

Lendlease Global Commercial REIT delivers strong performance with positive retail rental reversion of 16.3%¹

Mainly attributed to healthy leasing activities and uplift in retail market sentiment

Key Highlights

- High portfolio committed occupancy of 99.9%
- Long weighted average lease expiry (“WALE”) of 8.0 years² by net lettable area (“NLA”) and 5.3 years² by gross rental income (“GRI”)
- Leases expiring in FY2024 de-risked to 3.9% by NLA and 7.8% by GRI in the first three months of FY2024
- Tenant sales continued to trend above pre-COVID-19 average levels and increased 4.6% year-on-year (“YoY”)
- Healthy tenant retention rate of 78.2%³ by NLA
- No refinancing risks of committed debt facilities until FY2025
- Approximately 89% of total committed debt facilities are sustainability-linked financing
- Awarded the Global Sector Leader (Retail) in GRESB ranking

Singapore, 7 November 2023 - Lendlease Global Commercial Trust Management Pte. Ltd. (the “Manager”), the manager of Lendlease Global Commercial REIT (“LREIT”), is pleased to share its first-quarter Business Update for FY2024.

Operations Update

LREIT’s portfolio committed occupancy remained high at 99.9% with a long WALE of 8.0 years² by NLA and 5.3 years² by GRI. In addition, leases due to expire in FY2024 had been de-risked to 3.9% by NLA and 7.8% by GRI in the first three months of FY2024.

Achieved positive retail rental reversion

As at 30 September 2023, the committed occupancy for LREIT’s retail portfolio remained high at 99.7% and a healthy tenant retention rate of 78.2%³ (by NLA) was achieved. The Manager is pleased to report a positive retail rental reversion of 16.3%¹ on the back of healthy leasing activities and uplift in retail market sentiment. Tenant sales continued to trend above pre-COVID-19 average levels and registered a growth of 4.6% YoY in 1Q FY2024. Visitation also grew 8.1% YoY in the first three months of FY2024.

With a long office WALE of 11.8 years² by NLA and 14.3 years² by GRI, the portfolio will continue to generate stable income stream for LREIT’s unitholders.

¹ On weighted average basis.

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

³ Based on year-to-date completed lease renewal.

Capital Management

Refinancing completed and there are no refinancing risks of committed debt facilities until FY2025

During the quarter, the Manager had refinanced LREIT's €285 million loan due in FY2024. As at 30 September 2023, gross borrowings were S\$1,543.6 million with a gearing ratio of 40.6%. The weighted average debt maturity was 3.1 years with a weighted average cost of debt of 2.94% per annum⁴. As at the period end, LREIT has an interest coverage ratio of 3.9 times⁵, which provides ample buffer from its debt covenants at 2.0 times. All of its debt are unsecured with approximately 61% of its borrowings hedged to fixed rate.

As at 30 September 2023, LREIT has undrawn debt facilities of S\$118.7 million to fund its working capital. In addition, approximately 89% of LREIT's total committed debt facilities are sustainability-linked financing, which will continue to generate net interest savings to LREIT's unitholders.

Mr Kelvin Chow, Chief Executive Officer of the Manager, said, "Against a backdrop of global uncertainties, we are pleased to deliver a good set of operational performance underpinned by proactive asset management strategy. Moving forward, we will continue to strengthen our portfolio and exercise prudence in our capital management."

Environmental, Social and Governance ("ESG")

LREIT continued to demonstrate outstanding performance and top the 2023 GRESB ranking. In a first, LREIT was awarded the Global Sector Leader in Retail, achieving the highest-tier 5 stars GRESB rating for its ESG performance and strong leadership in sustainability. This was also the fourth consecutive year that LREIT has emerged as the Regional Sector Leader in both Asia Retail (Overall) and Asia Retail (Listed) categories. GRESB Sector Leaders are the best performers by sector and region from across the GRESB Assessments.

In addition, LREIT scored "A" for Public Disclosure, demonstrating its commitment to continually improve its performance in ESG transparency and stakeholder engagement.

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⁴ Excludes amortisation of debt-related transaction costs.

⁵ 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.

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 leasehold properties in Singapore namely Jem (an office and retail property) and 313@somerset (a prime retail property) as well as freehold interest in Sky Complex (three grade-A office buildings) in Milan. These five properties have a total net lettable area of approximately 2.1 million square feet, with an appraised value of S\$3.65 billion as at 30 June 2023. Other investments include a stake in Parkway Parade (an office and retail property) and 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 Corporation Limited. 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 Group, 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 creating 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\$124 billion⁶, core construction backlog of A\$8.7 billion⁶ and funds under management of A\$48 billion⁶.

The Lendlease Group is a trusted investment manager to over 150 key capital partners in property and investments.

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⁶ As at 30 June 2023.

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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**”), DBS Trustee 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.

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