

Successful Acquisition of Jem to Strengthen Portfolio and Boost Cashflow for Unitholders

- *The enlarged portfolio with high-quality tenants will provide strong and stable cashflow for unitholders*
- *100% ownership with tax transparency to achieve recurring savings¹*
- *Sustainability-linked loan will also allow savings in borrowing costs as LREIT achieves sustainability performance targets through its Singapore portfolio*
- *Enlarged total deposited property of S\$3.6 billion will increase investor interest and trading liquidity*

Key highlights

- Portfolio **occupancy remained high at 99.9%**
- Leases due for renewal in FY2022 **substantially de-risked to 1% by NLA and 3% by GRI**
- **Long portfolio WALE** of 8.2 years² by NLA
- Healthy tenant **retention rate of 71.1%**³
- **Sufficient liquidity** to meet maturing debt obligations in FY2023
- Approximately **90% of the borrowings hedged to fixed rates** to mitigate the impact of interest rate hikes

Singapore, 5 May 2022 - Lendlease Global Commercial Trust Management Pte. Ltd. (the “Manager”), the manager of Lendlease Global Commercial REIT (“LREIT”), today provides its third quarter FY2022 business update for the period 1 January 2022 to 31 March 2022.

Operations Update

LREIT continued to maintain its portfolio resilience in 3Q FY2022. Its portfolio occupancy remained high at 99.9% with a long WALE of 8.2 years by NLA and 4.3 years by GRI. The Manager had substantially de-risked leases expiring for the year to 1% and 3% by NLA and GRI respectively.

Bigger and better

In April 2022, the Manager completed the acquisition of a 100% direct interest in Jem. The enlarged portfolio with high-quality tenants such as the Ministry of National Development (MND), IKEA and NTUC Fairprice Xtra provides strong and stable cashflow for unitholders. In addition to an increase in total deposited property to approximately S\$3.6 billion, LREIT’s portfolio WALE will also increase to 8.7 years and its exposure to the resilient suburban retail sector will expand significantly to approximately 47%.

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

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

³ Refers to 313@somerset only as Sky Complex is 100% leased till 2032, excluding tenant's break option in 2026.

Benefitting from the active tenancy management and tenant-mixing strategies, Jem has maintained high occupancy of more than 99% for its retail component with tenant sales back to pre-COVID-19 levels. Its office component, fully leased to the MND on a 30-year master lease⁴ with a rent review every 5 years, will generate strong and stable cash flow for LREIT's unitholders.

Mr Kelvin Chow, Chief Executive Officer of the Manager, said, "FY2022 is a transformational year for LREIT. We successfully raised S\$1.7 billion to acquire 100% of Jem, which strengthens LREIT's position amongst its peers, setting the stage for an exciting phase of growth. Moving forward, we are focused on active capital management to manage cost and gearing as well as executing our strategies to drive LREIT's growth and to optimise returns to our unitholders."

Retail portfolio

313@somerset maintained its high occupancy rate of 99.4% with a healthy tenant retention rate of 71.1%⁵ as at 31 March 2022. The strong occupancy was driven by positive leasing momentum and the Manager's proactive leasing strategy which focuses on strengthening the tenancy mix to keep the mall fresh and exciting for its shoppers.

Tenant sales year-to-date have recovered closed to FY2020 levels. With the resumption of social activities and the launch of the Vaccinated Travel Framework to bring tourists back to Singapore, the Manager is confident that 313@somerset will benefit from the re-opening trajectory.

Office portfolio

Sky Complex continues to maintain its resilience and generate stable income with its three grade-A office buildings fully leased till 2032².

The Manager does not expect rising energy cost and inflation to impact Sky Complex as the buildings operate on a triple-net lease structure with annual rental escalation pegged to the consumer price index.

Office occupiers are placing increasing importance on the sustainability performance of their workplace environment, where green certification is a must. This augurs well for Sky Complex, located within the Milano Santa Giulia district, which is set to be the first precinct in Italy to be LEED Neighbourhood certified – a benchmark for quality of life and sustainability.

⁴ As of 31 December 2021, the weighted average lease term remaining for the office component is 22.9 years.

Capital Management

As at 31 March 2022, gross borrowings were S\$656.9 million with a gearing ratio of 27.7%⁵. The weighted average debt maturity was 1.8 years with a weighted average running cost of debt of 0.98% per annum. LREIT also has an interest coverage ratio of 10.3 times⁶, which will provide ample buffer from its debt covenant of 2.0 times. As at the period end, LREIT has undrawn debt facilities of S\$1.0 billion⁷ to fund its working capital. All of its debt is unsecured with approximately 90% of its borrowings hedged to fixed rate.

Gearing ratio post the acquisition of Jem would be approximately 40.7% based on pro forma as at 31 March 2022. The Manager will continue to be vigilant in maintaining a strong balance sheet and prudent cash flow management. Based on the available undrawn debt facilities on hand, LREIT has more than sufficient liquidity to meet its maturing debt obligations in FY2023.

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.

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⁵ Total assets include non-controlling interests share of total assets.

⁶ 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.

⁷ Excludes S\$225 million short-term bridge loan facility established for the acquisition of Jem.

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 four properties have a total net lettable area of approximately 1.3 million square feet, with an appraised value of S\$1.4 billion. In April 2022, LREIT acquired 100% direct interest in Jem, a dominant suburban retail mall in the West of Singapore. Other investment includes development of a multifunctional event space on a site adjacent to 313@somerset.

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 Group⁸, an international real estate 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\$112 billion⁹, core construction backlog of A\$11 billion⁹ and funds under management of A\$42 billion⁹. 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:

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⁸ Lendlease Group comprises the Sponsor, Lendlease Trust and their subsidiaries.

⁹ As at 31 December 2021.

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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.

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