

## Lendlease Global Commercial REIT Continues to Demonstrate Portfolio and Income Resilience

- Additional stake in Jem increased LREIT's exposure in the resilient suburban retail segment and brings stable income to Unitholders
- Sky Complex continues to generate stable revenue with no arrears
- High portfolio occupancy of 99.8%
- Leases expiring in FY2022 substantially de-risked to 4% by NLA and 11% by GRI within the first three months of FY2022

### Portfolio highlights

- **Long WALE** of 8.5<sup>1</sup> years by NLA and 4.4<sup>1</sup> years by GRI
- **High tenant retention rate** of 90%<sup>2</sup>
- **Gearing ratio remained healthy** at 34.3% with a weighted average running cost of debt of 0.90% per annum
- **High interest coverage ratio** of 8.8 times<sup>3</sup>
- Included in **FTSE EPRA Nareit Global Developed Index**
- Received **5-star rating and swept two 1<sup>st</sup> positions in GRESB** for two consecutive years in its two years of listing

**Singapore, 5 November 2021** - Lendlease Global Commercial Trust Management Pte. Ltd. (the "Manager"), the manager of Lendlease Global Commercial REIT ("LREIT"), today provides its first quarter FY2022 operations update for the period 1 July 2021 to 30 September 2021.

### **Operations Update**

LREIT's portfolio occupancy remained high at 99.8% as at 30 September 2021, with a long WALE of 8.5<sup>1</sup> years by NLA and 4.4<sup>1</sup> years by GRI. Within the first three months of FY2022, the Manager had substantially de-risked leases expiring for the year to 4% and 11% by NLA and GRI respectively.

During the quarter, LREIT had also completed the acquisition of an additional stake in Jem. The acquisition has increased its exposure in the resilient suburban retail segment and is expected to bring stable income to LREIT's unitholders. This is a significant step forward in LREIT's growth strategy.

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<sup>1</sup> Assumes that Sky Italia does not exercise its break option in 2026.

<sup>2</sup> Refers to 313@somerset only as Sky Complex is 100% leased till 2032, excluding tenant's break option in 2026.

<sup>3</sup> The interest coverage ratio of 8.8 times is in accordance with requirements in its debt agreements and 4.6 times in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.

## Retail portfolio

Occupancy rate for 313@somerset remained high at 98.9% with a high tenant retention rate of 90% as at 30 September 2021. The performance was driven by the Manager's proactive leasing strategy which focuses on tenant retention and refreshed new offerings to rejuvenate the mall. New tenants brought onboard include Marks & Spencer, Miniso, Playmade and Super Coconut.

Notwithstanding the COVID-19 restrictions implemented by the Singapore government, tenant sales continued to improve 14.1% YoY to S\$118.1 million in the first 9 months of 2021.

Since the onset of the COVID-19 pandemic, the Manager has stepped up to help LREIT's tenants extend their brand communication with the consumers through the Lendlease Plus platform. A suite of in-app offerings such as flash sales, festive games and contactless redemption of promotional mechanics were launched. The Manager has also held various promotions to support tenants' operations during these times, including delivery promotions, to drive sales and footfall, both online and offline. These in-app offerings and campaigns were well-received by shoppers as well as LREIT's tenants.

### *31.8% indirect interest in Jem*

Jem continued to demonstrate its attractiveness as a retail destination in the west of Singapore. In the coming months, it will welcome coffee brands Huggs Collective and Flash Coffee, and new-to-market food & beverage concept store, Coco.cado.

As part of Lendlease's proactive asset management strategy to improve asset returns, enhancement works were carried out to create additional leasable space to unlock value at Jem. The space is currently occupied by Clippers Barber, an old-school barbershop with a modern revamp.

## Office portfolio

Sky Complex has continued to maintain its resiliency and generate stable income. Its tenant, Sky Italia, has been making timely rental payments and there are no rental arrears to-date.

Based on the Manager's observations on the ground, more employees have been returning to Sky Complex with safe distancing measures continuing to be in place. There is also an increase in the number of enquires on application of season parking in the buildings, which is a positive signal that more people are returning to the workplace.

### Awards and accolades

In October 2021, LREIT was recognised for its outstanding leadership in sustainability in the 2021 GRESB. With a score of more than 95 out of 100, it won first places in the Asia Retail (Overall) and Asia Retail (Listed) categories under the 2021 GRESB assessment with the highest-tier rating of 5 stars for its ESG performance for two consecutive years since its listing in 2019. LREIT also scored 'A' for public disclosure.

Against international peers, LREIT won second place in the competitive Global Retail (Listed) category for a second straight year.

Commenting on LREIT's portfolio, Mr Kelvin Chow, Chief Executive Officer of the Manager, said, "We are confident that LREIT's portfolio is well-positioned to navigate through the COVID-19 challenges anchored through its high occupancy, long WALE and minimal expiries in FY2022. In addition, LREIT's ownership of 31.8% stake in Jem will further enhance its ability to continue to deliver long-term growth and good returns for LREIT and its unitholders."

### **Capital Management**

Gross borrowings were S\$677.6 million as at 30 September 2021 with a gearing ratio of 34.3%. The Group and LREIT have undrawn debt facilities of S\$137.2 million-equivalent multicurrency to fund its working capital.

The weighted average debt maturity was 2.3 years with a weighted average running cost of debt of 0.90% per annum. LREIT also has a high interest coverage ratio of 8.8 times<sup>3</sup>, which will provide ample buffer from the debt covenant of 2.0 times. All of LREIT's debt are unsecured, ensuring that it has balance sheet flexibility.

### **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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## **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. Other investments include a 31.8% indirect interest in Jem, an integrated office and retail development in Singapore and a tender project to develop 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 Group<sup>4</sup>, 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\$114 billion<sup>5</sup>, core construction backlog of A\$15 billion<sup>9</sup> and funds under management of A\$40 billion<sup>9</sup>. 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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<sup>4</sup> Lendlease Group comprises the Sponsor, Lendlease Trust and their subsidiaries.

<sup>5</sup> As at 30 June 2021.

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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**”), RBC Investor Services Trust Singapore 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.