

1Q FY2024 Business Update

7 November 2023



Jem, office and retail property in Singapore

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Key Highlights



Key Highlights

Key Portfolio Metrics



Portfolio Committed
Occupancy
99.9%



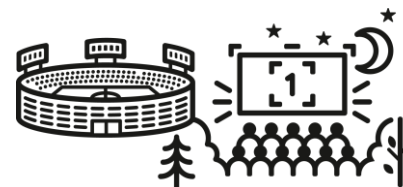
Weighted Average
Lease Expiry
8.0 years⁽¹⁾
(by NLA)



Retail Rental
Reversion
16.3%⁽²⁾



Tenant Sales
Up **4.6%⁽³⁾**



Tenant Retention
78.2%⁽⁴⁾
(by NLA)

Capital Management

Gearing Ratio
40.6%

Weighted Average
Cost of Debt
2.94% p.a.⁽⁵⁾

Interest Coverage
Ratio
3.9 times⁽⁶⁾

Fixed Rate
Borrowings
61%

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

(2) On weighted average basis.

(3) Compared against 1Q FY2023.

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

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

(6) The interest coverage ratio (ICR) as at 30 September 2023 of 3.9 times (30 June 2023: 4.2 times) is in accordance with requirements in its debt agreements; 2.5 times (30 June 2023: 2.7 times) and 1.9 times for adjusted ICR (30 June 2023: 2.0 times) in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.



Portfolio Performance

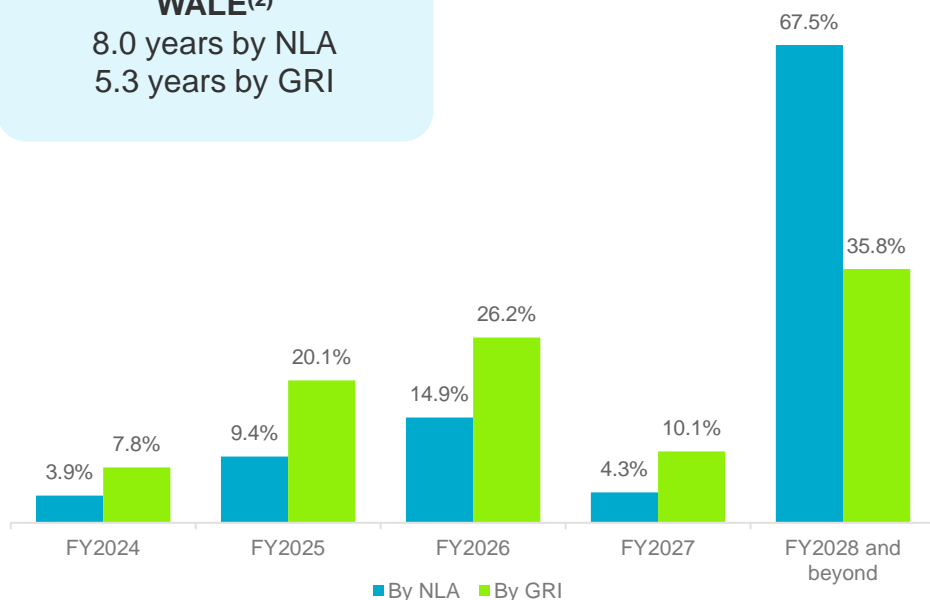
Jem uses natural daylight to reduce the need for artificial lighting.

Well-staggered Lease Expiry

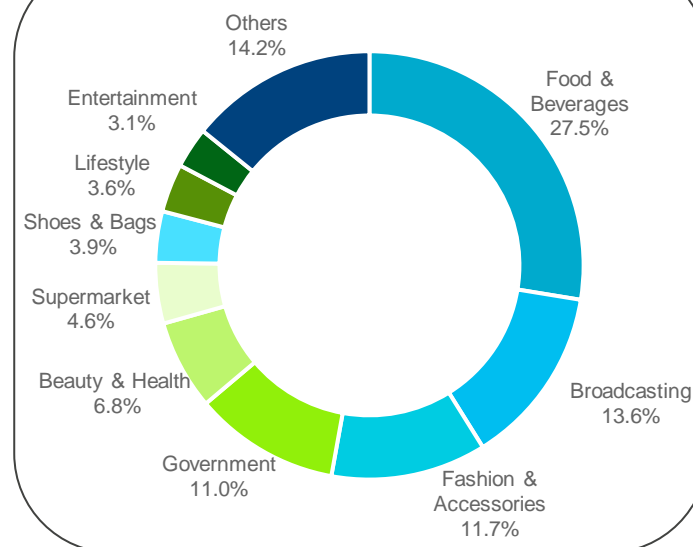
- Leases expiring in FY2024 de-risked to 3.9% by NLA and 7.8% by GRI in the first three months of FY2024
- Positive retail rental reversion of 16.3%⁽¹⁾ achieved on the back of healthy leasing activities and uplift in market sentiment

Portfolio Lease Expiry Profile
(as at 30 September 2023)

WALE⁽²⁾
8.0 years by NLA
5.3 years by GRI



Diversified Tenant Base
(by GRI)



(1) On weighted average basis.
(2) Assumes that Sky Italia does not exercise its break option in 2026.

High Committed Portfolio Occupancy

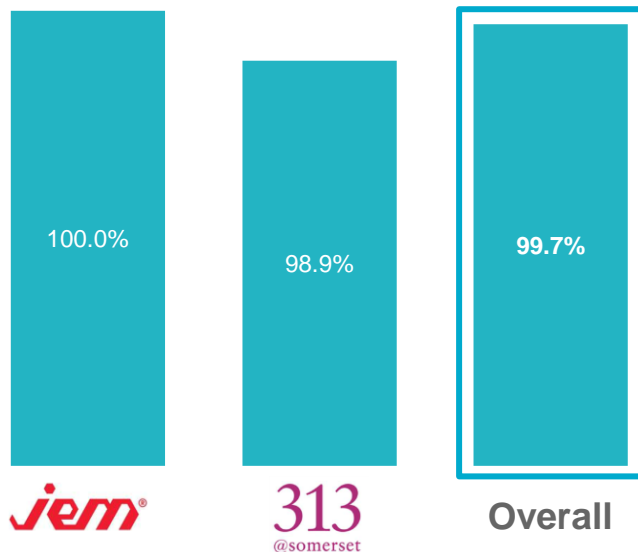
Overall Portfolio (as at 30 September 2023)



99.9%
1Q FY2024

99.9%
4Q FY2023

Retail Portfolio (as at 30 September 2023)



Office Portfolio (as at 30 September 2023)

- Long WALE of 11.8 years⁽¹⁾ by NLA and 14.3 years⁽¹⁾ 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

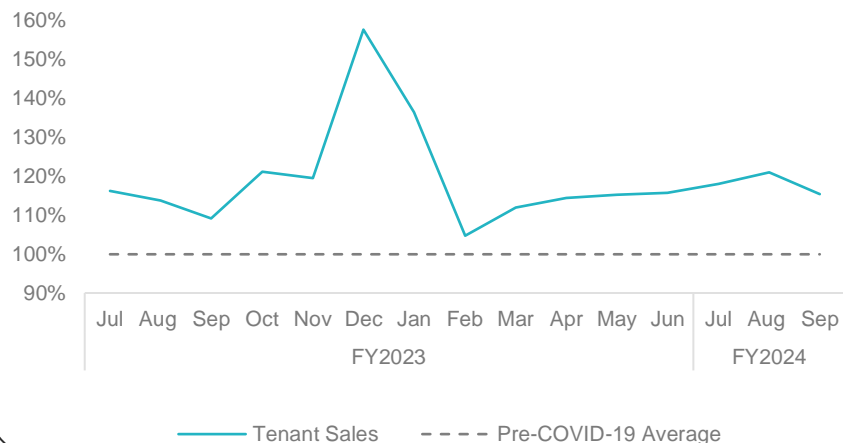
- Three Grade A office buildings leased to Sky Italia till 2032⁽¹⁾
- Income received are hedged with rolling foreign exchange forwards
- Annual rental review based on 75% of ISTAT⁽²⁾ consumer price index variation

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

(2) The Italian National Institute of Statistics

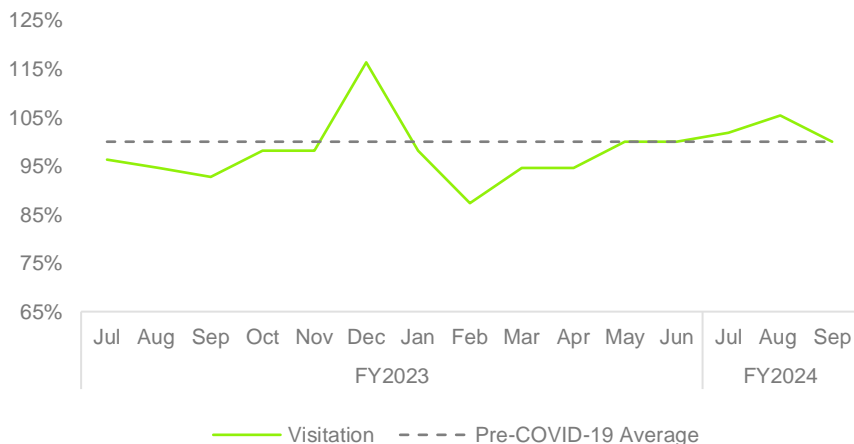
Tenant sales continue to trend above pre-COVID-19 average levels

Tenant Sales



Tenant Sales (S\$ million)				
1Q FY2023 (Jul-Sep)	2Q FY2023 (Oct-Dec)	3Q FY2023 (Jan-Mar)	4Q FY2023 (Apr-Jun)	1Q FY2024 (Jul-Sep)
194.7	228.7	202.7	198.5	203.5

Visitation



Visitation (Number in million)				
1Q FY2023 (Jul-Sep)	2Q FY2023 (Oct-Dec)	3Q FY2023 (Jan-Mar)	4Q FY2023 (Apr-Jun)	1Q FY2024 (Jul-Sep)
15.6	17.2	15.4	16.2	16.8

New F&B and Retail Tenants



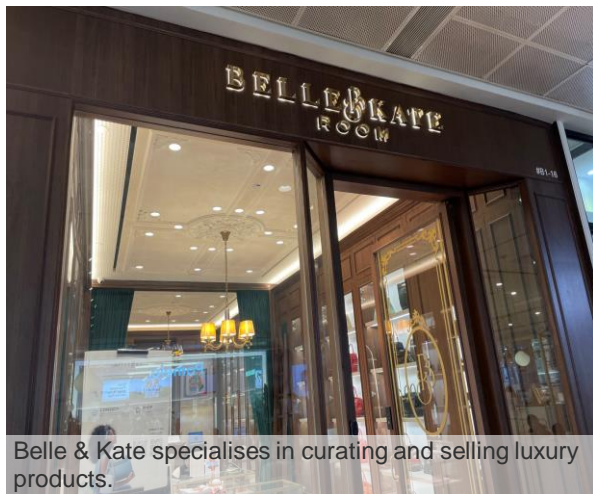
Yves Saint Laurent Beauté, luxurious beauty collections of top rated makeup, skincare and fragrances.



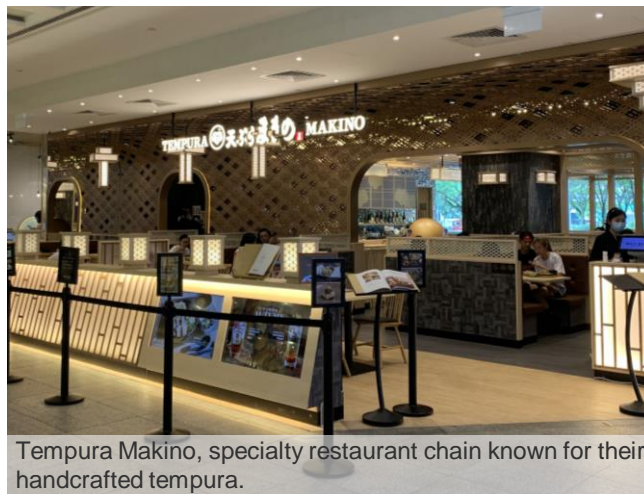
The Shelf Side serves Vietnamese-Western cuisine that offers a delightful range of bar bites, with a pinch of Vietnamese taste.



Kooks Creamery specialises in creating artisan ice cream and molten lava cookies.



Belle & Kate specialises in curating and selling luxury products.



Tempura Makino, specialty restaurant chain known for their handcrafted tempura.



Chota House, homegrown brand that showcases historical and modern fashion pieces.

Capital Management

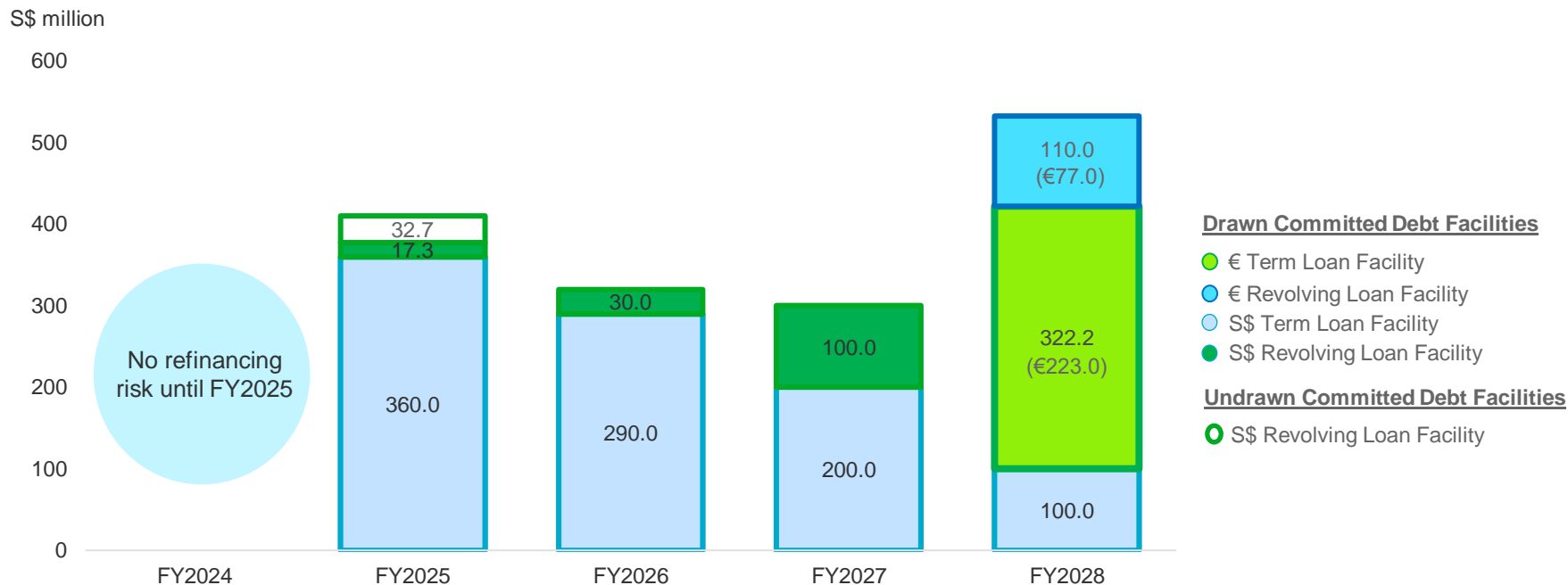


All three buildings of Sky Complex are LEED Gold certified.

Debt Facilities and Maturity Profile

- €285 million loan had been refinanced as at the end of September 2023
- No refinancing risks on committed debt facilities until FY2025
- Undrawn debt facilities was S\$118.7 million as at 30 September 2023

Maturity Profile of Committed Debt Facilities as at 30 September 2023



Active Capital Management

- Approximately 61% of the borrowings are hedged to fixed rates
- Sustainability-linked financing accounted for approximately 89% of total committed debt facilities as at 30 September 2023
- Targets set for sustainability-linked loans have been achieved, translating to interest savings

	As at 30 September 2023	As at 30 June 2023
Gross borrowings	S\$1,543.6 million	S\$1,552.8 million
Gearing ratio	40.6%	40.6%
Weighted average debt maturity	3.1 years	2.1 years
Weighted average cost of debt ⁽¹⁾	2.94% p.a.	2.69% p.a.
Interest coverage ratio ⁽²⁾	3.9 times	4.2 times

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

(2) The interest coverage ratio (ICR) as at 30 September 2023 of 3.9 times (30 June 2023: 4.2 times) is in accordance with requirements in its debt agreements; 2.5 times (30 June 2023: 2.7 times) and 1.9 times for adjusted ICR (30 June 2023: 2.0 times) in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.

Sustainability



Achievements and Accolades

- ✓ Continued to demonstrate outstanding performance and top the 2023 GRESB ranking
 - For the first time, awarded the **Global Sector Leader in Retail**
 - Clinched the **Regional Sector Leader** in the Asia Retail (Overall) and Asia Retail (Listed) categories for four consecutive years since listing
 - Maintained **highest-tier 5 stars** GRESB rating
 - **Scored “A”** in public disclosure



Continuous Improvement on Sustainability Performance

- ✓ Adopted target-setting best practices and took reference from international benchmarking to reset baseline year from FY2016 to FY2022



Reduced energy use intensity by 18%



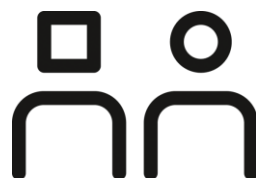
Reduced water use intensity by 14%



Reduced emission intensity by 18%



Achieved 20% waste recycling rate



- Diversity** at work⁽¹⁾
- **40%** of the Directors are female
 - **60%** of the senior management are female
 - **55%** of the workforce are female



Zero work-related injuries and ill health incidents

(1) Refers to LREIT Manager and Property Manager at Jem and 313@somerset.

Looking Ahead

↑
MRT

Link To
Orchard Road
Open 24 Hours

↑
MRT

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 renewable energy options
- ✓ Seek asset enhancement initiatives opportunities

Strategy



Proactive Asset Management and Enhancement



Capital Management



Investment and Acquisition

Market Review



Doorway to New Lives

The new Somerset 313 is a vibrant, multi-functional event space, designed to be a hub for the community. It will offer a range of activities, from art and craft workshops to live performances and exhibitions. The space is also designed to be a place where people can meet and connect, and where they can enjoy the many amenities and services that Somerset 313 has to offer.

For more information, please visit www.somerset313.com or contact us on 6342 3131.

313 Somerset

lendlease

Market Review

Singapore Retail Market

- Retail sales (excluding motor vehicles) rose 3.7% YoY in August 2023, extending the 0.6% YoY growth in July 2023. Of this, the total estimated retail sales value is recorded at S\$3.5 billion, which online sales accounted for 13.8%.
- Orchard Road retail rents rose 1.6% QoQ to S\$35.75 per square feet (“psf”) per month in Q3 2023 amid strong demand for spaces due to retailers’ confidence in tourism recovery and the increase in office crowds.
- In the near term, retailers may continue to face challenges such as manpower shortages and higher manpower cost. Nevertheless, CBRE Research expects overall retail rents to conclude on a positive note in 2023.

Singapore Office Market

- Leasing activity continued to improve with demand stemming from the private wealth, asset management and consumer goods sector. Vacancy rates in the core CBD improved 0.5% QoQ to 4.7% while fringe CBD submarkets increase 0.3% QoQ to 6.5% in Q3 2023. Grade A core CBD vacancy improved to 3.2% and gross effective rents increased 0.4% QoQ to S\$11.85 psf per month.
- Although near-term risks such as a cautious economic outlook and high interest rates remain, the office rental market has outperformed expectations due to limited supply, increasing back-to-office momentum and steady absorption of shadow space.

Milan Office Market

- According to the preliminary estimates by the Italian National Institute of Statistics, the consumer price index in September 2023 increased 5.3% YoY and 0.2% month-on-month.
- Milan office market recorded a total absorption of 173,000 square meters in 1H 2023. The CBD area accounted for the highest absorption rate of 30.1% while the Periphery area, where Sky Complex is located, accounted for 22.5% of the total absorption.
- Demand for Grade A and green certified offices remains strong as more companies are focusing on office quality, energy efficiency and sustainability. Office occupiers are willing to pay higher rents for green certified spaces and pushed the rents 10% to 20% higher than other high-quality assets without green certifications.

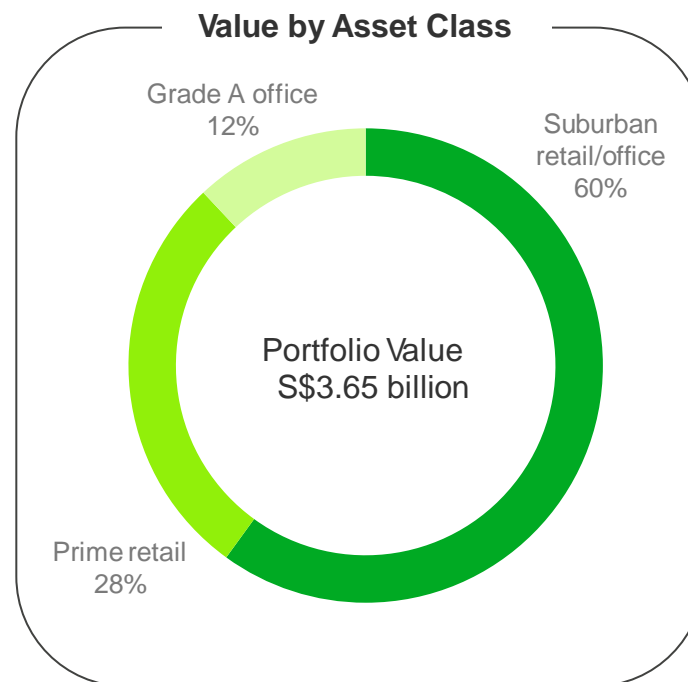
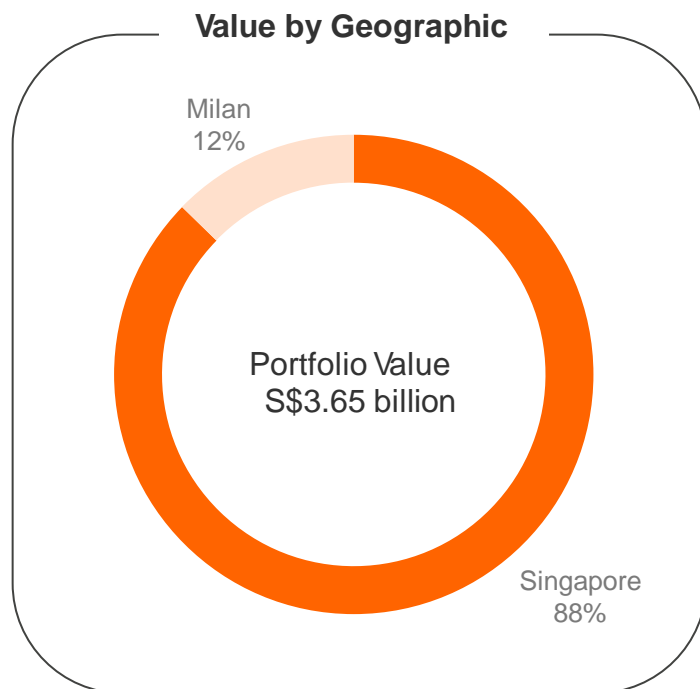


Additional Information

Sky Garden at Jem, providing green respite to office tenants and shoppers.

Portfolio Composite by Valuation

- Singapore accounts for approximately 88% of the portfolio (by valuation)
- Suburban retail/office and Grade A office account for more than 70% of the portfolio



Note:

- Information as at 30 June 2023.
- Conversion rate for Milan asset was based on € to S\$ of 1.476 as at 30 June 2023.

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 30 September 2023)

Occupancy	100%
WALE	9.1 years (by NLA) 5.8 years (by GRI)
Valuation	S\$2,188.0 million
Valuation cap rate	Retail: 4.50% Office: 3.50%
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 30 September 2023)

Occupancy	98.9%
WALE	2.5 years (by NLA and GRI)
Valuation	S\$1,033.2 million ⁽¹⁾
Valuation cap rate	4.25% ⁽²⁾
NLA	288,979 sq ft
Ownership	100% (99-year leasehold) ⁽³⁾

(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. Value reflected is the total of the market value and right-of-use-asset.

(2) Refers to operating asset only.

(3) 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 30 September 2023)

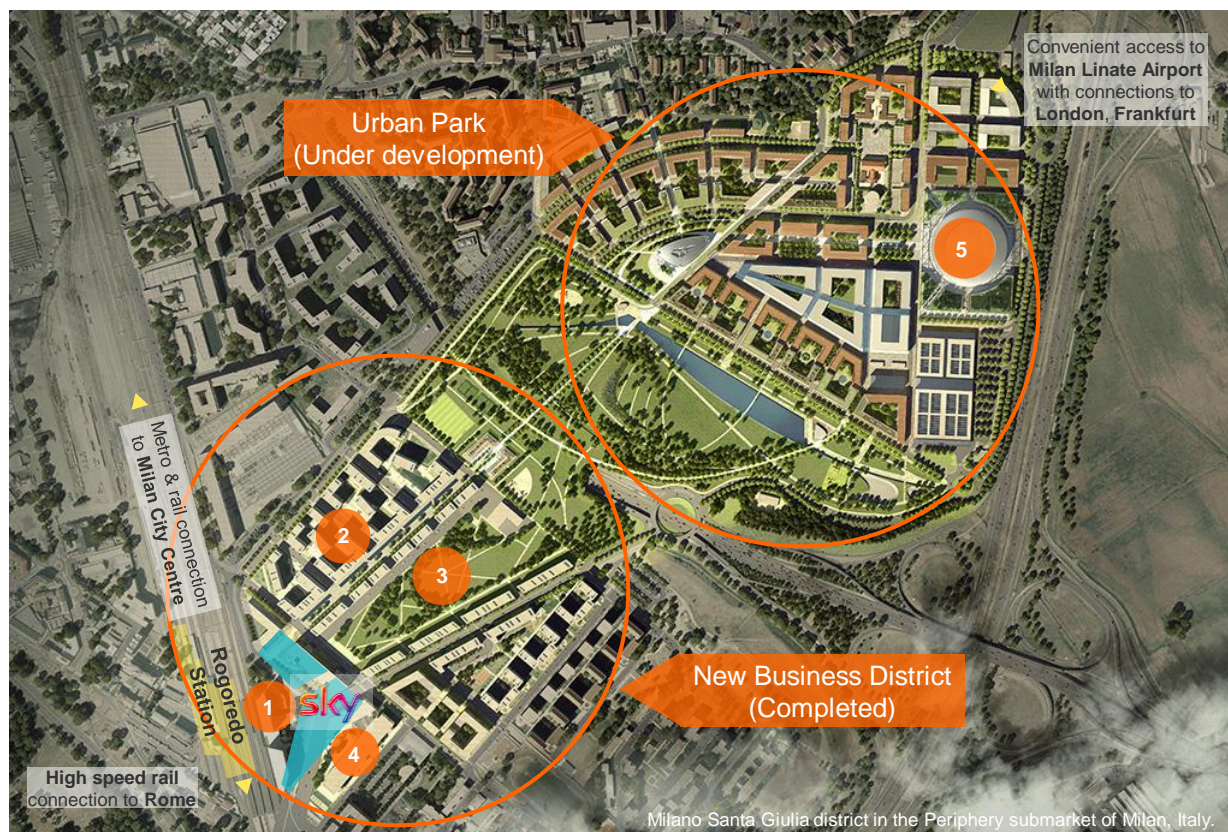
Occupancy	100%
WALE	8.6 years (by NLA and GRI)
Valuation	€290.5 million
Terminal cap rate	5.75%
NLA	913,564 sq ft ⁽²⁾
Ownership	100% (freehold)

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

(2) Based on weighted gross leasable area.

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.
- Milano Santa Giulia Business District, where Sky Complex is located, is the first precinct to be LEED Neighbourhood certified, a benchmark for quality of life and sustainability.



- 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 & entertainment street
- 3 Community park of size 45,000 sqm
- 4 New campus of Giuseppe Verdi Conservatory, the largest music academy in Italy
- 5 Multifunctional arena where 2026 Winter Olympics will be held

Other Investments

Strategic stake in Parkway Parade through a 10.0% interest in Parkway Parade Partnership Pte. Ltd.



- The investment increased LREIT's exposure to Singapore's resilient suburban retail segment.
- Direct connection to the upcoming Marine Parade MRT station and completion of the planned asset enhancement initiatives (by phases) will channel more footfall to Parkway Parade and strengthen its position as a dominant suburban retail mall in the eastern part of Singapore.

Development of a multifunctional event space adjacent to 313@somerset



- The combined NLA with 313@somerset of approximately 330,000 sq ft enlarges and strengthens LREIT's retail presence in the Somerset youth precinct.
- The space is envisioned to be an experiential innovative lifestyle destination that features creative use of communal spaces and themed events to promote social networking and wellness.
- Once construction of the site has commenced, it will take approximately 12 to 18 months to complete.

Commitment towards environmental goals

- LREIT has achieved net zero carbon in FY2023, ahead of the target of FY2025.

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

Commitment Towards Sustainability

SUSTAINABLE DEVELOPMENT GOALS



By optimising assets' sustainability performance to achieve Absolute Zero Carbon by FY2040



By maintaining and refining social initiatives and policies conducted by the Manager for internal and external stakeholders



Assessing relevance of Nature & Biodiversity Conservation to LREIT

JEM, SINGAPORE



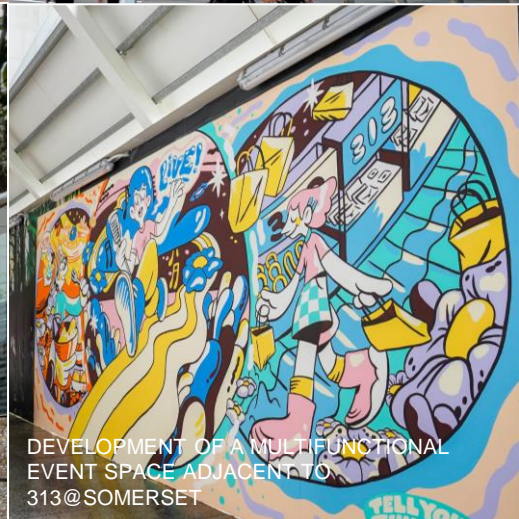
313@SOMERSET, SINGAPORE



SKY COMPLEX, MILAN



A STAKE IN PARKWAY PARADE, SINGAPORE



DEVELOPMENT OF A MULTIFUNCTIONAL EVENT SPACE ADJACENT TO 313@SOMERSET

Thank You

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