

SGX ANNOUNCEMENT

18 December 2023



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

LENLEASE GLOBAL COMMERCIAL ITALY FUND RESTRUCTURES LEASE AT SKY COMPLEX TO REDUCE TENANT CONCENTRATION RISK

Lendlease Global Commercial Trust Management Pte. Ltd., in its capacity as manager of Lendlease Global Commercial REIT (“LREIT”, and the manager of LREIT, the “**Manager**”), wishes to announce that Lendlease Italy SGR S.p.A., on behalf of Lendlease Global Commercial Italy Fund¹ (the “**Landlord**”), has on 15 December 2023 entered into a new lease agreement (the “**New Lease**”) with Sky Italia S.r.l. (“**Sky**” or the “**Tenant**”) in respect of Sky Complex (the “**Property**”). The Property comprises Buildings 1 and 2 located at Via Luigi Russolo 4, 20138 Milan, Italy, and Building 3 located at Via Luigi Russolo 9, 20138 Milan, Italy.

The original lease for the Property (the “**Original Lease**”) was due to expire in May 2032, subject to an option held by the Tenant to terminate its lease over the Property in 2026.

Under the terms of the New Lease:

1. Buildings 1 and 2 will be leased to the Tenant for an initial term of nine (9) years and one (1) month commencing on 15 December 2023, with an option given to the Tenant to renew for an additional term of six (6) years. The Tenant will not have a right to pre-terminate the New Lease.
2. The starting annual rent for Buildings 1 and 2 will be approximately 1.5% higher than the existing in-place rent for Buildings 1 and 2 based on the Original Lease. This increase is in addition to the recent positive 5.9% rental increase in May 2023. The New Lease includes a tenant incentive in line with market standards.
3. The Tenant will return Building 3 to the Landlord in the first quarter of 2024 upon the completion of reinstatement works and will provide a consideration to the Landlord of an amount equivalent to approximately two years of existing annual rent of Building 3 (the “**Supplementary Rent**”).

RATIONALE AND BENEFITS

The key rationale and benefits of the lease restructuring are as follows:

1. **Reduces tenant concentration risk.** Following the return of Building 3, the Landlord will redesign the building for multi-tenancy use. This transition will reduce LREIT’s single-tenant exposure to

¹ Lendlease Global Commercial Italy Fund is a wholly-owned fund of LREIT, which in turn owns 100% of Sky Complex.

SGX ANNOUNCEMENT

18 December 2023

Sky whilst broadening the tenancy base for the Property. Post the lease restructuring, the percentage of LREIT's portfolio tenant base in the broadcasting sector by monthly gross rental income will be reduced on a *pro forma* basis as at 30 September 2023 from 13.6% to approximately 10.2%.

2. **Continue to enjoy long-term stable cashflow without pre-termination risk.** With the New Lease, there is greater certainty on cashflow as the Tenant will not have a right to pre-terminate the New Lease and Buildings 1 and 2 will be tenanted to Sky until at least 2032.
3. **Enjoy rental growth on Buildings 1 and 2.** Under the New Lease, there will be an annual rental update in respect of Buildings 1 and 2 based on ISTAT consumer price index, where the annual rental may only be revised upwards. The Tenant will also continue to be responsible for most of the property operating expenses in Buildings 1 and 2.
4. **Repositioning of Building 3 to secure multi-tenancies at market rents.** Building 3 will be redesigned for multi-tenancy use. This enhancement together with Building 3's LEED Gold certifications and the upcoming 2026 Winter Olympics will place Building 3 in a good position to secure new tenants at prevailing market rates. New tenancies secured will contribute to total revenue on top of the Supplementary Rent.
5. **No material impact to LREIT's distribution and net asset value.** The Supplementary Rent, at approximately two years of existing annual rent of Building 3, will supplement the Property's total revenue whilst Building 3 is being leased out to new tenants. As at 30 September 2023, Building 3 accounted for approximately 3.9% of LREIT's portfolio monthly gross rental income. The lease restructuring is not expected to have a material impact on LREIT's distribution and net asset value for the financial year ending 30 June 2024.

Should there be any material developments on this matter, the Manager will make an announcement at the appropriate time.

By Order of the Board
Kelvin Chow
Chief Executive Officer

Lendlease Global Commercial Trust Management Pte. Ltd.
(as manager of Lendlease Global Commercial REIT)
(Registration Number: 201902535N)

18 December 2023

SGX ANNOUNCEMENT

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