with the limitations imposed on the investment and borrowing powers as set out in the provisions of the Trust Deed constituting LREIT dated 28 January 2019 (as amended)[1] between the Trustee and the Manager (the "**Trust Deed**") in each accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Group during the year covered by these financial statements, set out on pages 108 to 172, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee
DBS Trustee Limited

Chan Kim Lim
Director

Singapore
18 September 2024

[1] As amended by the First Amending and Restating Deed dated 10 September 2019, the First Supplemental Deed dated 15 July 2020 and the Supplemental Deed of Retirement and Appointment of Trustee dated 20 May 2022.

STATEMENT BY THE MANAGER

In the opinion of the directors of Lendlease Global Commercial Trust Management Pte. Ltd. (the "**Manager**"), the accompanying financial statements of Lendlease Global Commercial REIT ("**LREIT**") and its subsidiaries (the "**Group**") set out on pages 108 to 172, comprising the statements of financial position and portfolio statements of the Group and LREIT as at 30 June 2024, the consolidated statements of profit or loss and other comprehensive income and the distribution statement of the Group, the statements of movements in Unitholders' funds of the Group and LREIT, and the consolidated statement of cash flows of the Group for the year ended 30 June 2024, and the notes to the financial statements are drawn up so as to present fairly, in all material respects, the financial position and portfolio statements of the Group and LREIT as at 30 June 2024, and the profit or loss and other comprehensive income and distributable income of the Group, movements in Unitholders' funds of the Group and LREIT, and cash flows of the Group for the year ended in accordance with International Financial Reporting Standards and the provisions of the Trust Deed dated 28 January 2019 (as amended) and the relevant requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore. At the date of this statement, there are reasonable grounds to believe that the Group and LREIT will be able to meet their respective financial obligations as and when they materialise.

For and on behalf of the Manager
Lendlease Global Commercial Trust Management Pte. Ltd.

Justin Gabbani
Chairperson and Non-Independent Non-Executive Director

Tsui Kai Chong
Lead Independent Non-Executive Director

Singapore
18 September 2024

INDEPENDENT AUDITORS' REPORT

Unitholders of Lendlease Global Commercial REIT

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 28 January 2019 (as amended))

We have audited the consolidated financial statements of Lendlease Global Commercial REIT ("**LREIT**") and its subsidiaries (the "**Group**"), which comprise the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position and portfolio statement of LREIT as at 30 June 2024, the consolidated statements of profit or loss and other comprehensive income, consolidated distribution statement, consolidated statement of movements in Unitholders' funds and consolidated statement of cash flows of the Group and the statement of movements in Unitholders' funds of LREIT for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 108 to 172.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of movements in Unitholders' funds of LREIT present fairly, in all material respects, the consolidated financial position and consolidated portfolio statement of the Group and the financial position and portfolio statement of LREIT as at 30 June 2024, and the consolidated statements of profit or loss and other comprehensive income, consolidated distribution statement, consolidated statement of movements in Unitholders' funds and consolidated statement of cash flows of the Group and the statement of movements in Unitholders' funds of LREIT for the year ended 30 June 2024 in accordance with International Financial Reporting Standards ("**IFRS**").

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Valuation of investment properties
(Refer to Note 5 to the financial statements)

Risk:

As at 30 June 2024, the Group owns a portfolio of investment properties comprising a leasehold interest in one retail mall ("**313@somerset**") and one integrated office and retail development ("**Jem**") located in Singapore (together, the "**Singapore Properties**") and a freehold interest in Sky Complex, comprising three commercial buildings located in Milan, Italy (the "**Milan Property**").

These investment properties are stated at their fair values based on valuations performed by independent external valuers engaged by the Group. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. These valuations are highly sensitive to the key assumptions made, which may be subject to estimation uncertainties.

INDEPENDENT AUDITORS' REPORT

Unitholders of Lendlease Global Commercial REIT

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 28 January 2019 (as amended))

Our response:

We assessed the Group's process for the selection of the external valuers, the determination of the scope of work of the external valuers, and the review and acceptance of the valuations reported by the external valuers. We evaluated the independence, objectivity and competency of the external valuers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity.

We considered the appropriateness of the valuation methodologies applied against those applied by other valuers for similar property types, and the reasonableness of the key assumptions applied by the external valuers by benchmarking against industry data. Where the rates were outside the expected range, we undertook further procedures, held further discussions with the external valuers to understand the effects of additional factors considered in the valuations and corroborate with other evidence.

Our findings:

The Group has a structured process in appointing and instructing external valuers, and in reviewing and accepting their valuation results. The external valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out the work.

In determining the fair values of the Group's investment properties, the external valuers have adopted the Capitalisation Approach and Discounted Cash Flow Analysis for the Singapore Properties and Discounted Cash Flow Analysis for the Milan Property. The reported fair values of the Singapore Properties were derived based on an average of the approaches used. The valuation methodologies used were consistent with generally accepted market practices.

The key assumptions applied were generally within the range of market data available as at 30 June 2024. Where the assumptions were outside the expected range, the additional factors considered by the external valuers were consistent with other corroborative evidence.

OTHER INFORMATION

Lendlease Global Commercial Trust Management Pte. Ltd. (the "**Manager**") is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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

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

INDEPENDENT AUDITORS' REPORT

Unitholders of Lendlease Global Commercial REIT

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 28 January 2019 (as amended))

RESPONSIBILITIES OF THE MANAGER FOR THE FINANCIAL STATEMENTS

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal controls as the Manager determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

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

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

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

INDEPENDENT AUDITORS' REPORT

Unitholders of Lendlease Global Commercial REIT

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 28 January 2019 (as amended))

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Lee Chin Siang Barry.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
18 September 2024

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2024

		Group		LREIT	
		2024	2023	2024	2023
	Note	S$'000	S$'000	S$'000	S$'000
Non-current assets					
Intangible assets	4	**61**	128	**61**	128
Investment properties	5	**3,673,150**	3,642,854	**3,291,000**	3,214,000
Investment property under development	6	**9,256**	7,171	**9,256**	7,171
Investment in associates	7	**4,519**	7,758	**–**	–
Investment in subsidiaries	8	**–**	–	**477,516**	444,480
Equity instrument at fair value	9	**86,098**	85,784	**86,098**	85,784
Other non-current assets		**2,551**	2,685	**2,551**	2,685
Derivative financial instruments	10	**3,244**	9,880	**3,244**	9,880
		3,778,879	3,756,260	**3,869,726**	3,764,128
Current assets					
Cash and cash equivalents	11	**34,124**	54,224	**26,669**	37,662
Trade and other receivables	12	**8,092**	4,049	**3,628**	2,297
Other current assets	13	**7,415**	6,888	**7,278**	6,603
Derivative financial instruments	10	**1,304**	4,930	**1,304**	4,930
		50,935	70,091	**38,879**	51,492
Total assets		**3,829,814**	3,826,351	**3,908,605**	3,815,620
Current liabilities					
Trade and other payables	14	**55,350**	58,135	**54,071**	52,507
Loans and borrowings	15	**357,716**	433,611	**357,716**	433,611
Lease liability	16	**196**	238	**196**	238
Derivative financial instruments	10	**60**	369	**60**	369
		413,322	492,353	**412,043**	486,725
Non-current liabilities					
Trade and other payables	14	**19,775**	22,315	**19,775**	22,315
Loans and borrowings	15	**1,178,254**	1,078,572	**1,178,254**	1,078,572
Lease liability	16	**1,960**	1,633	**1,960**	1,633
Derivative financial instruments	10	**4,200**	713	**4,200**	713
		1,204,189	1,103,233	**1,204,189**	1,103,233
Total liabilities		**1,617,511**	1,595,586	**1,616,232**	1,589,958
Net assets		**2,212,303**	2,230,765	**2,292,373**	2,225,662
Represented by:					
Unitholders' funds		**1,811,647**	1,829,344	**1,892,941**	1,826,230
Non-controlling interests	17	**1,224**	1,989	**–**	–
Perpetual securities holders	18	**399,432**	399,432	**399,432**	399,432
		2,212,303	2,230,765	**2,292,373**	2,225,662
Units issued at end of financial year ('000)	18	**2,376,578**	2,323,662	**2,376,578**	2,323,662
Net asset value per unit attributable to Unitholders (S$)		**0.76**	0.79	**0.80**	0.79

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2024

		Group	
		2024	2023
	Note	S$'000	S$'000
Gross revenue	19	**220,905**	204,876
Property operating expenses	20	**(55,625)**	(50,939)
Net property income		**165,280**	153,937
Manager's base fee	21	**(10,274)**	(10,415)
Manager's performance fee	21	**(8,396)**	(7,705)
Other management fee		**(818)**	(762)
Trustee's fee		**(427)**	(438)
Other trust expenses	22	**(1,847)**	(3,761)
Net foreign exchange gain/(loss)		**7,268**	(2,732)
Dividend income		**3,111**	–
Net finance costs	23	**(66,929)**	(50,711)
Profit before tax, change in fair value, impairment and share of profit		**86,968**	77,413
Net change in fair value of investment properties and investment property under development		**2,901**	39,162
Net change in fair value of equity instrument		**314**	579
Impairment of investment in associates		**(94)**	(1,067)
Share of profit of associates		**592**	1,052
Net change in fair value of derivative financial instruments		**(13,440)**	1,333
Profit before tax		**77,241**	118,472
Tax expense	24	**–**	–
Profit after tax		**77,241**	118,472
Attributable to:			
Unitholders		**58,231**	99,924
Non-controlling interests	17	**58**	(352)
Perpetual securities holders		**18,952**	18,900
		77,241	118,472
Other comprehensive income			
Items that is or may be reclassified subsequently to profit or loss:			
Translation differences relating to financial statements of a foreign subsidiary		**(7,183)**	6,428
Total comprehensive income for the year		**70,058**	124,900
Attributable to:			
Unitholders		**51,048**	106,352
Non-controlling interests	17	**58**	(352)
Perpetual securities holders		**18,952**	18,900
		70,058	124,900
Earnings per unit (cents)			
Basic and diluted	25	**2.48**	4.36

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

DISTRIBUTION STATEMENTS

Year ended 30 June 2024

	Note	Group 2024 S$'000	Group 2023 S$'000
Amount available for distribution to Unitholders at beginning of the year		**52,180**	29,360
Profit after tax		**58,231**	99,924
Net tax and other adjustments	A	**33,128**	8,278
Amount available for distribution to Unitholders		**143,539**	137,562
Distribution to Unitholders during the year			
1.313 Singapore cents per unit for the period from 31 March 2022 – 30 June 2022		**–**	(27,756)
0.981 Singapore cents per unit for the period from 22 April 2022 – 30 June 2022		**–**	(1,597)
2.450 Singapore cents per unit for the period from 1 July 2022 – 31 December 2022		**–**	(56,029)
2.245 Singapore cents per unit for the period from 1 January 2023 – 30 June 2023		**(52,173)**	–
2.095 Singapore cents per unit for the period from 1 July 2023 – 31 December 2023		**(49,291)**	–
		(101,464)	(85,382)
Amount available for distribution to Unitholders at end of the year		**42,075**	52,180

Please refer to note 3.12 for LREIT's distribution policy.

NOTE A – NET TAX AND OTHER ADJUSTMENTS

	Group 2024 S$'000	Group 2023 S$'000
Manager's base fees in units	**10,274**	10,415
Manager's performance fees in units	**8,396**	7,705
Property manager's fees in units	**6,041**	5,858
Amortisation of debt-related transaction costs	**11,973**	12,504
Net foreign exchange (gain)/loss	**(7,156)**	6,155
Impairment of investment in associates	**94**	1,067
Share of profit of associates	**(592)**	(1,052)
Net change in fair value of investment properties and investment property under development	**(2,901)**	(39,162)
Net change in fair value of equity instrument	**(314)**	(579)
Net change in fair value of derivative financial instruments	**13,440**	(1,333)
Sky Complex supplementary rent (undistributed)	**(9,374)**	–
Temporary differences and other adjustments	**3,247**	6,700
	33,128	8,278

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 30 June 2024

	Group 2024 S$'000	Group 2023 S$'000	LREIT 2024 S$'000	LREIT 2023 S$'000
Unitholders' Funds				
Balance at beginning of the year	**1,829,344**	1,775,412	**1,826,230**	1,723,050
Operations				
Profit after tax	**58,231**	99,924	**135,456**	155,600
Foreign currency translation reserve				
Translation differences relating to financial statements of a foreign subsidiary	**(7,183)**	6,428	**–**	–
Unitholders' transactions				
Issuance costs	**(167)**	(422)	**(167)**	(422)
Manager's base fee paid in units	**10,396**	8,367	**10,396**	8,367
Manager's performance fee paid in units	**7,705**	3,436	**7,705**	3,436
Manager's acquisition fee paid in units	**852**	–	**852**	–
Property manager's fee paid in units	**6,013**	4,125	**6,013**	4,125
Distribution reinvestment plan	**7,920**	17,456	**7,920**	17,456
Distributions to Unitholders	**(101,464)**	(85,382)	**(101,464)**	(85,382)
Change in Unitholders' funds resulting from Unitholders' transactions	**(68,745)**	(52,420)	**(68,745)**	(52,420)
Balance at end of the year	**1,811,647**	1,829,344	**1,892,941**	1,826,230
Perpetual securities holders				
Balance at beginning of the year	**399,432**	399,442	**399,432**	399,442
Issuance costs	**–**	(10)	**–**	(10)
Profit after tax attributable to perpetual securities holders	**18,952**	18,900	**18,952**	18,900
Distributions	**(18,952)**	(18,900)	**(18,952)**	(18,900)
Balance at end of the year	**399,432**	399,432	**399,432**	399,432
Non-controlling interests				
Balance at beginning of the year	**1,989**	3,839	**–**	–
Profit/(Loss) after tax attributable to non-controlling interests	**58**	(352)	**–**	–
Distributions	**(823)**	(1,498)	**–**	–
Balance at end of the year	**1,224**	1,989	**–**	–

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

PORTFOLIO STATEMENTS

As at 30 June 2024

Description of property	Location	Term of land lease	Remaining term of land lease (years)	Existing use	Occupancy rate[1] 2024 %	Occupancy rate[1] 2023 %	Group Carrying value[2] 2024 S$'000	Group Carrying value[2] 2023 S$'000	Group Percentage of total Unitholders' funds 2024 %	Group Percentage of total Unitholders' funds 2023 %	LREIT Carrying value[2] 2024 S$'000	LREIT Carrying value[2] 2023 S$'000	LREIT Percentage of total Unitholders' funds 2024 %	LREIT Percentage of total Unitholders' funds 2023 %
Group and LREIT														
Investment properties in Singapore														
313@somerset	313 Orchard Road, Singapore 238895	99 years	81.4	Commercial	**99.9**	99.0	**1,037,000**	1,026,000	**57.2**	56.1	**1,037,000**	1,026,000	**54.8**	56.2
Jem	50 and 52 Jurong Gateway Road, Singapore 608549/50	99 years	85.2	Commercial	**100.0**	100.0	**2,254,000**	2,188,000	**124.4**	119.6	**2,254,000**	2,188,000	**119.1**	119.8
Group														
Investment property in Italy														
Sky Complex[3]	Via Luigi Russolo 4 (Building 1 & 2) Via Luigi Russolo 9 (Building 3) 20138 Milan, Italy	Freehold	N.A.	Commercial	**73.9**	100.0	**382,150**	428,854	**21.1**	23.4	**–**	–	**–**	–
Investment properties, at valuation (note 5)							**3,673,150**	3,642,854	**202.7**	199.1	**3,291,000**	3,214,000	**173.9**	176.0
Group and LREIT														
Investment property under development in Singapore														
Development site adjacent to 313@somerset	State Land Lots 544N (PT), 789W (PT) and 1313M (PT) of Town Subdivision 21, Singapore	12 years 364 days[4]	9.4[4]	Commercial	**N.A.**	N.A.	**7,100**	5,300	**0.4**	0.3	**7,100**	5,300	**0.4**	0.3
Investment property under development, at valuation							**7,100**	5,300	**0.4**	0.3	**7,100**	5,300	**0.4**	0.3
Investment properties and investment property under development, at valuation							**3,680,250**	3,648,154	**203.1**	199.4	**3,298,100**	3,219,300	**174.3**	176.3

[1] The occupancy rates shown are on committed basis.
[2] The carrying value of investment properties and investment property under development are stated at valuation.
[3] As at 30 June 2024, the property was valued at €263.1 million (equivalent to approximately S$382.2 million) (2023: €290.5 million (equivalent to approximately S$428.9 million)).
[4] Includes options to renew land leases.

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

PORTFOLIO STATEMENTS

As at 30 June 2024

	Group				LREIT			
	Carrying value		Percentage of total Unitholders' funds		Carrying value		Percentage of total Unitholders' funds	
	2024	2023	2024	2023	2024	2023	2024	2023
	S$'000	S$'000	%	%	S$'000	S$'000	%	%
Investment properties and investment property under development, at valuation	**3,680,250**	3,648,154	**203.1**	199.4	**3,298,100**	3,219,300	**174.3**	176.3
Investment property under development – right-of-use assets (note 6)	**2,156**	1,871	**0.1**	0.1	**2,156**	1,871	**0.1**	0.1
Investment properties and investment property under development	**3,682,406**	3,650,025	**203.2**	199.5	**3,300,256**	3,221,171	**174.4**	176.4
Other assets and liabilities of LREIT (net)					**(1,007,883)**	(995,509)	**(53.3)**	(54.5)
Net assets of LREIT					**2,292,373**	2,225,662	**121.1**	121.9
Perpetual securities holders					**(399,432)**	(399,432)	**(21.1)**	(21.9)
Net assets attributable to Unitholders					**1,892,941**	1,826,230	**100.0**	100.0
Other assets and liabilities of the Group (net)	**(1,470,103)**	(1,419,260)	**(81.1)**	(77.6)				
Net assets of the Group	**2,212,303**	2,230,765	**122.1**	121.9				
Non-controlling interests	**(1,224)**	(1,989)	**(0.1)**	(0.1)				
Perpetual securities holders	**(399,432)**	(399,432)	**(22.0)**	(21.8)				
Net assets attributable to Unitholders	**1,811,647**	1,829,344	**100.0**	100.0				

As at 30 June 2024, the investment properties and investment property under development in Singapore were valued by Knight Frank Pte Ltd and Jones Lang LaSalle Property Consultants Pte Ltd (2023: Cushman & Wakefield VHS Pte. Ltd. and Jones Lang LaSalle Property Consultants Pte Ltd) and the investment property in Milan was valued by Jones Lang LaSalle S.p.A. (2023: Colliers Valuation Italy S.r.l.).

The Manager believes that the independent valuers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuation of the Singapore investment properties were based on income capitalisation method, discounted cash flow analysis and/or direct comparison method[1]. The valuation of the Milan investment property was based on discounted cash flow analysis. The valuation of the Singapore investment property under development was based on income capitalisation method and discounted cash flow analysis. Refer to notes 5 and 6 of the financial statements for details of the valuation techniques.

[1] Direct comparison method is only applicable for the financial year ended 30 June 2023.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2024

	Note	Group 2024 S$'000	Group 2023 S$'000
Cash flows from operating activities			
Profit after tax		**77,241**	118,472
Adjustments for:			
Manager's fees paid/payable in units		**18,670**	18,120
Property manager's fees paid/payable in units		**6,041**	5,858
Dividend income from equity instrument at fair value		**(3,111)**	–
Finance income	23	**(1,273)**	(647)
Interest expense	23	**55,890**	38,537
Amortisation of debt-related transaction costs		**11,973**	12,504
Amortisation of intangible assets	4	**67**	34
Amortisation of investment properties - tenant incentive		**1,081**	–
Net foreign exchange (gain)/loss		**(7,123)**	6,155
Impairment of investment in associates		**94**	1,067
Share of profit of associates		**(592)**	(1,052)
Net change in the fair value of investment properties and investment property under development		**(2,901)**	(39,162)
Net change in fair value of equity instrument		**(314)**	(579)
Net change in fair value of derivatives financial instruments		**13,440**	(1,333)
Operating income before working capital changes		**169,183**	157,974
Changes in:			
Trade and other receivables		**(4,135)**	14,511
Trade and other payables		**(6,072)**	3,006
Other current assets		**(527)**	(90)
Other non-current assets		**134**	(1,391)
Investment properties - tenant incentive		**(29,776)**	–
Net cash generated from operating activities		**128,807**	174,010
Cash flows from investing activities			
Dividends received from associates (including net capital returns)		**3,737**	6,925
Dividends received from equity instrument at fair value		**3,111**	–
Interest received		**1,273**	647
Purchase of intangible assets	4	**–**	(162)
Acquisition of investment property[1]		**–**	(1,352)
Capital expenditure on investment properties		**(7,504)**	(4,571)
Capital expenditure on investment property under development		**(142)**	(719)
Acquisition of investment in associates[1]		**–**	(353)
Acquisition of subsidiary[1]		**–**	(144)
Purchase of equity instrument		**–**	(85,852)
Transaction costs related to purchase of equity instrument		**–**	(207)
Net cash generated from/(used in) investing activities		**475**	(85,788)

[1] Acquisition of investment property, investment in associates, and subsidiary in financial year ended 30 June 2023 relate to acquisition costs for Jem.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2024

	Note	Group 2024 S$'000	Group 2023 S$'000
Cash flows from financing activities			
Payment of issue costs for new units		**(167)**	(422)
Payment of issue costs for perpetual securities		**–**	(10)
Proceeds from loans and borrowings		**530,057**	220,215
Repayment of loans and borrowings		**(510,104)**	(153,397)
Payment of financing expenses		**(1,080)**	(22,935)
Payment of lease liability	16	**(270)**	(270)
Distribution to Unitholders		**(93,544)**	(67,926)
Distribution to perpetual securities holders		**(18,952)**	(18,900)
Distribution to non-controlling interests		**(823)**	(1,498)
Interest paid		**(54,379)**	(37,926)
Net cash used in financing activities		**(149,262)**	(83,069)
Net (decrease)/increase in cash and cash equivalents		**(19,980)**	5,153
Cash and cash equivalents at beginning of the year		**54,224**	49,230
Effect of exchange rate changes on balances held in foreign currency		**(120)**	(159)
Cash and cash equivalents at end of the year	11	**34,124**	54,224

SIGNIFICANT NON-CASH TRANSACTIONS

During the financial year ended 30 June 2024, there were the following significant non-cash transactions:

(i) LREIT issued units amounting to S$18.1 million (2023: S$11.8 million) as payment for the base fee and performance fee elements of the Manager's management fees;

(ii) LREIT issued units amounting to S$7.9 million (2023: S$17.5 million) as part payment for distributions for the period from 1 January 2023 to 31 December 2023 (2023: 1 July 2022 to 31 December 2022), pursuant to distribution reinvestment plan;

(iii) LREIT issued units amounting to S$6.0 million (2023: S$4.1 million) as payment for the property manager's management fee; and

(iv) LREIT issued units amounting to S$0.9 million as payment for the acquisition fee of the Manager's fees in respect of the acquisition of 10.0% interest in PPP.

Refer to note 18 of the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 18 September 2024.

1 GENERAL

Lendlease Global Commercial REIT ("**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, the First Supplemental Deed dated 15 July 2020 and the Supplemental Deed of Retirement and Appointment of Trustee dated 20 May 2022 (collectively, the "**Trust Deed**"), entered into between DBS Trustee 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 its subsidiaries in trust for the holders ("**Unitholders**") of units in LREIT (the "**units**").

LREIT was formally admitted to the Official List of Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 2 October 2019 (the "**Listing Date**") and LREIT was declared as an authorised unit trust scheme under the Trustees Act 1967.

The consolidated financial statements relate to LREIT and its subsidiaries (the "**Group**").

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. The principal activities of the subsidiaries are set out in note 8.

LREIT has entered into several service agreements in relation to the management of LREIT and its property operations. The significant fee structures of services are summarised below.

1.1 Trustee's fees

The Trustee's fees shall not exceed 0.015% per annum of the value of all the assets of LREIT (Deposited Property), excluding out-of-pocket expenses and goods and services tax in accordance with the Trust Deed.

The Trustee's fee is accrued and payable out of the value of the Deposited Property on a monthly basis, in arrears.

1.2 Manager's fees

The Manager is entitled to receive base fee, performance fee, acquisition fee, divestment fee, and development management fee, respectively as follows:

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.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL (continued)

1.2 Manager's fees (continued)

Acquisition and divestment fee

The Manager is entitled to receive the following fees:

(a) an acquisition fee not exceeding 1.0% of the acquisition price of any properties or investments, acquired directly or indirectly by LREIT; and

(b) a divestment fee not exceeding 0.5% of the sale price of any properties or investments, sold or divested directly or indirectly by LREIT.

The acquisition and divestment fees are payable in the form of cash and/or units.

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.

1.3 Property management fee

Property management fee is payable to the property manager for each property of the Group under its management:

Singapore

The property management fee for the Singapore Properties are charged based on the following formula:

(i) up to 2.0% per annum of the gross revenue of the properties; and

(ii) up to 2.0% per annum of the net property income[1] of the properties.

Italy

Prior to 22 February 2024, the fees for the Milan Property comprise property management fee of 0.28% per annum of the annual collected rent, subject to a minimum sum of €20,000 per annum (subjected to annual adjustment where applicable).

With effect from 22 February 2024, the fees for the Milan Property are charged based on the following, as applicable:

(i) For Buildings 1 and 2: annual property management fee of 0.28% per annum of the annual collected rent, subject to a minimum sum of €20,000 per annum (subjected to annual adjustment where applicable);

(ii) For Building 3: annual property management fee of 0.50% per annum of the annual collected rent, subject to a minimum sum of €16,000 per annum (subjected to annual adjustment where applicable).

1.4 Other management fee

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 there shall be no double counting of the fees payable to the Manager and the fees payable to the appointed entities for such services.

[1] As defined in the individual property management agreement of each property.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**"), and the applicable requirements of the Code on Collective Investment Schemes (the "**CIS Code**") issued by the Monetary Authority of Singapore ("**MAS**") and the provisions of the Trust Deed.

2.2 Basis of measurement

The financial statements 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.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars ("**S$**"), which is the functional currency of LREIT. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements 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 prospectively.

Information about critical judgements and estimates made in applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 5: Investment properties;
- Note 6: Investment property under development; and
- Note 9: Equity instrument at fair value.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The 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).

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (continued)

2.4 Use of estimates and judgements (continued)

Measurement of fair values (continued)

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 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 5: Investment properties;
- Note 6: Investment property under development;
- Note 9: Equity instrument at fair value;
- Note 10: Derivatives financial instruments; and
- Note 29: Fair value of assets and liabilities.

2.5 Changes in material accounting policies

New standards and amendments

The Group has applied the following IFRSs, amendments to and interpretations of IFRS for the first time for the annual period beginning on 1 July 2023:

- IFRS 17: *Insurance Contracts*
- Amendments to IAS 12: *Deferred tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to IAS 12: *International Tax Reform – Pillar Two Model Rules*
- Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to IAS 8: *Definition of Accounting Estimates*

Other than the below, the application of these amendments to accounting standards and interpretations does not have a material effect on the financial statements.

Material accounting policy information

The Group adopted Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting Policies* for the first time in 2024. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in note 3 – Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, except as explained in note 2.5, which addresses changes in material accounting policies.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations under the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Non-controlling interests ("**NCI**") are measured at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The 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 financial statements of subsidiaries are included in the consolidated financial statements 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 Group.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies of these entities.

Investments in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies 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 investment in associates, 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 operations or has made payments on behalf of the investee.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

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 consolidated financial statements.

Accounting for subsidiaries by LREIT

Investment in subsidiaries in LREIT's statement of financial position are stated at cost less accumulated impairment losses.

3.2 Foreign currencies

Foreign currency transactions

Items included in the financial statements of each entity in the 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 Group's entities at the exchange rate at the date of the transactions. The functional currencies of the 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.

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 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 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.

3.3 Intangible assets

Renewable energy certificates

The Group recognises renewable energy certificates as intangible assets. Renewable energy certificates purchased on the trading platform are initially measured at costs. Subsequent to initial recognition, the renewable energy certificates are measured at cost less accumulated amortisation and any accumulated losses.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (continued)

3.3 Intangible assets (continued)

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful life is as follows:

- Renewable energy certificates 3 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Investment properties

Investment properties and investment property under development

Investment properties are properties held either to earn rental income or capital appreciation or both. 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.

3.5 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 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.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

(b) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, the 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 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 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 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 Group's continuing recognition of the assets.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

(b) **Classification and subsequent measurement** (continued)

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 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 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 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. These financial liabilities comprised interest-bearing borrowings, trade and other payables (excluding rental received in advance) and lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

(c) **Derecognition**

Financial assets

The 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 either substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The 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 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.

(f) **Derivative financial instruments**

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group has not designated its derivative financial instruments as hedging instruments in qualifying hedging relationships.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (continued)

3.6 Impairment

(a) **Non-derivative financial assets**

The Group recognises loss allowances for expected credit losses ("**ECLs**") on financial assets measured at amortised cost.

Loss allowances of the 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 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 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 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 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 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 Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the 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 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 Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (continued)

3.6 Impairment (continued)

(a) **Non-derivative financial assets** (continued)

Credit-impaired financial assets

At each reporting date, the 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 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 Group's procedures for recovery of amounts due.

(b) **Non-financial assets**

The carrying amounts of the Group's non-financial assets, other than investment properties and investment property under development, 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.

3.7 Leases

At inception of a contract, the 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 Group uses the definition of a lease in IFRS 16.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (continued)

3.7 Leases (continued)

As a lessee

At commencement or on modification of a contract that contains a lease component, the 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 Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The 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 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 Group uses the lessee's incremental borrowing rate as the discount rate.

The 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 Group's estimate of the amount expected to be payable under a residual value guarantee, if the 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 Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the 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 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 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 Group applies IFRS 15 to allocate the consideration in the contract.

The Group leases out its investment properties. The 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'.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (continued)

3.8 Unitholders' funds

Unitholders' funds represent mainly the Unitholders' residual interest in the 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.

3.9 Dividend and distribution income

Dividend and distribution income are recognised in profit or loss on the date that the Group's or LREIT's right to receive payment is established.

3.10 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 and similar charges.

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.

3.11 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 year, 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
  - at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries and associates to the extent that the 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 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 assets and liabilities are offset only if certain criteria are met.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (continued)

3.11 Income tax expense (continued)

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 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 Group takes into account the impact of uncertain tax positions and whether additional taxes may be due. The 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 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 Group has certain tax rulings/confirmations from the Inland Revenue Authority of Singapore ("**IRAS**")/Ministry of Finance ("**MoF**") in relation to Singapore income tax treatment of certain income from its properties.

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, and for this purpose, a distribution made within three months from the end of the financial year is regarded as being distributed in the same period. In other words, for Specified Taxable Income of LREIT relating to the financial year ended 30 June 2024, such Specified Taxable Income would have to be distributed by 30 September 2024 to meet the 90% requirement. 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 Non-Resident 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 1948; 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).

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (continued)

3.11 Income tax expense (continued)

Tax Transparency Treatment (continued)

A Qualifying Non-Resident 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 13D, 13U or 13V of the Income Tax Act 1947 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 income other than Specified Taxable Income including gains or profits from the disposal of any investments such as immovable properties and shares that are determined by the IRAS to be revenue gains chargeable to tax as well as Specified Taxable Income derived by LREIT but not distributed to the Unitholders in the same period in which the Specified Taxable 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. Distributions 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 MoF 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 Unitholders out of income which is tax-exempt for Singapore income tax purposes as well as income which has been subject to Singapore income tax at the level of the Trustee would not be subject to Singapore income tax in the hands of all Unitholders.

3.12 Distribution policy

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.

3.13 Segment reporting

An operating segment is a component of the 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 Group's other components. All operating segments' operating results are reviewed regularly by the 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.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (continued)

3.13 Segment reporting (continued)

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 costs, finance and other income and fair value of derivative financial instruments as these are centrally managed by the Group.

3.14 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.

3.15 New accounting standards and interpretations not adopted

A number of new accounting standards and amendments to standards are effective for annual periods beginning after 1 July 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended accounting standards in preparing these financial statements.

The following amendments to IFRSs are not expected to have a significant impact on the Group's statement of financial position.

- Amendments to IAS 1: *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*
- Amendments to IAS 7 and IFRS 7: *Supplier Finance Arrangements*
- Amendments to IFRS 16: *Lease Liability in a Sale and Leaseback*
- Amendments to IAS 21: *Lack of Exchangeability*

NOTES TO THE FINANCIAL STATEMENTS

4 INTANGIBLE ASSETS

	Renewable energy certificates	
	2024 S$'000	2023 S$'000
Group and LREIT		
Cost		
At 1 July	**162**	–
Additions	**–**	162
At 30 June	**162**	162
Accumulated amortisation		
At 1 July	**(34)**	–
Amortisation for the year	**(67)**	(34)
At 30 June	**(101)**	(34)
Carrying amounts		
At 1 July	**128**	–
At 30 June	**61**	128

5 INVESTMENT PROPERTIES

	Group		LREIT	
	2024 S$'000	2023 S$'000	2024 S$'000	2023 S$'000
At 1 July	**3,642,854**	3,593,332	**3,214,000**	3,121,000
Acquisition costs[1]	**–**	1,042	**–**	1,042
Capital expenditure	**7,028**	3,277	**4,341**	1,986
Currency translation differences	**(6,906)**	6,715	**–**	–
Tenant incentive	**28,695**	–	**–**	–
Net change in fair value of investment properties (tenant incentive)	**(28,695)**	–	**–**	–
Net change in fair value of investment properties	**30,174**	38,488	**72,659**	89,972
At 30 June	**3,673,150**	3,642,854	**3,291,000**	3,214,000

[1] Relates to the acquisition of a 99-year leasehold interest in Jem in 2022.

Tenant incentive relates to incentives paid for the lease restructuring at Sky Complex, and is amortised on a straight-line basis over the lease term. During the financial year 30 June 2024, tenant incentive amounting to S$29,776,000 was paid to Sky Italia S.r.l.. The unamortised tenant incentive as at 30 June 2024 is S$28,695,000.

NOTES TO THE FINANCIAL STATEMENTS

5 INVESTMENT PROPERTIES (continued)

Measurement of fair value

(i) **Fair value hierarchy**

Investment properties are stated at fair value as at 30 June and are based on the valuations performed by independent professional valuers, Knight Frank Pte Ltd, Jones Lang LaSalle Property Consultants Pte Ltd and Jones Lang LaSalle S.p.A. (2023: Cushman & Wakefield VHS Pte. Ltd., Jones Lang LaSalle Property Consultants Pte Ltd and Colliers Valuation Italy S.r.l.).

The fair value measurement for investment properties has been categorised as Level 3 based on inputs to the valuation techniques used (see note 2.4).

(ii) **Reconciliation of movements in Level 3 fair value measurement**

The reconciliation of Level 3 fair value measurements for investment properties are presented in the table above.

(iii) **Valuation techniques**

The fair values take into consideration the market values of the properties, 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 after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion. The specific condition and characteristics inherent in each of the properties are taken into consideration in arriving at the property valuations.

In determining the fair value, the external valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated discount rate, terminal capitalisation rate, capitalisation rate and/or adjusted price per square metre. 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 the valuation reports are prepared in accordance with recognised appraisal and valuation standards.

The external valuers have considered valuation techniques including the discounted cash flow analysis, income capitalisation method and/or direct comparison method in arriving at the open market value as at the reporting date.

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 discounted cash flow analysis requires the external valuers to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The income 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. The adopted fully leased net income is capitalised at an appropriate investment yield. Thereafter, various adjustments including assumed vacancy allowance are made, where appropriate, for the income capitalisation method. The direct comparison method provides an indication of value by comparing the investment property with identical or similar properties where reliable sales evidence is available.

NOTES TO THE FINANCIAL STATEMENTS

5 INVESTMENT PROPERTIES (continued)

Measurement of fair value (continued)

(iv) **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 flow analysis	• Discount rate of 6.75% to 7.90% (2023: 6.50% to 8.18%)	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	• Terminal capitalisation rate of 3.65% to 6.00% (2023: 3.50% to 5.75%)	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).
Income capitalisation method	• Capitalisation rate of 3.50% to 4.50% (2023: 3.50% to 4.50%)	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).
Direct comparison method[1]	• Adjusted price per square metre	The estimated fair value would increase (decrease) if adjusted price per square metre was higher (lower).

[1] Only applicable for the financial year ended 30 June 2023.

6 INVESTMENT PROPERTY UNDER DEVELOPMENT

	Group		LREIT	
	2024 S$'000	2023 S$'000	2024 S$'000	2023 S$'000
At 1 July	**7,171**	6,105	**7,171**	6,105
Development expenditure capitalised	**378**	625	**378**	625
Net change in fair value of investment property under development recognised in profit or loss	**1,422**	674	**1,422**	674
Net change in fair value of right-of-use asset	**(238)**	(233)	**(238)**	(233)
Remeasurement of right-of-use asset	**523**	–	**523**	–
At 30 June	**9,256**	7,171	**9,256**	7,171

NOTES TO THE FINANCIAL STATEMENTS

6 INVESTMENT PROPERTY UNDER DEVELOPMENT (continued)

Measurement of fair value

(i) **Fair value hierarchy**

Investment property under development is stated at fair value as at 30 June and is based on the valuation performed by independent professional valuer, Knight Frank Pte Ltd (2023: Jones Lang LaSalle Property Consultants Pte Ltd), who has the appropriate recognised professional qualifications and experience in the location and category of property being valued.

The fair value measurement for investment property under development has been categorised as Level 3 based on inputs to the valuation techniques used (see note 2.4).

	Group		LREIT	
	2024 S$'000	2023 S$'000	2024 S$'000	2023 S$'000
Fair value of investment property under development (based on valuation report)	7,100	5,300	7,100	5,300
Add: carrying amount of lease liability	2,156	1,871	2,156	1,871
Investment property under development	9,256	7,171	9,256	7,171

(ii) **Reconciliation of movements in Level 3 fair value measurement**

The reconciliation of Level 3 fair value measurements for investment property under development is presented in the table above.

(iii) **Valuation techniques**

In determining the fair value of investment property under development, the valuer has considered valuation techniques including the income capitalisation method and discounted cash flow analysis in arriving at the open market value as at the reporting date (see note 5).

The key assumptions include market-corroborated discount rate and capitalisation rate.

(iv) **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 flow analysis	• Discount rate of 7.75% (2023: 7.50%)	The estimated fair value would increase (decrease) if discount rate was lower (higher).
Income capitalisation method	• Capitalisation rate of 5.50% (2023: 5.00%)	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).

NOTES TO THE FINANCIAL STATEMENTS

7 INVESTMENT IN ASSOCIATES

	Group		LREIT	
	2024 S$'000	2023 S$'000	2024 S$'000	2023 S$'000
Investment in associates	4,519	7,758	–	–

The investment in associates relates to LREIT's 37.8% indirect interest in Lendlease Asian Retail Investment Fund 3 Limited ("**ARIF3**") and 25.0% indirect interest held through a subsidiary, Lendlease Jem Partners Fund Limited ("**LLJP**") which the Group has 53.0% interest in. The 25.0% interest held by LLJP are in two entities, LL JV Ltd ("**LLJV**") and Triple Eight JV Limited ("**TEJV**").

As at 30 June 2024, the Group assessed the carrying amount of its investment in associates and recognised an impairment loss of approximately S$94,000 (2023: S$1,067,000) on its investment in associates, where the recoverable amounts of the relevant associates were estimated based on the Group's share of the net assets of the associates as at the date of statement of financial position which approximates their fair values. The fair value measurement is categorised as Level 3 on the fair value hierarchy.

Details of the associates are as follows:

Name of associates	Country of constitution/ Principal place of business	Principal activity	Equity interest held by the Group 2024 %	2023 %
Lendlease Asian Retail Investment Fund 3 Limited[1]	Bermuda	Investment holding	37.8	37.8
LL JV Ltd	Mauritius	Investment holding	25.0	25.0
Triple Eight JV Limited	Mauritius	Investment holding	25.0	25.0

[1] ARIF3 consolidates and holds 75.0% direct interest in both LLJV and TEJV.

NOTES TO THE FINANCIAL STATEMENTS

7 INVESTMENT IN ASSOCIATES (continued)

The following table summarises the financial information of each of the Group's material associates based on their respective consolidated financial statements prepared in accordance with IFRS.

	ARIF3[1] S$'000	LLJV S$'000	TEJV S$'000	Total S$'000
30 June 2024				
Revenue	**11**	**–**	**11**	
Profit/(Loss) after tax/total comprehensive income	**1,053**	**(152)**	**1,398**	
Attributable to NCI	**312**	**–**	**–**	
Attributable to investee's shareholders	**741**	**(152)**	**1,398**	
Current assets	**24,857**	**5,061**	**17,619**	
Current liabilities	**(8,195)**	**(1,232)**	**(5,866)**	
Net assets	**16,662**	**3,829**	**11,753**	
Attributable to NCI	**3,895**	**–**	**–**	
Attributable to investee's shareholders	**12,767**	**3,829**	**11,753**	
Group's interest in net assets of investee at beginning of the period	**1,895**	**1,557**	**4,306**	**7,758**
Group's share of total comprehensive income	**280**	**(38)**	**350**	**592**
Dividends paid	**(1,987)**	**(372)**	**(1,378)**	**(3,737)**
Impairment of investment in associates	**–**	**(25)**	**(69)**	**(94)**
Group's interest in net assets of investee at 30 June 2024	**188**	**1,122**	**3,209**	**4,519**

	ARIF3[1] S$'000	LLJV S$'000	TEJV S$'000	Total S$'000
30 June 2023				
Revenue	1,444	(12)	1,456	
Profit/(Loss) after tax/total comprehensive income	1,871	(161)	2,377	
Attributable to NCI	554	–	–	
Attributable to investee's shareholders	1,317	(161)	2,377	
Current assets	31,191	6,853	22,994	
Current liabilities	(8,582)	(1,382)	(7,129)	
Net assets	22,609	5,471	15,865	
Attributable to NCI	5,334	–	–	
Attributable to investee's shareholders	17,275	5,471	15,865	
Group's interest in net assets of investee at beginning of the period	5,779	2,200	6,532	14,511
Acquisition costs and other adjustments	43	41	103	187
Group's share of total comprehensive income	498	(40)	594	1,052
Dividends paid	(4,425)	(375)	(2,125)	(6,925)
Impairment of investment in associates	–	(269)	(798)	(1,067)
Group's interest in net assets of investee at 30 June 2023	1,895	1,557	4,306	7,758

[1] ARIF3 consolidates and holds 75.0% direct interest in both LLJV and TEJV.

8 INVESTMENT IN SUBSIDIARIES

	LREIT 2024 S$'000	LREIT 2023 S$'000
Unquoted equity, at cost		
At 1 July	**444,480**	448,666
Addition/(Reduction)	**33,036**	(4,186)
At 30 June	**477,516**	444,480

During the financial year ended 30 June 2024, the addition was mainly due to the subscription of redeemable preference shares in Lendlease Global Commercial (IT) Pte. Ltd. ("**LGCIT**"). During the financial year ended 30 June 2023, the reduction was mainly due to the redemption of redeemable preference shares in wholly-owned subsidiary, Lendlease Global Commercial (SGP) Pte. Ltd. ("**LGCSGP**") in relation to the return of capital from LLJP and ARIF3.

Details of the subsidiaries directly or indirectly held by LREIT are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Ownership interest held by LREIT 2024 %	Ownership interest held by LREIT 2023 %
Lendlease Global Commercial (IT) Pte. Ltd.[1]	Singapore	**100**	100
Lendlease Global Commercial (SGP) Pte. Ltd.[1]	Singapore	**100**	100
Lendlease Global Commercial Italy Fund[2]	Italy	**100**	100
Lendlease Jem Partners Fund Limited	Bermuda	**53.0**	53.0

[1] Audited by KPMG LLP Singapore.

[2] Audited by KPMG S.p.A..

Lendlease Global Commercial (IT) Pte. Ltd.

Lendlease Global Commercial (IT) Pte. Ltd., a wholly-owned subsidiary, was incorporated on 15 February 2019. Its principal activity is that of an investment holding company.

Lendlease Global Commercial (SGP) Pte. Ltd.

Lendlease Global Commercial (SGP) Pte. Ltd., a wholly-owned subsidiary, was incorporated on 25 May 2021. Its principal activity is that of an investment holding company.

Lendlease Global Commercial Italy Fund

Lendlease Global Commercial Italy Fund, a wholly-owned fund, was incorporated on 2 July 2019. Its principal activity is to acquire and hold Italian property-related investments.

Lendlease Jem Partners Fund Limited

Lendlease Jem Partners Fund Limited, a partially-owned fund, was acquired on 4 August 2021. Its principal activity is that of an investment holding company.

NOTES TO THE FINANCIAL STATEMENTS

9 EQUITY INSTRUMENT AT FAIR VALUE

	Group		LREIT	
	2024 S$'000	2023 S$'000	2024 S$'000	2023 S$'000
At 1 July	**85,784**	–	**85,784**	–
Acquisition of equity instrument	**–**	85,205	**–**	85,205
Net change in fair value	**314**	579	**314**	579
Equity instrument – at FVTPL	**86,098**	85,784	**86,098**	85,784

Equity instrument at fair value relates to LREIT's 10.0% stake in Parkway Parade Partnership Pte. Ltd. ("**PPP**").

Information about the equity instrument's fair value measurement is included in note 29.

10 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		LREIT	
	2024 S$'000	2023 S$'000	2024 S$'000	2023 S$'000
Non-current asset				
Interest rate derivatives[1]	**3,244**	9,880	**3,244**	9,880
Current assets				
Foreign currency forward contracts	**–**	202	**–**	202
Interest rate derivatives[1]	**1,304**	4,728	**1,304**	4,728
	1,304	4,930	**1,304**	4,930
Current liability				
Foreign currency forward contracts	**60**	369	**60**	369
Non-current liabilities				
Foreign currency forward contracts	**–**	145	**–**	145
Interest rate derivatives[1]	**4,200**	568	**4,200**	568
	4,200	713	**4,200**	713

[1] Includes interest rate swaps and options.

(i) **Foreign currency forward contracts**

The Group uses foreign currency forward contracts to manage its exposure to foreign currency fluctuation by contracting the currency rate forward for expected foreign currency payments or receipts in future.

As at 30 June 2024, the Group had foreign currency forward contracts with total notional amount of approximately S$5,229,000 (2023: S$25,982,000). Under the foreign currency forward contracts, the Group contracted to pay fixed rate for Euro to receive Singapore Dollar. The contracted exchange rates are at 1.43 (2023: 1.42 to 1.50).

(ii) **Interest rate derivatives**

The Group uses interest rate derivatives to manage the exposure to interest rate movements on floating rate interest-bearing bank borrowings by hedging the interest expense on a portion of interest-bearing bank borrowings from floating rates to fixed rates.

As at 30 June 2024, the Group had interest rate swaps (2023: interest rate swaps and options) with total notional amount of approximately S$948,905,000 (2023: S$949,734,000). Under the interest rate derivatives, the Group contracted to pay fixed interest rates of 2.24% to 3.57% (2023: 0.08% to 3.57%) and receive interest at floating rate.

NOTES TO THE FINANCIAL STATEMENTS

11 CASH AND CASH EQUIVALENTS

	Group		LREIT	
	2024 S$'000	2023 S$'000	2024 S$'000	2023 S$'000
Cash at banks and on hand	**25,124**	41,224	**17,669**	24,662
Fixed deposit with financial institutions	**9,000**	13,000	**9,000**	13,000
	34,124	54,224	**26,669**	37,662

The weighted average effective interest rate relating to fixed deposit for the year ended 30 June 2024 for the Group and LREIT is 3.76% (2023: 3.97%) per annum.

12 TRADE AND OTHER RECEIVABLES

		Group		LREIT	
	Note	2024 S$'000	2023 S$'000	2024 S$'000	2023 S$'000
Current					
Trade receivables		**5,302**	3,312	**5,302**	3,312
Impairment losses		**(1,674)**	(1,662)	**(1,674)**	(1,662)
Net trade receivables		**3,628**	1,650	**3,628**	1,650
Net VAT receivables	(a)	**4,232**	1,346	**–**	–
Other receivables		**232**	1,053	**–**	647
		8,092	4,049	**3,628**	2,297

(a) Net VAT receivables relate to value-added tax ("**VAT**") to be claimed from the relevant tax authorities.

The Group's and LREIT's exposures to credit and foreign currency risks for trade and other receivables, are disclosed in note 28.

Impairment losses

The movements in impairment losses recognised in respect of trade receivables during the year are as follows:

	Group		LREIT	
	2024 S$'000	2023 S$'000	2024 S$'000	2023 S$'000
At 1 July	**1,662**	2,079	**1,662**	2,079
Impairment losses/(Reversal of impairment)	**12**	(417)	**12**	(417)
At 30 June	**1,674**	1,662	**1,674**	1,662

The Manager believes that no allowance for impairment losses is necessary in respect of the remaining trade receivables as the rest of these balances mainly arise from tenants who have good payment records and have placed sufficient security with the Group in the form of bankers' guarantees or cash security deposits.

NOTES TO THE FINANCIAL STATEMENTS

13 OTHER CURRENT ASSETS

	Group		LREIT	
	2024	2023	2024	2023
	S$'000	S$'000	S$'000	S$'000
Deposits	**2,426**	1,772	**2,426**	1,772
Prepayments	**899**	699	**762**	414
Others	**4,090**	4,417	**4,090**	4,417
	7,415	6,888	**7,278**	6,603

14 TRADE AND OTHER PAYABLES

		Group		LREIT	
		2024	2023	2024	2023
	Note	S$'000	S$'000	S$'000	S$'000
Current					
Trade payables		**597**	210	**593**	188
Trade amount due to related parties		**19,695**	19,611	**19,695**	19,611
Non-trade payables due to related parties	(a)	**177**	2,153	**177**	2,153
Accrued expenses		**9,966**	10,329	**9,912**	10,261
Rental received in advance		**5,554**	8,930	**5,510**	5,764
Deposits		**11,103**	8,691	**11,028**	8,691
Interest payable		**4,942**	3,436	**4,942**	3,436
Other payables		**3,316**	4,775	**2,214**	2,403
		55,350	58,135	**54,071**	52,507
Non-current					
Deposits		**19,775**	22,315	**19,775**	22,315

(a) The non-trade payables due to related parties are recharges and expenses incurred for services which are unsecured, interest-free and repayable on demand.

The Group's and LREIT's exposures to liquidity and foreign currency risks related to trade and other payables are disclosed in note 28.

NOTES TO THE FINANCIAL STATEMENTS

15 LOANS AND BORROWINGS

	Group		LREIT	
	2024	2023	2024	2023
	S$'000	S$'000	S$'000	S$'000
Current				
Unsecured interest-bearing bank borrowings	**360,000**	434,734	**360,000**	434,734
Less: Unamortised transaction costs	**(2,284)**	(1,123)	**(2,284)**	(1,123)
	357,716	433,611	**357,716**	433,611
Non-current				
Unsecured interest-bearing bank borrowings	**1,205,743**	1,118,115	**1,205,743**	1,118,115
Less: Unamortised transaction costs	**(27,489)**	(39,543)	**(27,489)**	(39,543)
	1,178,254	1,078,572	**1,178,254**	1,078,572

The contractual terms of the Group's and LREIT's borrowings, which are measured at amortised cost are disclosed below.

As at 30 June 2024, the Group and LREIT has approximately S$168.6 million of undrawn debt facilities. In addition, the Group and LREIT have a S$1.0 billion Multicurrency Debt Issuance Programme, of which S$400 million perpetual securities have been issued, and a S$500 million Euro-Commercial Paper Programme.

The Group's and LREIT's exposures to interest rate, foreign currency and liquidity risks are disclosed in note 28.

Terms and debt repayment schedule

Terms and conditions of the interest-bearing bank borrowings are as follows:

			Group and LREIT	
	Nominal interest rate	Financial year of maturity	Face Value	Carrying amount
	%		S$'000	S$'000
2024				
S$ floating rate bank borrowings	**SORA[1] + margin**	**2025 – 2029**	**1,151,783**	**1,135,903**
€ floating rate bank borrowings	**EURIBOR[2] + margin**	**2028**	**413,960**	**400,067**
			1,565,743	**1,535,970**
2023				
S$ floating rate bank borrowings	SORA[1] + margin	2025 – 2028	1,100,400	1,077,464
S$ fixed rate bank borrowings	5.34%[3]	2024	14,000	14,000
€ floating rate bank borrowings	EURIBOR[2] + margin	2024 – 2028	420,734	403,066
€ fixed rate bank borrowings	4.82%[3]	2025	17,715	17,653
			1,552,849	1,512,183

[1] Singapore Overnight Rate Average.
[2] Euro Interbank Offered Rate.
[3] The rates are based on cost of funds determined by the banks.

NOTES TO THE FINANCIAL STATEMENTS

15 LOANS AND BORROWINGS (continued)

Reconciliation of changes in liabilities arising from financing activities

		Financing cash flows				Non-cash changes				
	At 1 July 2023 S$'000	Proceeds from loans and borrowings S$'000	Repayment of loans and borrowings S$'000	Payment of lease liability S$'000	Payment of financing expenses S$'000	Borrowing costs expensed S$'000	Foreign exchange movement S$'000	Remeasurement of lease liability S$'000	Other changes S$'000	At 30 June 2024 S$'000
Unsecured interest-bearing bank borrowings	**1,512,183**	**530,057**	**(510,104)**	**–**	**(1,080)**	**11,973**	**(7,059)**	**–**	**–**	**1,535,970**
Lease liability	**1,871**	**–**	**–**	**(270)**	**–**	**–**	**–**	**523**	**32**	**2,156**
Interest payable	**3,436**	**–**	**–**	**–**	**(54,379)**	**55,890**	**(5)**	**–**	**–**	**4,942**
	1,517,490	**530,057**	**(510,104)**	**(270)**	**(55,459)**	**67,863**	**(7,064)**	**523**	**32**	**1,543,068**

		Financing cash flows				Non-cash changes				
	At 1 July 2022 S$'000	Proceeds from loans and borrowings S$'000	Repayment of loans and borrowings S$'000	Payment of lease liability S$'000	Payment of financing expenses S$'000	Borrowing costs expensed S$'000	Foreign exchange movement S$'000	Remeasurement of lease liability S$'000	Other changes S$'000	At 30 June 2023 S$'000
Unsecured interest-bearing bank borrowings	1,449,900	220,215	(153,397)	–	(22,935)	12,504	5,896	–	–	1,512,183
Lease liability	2,105	–	–	(270)	–	–	–	–	36	1,871
Interest payable	2,818	–	–	–	(37,926)	38,537	7	–	–	3,436
	1,454,823	220,215	(153,397)	(270)	(60,861)	51,041	5,903	–	36	1,517,490

NOTES TO THE FINANCIAL STATEMENTS

16 LEASES

Leases as lessee

Information about leases for which the Group is a lessee is presented below.

(i) **Amounts recognised in the statements of financial position**

	Note	Group and LREIT 2024 S$'000	Group and LREIT 2023 S$'000
Right-of-use asset			
– Included within investment property under development	6	**2,156**	1,871
Lease liability			
– Current		**196**	238
– Non-current		**1,960**	1,633
		2,156	1,871

(ii) **Amounts recognised in the statements of profit or loss and other comprehensive income**

	Note	Group and LREIT 2024 S$'000	Group and LREIT 2023 S$'000
Net change in fair value of right-of-use asset (included within net change in fair value of investment property under development)	6	**(238)**	(233)

(iii) **Amounts recognised in the consolidated statements of cash flows**

	Group 2024 S$'000	Group 2023 S$'000
Payment of lease liability	**(270)**	(270)

The 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. During the financial year 30 June 2024, the Group has been awarded an additional 3 year lease extension.

The renewable options are exercisable only by the Group and up to one year before the end of the non-cancellable contract period. The 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.

The lease provides for variable rent payments which are linked to profit generated from the site.

NOTES TO THE FINANCIAL STATEMENTS

16 LEASES (continued)

Leases as lessor

The Group leases out its investment properties (see note 5). The Group has classified these leases as operating leases.

The Group leases out its investment properties to tenants with lease tenures of 1 to 30 years, with certain leases with options to renew at negotiated terms. The 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.

Rental income from investment properties recognised by the Group for the year ended 30 June 2024 was S$189,136,000 (2023: S$187,163,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group 2024 S$'000	Group 2023 S$'000
Operating leases under IFRS 16		
Less than one year	**177,754**	191,295
One to two years	**128,339**	165,665
Two to three years	**87,091**	115,374
Three to four years	**64,516**	77,936
Four to five years	**43,502**	66,623
More than five years	**400,256**	453,627
	901,458	1,070,520

17 NON-CONTROLLING INTERESTS

The following subsidiary of the Group has material NCI.

	Ownership interest held by NCI 2024 %	Ownership interest held by NCI 2023 %
Lendlease Jem Partners Fund Limited[1]	**47.0**	47.0

[1] Held by Lendlease Global Commercial (SGP) Pte. Ltd..

NOTES TO THE FINANCIAL STATEMENTS

17 NON-CONTROLLING INTERESTS (continued)

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	
	2024 S$'000	2023 S$'000
Revenue	–	–
Profit after tax	217	318
Profit/(Loss) attributable to NCI	58	(352)
Non-current assets	3,895	5,334
Current assets	481	581
Current liabilities	(46)	(51)
Net assets	4,330	5,864
Net assets attributable to NCI	1,224	1,989
Cash flows used in operating activities	(99)	(348)
Cash flows generated from investing activities	1,750	2,500
Cash flows used in financing activities[1]	(1,750)	(3,187)
Net decrease in cash and cash equivalents	(99)	(1,035)

[1] Includes dividends paid to NCI.

18 UNITS IN ISSUE AND PERPETUAL SECURITIES

(i) **Units in issue**

		Group and LREIT	
	Note	2024 No. of units '000	2023 No. of units '000
Units issued:			
Units issued at 1 July		2,323,662	2,277,126
Issue of new units:			
Units issued as payment of Manager's base fees	(a)	16,512	11,029
Units issued as payment of Manager's performance fees	(a)	11,639	4,330
Units issued as payment of Manager's acquisition fees	(b)	1,516	–
Units issued under distribution reinvestment plan	(c)	13,719	25,713
Units issued as payment of property management fees	(d)	9,530	5,464
At the end of the financial year		2,376,578	2,323,662
Units to be issued:			
Manager's base fees		8,977	7,768
Manager's performance fees		14,897	11,639
Manager's acquisition fees[1]		–	1,287
Property management fees[1]		5,251	4,394
Issued and issuable units at end of the financial year		2,405,703	2,348,750

[1] Estimated based on the 10-day volume weighted average price as at 31 March 2024 and 30 June 2024 as relevant.

NOTES TO THE FINANCIAL STATEMENTS

18 UNITS IN ISSUE AND PERPETUAL SECURITIES (continued)

(i) **Units in issue** (continued)

During the financial year ended 30 June 2024, there were the following issuances of units:

(a) 28,150,757 (2023: 15,359,230) units at an issue price ranging from S$0.5528 to S$0.6788 (2023: S$0.7018 to S$0.7934) per unit as payment of the base fee of the Manager's fees incurred for the period from January 2023 to December 2023 (2023: January 2022 to December 2022) and the performance fee of the Manager's fees for the period from July 2022 to June 2023 (2023: July 2021 to June 2022);

(b) 1,516,104 units at an issue price of S$0.5620 per unit as payment of the acquisition fee of the Manager's fees in respect of the acquisition of 10.0% interest in PPP;

(c) 13,719,491 (2023: 25,712,783) units at an issue price ranging from S$0.5690 to S$0.5982 (2023: S$0.6788) per unit in respect of the distribution reinvestment plan for the period January 2023 to December 2023 (2023: July 2022 to December 2022); and

(d) 9,529,933 (2023: 5,463,895) units at an issue price ranging from S$0.5600 to S$0.6788 (2023: S$0.7018 to S$0.7934) per unit as payment for property management services provided by the property manager in respect of the Singapore Properties for the period from January 2023 to December 2023 (2023: January 2022 to December 2022).

(ii) **Perpetual securities**

On 4 June 2021, LREIT issued S$200.0 million perpetual securities ("**Perpetual Securities Series 001**"). On 11 April 2022, LREIT issued S$200.0 million perpetual securities ("**Perpetual Securities Series 002**"), (collectively, the "**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 001 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 002 will confer a right to receive distribution payments at a rate of 5.25% per annum with the first distribution rate reset date falling on 11 April 2025 and resets occurring every three 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 30 June 2024, the S$399.4 million (2023: S$399.4 million) presented in the statements of financial position of the Group and LREIT represent the carrying value of the S$400.0 million (2023: S$400.0 million) Perpetual Securities issued, net of issue costs and includes the profit attributable to the Perpetual Securities holders from the last distribution date.

NOTES TO THE FINANCIAL STATEMENTS

19 GROSS REVENUE

	Group 2024 S$'000	Group 2023 S$'000
Rental income	**189,136**	187,163
Turnover rent	**5,583**	6,114
Other property income	**26,186**	11,599
	220,905	204,876

Turnover rent is contingent rent derived from operating leases.

Other property income mainly comprises upfront recognition of supplementary rent in relation to the return of Building 3 by Sky Italia S.r.l. of $14,678,000 (2023: Nil), car park income of S$7,008,000 (2023: S$6,365,000) and electricity income of S$375,000 (2023: S$1,830,000).

20 PROPERTY OPERATING EXPENSES

	Group 2024 S$'000	Group 2023 S$'000
Property maintenance expenses	**10,637**	10,066
Property management fees	**6,129**	5,937
Property management reimbursements[1]	**3,952**	3,925
Property related tax	**17,267**	15,834
Marketing	**4,064**	4,101
Utilities	**7,816**	5,938
Others	**5,760**	5,138
	55,625	50,939

[1] Relates to reimbursement of staff costs paid/payable to the property manager.

Others mainly comprise S$2,030,000 (2023: S$1,581,000) of leasing fees expenses.

21 MANAGER'S BASE AND PERFORMANCE FEE

	Group 2024 S$'000	Group 2023 S$'000
Base fee paid/payable in units	**10,274**	10,415
Performance fee paid/payable in units	**8,396**	7,705
	18,670	18,120

NOTES TO THE FINANCIAL STATEMENTS

22 OTHER TRUST EXPENSES

	Group 2024 S$'000	Group 2023 S$'000
Auditor's remuneration		
– audit fees	**290**	273
– non-audit fees	**12**	6
Valuation fees	**81**	99
Consultancy and other professional fees	**373**	211
Other expenses	**1,091**	3,172
	1,847	3,761

23 NET FINANCE COSTS

	Group 2024 S$'000	Group 2023 S$'000
Finance income		
Interest income	**1,273**	647
Finance expenses		
Interest expense on bank borrowings	**(55,890)**	(38,537)
Financing fees[1]	**(12,312)**	(12,821)
Total finance expenses	**(68,202)**	(51,358)
Net finance cost	**(66,929)**	(50,711)

[1] Includes amortisation of debt-related transaction costs and other finance costs.

24 TAX EXPENSE

	Group 2024 S$'000	Group 2023 S$'000
Current tax expense	**–**	–
Reconciliation of effective tax rate		
Profit before tax	**77,241**	118,472
Less: Share of profit of associates	**(592)**	(1,052)
Profit before share of profit of associates and tax	**76,649**	117,420
Tax using Singapore tax rate of 17% (2023: 17%)	**13,030**	19,961
Income not subject to tax	**(21,341)**	(21,859)
Non-tax deductible items	**25,874**	19,805
Others	**(614)**	(582)
Tax transparency	**(16,949)**	(17,325)
	–	–

NOTES TO THE FINANCIAL STATEMENTS

25 EARNINGS PER UNIT

Basic earnings per unit is calculated by dividing the total profit for the financial year after tax, before distribution, by the weighted average number of units during the financial year.

	Group	
	2024	**2023**
Profit after tax attributable to Unitholders (S$'000)	**58,231**	99,924
Basic and diluted earnings per unit		
Weighted average number of units during the financial year ('000)	**2,348,940**	2,293,129
Basic earnings per unit (cents)	**2.48**	4.36

Diluted earnings per unit is the same as basic earnings per unit as there is no potential dilutive units during the financial year.

26 CAPITAL COMMITMENTS

As at the reporting date, the Group had the following commitments:

	Group	
	2024	**2023**
	S$'000	**S$'000**
Capital expenditure contracted but not provided for in the financial statements	**18,863**	380

27 RELATED PARTIES

In the normal course of the operations of LREIT, the Manager's fees and Trustee's fee have been paid or are payable to the Manager and the Trustee respectively. Other management fees have been paid or are payable to related parties.

In addition to the related party information disclosed elsewhere in the financial statements, significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the financial year were as follows:

	Group	
	2024	**2023**
	S$'000	**S$'000**
Property management fees paid and payable to property manager	**6,041**	5,858
Property management reimbursements paid and payable to property manager	**3,952**	3,925
Leasing commission paid and payable to property manager	**2,446**	3,851
Tenancy design review fees paid and payable to property manager	**299**	386
Acquisition fees paid and payable to the Manager	**–**	852

NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL RISK MANAGEMENT

Overview

Risk management is integral to the whole business of the Group. The 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.

As at 30 June 2024, the Group's aggregate leverage was 40.9% (2023: 40.6%) with an interest coverage ratio ("**ICR**") of 3.2 times (2023: 4.2 times) in accordance with the requirements in the interest-bearing bank borrowing facilities. The Group has an ICR of 2.2 times (2023: 2.7 times) and an adjusted ICR of 1.7 times (2023: 2.0 times) in accordance with Appendix 6 of the CIS Code issued by MAS. The Group had complied with the aggregate leverage limit during the financial year.

There were no changes in the Group's approach to capital management during the financial year.

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 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 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 tenants engaged in a wide variety of trades. The 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 Group's trade receivables.

Expected credit loss assessment for individual tenants

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual tenants, which comprise a very large number of balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off based on actual credit loss experience.

NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables (continued)

Expected credit loss assessment for individual tenants (continued)

The ageing of trade receivables at the reporting date was:

	Group		LREIT	
	Gross S$'000	Impairment loss S$'000	Gross S$'000	Impairment loss S$'000
2024				
Not past due	**45**	–	**45**	–
Past due 1 – 30 days	**1,030**	(196)	**1,030**	(196)
Past due 31 – 90 days	**1,306**	(274)	**1,306**	(274)
Past due more than 90 days	**2,921**	(1,204)	**2,921**	(1,204)
	5,302	(1,674)	**5,302**	(1,674)
2023				
Not past due	11	–	11	–
Past due 1 – 30 days	818	(152)	818	(152)
Past due 31 – 90 days	707	(161)	707	(161)
Past due more than 90 days	1,776	(1,349)	1,776	(1,349)
	3,312	(1,662)	3,312	(1,662)

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 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 into only with counterparties that are regulated.

Other receivables

The 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 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 Group will not be able to meet its financial obligations as they fall due. The 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 Group invests primarily in bank deposits and finances its operations mainly through the use of mid to long term financing transactions.

NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Exposure to liquidity risk

The following are the expected contractual undiscounted cash inflows/(outflows) of financial liabilities, at amortised cost, including contractual interest payments and excluding the impact of netting agreements.

			Cash flows		
	Carrying amount S$'000	Contractual cash flows S$'000	Within 1 year S$'000	Between 1 to 5 years S$'000	After 5 years S$'000
Group					
30 June 2024					
Non-derivative financial liabilities					
Unsecured interest-bearing bank borrowings[1]	**1,535,970**	**(1,712,404)**	**(427,384)**	**(1,285,020)**	**–**
Trade and other payables[2]	**64,629**	**(64,629)**	**(44,854)**	**(19,610)**	**(165)**
Lease liability	**2,156**	**(2,542)**	**(270)**	**(1,080)**	**(1,192)**
Derivative financial (assets)/liabilities, at fair value					
Interest rate derivatives (net-settled)	**(4,548)**	**4,753**	**3,368**	**1,385**	**–**
Interest rate derivatives (net-settled)	**4,200**	**(5,486)**	**627**	**(6,113)**	**–**
Forward currency exchange contracts (gross-settled)	**60**				
– (outflow)		**(5,229)**	**(5,229)**	**–**	**–**
– inflow		**5,163**	**5,163**	**–**	**–**
	1,602,467	**(1,780,374)**	**(468,579)**	**(1,310,438)**	**(1,357)**
30 June 2023					
Non-derivative financial liabilities					
Unsecured interest-bearing bank borrowings[1]	1,512,183	(1,687,644)	(493,907)	(1,193,737)	–
Trade and other payables[2]	68,084	(68,084)	(45,770)	(22,254)	(60)
Lease liability	1,871	(2,002)	(270)	(1,080)	(652)
Derivative financial (assets)/liabilities, at fair value					
Interest rate derivatives (net-settled)	(14,608)	18,869	13,136	5,733	–
Interest rate derivatives (net-settled)	568	(942)	263	(1,205)	–
Forward currency exchange contracts (gross-settled)	(202)				
– (outflow)		(10,777)	(10,777)	–	–
– inflow		10,950	10,950	–	–
Forward currency exchange contracts (gross-settled)	514				
– (outflow)		(15,206)	(9,891)	(5,315)	–
– inflow		14,665	9,502	5,163	–
	1,568,410	(1,740,171)	(526,764)	(1,212,695)	(712)

[1] The contractual cash flows assume no interest savings from sustainability-linked bank borrowings of S$1,394.4 million (2023: S$980.4 million).

[2] Excludes interest payable and rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Exposure to liquidity risk (continued)

	Carrying amount S$'000	Cash flows: Contractual cash flows S$'000	Within 1 year S$'000	Between 1 to 5 years S$'000	After 5 years S$'000
LREIT					
30 June 2024					
Non-derivative financial liabilities					
Unsecured interest-bearing bank borrowings[1]	**1,535,970**	**(1,712,404)**	**(427,384)**	**(1,285,020)**	**–**
Trade and other payables[2]	**63,394**	**(63,394)**	**(43,619)**	**(19,610)**	**(165)**
Lease liability	**2,156**	**(2,542)**	**(270)**	**(1,080)**	**(1,192)**
Derivative financial (assets)/liabilities, at fair value					
Interest rate derivatives (net-settled)	**(4,548)**	**4,753**	**3,368**	**1,385**	**–**
Interest rate derivatives (net-settled)	**4,200**	**(5,486)**	**627**	**(6,113)**	**–**
Forward currency exchange contracts (gross-settled)	**60**				
– (outflow)		**(5,229)**	**(5,229)**	**–**	**–**
– inflow		**5,163**	**5,163**	**–**	**–**
	1,601,232	**(1,779,139)**	**(467,344)**	**(1,310,438)**	**(1,357)**
30 June 2023					
Non-derivative financial liabilities					
Unsecured interest-bearing bank borrowings[1]	1,512,183	(1,687,644)	(493,907)	(1,193,737)	–
Trade and other payables[2]	65,622	(65,622)	(43,308)	(22,254)	(60)
Lease liability	1,871	(2,002)	(270)	(1,080)	(652)
Derivative financial (assets)/liabilities, at fair value					
Interest rate derivatives (net-settled)	(14,608)	18,869	13,136	5,733	–
Interest rate derivatives (net-settled)	568	(942)	263	(1,205)	–
Forward currency exchange contracts (gross-settled)	(202)				
– (outflow)		(10,777)	(10,777)	–	–
– inflow		10,950	10,950	–	–
Forward currency exchange contracts (gross-settled)	514				
– (outflow)		(15,206)	(9,891)	(5,315)	–
– inflow		14,665	9,502	5,163	–
	1,565,948	(1,737,709)	(524,302)	(1,212,695)	(712)

[1] The contractual cash flows assume no interest savings from sustainability-linked bank borrowings of S$1,394.4 million (2023: S$980.4 million).

[2] Excludes interest payable and rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings, where feasible. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. The 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.

As at 30 June 2024, the Group had S$1,394.4 million (2023: S$980.4 million) sustainability-linked loans where the sustainability targets are linked with emissions reductions. Upon meeting the targets, the Group will be awarded interest savings.

The 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 Group and LREIT 2024 S$'000	2023 S$'000
Fixed rate instruments		
Unsecured interest-bearing bank borrowings	**–**	(31,715)
Interest rate derivatives	**(948,905)**	(949,734)
	(948,905)	(981,449)
Variable rate instruments		
Unsecured interest-bearing bank borrowings	**(1,565,743)**	(1,521,134)
Interest rate derivatives	**948,905**	949,734
	(616,838)	(571,400)

Sensitivity analysis

The Group does not account for any fixed rate instruments at fair value through profit or loss, and the 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.

NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A 100 basis point ("**bp**") movement in interest rate at the reporting date would increase/(decrease) profit or loss (before any tax effect) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group S$'000	LREIT S$'000
2024		
100 bp increase	**(6,168)**	**(6,168)**
100 bp decrease	**6,168**	**6,168**
2023		
100 bp increase	(5,714)	(5,714)
100 bp decrease	5,714	5,714

Foreign currency risk

The Group's exposure to foreign currency risk relates to transactions that are denominated in currencies other than the respective functional currencies of the Group's entities.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country where its property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

In relation to its overseas investments in its foreign subsidiary whose net assets are exposed to currency translation risks and which is held for long term investment purposes, the differences arising from such translation are recorded under the foreign currency translation reserve, in net assets attributable to Unitholders. These translation differences are reviewed and monitored on a regular basis.

As at reporting date, the Group's and LREIT's exposure to foreign currencies in relation to financial assets and liabilities was as follows:

	Euro			
	Group		LREIT	
	2024 S$'000	2023 S$'000	2024 S$'000	2023 S$'000
Cash and cash equivalents	**7,894**	18,310	**1,059**	2,487
Trade and other receivables[1]	**232**	406	**–**	–
Trade and other payables[2]	**(1,162)**	(2,383)	**–**	–
Derivative financial instruments	**(1,738)**	6,887	**(1,738)**	6,887
Loans and borrowings	**(413,960)**	(438,449)	**(413,960)**	(438,449)
Net exposure	**(408,734)**	(415,229)	**(414,639)**	(429,075)

[1] Excludes net VAT receivable

[2] Excludes rental received in advance

Sensitivity analysis

At the reporting date, a 5% strengthening/weakening of the Euro, as indicated below, against the Singapore dollar at the reporting date would have increased/(decreased) total profit or loss by the amounts shown below for the Group's and LREIT's financial assets and financial liabilities. This analysis assumes that all other variables, in particular interest rates, remain constant.

NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk (continued)

Sensitivity analysis (continued)

	Group S$'000	LREIT S$'000
2024		
5% strengthening	**(20,437)**	**(20,732)**
5% weakening	**20,437**	**20,732**
2023		
5% strengthening	(20,761)	(21,454)
5% weakening	20,761	21,454

29 FAIR VALUE OF ASSETS AND LIABILITIES

The following methods and assumptions are used to estimate fair values of the following significant classes of financial instruments:

(i) **Derivative financial instruments**

Interest rate derivatives are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present valuation calculations. The models incorporate various inputs including the credit quality of counterparties, interest rate and forward rate curves.

The fair value of the foreign currency forward contracts is determined using quoted forward exchange rates at the reporting date and present value calculation based on high credit quality yield curves in the respective currencies.

(ii) **Non-derivatives financial instruments**

Financial instruments that are not measured at fair value

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted using the market rate of interest at the reporting date. The carrying amounts of loans and borrowings approximate their fair values as these loans and borrowings are interest-bearing at floating rates and reprice at an interval of one to twelve months.

Financial instruments for which fair value is equal to the carrying value

These financial instruments include cash and cash equivalents, trade and other receivables, other current assets, other non-current assets, trade and other payables and lease liability. The carrying amounts of these financial instruments are approximations of their fair values because they are either short term in nature or the effect of discounting is immaterial.

Equity instrument at fair value

The fair value measurement for equity instrument at fair value has been categorised as Level 3 based on inputs to the valuation techniques used.

The fair value of the equity instrument is calculated using the net asset value of the unquoted entity adjusted for the fair value of the underlying property. The estimated fair value would increase/(decrease) if the net asset value was higher/(lower).

NOTES TO THE FINANCIAL STATEMENTS

29 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

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			
	Note	At amortised cost S$'000	FVTPL S$'000	Other financial liabilities S$'000	Total carrying amount S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
30 June 2024									
Group									
Financial assets not measured at fair value									
Other non-current assets		2,551	–	–	2,551				
Cash and cash equivalents	11	34,124	–	–	34,124				
Trade and other receivables[1]	12	3,860	–	–	3,860				
Other current assets[2]	13	4,090	–	–	4,090				
		44,625	–	–	44,625				
Financial assets measured at fair value									
Equity instrument at fair value	9	–	86,098	–	86,098	–	–	86,098	86,098
Derivative financial assets	10	–	4,548	–	4,548	–	4,548	–	4,548
		–	90,646	–	90,646				
Financial liabilities not measured at fair value									
Trade and other payables[3]	14	–	–	(66,475)	(66,475)				
Loans and borrowings	15	–	–	(1,535,970)	(1,535,970)				
Lease liability	16	–	–	(2,156)	(2,156)				
		–	–	(1,604,601)	(1,604,601)				
Financial liabilities measured at fair value									
Derivative financial liabilities	10	–	(4,260)	–	(4,260)	–	(4,260)	–	(4,260)

[1] Excludes net VAT receivables.
[2] Excludes deposits and prepayments.
[3] Excludes net GST payables and rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

29 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

Accounting classifications and fair values (continued)

		Carrying amount				Fair value			
	Note	At amortised cost S$'000	FVTPL S$'000	Other financial liabilities S$'000	Total carrying amount S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
30 June 2023									
Group									
Financial assets not measured at fair value									
Other non-current assets		2,685	–	–	2,685				
Cash and cash equivalents	11	54,224	–	–	54,224				
Trade and other receivables[1]	12	2,703	–	–	2,703				
Other current assets[2]	13	4,417	–	–	4,417				
		64,029	–	–	64,029				
Financial assets measured at fair value									
Equity instrument at fair value	9	–	85,784	–	85,784	–	–	85,784	85,784
Derivative financial assets	10	–	14,810	–	14,810	–	14,810	–	14,810
		–	100,594	–	100,594				
Financial liabilities not measured at fair value									
Trade and other payables[3]	14	–	–	(69,105)	(69,105)				
Loans and borrowings	15	–	–	(1,512,183)	(1,512,183)				
Lease liability	16	–	–	(1,871)	(1,871)				
		–	–	(1,583,159)	(1,583,159)				
Financial liabilities measured at fair value									
Derivative financial liabilities	10	–	(1,082)	–	(1,082)	–	(1,082)	–	(1,082)

[1] Excludes net VAT receivables.
[2] Excludes deposits and prepayments.
[3] Excludes net GST payables and rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

29 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

Accounting classifications and fair values (continued)

	Note	Carrying amount				Fair value			
	Note	At amortised cost S$'000	FVTPL S$'000	Other financial liabilities S$'000	Total carrying amount S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
30 June 2024									
LREIT									
Financial assets not measured at fair value									
Other non-current assets		2,551	–	–	2,551				
Cash and cash equivalents	11	26,669	–	–	26,669				
Trade and other receivables	12	3,628	–	–	3,628				
Other current assets[1]	13	4,090	–	–	4,090				
		36,938	–	–	36,938				
Financial assets measured at fair value									
Equity instrument at fair value	9	–	86,098	–	86,098	–	–	86,098	86,098
Derivative financial assets	10	–	4,548	–	4,548	–	4,548	–	4,548
		–	90,646	–	90,646				
Financial liabilities not measured at fair value									
Trade and other payables[2]	14	–	–	(65,240)	(65,240)				
Loans and borrowings	15	–	–	(1,535,970)	(1,535,970)				
Lease liability	16	–	–	(2,156)	(2,156)				
		–	–	(1,603,366)	(1,603,366)				
Financial liabilities measured at fair value									
Derivative financial liabilities	10	–	(4,260)	–	(4,260)	–	(4,260)	–	(4,260)

[1] Excludes deposits and prepayments.
[2] Excludes net GST payables and rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

29 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

Accounting classifications and fair values (continued)

		Carrying amount				Fair value			
	Note	At amortised cost S$'000	FVTPL S$'000	Other financial liabilities S$'000	Total carrying amount S$'000	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
30 June 2023									
LREIT									
Financial assets not measured at fair value									
Other non-current assets		2,685	–	–	2,685				
Cash and cash equivalents	11	37,662	–	–	37,662				
Trade and other receivables	12	2,297	–	–	2,297				
Other current assets[1]	13	4,417	–	–	4,417				
		47,061	–	–	47,061				
Financial assets measured at fair value									
Equity instrument at fair value	9	–	85,784	–	85,784	–	–	85,784	85,784
Derivative financial assets	10	–	14,810	–	14,810	–	14,810	–	14,810
		–	100,594	–	100,594				
Financial liabilities not measured at fair value									
Trade and other payables[2]	14	–	–	(66,643)	(66,643)				
Loans and borrowings	15	–	–	(1,512,183)	(1,512,183)				
Lease liability	16	–	–	(1,871)	(1,871)				
		–	–	(1,580,697)	(1,580,697)				
Financial liabilities measured at fair value									
Derivative financial liabilities	10	–	(1,082)	–	(1,082)	–	(1,082)	–	(1,082)

[1] Excludes deposits and prepayments.

[2] Excludes net GST payables and rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

30 OPERATING SEGMENT

For segment reporting purpose, the primary segment is by geography and it comprises Singapore and Italy. The Group's reportable operating segments are as follows:

(i) Singapore – leasing of retail and office buildings in Singapore.

(ii) Italy – leasing of Sky Complex, comprising three commercial buildings in Milan, Italy.

Segment information is presented in respect of the Group's geographical segments. The operations of each of the 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 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. This forms the basis of identifying the operating segments of the Group under IFRS 8 *Operating Segments*.

	Singapore S$'000	Italy S$'000	Total S$'000
For the year ended 30 June 2024			
Gross revenue	185,616	35,289	220,905
Property operating expenses	(52,528)	(3,097)	(55,625)
Total segment net property income	133,088	32,192	165,280
Dividend income	3,111	–	3,111
Unallocated items:			
Manager's base fees			(10,274)
Manager's performance fees			(8,396)
Other management fee			(818)
Trustee's fee			(427)
Other trust expenses			(1,847)
Net foreign exchange gain			7,268
Finance income			1,273
Finance cost			(68,202)
Profit before tax, change in fair value, impairment and share of profit			86,968
Fair value gains/(losses) of investment properties & investment property under development	74,081	(71,180)	2,901
Share of profit of associates	592	–	592
Fair value gains of equity instrument	314	–	314
Impairment of investment in associates	(94)	–	(94)
Unallocated item:			
Fair value gains of derivative financial instruments			(13,440)
Profit before tax			77,241
Segment assets	3,436,183	393,631	3,829,814
Segment liabilities	1,616,291	1,220	1,617,511

NOTES TO THE FINANCIAL STATEMENTS

30 OPERATING SEGMENT (continued)

	Singapore S$'000	Italy S$'000	Total S$'000
For the year ended 30 June 2023			
Gross revenue	179,790	25,086	204,876
Property operating expenses	(48,249)	(2,690)	(50,939)
Total segment net property income	131,541	22,396	153,937
Unallocated items:			
Manager's base fees			(10,415)
Manager's performance fees			(7,705)
Other management fee			(762)
Trustee's fee			(438)
Other trust expenses			(3,761)
Net foreign exchange loss			(2,732)
Finance income			647
Finance cost			(51,358)
Profit before tax, change in fair value, impairment and share of profit			77,413
Fair value gains/(losses) of investment properties & investment property under development	90,646	(51,484)	39,162
Share of profit of associates	1,052	–	1,052
Fair value gains of equity instrument	579	–	579
Impairment of investment in associates	(1,067)	–	(1,067)
Unallocated item:			
Fair value gains of derivative financial instruments			1,333
Profit before tax			118,472
Segment assets	3,379,582	446,769	3,826,351
Segment liabilities	1,590,023	5,563	1,595,586

Major tenants

Two major tenants (2023: two major tenants) contributed approximately S$57.2 million (2023: approximately S$47.0 million) of the Group's gross revenue from Singapore and Italy (2023: Singapore and Italy).

NOTES TO THE FINANCIAL STATEMENTS

31 FINANCIAL RATIOS

	Group 2024 %	Group 2023 %
Expenses to weighted average net assets[1]		
- Expense ratio including performance-related fee	**0.99**	1.05
- Expense ratio excluding performance-related fee	**0.61**	0.70
Portfolio turnover rate[2]	**–**	–

[1] The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property related expenses, borrowing costs, changes in fair value of financial derivatives, investment properties and investment property under development and foreign exchange gains/(losses).

[2] The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

32 SUBSEQUENT EVENTS

On 5 August 2024, the Manager announced a distribution of 1.7700 Singapore cents per unit, amounting to approximately S$42.1 million in respect of the period from 1 January 2024 to 30 June 2024.

INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year which fall under the Listing Manual of the SGX-ST and Appendix 6 of the CIS Code issued by MAS are as follows:

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Unitholders' mandate pursuant to Rule 920) FY2024 (S$'000)	Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)[1] FY2024 (S$'000)
Lendlease Corporation Limited and its subsidiaries or associates	Lendlease Corporation Limited is a "controlling Unitholder" of LREIT and a "controlling shareholder" of the Manager under the Listing Manual and the Appendix 6 of the CIS Code		
- Manager's management fees		18,670	N.A.
- Property management and leasing fees and reimbursable amounts		16,385	N.A.
- Management fees in respect of Lendlease Global Commercial Italy Fund		778	N.A.
- Portal licence fees for access to the Lendlease Plus rewards portal and related recharges		548	N.A.
- Investment advisory and administrative services in respect of ARIF3, LLJP, Lendlease Retail Investments 3 Pte Ltd and Lendlease Commercial Investments Pte Ltd[2]		377	N.A.
- Bookkeeping services in respect of Lendlease Retail Investments 3 Pte Ltd and Lendlease Commercial Investments Pte Ltd		144[3]	N.A.
- Acquisition of 10.0% interest in PPP		647[4]	N.A.
- Development management and project management fees in respect of Sky Building 3 works		809	N.A.
DBS Trustee Limited	Trustee of LREIT		
- Trustee's fees		427	N.A.

[1] LREIT does not have a Unitholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual.

[2] Unitholder's approval was obtained on 26 July 2021 in connection with the acquisition of 37.6% interest in ARIF3 which held Jem. Development management fees and project and construction management fees in relation to Jem, and investment advisory and administrative services fees in relation to ARIF3, LLJP and their subsidiaries are not directly payable by LREIT and there will be no double-counting of fees.

[3] Under the respective agreements signed between (1) Lendlease Retail Investments 3 Pte Ltd and Lendlease Retail Pte. Ltd. ("**LLR**"), and (2) Lendlease Commercial Investments Pte Ltd and LLR in relation to the provision of bookkeeping services, the services will be provided for the period up to 31 December 2025.

[4] This is the post-completion adjustment amount paid from Lendlease Asia Investments Pty Limited (as seller) to the Trustee (as purchaser) in connection with the acquisition of 10.0% interest in PPP, which was announced on 5 June 2023.

INTERESTED PERSON TRANSACTIONS

The payments of the Manager's management fees and acquisition fees, payments of property management fees, leasing fees and reimbursements to LLR (the "**Property Manager**") in respect of payroll and related expenses, payment of management fees to Lendlease Italy SGR S.p.A. as well as payments of the Trustee's fees and reimbursements pursuant to the Trust Deed are deemed to have been specifically approved by the Unitholders upon subscription for the Units on the listing of LREIT on 2 October 2019, and are therefore not subject to Rules 905 and 906 of the Listing Manual. Such payments are not to be included in the aggregate value of total interested person transactions as governed by Rules 905 and 906 of the Listing Manual.

Save as disclosed above, there were no other interested person transactions (excluding transactions less than S$100,000 each) entered into during FY2024 nor any material contracts entered into by LREIT that involved the interests of the CEO, any Director or controlling Unitholder of LREIT. Please also see significant related party transactions in Note 27 to the financial statements.

ISSUANCE OF LREIT UNITS

During FY2024, LREIT issued:

(i) an aggregate of 16,511,992 new Units ("**Management Base Fee Units**") amounting to S$10.4 million as payment for the base fee element of the Manager's management base fees;

(ii) an aggregate of 11,638,765 new Units ("**Management Performance Fee Units**") amounting to S$7.7 million as payment for the performance fee element of the Manager's management performance fees;

(iii) an aggregate of 9,529,933 new Units ("**Property Management Fee Units**") amounting to S$6.0 million as payment for the Property Manager's management fees;

(iv) an aggregate of 1,516,104 new Units amounting to S$0.9 million as payment for the Manager's acquisition fees; and

(v) an aggregate of 13,719,491 new Units amounting to S$7.9 million at the issue price ranging from S$0.5690 to S$0.5982 per Unit pursuant to LREIT's distribution reinvestment plan.

Lendlease GCR Investment Holding Pte. Ltd. has been nominated by each of the Manager and the Property Manager to receive the Management Base Fee Units, Management Performance Fee Units and the Property Management Fee Units in accordance with the Trust Deed and the master property management agreement relating to the properties of LREIT respectively.

STATISTICS OF UNITHOLDINGS

As at 6 September 2024

ISSUED AND FULLY PAID UNITS

2,376,578,012 Units issued in LREIT as at 6 September 2024 (voting rights: 1 vote per unit).

There is only one class of Units in LREIT. There are no treasury units and no subsidiary holdings held.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 – 99	81	0.52	3,221	0.00
100 – 1,000	985	6.32	820,174	0.03
1,001 – 10,000	8,313	53.37	42,193,961	1.78
10,001 – 1,000,000	6,152	39.50	285,900,482	12.03
1,000,001 and above	45	0.29	2,047,660,174	86.16
Total	**15,576**	**100.00**	**2,376,578,012**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	DBS VICKERS SECURITIES (SINGAPORE) PTE. LTD.	683,972,369	28.78
2	DBS NOMINEES (PRIVATE) LIMITED	325,633,086	13.70
3	CITIBANK NOMINEES SINGAPORE PTE. LTD.	306,309,739	12.89
4	RAFFLES NOMINEES (PTE.) LIMITED	173,030,658	7.28
5	HSBC (SINGAPORE) NOMINEES PTE. LTD.	156,796,567	6.60
6	DBSN SERVICES PTE. LTD.	111,462,517	4.69
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	41,600,709	1.75
8	HPL INVESTERS PTE. LTD.	29,238,753	1.23
9	BPSS NOMINEES SINGAPORE (PTE.) LTD.	26,405,483	1.11
10	PHILLIP SECURITIES PTE. LTD.	21,338,905	0.90
11	IFAST FINANCIAL PTE. LTD.	19,986,328	0.84
12	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	15,682,809	0.66
13	DB NOMINEES (SINGAPORE) PTE. LTD.	13,458,141	0.57
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	11,662,427	0.49
15	TIGER BROKERS (SINGAPORE) PTE. LTD.	11,590,492	0.49
16	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	10,089,552	0.42
17	OCBC SECURITIES PRIVATE LIMITED	8,702,162	0.37
18	UOB KAY HIAN PRIVATE LIMITED	8,694,556	0.37
19	MAYBANK SECURITIES PTE. LTD.	8,486,434	0.36
20	ABN AMRO CLEARING BANK N.V.	7,923,542	0.33
	Total	**1,992,065,229**	**83.83**

STATISTICS OF UNITHOLDINGS

As at 6 September 2024

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS

(As recorded in the Register of Substantial Unitholders as at 6 September 2024)

	Direct Interest		Deemed Interest		Total Interest	
Name of Substantial Unitholders	**No. of Units**	**%[1]**	**No. of Units**	**%[1]**	**No. of Units**	**%[1]**
Lendlease SREIT Pty Limited (as trustee of Lendlease SREIT Sub Trust)	546,788,462	23.01	-	-	546,788,462	23.01
Lendlease LLT Holdings Pty Limited (as trustee of Lendlease LLT Holdings Sub Trust)[2]	-	-	546,788,462	23.01	546,788,462	23.01
Lendlease Responsible Entity Limited (as trustee of Lendlease Trust)[3]	-	-	546,788,462	23.01	546,788,462	23.01
Lendlease Corporation Limited[4]	-	-	664,196,215	27.95	664,196,215	27.95

UNITHOLDINGS OF THE DIRECTORS OF THE MANAGER

(As recorded in the Register of Directors' Unitholdings as at 21 July 2024)

	Direct Interest		Deemed Interest	
Directors	**No. of Units**	**%[5]**	**No. of Units**	**%[5]**
Mr Justin Marco Gabbani	568,890	0.024	-	-
Dr Tsui Kai Chong	668,278	0.028	-	-
Mrs Lee Ai Ming	645,000	0.027	-	-
Mr Simon John Perrott	118,787	0.005	-	-
Ms Penelope Jane Ransom	-	-	-	-

1 The percentage of unitholding is calculated based on the total number of 2,376,578,012 Units in issue as at 6 September 2024.

2 Lendlease LLT Holdings Pty Limited (as trustee of Lendlease LLT Holdings Sub Trust) holds all of the units of Lendlease SREIT Sub Trust ("**LLT Sub-Trust**"). Lendlease LLT Holdings Sub Trust is therefore deemed interested in LLT Sub-Trust's direct interest of 546,788,462 Units.

3 Lendlease Responsible Entity Limited (as trustee of Lendlease Trust) ("**LLT**") holds all of the units of Lendlease LLT Holdings Sub Trust. LLT is therefore deemed interested in Lendlease LLT Holdings Sub Trust's deemed interest of 546,788,462 Units.

4 Lendlease Responsible Entity Limited is a wholly-owned subsidiary of Lendlease Corporation Limited ("**LLC**"). LLC is therefore deemed interested in LLT's deemed interest of 546,788,462 Units. LLC is also deemed interested in 76,377,534 Units which are held directly by Lendlease GCR Investment Holding Pte. Ltd., and 41,030,219 Units which are held directly by the Manager, each of which is an indirect wholly-owned subsidiary of LLC.

5 The percentage of unitholding is calculated based on the total number of 2,376,578,012 Units in issue as at 21 July 2024.

FREE FLOAT

Based on information available to the Manager as at 6 September 2024, approximately 71.9% of the Units in LREIT were held in the hands of public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST is complied with.

This page is intentionally left blank.

lendlease

GLOBAL COMMERCIAL REIT

Lendlease Global Commercial Trust Management Pte. Ltd.
2 Tanjong Katong Road
#05-01 PLQ 3
Paya Lebar Quarter
Singapore 437161
T: +65 6671 7374
F: +65 6671 7372
E: enquiry@lendleaseglobalcommercialreit.com
W: www.lendleaseglobalcommercialreit.com

FSC
www.fsc.org
MIX
Paper | Supporting responsible forestry
FSC® C004791