

Lendlease Global Commercial REIT Continues to Deliver Steady Performance

- Positive retail rental reversion of 3.3%¹
- Tenant sales over 17.5% above pre-COVID-19 average

Key Highlights

- Obtained €300 million unsecured 5-year sustainability-linked loan facility to refinance its Euro loan due in FY2024; no refinancing risks until FY2025
- After drawing down on the Euro loan, approximately 89% of total borrowings are sustainable financing
- Portfolio committed occupancy remained high at 99.8%
- Long WALE of 8.3 years² by NLA and 5.4 years² by GRI
- Remaining leases due for renewal in FY2023 de-risked to 1.4% by NLA and 3.3% by GRI
- Tenant retention rate of 79.5%³

Singapore, 9 May 2023 - Lendlease Global Commercial Trust Management Pte. Ltd. (the “Manager”), the manager of Lendlease Global Commercial REIT (“LREIT”), is pleased to share its third-quarter Business Update for FY2023.

Operations Update

LREIT’s portfolio committed occupancy remained high at 99.8% with a long weighted average lease expiry (“WALE”) of 8.3 years² by net lettable area (“NLA”) and 5.4 years² by gross rental income (“GRI”). The remaining leases expiring for the year have been substantially de-risked to 1.4% (from 5.8%) by NLA and 3.3% (from 9.6%) by GRI.

Positive retail rental reversion and office rental escalation

As at 31 March 2023, LREIT’s retail portfolio maintained a high committed occupancy rate of 99.5% with a positive retail rental reversion of 3.3%¹. Tenant sales and visitation increased 4.6 times⁴ and 2.7 times⁴ year-on-year, respectively, in 3Q FY2023. As at the period end, LREIT registered a healthy tenant retention rate of 79.5%³.

The positive office rental escalation of approximately 4%⁵ for Sky Complex and long office WALE of 12.2 years² by NLA and 15.0 years² by GRI will continue to provide a stable income stream for LREIT’s unitholders.

¹ Year-to-date.

² Assumes that Sky Italia does not exercise its break option in 2026.

³ Based on year-to-date completed lease renewal (by NLA).

⁴ Compared against 3Q FY2022; the year-on-year growth was mainly attributed to the acquisition of Jem in April 2022.

⁵ Year-to-date and refers to Sky Complex.

Capital Management

The Manager remains committed to strengthen LREIT's green funding sources. On 20 April 2023, a €300 million unsecured 5-year sustainability-linked loan facility was obtained to refinance LREIT's existing Euro loan due in the financial year ending FY2024. After drawing down on the Euro loan, sustainable financing will account for approximately 89% of total borrowings.

As at 31 March 2023, gross borrowings were S\$1,454.4 million with a gearing ratio of 39.3%. The weighted average debt maturity was 2.3 years with a weighted average cost of debt of 2.51% per annum⁶. LREIT has an interest coverage ratio of 4.6 times⁷, which provides ample buffer from its debt covenants of 2.0 times.

As at the period end, LREIT has undrawn debt facilities of S\$230.4 million to fund its working capital. All of its debt is unsecured with approximately 61% of its borrowings hedged to fixed rate.

Mr Kelvin Chow, Chief Executive Officer of the Manager, said, "Our assets continued to perform well, underpinned by a high portfolio occupancy with a long WALE of 5.3 years by GRI, which will ensure long-term cashflow stability. With refinancing out of the way, we plan to focus on organic growth through proactive asset management and managing our leases."

Sustainability

LREIT's Singapore retail assets are certified Platinum under the Building and Construction Authority of Singapore's Green Mark Scheme. In Milan, its three office buildings have been awarded LEED Gold certification.

The Manager will continue to improve LREIT's sustainability performance by implementing initiatives such as installing food waste digestors, condensation recovery systems on cooling towers, rainwater harvesting systems and eco-digesters. In addition, to position LREIT as the leading partner in the West of Singapore, the Manager is collaborating with government agencies to test innovative solutions on energy consumption in Jem that have potential scalability to other buildings in the Jurong Lake District.

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⁶ Excludes amortisation of debt-related transaction costs.

⁷ The interest coverage ratio (ICR) as at 31 March 2023 of 4.6 times (31 December 2022: 5.5 times) is in accordance with requirements in its debt agreements; 2.8 times (31 December 2022: 3.1 times) and 2.0 times for adjusted ICR (31 December 2022: 2.1 times) in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.

About Lendlease Global Commercial REIT

Listed on 2 October 2019, Lendlease Global Commercial REIT (“**LREIT**”) is established with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of stabilised income-producing real estate assets located globally, which are used primarily for retail and/or office purposes.

Its portfolio comprises leasehold properties in Singapore namely Jem (an office and retail property) and 313@somerset (a prime retail property) as well as freehold interest in Sky Complex (three grade-A office buildings) in Milan. These five properties have a total net lettable area of approximately 2.2 million square feet, with an appraised value of S\$3.6 billion as at 30 June 2022. Other investment includes development of a multifunctional event space on a site adjacent to 313@somerset.

LREIT is managed by Lendlease Global Commercial Trust Management Pte. Ltd., an indirect wholly-owned subsidiary of Lendlease Corporation Limited. Its key objectives are to provide unitholders with regular and stable distributions, achieve long-term growth in distribution per unit and net asset value per unit, and maintain an appropriate capital structure.

About the Sponsor - Lendlease Corporation Limited

The Sponsor, Lendlease Corporation Limited, is part of the Lendlease Group⁸, an international real estate group with core expertise in shaping cities and creating strong and connected communities, with operations in Australia, Asia, Europe and the Americas.

Headquartered in Sydney and established in 1958, the Lendlease Group’s vision is creating places where communities thrive. The Lendlease Group’s approach is to maintain a portfolio of operations that deliver diversification of earnings by segment and region, providing a mitigant to property cycles. This approach means that through cycles the composition of earning from each segment or region may vary.

The Lendlease Group has a development pipeline value of approximately A\$117 billion⁹, core construction backlog of A\$10.5 billion⁹ and funds under management of A\$44 billion⁹.

The Lendlease Group is a trusted investment manager to over 150 key capital partners in property and investments.

For more information, please contact Investor Relations:

Lendlease Global Commercial Trust Management Pte. Ltd.
Ling Bee Lin
enquiry@lendleaseglobalcommercialreit.com
Tel: +65 6671 7374

⁸ Lendlease Group comprises the Sponsor, Lendlease Trust and their subsidiaries

⁹ As at 30 June 2022.

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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**”), DBS Trustee Limited (as trustee of LREIT) or any of their affiliates.

This press release 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.