

SGX ANNOUNCEMENT

1 October 2020



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

(Managed by Lendlease Global Commercial Trust Management Pte. Ltd.)

ACQUISITION OF STAKE IN JEM VIA 5.0% OF THE SHARES IN LENLEASE ASIAN RETAIL INVESTMENT FUND 3 LIMITED

DBS Bank Ltd. is the Sole Financial Adviser and Issue Manager for the initial public offering of Lendlease Global Commercial REIT (the “**Offering**”). DBS Bank Ltd. and Citigroup Global Markets Singapore Pte. Ltd. were the joint global coordinators, bookrunners and underwriters for the Offering.

1. Executive Summary

1.1 Lendlease Global Commercial REIT (“**LREIT**”) has acquired a 5.0% stake in Lendlease Asian Retail Investment Fund 3 Limited (the “**Fund**”), which holds a 75.0% indirect interest in the property known as Jem, located at 50 and 52 Jurong Gateway Road, Singapore (the “**Property**”), from Lendlease International Pty Limited (the “**Vendor**”) at a purchase consideration of approximately S\$45.0 million¹.

1.2 Key benefits to unitholders of LREIT (“**Unitholders**”) include:

- (a) Strategic move for future pipeline – potential to increase LREIT’s indirect interest in Jem over time through pre-emptive rights;
- (b) Accretive distribution per unit;
- (c) Greater income diversification; and
- (d) Aligned to the Manager’s investment strategy.

2. Introduction

Lendlease Global Commercial Trust Management Pte. Ltd., as manager of LREIT (the “**Manager**”), is pleased to announce that RBC Investor Services Trust Singapore Limited, in its capacity as trustee of LREIT (the “**Trustee**”), has on 1 October 2020 entered into a share

¹ Subject to post-completion adjustments.

purchase agreement (the “**Share Purchase Agreement**”) with the Vendor to acquire 5.0% of the issued share capital (“**Sale Shares**”) of the Fund, which indirectly holds a 75.0% interest in the Property (the “**Acquisition**”). The Acquisition was completed on the same day. The Share Purchase Agreement contains customary provisions relating to the Acquisition, including representations and warranties and other commercial terms.

3. The Acquisition

3.1 Information on the Fund and the Property

The Fund is a private fund which is managed by Lendlease Investment Management Pte. Ltd. (“**LIMPL**”), an indirect wholly-owned subsidiary of the sponsor of LREIT, Lendlease Corporation Limited (the “**Sponsor**”). Other than a 75.0% indirect interest in the Property, the Fund does not hold any other real estate assets. The remaining 25.0% interest in the Property is held by another private fund managed by LIMPL. Following the Acquisition, the Vendor holds approximately 15.1% interest in the Fund, with the remaining interest held by unrelated third party investors.

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

3.2 Purchase Consideration for the Acquisition

The purchase consideration paid by the Trustee under the Share Purchase Agreement (the “**Share Purchase Consideration**”) is approximately S\$45.0 million, being 5.0% of the net asset value of the Fund as at 30 June 2020, subject to post-completion adjustments up to the date of completion of the Acquisition. The Share Purchase Consideration was arrived at on a willing-buyer and willing-seller basis taking into account the two independent valuations obtained for the Property.

3.3 Valuation

The Trustee has commissioned an independent valuer, Savills Valuation and Professional Services (S) Pte. Ltd. (“**Savills**”), and the Manager has commissioned an independent valuer, CBRE Pte. Ltd. (“**CBRE**”, together with Savills, the “**Independent Valuers**”), to respectively value the Property.

Savills in its report stated that the market value of the Property as at 30 June 2020 is S\$2,090 million. In arriving at the open market value, Savills relied primarily on the income capitalisation method, discounted cash flow analysis and the direct comparison method.

SGX ANNOUNCEMENT

1 October 2020

CBRE in its report stated that the market value of the Property as at 30 June 2020 is S\$2,055 million. In arriving at the open market value, CBRE relied on the income capitalisation method and discounted cash flow analysis.

3.4 Estimated Total Transaction Cost

The estimated total cost of the Acquisition (the “**Total Transaction Cost**”) is approximately S\$46.3 million, comprising:

- (i) the Share Purchase Consideration of approximately S\$45.0 million²;
- (ii) the acquisition fee (the “**Acquisition Fee**”) ³ payable in units in LREIT (“**Units**” and the acquisition fee payable in Units, the “**Acquisition Fee Units**”) to the Manager for the Acquisition pursuant to the trust deed dated 28 January 2019 (as amended, varied or supplemented from time to time) constituting LREIT (the “**Trust Deed**”), which amounts to approximately S\$0.4 million; and
- (iii) the estimated professional and other fees and expenses incurred or to be incurred by LREIT in connection with the Acquisition of approximately S\$0.9 million.

3.5 Payment of Acquisition Fee in Units

As the Acquisition will constitute an “interested party transaction” under Paragraph 5 of Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**Property Funds Appendix**”), the Acquisition Fee⁴ payable to the Manager in respect of the Acquisition will be in the form of the Acquisition Fee Units, which shall not be sold within one year from the date of issuance.

3.6 Method of Financing the Acquisition and Financial Effects

The Total Transaction Cost (excluding the Acquisition Fee which will be paid in the form of Units) has been financed through internal resources and debt facilities.

The pro forma gearing of LREIT post the Acquisition is 36.9% as at 30 June 2020.

2 Subject to post-completion adjustments.

3 The Acquisition Fee in respect of the Sale Shares is 1.0% of the Share Purchase Consideration.

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

3.7 Rationale for and Key Benefits of the Acquisition

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

- (i) Strategic Move for Future Pipeline – The Acquisition will provide LREIT with pre-emptive rights, which all existing investors have in the Fund. This may provide opportunities to LREIT to potentially increase its strategic stake in the Fund (and indirect interest in the Property) over time if other investors divest their interests in the Fund;
- (ii) Yield Accretion – Unitholders can expect to enjoy higher distribution per Unit (“DPU”) as a result of the Acquisition being made at a price which is reflective of the cash flows which the Sale Shares are expected to generate, combined with the debt financing plan implemented by the Manager;
- (iii) Greater Income Diversification – The Acquisition aims to benefit LREIT and its Unitholders through further income diversification based on the office and suburban retail components of the Property, as well as further mitigation of concentration risk from any single asset or major tenants; and
- (iv) Aligned to the Manager’s Investment Strategy – The Acquisition is in line with the Manager’s principal investment strategy to invest, directly or indirectly, in a diversified 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.

4. Relative Figures under Chapter 10 of the Listing Manual

An acquisition by LREIT may fall into any of the categories set out in Rule 1004 of the listing manual of Singapore Exchange Securities Trading Limited (the “SGX-ST”, and the listing manual of the SGX-ST, the “Listing Manual”) depending on the size of the relative figures computed on the following applicable bases of comparison:

- (i) the net asset value (“NAV”) of the assets to be disposed of, compared with LREIT’s NAV;
- (ii) the net profits attributable to the asset acquired, compared with LREIT’s net profits;
- (iii) the aggregate value of the consideration given or received, compared with LREIT’s market capitalisation based on the total number of issued Units; and
- (iv) the number of Units issued by LREIT as consideration for an acquisition, compared with the number of Units previously in issue.

SGX ANNOUNCEMENT

1 October 2020

Where any of the relative figures computed on the bases set out above exceeds 20.0%, the transaction is classified as a major transaction. The Listing Manual requires that a major transaction involving LREIT be made conditional upon approval by Unitholders in a general meeting. However, the approval of Unitholders is not required in the case of an acquisition that is within LREIT's ordinary course of business.

The relative figures for the Acquisition using the aforesaid bases of comparison are set out in the table below.

Comparison of	Acquisition (S\$ million)	LREIT (S\$ million)	Relative Figure (%)
Total return (net profit test under Rule 1006(b))	0.7 ⁽¹⁾	15.8 ⁽²⁾	4%
Consideration against Market capitalisation (market capitalisation test under Rule 1006(c))	45.0	792.1 ⁽³⁾	6%

Notes:

- (1) The figure is based on the unaudited net profit before tax and change in fair value of the Fund for the period ended 30 June 2020, pro-rated to correspond to LREIT's results for the period from 2 October 2019 (listing date) to 30 June 2020 ("FY2020").
- (2) The figure is based on the unaudited net profit before tax and change in fair value of LREIT for FY2020.
- (3) The figure is based on the weighted average traded price of S\$0.676 per Unit on the SGX-ST as at 30 September 2020, being the market day immediately preceding the date of the Share Purchase Agreement.

The Manager is of the view that the Acquisition is within LREIT's ordinary course of business as it is within the investment mandate of LREIT and the Property is of the same class as LREIT's existing properties and within the same geographical market that LREIT targets.

5. Pro Forma Financial Effects of the Acquisition – FOR ILLUSTRATION PURPOSES ONLY

5.1 Certain Financial Information Relating to the Acquisition

The pro forma financial effects of the Acquisition presented below are strictly for illustration purposes only and do not reflect the actual position of LREIT following completion of the Acquisition. The following assumptions were made in computing the pro forma financial effects:

- (i) the effect of the Acquisition on the Group's⁵ DPU for FY2020 is based on the assumption that the Acquisition had been effected at the beginning of the reporting period on 2 October 2019;

⁵ The "Group" refers to LREIT and its subsidiaries.

SGX ANNOUNCEMENT

1 October 2020

- (ii) the effect of the Acquisition on the Group's NAV per Unit for FY2020 is based on the assumption that the Acquisition had been effected at the end of FY2020;
- (iii) approximately 0.7 million Acquisition Fee Units are issued;
- (iv) no new Units are issued (other than the Acquisition Fee Units); and
- (v) bank borrowings are used to finance the transaction, including paying the estimated professional and other fees and expenses incurred or to be incurred by LREIT in connection with the Acquisition.

5.2 Pro Forma DPU

The table below sets out the pro forma financial effects of the Acquisition on LREIT's DPU for FY2020, as if the Acquisition was completed on 2 October 2019, and LREIT held and operated the Properties through 30 June 2020:

Pro Forma Financial Effects based on FY2020	Effects of the Acquisition	
	Before the Acquisition	After the Acquisition
Net Property Income (S\$ million)	40.3	40.3
Dividend Income (S\$ million)	-	0.9
Distributable Income (S\$ million)	35.7	36.0
Units in issue (million)	1,171.8	1,172.5
DPU (cents) ⁽¹⁾	3.05	3.07

Note:

- (1) Includes the additional issuance of Units during the financial year due to payment of management fees to the Manager and property management fees to Lendlease Retail Pte. Ltd. in Units, and assumes the additional Acquisition Fee Units are issued at the beginning of the reporting period on 2 October 2019.

5.3 Pro Forma Consolidated NAV

The pro forma financial effects of the Acquisition on the NAV per Unit as at 30 June 2020, as if the Acquisition was completed on 30 June 2020, are as follows:

	Effects of the Acquisition	
	Before the Acquisition	After the Acquisition
NAV (S\$ million)	992.3	991.8
Units in issue (million)	1,171.8	1,172.5
NAV per Unit (S\$)	0.85	0.85

5.4 Pro Forma Capitalisation and Gearing

The table below sets out the change to LREIT's capitalisation and gearing purely for illustrative purposes.

	Effects of the Acquisition	
	Before the Acquisition	After the Acquisition
Current borrowings (S\$ million)	-	-
Non-current borrowings (S\$ million)	529.0	574.4
Total borrowings (S\$ million)	529.0	574.4
Unitholders' funds (S\$ million)	992.3	991.8
Total Capitalisation⁽¹⁾ (S\$ million)	1,537.6	1,582.8
Gearing⁽²⁾ (%)	35.1	36.9

Notes:

(1) Computed as the sum of gross borrowings and Unitholders' funds.

(2) Computed as gross borrowings over total assets.

6. Other Information

6.1 Interested Person Transaction and Interested Party Transaction (collectively, "Related Party Transactions")

As at 23 September 2020, being the latest practicable date prior to this Announcement (the "**Latest Practicable Date**"), the Sponsor holds an aggregate direct and indirect interest in 296,438,224 Units, which is equivalent to approximately 25.3% of the total number of Units in issue as at the Latest Practicable Date, and is therefore regarded as a "controlling unitholder" of LREIT for the purposes of both the Listing Manual and the Property Funds Appendix. In addition, as the Manager is an indirectly wholly-owned subsidiary of the Sponsor, the Sponsor is therefore regarded as a "controlling shareholder" of the Manager for the purposes of both the Listing Manual and the Property Funds Appendix.

As the Vendor is a subsidiary of the Sponsor, for the purposes of Chapter 9 of the Listing Manual and paragraph 5 of the Property Funds Appendix, the Vendor (being a subsidiary of a "controlling unitholder" of LREIT and a subsidiary of a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" of LREIT and (for the purposes of the Property Funds Appendix) an "interested party" of LREIT.

Therefore, the entry by the Trustee into the Share Purchase Agreement constitutes an Interested Person Transaction under Chapter 9 of the Listing Manual, as well as an Interested Party Transaction under the Property Funds Appendix.

However, as the aggregate value of the Share Purchase Consideration of approximately S\$45.0 million (which is 4.5% of both the latest audited net tangible assets (“**NTA**”) and the NAV of LREIT as at 30 June 2020) is more than 3.0% of LREIT’s latest audited NTA but less than 5.0% of LREIT’s latest audited NTA when aggregated with other transactions entered into with the same interested person during the same financial year (excluding transactions with a value below S\$100,000 and transactions which have been approved by Unitholders), the entry into of the Acquisition is not subject to the requirement of approval of Unitholders.

6.2 Statement of the Audit and Risk Committee

The Manager has appointed Deloitte & Touche Corporate Finance Ltd as the independent financial adviser (the “**IFA**”) to advise the audit and risk committee of the Manager (the “**Audit and Risk Committee**”), the independent directors of the Manager (the “**Independent Directors**”) and the Trustee, as to whether the Acquisition is on normal commercial terms and is not prejudicial to the interests of LREIT and its minority Unitholders.

The IFA is of the opinion that the Acquisition is on normal commercial terms and is not prejudicial to the interests of LREIT and its minority Unitholders.

The Audit and Risk Committee is of the view that taking into account the opinion of the IFA, the Acquisition is based on normal commercial terms and is not prejudicial to the interests of LREIT and its minority Unitholders.

6.3 Interests of Directors and Substantial Unitholders

As at the Latest Practicable Date, the interests of the Directors in the Acquisition are as follows:

- (i) Mr Anthony Peter Lombardo, the Chairman and a Non-Executive Director of the Manager, is also Chief Executive Officer and a director of Lendlease Asia Holdings Pte. Ltd.; and
- (ii) Ms Ng Hsueh Ling, a Non-Executive Director of the Manager, is also Managing Director, Singapore and Chief Investment Officer, Asia and a director of LIMPL, and a director of Lendlease Retail Pte. Ltd. and Lendlease Singapore Pte. Ltd..

SGX ANNOUNCEMENT

1 October 2020

Based on the Register of Directors' Unitholdings maintained by the Manager, the direct and deemed interests of the Directors in the Units as at the Latest Practicable Date are as follows:

Name of Directors	Direct Interest		Deemed Interest		Total No. of Units held	% ⁽¹⁾
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾		
Mr Anthony Peter Lombardo	2,000,000	0.17	-	-	2,000,000	0.17
Dr Tsui Kai Chong	500,000	0.04	-	-	500,000	0.04
Mr Simon John Perrott	-	-	-	-	-	-
Mrs Lee Ai Ming	500,000	0.04	-	-	500,000	0.04
Ms Ng Hsueh Ling	1,945,000	0.17	-	-	1,945,000	0.17

Note:

(1) The percentage is based on 1,171,795,224 Units in issue as at the Latest Practicable Date.

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, the direct and deemed interests of the substantial LREIT Unitholders in the Units as at the Latest Practicable Date are as follows:

Name of Substantial Unitholders ⁽¹⁾	Direct Interest		Deemed Interest		Total No. of Units held	% ⁽²⁾
	No. of Units	% ⁽²⁾	No. of Units	% ⁽²⁾		
Lendlease SREIT Pty Limited (as trustee of Lendlease SREIT Sub Trust)	284,041,000	24.24	-	-	284,041,000	24.24
Lendlease LLT Holdings Pty Limited (as trustee of Lendlease LLT Holdings Sub Trust) ⁽³⁾	-	-	284,041,000	24.24	284,041,000	24.24
Lendlease Responsible Entity Limited (as trustee of Lendlease Trust) ⁽⁴⁾	-	-	284,041,000	24.24	284,041,000	24.24
Lendlease Corporation Limited ⁽⁵⁾	-	-	296,438,224	25.30	296,438,224	25.30

SGX ANNOUNCEMENT

1 October 2020

Notes:

- (1) **"Substantial Unitholder"** means a person with an interest in Units constituting not less than 5% of the total number of Units in issue.
- (2) The percentage is based on 1,171,795,224 Units in issue as at the Latest Practicable Date.
- (3) Lendlease LLT Holdings Pty Limited (as trustee of Lendlease LLT Holdings Sub Trust) holds all of the units of Lendlease SREIT Sub Trust ("**LLT Sub-Trust**"). Lendlease LLT Holdings Sub Trust is therefore deemed interested in LLT Sub-Trust's direct interest in 284,041,000 Units.
- (4) Lendlease Responsible Entity Limited (as trustee of Lendlease Trust) ("**LLT**") holds all of the units of Lendlease LLT Holdings Sub Trust. LLT is therefore deemed interested in Lendlease LLT Holdings Sub Trust's deemed interest in 284,041,000 Units.
- (5) Lendlease Responsible Entity Limited is a wholly-owned subsidiary of the Sponsor. The Sponsor is therefore deemed interested in LLT's deemed interest in 284,041,000 Units. The Sponsor is also deemed interested in 3,849,224 Units which are held directly by its indirect wholly owned subsidiary, Lendlease GCR Investment Holding Pte. Ltd., and 8,548,000 Units which are held directly by the Manager, which is also an indirect wholly owned subsidiary of the Sponsor.

6.4 Directors' Service Contracts

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

6.5 Existing Related Party Transactions

Except for those transactions which have been specifically approved by Unitholders upon purchase of the Units during the initial public offering and listing of LREIT⁶, transactions with a value below S\$100,000⁷, both the Trustee and the Manager have not entered into any Related Party Transaction with the Sponsor or its respective subsidiaries and associates during the course of the current financial year from 1 July 2020 to the Latest Practicable Date.

7. Documents for Inspection

Copies of the following documents are available for inspection⁸ during normal business hours at the registered office of the Manager at 2 Tanjong Katong Road, #05-01 PLQ 3, Paya Lebar Quarter, Singapore 437161, from the date of this Announcement up to and including the date falling three months from the date of this Announcement:

6 The Trustee has entered into certain ongoing Interested Person Transactions which are exempted from Rules 905 and 906 of the Listing Manual, having been specifically approved by Unitholders upon purchase of the Units during the initial public offering and listing of LREIT, to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect LREIT.

7 Rules 905(1), 905(2) and 906 of the Listing Manual do not apply to any transaction below S\$100,000.

8 Prior appointment with the Manager is required. Please contact LREIT investor relations (Tel: +65 6671 7374).

SGX ANNOUNCEMENT

1 October 2020

- (i) the Share Purchase Agreement;
- (ii) the valuation reports on the Property issued by the Independent Valuers;
- (iii) the copy of the letter from the IFA to the Audit and Risk Committee, the Independent Directors and the Trustee; and
- (iv) the audited financial statements of the Group for FY2020.

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

By Order of the Board
Kelvin Chow
Chief Executive Officer

Lendlease Global Commercial Trust Management Pte. Ltd.

(Registration Number: 201902535N)

(as manager of Lendlease Global Commercial REIT)

1 October 2020

SGX ANNOUNCEMENT

1 October 2020

IMPORTANT NOTICE

This Announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, (including employee wages, benefits and training costs), property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.

The value of the Units and the income derived from them, if any, may fall or rise. The Units are not obligations of, deposits in, or guaranteed by, the Manager or RBC Investor Services Trust Singapore Limited, as trustee of LREIT. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested.

This Announcement is for information purposes only and does not constitute an offer for sale or an invitation or offer to acquire, purchase or subscribe for the Units in the United States. This Announcement is not for publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any state of the United States and the District of Columbia), Canada or Japan. The Units referred to herein have not been, and will not be, registered under the Securities Act, or the securities laws of any state of the United States or other jurisdiction, and the Units may not be offered or sold in the United States, absent registration or an exemption from, the registration requirements under the Securities Act and applicable state or local securities laws. No public offering of securities is being made in the United States.

Investors should note that they have no right to request the Manager to redeem their Units while the Units are listed. It is intended that the Unitholders may only deal in their Units through trading on SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of LREIT and the Manager is not necessarily indicative of the future performance of LREIT and the Manager.