

# SGX ANNOUNCEMENT

21 October 2021



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

(Managed by Lendlease Global Commercial Trust Management Pte. Ltd.)

## **Responses to Questions from Unitholders for Lendlease Global Commercial REIT's Annual General Meeting on 25 October 2021**

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**”), would like to thank Unitholders for submitting their questions in advance of LREIT’s Annual General Meeting (“**AGM**”) to be held by electronic means at 2.00 p.m. on 25 October 2021.

The Manager has grouped related and similar questions into key topics and provided its corresponding responses to them. Please refer to the Manager’s responses to these questions in the following pages.

By Order of the Board  
Kelvin Chow  
Chief Executive Officer

**Lendlease Global Commercial Trust Management Pte. Ltd.**

(Registration Number: 201902535N)

(as Manager of Lendlease Global Commercial REIT)

21 October 2021

## **Impact from COVID-19**

- 1. What is the impact of new norms of working from home and hybrid work arrangements on LREIT's malls & offices?**
- 2. How has the pandemic affected the staff and tenants and what have been done to assist them?**

- We understand from a corporate occupier perspective, how businesses may want to utilise workspace in a different manner to cater for more flexible work arrangements. In preparation to live with COVID-19, landlords have to be nimble to support the needs of the occupiers and at the same time, ensure stable cashflow for investors.
- The changes we have observed amid the COVID-19 pandemic will become part of the new normal, but we are confident of our ability to create better places and build vibrant and resilient communities hand-in-hand with our stakeholders, while placing people at the centre of our decision-making process.
- The three grade-A office buildings of Sky Complex are fully occupied and characterised by large and efficient floor plates to meet the regional needs of global organisations seeking to establish progressive workplaces. Based on our observations on the ground, we are seeing more employees returning to Sky Complex with safe distancing measures continued to be in place. We have also received good number of enquires on application of season parking in the buildings, which is a positive signal that more people are returning to office.
- The office component in Jem is fully leased to the Ministry of National Development with a long weighted average lease expiry of 24 years, providing strong stable cash flow for our unitholders.
- Both office properties at Jem and Sky Complex are decentralised and well served by public transportation.
- For our malls and tenants, we cannot ignore how COVID-19 has accelerated the trend of online shopping. Retailers are being compelled to recreate their in-store customer experience and rapidly adapt their marketing strategies to build brand affinity. We have pivoted quickly to capitalise on new customer lifestyle demands and enhance our experiential offerings to increase customer engagement.
- Since the onset of the COVID-19 pandemic, we have stepped up to help our tenants. In addition to assisting qualifying tenants with a two-week rental support of up to S\$3.5 million at 313@somerset affected by Phase 2 (Heightened Alert), we have launched a suite of in-app offerings such as flash sales, festive games and contactless redemption of promotional mechanics. These in-app offerings in addition to the communications on the various social channels, app push notifications and regular themed eDMs to our database help extend tenant brand communications.

# SGX ANNOUNCEMENT

21 October 2021

- We are also expanding cross-collaborative partnerships with hospitality, F&B ordering and e-payment brands to offer lifestyle rewards and experiences to our shoppers, in a bid to encourage recurrent spend and footfall.
- We have ongoing tie-ups with e-commerce platforms offer campaigns as an avenue for exposure and sales for our tenants. Beyond e-commerce, we are going into the social commerce space that will offer up an additional channel to support our tenants' efforts. Lendlease tenants will get to enjoy store branding, influencer/celebrity marketing, group buys, pre-orders as well as technical solutioning and support in promoting and fulfilment, thereby increasing tenant competitiveness.
- These in-app offerings and campaigns are well received by shoppers as well as our tenants. In 2020, the number of Lendlease Plus memberships increased more than 45% year-on-year.
- Supporting our staff during the pandemic has also been a priority. From enhanced communications and technology to enable remote work to providing additional support for our frontline team.
- The COVID-19 pandemic has created new norms in the work environment, and we aim to create a healthier and more engaged workforce by caring for the health and wellbeing of our people.
- A series of interactive wellbeing activities are continuously organised for our staff to gain a better understanding of their physical and mental health. These include:
  - Enhanced healthcare support to allow our staff and their dependents to seek mental health treatments confidentially.
  - Rolled out Mental Health First Aid to create a healthy work environment.
  - Put in place a Friend In Need (FiN) programme
  - Established Hardship and Wellbeing Fund to help staff and their families. To date, close to S\$1 million in funds have been distributed by the Group across its regions.

## **Investment and Growth Opportunities**

### **3. How have LREIT incorporated ESG criteria into its investment?**

- To-date, the ESG awards and accolades that LREIT and our properties have attained are:
  - GRESB Real Estate Assessment 2021
    - First places in the Asia Retail (Overall) and Asia Retail (Listed) categories with highest-tier rating of 5 stars for its ESG performance for two consecutive years since LREIT's listing in 2019
    - Regional Sector Leader in both categories
    - Scored "A" for Public Disclosure

3

**Lendlease Global Commercial Trust Management Pte. Ltd.**  
**(in its capacity as Manager of Lendlease Global Commercial REIT)**

Company Registration No: 201902535N  
2 Tanjong Katong Road, #05-01 PLQ 3, Paya Lebar Quarter, Singapore 437161  
[www.lendleaseglobalcommercialreit.com](http://www.lendleaseglobalcommercialreit.com)  
T: +65 6671 7374 F: +65 6671 7372

**lendlease**  
GLOBAL COMMERCIAL REIT

# SGX ANNOUNCEMENT

21 October 2021

- Second place in the fiercely competitive Global Retail (Listed) category for a second straight year
- Green Building Certification
  - 313@somerset: Awarded Green Mark Platinum certification by the Building and Construction Authority (“BCA”)
  - Sky Complex (Building 3): Awarded LEED Gold Certification by the U.S. Green Building Council
  - Jem: Awarded the Green Mark Platinum and Universal Design Mark Gold Plus by BCA
- Singapore Governance and Transparency Index 2021
  - Participated for the first time, ranked 15<sup>th</sup> out of 43 S-Reit and Business Trust
- Our sustainability vision of creating value through vibrant places and leaving a positive legacy for future generations is guided by Lendlease Group’s Sustainability Framework, which aligns with its commitment as a signatory to the UNGC and United Nations Principles for Responsible Investment (“UNPRI”).
- The strategy is played out by integrating ESG factors as part of our investment process when evaluating growth opportunities. These factors were identified through extensive consultation with our customers, investors, staff and other stakeholders.
- It is through the integrated and robust approach that we are able to deliver sustained economic value and positive environmental and social outcomes for our stakeholders. Through a series of progressive steps, we aim to gradually adopt the recommendations of Taskforce for Climate-related Financial Disclosure (“TCFD”), where Lendlease Group has committed to reporting based on TCFD’s recommendations since 2018 as well as Net Zero carbon by 2025 and Absolute Zero carbon by 2040.

#### **4. Are there plans for further acquisition and what are the available pipeline for the REIT?**

#### **5. When will you acquire Paya Lebar Quarter and Parkway Parade?**

- We look out for relevant growth opportunities from the Sponsor’s pipeline as well as from third-party sources.
- We also consider the strength of the global economy, the availability of accretive acquisition opportunities, cost of credit and LREIT’s unit price, which need to deliver value to unitholders.
- LREIT’s gearing ratio of 32.0% as at 30 June 2021 is well below the regulatory limit of 50%, which provides us with ample debt headroom to grow its portfolio. The S\$1 billion multicurrency debt issuance programme will also provide more funding options.

# SGX ANNOUNCEMENT

21 October 2021

- With the global pipeline from our Sponsor, there are opportunities to tap its pipeline to acquire high-quality assets with stable cash flow. The acquisition of additional stake in Jem through our Sponsor to boost LREIT's portfolio income diversification clearly demonstrates its support for the REIT.

## Operational Updates

**6. What is the progress on the development of the multifunctional event space adjacent to 313@somerset? Are there delays or increase in cost impacting future revenue?**

**7. When do you expect the development to generate rental income for LREIT?**

- The multifunctional event space is part of Singapore's plans to revive the spirit of the Orchard Road shopping district and in partnership with the Singapore Tourism Board, the new space will run experiential events throughout the year, which is expected to attract crowds and boost tenant sales at 313@somerset.
- We are closely monitoring the development progress to ensure it meets its intended purpose to rejuvenate the Somerset precinct and achieve synergies with 313@somerset.
- Whilst we are targeting to commence construction by the end of 2021, there are some site-specific and COVID-19-related factors such as manpower availability and construction cost increases which are beyond our control. Timelines for many current development projects in Singapore, have been delayed due to disruptions brought about by the COVID-19 restrictions.
- The design of the multifunctional event space will have to take into consideration necessary safety measures in a COVID-19-environment, and we have been collaborating with the relevant government authorities, partners and community stakeholders.
- Once construction commences, it will take approximately 12 to 18 months to complete.
- The new attraction has been substantially leased to Live Nation, one of the world's leading live entertainment companies, as the anchor tenant. It is envisaged to also feature an independent cinema, unique F&B concepts and multiple event spaces.

## Capital Management

**8. What is the impact of expected interest rate trends due to global macro trends?**

- We do not foresee significant impact for LREIT as we have maintained a strong liquidity position to meet current financial and operational obligations. As at 30 June 2021, all of LREIT's debt is 100% hedged to floating rates.

# SGX ANNOUNCEMENT

21 October 2021

- LREIT has a high interest coverage ratio of 8.9 times was in accordance with requirements in its debt agreements, and 4.7 times in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes. The current levels of the interest rate coverage ratios continue to provide ample buffer from the debt covenant of 2.0 times.
- There is no refinancing requirement til FY2023. All of LREIT's debt are unsecured, ensuring that it has balance sheet flexibility. In addition to the S\$1 billion multicurrency debt issuance programme set up in January 2021 which provides funding alternatives to bank debt, LREIT also has diverse sources of funding from a lending group of well-rated financial institutions.
- As at 30 June 2021, LREIT have undrawn debt facilities of S\$147.8 million-equivalent multicurrency to fund its working capital. Its weighted average debt maturity was 2.2 years with a weighted average running cost of debt of 0.88% per annum.

ENDS

# SGX ANNOUNCEMENT

21 October 2021

## IMPORTANT NOTICE

This announcement 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 announcement 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 announcement 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.