

Portfolio Continues to Remain Resilient

Portfolio occupancy remained high at 99.7%; the multifunctional event space, adjacent to 313@somerset, has been substantially leased to Live Nation – one of the world’s leading live entertainment companies

Key highlights

- Occupancy for 313@somerset remained high at 98.6%
- Tenant sales¹ and visitation recovered approximately 94% and 77% year-on-year (“YoY”) respectively
- Positive interest and good development progress in the vicinity of Sky Complex
- Portfolio weighted average lease expiry (“WALE”) of 9.0 years by net lettable area (“NLA”) and 4.6 years by gross rental income (“GRI”)
- Approximately 2% (by NLA) and 3% (by GRI) remain for renewal in FY2021
- Gearing ratio of 35.4% with average running cost of debt of 0.88% p.a.
- Weighted interest coverage ratio of 7.7 times²
- Included in iEdge S-REIT Leader Index and iEdge S-REIT Index

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, 7 May 2021 - Lendlease Global Commercial Trust Management Pte. Ltd. (the “Manager”), the manager of Lendlease Global Commercial REIT (“LREIT”), today provides its third quarter FY2021 operations update for the period 1 January 2021 to 31 March 2021. LREIT has adopted half-yearly announcement of financial statements with effect from 13 July 2020.

Operations Update

LREIT’s portfolio occupancy stood at 99.7% as at 31 March 2021, with a long WALE of 9.0 years³ by NLA and 4.6 years³ by GRI. The Manager has completed approximately 98% (by NLA) and 97% (by GRI) of the expiring leases in FY2021.

¹ Tenant sales were close to pre-COVID-19 levels.

² The interest coverage ratio of 7.7 times is in accordance with requirements in its debt agreements and 4.1 times in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.

³ Assumes that Sky Italia does not exercise its break option in 2026.

313@somerset, prime retail mall in Singapore

As at 31 March 2021, 313@somerset maintained a healthy occupancy rate of 98.6%. Tenant retention rate stood at approximately 62%⁴ as the Manager continued its efforts to rejuvenate and inject vibrancy to the mall.

Tenant sales performance continued to recover faster than visitation. As at 31 March 2021, tenant sales and visitation were S\$46.0 million and 6.6 million respectively. Compared to the same period last year, tenant sales¹ and visitation have recovered approximately 94% and 77% respectively. Tenant sales registered a YoY growth of 1.4% in February and 16.4% in March. With the recent spike of COVID-19 cases in the community, the Manager will continue to remain vigilant and work together with the authorities and tenants to ensure a COVID-safe environment.

The government has, in March, announced the introduction of a Code of Conduct (CoC) for leasing of retail premise. Alongside members of the committee, the Manager will adopt the CoC on 1 June 2021. The CoC is not retrospective and applies to lease agreements entered into on or after 1 June 2021. While the Manager does not foresee significant impact on the expiring leases due in the coming quarter, it will continue to maintain open communication with the tenants and conduct lease negotiations in a collaborative landlord-tenant approach. As at 31 March 2021, the remaining expiring leases to complete by FY2021 accounts for approximately 3% by portfolio GRI.

In the coming quarters, the Manager will focus on targeted campaigns to boost sales and visitation; prioritise maintaining occupancy; and, collaborate with tenants amid the dynamic retail environment. It also aims to solidify the position of 313@somerset as the focal point of the Somerset youth precinct through the redevelopment of a multifunctional event space.

The multifunctional event space adjacent to 313@somerset

The multifunctional event space has been substantially leased to Live Nation, one of the world's leading live entertainment companies, as the anchor tenant. The strong support from the Singapore government to transform the Somerset precinct into a youth hub bodes well with the Manager's plan to create new attraction in the precinct. Development works are expected to commence in the second half of 2021 and set to complete in 2022. When completed, the multifunctional event space will create synergy and connect seamlessly to the Discovery Walk, which is linked to 313@somerset. The new event space, with experiential lifestyle and entertainment events that run throughout the year, is expected to draw constant footfall and boost tenant sales in 313@somerset.

Jem, a mixed-use asset in Singapore

Jem welcomed a new anchor tenant, IKEA, in April. The Jem store will be the Swedish furniture giant's first small-store concept in Southeast Asia. Spanning over 6,500 sqm across three levels

⁴ Based on NLA due in FY2021.

in Jem, the innovative brand carries a variety of new interesting features such as Click & Collect service at the restaurant, cashless check-outs and interactive play projections for the kids to provide a more convenient and seamless shopping experience. Aiming to be the biggest outlet in terms of new experiences and ideas, IKEA is expected to enrich shoppers' in-store experience and increase footfall to Jem. In addition, global Japanese retail company, Muji, will be expanding its space to offer more lifestyle products and increase consumer options. Other new tenants that Jem has welcomed include Tsui Wah, Scoop, Pizzakaya, iSteak and simpleBurger.

The ability to bring in new and established brands to Jem will reinforce its positioning as a dominant mall in the West of Singapore. The continual refresh of tenant mix will also enhance shopping experience and drive footfall and tenant sales to Jem.

In recognition of its environmentally friendly and sustainable efforts, Jem was awarded the Green Mark Platinum version 4 and received the BCA Universal Design Mark Gold^{PLUS} Design Award.

Sky Complex, three grade-A offices in Milan

The tenant continued to exercise vigilance over safe management measures in the premise while live broadcasting with limited audience numbers continued to take place.

Lendlease Italy SGR S.p.A., the alternative investment fund manager for Lendlease Global Commercial Italy Fund which owns Sky Complex, had, in February 2021, appointed Prelios Integra S.p.A. ("**Prelios Integra**") as the property manager for Sky Complex. The transition has resulted in some cost savings for LREIT's unitholders.

The south zone of Milano Santa Giulia ("**MSG**") district, where Sky Complex is located, has attracted positive interest from the educational sector. Italy's largest music academy – Giuseppe Verdi Conservatory – will set up a new campus in MSG, adjacent to Sky Complex, before the end of 2025. In addition, approximately 80% of the space in Spark One, a grade-A office development next to Sky Complex, was signed under a pre-let agreement with Saipem, a global engineering company.

In the north zone of MSG district, the Manager is seeing good development progress where various planning and infrastructure approvals are expected to be obtained by the end of 2021.

The positive interest and progress of developments are expected to accelerate the transformation of MSG into one of Milan's key decentralised office and mixed-use destinations.

Index inclusion

LREIT has entered the iEdge S-REIT Leader Index and the iEdge S-REIT Index on 22 March 2021. The iEdge S-REIT Leaders Index, being the most liquid index-basket representation of the S-REIT market, measures the performance of the most tradable REITs in Singapore. It is also widely referenced in the SGX's suite of indices. The inclusion in the iEdge S-REIT Leader Index will enhance LREIT's trading liquidity and visibility to investors and index funds worldwide. To-date, the iEdge S-REIT Leaders Index is represented by 27 constituents out of 43 S-REITs with a total index market capitalisation of approximately US\$66 billion⁵.

On the same note, the iEdge S-REIT Index is regarded as Singapore's S-REIT benchmark.

Commenting on LREIT's portfolio, Mr Kelvin Chow, Chief Executive Officer of the Manager, said, "The resilience of LREIT's portfolio is supported by its diversified portfolio, shaping up of the new event space next to 313@somerset as well as positive interest and good development progress in the vicinity of Sky Complex. The positive interest in the periphery sub-market of Milan has drawn flight-to-quality tenants looking to set their foot in the area.

The prime location of 313@somerset with excellent transportation nodes will continue to enhance its ability to be the dominant mall within the Somerset precinct. We will continue to collaborate with our retail tenants and help them in the evolving landscape. On our investment in Jem, a dominant mall in the Jurong Gateway precinct, the continual refresh of tenant mix will enhance shopping experience and drive footfall and tenant sales to the mall."

On the inclusion into iEdge S-REIT indices, Mr Chow added, "The inclusion into the indices will further expand our pool of investors and raise LREIT's profile in the investment community worldwide."

Capital Management

In January 2021, LREIT established a S\$1 billion multicurrency debt issuance programme, which provides greater flexibility to tap the capital market for growth opportunities. As at the end of March, the Group and LREIT have uncommitted undrawn debt facilities of S\$97.3 million-equivalent to fund its working capital. The 4-year multicurrency revolving facility of S\$50.0 million-equivalent remained undrawn as at the period end.

Gross borrowings stood at S\$548.9 million as at 31 March 2021. With a gearing ratio of 35.4%, it provides a comfortable debt headroom for LREIT to grow its portfolio. The weighted average debt maturity was 2.4 years with an average running cost of debt of 0.88% per annum. LREIT's interest coverage ratio was 7.7 times in accordance with requirements in its debt agreements, and 4.1 times in accordance with the Property Funds Appendix of the Code on Collective Investment

⁵ SGX, Chartbook: SREITs & Property Trusts, April 2021

Schemes. The current levels of the interest rate coverage ratios provide ample buffer from the debt covenant of 2.0 times.

The Manager continues to monitor foreign currency risks exposure against the evolving market conditions. To mitigate risks, LREIT has put in place a Euro term loan, which provides a natural hedge against its Euro capital investment in Sky Complex. It has diverse sources of funding from a lending group of well-rated financial institutions to further strengthen the REIT's capital structure over the medium term.

All LREIT's debt is unsecured debt, ensuring that it has balance sheet flexibility. LREIT has S\$147.3 million of undrawn multicurrency debt facilities as at 31 March 2021, of which S\$50.0 million is committed.

Market Outlook

Singapore Retail Industry

Based on advance estimates by the Ministry of Trade and Industry, the Singapore economy grew by 0.2%⁶ YoY in the first quarter of 2021, a turnaround after three quarters of contraction. The recovery was supported by strong manufacturing activity, where the sector grew 7.5% YoY. With the recent spike in COVID-19 cases, the Singapore government has tightened the safety measures to curb the spread in the community. The uncertainty over the trajectory of the pandemic may cloud the city's short-term outlook.

On the performance of the retail industries, retail sales grew by 5.2%⁷ in February 2021 YoY, a reversal from the 6.1% YoY decline recorded in January 2021. Investors' confidence in the retail property market remains strong despite the industry going through one of the worst retail crises in history, where total transaction volume in 2020 registered a 29.5%⁸ YoY decline.

While the demand indicators are improving, the retail sector has yet to reach full recovery. It will be highly dependent on the global vaccine roll-out and how soon Singapore can reopen its borders. Leasing demand is expected to remain weak in the short term. Alongside challenges from the growth of ecommerce and demand for experiential offerings, landlords may have to review their tenant mix and pivot their strategies. Nevertheless, the retail space market fundamentals continue to look encouraging with little supply expected in the Orchard Road micro-market over the next three years⁹. This will lend support to modest leasing activities in the medium term.

Milan Office Industry

⁶ Ministry of Trade and Industry, Singapore's GDP Grew by 0.2 Per Cent in the First Quarter of 2021, 14 April 2021

⁷ Department of Statistics Singapore, Retail Sales Index and Food & Beverage Services Index, February 2021

⁸ Colliers' bi-annual retail report for H2 2020, 28 February 2021

⁹ REALIS / Colliers International Singapore Research

According to the Italian National Statistical Institute, short term economic indicators continued to show encouraging signs of improvement. The Italian consumer price index grew 0.8%¹⁰ YoY and 0.3% month-on-month in March 2021.

In the office space, the Periphery sub-market, where Sky Complex is located, took up approximately 40%¹¹ of the total take-up volume in the last quarter of 2020, the largest among the six sub-markets in Milan. Office vacancy rates in Milan stood at 9.8%¹¹ in 4Q 2020 with prime office rental rate remains unchanged at €600 per square metre per annum¹¹.

In the near term, investment activities could be held back by the climate of uncertainty surrounding the future demand for office space as businesses rationalise operations due to changes in strategy. To be more cost-efficient, businesses may lower their footprint within the central business district and relocate to coveted locations in established business districts near metro and rail stations.

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 2 October 2019 (being the date LREIT was listed) to the end of 30 June 2021.

ENDS

¹⁰ Italian National Statistical Institute, Monthly Report on the Italian Economy, March 2021

¹¹ CBRE, MarketView Milan Office Q4 2020

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 a leasehold interest in, 313@somerset, a prime retail property located in Singapore and a freehold interest in Sky Complex, which comprises three grade-A office buildings located in Milan. These two assets have a total NLA of approximately 1.3 million square feet, with an appraised value of S\$1.4 billion. On 1 October 2020, LREIT acquired a stake in Jem, an integrated office and retail development in Singapore, through a 5 per cent interest in Lendlease Asian Retail Investment Fund 3.

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 Group¹², 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 *Together we create value through 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\$110 billion¹³, core construction backlog of A\$14 billion¹³ and funds under management of A\$38 billion¹³. 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

¹² Lendlease Group comprises the Sponsor, Lendlease Trust and their subsidiaries.

¹³ As at 31 December 2020.

Important Notice

This press release is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of Lendlease Global Commercial REIT (“**LREIT**”) in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

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.

This press release is not to be distributed or circulated outside of Singapore. Any failure to comply with this restriction may constitute a violation of United State securities laws or the laws of any other jurisdiction.

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