

Lendlease Global Commercial REIT

1H FY2021 Financial Results

10 February 2021



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KEY HIGHLIGHTS

Key Highlights

- Distributable income was S\$27.5 million, translating to a distribution per unit of 2.34 cents
- Portfolio occupancy remained high at 99.7%

Key Financial Metrics⁽¹⁾ (1H FY2021)

Distributable
Income
S\$27.5 million
▲ 1.4%

Gross Revenue
S\$41.6 million
▲ 3.2%

Net Property
Income
S\$30.4 million
▲ 1.6%

Key Portfolio Metrics (as at 31 December 2020)

Portfolio
Occupancy
99.7%

Weighted
Average Lease
Expiry
9.3 years

Tenant
Retention
(by NLA)
58.8%⁽²⁾

Capital Management (as at 31 December 2020)

Gearing
Ratio
35.5%

Weighted
Average Running
Cost of Debt
0.88% p.a.

Interest
Coverage Ratio
8.5 times⁽³⁾

(1) The annualised results for the 6 months ended 31 December 2019 is based on the actual results from 2 October 2019 to 30 June 2020 (273 days) pro-rated to 366 days, deducting for the actual results from 1 January 2020 to 30 June 2020.

(2) Refers to 313@somerset as Sky Complex is 100% leased till 2032, excluding tenant's break option in 2026. New tenants and leasing prospects were secured to uphold occupancy rate.

(3) The interest coverage ratio of 8.5 times is in accordance with requirements in its debt agreements, and 4.5 times in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.

Achieved GRESB 5-star rating in the first year of listing

The benchmark measures how LREIT integrates ESG into its overall business strategy, which includes leadership, policies and disclosures, risk management and stakeholder engagement

- With a score of above 90, LREIT **outperformed** its peers and the GRESB average of 81 and 70, respectively
- **Scored the highest and ranked first** in the Asia Retail (Overall), Asia Retail (Listed), Asia (Overall) and Asia (Listed) categories
- Ranked second in the Global Retail (Listed) category⁽¹⁾



(1) A French REIT took the top spot in the Global Retail (Listed) category.

FINANCIAL PERFORMANCE

Financial Performance

DPU of 2.34 cents declared for 1H FY2021

	1H FY2021 (S\$'000)	1H FY2020 ⁽¹⁾ (S\$'000)	Variance
Gross revenue	41,608	40,326	▲ 3.2%
Net property income	30,393	29,905	▲ 1.6%
Distributable income	27,546	27,164	▲ 1.4%
DPU (cents)	2.34	2.32	▲ 0.8%

(1) The annualised results for the 6 months ended 31 December 2019 is based on the actual results from 2 October 2019 to 30 June 2020 (273 days) pro-rated to 366 days, deducting for the actual results from 1 January 2020 to 30 June 2020.

Balance Sheet

NAV per unit remained stable at \$0.85

S\$('000) unless otherwise stated	As at 31 December 2020	As at 30 June 2020
Total assets	1,577,523	1,555,498
Gross borrowings	559,495	545,319
Total liabilities	582,516	563,248
Net assets attributable to unitholders	995,007	992,250
Units in issue (number)	1,177,145,952	1,171,795,224
NAV per unit (S\$)	0.85	0.85

Key Financial Indicators

Stable liquidity position to meet financial obligations

	As at 31 December 2020	As at 30 September 2020
Gross borrowings	S\$559.5 million	S\$555.4 million
Gearing ratio	35.5%	35.6%
Weighted average debt maturity	2.7 years	2.8 years
Weighted average running cost of debt ⁽¹⁾	0.88% p.a.	0.86% p.a.
Interest coverage	8.5 times ⁽²⁾	9.2 times

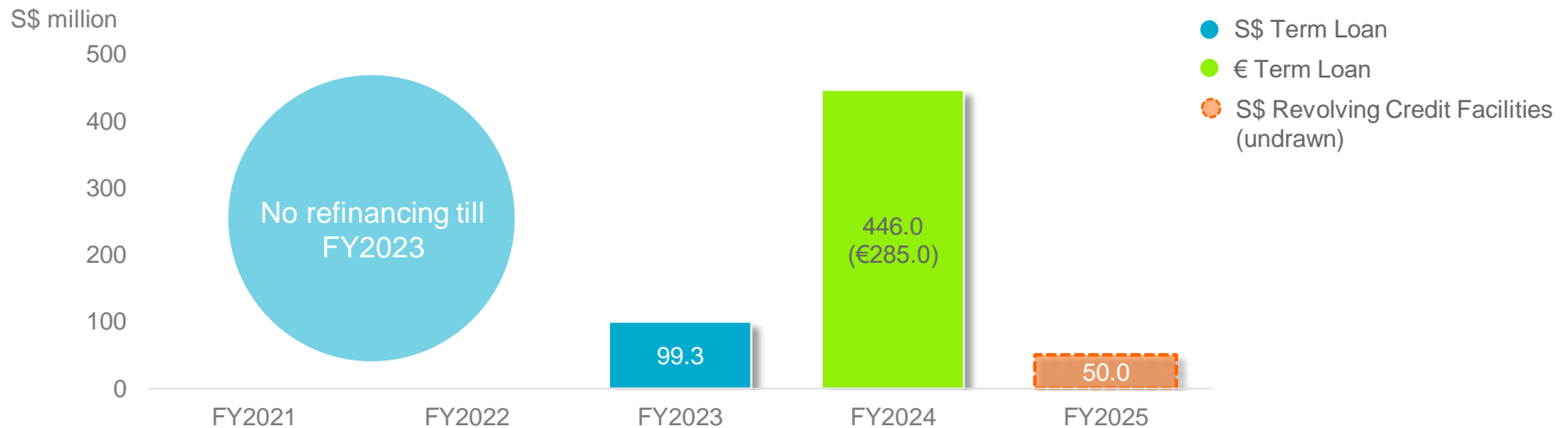
(1) Excludes amortisation of debt-related transaction costs.

(2) The interest coverage ratio of 8.5 times is in accordance with requirements in its debt agreements, and 4.5 times in accordance with the Property Funds Appendix of the Code on Collective Schemes.

Debt Facilities and Maturity Profile

- 100% unsecured debt
- Euro natural hedge investment into Sky Complex via Euro term loan
- Diversity of debt funding across a syndicate of lenders
- S\$98.4m of uncommitted and undrawn debt facilities⁽¹⁾
- Established a S\$1 billion multicurrency debt issuance programme in January 2021 to expand funding option for LREIT

Debt Maturity Profile



(1) Uncommitted undrawn debt facilities comprise of S\$50 million and €30 million.

Distribution Details

Distribution per unit: 2.34 cents

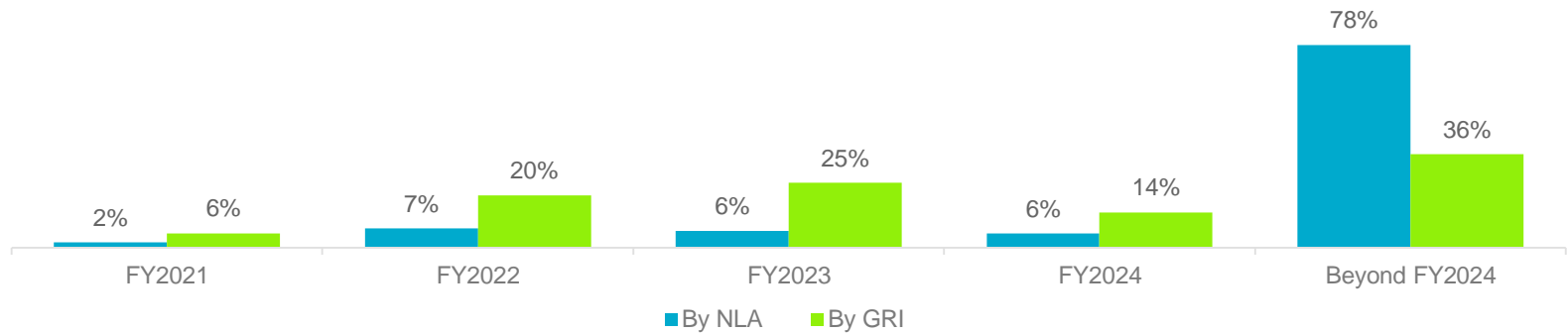
Period: 1 July to 31 December 2020	
Notice of books closure date	10 Feb 2021
Last day of trading on 'cum' basis	17 Feb 2021, 5.00pm
Ex-date	18 Feb 2021, 9.00am
Books closure date	19 Feb 2021
Payment date	17 Mar 2021

PORTFOLIO PERFORMANCE

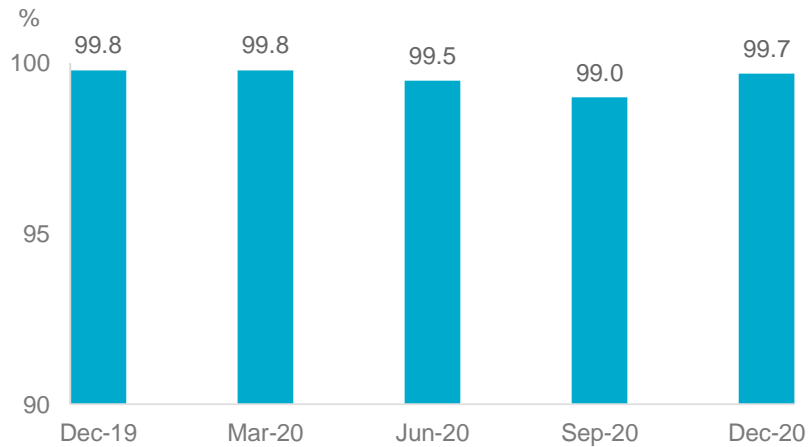
Portfolio Overview

Approximately 2% (by NLA) and 6% (by GRI) remain for renewal in FY2021

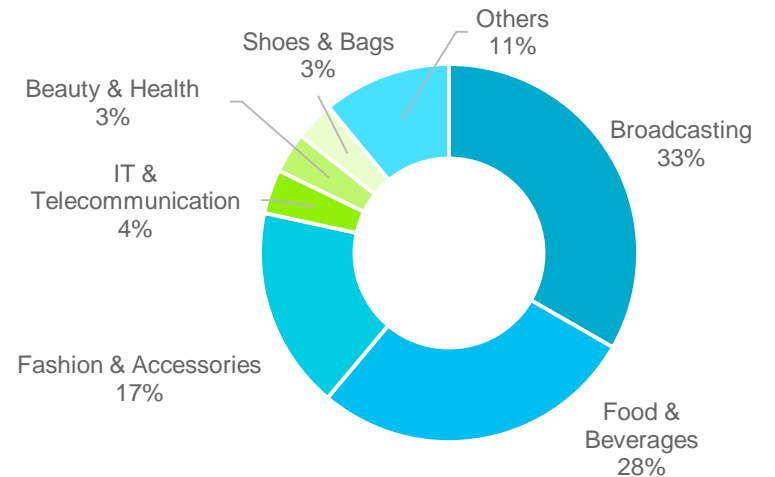
Well-spread Lease Expiry Profile
WALE of 9.3 years (by NLA) and 4.9 years (by GRI)



Healthy Occupancy Rate



Diversified Tenant Base



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.



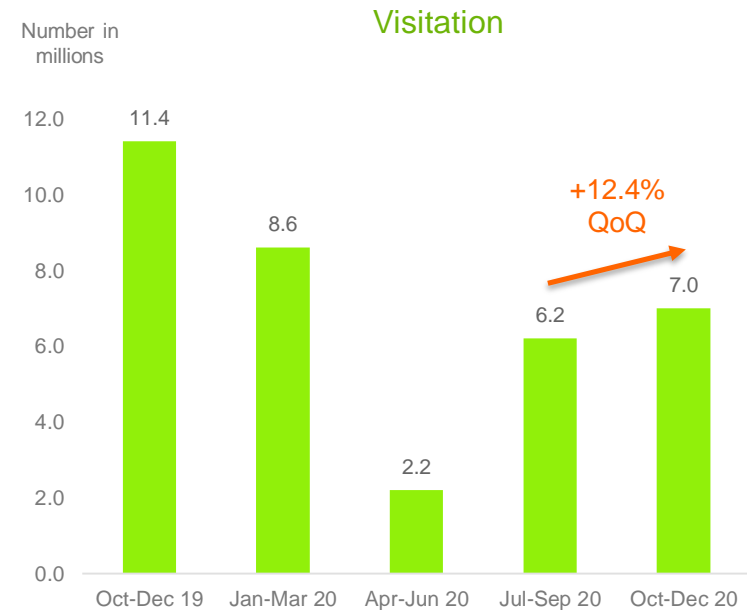
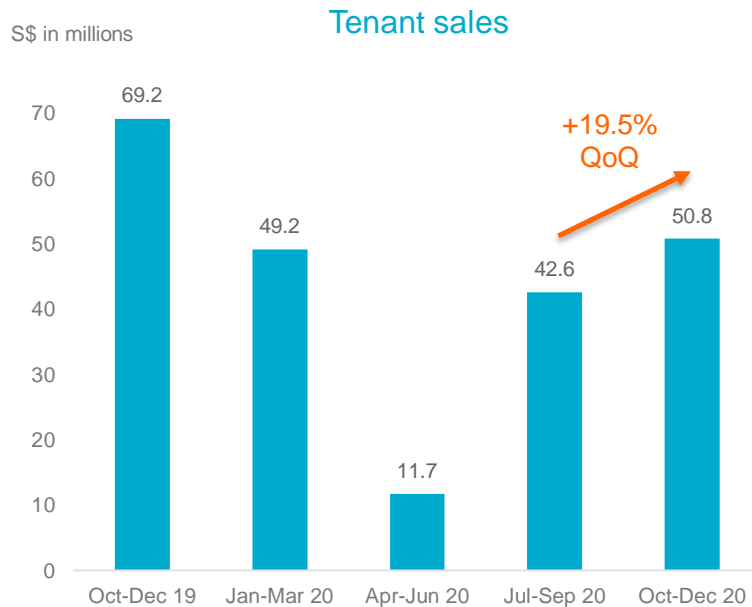
Key Statistics (as at 31 December 2020)

Occupancy	98.7%
WALE	1.7 years (by GRI and NLA)
Valuation	S\$1,008 million
Valuation cap rate	4.25%
NLA	288,318 sq ft
Ownership	100% (99-year leasehold) ⁽¹⁾

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

Tenant Sales and Visitation Continues to Recover

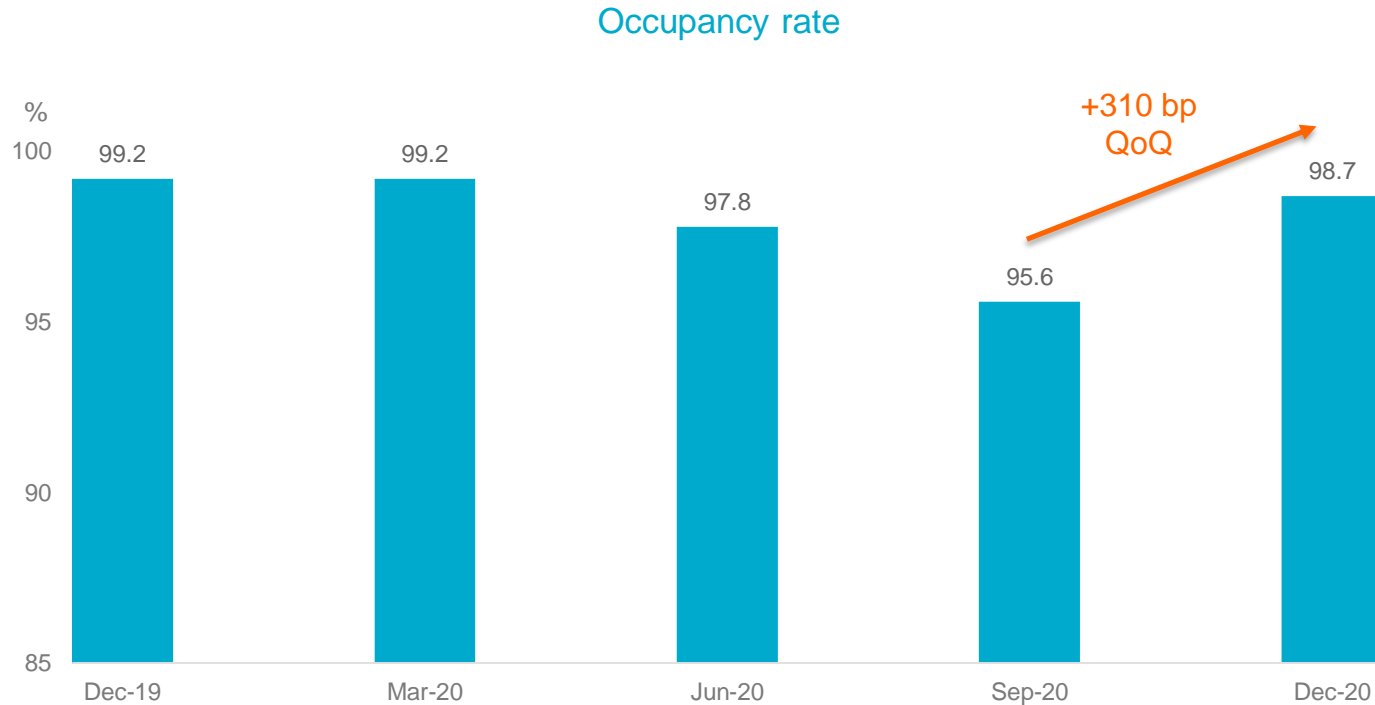
- The increased capacity limits under Phase Three of Singapore's reopening plan is expected to benefit the food & beverage sector, which accounts for approximately 28%⁽¹⁾ by GRI.
- Tenant sales and visitation continued to recover quarter-on-quarter. Compared to pre-COVID-19 levels, sales and visitation have recovered approximately 75% and 60%, respectively.
- The government's plan to vaccinate residents by end-2021 is expected to provide greater confidence to shoppers and visitors.
- Continuous effort to refresh tenant base to improve sales performance and visitation.



(1) Overall portfolio basis

Occupancy Rate Remained Strong at 98.7%

- Occupancy rate improved to 98.7% due to new tenants with experiential retail and food & beverage concepts secured.
- Remain focused and prioritise maintaining occupancy levels and keeping ongoing communications with tenants to help them stay viable.



New Tenants Onboard



Western grill house



Speciality coffee house



Integrated virtual reality arcade



Global bakery and café chain



Japanese concept restaurant



Speciality vegan café



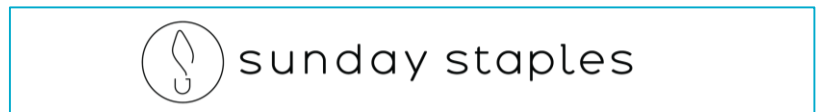
Homegrown fragrance brand



Homegrown jewellery brand



Global brand offering a diverse range of footwear



Lifestyle fashion footwear

Sky Complex, Grade-A Office in Milan

Comprises of three office buildings and has excellent accessibility via the public transport system. Fully leased to Sky Italia, owned by Comcast Corporation⁽¹⁾.



Key Statistics (as at 31 December 2020)

Occupancy	100%
WALE	11.4 years (by NLA and GRI)
Valuation	S\$448.4 million ⁽²⁾ (€277.7 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 1.615 as at 31 December 2020.

Sky Complex continues to remain operational and is expected to benefit from the transformation of the Milano Santa Giulia district

- South zone, where Sky Complex is located, has been designated to be a new business district in Milan.
- New masterplan to develop north zone into a large urban park that integrates smart technology and sustainability initiatives.
- 2026 Winter Olympics, which will take place in Milano Santa Giulia district, is expected to attract political and foreign investments into the district in the coming years.
- These projects and developments are expected to accelerate the redevelopment of the district into one of Milan's key decentralised office and mixed-use destinations.



- Sky Complex
- 1 Two new grade-A office development projects of size 90,000sqm. Approximately 80% of space in one of the projects are pre-let to a global engineering company
- 2 Residential area that houses 1,800 families with a shopping and entertainment street
- 3 Well-equipped park of size 45,000sqm
- 4 Multifunctional arena where 2026 Winter Olympics will be held

Other Investments

Strategic stake in Jem via 5% interest in Lendlease Asian Retail Investment Fund 3



- The investment provides greater income diversification for unitholders based on the office (35% by NLA) and suburban retail (65% by NLA) components of Jem.
- The strategic stake provides opportunities for LREIT to potentially increase indirect interest in Jem over time.

A new multifunctional event space to solidify LREIT's retail and lifestyle offering in the Somerset youth precinct



- The authorities had handed over the site to LREIT in December 2020.
- The multiple dedicated event spaces will include an indoor live performance venue, an independent cinema, hawker stalls serving local delights as well as a food and beverage attraction.
- Expected to be operational in the first half of 2022.

MOVING FORWARD

Key Focus in the Near Term

Strengthen and Grow

- **Position for the Retail Proposition of the Future**

- Targeted marketing campaigns to boost sales and visitation, and encourage loyalty for recurring spending
- Focus on maintaining occupancy and working with tenants to position the mall for a post-COVID-19 retail environment
- Build on 313@somerset's proposition for omnichannel tenants and focus on retail offerings that appeal to demand for sustainably-sourced products, comfort and wellness

- **Fortify 313@somerset's Position as the Heart of Orchard Road**

- Capitalise on its strategic location to attract retail propositions that are relevant to its key target segments
- Solidify its position as the focal point of the Somerset youth precinct through the addition of a multifunctional event space that is set to commence operations in 2022

- **Enhance Portfolio Attractiveness through Growth Opportunities**

- Committed to drive sustainable business growth through proactive asset management to ensure LREIT's assets and amenities meet tenants' evolving business needs post-COVID-19
- Add to LREIT's portfolio proposition through value-adding organic initiatives and acquisition of high-quality assets that provide stable cash flow such as Sky Complex

- **Proactive and Prudent Capital Management**

- Focus on cost optimisation and a solid balance sheet supported by diverse sources of capital



MARKET REVIEW

Market Review

While safe distancing measures are expected to continue into 2021, this may relax over time as vaccine coverage expands and therapies improve.

Singapore Prime Retail Market

- The Singapore economy contracted by 3.8% YoY in the fourth quarter of 2020, an improvement from the 5.6% YoY contraction in the third quarter.
- While economic and social activities have partially resumed in a careful and calibrated manner, safe distancing requirements and travel restrictions continue to have an impact on some businesses.
- Demand for retail space will likely remain soft with the measures implemented and border closures. In the short term, the weak demand may continue to weigh on rental performance.

Milan Office Market

- The consumer price index for October was -0.3% YoY and +0.2% MoM.
- Office vacancy rates remained stable at 9.9% in Q3 2020. The quarter saw a decline in overall absorption in the Milan submarkets. Nonetheless, flight to quality has brought the total office investments for the nine months in 2020 to approximately €1.9 billion, an increase of 25% YoY.
- In the short term, businesses will assess how they could integrate new and flexible ways of working into their traditionally rigid working culture. Assets with strong and financially sound tenants will likely perform better and ride the wave of recovery when the COVID-19 pandemic is fully contained.



313@SOMERSET, SINGAPORE



SKY COMPLEX, MILAN



STRATEGIC STAKE IN JEM VIA 5% INTEREST IN LENDLEASE ASIAN RETAIL INVESTMENT FUND 3



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

Thank You

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