

3Q FY2023 Business Update

9 May 2023



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Key Highlights



Key Highlights

Key Portfolio Metrics



Portfolio Committed
Occupancy
99.8%



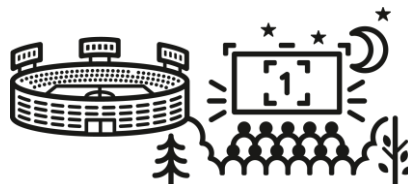
Weighted Average
Lease Expiry
8.3 years⁽¹⁾
(by NLA)



Retail Rental
Reversion
3.3%⁽²⁾



Tenant Sales
**Up 4.6
times⁽³⁾**



Tenant Retention
79.5%⁽⁴⁾



Office Rental
Escalation
c.4%⁽⁵⁾

Capital Management

Gearing Ratio
39.3%

Weighted Average
Cost of Debt
2.51% p.a.⁽⁶⁾

Interest Coverage
Ratio
4.6 times⁽⁷⁾

Fixed Rate
Borrowings
61%

(1) Assumes that Sky Italia does not exercise its break option in 2026.

(2) Year-to-date.

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

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

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

(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.



Portfolio Performance

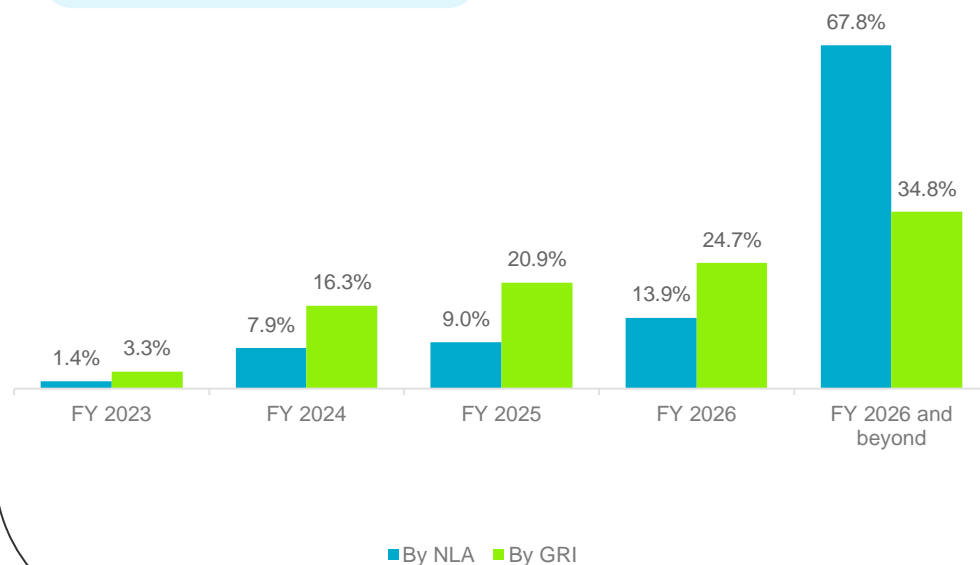
Sky Garden at Jem, a resilient suburban mall located in the West of Singapore.

High Committed Portfolio Occupancy

- Well-staggered lease expiry profile with weighted average lease expiry at 8.3 years⁽¹⁾ by NLA and 5.4 years⁽¹⁾ by GRI

Portfolio Lease Expiry Profile
(as at 31 March 2023)

WALE⁽¹⁾
8.3 years by NLA
5.4 years by GRI



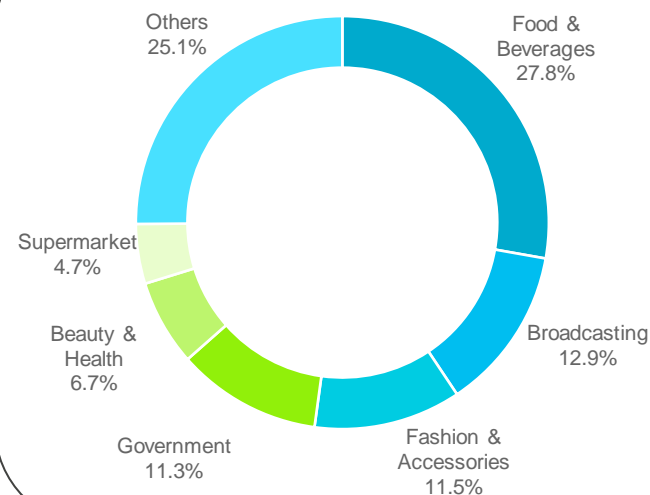
Portfolio Committed Occupancy
(as at 31 March 2023)



99.8%
3Q FY2023

99.8%
2Q FY2023

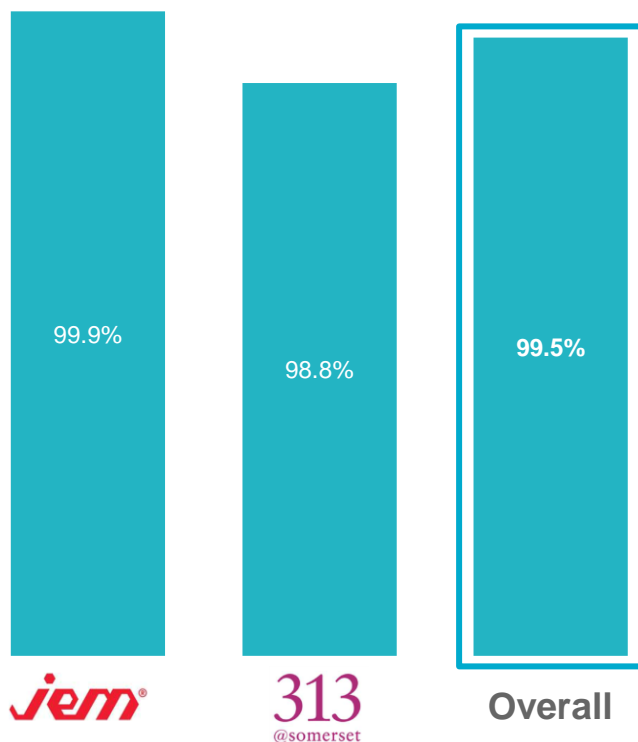
Diversified Tenant Base
(by GRI)



(1) Assumes that Sky Italia does not exercise its break option in 2026.

Retail and Office Portfolio Occupancy

Retail Portfolio (as at 31 March 2023)



Office Portfolio (as at 31 March 2023)

- Positive rental escalation of c.4%⁽¹⁾
- Long WALE of 12.2 years⁽²⁾ by NLA and 15.0 years⁽²⁾ by GRI to ensure stable income stream



Singapore

- Grade A office building leased to the Ministry of National Development till 2044
- Rental review every five years



Milan

- Three Grade A office buildings leased to Sky Italia till 2032⁽²⁾
- Annual rental review based on 75% of ISTAT⁽³⁾ consumer price index variation

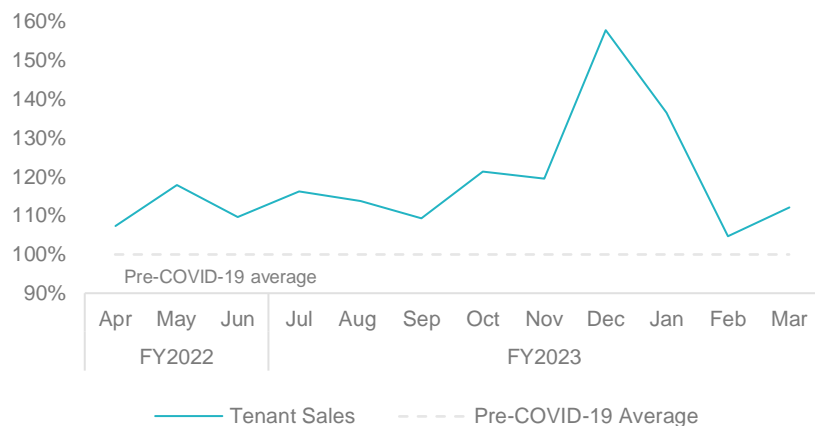
(1) Refers to Sky Complex.

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

(3) The Italian National Institute of Statistics

Tenant sales and visitation up 4.6 times⁽¹⁾ and 2.7 times⁽¹⁾ YoY, respectively

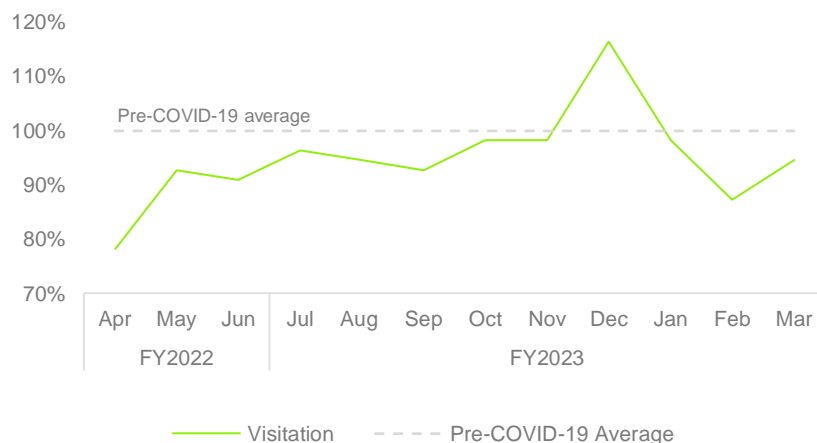
Tenant Sales



Tenant Sales (S\$ million)						
1Q FY2022 (Jul-Sep)	2Q FY2022 (Oct-Dec)	3Q FY2022 (Jan-Mar)	4Q FY2022 (Apr-Jun)	1Q FY2023 (Jul-Sep)	2Q FY2023 (Oct-Dec)	3Q FY2023 (Jan-Mar)
36.6	48.2	44.5	192.1	194.7	228.7	202.7

Note: Tenant sales from 4Q FY2022 onwards includes Jem (acquisition completed on 22 April 2022).

Visitation



Visitation (Number in million)						
1Q FY2022 (Jul-Sep 2021)	2Q FY2022 (Oct-Dec 2021)	3Q FY2022 (Jan-Mar 2022)	4Q FY2022 (Apr-Jun 2022)	1Q FY2023 (Jul-Sep 2022)	2Q FY2023 (Oct-Dec 2022)	3Q FY2023 (Jan-Mar 2023)
5.4	6.5	5.8	14.4	15.6	17.2	15.4

Note: Visitation from 4Q FY2022 onwards includes Jem (acquisition completed on 22 April 2022).

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

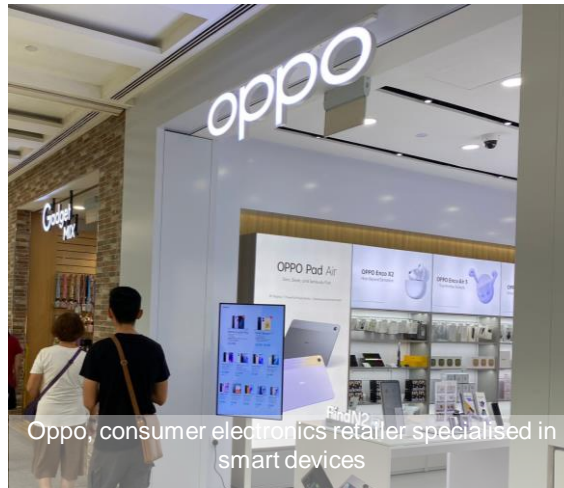
New F&B and Retail Tenants



Popular Chinese sauerkraut fish originated from China

sift&pick

Local e-commerce platform that collaborates with Korean fashion brand MARHEN.J



Capital Management

Key Financial Indicators

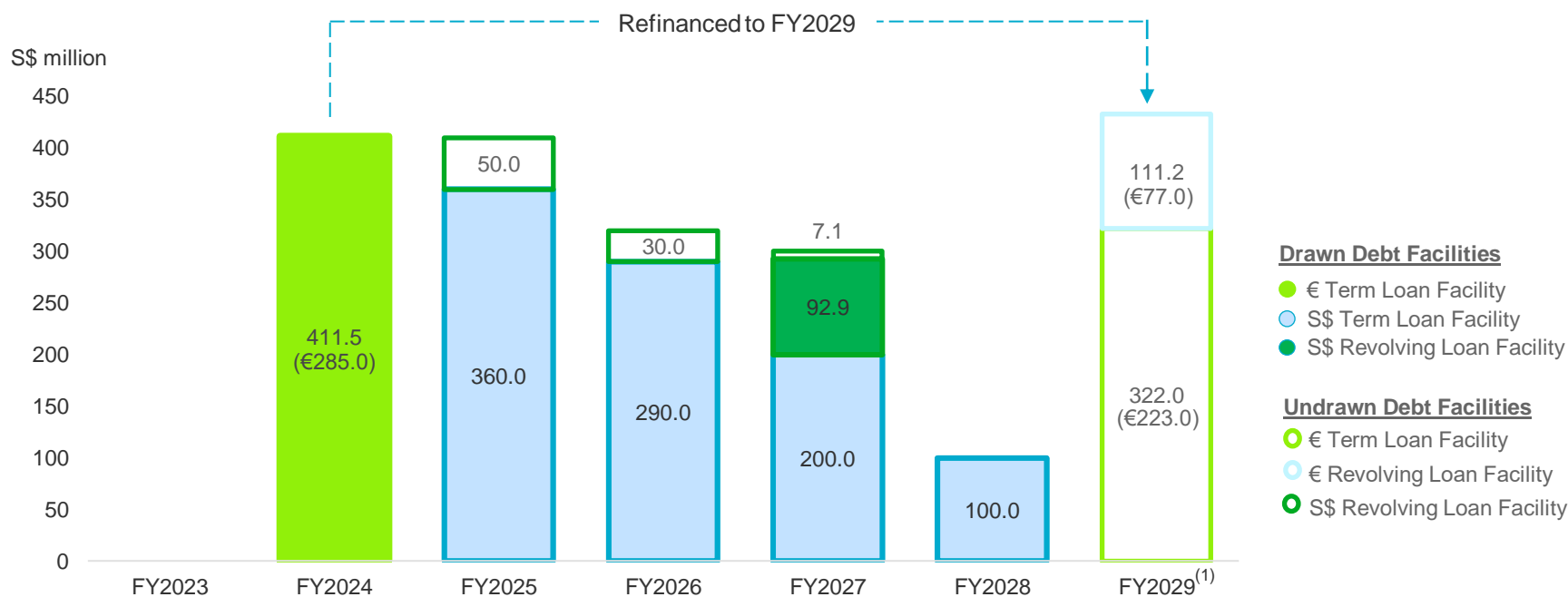
	As at 31 March 2023	As at 31 December 2022
Gross borrowings	S\$1,454.4 million	S\$1,451.3 million
Gearing ratio	39.3%	39.2%
Weighted average debt maturity	2.3 years	2.6 years
Weighted average cost of debt ⁽¹⁾	2.51% p.a.	2.35% p.a.
Interest coverage ratio ⁽²⁾	4.6 times	5.5 times

(1) Excludes amortisation of debt-related transaction costs.

(2) 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.

Debt Facilities and Maturity Profile

- Obtained a €300 million unsecured 5-year sustainability-linked loan facility to refinance its Euro loan due in FY2024
- No refinancing risks till FY2025
- After drawing down on the Euro loan, 89% of total borrowing are sustainable financing
- Income from Sky Complex are hedged with rolling foreign exchange forwards
- Approximately 61% of the borrowings are hedged to fixed rates
- S\$230.4 million of undrawn debt facilities as at 31 March 2023



(1) LREIT obtained a €300 million unsecured 5-year sustainability-linked term loan and revolving credit facilities on 20 April 2023 to refinance its borrowings.

Sustainability

Forward

The Sky Terrace at 313@somerset has rotating green columns, which are irrigated using harvested rainwater.

Continuous Effort to Improve Sustainability Performance

- ✓ All assets in Singapore are **BCA Green Mark Platinum certified**.
- ✓ 100% of LREIT's grade A office buildings in Milan have obtained **LEED Gold certification**.
- ✓ Food waste digester installed in Jem and 313@somerset could **process up to 2.5 tonnes of food waste**, equivalent to food waste disposed by more than 3,000 households⁽¹⁾ in Singapore.
- ✓ Water saving initiatives such as the condensate recovery system on cooling towers, rainwater harvesting system and eco-digester could help **conserve up to 3,431m³ of water per month** at Jem, equivalent to approximately 24,000 bathtubs.
- ✓ Partnered with government agencies to **optimise energy and water usage for the buildings in the Jurong Lake District**.



(1) Source: [Towards Zero Waste](#). Food waste makes up about half of the average 1.5kg of waste disposed of by each household in Singapore daily.

Looking Ahead



Looking Ahead

Key Focus in the Near-term

- ✓ Drive resilient and sustainable returns
- ✓ Proactive asset management to enhance resilience of the assets
- ✓ Active capital management to manage cost and gearing
- ✓ Explore AEI opportunities

Strategy



Proactive Asset Management and
Enhancement



Capital Management



Investment and Acquisition



Market Review



Market Review

Singapore Retail Market

- Retail sales (excluding motor vehicles) rose 11.7% in February 2023, up 2.1% month-on-month on the back of increases in food & alcohol and wearing apparel & footwear demand. Despite ongoing cost and operational challenges, retailers remain optimistic about tourism recovery and consumer spending.
- Prime retail rents for all submarkets continued to rise in Q1 2023, buoyed by the recovery of the Orchard Road, City Hall/Marina Centre and Fringe areas and the resilience of the suburban market. Orchard Road rents rose 0.9% QoQ to S\$34.85 psf/mth.
- With improved tourism recovery and below-historical-average of new retail supply till 2025, CBRE expects overall retail rents to remain on the path of recovery in 2023.

Singapore Office Market

- Vacancy rates in the core CBD increased by 0.2 percentage point QoQ to 5.5% while fringe CBD remained flat at 6.3% in Q1 2023. Rents for Grade A core CBD grew by 0.4% QoQ to S\$11.75 psf/mth in Q1 2023, slower than the 0.9% QoQ in Q4 2022.
- Leasing demand in Q1 2023 was mainly led by the non-banking financial institutions, professional services and government agencies. While the increased volatility in the financial markets and technology sector could weigh on an already cautious sentiment, prime office rents could be supported by tight future supply.

Milan Office Market

- According to the preliminary estimates by the Italian National Institute of Statistics, the consumer price index in March 2023 increased 7.7% YoY and fell 0.3% month-on-month.
- Milan remains the most active market attracting approximately 75% of the total transacted office volume. On leasing, the Periphery area, where Sky Complex is located, has the highest take-up rate of 31.2%, surpassing the CBD area of 26.3%.
- As more occupiers focus on improving their brand identity by moving to Grade A or green buildings in prime locations or in areas with great accessibility to major transportation infrastructure modes, it bodes well with Milano Santa Giulia district, the first precinct to be LEED Neighbourhood certified.

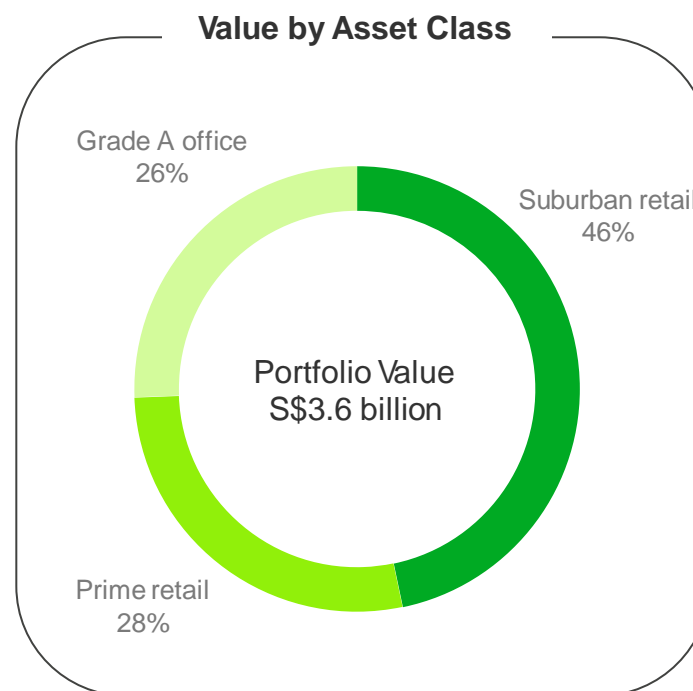
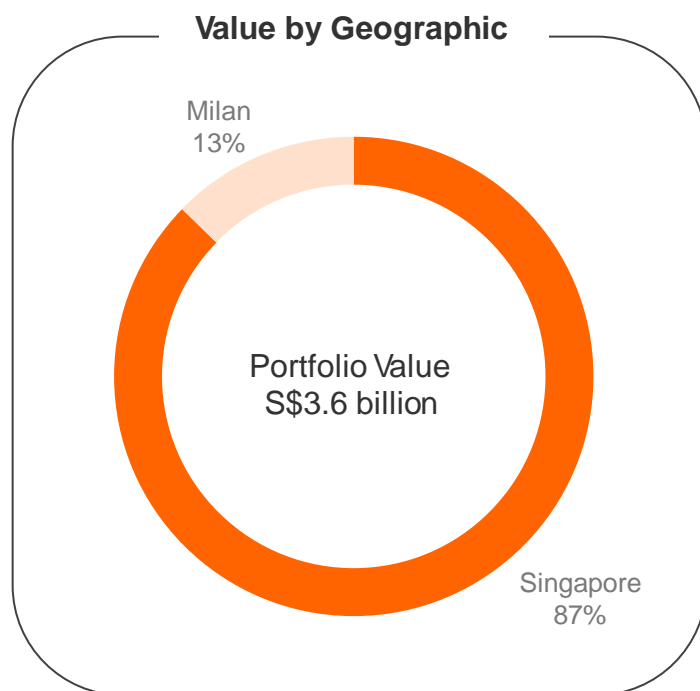
Additional Information



All three buildings of Sky Complex have been awarded with the prestigious LEED Gold Certification

Portfolio Composite by Valuation

- Singapore accounts for approximately 87% of the portfolio (by valuation)
- Grade A office and suburban office and retail account for more than 70% of the portfolio



Commitment towards environmental goals

MISSION ZERO

As a 1.5°C aligned company, LREIT's sponsor has set ambitious science-based emissions reductions targets.



NET ZERO CARBON BY 2025

Reduction of greenhouse gas emissions from business activities as far as possible, with the remainder offset with an approved carbon offset scheme.

Sponsor's net zero target applies to scope 1 & 2 emissions.



ABSOLUTE ZERO CARBON BY 2040

Mitigation of all greenhouse gas emissions produced from business activities to absolute zero, without the use of offsets.

Sponsor's absolute zero target applies to scope 1, 2 & 3 emissions.

SCOPES

Scopes are emissions categories defined by the Greenhouse Gas Protocol



SCOPE 1

Fuels we burn



SCOPE 2

Power we consume



SCOPE 3

Indirect activities

Jem, an office and retail property in Singapore

One of the largest suburban malls in the West of Singapore, infusing the region with lively shopping and dining experiences.



Key Statistics

(as at 31 March 2023)

Occupancy	99.9%
WALE	9.3 years (by NLA) 6.0 years (by GRI)
Valuation	S\$2,134 million
Valuation cap rate	Retail: 4.5% Office: 3.5%
NLA	893,044 sq ft
Ownership	100% (99-year leasehold) ⁽¹⁾

(1) 99-year leasehold commencing from 27 September 2010 till 26 September 2109.

313@somerset, a prime retail mall in Singapore

A youth-oriented retail mall centrally located on Singapore's Orchard Road shopping belt, directly connected to the Somerset MRT Station.



Key Statistics (as at 31 March 2023)

Occupancy	98.8%
WALE	2.2 years (by NLA and GRI)
Valuation	S\$993.1 million ⁽¹⁾
Valuation cap rate	4.25%
NLA	288,979 sq ft
Ownership	100% (99-year leasehold) ⁽²⁾

(1) Includes the development of the multifunctional event space, adjacent to 313@somerset, which will be connected seamlessly to the Discovery Walk that links to 313@somerset.

(2) 99-year leasehold commencing from 21 November 2006 until 20 November 2105.

Sky Complex, three Grade A office buildings in Milan

Office buildings with excellent accessibility via the public transport system. The buildings are fully leased to Sky Italia, owned by Comcast Corporation⁽¹⁾.



Key Statistics

(as at 31 March 2023)

Occupancy	100%
WALE	9.1 years (by NLA and GRI)
Valuation	S\$468.6 million ⁽²⁾ (€324.5 million)
Valuation cap rate	5.00%
NLA	980,139 sq ft
Ownership	100% (freehold)

(1) Sky Italia is a subsidiary of Comcast Corporation company, a global media and technology company.

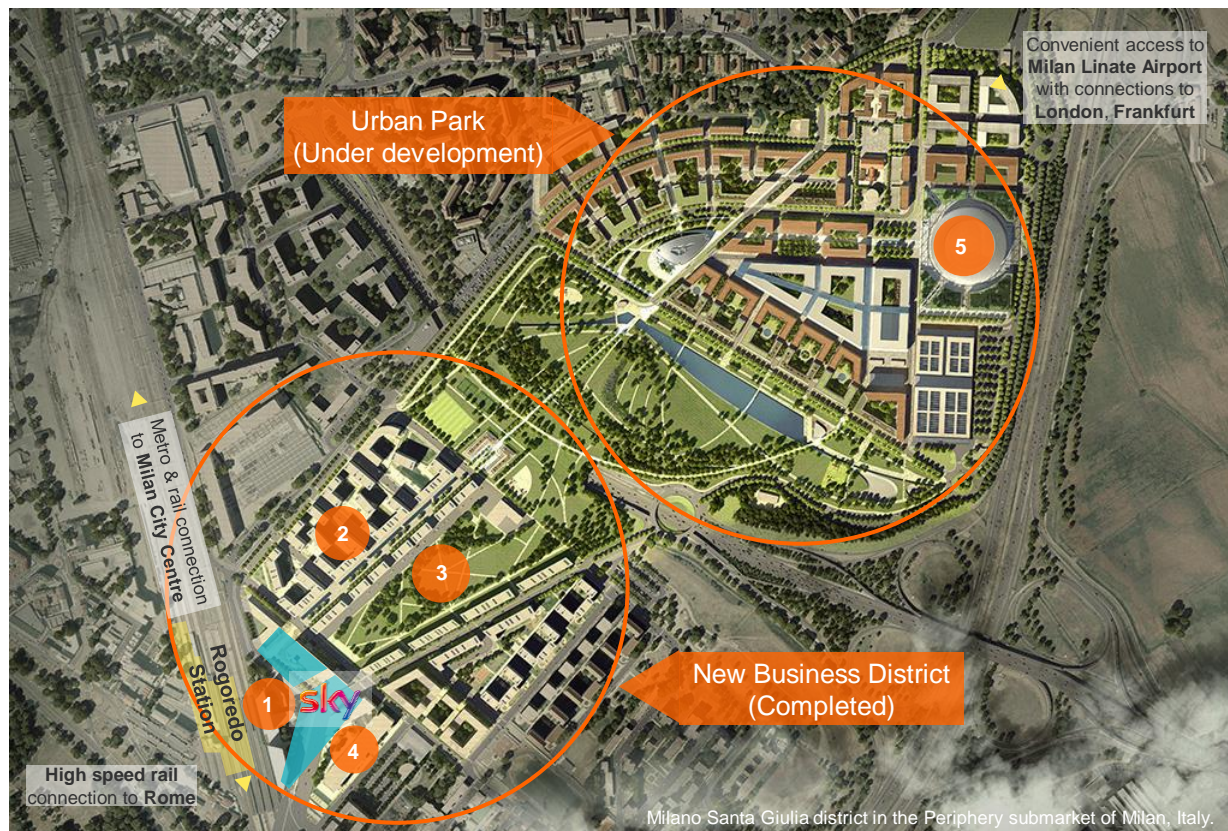
(2) Conversion of € to S\$ is based on the FX rate of 1.444 as at 31 March 2023.

Sky Complex, Grade-A Office in Milan

All three office buildings are LEED Gold certified, have Grade A office building specifications and are designed in accordance with energy saving criteria and high use flexibility.



The new Linate metro line (M4) that connects to Rogoredo station, where Sky Complex is located, and Linate Airport is 80% completed. This will accelerate the development of the Milano Santa Giulia district into one of Milan's key decentralised office district. Upon completion, travelling time from Milan city centre to Linate Airport will take only 12 minutes.

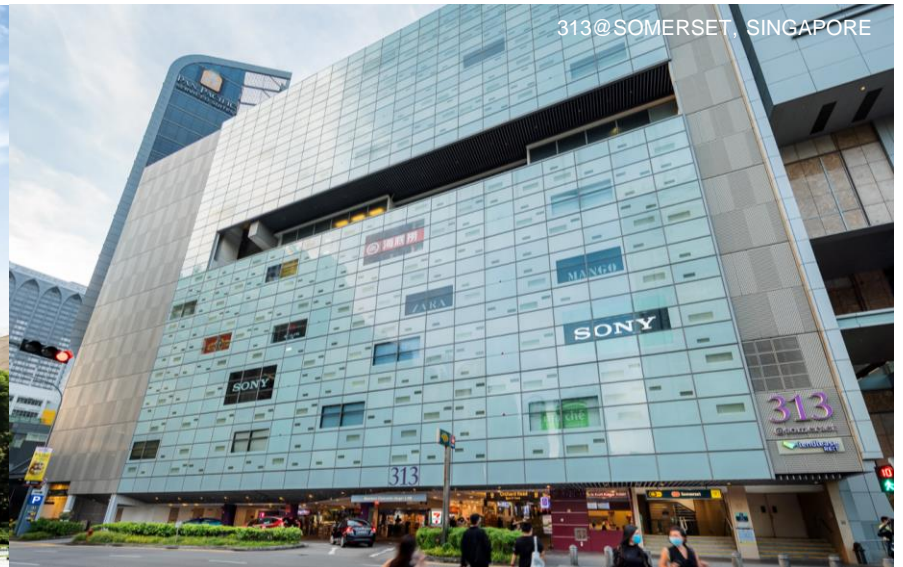


● Sky Complex

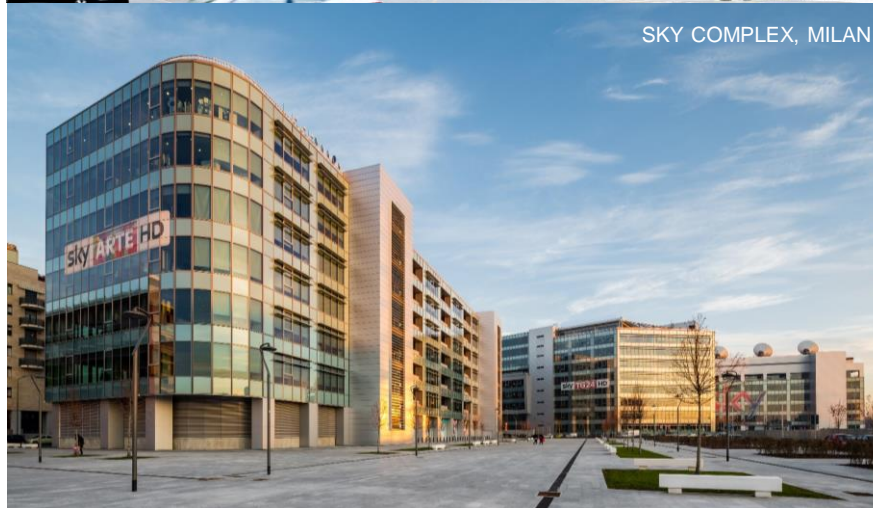
- 1 Spark One and Two, grade-A office buildings, with ancillary retail fully leased, adding vibrancy in the precinct
- 2 Residential area with 1,800 families and a shopping and entertainment street
- 3 Community park of size 45,000sqm
- 4 New campus of Giuseppe Verdi Conservatory, the largest music academy in Italy
- 5 Multifunctional arena where 2026 Winter Olympics will be held



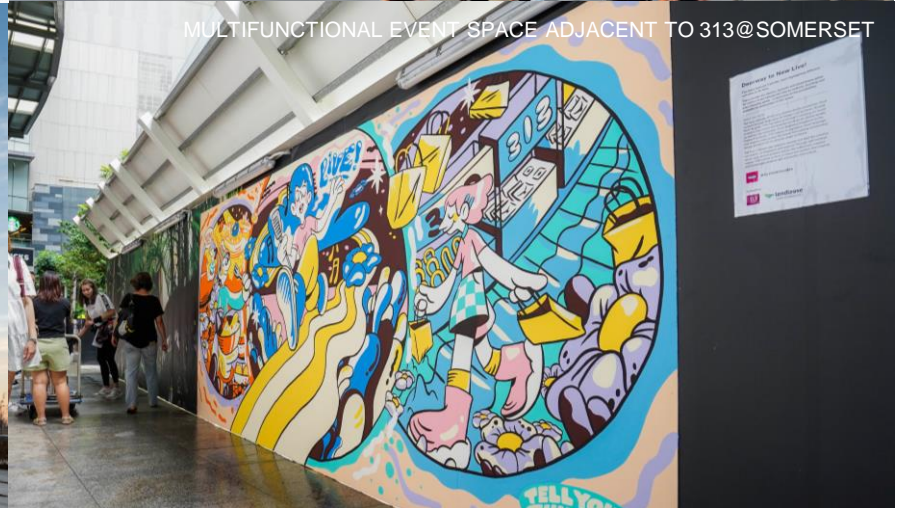
JEM, SINGAPORE



313@SOMERSET, SINGAPORE



SKY COMPLEX, MILAN



MULTIFUNCTIONAL EVENT SPACE ADJACENT TO 313@SOMERSET

Thank You

For enquiries, please contact Ling Bee Lin, Senior Manager Investor Relations and ESG
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