

Lendlease Global Commercial REIT Poised to Recover Post Circuit-Breaker

- Portfolio occupancy stood at 99.0%
- Weighted average lease expiry (“**WALE**”) of 9.5 years by net lettable area (“**NLA**”) and 4.9 years by gross rental income (“**GRI**”)
- Approximately 78% of the leases (by NLA) will expire only beyond FY2024
- Gearing ratio of 35.6% with average running cost of debt of 0.86% p.a.
- Weighted interest coverage ratio of 9.2 times¹
- Sky Complex continues to remain resilient. Its tenant’s broadcasting business continues to take place with safe management measures in place.
- Strategic acquisition of a stake in Jem provides income diversification as the office component is fully leased on a long lease term to the Ministry of National Development (MND) of Singapore

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.

Singapore, 3 November 2020 - Lendlease Global Commercial Trust Management Pte. Ltd. (the “**Manager**”), the manager of Lendlease Global Commercial REIT (“**LREIT**”), today provides its first quarter FY2021 operations update for the period 1 July 2020 to 30 September 2020. LREIT has adopted half-yearly announcement of financial statements with effect from 13 July 2020.

Operations Update

LREIT’s portfolio occupancy stood at 99.0% as at 30 September 2020, with a long WALE of 9.5 years² by NLA and 4.9 years² by GRI. Approximately 78% of its leases by NLA will expire only beyond FY2024.

Tenant sales and footfall at 313@somerset continue to show signs of recovery. During the quarter, tenant sales and footfall recovered approximately 70% and 60% respectively, compared to pre-COVID-19 levels. As at 30 September 2020, 313@somerset had maintained a healthy

¹ The interest coverage ratio of 9.2 times is in accordance with requirements in its debt agreements and 4.8 times in accordance with the Property Funds Appendix of the Code on Collective Schemes.

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

occupancy rate of approximately 96% and tenant retention rate of 80%. More recently, LREIT has secured a new tenant that would improve the occupancy to 98.0%.

In the coming quarters, the Manager will focus on capitalising the strategic location of 313@somerset to improve visitation and sales performance. It also aims to solidify the position of 313@somerset as the heart of the Somerset youth precinct through the redevelopment of the Grange Road car park into a new lifestyle destination. The authorities have ceased operations at the car park in preparation for the targeted handover of the site to LREIT by December 2020. Redevelopment works are expected to commence soon after LREIT takes over the site.

On Sky Complex, LREIT's office asset in Milan, its tenant's broadcasting business continued to remain resilient with safe management measures in place. Sky Complex is fully leased to Sky Italia, an international high-quality tenant, on a long lease term until 2032². The Manager had, on 1 September 2020, appointed Lendlease Italy SGR S.p.A. as the alternative investment fund manager for Lendlease Global Commercial Italy Fund, which holds Sky Complex, to align its interest closely with LREIT's Unitholders.

Milano Santa Giulia district, where Sky Complex is located, has been gaining positive traction and is an emerging key office location in the Milan Periphery submarket in recent years. The district is conceived as an area where various facilities, services and land-uses would integrate, connect and create synergies and as a place where people interact and engage with each other. The recent developments adjacent to Sky Complex - two grade-A office buildings are about 80% pre-let to a global engineering company - and infrastructure development of a new metro line that connects to Linate airport, have contributed to the positive office investment interest in the Milano Santa Giulia district.

Mr Kelvin Chow, Chief Executive Officer of the Manager, said, "We are fortunate to have fully leased our three freehold Grade A office buildings, Sky Complex in Milan, with a long lease term till 2032. Sky Complex is expected to be income resilience and mitigate downside risks during COVID-19."

Commenting on LREIT's prime retail asset in Singapore, Mr Chow added, "The safety of our shoppers, tenants and employees remains a top priority at Lendlease. The Singapore government's move towards allowing more people to return to work and increasing the capacity for events and dining, will definitely be positive for malls as travelling overseas is still not readily allowed. We stand ready to work in accordance with local guidelines to drive visitation to 313@somerset. We will also focus on retaining and engaging our tenants as we continue to build on our healthy and long-lease expiry profile to provide Unitholders with regular and stable returns."

Strategic acquisition of a stake in Jem, an integrated office and retail development

The acquisition of a stake in Jem through a 5% interest in Lendlease Asian Retail Investment Fund 3 (the "**Fund**") has provided pre-emptive rights and opportunities for LREIT to potentially increase its strategic stake in the Fund (and indirect interest in Jem) over time.

The transaction was completed on 1 October 2020, fully funded with cash and is accretive³ to LREIT's distribution per unit ("DPU"). LREIT and its Unitholders will also benefit from further income diversification based on the office and suburban retail components of Jem. Its office component, accounts for approximately 35% by NLA, is fully leased to the Ministry of National Development (MND) of Singapore.

Capital Management

As at 30 September 2020, the Group and LREIT have an uncommitted undrawn debt facility of S\$50 million and €30 million to fund its working capital. As at the date of this announcement, LREIT has committed undrawn multi-currency revolving credit facility of S\$50 million.

Gross borrowings stood at S\$555.4 million as at 30 September 2020, equating to a gearing ratio of 35.6%. The weighted average running cost of debt was 0.86% per annum. LREIT's weighted average debt maturity was 2.8 years.

LREIT's interest coverage ratio was 9.2 times in accordance with requirements in its debt agreements, and 4.8 times in accordance with the Property Funds Appendix of the Code on Collective Schemes. The current levels of the interest rate coverage ratios provide ample buffer from the debt covenant of 2.0 times and minimum regulatory requirement of 2.5 times. The Manager will continue to be vigilant in maintaining a strong balance sheet and prudent cashflow management.

LREIT hedged 100.0% of its floating rate debt to fixed rate through interest rate swaps and options. To mitigate foreign currency risks, it has substantially hedged its projected Euro-denominated income for FY2021. LREIT has achieved natural hedge against its Euro capital investment in Sky Complex via a Euro term loan. It has diverse sources of funding from a lending group of well-rated financial institutions. All of LREIT's debt is unsecured debt, ensuring that it has balance sheet flexibility.

COVID-19 Update

The Singapore government had in October 2020 extended the relief period under COVID-19 (Temporary Measures) Act (the "**COVID-19 Act**") till 19 November 2020. Under the COVID-19 Act, tenants are able to seek temporary relief from paying rent and other obligations under their leases from April 2020.

For LREIT's retail tenants at 313@somerset, the Manager has been engaging with them actively since the onset of the COVID-19 pandemic. Up to two months of rental relief were provided to eligible tenants and full savings from property tax rebate were also passed through to eligible tenants to help them tide over this period. While the support has helped to ease immediate

³ Refer to LREIT's announcement "Lendlease Global Commercial REIT acquires a stake in Jem via a 5% interest in Lendlease Asian Retail Investment Fund 3" dated 1 October 2020 for the proforma DPU effect.

cashflow pressure on LREIT's tenants over the last six months, the overall retail sector and leasing demand remains subdued. Retailers remain cautious as they adopt a wait-and-see approach and are recalibrating their cost structures. Leasing activities are expected to remain challenging due to the soft demand against COVID-19 headwinds.

In the coming quarters, the Manager expects this cautious stance to put pressure on occupancy and rental reversion for 313@somerset. It remains committed to provide appropriate assistance to ensure business continuity of its retail tenants.

On Sky Complex, no rental waiver is granted to Sky Italia and to-date, it has made all its rental payments in a timely manner.

Market Outlook

Singapore Retail Industry

Based on advance estimates by the Ministry of Trade and Industry, the Singapore economy contracted by 7.0%⁴ year-on-year (“YoY”) in the third quarter of 2020, an improvement from the 13.3% contraction in the second quarter. The improved performance came on the back of the phased re-opening of the economy following the Circuit-Breaker that was implemented between 7 April and 1 June 2020.

Retail sales index continued to decline for six consecutive months in August to 5.7%⁵ YoY. However, this was an improvement from the 8.5% YoY decline recorded in July.

Announcements from the Singapore government to move towards Phase Three safe re-opening in a calibrated and cautious manner have been encouraging. More activities could be anticipated with further easing of restrictions over the next few months. In addition, the air travel bubble announced by the Singapore and Hong Kong authorities in October marks a significant positive development in reopening the borders.

While these are positive signs of recovery, the pace of recovery may not be uniform across the sectors. Consumer-facing sectors such as tourism and hospitality as well as retail may continue to remain subdued in the near term. Nevertheless, the retail space market fundamentals continue to look encouraging with little supply expected in the Orchard Road micro-market over the next four years⁶. This will lend support to modest leasing activities in the medium term.

Milan Office Industry

According to the latest research report by CBRE in 2Q 2020, the Milan office market has a total investment of €1.27 billion in the first half of 2020, accounting for approximately 70% of the entire

⁴ Ministry of Trade and Industry Singapore's GDP Contracted by 7.0 Per Cent in the Third Quarter of 2020, 14 October 2020

⁵ Statistics Singapore, Retail Sales Index and Food & Beverage Services Index – August 2020

⁶ REALIS / Colliers International Singapore Research

office market in Italy. Office vacancy rates in Milan remained stable at 9.9% in 1H 2020, an improvement of 0.4 percentage points YoY. Prime office rental rate in Milan climbed 3.4% to €600 per square metre per annum.

In the near term, assets such as Sky Complex, LREIT's office in Milan, let on long leases to high quality tenants will continue to remain resilient. Sky Complex is fully leased to Sky Italia on a long lease term till 2032².

Distribution Policy

LREIT intends to make distributions to Unitholders semi-annually and will distribute at least 90.0% of its adjusted net cashflow from operations for each financial year. The actual level of distribution will be determined at the Manager's discretion. LREIT intends to distribute 100.0% of its adjusted net cashflow from operations for the period from the Listing Date to the end of 30 June 2021.

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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 initial portfolio comprised a leasehold interest in, 313@somerset, a retail property located in Singapore and a freehold interest in Sky Complex, which comprises three office buildings located in Milan. The portfolio has a total net lettable area of approximately 1.3 million square feet, with an appraised value of S\$1.4 billion as at 30 June 2020.

LREIT is managed by Lendlease Global Commercial Trust Management Pte. Ltd., an indirect wholly-owned subsidiary of Lendlease. 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 Group⁷, an international property and infrastructure 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 to create the best places by striving for world leading standards for safety, innovation and sustainability.

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\$113 billion⁸, core construction backlog of A\$14 billion⁸ and funds under management of A\$36 billion⁸. The Lendlease Group is a trusted investment manager to over 150 key capital partners in property and infrastructure 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

⁷ Lendlease Group comprises the Sponsor, Lendlease Trust and their subsidiaries.

⁸ As at 30 June 2020.

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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 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.