

## REIT REPORT

# Lendlease REIT strengthens capital structure through divestment of Jem office, sharpens its focus on Singapore retail

Lendlease Global Commercial REIT (Lendlease REIT) is sharpening its strategic focus, with newly appointed CEO Guy Cawthra leading the way. The REIT is refining its approach through disciplined capital management and financial resilience.

On Aug 4, Lendlease REIT announced the sale of the Jem office component for \$462 million, in line with the most recent independent valuation. Upon completion of the transaction, the proceeds will be largely used to repay outstanding borrowings, reducing aggregate leverage to just over 35%, down from 42.6% as at June 30 this year. The transaction also unlocks a net distributable gain of approximately \$8.9 million, which will be available for distribution to Lendlease REIT unitholders.

“The divestment marks an important milestone in responding to unitholder feedback regarding our capital structure,” states Cawthra.

The divestment also sharpens Lendlease REIT’s geographic and sector focus. Post-divestment, Singapore retail will represent over 85% of the REIT’s portfolio by valuation, reinforcing its commitment to a high-quality, resilient retail footprint in its home market.

For its FY2025 ended June 30, Lendlease REIT achieved positive rental reversion across its portfolio, highlighting strong operational momentum across its retail and office holdings.

The REIT is headquartered and listed in Singapore, and owns market-leading retail assets, including 313@somerset on Orchard Road and Jem in Jurong East. As of June 30, the two assets had a 99.5% occupancy rate and experienced positive rental reversion of 10.2% during the year.

Lendlease REIT’s malls continue to attract new tenants. In the last 12 months, the manager has signed lease agreements with new tenants including Shaw Theatres, Lululemon, 2nd Street, Chagee, Casa Vostra, Nanyang Dao, Tim Hortons Signature and Moon Moon Food.

“Lendlease REIT is anchored by high-quality retail assets and a resilient Singapore-centric portfolio. My focus is on unlocking value for unitholders through active asset management, robust capital management and disciplined execution. We will continue to optimise our portfolio through asset recycling when market conditions allow,” adds Cawthra.

On the financing side, Lendlease REIT is taking proactive steps to manage interest rate risks. While expectations of rate cuts have emerged in major markets, the pace of monetary easing remains uneven. The REIT remains focused on optimising its hedging strategy, maintaining interest coverage and balance sheet stability.

Cawthra adds: “We are recalibrating our growth strategy to be both sustainable and scalable, in line with our long-term investor’s expectations.”

## Embedding ESG and social impact into strategy

Environmental, social and governance (ESG) integration remains a core pillar of Lendlease REIT’s operating strategy. This year, the REIT refreshed its climate scenario assessment framework to evaluate the long-term impact of climate-related risks across its portfolio. This is part of a broader effort to future-proof assets and incorporate climate resilience into asset planning, financing and leasing.

“Sustainability is not a checkbox exercise. At Lendlease REIT, we are embedding ESG



The \$462 million Jem office divestment boosts Lendlease REIT’s financial strength

into every layer of our decision-making, from leasing to capital deployment and community partnerships,” says Cawthra. “The future of real estate lies in climate-resilient, community-centric assets. Our refreshed climate risk strategy ensures we’re well positioned, whatever scenario emerges.”

The REIT is also enhancing its climate disclosures, aligning with international frameworks such as the International Sustainability Standards Board (ISSB). A dedicated internal team has been established to drive ESG initiatives and integrate these into regular business reporting and risk management.

Some key initiatives include improving energy efficiency, implementing sensor technologies to optimise energy use and installing energy-saving elevators. There are also water-saving measures such as rainwater harvesting to collect rainwater for non-potable purposes. Food waste initiatives involve installing food waste digesters in malls to break down organic waste into usable by-products.

At the group level, sponsor Lendlease exceeded its social value creation target of A\$250 million (\$209 million) in FY2025, reinforcing its commitment to long-term

sustainable development across regions.

Locally, Lendlease REIT was among the first REITs to adopt the Sustainable Philanthropy Framework developed by the National Council of Social Service (NCSS). The framework promotes sustained and structured giving, volunteering and socially responsible business practices, reinforcing Lendlease REIT’s contribution to Singapore’s evolving social contract.

“Our collaborations with enterprises like Dignity Kitchen and AWWA reflect our commitment to inclusive growth,” says Cawthra. “As a REIT manager, we recognise our responsibility extends beyond financial returns. We believe in building social capital alongside investor value, as these two outcomes are not mutually exclusive.”

Dignity Kitchen, one of Lendlease REIT’s key partners, offers training and employment opportunities for individuals with disabilities and those from disadvantaged backgrounds, while AWWA supports vulnerable groups, including low-income families and seniors. Through these collaborations, the REIT aims to create measurable, lasting social outcomes that extend beyond corporate social responsibility.

## Reinforcing market confidence

Lendlease REIT continues to prioritise open and consistent communication with investors. As a member of the executive committee of the REIT Association of Singapore (REITAS), the manager actively contributes to industry-level discussions, including policy consultations and investor education.

Over the past year, the REIT has participated in several high-profile investor events, including the DBS-REITAS Private Banking Luncheon, sessions with CGS International and Securities Investors Association Singapore (SIAS) as well as conferences hosted by Citi and PhillipCapital. These engagements serve as key platforms for updating the investment community on portfolio performance, capital strategy and outlook.

Cawthra says: “Transparency is fundamental. We remain committed to maintaining regular and meaningful dialogue with investors as we refine and deliver our strategy. Through industry platforms and investor conferences, we are actively engaging the market to align expectations, listen to feedback and highlight progress.” ■