

SGX ANNOUNCEMENT

20 April 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 REIT (“**LREIT**”, and the manager of LREIT, the “**Manager**”) refers to its press release released on 9 April 2020 (the “**Previous Announcement**”) in relation to the impact of the Covid-19 outbreak.

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

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

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

1. **Question from the SGX-ST:**

We refer to the Previous Announcement. LREIT disclosed that, “The Covid-19 pandemic has worsened globally, including in Singapore. Given the various measures introduced by the Singapore government, there will be an impact on 313@somerset’s contribution to LREIT’s distributable income from April 2020 onwards as compared against the profit and distribution forecast set out in LREIT’s IPO prospectus. Hence, the Manager is withdrawing the IPO profit and distribution forecast for the financial year ending 30 June 2020 and the profit and distribution projection for the financial year

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ending 30 June 2021 as set out in LREIT's IPO prospectus, as it may no longer be a fair basis against which the actual performance of LREIT could be compared given the current circumstances. Sky Italia, which leases 100% of Sky Complex, has to-date made all its rental payments in a timely manner as per its lease and it contributes 33.9% of LREIT's net property income". Please address the following:

- (a) Quantify the % contribution of 313@somerset to LREIT's distributable income as compared to the % previously disclosed in the prospectus;

Response from the Manager:

As disclosed in LREIT's IPO prospectus, the forecast contribution of 313@somerset to the net property income ("NPI") of LREIT is S\$31,175,000, which is 65.1% of the NPI of LREIT for the financial year ending 30 June 2020 ("**Forecast Year 2020**"). Based on LREIT's latest announced unaudited financial statements and distribution announcement for the period from 2 October 2019 to 31 December 2019, the actual contribution of 313@somerset to NPI is S\$10,687,000, which is 66.1% of the NPI of LREIT.

The Manager is providing 313@somerset's contribution to LREIT's NPI instead of LREIT's distributable income because distributable income is a trust level line item that is arrived at after taking into account trust level expenses like management fees and finance costs whereas NPI of LREIT comprises only NPI of 313@somerset and Sky Complex and is therefore a more appropriate indicator of the percentage contribution of 313@somerset as compared to Sky Complex. The Manager notes that as a result of 313@somerset being directly affected by the Covid-19 outbreak and the measures implemented, the percentage contribution of 313@somerset to LREIT's NPI is expected to decrease.

Question from the SGX-ST:

- (b) It was disclosed that "To ensure the viability of 313@somerset's tenants and the long term occupancy of the mall, LREIT will be providing rental relief for tenants who have had to close during this period and will be passing on the full savings from the property tax rebates by the Singapore government to all tenants."
- (i) Please elaborate on what is the rental relief offered for the tenants. Quantify the costs; and

Response from the Manager:

As disclosed in LREIT's announcement released on 12 March 2020 (the "**12 March Announcement**"), the Manager has rolled out a series of measures in support of its tenants

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of 313@somerset during the Covid-19 period. The tenant support package (the “**Tenant Support Package**”), which will be granted to eligible retailers of 313@somerset in a customised and targeted manner, includes up to 0.2 months’ rent abatement per month (up to maximum of 0.4 months) for April and May 2020, flexible rental payment scheme, conversion of cash security deposits into banker’s guarantee and an option to take up the atrium and advertising spaces on a complimentary basis.

Since the 12 March Announcement, the Singapore government has introduced further measures, including the “circuit-breaker” measures under the Covid-19 (Temporary Measures) Act 2020 (the “**Covid-19 Act**”) which was passed by the Singapore Parliament on 7 April 2020. As mentioned in the Previous Announcement, LREIT will be passing on the full savings from the property tax rebates by the Singapore government to its tenants of 313@somerset in accordance with the Covid-19 Act, and will be providing rental relief for tenants who have had to close during this period.

As the Manager is currently still in the process of rolling out these relief measures which may differ from tenant to tenant depending on individual circumstances and which would also depend on the duration of the closures which is still uncertain, it is unable to quantify the full costs at this point in time. The Manager is of the view that any quantification of such costs would be more appropriate in its results announcement so that the holistic impact of Covid-19 to the financial position of LREIT would be available to investors.

Question from the SGX-ST:

- (ii) disclose if there will be any financial impact on LREIT’s profit forecast in the prospectus by passing on the full savings from the property tax rebates by the Singapore government to all tenants. If so, please quantify;

Response from the Manager:

In respect of this measure of passing on the full savings from the property tax rebates by the Singapore government directly to the tenants of 313@somerset, the Manager does not currently foresee any financial impact on the profit forecast in LREIT’s IPO prospectus arising from this measure alone as it involves a pass-through of the benefits to the tenants.

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Question from the SGX-ST:

- (c) Relating to the statement “there will be an impact on 313@somerset’s contribution to LREIT’s distributable income from April 2020 onwards...” Please disclose:
- (i) how the COVID-19 pandemic will affect the payment of base rents by the tenants of 313 Somerset;

Response from the Manager:

The extent of Covid-19’s impact on the payment of base rents by the tenants of 313@somerset cannot be determined at this stage as the duration and rate of spread of Covid-19 are uncertain.

In particular, the Manager wishes to highlight that in view of the Covid-19 Act, tenants who cannot fulfil contractual obligations are able to seek temporary relief from paying rent and other obligations under their leases for a period of six months from 1 February 2020 to 31 July 2020, which may be extended for up to a year depending on the Covid-19 situation, the full impact of this measure cannot be quantified at this point in time.

Question from the SGX-ST:

- (ii) the % contribution of the variable rents of 313@somerset to the profit forecast of FY2020 set out in the prospectus;

Response from the Manager:

As disclosed in LREIT’s IPO prospectus, the forecast base rent is S\$62,971,000 comprising 98.4% of the gross rental income (“**Gross Rental Income**”) for the portfolio of LREIT for Forecast Year 2020 and the forecast turnover rent (which is the variable rent) is S\$1,018,000 comprising 1.6% of the Gross Rental Income for the portfolio of LREIT for Forecast Year 2020.

The Manager is answering this question based on LREIT’s portfolio instead of turnover rent for 313@somerset only as the breakdown provided in LREIT’s IPO prospectus of the Gross Rental Income is on a portfolio basis instead of on a per-property basis. The Manager is of the view that given that turnover rent comprises only 1.6% of the Gross Rental Income for the portfolio of LREIT for Forecast Year 2020, any further breakdown of the turnover rent contribution of 313@somerset would not be material and meaningful.

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Question from the SGX-ST:

- (iii) why LREIT is unable to explain deviation from its profit forecast for these 3 months from April 2020 to June 2020 and instead decided to withdraw the full forecast period for the financial year ending 30 June 2020 noting that Covid-19 impacted only the period from April to June 2020; and

Response from the Manager:

As a result of the uncertainty of the duration and rate of spread of Covid-19, the Manager wishes to highlight that the financial impact of Covid-19 is not limited to the period from April 2020 to June 2020 only.

In particular, as mentioned above, arising from the Covid-19 Act, tenants who cannot fulfil contractual obligations are able to seek temporary relief from paying rent and other obligations under their leases for a period of six months from 1 February 2020 to 31 July 2020, which may be extended for up to a year depending on the Covid-19 situation. This suspension of payment of rent and other obligations already extends up to 31 July 2020 (at the earliest) and the full impact of this measure and any extension can only be quantified after July 2020, which would already go into the profit and distribution projection period in the IPO prospectus for the financial year commencing on 1 July 2020 and ending on 30 June 2021 (“**Projection Year 2021**”).

In light of the impact of the Covid-19 Act mentioned above and the “circuit-breaker” which has adversely affected tenants’ operations and income at 313@somerset, the Manager is currently neither able to quantify deviation from its profit forecast for these 3 months from April 2020 to June 2020 nor deviation from the profit projection in the IPO prospectus for Projection Year 2021 as this would amount to a new profit forecast and projection which it is unable to provide at this stage, given the uncertainty of the actual financial impact of the Covid-19 pandemic on LREIT over these periods. For the reasons explained in the response to question 1(b)(i) above, the Manager is unable to quantify the full cost of rental relief measures at this point of time. It is also not able to determine how severely tenants’ operations and income will be impacted and whether they will be able to fulfil their rental obligations after the temporary relief period as further elaborated in the response to question 1(c)(i) above. As a result of the foregoing, any attempt to seek to quantify such a deviation at this stage would be speculative and without reasonable and proper bases.

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The Manager had, in the interests of good corporate governance, issued the Previous Announcement to inform investors as soon as it had concluded that the profit and distribution forecast and projection in the IPO prospectus was no longer a fair basis against which the actual performance of LREIT could be compared given that there is no visibility as to when the Covid-19 pandemic will end and any new measures to be implemented by the Singapore government. For transparency, the Manager will still provide year-on-year comparisons of LREIT's financial results (i) for the financial year ending 30 June 2020 ("FY2020") against the profit forecast for FY2020 disclosed in LREIT's prospectus and (ii) for the financial year ending 30 June 2021 ("FY2021") against LREIT's financial results for FY2020, in the announcements of LREIT's full year financial results for FY2020 and FY2021 respectively.

Question from the SGX-ST:

- (iv) In relation to the withdrawal of the profit forecast for FY2020, please disclose whether there are any undisclosed material information relating to the period from listing date to 31 March 2020 leading to the withdrawal of the distribution forecast for the financial year ending 30 June 2020, instead of an explanation for the deviation for 4Q2020.

Response from the Manager:

The Manager confirms that there is no undisclosed material information.

2. Question from the SGX-ST:

We note that LREIT has also withdrawn its FY2021 profit forecast set out in the prospectus. Please explain why LREIT would not be able to explain the deviation from its FY2021 profit forecast, and instead decided to withdraw the full forecast for FY2021.

We note the disclosure in the prospectus that "A total of 12.2% of the existing leases of the IPO Portfolio by leased NLA as at 30 June 2019 will expire in FY2020 and FY2021 and a total of 43.0% of the existing leases of the IPO Portfolio by Gross Rental Income for the month of June 2019 will expire in FY2020 and FY2021" of which, it was disclosed, 25.1% of the leases will be due in 2020. Please disclose how much of the 25.1% of the leases have already fallen due and how much will fall due between April and June 2020. Please disclose the renewal rates.

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Response from the Manager:

Please refer to the response to question 1(c)(iii) above in relation to the withdrawal by the Manager of the full profit and distribution projection for Projection Year 2021 in the Previous Announcement.

The expiry and renewal of the leases will be disclosed in LREIT's quarterly results announcement for the period ended 31 March 2020 and for the period ending 30 June 2020. It is not appropriate to make such disclosures on an ad hoc basis now as expiry of leases is typically disclosed together with actual renewal of leases so that investors can discern the information holistically. It is not possible to disclose the renewal rates at this moment as this would amount to a forward-looking forecast without basis.

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. Unitholders of LREIT and investors are advised to refrain from taking any action in respect of their units in LREIT (the "Units") which may be prejudicial to their interests, and to exercise caution when dealing in the Units.

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.

This announcement is not to be distributed or circulated outside of Singapore. Any failure to comply with this restriction may constitute a violation of United State securities laws or the laws of any other jurisdiction.

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