

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 28 January 2019 (as amended))

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND FINANCIAL HALF YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022 AND THE FULL YEAR ENDED 30 JUNE 2022

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LENDLEASE GLOBAL COMMERCIAL REIT

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Introduction & Corporate Information

Lendlease Global Commercial REIT (“LREIT”) is a Singapore-domiciled real estate investment trust constituted pursuant to the Trust Deed dated 28 January 2019 (as amended). It is principally regulated by the Securities and Futures Act 2001, the Code on Collective Investment Schemes issued by the MAS (“CIS Code”), including Appendix 6 of the CIS Code (the “Property Funds Appendix”), other relevant regulations and the Trust Deed. LREIT was listed on the Mainboard of Singapore Exchange Securities Trading Limited (“SGX-ST”) on 2 October 2019 (“Listing Date”).

The Sponsor, Lendlease Corporation Limited (“Sponsor” or “Lendlease Corporation”), is part of the Lendlease Group, comprising Lendlease Corporation, Lendlease Trust and their subsidiaries (the “Lendlease Group”, and the Sponsor and its subsidiaries, the “Sponsor Group”). Lendlease Group is a leading international property and infrastructure group with operations in Australia, Asia, Europe and the Americas and is listed on the Australian Securities Exchange.

Lendlease Global Commercial Trust Management Pte. Ltd. (the “Manager”) is an indirect wholly-owned subsidiary of the Sponsor.

Effective 18 July 2022, RBC Investor Services Trust Singapore Limited has retired as trustee of LREIT and DBS Trustee Limited has been appointed as the trustee of LREIT.

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, as well as real estate-related assets in connection with the foregoing.

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Introduction & Corporate Information

LREIT's property portfolio comprises the following properties in Singapore and Milan, Italy (the "Properties"):

(i) a 99-year leasehold¹ interest in Jem, an integrated office and retail mall located in Jurong East, Singapore ("Jem");

(ii) a 99-year leasehold² interest in 313@somerset, a retail mall located in Orchard, Singapore ("313@somerset"); and

(iii) a freehold interest in Sky Complex, which comprises three office buildings located in Milan, Italy ("Sky Complex").

Footnotes:

1. Commencing on 27 September 2010 and ending on 26 September 2109.

2. Commencing on 21 November 2006 and ending on 20 November 2105.

Distribution

The final distribution for financial year 2022 ("FY2022") will be for the period from 31 March 2022 to 30 June 2022 and will be paid on or before 30 September 2022.

Summary of Lendlease Global Commercial REIT Group Results

	GROUP					
	6 months ended 30 Jun 2022	6 months ended 30 Jun 2021	Variance %	FY2022	FY2021	Variance %
Gross Revenue (S\$'000)	62,472	37,043	68.6	101,662	78,651	29.3
Net Property Income (S\$'000)	45,865	26,525	72.9	75,508	56,918	32.7
Amount Distributable (S\$'000)						
- to Perpetual Securities holders	6,519	598	>100	10,753	598	>100
- to Non-controlling interests	(643)	-	NM	1,543	-	NM
- to Unitholders	42,903 ¹	27,577	55.6	71,505 ¹	55,123	29.7
Available Distribution per Unit ("DPU") (cents)	2.45¹	2.34	4.9	4.85¹	4.68	3.7

NM: Not meaningful

Footnote:

1. Including advance distribution of 1.1371 Singapore cents per unit for the period from 1 January 2022 to 30 March 2022.

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1(a)(i) Condensed Interim Consolidated Statement of Profit or Loss and Distribution Statement

		GROUP		
		(S\$'000)		Variance %
Note		6 months ended 30 Jun 2022	6 months ended 30 Jun 2021	
	Gross revenue	62,472	37,043	68.6
	Property operating expenses	(16,607)	(10,518)	(57.9)
	Net property income	45,865	26,525	72.9
	Manager's Base Fee	(3,940)	(1,963)	(>100)
	Manager's Performance Fee	(2,294)	(1,403)	(63.5)
	Other management fees	(574)	(400)	(43.5)
	Trustee's fee	(183)	(106)	(72.6)
	Other trust expenses ¹	(3,209)	(1,121)	(>100)
	Net foreign exchange gain/(loss) ²	22,939	5,414	>100
	Dividend income	-	1,731	NM
	Finance income	169	11	>100
	Finance costs ³	(10,374)	(4,983)	(>100)
	Profit/(Loss) before tax, change in fair value, impairment and share of profit/(loss)	48,399	23,705	>100
	Net change in fair value of investment properties & investment property under development ⁴	49,115	(31,284)	NM
	Net change in fair value of equity instrument ⁵	-	(942)	NM
	Impairment of investment in associates ⁵	(564)	-	NM
	Share of profit/(loss) of associates	(2,100)	-	NM
	Net change in fair value of derivative financial instruments ⁶	11,992	2,724	>100
	Profit/(Loss) before tax	106,842	(5,797)	NM
	Tax expense	-	-	NM
	Profit/(Loss) after tax	106,842	(5,797)	NM
	Attributable to:			
	Unitholders	100,966	(6,395)	NM
	Non-controlling interests	(643)	-	NM
	Perpetual securities holders ⁷	6,519	598	>100
	Profit/(Loss) after tax	106,842	(5,797)	NM
	Distribution Statement			
	Profit attributable to Unitholders	100,966	(6,395)	NM
	Add: Distribution adjustments ⁸	(58,063)	33,972	NM
	Amount available for distribution to Unitholders (Note A)	42,903	27,577	55.6

NM: Not meaningful

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1(a)(i) Condensed Interim Consolidated Statement of Profit or Loss and Distribution Statement

Footnotes:

1. Other trust expenses include operating expenses such as annual listing fees, audit and tax advisory fees, valuation costs, investor relations expenses, acquisition costs and other miscellaneous expenses.

2. Net foreign exchange gain/loss relates mainly to the translation difference of the Euro term loan to Singapore dollars during the period. Due to the effect of natural hedging, there is a corresponding gain/loss recognised in the comprehensive income, resulting from the stronger/weaker €/S\$ exchange rate on the Euro-denominated investment.

3. Finance costs comprise mainly interest expense and amortisation of debt-related transaction costs.

4. All transaction costs directly attributable to the acquisition of the Properties have been capitalised in accordance with IAS 40. This is then recorded as a fair value change in the profit or loss statement from revaluation of investment properties. This is a non-tax chargeable/deductible item and therefore does not affect income available for distribution to Unitholders.

5. This is a non-tax chargeable/deductible item and therefore does not affect income available for distribution to Unitholders.

6. Comprises mainly net change in fair value of interest rate swaps, interest rate options and currency forwards which were entered to hedge interest rate and foreign exchange risks. This is a non-tax chargeable/deductible item and therefore does not affect income available for distribution to Unitholders.

7. LREIT has issued two series of perpetual securities with an aggregate amount of S\$400 million with no fixed final redemption date. Both series of perpetual securities confer rights to its holders to receive distribution payments at a fixed rate. Distributions are payable semi-annually in arrears on a discretionary basis and are non-cumulative in accordance with the terms and conditions of the perpetual securities.

8. Comprises Manager's base fee and performance fee paid/payable in units, property management fee paid/payable in units, net change in fair value of investment properties, investment property under development, equity and derivative financial instruments, amortisation of debt-related transaction costs, acquisition costs and other adjustments related to non-cash or timing differences in income and expenses.

Note A

Distribution from:

- Singapore

- Foreign source ¹

Total

GROUP		
(S\$'000)		Variance %
6 months ended 30 Jun 2022	6 months ended 30 Jun 2021	
31,835	17,260	84.4
11,068	10,317	7.3
42,903	27,577	55.6

Footnote:

1. Foreign source distribution mainly pertains to income from Sky Complex. Any income from this property that has not been distributed to LREIT by the date LREIT makes distribution to its Unitholders will constitute a capital distribution.

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1(a)(ii) Condensed Interim Consolidated Statement of Comprehensive Income

	GROUP		
	(S\$'000)		Variance %
	6 months ended 30 Jun 2022	6 months ended 30 Jun 2021	
Profit/(Loss) after tax	106,842	(5,797)	NM
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Other comprehensive income:			
Net currency translation differences relating to financial statements of a foreign subsidiary	(22,294)	(5,981)	(>100)
Total comprehensive income	84,548	(11,778)	NM
Total comprehensive income attributable to:			
Unitholders	78,672	(12,376)	NM
Non-controlling interests	(643)	-	NM
Perpetual securities holders	6,519	598	>100
	84,548	(11,778)	NM

NM: Not meaningful

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1(a)(i) Condensed Interim Consolidated Statement of Profit or Loss and Distribution Statement

		GROUP		
		(S\$'000)		Variance %
Note		FY2022	FY2021	
	Gross revenue	101,662	78,651	29.3
	Property operating expenses	(26,154)	(21,733)	(20.3)
	Net property income	75,508	56,918	32.7
	Manager's base fee	(6,025)	(3,933)	(53.2)
	Manager's performance fee	(3,949)	(2,923)	(35.1)
	Other management fees	(1,256)	(801)	(56.8)
	Trustee's fee	(303)	(209)	(45.0)
	Other trust expenses ¹	(4,339)	(2,561)	(69.4)
	Net foreign exchange gain/(loss) ²	39,853	(9,219)	NM
	Dividend income	-	1,731	NM
	Finance income	259	51	>100
	Finance costs ³	(16,062)	(10,040)	(60.0)
	Profit/(Loss) before tax, change in fair value, impairment and share of profit/(loss)	83,686	29,014	>100
	Net change in fair value of investment properties & investment property under development ⁴	49,115	(31,284)	NM
	Net change in fair value of equity instrument ⁵	330	(942)	NM
	Impairment of investment in associates ⁵	(564)	-	NM
	Share of profit/(loss) of associates	5,319	-	NM
	Net change in fair value of derivative financial instruments ⁶	14,796	1,873	>100
	Profit/(Loss) before tax	152,682	(1,339)	NM
	Tax expense	-	-	NM
	Profit/(Loss) after tax	152,682	(1,339)	NM
	Attributable to:			
	Unitholders	140,386	(1,937)	NM
	Non-controlling interests	1,543	-	NM
	Perpetual securities holders ⁷	10,753	598	>100
	Profit/(Loss) after tax	152,682	(1,339)	NM
	Distribution Statement			
	Profit attributable to Unitholders	140,386	(1,937)	NM
	Add: Distribution adjustments ⁸	(68,881)	57,060	NM
	Amount available for distribution to Unitholders (Note A)	71,505	55,123	29.7

NM: Not meaningful

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1(a)(i) Condensed Interim Consolidated Statement of Profit or Loss and Distribution Statement

Footnotes:

1. Other trust expenses include operating expenses such as annual listing fees, audit and tax advisory fees, valuation costs, investor relations expenses, acquisition costs and other miscellaneous expenses.

2. Net foreign exchange gain/loss relates mainly to the translation difference of the Euro term loan to Singapore dollars during the period. Due to the effect of natural hedging, there is a corresponding gain/loss recognised in the comprehensive income, resulting from the stronger/weaker €/S\$ exchange rate on the Euro-denominated investment.

3. Finance costs comprise mainly interest expense and amortisation of debt-related transaction costs.

4. All transaction costs directly attributable to the acquisition of the Properties have been capitalised in accordance with IAS 40. This is then recorded as a fair value change in the profit or loss statement from revaluation of investment properties. This is a non-tax chargeable/deductible item and therefore does not affect income available for distribution to Unitholders.

5. This is a non-tax chargeable/deductible item and therefore does not affect income available for distribution to Unitholders.

6. Comprises mainly net change in fair value of interest rate swaps, interest rate options and currency forwards which were entered to hedge interest rate and foreign exchange risks. This is a non-tax chargeable/deductible item and therefore does not affect income available for distribution to Unitholders.

7. LREIT has issued two series of perpetual securities with an aggregate amount of S\$400 million with no fixed final redemption date. Both series of perpetual securities confer rights to its holders to receive distribution payments at a fixed rate. Distributions are payable semi-annually in arrears on a discretionary basis and are non-cumulative in accordance with the terms and conditions of the perpetual securities.

8. Comprises Manager's base fee and performance fee paid/payable in units, property management fee paid/payable in units, net change in fair value of investment properties, investment property under development, equity and derivative financial instruments, amortisation of debt-related transaction costs, acquisition costs and other adjustments related to non-cash or timing differences in income and expenses.

Note A

Distribution from:

- Singapore

- Foreign source ¹

Total

GROUP		
(S\$'000)		Variance %
FY2022	FY2021	
50,061	35,422	41.3
21,444	19,701	8.8
71,505	55,123	29.7

Footnote:

1. Foreign source distribution mainly pertains to income from Sky Complex. Any income from this property that has not been distributed to LREIT by the date LREIT makes distribution to its Unitholders will constitute a capital distribution.

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1(a)(ii) Condensed Interim Consolidated Statement of Comprehensive Income

	GROUP		
	(S\$'000)		Variance %
	FY2022	FY2021	
Profit/(Loss) after tax	152,682	(1,339)	NM
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Other comprehensive income:			
Net currency translation differences relating to financial statements of a foreign subsidiary	(39,409)	9,005	NM
Total comprehensive income	113,273	7,666	>100
Total comprehensive income attributable to:			
Unitholders	100,977	7,068	>100
Non-controlling interests	1,543	-	NM
Perpetual securities holders	10,753	598	>100
	113,273	7,666	>100

NM: Not meaningful

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1(b)(i) Condensed Interim Statement of Financial Position

		GROUP	
	Note	30 Jun 2022 (S\$'000)	30 Jun 2021 (S\$'000)
Current assets			
Cash and cash equivalents	ii	49,230	249,264
Trade and other receivables		16,820	6,664
Other current assets		6,798	2,910
Derivative financial instruments ¹		2,415	-
		75,263	258,838
Non-current assets			
Investment properties	iii	3,593,332	1,419,857
Investment property under development	iv	6,105	5,521
Investment in associates	v	14,511	-
Equity instrument at fair value	vi	-	44,591
Other receivables		1,479	7,311
Other non current assets		1,294	869
Derivative financial instruments ¹		9,980	128
		3,626,701	1,478,277
Total assets		3,701,964	1,737,115
Current liabilities ²			
Trade and other payables		56,120	27,393
Loans and borrowings	vii	297,754	-
Lease liability ³		234	416
Derivative financial instruments ¹		-	207
		354,108	28,016
Non-current liabilities			
Trade and other payables		15,146	5,300
Lease liability ³		1,871	2,105
Loans and borrowings	vii	1,152,146	542,573
Derivative financial instruments ¹		-	2,322
		1,169,163	552,300
Total liabilities		1,523,271	580,316
Net assets		2,178,693	1,156,799
Represented by:			
Unitholders' funds		1,775,412	957,902
Non-controlling interests		3,839	-
Perpetual securities holders		399,442	198,897
		2,178,693	1,156,799
NAV per Unit (S\$) ⁴	viii	0.78	0.81

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1(b)(i) Condensed Interim Statement of Financial Position

Footnotes:

1. Derivative financial instruments reflect the fair value of interest rate swaps, interest rate options and currency forwards which were entered to hedge interest rate and foreign exchange risks.

2. The Group is in a net current liabilities position mainly due to a current portion of long-term borrowings taken to fund investment properties (long-term assets) that are maturing within the next 12 months. The Group has sufficient banking facilities available to refinance the portion of borrowings due payable within the next 12 months. Please refer Notes to the Condensed Interim Financial Statements (vii) Loans and Borrowings.

3. This relates to the lease liability recognised by the Group on its existing operating lease arrangements in accordance with the principles of IFRS 16.

4. Net asset value ("NAV") and net tangible asset ("NTA") backing per unit are based on issued units at the end of the period.

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1(b)(i) Condensed Interim Statement of Financial Position

		LREIT	
		30 Jun 2022 (S\$'000)	30 Jun 2021 (S\$'000)
	Note		
Current assets			
Cash and cash equivalents	ii	32,373	232,768
Trade and other receivables		13,153	833
Other current assets		6,481	2,582
Derivative financial instruments ¹		2,415	-
		54,422	236,183
Non-current assets			
Investment properties	iii	3,121,000	983,000
Investment property under development	iv	6,105	5,521
Investment in subsidiaries		448,666	435,245
Equity instrument at fair value	vi	-	44,591
Other non current assets		1,294	869
Derivative financial instruments ¹		9,980	128
		3,587,045	1,469,354
Total assets		3,641,467	1,705,537
Current liabilities ²			
Trade and other payables		51,824	22,997
Loans and borrowings	vii	297,754	-
Lease liability ³		234	416
Derivative financial instruments ¹		-	207
		349,812	23,620
Non-current liabilities			
Trade and other payables		15,146	5,300
Lease liability ³		1,871	2,105
Loans and borrowings	vii	1,152,146	542,573
Derivative financial instruments ¹		-	2,322
		1,169,163	552,300
Total liabilities		1,518,975	575,920
Net assets		2,122,492	1,129,617
Represented by:			
Unitholders' funds		1,723,050	930,720
Perpetual securities holders		399,442	198,897
		2,122,492	1,129,617
NAV per Unit (S\$) ⁴	viii	0.76	0.79

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1(b)(i) Condensed Interim Statement of Financial Position

Footnotes:

1. Derivative financial instruments reflect the fair value of interest rate swaps, interest rate options and currency forwards which were entered to hedge interest rate and foreign exchange risks.

2. LREIT is in a net current liabilities position mainly due to a current portion of long-term borrowings taken to fund investment properties (long-term assets) that are maturing within the next 12 months. LREIT has sufficient banking facilities available to refinance the portion of borrowings due payable within the next 12 months. Please refer Notes to the Condensed Interim Financial Statements (vii) Loans and Borrowings.

3. This relates to the lease liability recognised by LREIT on its existing operating lease arrangements in accordance with the principles of IFRS 16.

4. Net asset value ("NAV") and net tangible asset ("NTA") backing per unit are based on issued units at the end of the period.

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1(c) Condensed Interim Consolidated Statement of Cash Flow

	GROUP	
	6 months ended 30 Jun 2022 (\$'000)	6 months ended 30 Jun 2021 (\$'000)
Cash flows from operating activities		
Profit/(Loss) after tax	106,842	(5,797)
Adjustments for:		
Manager's fee paid/payable in units	4,937	3,366
Property manager's fee paid/payable in units	1,212	825
Transaction costs related to purchase of equity instrument	-	405
Finance income	(169)	(11)
Interest expense	6,014	2,301
Amortisation of debt-related transactions costs	4,249	2,607
Net unrealised foreign exchange (gain)/loss ¹	(22,365)	(5,774)
Impairment of investment in associates	564	-
Share of (profit)/loss of associates	2,100	-
Net change in fair value of investment properties and investment property under development	(49,115)	31,284
Net change in fair value of equity instrument	-	942
Net change in fair value of derivatives financial instruments	(11,992)	(2,724)
Operating income before working capital changes	42,277	27,424
Changes in working capital:		
Trade and other receivables	(8,170)	7,326
Trade and other payables	34,020	(38)
Other current assets	(1,343)	709
Other non current assets	56	54
Net cash generated from/(used in) operating activities	66,840	35,475

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1(c) Condensed Interim Consolidated Statement of Cash Flow

	GROUP	
	6 months ended 30 Jun 2022 (S\$'000)	6 months ended 30 Jun 2021 (S\$'000)
Cash flows from investing activities		
Dividends received from associates (including net capital returns)	351,464	-
Interest received	169	11
Acquisition of investment property	(1,878,520)	-
Capital expenditure on investment properties	(541)	(797)
Capital expenditure on investment property under development	(719)	(313)
Transaction costs related to purchase of equity instrument	-	(297)
Acquisition of investment in associate ²	(285)	-
Acquisition of subsidiary ²	(47)	-
Net cash generated from/(used in) investing activities	(1,528,479)	(1,396)
Cash flows from financing activities		
Proceeds from issuance of new units	648,815	-
Payment of issue costs	(9,556)	-
Proceeds from issue of perpetual securities	200,000	200,000
Payment of issue costs for perpetual securities	(1,808)	(1,624)
Payment of financing expenses	(23,604)	-
Proceeds from loans and borrowings	1,071,000	-
Repayment of loans and borrowings	(235,000)	-
Distribution to Unitholders	(42,152)	(27,545)
Distribution to perpetual securities holders	(4,188)	-
Distribution to non-controlling interests	(135,010)	-
Interest paid	(4,345)	(2,420)
Payment of lease liability	(105)	-
Net cash flows generated from/(used in) financing activities	1,464,047	168,411
Net increase/(decrease) in cash and cash equivalents	2,408	202,490
Cash and cash equivalents at beginning of the period	47,529	46,436
Effect of exchange rate changes on balances held in foreign currency	(707)	338
Cash and cash equivalents at end of the period	49,230	249,264

Footnotes:

1. Net unrealised foreign exchange gain/loss relates mainly to the translation difference of the Euro term loan to Singapore dollar during the period. Due to the effect of natural hedging, there is a corresponding gain/loss in the comprehensive income, resulting from the stronger/weaker €/S\$ exchange rate on the Euro-denominated investment.

2. Please refer to Notes to the Condensed Interim Financial Statements (v) Investment in associates and (xii) Acquisition of subsidiary.

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND FINANCIAL HALF YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022 AND THE FULL YEAR ENDED 30 JUNE 2022

1(c) Condensed Interim Consolidated Statement of Cash Flow

	GROUP	
	FY2022 (S\$'000)	FY2021 (S\$'000)
Cash flows from operating activities		
Profit/(Loss) after tax	152,682	(1,339)
Adjustments for:		
Manager's fee paid/payable in units	8,677	6,856
Property manager's fee paid/payable in units	2,004	1,671
Transaction costs related to purchase of equity instrument ¹	54	908
Finance income	(259)	(51)
Interest expense	8,712	4,764
Amortisation of debt-related transactions costs	7,190	5,201
Net unrealised foreign exchange (gain)/loss ²	(39,455)	8,424
Impairment of investment in associates	564	-
Share of (profit)/loss of associates	(5,319)	-
Net change in fair value of investment properties and investment property under development	(49,115)	31,284
Net change in fair value of equity instrument	(330)	942
Net change in fair value of derivatives financial instruments	(14,796)	(1,873)
Operating income before working capital changes	70,609	56,787
Changes in working capital:		
Trade and other receivables	(4,350)	9,678
Trade and other payables	33,281	(1,855)
Other current assets	(3,888)	1,753
Other non current assets	(425)	143
Net cash generated from/(used in) operating activities	95,227	66,506

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND FINANCIAL HALF YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022 AND THE FULL YEAR ENDED 30 JUNE 2022

1(c) Condensed Interim Consolidated Statement of Cash Flow

	GROUP	
	FY2022 (S\$'000)	FY2021 (S\$'000)
Cash flows from investing activities		
Dividends received from associates (including net capital returns)	363,594	-
Interest received	259	51
Acquisition of investment property	(1,878,520)	-
Capital expenditure on investment properties	(2,417)	(1,149)
Capital expenditure on investment property under development	(2,062)	(313)
Purchase of equity instrument at fair value	-	(45,533)
Transaction costs related to purchase of equity instrument ¹	129	(345)
Acquisition of investment in associate ³	(170,218)	-
Acquisition of subsidiary ³	(158,012)	-
Net cash generated from/(used in) investing activities	(1,847,247)	(47,289)
Cash flows from financing activities		
Proceeds from issuance of new units	648,815	-
Payment of issue costs	(9,556)	-
Proceeds from issue of perpetual securities	200,000	200,000
Payment of issue costs for perpetual securities	(1,808)	(1,624)
Payment of financing expenses	(26,305)	-
Proceeds from loans and borrowings	1,221,000	-
Repayment of loans and borrowings	(255,000)	-
Distribution to Unitholders	(69,728)	(48,145)
Distribution to perpetual securities holders	(8,400)	-
Distribution to non-controlling interests	(138,220)	-
Interest paid	(7,035)	(4,403)
Payment of lease liability	(336)	-
Net cash flows generated from/(used in) financing activities	1,553,427	145,828
Net increase/(decrease) in cash and cash equivalents	(198,593)	165,045
Cash and cash equivalents at beginning of the period	249,264	83,678
Effect of exchange rate changes on balances held in foreign currency	(1,441)	541
Cash and cash equivalents at end of the period	49,230	249,264

Footnotes:

1. During the financial period ended 30 June 2021, LREIT issued an aggregate of 631,431 new units amounting to approximately S\$0.5 million as payment for acquisition fee in relation to LREIT's 5.0% stake in Lendlease Asian Retail Investment Fund 3 Limited ("ARIF3").

2. Net unrealised foreign exchange gain/loss relates mainly to the translation difference of the Euro term loan to Singapore dollar during the period. Due to the effect of natural hedging, there is a corresponding gain/loss in the comprehensive income, resulting from the stronger/weaker €/S\$ exchange rate on the Euro-denominated investment.

3. Please refer to Notes to the Condensed Interim Financial Statements (v) Investment in associates and (xii) Acquisition of subsidiary.

LENLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND FINANCIAL HALF YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022 AND THE FULL YEAR ENDED 30 JUNE 2022

1(d)(i) Condensed Interim Statements of Movements in Unitholders' Funds

	GROUP	
	6 months ended 30 Jun 2022 (S\$'000)	6 months ended 30 Jun 2021 (S\$'000)
Operations		
Balance as at the beginning of the period	28,867	(4,158)
Profit/(Loss) after tax attributable to Unitholders	100,966	(6,395)
Balance as at end of the period	129,833	(10,553)
Unitholders' transactions		
Balance as at the beginning of the period	929,642	972,961
Issue costs	(9,556)	-
Manager's base fee paid in units	2,085	1,970
Manager's acquisition fee paid in units	17,060	-
Property Manager's fee paid in units	792	846
Consideration units	118,079	-
Private placement units	399,999	-
Preferential offering units	248,816	-
Distributions	(42,152)	(27,545)
Balance as at end of the period	1,664,765	948,232
Foreign currency translation reserve		
Balance as at the beginning of the period	3,108	26,204
Translation differences relating to financial statements of a foreign subsidiary	(22,294)	(5,981)
Balance as at end of the period	(19,186)	20,223
Total Unitholders' funds as at end of the period	1,775,412	957,902
Perpetual securities holders		
Balance as at beginning of the period	198,919	-
Issue of perpetual securities	200,000	200,000
Issue expenses	(1,808)	(1,701)
Profit attributable to perpetual securities holders	6,519	598
Distributions	(4,188)	-
Balance at end of the period	399,442	198,897
Non-controlling interests		
Balance as at beginning of the period	139,492	-
Profit/(Loss) after tax attributable to non-controlling interests	(643)	-
Distribution to non-controlling interests (including capital returns)	(135,010)	-
Balance at end of the period	3,839	-

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND FINANCIAL HALF YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022 AND THE FULL YEAR ENDED 30 JUNE 2022

1(d)(i) Condensed Interim Statements of Movements in Unitholders' Funds

	GROUP	
	FY2022 (S\$'000)	FY2021 (S\$'000)
Operations		
Balance as at the beginning of the period	(10,553)	(8,616)
Profit/(Loss) after tax attributable to Unitholders	140,386	(1,937)
Balance as at end of the period	129,833	(10,553)
Unitholders' transactions		
Balance as at the beginning of the period	948,232	989,648
Issue costs	(9,556)	-
Manager's base fee paid in units	4,048	2,937
Manager's performance fee paid in units	2,923	2,015
Manager's acquisition fee paid in units	20,335	455
Property manager's fee paid in units	1,617	1,322
Consideration units	118,079	-
Private placement units	399,999	-
Preferential offering units	248,816	-
Distributions	(69,728)	(48,145)
Balance as at end of the period	1,664,765	948,232
Foreign currency translation reserve		
Balance as at the beginning of the period	20,223	11,218
Translation differences relating to financial statements of a foreign subsidiary	(39,409)	9,005
Balance as at end of the period	(19,186)	20,223
Total Unitholders' funds as at end of the period	1,775,412	957,902
Perpetual securities holders		
Balance as at beginning of the period	198,897	-
Issue of perpetual securities	200,000	200,000
Issue expenses	(1,808)	(1,701)
Profit attributable to perpetual securities holders	10,753	598
Distributions	(8,400)	-
Balance at end of the period	399,442	198,897
Non-controlling interests		
Balance as at beginning of the period	-	-
Acquisition of subsidiary	140,516	-
Profit/(Loss) after tax attributable to non-controlling interests	1,543	-
Distribution to non-controlling interests (including capital returns)	(138,220)	-
Balance at end of the period	3,839	-

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND FINANCIAL HALF YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022 AND THE FULL YEAR ENDED 30 JUNE 2022

1(d)(i) Condensed Interim Statements of Movements in Unitholders' Funds

	LREIT	
	6 months ended 30 Jun 2022 (\$'000)	6 months ended 30 Jun 2021 (\$'000)
Operations		
Balance as at the beginning of the period	19,736	(21,683)
Profit/(Loss) after tax attributable to Unitholders	38,549	4,171
Balance as at end of the period	58,285	(17,512)
Unitholders' transactions		
Balance as at the beginning of the period	929,642	972,961
Issue costs	(9,556)	-
Manager's base fee paid in units	2,085	1,970
Manager's acquisition fee paid in units	17,060	-
Property Manager's fee paid in units	792	846
Consideration units	118,079	-
Private placement units	399,999	-
Preferential offering units	248,816	-
Distributions	(42,152)	(27,545)
Balance as at end of the period	1,664,765	948,232
Total Unitholders' funds as at end of the period	1,723,050	930,720
Perpetual securities holders		
Balance as at beginning of the period	198,919	-
Issue of perpetual securities	200,000	200,000
Issue expenses	(1,808)	(1,701)
Profit attributable to perpetual securities holders	6,519	598
Distributions	(4,188)	-
Balance at end of the period	399,442	198,897

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND FINANCIAL HALF YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022 AND THE FULL YEAR ENDED 30 JUNE 2022

1(d)(i) Condensed Interim Statements of Movements in Unitholders' Funds

	LREIT	
	FY2022 (S\$'000)	FY2021 (S\$'000)
Operations		
Balance as at the beginning of the period	(17,512)	(34,253)
Profit/(Loss) after tax attributable to Unitholders	75,797	16,741
Balance as at end of the period	58,285	(17,512)
Unitholders' transactions		
Balance as at the beginning of the period	948,232	989,648
Issue costs	(9,556)	-
Manager's base fee paid in units	4,048	2,937
Manager's performance fee paid in units	2,923	2,015
Manager's acquisition fee paid in units	20,335	455
Property manager's fee paid in units	1,617	1,322
Consideration units	118,079	-
Private placement units	399,999	-
Preferential offering units	248,816	-
Distributions	(69,728)	(48,145)
Balance as at end of the period	1,664,765	948,232
Total Unitholders' funds as at end of the period	1,723,050	930,720
Perpetual securities holders		
Balance as at beginning of the period	198,897	-
Issue of perpetual securities	200,000	200,000
Issue expenses	(1,808)	(1,701)
Profit attributable to perpetual securities holders	10,753	598
Distributions	(8,400)	-
Balance at end of the period	399,442	198,897

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND FINANCIAL HALF YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022 AND THE FULL YEAR ENDED 30 JUNE 2022

1(d)(ii) Details of Any Change in Units

	6 months ended 30 Jun 2022 (Units)	6 months ended 30 Jun 2021 (Units)
Balance as at beginning of the period	1,191,646,376	1,177,145,952
<u>New units issued</u>		
Manager's base fee paid in units	2,389,636	2,751,522
Manager's acquisition fee paid in units	22,014,961	-
Property Manager's fee paid in units	907,097	1,098,566
Consideration units	162,867,300	-
Private placement units	551,723,000	-
Preferential offering units	345,577,449	-
Total issued units as at end of the period ¹	2,277,125,819	1,180,996,040

	FY2022 (Units)	FY2021 (Units)
Balance as at beginning of the period	1,180,996,040	1,171,795,224
<u>New units issued</u>		
Manager's base fee paid in units	4,828,829	4,071,635
Manager's performance fee paid in units	3,610,539	2,749,738
Manager's acquisition fee paid in units	25,698,777	631,431
Property Manager's fee paid in units	1,823,885	1,748,012
Consideration units	162,867,300	-
Private placement units	551,723,000	-
Preferential offering units	345,577,449	-
Total issued units as at end of the period ¹	2,277,125,819	1,180,996,040

Footnote:

1. There were no convertible and treasury units held by LREIT and its subsidiaries as at 30 June 2022 and 30 June 2021.

LENLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND FINANCIAL HALF YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022 AND THE FULL YEAR ENDED 30 JUNE 2022

1(d)(iii) Notes to the Condensed Interim Financial Statements

Basis of Preparation

The condensed interim financial statements for the six-month period and full year ended 30 June 2022 have been prepared in accordance with the IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 30 June 2021.

The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last audited financial statements for the year ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with the International Financial Reporting Standards ("IFRS"), except for the adoption of new and amended standard as set out below.

The condensed interim financial statements are presented in Singapore dollars ("S\$"), which is the functional currency of LREIT. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

Any discrepancies in the tables included in this announcement between the listed amounts and the totals thereof are due to rounding.

New and amended standards adopted by the Group

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

Use of estimates and judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements and estimates made in applying the Group's accounting policies that have the most significant effect on the amounts recognised in the condensed interim financial statements are described in note iii – investment properties and note iv - investment property under development.

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND FINANCIAL HALF YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022 AND THE FULL YEAR ENDED 30 JUNE 2022

1(d)(iii) Notes to the Condensed Interim Financial Statements

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The Manager has overall responsibility for the appointment of external valuers, where necessary, and all significant fair value measurements and reports directly to the Board of Directors of the Manager.

When measuring the fair value of an asset or a liability, the Manager uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note iii: Investment properties;
- Note iv: Investment property under development; and
- Note vi: Equity instrument at fair value

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND FINANCIAL HALF YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022 AND THE FULL YEAR ENDED 30 JUNE 2022

1(d)(iii) Notes to the Condensed Interim Financial Statements

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Makers ("CODMs") which comprise mainly the Board of Directors including the Chief Executive Officer ("CEO") of the Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Unallocated items mainly comprise fees, other trust expenses, foreign exchange gain/loss, finance costs, finance and other income, fair value of derivative financial instruments and income tax expense as these are centrally managed by the Group.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment, investment properties and investment property under development.

i Gross revenue and operating segment

Operating segment

For segment reporting purpose, the primary segment is by geography and it comprises Singapore and Italy. The Group's reportable operating segments are as follows:

- (i) Singapore – leasing of retail and office buildings in Singapore; and
- (ii) Italy – leasing of three office buildings in Milan, Italy.

Segment information is presented in respect of the Group's geographical segments. The operations of each of the Group's geographical segments are separately managed because of different economic and regulatory environments in which they operate in. For the purpose of making resource allocation and the assessment of segment performance, the Group's CODMs have focused on its investment properties. For each of the reporting segments, the Manager reviews internal management reports on a monthly basis. This forms the basis of identifying the operating segments of the Group under IFRS 8 Operating Segments.

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND FINANCIAL HALF YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022 AND THE FULL YEAR ENDED 30 JUNE 2022

i Gross revenue and operating segment

Operating segment

	Singapore (S\$'000)	Italy (S\$'000)	Group (S\$'000)
6 months ended 30 Jun 2022			
Gross revenue	50,048	12,424	62,472
Property operating expenses	(15,334)	(1,273)	(16,607)
Total segment net property income	34,714	11,151	45,865
<i>Unallocated items:</i>			
<i>Manager's base fees</i>			(3,940)
<i>Manager's performance fees</i>			(2,294)
<i>Other management fees</i>			(574)
<i>Trustee's fee</i>			(183)
<i>Other trust expenses</i>			(3,209)
<i>Net foreign exchange gain/(loss)</i>			22,939
<i>Finance income</i>			169
<i>Finance costs</i>			(10,374)
Profit/(Loss) before tax, change in fair value, impairment and share of profit/(loss)			48,399
Fair value gains/(losses) of investment properties & investment property under development	(24,342)	73,457	49,115
Share of profit/(loss) of associates	(2,100)	-	(2,100)
Impairment of investment in associates	(564)	-	(564)
<i>Unallocated item:</i>			
<i>Fair value gains/(losses) of derivative financial instruments</i>			11,992
Profit/(Loss) before tax			106,842
Segment assets	3,207,221	494,743	3,701,964
Segment liabilities	1,519,082	4,189	1,523,271

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND FINANCIAL HALF YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022 AND THE FULL YEAR ENDED 30 JUNE 2022

i Gross revenue and operating segment

Operating segment

	Singapore (S\$'000)	Italy (S\$'000)	Group (S\$'000)
6 months ended 30 Jun 2021			
Gross revenue	23,899	13,144	37,043
Property operating expenses	(9,232)	(1,286)	(10,518)
Total segment net property income	14,667	11,858	26,525
Dividend income	1,731	-	1,731
<i>Unallocated items:</i>			
<i>Manager's base fees</i>			(1,963)
<i>Manager's performance fees</i>			(1,403)
<i>Other management fees</i>			(400)
<i>Trustee's fee</i>			(106)
<i>Other trust expenses</i>			(1,121)
<i>Net foreign exchange gain/(loss)</i>			5,414
<i>Finance income</i>			11
<i>Finance costs</i>			(4,983)
Profit/(Loss) before tax and change in fair value			23,705
Fair value gains/(losses) of investment properties & investment property under development	(25,384)	(5,900)	(31,284)
Fair value gains/(losses) of equity instrument	(942)	-	(942)
<i>Unallocated item:</i>			
<i>Fair value gains/(losses) of derivative financial instruments</i>			2,724
Profit/(Loss) before tax			(5,797)
Segment assets	1,270,292	466,823	1,737,115
Segment liabilities	575,920	4,396	580,316

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND FINANCIAL HALF YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022 AND THE FULL YEAR ENDED 30 JUNE 2022

i Gross revenue and operating segment

Operating segment

	Singapore (S\$'000)	Italy (S\$'000)	Group (S\$'000)
FY2022			
Gross revenue	76,278	25,384	101,662
Property operating expenses	(23,585)	(2,569)	(26,154)
Total segment net property income	52,693	22,815	75,508
<i>Unallocated items:</i>			
<i>Manager's base fees</i>			(6,025)
<i>Manager's performance fees</i>			(3,949)
<i>Other management fees</i>			(1,256)
<i>Trustee's fee</i>			(303)
<i>Other trust expenses</i>			(4,339)
<i>Net foreign exchange gain/(loss)</i>			39,853
<i>Finance income</i>			259
<i>Finance costs</i>			(16,062)
Profit/(Loss) before tax, change in fair value, impairment and share of profit/(loss)			83,686
Fair value gains/(losses) of investment properties & investment property under development	(24,342)	73,457	49,115
Share of profit/(loss) of associates	5,319	-	5,319
Fair value gains/(losses) of equity instrument	330	-	330
Impairment of investment in associates	(564)	-	(564)
<i>Unallocated item:</i>			
<i>Fair value gains/(losses) of derivative financial instruments</i>			14,796
Profit/(Loss) before tax			152,682
Segment assets	3,207,221	494,743	3,701,964
Segment liabilities	1,519,082	4,189	1,523,271

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND FINANCIAL HALF YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022 AND THE FULL YEAR ENDED 30 JUNE 2022

i Gross revenue and operating segment

Operating segment

	Singapore (S\$'000)	Italy (S\$'000)	Group (S\$'000)
FY2021			
Gross revenue	52,336	26,315	78,651
Property operating expenses	(19,127)	(2,606)	(21,733)
Total segment net property income	33,209	23,709	56,918
Dividend income	1,731	-	1,731
<i>Unallocated items:</i>			
<i>Manager's base fees</i>			(3,933)
<i>Manager's performance fees</i>			(2,923)
<i>Other management fees</i>			(801)
<i>Trustee's fee</i>			(209)
<i>Other trust expenses</i>			(2,561)
<i>Net foreign exchange gain/(loss)</i>			(9,219)
<i>Finance income</i>			51
<i>Finance costs</i>			(10,040)
Profit/(Loss) before tax and change in fair value			29,014
Fair value gains/(losses) of investment properties & investment property under development	(25,384)	(5,900)	(31,284)
Fair value gains/(losses) of equity instrument	(942)	-	(942)
<i>Unallocated item:</i>			
<i>Fair value gains/(losses) of derivative financial instruments</i>			1,873
Profit/(Loss) before tax			(1,339)
Segment assets	1,270,292	466,823	1,737,115
Segment liabilities	575,920	4,396	580,316

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND FINANCIAL HALF YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022 AND THE FULL YEAR ENDED 30 JUNE 2022

i Gross revenue and operating segment

Breakdown of gross revenue

	Group		
	(S\$'000)		
	FY2022	FY2021	Variance %
Gross revenue reported for first half year	39,190	41,608	(5.8)
Profit/(Loss) after tax reported for first half year	45,840	4,458	>100
Gross revenue reported for second half year	62,472	37,043	68.6
Profit/(Loss) after tax reported for second half year	106,842	(5,797)	NM

NM: Not meaningful

Breakdown of gross revenue

	Group		Group	
	(S\$'000)		(S\$'000)	
	6 months ended 30 Jun 2022	6 months ended 30 Jun 2021	FY2022	FY2021
Rental income	58,445	34,628	95,354	73,998
Turnover rent ¹	1,018	461	1,583	1,276
Other property income	3,009	1,954	4,725	3,377
	62,472	37,043	101,662	78,651

Footnote:

1. Turnover rent is contingent rent derived from operating leases.

ii Cash and cash equivalents

	Group		LREIT	
	(S\$'000)		(S\$'000)	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
Cash at banks and on hand	49,230	49,264	32,373	32,768
Fixed deposits with financial institution	-	200,000	-	200,000
	49,230	249,264	32,373	232,768

The decrease in cash and cash equivalents is mainly due to the acquisition of associates and Jem.

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iii Investment properties

	GROUP	
	30 Jun 2022 (S\$'000)	30 Jun 2021 (S\$'000)
Property		
Singapore	3,121,000	983,000
Italy	472,332	436,857
Investment properties	3,593,332	1,419,857

	GROUP	
	30 Jun 2022 (S\$'000)	30 Jun 2021 (S\$'000)
Balance as at the beginning of the period	1,419,857	1,442,598
Purchase price for new acquisition	2,079,000	-
Acquisition costs	78,697	-
Capital expenditure	2,648	2,525
Currency translation difference	(38,033)	8,159
Change in fair value of investment properties	51,163	(33,425)
Balance as at the end of the period	3,593,332	1,419,857

	LREIT	
	30 Jun 2022 (S\$'000)	30 Jun 2021 (S\$'000)
Property		
313@somerset	987,000	983,000
Jem	2,134,000	-
	3,121,000	983,000

	LREIT	
	30 Jun 2022 (S\$'000)	30 Jun 2021 (S\$'000)
Balance as at the beginning of the period	983,000	1,008,000
Purchase price for new acquisition	2,079,000	-
Acquisition costs	78,697	-
Capital expenditure	2,597	2,525
Change in fair value of investment properties	(22,294)	(27,525)
Balance as at the end of the period	3,121,000	983,000

The increase in Group's investment properties is mainly due to the acquisition of Jem and fair value gains for investment properties.

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iii Investment properties

Measurement of fair value

Fair value hierarchy

The carrying amounts of the investment properties as at 30 June were based on the valuations performed by independent professional valuers, Colliers Valuation Italy Srl, Cushman & Wakefield VHS Pte. Ltd. and Jones Lang LaSalle Property Consultants Pte Ltd (2021: CBRE Pte. Ltd. and Savills Advisory Services Limited).

The fair value measurement for investment properties has been categorised as Level 3 based on inputs to the valuation techniques used (see item 1(d)(iii)).

Valuation techniques

The fair values take into consideration the market values of the properties, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion. The specific condition and characteristics inherent in each of the properties are taken into consideration in arriving at the property valuation.

In determining the fair value, the external valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market rental growth rates, market-corroborated discount rate, terminal capitalisation rate, capitalisation rate and/or adjusted price per square metre. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions and the valuation reports are prepared in accordance with recognised appraisal and valuation standards.

The external valuers have considered valuation techniques including the income capitalisation method, discounted cash flow analysis and/or direct comparison method in arriving at the open market value as at the reporting date.

The discounted cash flow analysis involves the estimation and projection of a net income stream over a period and discounting the net income stream with an internal rate of return to arrive at the market value. The discounted cash flow analysis requires the external valuers to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The capitalisation method is an investment approach whereby the estimated gross passing income (on both a passing and market rent basis) has been adjusted against anticipated operating costs to produce a net income on a fully leased basis. The adopted fully leased net income is capitalised at an appropriate investment yield. Thereafter, various adjustments including assumed vacancy allowance are made, where appropriate, for the capitalisation method. The direct comparison method provides an indication of value by comparing the investment property with identical or similar properties where reliable sales evidence is available.

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iii Investment properties

Key unobservable inputs

The following table shows the key unobservable inputs used in the valuation models:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows analysis	<ul style="list-style-type: none"> Discount rate of 5.65% to 7.00% (2021: 6.15% to 6.75%) 	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	<ul style="list-style-type: none"> Terminal capitalisation rate of 3.50% to 5.00% (2021: 4.40% to 5.25%) 	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).
	<ul style="list-style-type: none"> Average market rental growth rate of 2.83% to 3.37% (2021: 2.85%) 	The estimated fair value would increase (decrease) if average market rental growth rate was higher (lower).
Capitalisation method	<ul style="list-style-type: none"> Capitalisation rate of 3.50% to 4.50% (2021: 4.25%) 	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).
Direct comparison method	<ul style="list-style-type: none"> Adjusted price per square metre 	The estimated fair value would increase (decrease) if adjusted price per square metre was higher (lower).

iv Investment property under development

	GROUP	
	30 Jun 2022 (S\$'000)	30 Jun 2021 (S\$'000)
Balance as at the beginning of the period	5,521	-
Recognition of right-of-use asset on initial application of IFRS 16	-	2,521
Development expenditure capitalised	3,048	859
Net change in fair value of investment property under development	(2,048)	2,141
Net change in fair value of right-of-use asset	(416)	-
Balance as at the end of the period	6,105	5,521

Investment property under development relates to the development of a site adjacent to 313@somerset into a multi-functional event space.

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iv Investment property under development

Measurement of fair value

Fair value hierarchy

The carrying amounts of the investment property under development as at 30 June was based on valuation performed by an independent professional valuer, Jones Lang LaSalle Property Consultants Pte Ltd (2021: CBRE Pte. Ltd.).

The fair value measurement for investment property under development has been categorised as a Level 3 based on the inputs to the valuation techniques used (see item 1(d)(iii)).

Level 3 fair value measurement

Reconciliation of movements in Level 3 fair value measurement

The reconciliation of Level 3 fair value measurements for investment property under development is presented in the table above.

Valuation techniques

In determining the fair value of investment property under development as at 30 June 2022, the valuer has considered valuation techniques including the income capitalisation method and discounted cash flow analysis in arriving at the open market value as at the reporting date (see Note iii).

The key assumptions include market rental growth rates, market-corroborated discount rate and capitalisation rate.

In relation to the fair value of investment property under development as at 30 June 2021, the valuer has adopted residual method whereby the estimated development costs to be incurred and developer's profit are deducted from the gross development value to arrive at the residual value. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation and is determined using the income capitalisation method and discounted cash flow analysis (see Note iii).

The key assumptions include the estimation of net income based on rental assumption which are considered in line with prevailing market conditions and general market practice within Singapore, a market-corroborated discount rate, terminal capitalisation rate, capitalisation rate and estimated development costs to be incurred.

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iv Investment property under development

Key unobservable inputs

The following table shows the key unobservable inputs used in the valuation models:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
2022: Discounted cash flows analysis	<ul style="list-style-type: none"> Discount rate of 7.50% Average market rental growth rate of 2.50% 	<p>The estimated fair value would increase (decrease) if discount rate was lower (higher).</p> <p>The estimated fair value would increase (decrease) if average market rental growth rate was higher (lower).</p>
Capitalisation method	<ul style="list-style-type: none"> Capitalisation rate of 5.00% 	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).
2021: Residual method	<p>Discounted cash flow analysis</p> <ul style="list-style-type: none"> Discount rate of 8.50% Terminal capitalisation rate of 8.50% <p>Capitalisation method</p> <ul style="list-style-type: none"> Capitalisation rate of 8.50% <p>Estimated development costs to be incurred (including land costs)</p>	<p>The estimated fair value would increase (decrease) if discount rate was lower (higher).</p> <p>The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).</p> <p>The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).</p> <p>The estimated fair value would increase (decrease) if the estimated development costs to be incurred (including land costs) were lower (higher).</p>

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v Investment in associates

	Group	
	30 Jun 2022 (S\$'000)	30 Jun 2021 (S\$'000)
Investment in associates	14,511	-

Investment in associates relates to LREIT's 37.8% indirect interest in ARIF3 and a 53.0% indirect interest in Lendlease Jem Partners Fund Limited ("LLJP"). ARIF3 and LLJP hold a 75.0% indirect interest and a 25.0% indirect interest respectively in Jem before Jem was acquired on 22 April 2022.

In September 2021, the Group's equity interest in ARIF3 increased from 5.0% to 24.8% and ARIF3 was reclassified as "investment in associates" from "equity instrument at fair value".

On 22 April 2022, the Group's equity interest in ARIF3 increased to 37.8% with a further purchase of 13.05% at approximately S\$118.1 million.

As at 30 June 2022, the Group assessed the carrying amount of its investment in associates and recognised an impairment loss of approximately \$564,000 on its investment in associates, where the recoverable amounts of the relevant associates were estimated based on the Group's share of the net assets of the associates as at the date of statement of financial position which approximates their fair values. The fair value measurement is categorised as Level 3 on the fair value hierarchy.

vi Equity instrument at fair value

	Group	
	30 Jun 2022 (S\$'000)	30 Jun 2021 (S\$'000)
Balance as at the beginning of the period	44,591	-
Acquisition of equity instrument	-	45,533
Net change in fair value	330	(942)
Transfer to investment in associate	(44,921)	-
Balance as at the end of the period	-	44,591

Equity instrument at fair value relates to LREIT's 5.0% stake in ARIF3, prior to the reclassification to investment in associates.

In September 2021, the Group's equity interest in ARIF3 increased from 5.0% to 24.8% and ARIF3 was reclassified as "investment in associates" from "equity instrument at fair value".

The fair value of the investments represents approximately 3% of the Group's total assets as at 30 June 2021.

Equity instrument at fair value through profit and loss is calculated using the net asset value ("NAV") of the investee entity adjusted for the fair value of the underlying property. The estimated fair value would increase/(decrease) if the NAV was higher/(lower).

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vii Loans and Borrowings

	GROUP	
	30 Jun 2022 (S\$'000)	30 Jun 2021 (S\$'000)
Unsecured loans and borrowings		
Amount repayable within one year	299,297	-
Amount repayable after one year	1,180,837	553,692
Less: unamortised transaction costs	(30,234)	(11,119)
	1,449,900	542,573

Details of loans and borrowings

As at 30 June 2022, the Group and LREIT has in place the following loan facilities:

- 5-year unsecured term loan facility of S\$200.0 million.
- 5-year unsecured revolving credit loan facility of S\$100.0 million;
- 4-year unsecured term loan facility of €285.0 million (S\$414.8 million);
- 4-year unsecured term loan facility of S\$200.0 million;
- 4-year unsecured term loan facility of S\$90.0 million;
- 4-year unsecured multicurrency revolving loan facility of S\$50.0 million;
- 4-year unsecured revolving credit loan facility of S\$30.0 million;
- 3-year unsecured term loan facility of S\$160.0 million;
- 3-year unsecured term loan facility of S\$99.3 million; and
- 3-year¹ unsecured term loan facility of S\$200.0 million.

As at 30 June 2022, S\$1,480.1 million of the loan facilities were drawn.

In addition, the Group and LREIT has aggregate uncommitted undrawn debt facilities of approximately S\$93.7 million² to fund its working capital.

On 26 July 2022, LREIT announced that it has entered into a 5-year unsecured term loan facility of S\$100.0 million to refinance its borrowings.

In aggregate, as at 8 August 2022, Group and LREIT has approximately S\$257.7 million of undrawn debt facilities.

The Group aggregate gearing stands at 40.0%³ and has an interest coverage ratio of 9.2 times in accordance with the requirements under its loan facilities⁴.

All of the Group's loans and borrowings are unsecured.

Footnote:

1. 1-year term loan facility with an option to extend to 3-years at the discretion of LREIT.
2. Comprising uncommitted undrawn multicurrency facilities of S\$50 million and €30 million.
3. Total assets include non-controlling interests' share of total assets.
4. The interest coverage ratio of 4.2 times (2.5 times for adjusted ICR) is in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.

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viii Net Asset Value (“NAV”) and Net Tangible Asset (“NTA”) Per Unit

	GROUP		LREIT	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
NAV/ NTA per unit (S\$) ¹	0.78	0.81	0.76	0.79
Adjusted NAV/ NTA per unit (excluding the amount distributable) (S\$)	0.75	0.79	0.73	0.76

Footnote:

1. NTA per unit is the same as NAV per unit as there was no intangible asset as at the date of statement of financial position.

ix Earnings Per Unit (“EPU”) and Distribution Per Unit (“DPU”) for the financial period (Group)

In computing the EPU, the weighted average number of units as at the end of each period is used for the computation. The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue during the period.

	6 months ended 30 Jun 2022	6 months ended 30 Jun 2021	FY2022	FY2021
Weighted average number of units in issue	1,676,498,957	1,179,655,954	1,428,170,135	1,176,276,936
Earnings per unit (“EPU”) (cents) ¹	6.02	(0.54)	9.83	(0.16)

	6 months ended 30 Jun 2022	6 months ended 30 Jun 2021	FY2022	FY2021
No. of units in issue at end of the period	2,277,125,819	1,180,996,040	2,277,125,819	1,180,996,040
Distribution per unit (“DPU”) (cents)	2.45 ²	2.34	4.85 ²	4.68

Footnotes:

1. Includes unrealised foreign exchange, net change in fair value of derivatives, net change in fair value of equity instrument, net change in fair value of investment properties & investment property under development and transaction costs directly attributable to acquisitions.

2. Including advance distribution of 1.1371 Singapore cents per unit for the period from 1 January 2022 to 30 March 2022.

x Fair value of assets and liabilities

The following methods and assumptions are used to estimate fair values of the following significant classes of financial instruments:

(i) Derivative financial instruments

Interest rate derivatives are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present valuation calculations. The models incorporate various inputs including the credit quality of counterparties, interest rate and forward rate curves.

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x Fair value of assets and liabilities

(ii) Non-derivatives financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted using the market rate of interest at the reporting date. The carrying amounts of loans and borrowings approximate their fair values as these loans and borrowings are interest-bearing at floating rates and reprice at an interval of one to twelve months.

(iii) Financial instruments that are not measured at fair value

Other non-derivative financial liabilities are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. Other non-derivative financial liabilities include loans and borrowings.

Interest rates used in determining fair values

The weighted average interest rates used to discount estimated cash flows, where applicable, are based on forward rates as at 30 June plus a credit spread, and are as follows:

	GROUP		LREIT	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	%	%	%	%
Unsecured interest-bearing term loans	1.85	0.52	1.85	0.52

(iv) Financial instruments for which fair value is equal to the carrying value

These financial instruments include cash and cash equivalents, trade and other receivables, other current assets, other non-current assets and trade and other payables. The carrying amounts of these financial instruments are approximations of their fair values because they are either short term in nature or effect of discounting is immaterial.

(v) Equity instrument at fair value

The fair value measurement for equity instrument at fair value has been categorised as Level 3 based on inputs to the valuation techniques used.

The fair value of the equity instrument is calculated using the net asset value of the unquoted entity adjusted for the fair value of the underlying property. The estimated fair value would increase/(decrease) if the net asset value was higher/(lower).

Accounting classifications and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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x Fair value of assets and liabilities

	Carrying amount			Fair value				
	At amortised cost	FVTPL	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
30 Jun 2022	\$'000							
Group								
Financial assets not measured at fair value								
Trade and other receivables ¹	10,736	-	-	10,736				
Other non-current assets	1,294	-	-	1,294				
Cash and cash equivalents	49,230	-	-	49,230				
Other current assets ²	3,569	-	-	3,569				
	64,829	-	-	64,829				
Financial assets measured at fair value								
Derivative financial asset	-	12,395	-	12,395	-	12,395	-	12,395
Financial liabilities not measured at fair value								
Trade and other payables ³	-	-	(62,342)	(62,342)				
Loans and borrowings	-	-	(1,449,900)	(1,449,900)	-	(1,586,023)	-	(1,586,023)
Lease liability	-	-	(2,105)	(2,105)				
	-	-	(1,514,347)	(1,514,347)				

Footnotes:

1. Excludes net GST/VAT receivables.
2. Excludes deposits and prepayments.
3. Excludes rental received in advance.

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x Fair value of assets and liabilities

	Carrying amount			Fair value				
	At amortised cost	FVTPL	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
30 June 2021	\$'000							
Group								
Financial assets not measured at fair value								
Trade and other receivables ¹	861	-	-	861				
Other non-current assets	869	-	-	869				
Cash and cash equivalents	249,264	-	-	249,264				
Other current assets ²	1,766	-	-	1,766				
	252,760	-	-	252,760				
Financial assets measured at fair value								
Equity instrument at fair value	-	44,591	-	44,591	-	-	44,591	44,591
Derivative financial asset	-	128	-	128	-	128	-	128
	-	44,719	-	44,719				
Financial liabilities not measured at fair value								
Trade and other payables ³	-	-	(26,844)	(26,844)				
Loans and borrowings	-	-	(542,573)	(542,573)	-	(555,926)	-	(555,926)
Lease liability	-	-	(2,521)	(2,521)				
	-	-	(571,938)	(571,938)				
Financial liabilities measured at fair value								
Derivative financial liabilities	-	(2,529)	-	(2,529)	-	(2,529)	-	(2,529)

Footnotes:

1. Excludes grant receivables and net VAT receivables.

2. Excludes deposits and prepayments.

3. Excludes rental received in advance, grant payables and net GST payables.

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x Fair value of assets and liabilities

	Carrying amount			Fair value				
	At amortised cost	FVTPL	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
30 Jun 2022	\$'000							
LREIT								
Financial assets not measured at fair value								
Trade and other receivables ¹	12,335	-	-	12,335				
Other non-current assets	1,294	-	-	1,294				
Cash and cash equivalents	32,373	-	-	32,373				
Other current assets ²	3,569	-	-	3,569				
	49,571	-	-	49,571				
Financial assets measured at fair value								
Derivative financial asset	-	12,395	-	12,395	-	12,395	-	12,395
Financial liabilities not measured at fair value								
Trade and other payables ³	-	-	(61,038)	(61,038)				
Loans and borrowings	-	-	(1,449,900)	(1,449,900)	-	(1,586,023)	-	(1,586,023)
Lease liability	-	-	(2,105)	(2,105)				
	-	-	(1,513,043)	(1,513,043)				

Footnotes:

1. Excludes net GST receivables.

2. Excludes deposits and prepayments.

3. Excludes rental received in advance.

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x Fair value of assets and liabilities

	Carrying amount			Fair value				
	At amortised cost	FVTPL	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
30 June 2021	\$'000							
LREIT								
Financial assets not measured at fair value								
Trade and other receivables ¹	811	-	-	811				
Other non-current assets	869	-	-	869				
Cash and cash equivalents	232,768	-	-	232,768				
Other current assets ²	1,766	-	-	1,766				
	236,214	-	-	236,214				
Financial assets measured at fair value								
Equity instrument at fair value	-	44,591	-	44,591	-	-	44,591	44,591
Derivative financial asset	-	128	-	128	-	128	-	128
	-	44,719	-	44,719				
Financial liabilities not measured at fair value								
Trade and other payables ³	-	-	(25,695)	(25,695)				
Loans and borrowings	-	-	(542,573)	(542,573)	-	(555,926)	-	(555,926)
Lease liability	-	-	(2,521)	(2,521)				
	-	-	(570,789)	(570,789)				
Financial liabilities measured at fair value								
Derivative financial liabilities	-	(2,529)	-	(2,529)	-	(2,529)	-	(2,529)

1. Excludes grant receivables.

2. Excludes deposits and prepayments.

3. Excludes rental received in advance, grant payables and net GST payables.

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xi Capital commitments

As at 30 June 2022, the Group had approximately \$1.6 million of capital expenditure contracted but not provided for in the unaudited condensed interim financial statements.

xii Acquisition of subsidiary

On 4 August 2021, LREIT acquired 53.0% of the shares in LLJP which holds 25.0% indirect interest in Jem with a purchase consideration of approximately S\$158.2 million after completion adjustment. The purchase consideration was settled through cash. Units were issued to the Manager for the payment of acquisition fee amounting to approximately S\$1.6 million. The cash outflow for the acquisition of subsidiary, net of cash acquired of S\$0.9 million, is approximately S\$158.0 million.

2 Review of Condensed Interim Financial Statements

The condensed interim financial statements and distribution announcement for FY2022 and second financial half year period from 1 January 2022 to 30 June 2022 including the explanatory notes have not been audited or reviewed.

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3 Review of Performance

	GROUP		
	(S\$'000)		Variance %
	6 months ended 30 Jun 2022	6 months ended 30 Jun 2021	
<u>Consolidated Statement of Profit or Loss</u>			
Gross revenue	62,472	37,043	68.6
Property operating expenses	(16,607)	(10,518)	(57.9)
Net property income	45,865	26,525	72.9
Manager's base fee	(3,940)	(1,963)	(>100)
Manager's performance fee	(2,294)	(1,403)	(63.5)
Other management fees	(574)	(400)	(43.5)
Trustee's fee	(183)	(106)	(72.6)
Other trust expense	(3,209)	(1,121)	(>100)
Net foreign exchange gain/(loss)	22,939	5,414	>100
Dividend income	-	1,731	NM
Finance income	169	11	>100
Finance costs	(10,374)	(4,983)	(>100)
Profit/(Loss) before tax, change in fair value, impairment and share of profit/(loss)	48,399	23,705	>100
Amount available for distribution to Unitholders	42,903¹	27,577	55.6
Available distribution per unit (cents)	2.45¹	2.34	4.9

NM: Not meaningful

Footnote:

1. Includes advance distribution of 1.1371 Singapore cents per unit for the period from 1 January 2022 to 30 March 2022.

2H FY2022 vs 2H FY2021

Gross revenue of S\$62.5 million for the period was S\$25.4 million or 68.6% higher than in 2H FY2021. The higher revenue was mainly attributed to the acquisition of Jem in 2H FY2022.

Property operating expenses were S\$16.6 million for the period, S\$6.1 million or 57.9% higher than in 2H FY2021. The higher expenses were mainly attributed to the acquisition of Jem in 2H FY2022.

Consequently, net property income for the period was S\$45.9 million or 72.9% higher than in 2H FY2021.

After accounting for distribution adjustments such as unrealised foreign exchange gain/loss, net change in fair value of derivatives, net change in fair value of investment properties, amortisation of debt-related transaction costs, management fees paid in units and an enlarged unit base due to equity fundraising completed during the period, the amount distributable to Unitholders was S\$42.9 million. This translates to a DPU of 2.45 Singapore cents, which is 4.9% higher than the DPU in 2H FY2021.

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3 Review of Performance

	GROUP		Variance %
	(S\$'000)		
	FY2022	FY2021	
<u>Consolidated Statement of Profit or Loss</u>			
Gross revenue	101,662	78,651	29.3
Property operating expenses	(26,154)	(21,733)	(20.3)
Net property income	75,508	56,918	32.7
Manager's base fee	(6,025)	(3,933)	(53.2)
Manager's performance fee	(3,949)	(2,923)	(35.1)
Other management fees	(1,256)	(801)	(56.8)
Trustee's fee	(303)	(209)	(45.0)
Other trust expense	(4,339)	(2,561)	(69.4)
Net foreign exchange gain/(loss)	39,853	(9,219)	NM
Dividend income	-	1,731	NM
Finance income	259	51	>100
Finance costs	(16,062)	(10,040)	(60.0)
Profit/(Loss) before tax, change in fair value, impairment and share of profit/(loss)	83,686	29,014	>100
Amount available for distribution to Unitholders	71,505¹	55,123	29.7
Available distribution per unit (cents)	4.85¹	4.68	3.7

NM: Not meaningful

Footnote:

1. Includes advance distribution of 1.1371 Singapore cents per unit for the period from 1 January 2022 to 30 March 2022.

FY2022 vs FY2021

Gross revenue of S\$101.7 million for the period was S\$23.0 million or 29.3% higher than in FY2021. The higher revenue was mainly attributed to acquisition of Jem in FY2022.

Property operating expenses were S\$26.2 million for the period, S\$4.4 million or 20.3% higher than in FY2021. The higher expenses were mainly attributed to the acquisition of Jem in FY2022.

Consequently, net property income for the period was S\$75.5 million or 32.7% higher than in FY2021.

After accounting for distribution adjustments such as unrealised foreign exchange gain/loss, net change in fair value of derivatives, net change in fair value of investment properties, amortisation of debt-related transaction costs, management fees paid in units and an enlarged unit base due to equity fundraising completed during the period, the amount distributable to Unitholders was S\$71.5 million. This translates to a DPU of 4.85 Singapore cents, which is 3.7% higher than the DPU in FY2021.

4 Variance between Actual and Forecast Results

LREIT has not disclosed any forecast to the market.

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5 Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

According to the International Monetary Fund (“IMF”), global growth is projected to slow to 3.6%¹ in 2022 and 2023 (vs 6.1%¹ in 2021). This is 0.8¹ and 0.2¹ percentage points lower for 2022 and 2023 compared to its earlier update in January 2022. Beyond 2023, global growth is forecast to decline to 3.3%¹ over the medium term.

Inflation is expected to remain elevated driven by the Russia-Ukraine war and broadening food and energy price pressures. For 2022, inflation is projected at 5.7%¹ in advanced economies and 8.7%¹ in emerging markets. A confluence of recovering economic activity, severe weather events, and a series of gas production outages have sent global energy market prices significantly higher, leading to a rise in electricity prices in many markets.

In addition, many central banks have tightened monetary policy resulting in a rapid increase in interest rates across advanced economies. In the months ahead, interest rates are expected to rise further.

Singapore

Based on the advance estimates by the Ministry of Trade and Industry, the Singapore economy grew by 4.8%² year-on-year (“YoY”) in the second quarter of 2022, extending the 4.0%² growth in the previous quarter. Echoing the sentiment from the IMF, the Singapore government³ expects energy prices to remain elevated over the second half of 2022.

As global travel picks up, the Singapore Tourism Board expects four to six million inbound visitors to Singapore for year 2022. In the first six months of 2022, there were 1.5 million⁴ inbound visitors to Singapore, up 12 times compared with the same period last year. Retail sales (excluding motor vehicles) increased 22.6%⁵ YoY in May 2022 mainly attributed to a lower base a year ago when measures such as international travel restrictions were in place. The estimated total retail sales value in May 2022 was S\$3.9 billion⁵ with online retail sales accounting for approximately 12.0%⁵. Food & beverage services accounted for approximately 23%⁵ of the total retail sales.

On office market, vacancy rates in the core CBD and fringe CBD submarkets climbed 0.2 and 0.6 percentage point to 6.4%⁶ and 6.8%⁶ quarter-on-quarter (“QoQ”) respectively in Q2 2022. Decentralised submarket further tightened 0.2 percentage point to 4.3%⁶. Singapore continued to see healthy leasing momentum as it remained on the path to reopen the economy.

Rental growth for Grade A core CBD kept pace with last quarter's, with rents up 3.2%⁶ QoQ to \$11.30 per square feet per month⁶. With prevailing tight vacancy in the Grade A core CBD submarket, demand has spilled over to the other submarkets.

¹ International Monetary Fund, World Economic Outlook, War Sets Back the Global Recovery, April 2022.

² Ministry of Trade and Industry Singapore, Singapore's GDP Grew by 4.8 Per Cent in the Second Quarter of 2022, 14 July 2022.

³ Ministry of Finance Singapore, \$1.5 billion Support Package to Provide Targeted Relief for Lower-Income Households and Vulnerable Groups, 21 June 2022.

⁴ Singapore Tourism Analytics Network, Tourism Stats.

⁵ Department of Statistics Singapore, Retail Sales Index and Food & Beverage Services Index, May 2022.

⁶ CBRE Research, Singapore Figures Q2 2022, 13 July 2022.

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5 Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

While hybrid working could keep the overall office demand footprint below pre-COVID-19 levels, rental growth in the mid-term is expected to be supported by the rapid expansion in demand from the technology sector and limited new supply. Vacancy could tighten further before the next wave of office supply in 2023.

Milan

According to the preliminary estimates by the Italian National Institute of Statistics, the consumer price index in June 2022 surged 8.0%⁷ YoY and 1.2%⁷ month-on-month.

Milan office market continued to gain positive leasing traction in Q1 2022 with an absorption of 110,000 square metres⁸, well above the quarterly average. While the CBD area accounted for 25.5%⁸ of the leasing activities, there was also a strong focus on new urban central developments as demonstrated by the Hinterland (32.7%⁸) and Periphery (18.2%⁸), where Sky Complex is located.

During the quarter, prime rents in the CBD grew 3%⁸ QoQ to €640 per square metre per annum⁸ supported by the strong demand for high quality spaces with high sustainability standards, in line with ESG criteria. Vacancy was 11%⁸ as at the period end.

Leasing activities are expected to stay healthy in the second half of 2022 with restored confidence from companies.

Looking ahead

Singapore mostly recovered from the pandemic over the course of 2021. It should remain on track to expand at a creditable pace in 2022 supported by trade and travel-related sectors.

On LREIT's retail assets in Singapore, the Manager is confident that LREIT should benefit from the increased exposure in the suburban retail segment and the high concentration in the essential services trade of 57% (by gross revenue income). It will continue its proactive asset management strategy to ensure that the malls stay relevant and keep ongoing communications with tenants to understand their needs.

On the office front, Singapore office market is expected to pick up pace in 2022 following a strong recovery in office demand, reduced vacancies and rental growth last year. For the Milan office market, a faster recovery from COVID-19 and the increasing demand for spaces in line with ESG requirements should continue to support investment and leasing activities for the sector. For LREIT, its fully leased office assets will continue to benefit and enjoy strong and stable cashflow.

⁷ Italian National Institute of Statistics, Consumer Prices, 1 July 2022.

⁸ Cushman & Wakefield, Milan Office Q1 2022.

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6 Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: 7th distribution for the period from 31 March 2022 to 30 June 2022

Distribution type: Income

SGX Counter Name	Lendlease Global Commercial REIT (SGX:JYEU)	Lendlease Reit A, Stock Code: W6TU
Period	31 March 22 to 30 June 22	22 April 22 to 30 June 22
	Cents per unit	Cents per unit
Taxable Income	0.9568	0.7148
Tax-Exempt Income	0.3560	0.2660

Distribution rate:

Par value of units: Not meaningful

Tax rate:

Taxable Income Distribution

Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession in which case, such distributions are not exempt from tax and the individual must declare the gross distribution received as income in their Singapore tax returns.

Qualifying foreign non-individual investors and qualifying non-resident funds will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Tax-Exempt Income Distribution

Tax-Exempt Income Distribution is exempt from tax in the hands of all Unitholders.

(b) Record date: 18 August 2022

(c) Date payable: 14 September 2022

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6 Distributions

(d) Corresponding period of the preceding financial period

Any distributions declared for the current financial period? Yes

Name of distribution: 4th distribution for the period from 1 January 2021 to 30 June 2021

Distribution type: Income

Distribution rate: Taxable Income – 1.3148 Singapore cents per unit
Tax-Exempt Income – 1.0202 Singapore cents per unit

Par value of units: Not meaningful

Tax rate: Taxable Income Distribution
Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession in which case, such distributions are not exempt from tax and the individual must declare the gross distribution received as income in their Singapore tax returns.

Qualifying foreign non-individual investors and qualifying non-resident funds will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Tax-Exempt Income Distribution
Tax-Exempt Income Distribution is exempt from tax in the hands of all Unitholders.

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7 If no distribution has been declared / recommended, a statement to that effect

Not applicable.

8 General mandate from Unitholders for Interested Person Transactions

No general mandate has been obtained from the Unitholders for Interested Person Transactions.

9 In the review of the performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to section 1 and section 3 for review of actual performance.

10 Breakdown of Total Distributions

	Group FY2022 (S\$'000)
In respect of the period:	
1 Jan 2021 - 30 Jun 2021	27,576
1 Jul 2021 - 31 Dec 2021	28,602
1 Jan 2022 - 30 Mar 2022	13,550
	69,728

11 Confirmation pursuant to Rule 720(1) of the Listing Manual

We, on behalf of the board of directors of the Manager, confirm that the Manager has procured undertakings from all its directors and executive officers in the form as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

12 Negative Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of Singapore Exchange Securities Trading Limited, the Manager confirmed that there is no person occupying a managerial position in the Manager who is a relative of a director, chief executive officer, or substantial unitholder of the Manager or LREIT.

For and on behalf of the Manager
Lendlease Global Commercial Trust Management Pte. Ltd.

Ng Hsueh Ling
Chairperson and Non-Independent
Non-Executive Director

Tsui Kai Chong
Lead Independent
Non-Executive Director

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Certain statements in this release constitute “forward-looking statements”. This release also contains forward-looking financial information. Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding the Manager’s present and future business strategies and the environment in which the Group will operate in the future. Because these statements and financial information reflect the current views of the Manager concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information. You should not place any reliance on these forward-looking statements and financial information.

By Order of the Board
Ms Jill Chay
Joint Company Secretary
Lendlease Global Commercial Trust Management Pte. Ltd.
(Company Registration No. 201902535N)
As Manager of Lendlease Global Commercial REIT

8 August 2022