

# 3Q FY2022 Business Update

5 May 2022



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# Key Highlights



## Key Highlights

- ✓ Successful completion of capital fundraising to acquire 100% of Jem in April 2022
  - Portfolio will be strengthened with high-quality tenants, providing strong and stable cashflow for unitholders
  - 100% ownership with tax transparency to achieve recurring savings<sup>(1)</sup>
  - Sustainability-linked loan secured will allow LREIT to enjoy savings in borrowing costs as it achieves sustainability performance targets through its Singapore portfolio
  - Enlarged total deposited property of S\$3.6 billion will increase investor relevance and trading liquidity

1

S\$400 million private placement

2

S\$200 million perpetual securities

3

S\$249 million preferential offering

4

S\$860 million sustainability-linked loan



Jem, a dominant suburban retail mall in the West of Singapore

Occupancy	100%
WALE by GRI	5.9 years
Valuation	JLL: \$2,086 million CBRE: S\$2,063 million
Cap Rate	Retail: 4.5% Office: 3.5%
NPI Yield <sup>(2)</sup>	4.4%
Ownership	100% (99-year leasehold) <sup>(3)</sup>

Information as at 31 December 2021 unless otherwise stated.

(1) Aggregate corporate income taxes under the fund structure was c.S\$5.6 million in FY2021.

(2) Based on agreed property value of S\$2,079 million and NPI without the effect of COVID-19 related one-off rental abatements and expected credit loss.

(3) 99-year leasehold commencing from 27 September 2010.

## Key Highlights

- ✓ Portfolio occupancy remained high at 99.9%
- ✓ Leases due for renewal in FY2022 have been substantially de-risked to 1% by NLA and 3% by GRI
- ✓ Sufficient liquidity to meet debt obligations due in FY2023
  - Approximately 90% of the borrowings hedged to fixed rates
  - Post-acquisition of Jem, gearing ratio would be approximately 40.7% based on pro forma as at 31 March 2022

### Key Portfolio Metrics (as at 31 March 2022)

Portfolio  
Occupancy  
**99.9%**

Weighted  
Average Lease  
Expiry  
(by NLA)  
**8.2 years**

Tenant  
Retention  
(by NLA)  
**71.1%<sup>(1)</sup>**

### Capital Management (as at 31 March 2022)

Gearing Ratio  
**27.7%<sup>(2)</sup>**

Weighted  
Average  
Running Costs  
of Debt  
**0.98% p.a.**

Interest  
Coverage Ratio  
**10.3 times<sup>(3)</sup>**

(1) Refers to 313@somerset only as Sky Complex is 100% leased till 2032, excluding tenant's break option in 2026.

(2) Total assets include non-controlling interests share of total assets.

(3) The interest coverage ratio (ICR) of 10.3 times is in accordance with requirements in its debt agreements, and 5.5 times (3.4 times for adjusted ICR) in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.

A photograph of a modern glass skyscraper at dusk. The building features a prominent glass facade reflecting the sky and interior lights. A teal graphic overlay is on the left side of the image.

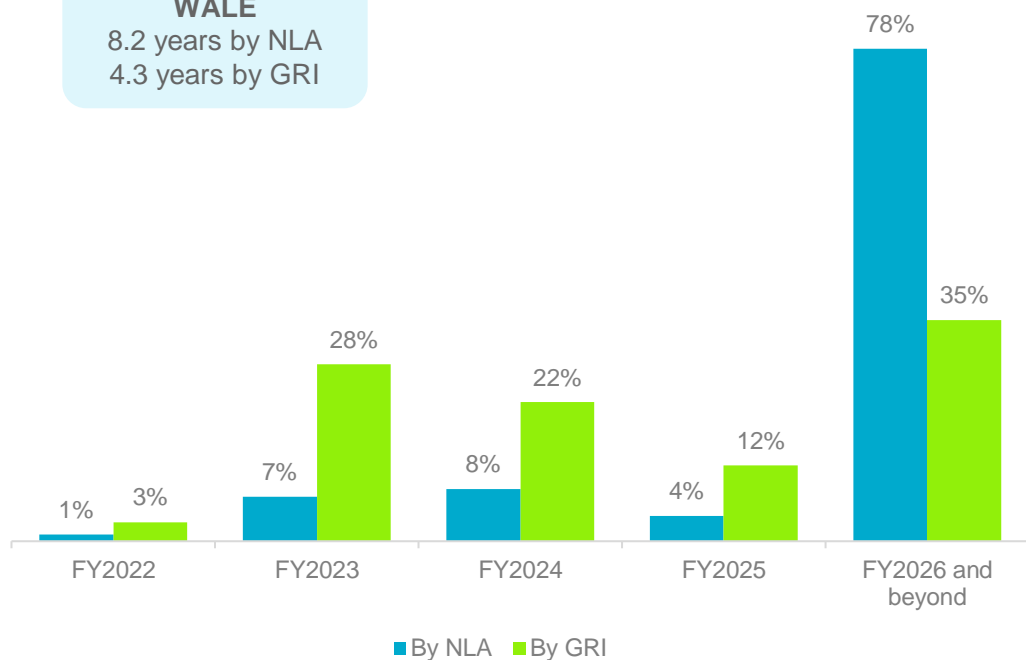
# Portfolio Performance

## Portfolio Resilience with Long Portfolio WALE of 8.2 years

- Minimal leases due for renewal in FY2022
- Maintained high occupancy rate of >99% year-to-date

**Portfolio Lease Expiry Profile**  
(as at 31 March 2022)

**WALE**  
8.2 years by NLA  
4.3 years by GRI

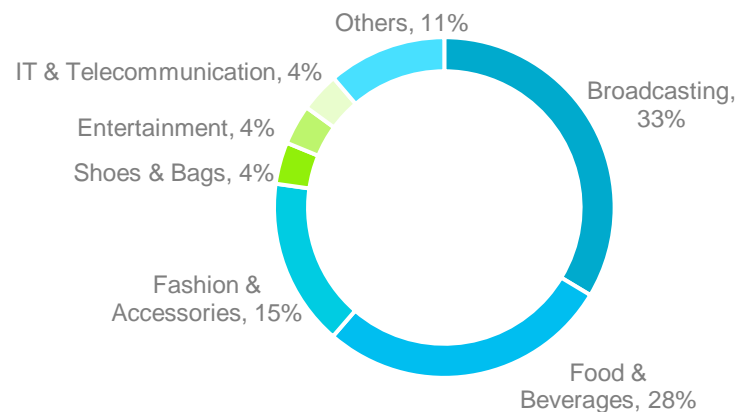


**Portfolio Occupancy**  
99.9%  
3Q FY2022

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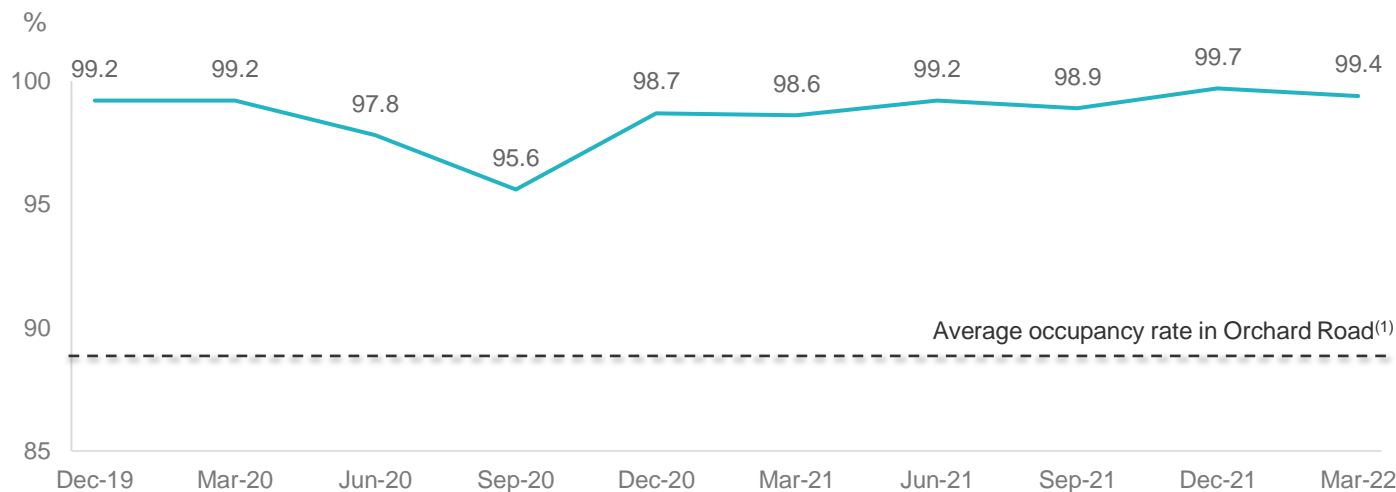
99.8%	99.9%
1Q FY2022	2Q FY2022

**Diversified Tenant Base**  
(by GRI)



# Retail Portfolio: Strong occupancy underpinned by positive leasing momentum

- Occupancy rate maintained at >99% with healthy tenant retention rate of 71.1%



(1) Source: Colliers International as at 30 June 2021.

- Proactive marketing strategy bringing new retail and dining options for shoppers



Express beauty care treatment from Korea



Chewy mochi drink originated from Hunan, China



Well-loved brand that serves authentic beef bowl from Japan



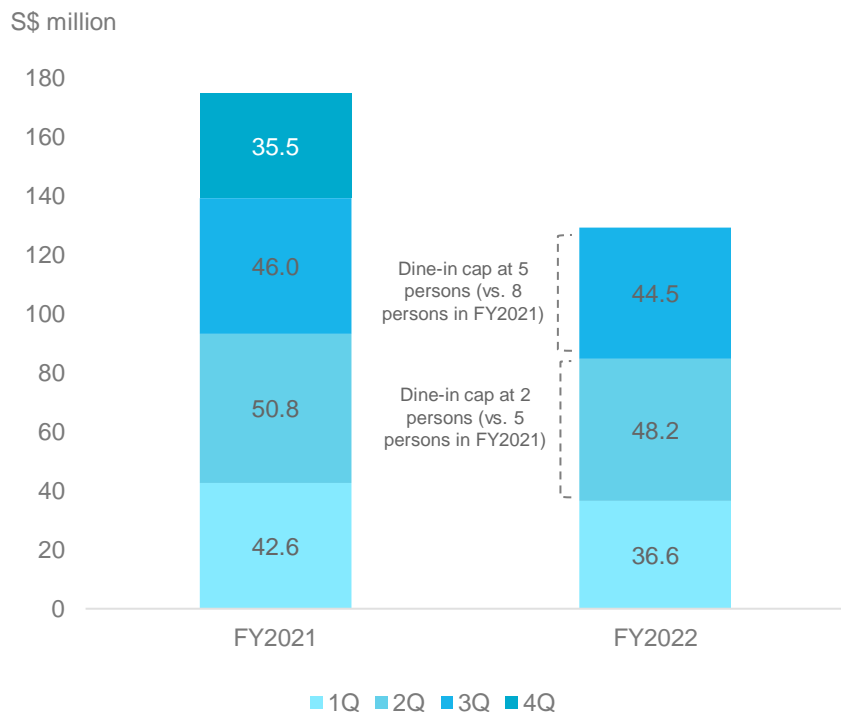
Swedish brand specialised in outdoor apparel



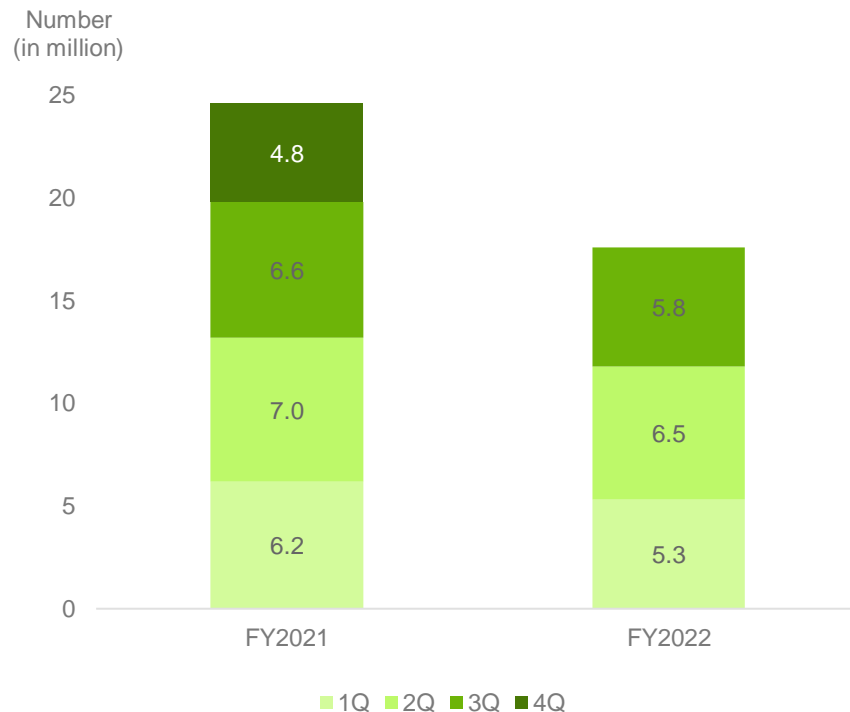
## Retail Portfolio: Tenant sales YTD recovered to near FY2020 level

- With the resumption of social activities and launch of the Vaccinated Travel Framework to bring tourists back to Singapore, we are confident that 313@somerset will benefit from the re-opening trajectory.

Tenant sales (Year 2021/2022)



Visitation (Year 2021/2022)

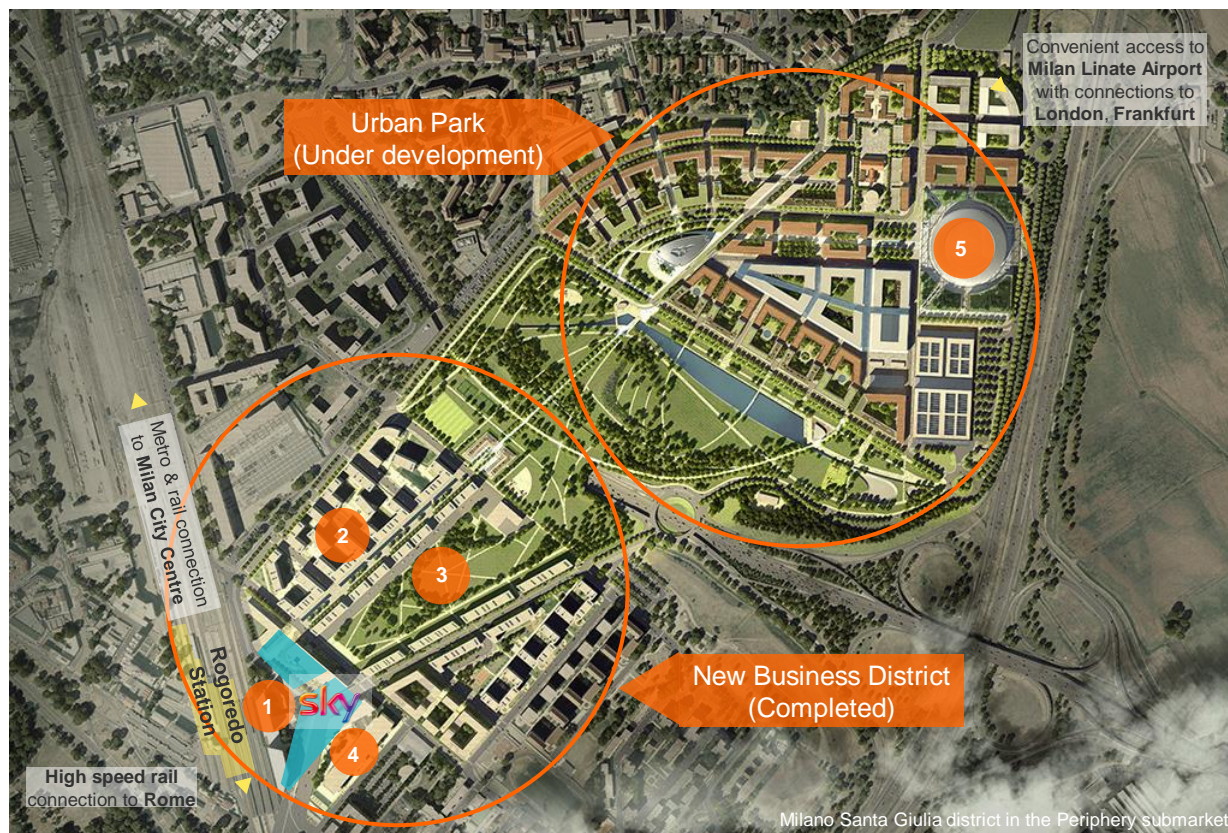


## Office Portfolio: Continue to generate stable revenue

- Rising energy cost and inflation will not impact Sky Complex as it operates on a triple-net lease structure with annual rental escalation based on consumer price index.



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.



Milano Santa Giulia district in the Periphery submarket

- 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

# Capital Management



# Key Financial Indicators

Sufficient liquidity to meet financial obligations

	As at 31 March 2022	As at 31 December 2021
Gross borrowings	S\$656.9 million	S\$666.6 million
Gearing ratio <sup>(1)</sup>	27.7% (approximately 40.7% post-acquisition of Jem <sup>(2)</sup> )	33.5%
Weighted average debt maturity	1.8 years	2.0 years
Weighted average running cost of debt <sup>(3)</sup>	0.98% p.a.	0.92% p.a.
Interest coverage ratio <sup>(4)</sup>	10.3 times	9.7 times

(1) Total assets include non-controlling interests share of total assets.

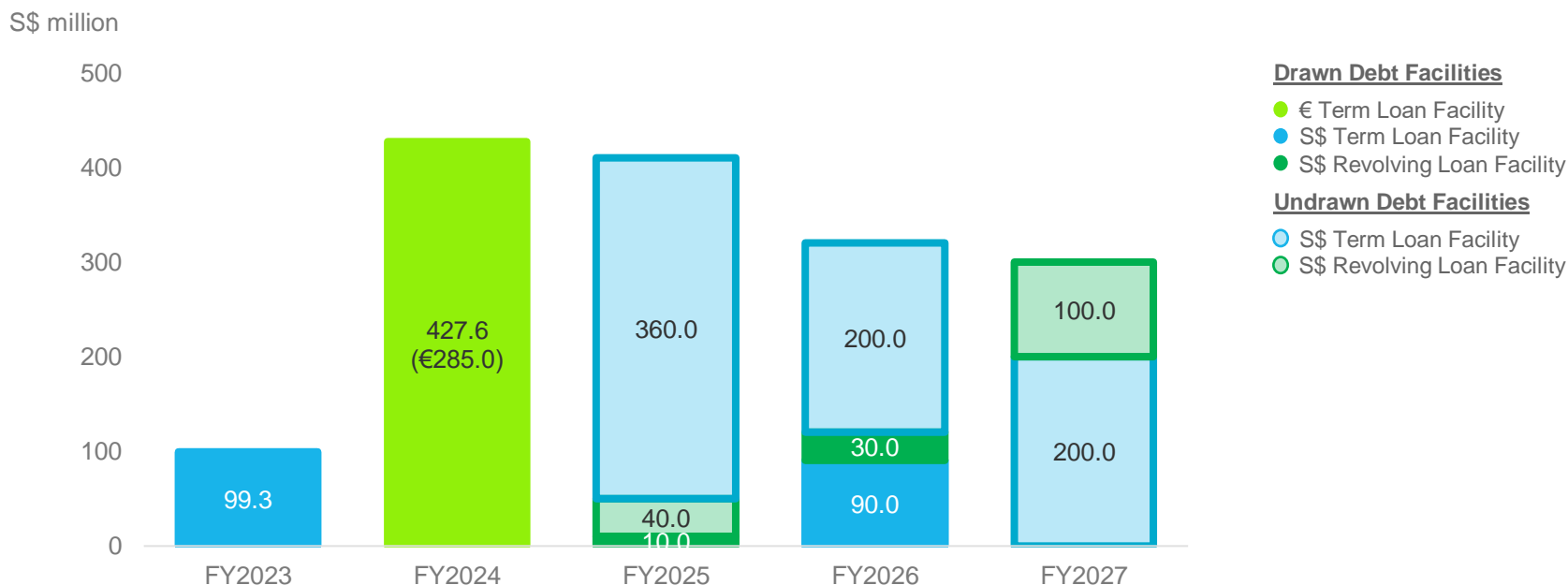
(2) Based on pro forma as at 31 March 2022.

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

(4) The interest coverage ratio (ICR) as at 31 March 2022 of 10.3 times (31 December 2021: 9.7 times) is in accordance with requirements in its debt agreements, and 5.5 times (31 December 2021: 5.0 times) (3.4 times for adjusted ICR) in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.

## Debt Facilities and Maturity Profile

- Approximately 90% of the borrowings hedged to fixed rates to mitigate the impact of interest rate hikes
- Natural hedge on Euro denominated borrowings
- Income from Sky Complex were hedged with rolling foreign exchange forwards
- S\$1.0 billion of undrawn multicurrency debt facilities<sup>(1)</sup>
- Sufficient bank facilities to refinance debt due in FY2023



(1) Excludes S\$225 million short-term bridge loan facility used for the acquisition of Jem.



# Building Value, Together

# Collaborate and support tenants to boost sales

Position Lendlease Plus as a mobile-first lifestyle shopping app



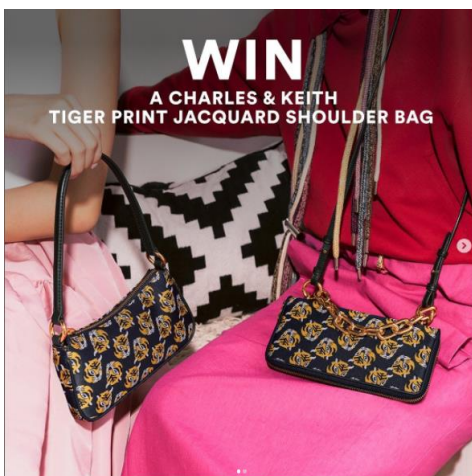
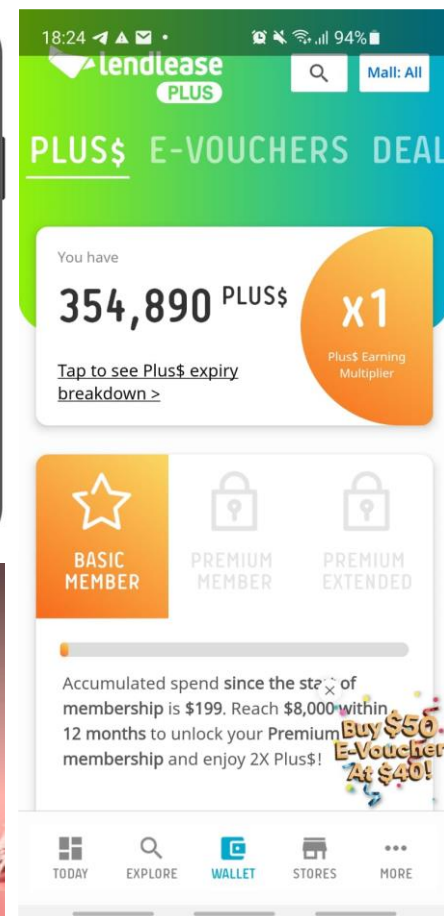
Total no. of e-deals redeemed >70,000 year-to-date in 2022



Average monthly app traffic >86,000



New features introduced to drive engagement with Lendlease Plus members



# ESG Achievements and Commitments

## MISSION ZERO



NET ZERO CARBON BY 2025



ABSOLUTE ZERO CARBON BY 2040

- All Assets Green Certified**
- ✓ Green Mark Platinum
  - ✓ Universal Design Mark Gold Plus
  - ✓ LEED Gold Certification



- Reducing Water Usage**
- ✓ Conserve water through NEWater utilisation, rainwater harvesting and introduction of water-efficient tap fittings (with 3-ticks WELS)



- Secured \$860 million Sustainability-Linked Loan**
- ✓ Largest by S-REIT in 2022

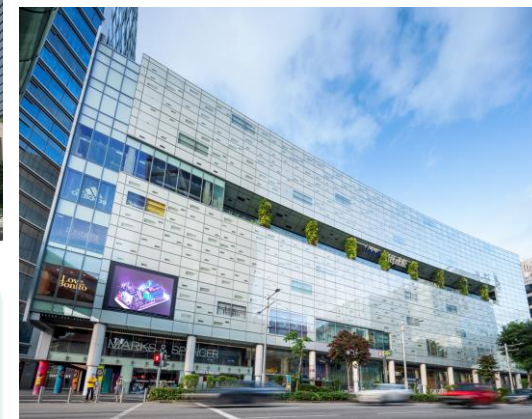


- Reducing Waste**
- ✓ Increase recycling rates through in-mall food waste eco-digester



- Board Diversity**
- ✓ 40% female directors

- Reducing Energy and Emission**
- ✓ Use of alternative fuels and phase out fossil fuels for backup generators
  - ✓ Utilise energy efficient lights and atrium daylighting

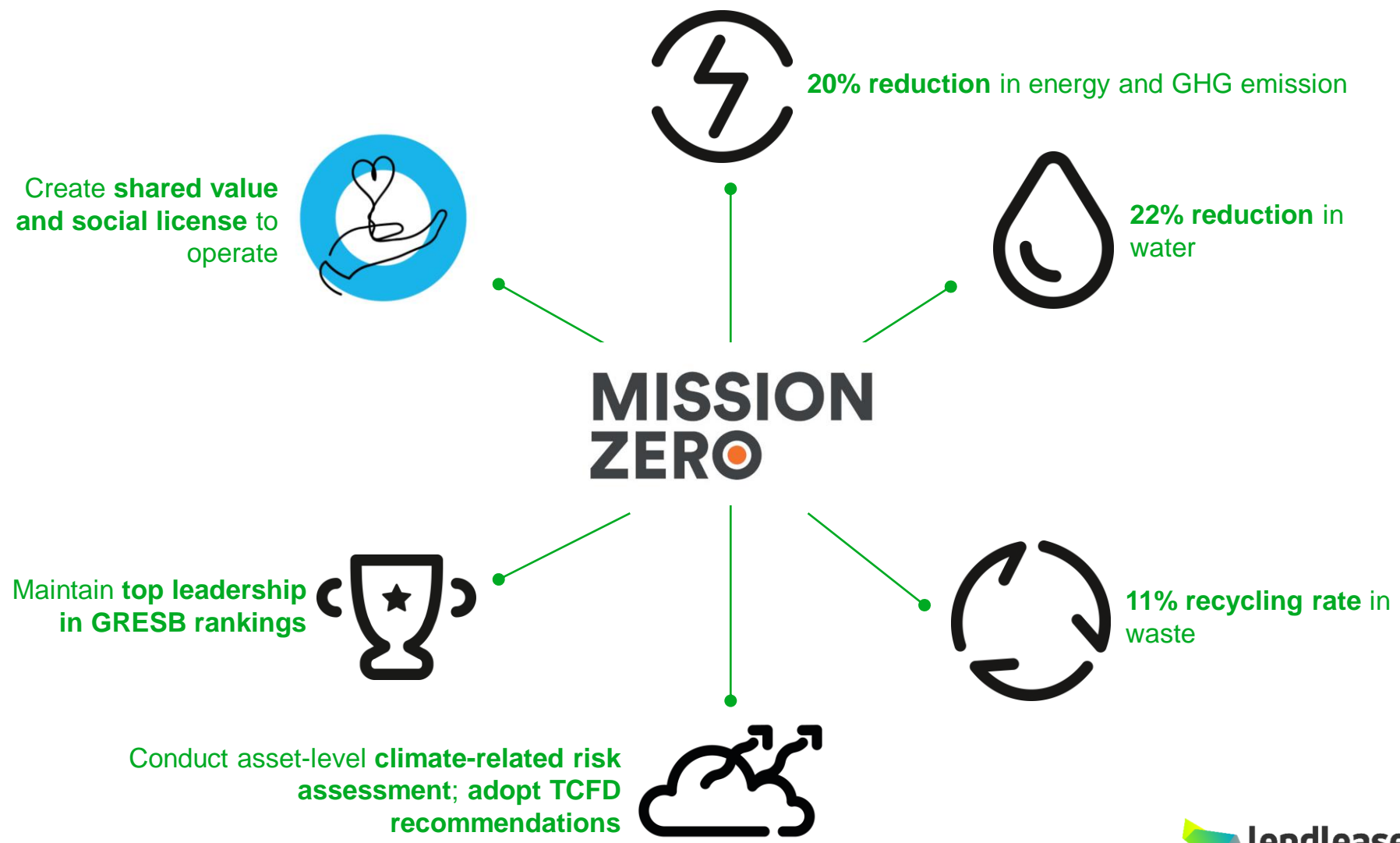


- Create Social Value**
- ✓ Business Champion for social enterprise Project Dignity
  - ✓ Support various social and charitable activities





# Reference Targets in FY2022



Note: Assessment excludes Sky Complex as LREIT does not have operational control of the property.

# Looking Ahead

Link To  
Somerset Road  
Open 24 Hours

313  
@somerset

# Key Focus in the Near Term

## Enhance Unitholders' Value



- Continue to drive **resilient and sustainable returns** for our stakeholders
- Active capital management to **manage cost and gearing**
- Acquire **high-quality assets with stable cash flow**
- **Create value in the communities** and deepen stakeholder engagement

## Organic Growth



- **Leverage on technology** to deliver integrated shopping experience
- Maintain occupancy and keep an **open communication with tenants**
- Drive **sustainable business growth** through proactive asset management
- Targeted marketing **campaigns to boost sales**

# Market Review



# Market Review

## Singapore Retail Market

- According to CBRE, prime rental in Orchard Road remained stable in 1Q 2022 at 34.20 psf per month. During the same period, suburban retail market continued to register healthy reversionary rents as availability remains limited.
- The resumption of social activities and easing of travel restrictions through the Vaccinated Travel Framework to bring tourists back to Singapore should benefit shopping malls in the Orchard Road including 313@somerset. Suburban retail malls will continue to maintain its resiliency on the back of prevailing work-from-home protocols.

## Singapore Office Market

- Vacancy rates in the core CBD and fringe CBD submarkets stood at 6.2% respectively in Q1 2022. Decentralised submarket continued to improve 0.4 percentage points to 4.5%. Grade A core CBD rents grew 1.4% QoQ to \$10.95 psf per month and Grade B core CBD rents rose 0.6% to \$8.10 psf per month in Q1 2022.
- Flight-to-quality relocation will likely be the primary driver of demand in 2022. Occupiers may focus on quality assets that can accommodate flexible workspace design, offer better amenities and services and possess green and sustainable features.

## Milan Office Market

- The Italian National Institute of Statistics noted in its report that the consumer price index in March 2022 increased 6.5% YoY and 1.0% month-on-month.
- As at 4Q 2021, the Milan office market recorded a healthy take up of 356,000 sqm for the full year, up 29% compared to one year ago. The Periphery area, where Sky Complex is located, accounted highest absorption of 30%.
- The focus on green certification and sustainability are apparent and perceived as necessary for most occupiers. This bodes well with Milano Santa Giulia district, which is set to be the first precinct to be LEED Neighbourhood certified – a benchmark for quality of life and sustainability.



313@SOMERSET, SINGAPORE



JEM, SINGAPORE



SKY COMPLEX, MILAN



ARTIST IMPRESSION. MULTIFUNCTIONAL EVENT SPACE, ADJACENT TO 313@SOMERSET

# Thank You

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# Additional Information

## 313@somerset, 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 2022)

Occupancy	99.4%
WALE	1.43 years (by NLA) 1.39 years (by GRI)
Valuation	S\$983 million
Valuation cap rate	4.25%
NLA	288,979 sq ft
Ownership	100% (99-year leasehold) <sup>(1)</sup>

(1) 99-year leasehold commencing from 21 November 2006 until 20 November 2105.



## Sky Complex, Grade-A Office in Milan

Three office buildings with excellent accessibility via the public transport system. The buildings are fully leased to Sky Italia, owned by Comcast Corporation<sup>(1)</sup>.



### Key Statistics

(as at 31 March 2022)

Occupancy	100%
WALE	10.13 years (by NLA and GRI)
Valuation	S\$411.1 million <sup>(2)</sup> (€274.0 million)
Valuation cap rate	5.25%
NLA	985,967 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 1.500 as at 31 March 2022.

## ESG: Commitment towards environmental goals (Group level)

# MISSION ZERO

As a 1.5°C aligned company, our 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.

Our 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.

Our 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