

SGX ANNOUNCEMENT

24 June 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.)

Response to Queries from SGX-ST

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.

The board of directors (the “**Board**”) of Lendlease Global Commercial Trust Management Pte. Ltd., as manager of Lendlease Global Commercial REIT (“**LREIT**”, and the manager of LREIT, the “**Manager**”) refers to its announcement of its unaudited financial results for the reporting period 1 January 2020 to 31 March 2020 (“**Reporting Period**”) released on 5 May 2020 (the “**Q3 FY2020 Results Announcement**”).

Unless otherwise defined, all capitalised terms used in this Announcement shall bear the same meaning as in the Q3 FY2020 Results Announcement.

Following the release of the Q3 FY2020 Results Announcement, Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) has requested that the Manager provide clarifications in respect of the Q3 FY2020 Results Announcement.

The SGX-ST’s questions are reproduced below, with the corresponding responses thereto from the Manager set out below.

1. Question from the SGX-ST:

Page 6: Distribution adjustments of S\$68,991,000

Please provide a breakdown of the distribution adjustments to explain the variance of 22.5% between the actual and forecasted amounts.

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Response from the Manager:

The distribution adjustments are up of the following non-cash adjustments.

Distribution Adjustments (2 October 2019 to 31 March 2020)	Actual (S\$'000)	Forecast (S\$'000)
Fair value loss on investment properties	48,997	48,230
Unrealised foreign exchange loss	10,998	-
Adjustments for management fees payable in units	4,420	4,710
Amortisation of debt-related transaction costs	2,574	2,747
Fair value loss on derivatives	2,567	-
Straight-lining and other adjustments	(565)	643
Total	68,991	56,330

The S\$49.0 million fair value loss on investment properties is the result of transaction costs directly attributable to the acquisition of the Properties being capitalised, and recorded as a fair value change in the profit or loss statement from revaluation of investment properties.

As at 2 October 2019 (“**Listing Date**”), LREIT has put in place a €285.0 million term loan facility, which provides a natural hedge against the value of its investment in the Milan Property. Whilst the unrealised foreign exchange loss of S\$11.0 million from the Listing Date to 31 March 2020 relates to the currency difference of the Euro term loan in Singapore Dollar terms, there is a corresponding gain of S\$10.7 million in the comprehensive income which relates to the net currency translation differences as a result of the stronger €/S\$ exchange rate.

The S\$2.6 million fair value loss on derivatives relate to the net carrying value of certain derivatives entered into by LREIT to hedge its interest rate risks and future operating cash flows from the Milan Property. The carrying values of the derivatives will fully amortise to zero at their respective maturity/settlement dates.

2. Question from the SGX-ST:

Page 8: Trade and Other Receivables of S\$11,489,000

Please provide a breakdown and elaborate on the significant uncollected debts.

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Response from the Manager:

Trade and Other Receivables	31 March 2020 (S\$'000)
Value Added Tax ("VAT") receivable	8,497
Trade and other debtors	2,992
Total	11,489

The significant part of Trade and Other Receivables amount was attributed to the current portion of the VAT receivable from the Italian tax authority. As at the Listing Date, a VAT of S\$25.8 million on the acquisition of the Milan Property was paid. The VAT will be used to offset the output VAT of the fund owning the Milan Property on an ongoing basis.

3. Question from the SGX-ST:

Page 8: Trade and Other Payables of S\$31,310,000

Please provide a breakdown and elaborate on the significant amount outstanding.

Response from the Manager:

Trade and Other Payables	31 March 2020 (S\$'000)
Tenant deposits	13,301
Accrued expenses	12,115
Rent received in advance	3,348
Trade creditors	1,807
Withholding tax payable	739
Total	31,310

Accrued expenses are expenses that have been incurred but not paid. These accrued expenses relate to the Offering, accrued management fees, accrued financing and property expenses. Rent received in advance relates mainly to the rent for the Milan Property, which is paid by the tenant in advance.

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Withholding taxes payable are deducted on behalf of certain Unitholders and payable to the Inland Revenue Authority of Singapore.

4. Question from the SGX-ST:

Page 10: Net unrealised foreign exchange loss of S\$16,014,000

Please elaborate on the factors resulting in the significant forex loss and the transactions/items which this relates to.

Response from the Manager:

The net unrealised foreign exchange loss of S\$16.0 million is attributable to the currency difference of the Euro-denominated liabilities of LREIT – predominantly a €285.0 million term loan facility – during the Reporting Period.

For the Reporting Period, there is a corresponding gain of S\$15.7 million in the comprehensive income which relates to the net currency translation differences as a result of the stronger €/S\$ exchange rate. The Euro-denominated term loan facility provides a natural hedge against the value of its investment in the Milan Property.

5. Question from the SGX-ST:

Page 15: Net foreign exchange loss of S\$15,932,000

Explain the increase in the amounts relating to net foreign exchange loss.

Response from the Manager:

The net foreign exchange loss of S\$15.9 million in the Reporting Period includes the unrealised foreign exchange loss of S\$16.0 million discussed in the above response to question 4; and a S\$82,000 gain derived from the settlement of a €/S\$ forward contract. The forward contract was put in place on the Listing Date to hedge the Euro-denominated operating cash flows derived from the Milan Property.

6. Question from the SGX-ST:

Page 20: Working Capital of S\$33,824,000

Please provide the breakdown of the amounts allocated and utilised for working capital purposes.

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Response from the Manager:

As at 31 March 2020, the working capital of S\$33.8 million is held as part of the cash and cash equivalents on the balance sheet of LREIT.

The Manager will, in compliance with its obligations under the Listing Manual of the SGX-ST, make the relevant announcements on SGXNET in the event of any material developments.

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)

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The value of units in LREIT (the “Units”) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by Lendlease Global Commercial Trust Management Pte. Ltd. (the “Manager”), RBC Investor Services Trust Singapore Limited (as trustee of LREIT) or any of their affiliates.

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.

An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Holders of Units (“Unitholder”) have no right to request the Manager to redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (“SGX-ST”). Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.

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