

Second-half and Full-year Financial Results FY2022

8 August 2022



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Key Highlights



Key Financial Highlights

- ✓ Distributable income rose 55.6% YoY in 2H FY2022 boosted by the accretive acquisition of Jem and better operating performance at 313@somerset
- ✓ DPU grew 4.9% YoY in 2H FY2022 notwithstanding the enlarged base of LREIT units
- ✓ Achieved high DPU yield of 6.1%⁽¹⁾ per annum
- ✓ Sustainable financing amounting to S\$960 million (or 62% of borrowings)
- ✓ Market capitalisation increased 1.8 times to S\$1.8 billion over the year

Key Financial Metrics (2H FY2022)

Distributable
Income
S\$42.9 million
+55.6% YoY

Gross Revenue
S\$62.5 million
+68.6% YoY

Net Property
Income
S\$45.9 million
+72.9% YoY

Key Credit Metrics (FY2022)

Gearing Ratio
40.0%

Weighted
Average
Running Cost of
Debt
1.69% p.a.⁽²⁾

Interest
Coverage Ratio
9.2 times⁽³⁾

(1) Based on LREIT's unit price of S\$0.795 as at 30 June 2022.

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

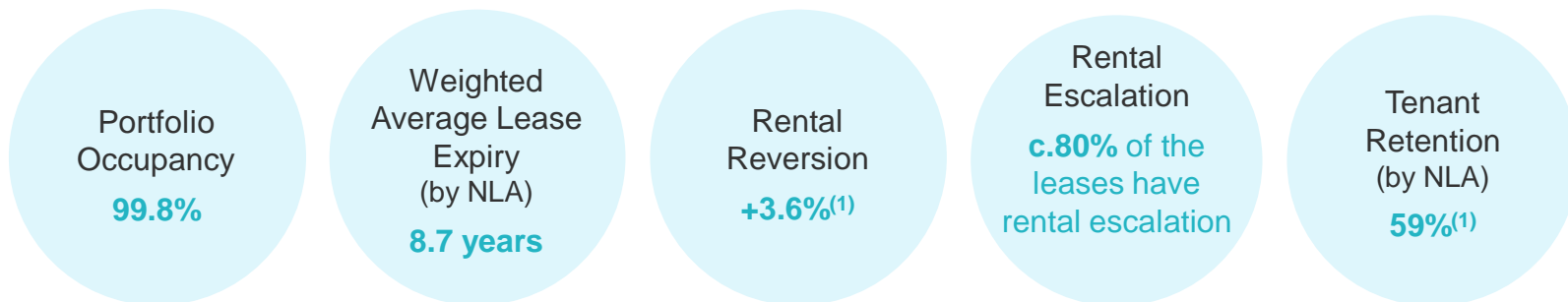
(3) The interest coverage ratio (ICR) as at 30 June 2022 of 9.2 times (31 March 2022: 10.3 times) is in accordance with requirements in its debt agreements, and 4.2 times (31 March 2022: 5.5 times), 2.5 times for adjusted ICR (31 March 2022: 3.4 times) in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.

Key Portfolio Highlights

- ✓ Deposited property grew 2.1 times to S\$3.7 billion over the year
- ✓ Valuation gained 2.5% YoY attributable to the uplift in market rents and improved market sentiments
- ✓ Portfolio occupancy remained high at 99.8%
- ✓ Long WALE of 8.7 years by NLA and 5.5 years by GRI ensures long-term cashflow stability

Key Portfolio Metrics

(FY2022)



(1) Refers to 313@somerset only as Jem was only acquired on 22 April 2022.

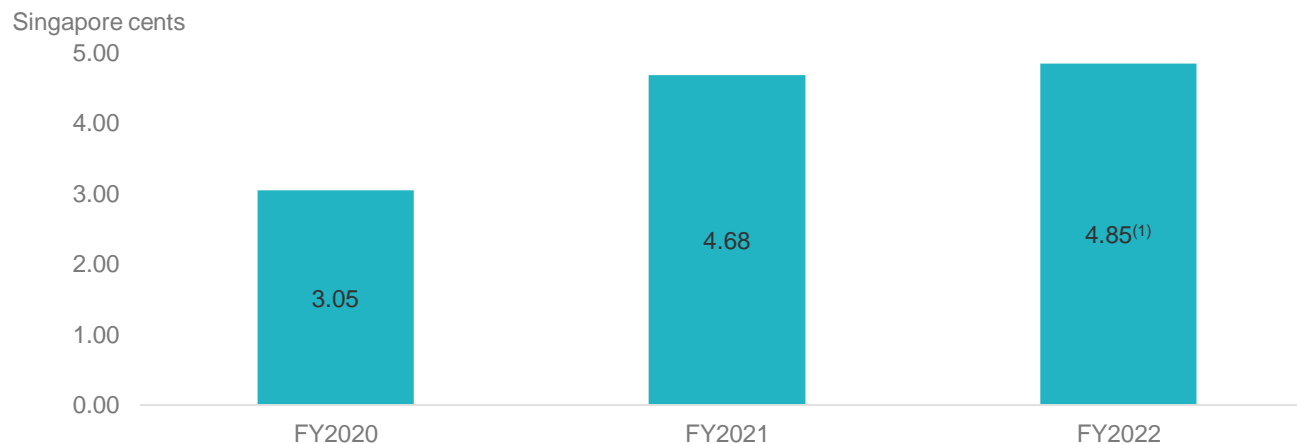
Financial Performance

Financial Performance

Strong DPU performance since listing

S\$('000) unless otherwise stated	2H FY2022	2H FY2021	Variance (%)	FY2022	FY2021	Variance (%)
Gross revenue	62,472	37,043	68.6	101,662	78,651	29.3
Net property income	45,865	26,525	72.9	75,508	56,918	32.7
Distributable income	42,903 ⁽¹⁾	27,577	55.6	71,505 ⁽¹⁾	55,123	29.7
DPU (cents)	2.45 ⁽¹⁾	2.34	4.9	4.85 ⁽¹⁾	4.68	3.7

DPU Performance Since Listing



Note: FY2020 refers to the period from 2 October 2019 to 30 June 2020.

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

Healthy and Diversified Balance Sheet

As at 30 June 2022

S\$ million unless otherwise stated	As at 30 June 2022	As at 30 June 2021
Total assets	3,702.0	1,737.1
Total liabilities	1,523.3	580.3
Net assets	2,178.7	1,156.8
Unitholders' funds	1,775.4	957.9
Non-controlling interests	3.9	N.A.
Perpetual securities	399.4	198.9
Units in issue (number)	2,277,125,819	1,180,996,040
NAV per unit (S\$) ⁽¹⁾	0.78	0.81

(1) Excludes non-controlling interests and perpetual securities.

Distribution Schedule

Of the distribution of 2.45 cents per unit for 2H FY2022, an advance distribution of 1.1371 cents per unit for the period from 1 January 2022 to 30 March 2022 was paid on 27 April 2022. The remaining payable DPU would be **1.3128 cents**.

Period: 31 March to 30 June 2022	
Notice of books closure date	8 Aug 2022
Last day of trading on 'cum' basis	16 Aug 2022, 5.00pm
Ex-date	17 Aug 2022, 9.00am
Record date	18 Aug 2022
Payment date	14 Sep 2022

Note: Please refer to SGX announcement and Notice of Distribution dated 8 August 2022 for more details on distribution.

Capital Management



Key Financial Indicators

	As at 30 June 2022	As at 31 March 2022
Gross borrowings	S\$1,480.1 million	S\$656.9 million
Gearing ratio ⁽¹⁾	40.0%	27.7%
Weighted average debt maturity	2.8 years	1.8 years
Weighted average running cost of debt ⁽²⁾	1.69% p.a.	0.98% p.a.
Interest coverage ratio ⁽³⁾	9.2 times	10.3 times

(1) Total assets include non-controlling interests share of total assets.

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

(3) The interest coverage ratio (ICR) as at 30 June 2022 of 9.2 times (31 March 2022: 10.3 times) is in accordance with requirements in its debt agreements, and 4.2 times (31 March 2022: 5.5 times), 2.5 times for adjusted ICR (31 March 2022: 3.4 times) in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.

Debt Facilities and Maturity Profile

- Approximately 59% of the borrowings hedged to fixed rates to mitigate the impact of interest rate hikes
- Sustainable financing increased to 62% from 56% of its borrowings
- Natural hedge on Euro denominated borrowings
- Income from Sky Complex were hedged with rolling foreign exchange forwards
- S\$257.7 million⁽¹⁾ of undrawn debt facilities as at 8 August 2022



(1) LREIT obtained a S\$100 million 5-year sustainability-linked term loan on 26 July 2022 to refinance its borrowings.

A photograph of a modern glass skyscraper at dusk. The building's facade is composed of large glass panels reflecting the sky and surrounding environment. The interior lights are on, showing office spaces with desks and chairs. A teal graphic overlay is on the left side of the image, containing the text 'Portfolio Performance'.

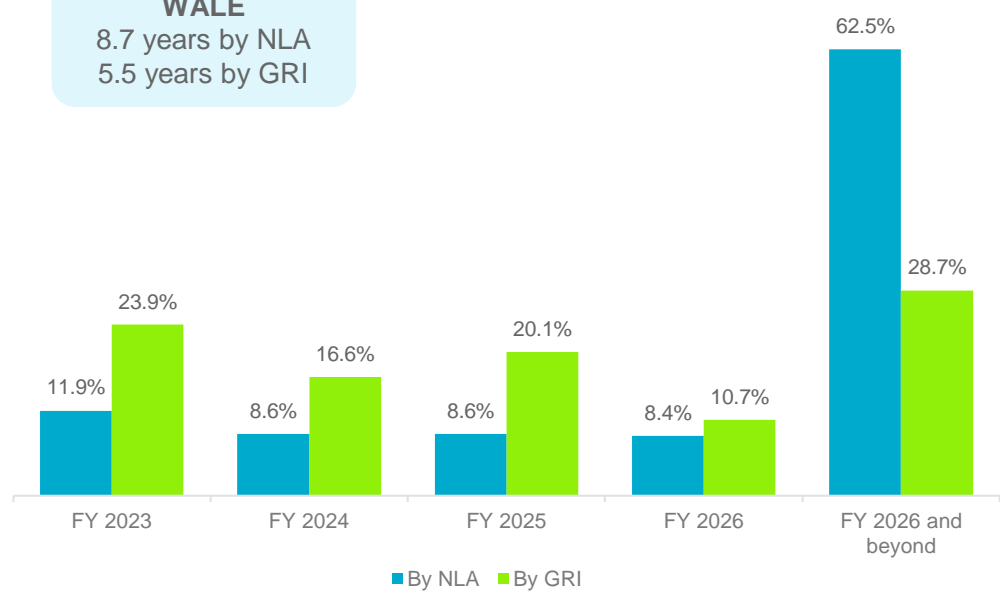
Portfolio Performance

Enlarged Portfolio Diversifies Tenant Mix and Strengthens Cashflow

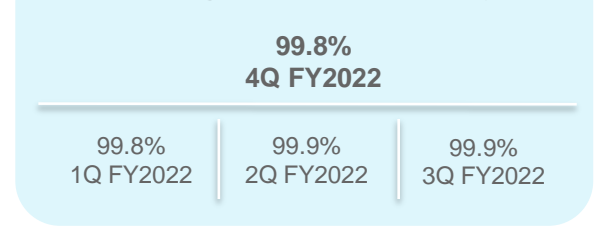
- High occupancy rate of 99.8% for the full year
- Lease expiries well-spread across the portfolio

Portfolio Lease Expiry Profile
(as at 30 June 2022)

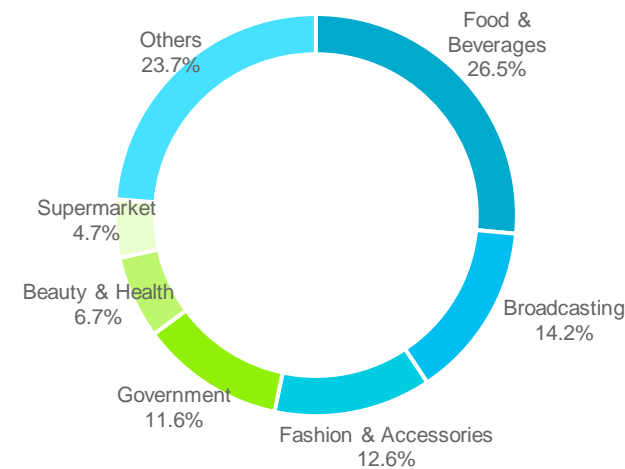
WALE
8.7 years by NLA
5.5 years by GRI



Strong Portfolio Occupancy



Diversified Tenant Base
(by GRI)



Portfolio Valuation Gained 2.5% YoY

Attributable to uplift in market rents and improved market sentiments

	Valuation FY2022	Valuation FY2021	Variance (%)	Cap rate FY2022 (%)	Cap rate FY2021 (%)
Jem	S\$2,134 million	S\$2,086 million ⁽¹⁾	+2.3	Retail: 4.5 Office: 3.5	Retail: 4.5 ⁽¹⁾ Office: 3.5 ⁽¹⁾
313@somerset	S\$993.1 million ⁽²⁾	S\$988.5 million ⁽²⁾	+0.5	4.25 ⁽³⁾	4.25 ⁽³⁾
Sky Complex	€324.5 million (S\$472.3 million ⁽⁴⁾)	€274.0 million (S\$436.9 million ⁽⁵⁾)	+18.4(€) +8.1(S\$)	5.00	5.25
Total	S\$3,599.4 million	S\$3,511.4 million	+2.5	N.A.	N.A.

(1) As at 31 December 2021 by independent valuer, JLL.

(2) Includes the development of the multifunctional event space, adjacent to 313@somerset, which will be connected seamlessly to the Discovery Walk that links to 313@somerset.

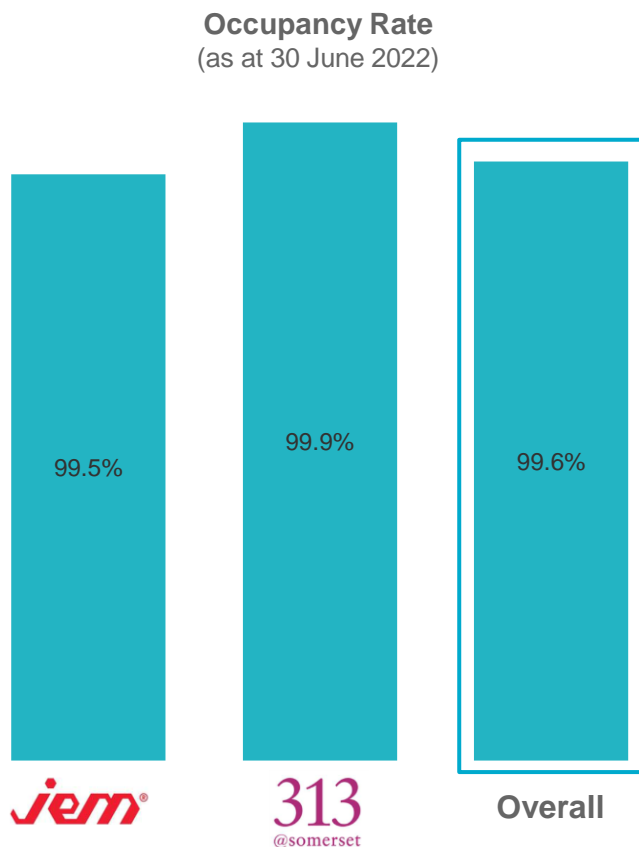
(3) Refers to operating asset only.

(4) Conversion of € to S\$ is based on the FX rate of 1.456 as at 30 June 2022.

(5) Conversion of € to S\$ is based on the FX rate of 1.594 as at 30 June 2021.

Retail Portfolio: Healthy leasing momentum

Achieved high occupancy rate of 99.6%



New tenants onboard

Popular Chinese sauerkraut fish restaurant originated from China

New concept serving all cuisines around Asia

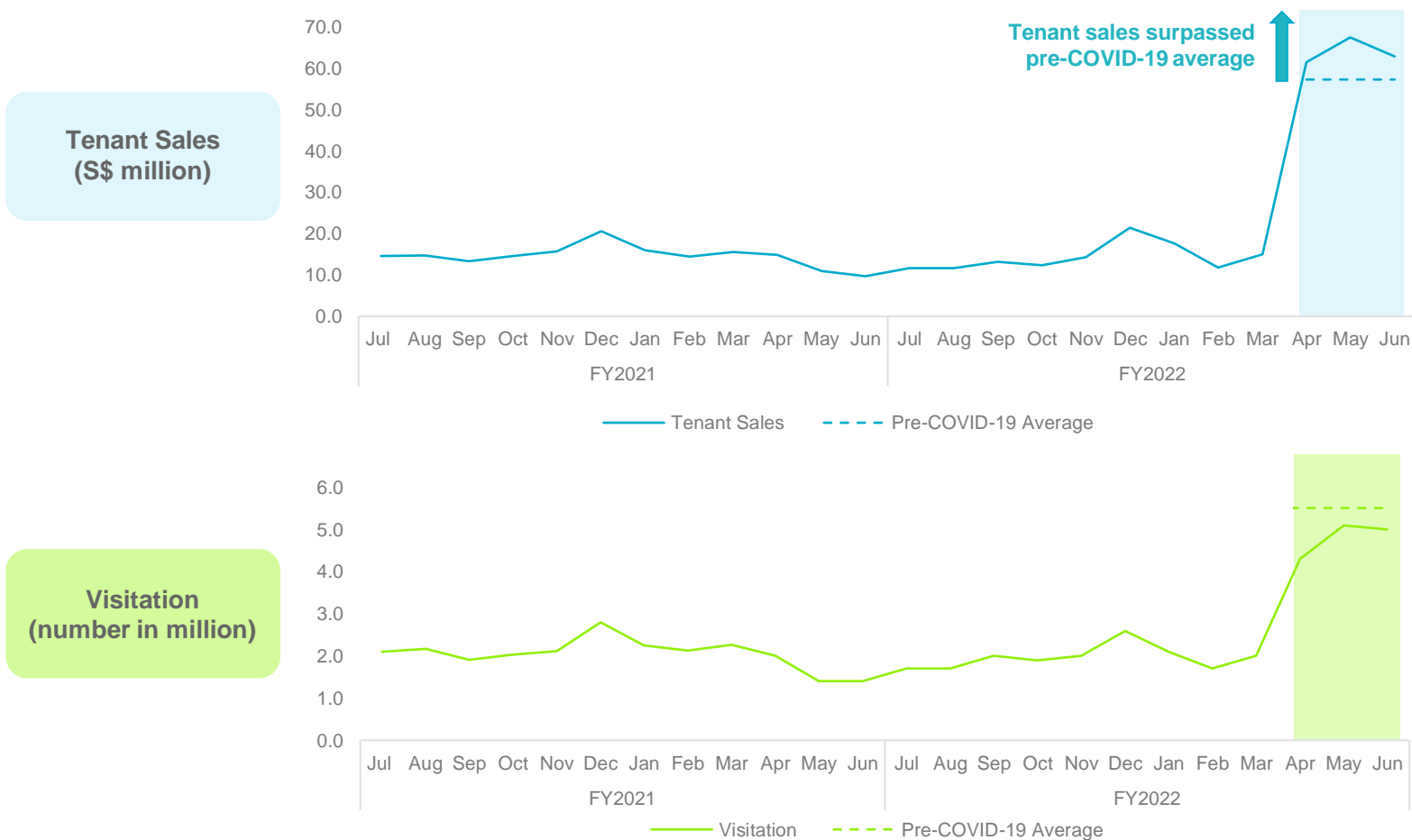
Leading chain of wine shops and wine-themed restaurants in South-East Asia

Express beauty, cosmetic and personal care

Specialised in cold tea and dessert drink

Retail Portfolio: Tenant sales surpassed pre-COVID-19 average in 4Q FY2022

- Tenant sales continued to recover faster than visitation
- LREIT will benefit from the increased exposure in the suburban retail segment and the high concentration in the essential services trade of 57% (by GRI)



Note: April to June 2022 numbers include Jem.

Office Portfolio: Continues to enjoy strong and stable cashflow

- **Singapore:**
 - Grade A office building fully leased to the Ministry of National Development till 2044
 - Rental review: Once every five years
 - Green certification: Green Mark Platinum and BCA's Universal Design Gold Plus
- **Milan:**
 - Sky Complex, three Grade A office buildings, fully leased to Sky Italia till 2032⁽¹⁾
 - Annual rental review: Based on 75% of ISTAT⁽²⁾ consumer price index variation
 - Green certification: LEED Gold certification for one of the three office buildings



Grade A office building at Jem, Singapore



Sky Complex, three Grade A office buildings, Milan

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

(2) The Italian National Institute of Statistics

More leasable spaces created at Jem to unlock value for Unitholders

- Seating area at basement 1 converted into two leasable units
- Leasing of atrium space to increase tenant's brand engagement with shoppers



Windowsill Pies, handmade pastry freshly baked with the finest ingredients



Baker's Brew, Homegrown cake and dessert specialist



Atrium space at Jem (basement 1)

Collaborate and support tenants to boost sales

Continue to position Lendlease Plus as a mobile-first lifestyle shopping app



No. of Lendlease Plus members **increased steadily** in FY2022 by c.20% YoY



>114,000 e-deals redeemed in FY2022



Average monthly app traffic >87,000



It's your birthday and we want to celebrate with you

Bring your party to life with exciting perks, just for you!

Grab exclusive birthday treats* from any participating tenants when you present your profile page in the Lendlease Plus app.

lendlease PLUS *Terms and conditions apply

Sustainability: Mission Zero



Commitment towards environmental goals

MISSION ZERO

As a 1.5°C aligned company, our Sponsor has set ambitious science-based emissions reductions targets.



**NET ZERO CARBON
BY 2025**

Reduction of greenhouse gas emissions from business activities as far as possible, with the remainder offset with an approved carbon offset scheme.

Our Sponsor's net zero target applies to scope 1 & 2 emissions.



**ABSOLUTE ZERO CARBON
BY 2040**

Mitigation of all greenhouse gas emissions produced from business activities to absolute zero, without the use of offsets.

Our Sponsor's absolute zero target applies to scope 1, 2 & 3 emissions.

SCOPES

Scopes are emissions categories defined by the Greenhouse Gas Protocol



SCOPE 1

Fuels we burn



SCOPE 2

Power we consume



SCOPE 3

Indirect activities

Achievements and commitments

MISSION ZERO



NET ZERO CARBON
BY 2025



ABSOLUTE ZERO CARBON
BY 2040

Awards and Accolades

- ✓ 2021 GRESB Regional Sector Leader
- ✓ 2021 GRESB 5-star ratings
- ✓ Green Mark Platinum
- ✓ Universal Design Mark Gold Plus
- ✓ LEED Gold Certification



Frontrunner in sustainable financing

- ✓ Sustainable financing accounts for 62% of total borrowings
- ✓ Sustainability-linked derivatives
- ✓ Aggressive sustainability performance targets linked to Science-Based Targets Initiative



Reducing Energy and Emission

- ✓ Phase out fossil fuels for backup generators
- ✓ Utilise energy efficient lights and atrium daylighting



Reducing Water Usage

- ✓ Conserve water through NEWater utilisation, rainwater harvesting and introduction of water-efficient tap fittings (with 3-ticks WELS)



Reducing Waste

- ✓ Increase recycling rates through active tenant education and engagement



Board Diversity

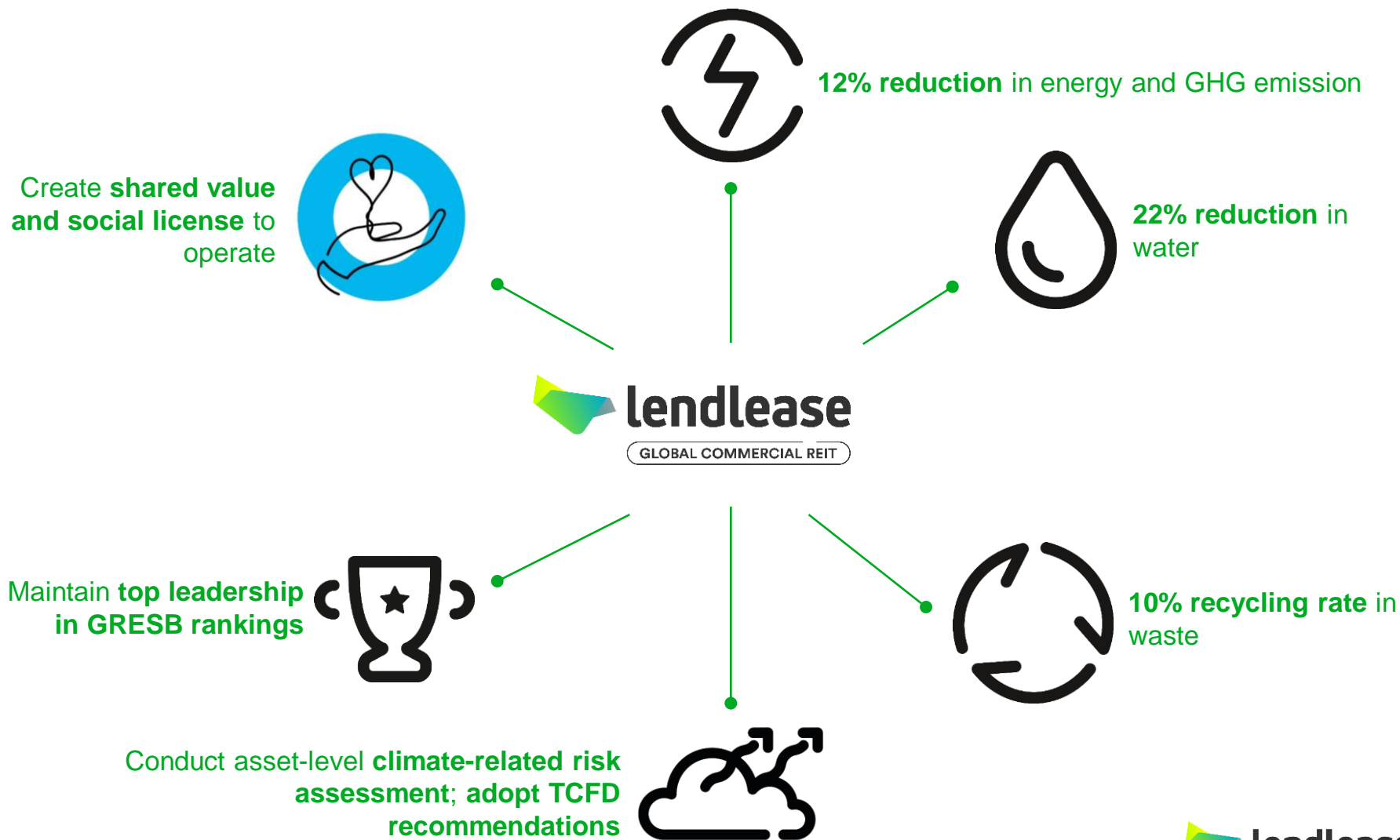
- ✓ 40% female directors

Create Social Value

- ✓ Business Champion for social enterprise Project Dignity, providing work skills and placement for people with disabilities
- ✓ Support various social and charitable activities



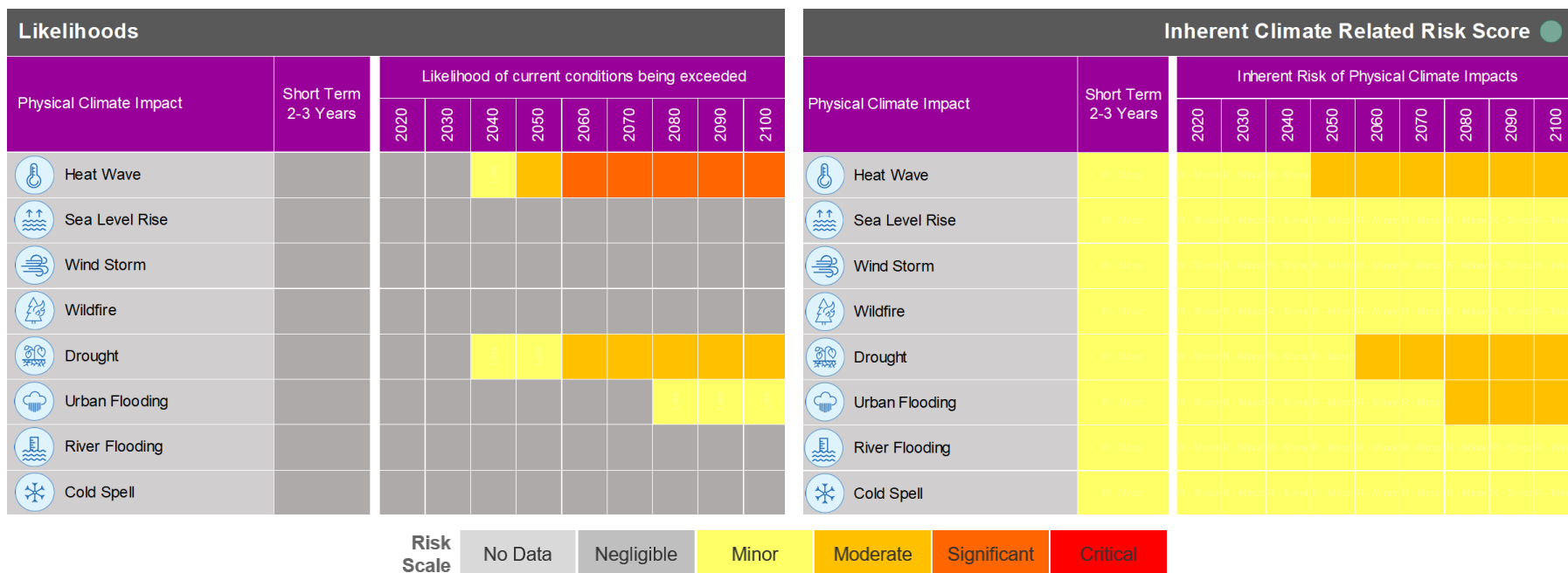
Achieved All Referenced Targets Set for FY2022



Note: Assessment excludes Sky Complex as LREIT does not have operational control of the property.

Adopts TCFD framework to assess climate risks and opportunities

- Key recommendation under TCFD:
 - Scenario analysis as it enables LREIT to develop an understanding of how the physical and transition risks of climate change may impact their business over time
- Climate-related risks assessment conducted on Jem and 313@somerset
 - Results: Inherent climate-related risk score of Green



Note: Assessment excludes Sky Complex as LREIT does not have operational control of the property.

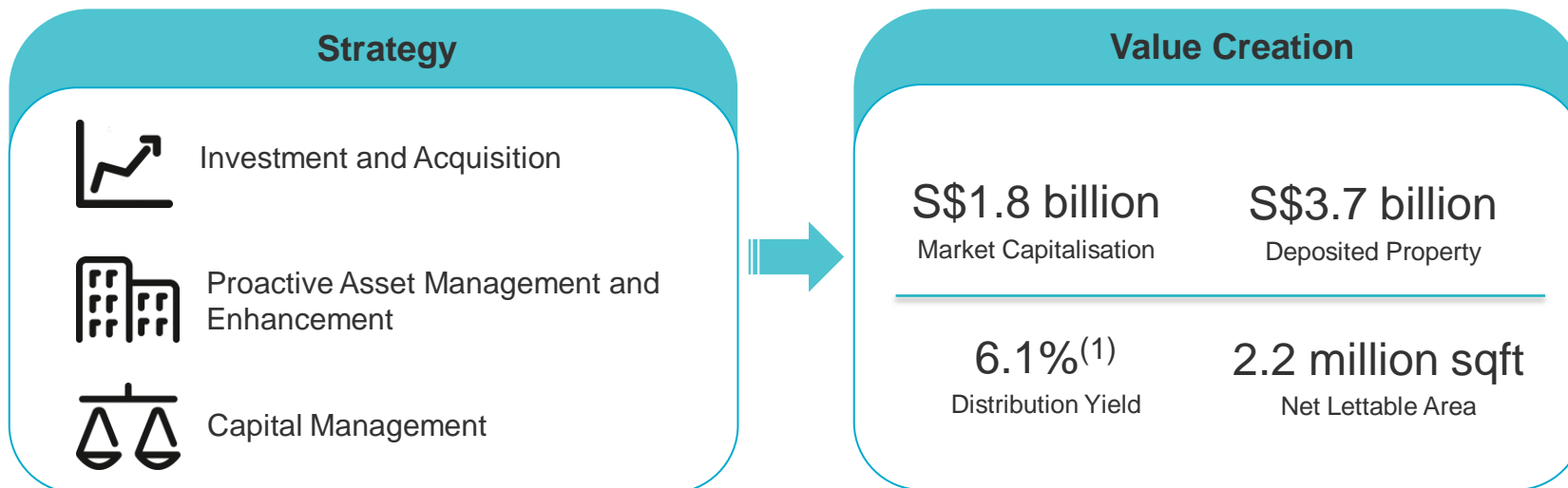
Value Creation and Strategy

313

Link To
Somerset Road
Open 24 Hours

313
@somerset

Create Value for Unitholders



Key Focus in the Near-term

- ✓ Drive resilient and sustainable returns
- ✓ Active capital management to manage cost and gearing
- ✓ Proactive asset management to enhance resilience of the assets
- ✓ Seek yield-accretive acquisitions and explore AEI opportunities
- ✓ Leverage on technology to deliver integrated shopping experience

(1) Based on LREIT's unit price of S\$0.795 as at 30 June 2022.

Additional Information



Market Update

Singapore Retail Market

- According to CBRE, prime rental in Orchard Road remained stable in 2Q 2022 at \$34.20 psf per month. The suburban market continued to register healthy reversionary rents as availability remains extremely limited.
- The resumption of social activities and easing of travel restrictions through the Vaccinated Travel Framework to bring tourists back to Singapore should benefit shopping malls in the Orchard Road including 313@somerset. Suburban retail malls will continue to maintain its resiliency on the back of prevailing work-from-home protocols.

Singapore Office Market

- Vacancy rates in the core CBD and fringe CBD submarkets climbed 0.2 and 0.6 percentage point to 6.4% and 6.8% quarter-on-quarter (“QoQ”) respectively in Q2 2022. Rental growth for Grade A core CBD kept pace with last quarter's, with rents up 3.2% QoQ to \$11.30 per square feet per month.
- 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 Office Market

- According to the preliminary estimates by the Italian National Institute of Statistics, the consumer price index in June 2022 surged 8.0% YoY and 1.2% month-on-month.
- Milan office market continued to gain positive leasing traction in Q1 2022 with an absorption of 110,000 square metres, well above the quarterly average. There was also a strong focus on new urban central developments as demonstrated by the Hinterland (32.8%) and Periphery (18.2%), where Sky Complex is located.
- Leasing activities are expected to stay healthy in the second half of 2022 with restored confidence from companies.

Jem, Integrated Mixed-use Asset in Singapore

One of the largest suburban malls in the West of Singapore, infusing the region with lively shopping and dining experiences.



Key Statistics (as at 30 June 2022)

Occupancy	99.5%
WALE	9.5 years (by NLA) 6.2 years (by GRI)
Valuation	S\$2,134 million
Valuation cap rate	Retail: 4.5 Office: 3.5
NLA	893,000 sq ft
Ownership	100% (99-year leasehold) ⁽¹⁾

(1) 99-year leasehold commencing from 27 September 2010 till 26 September 2109.

313@somerset, Retail Mall in Singapore

A youth-oriented retail mall centrally located on Singapore's Orchard Road shopping belt, directly connected to the Somerset MRT Station.



Key Statistics (as at 30 June 2022)

Occupancy	99.9%
WALE	1.5 years (by NLA) 1.5 years (by GRI)
Valuation	S\$993.1 million ⁽¹⁾
Valuation cap rate	4.25%
NLA	288,979 sq ft
Ownership	100% (99-year leasehold) ⁽²⁾

(1) Includes the development of the multifunctional event space, adjacent to 313@somerset, which will be connected seamlessly to the Discovery Walk that links to 313@somerset.

(2) 99-year leasehold commencing from 21 November 2006 until 20 November 2105.

Sky Complex, Grade-A Office in Milan

Three office buildings with excellent accessibility via the public transport system. The buildings are fully leased to Sky Italia, owned by Comcast Corporation⁽¹⁾.



Key Statistics

(as at 30 June 2022)

Occupancy	100%
WALE	9.88 years (by NLA and GRI)
Valuation	S\$472.3 million ⁽²⁾ (€324.5 million)
Valuation cap rate	5.00%
NLA	980,139 sq ft
Ownership	100% (freehold)

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

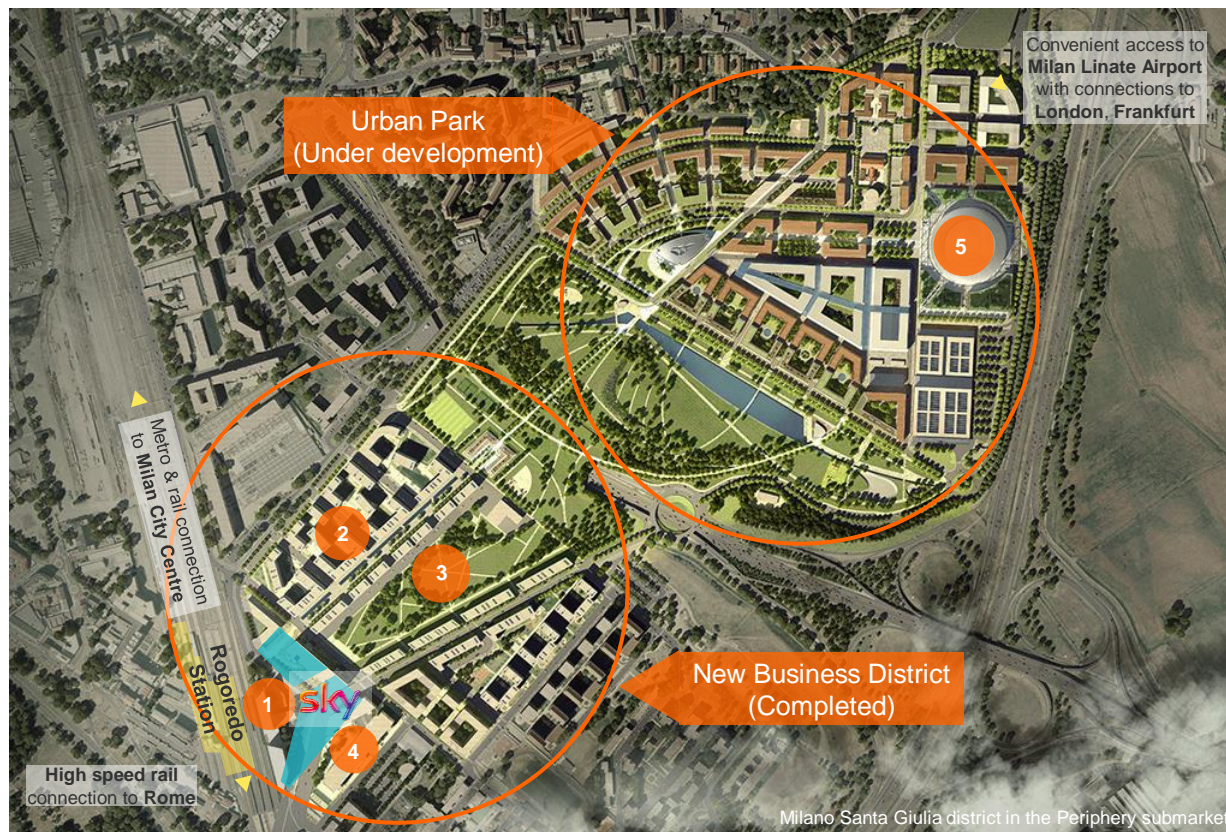
(2) Conversion of € to S\$ is based on the FX rate of 1.456 as at 30 June 2022.

Sky Complex, Grade-A Office in Milan

Milano Santa Giulia is set to be the first precinct to be LEED Neighbourhood certified, a benchmark for quality of life and sustainability.



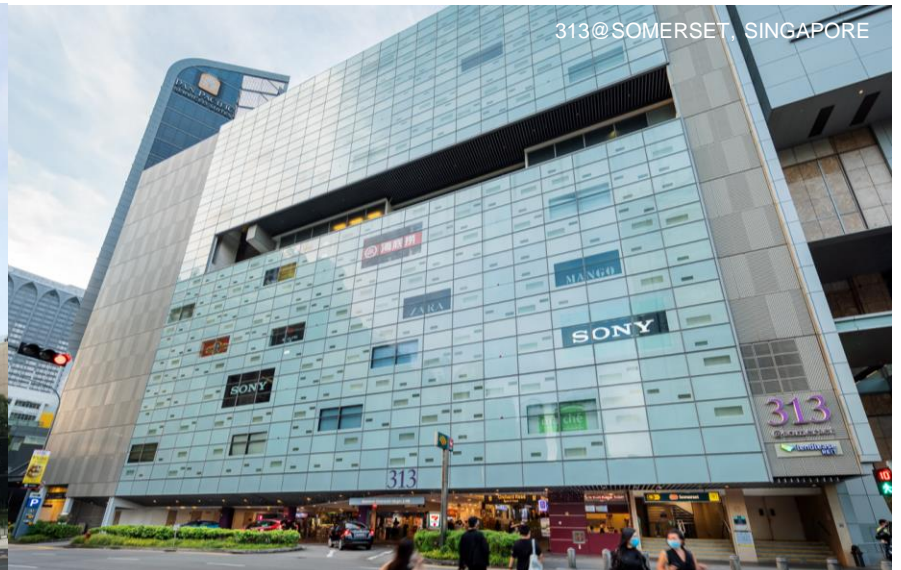
The new Linate metro line (M4) that connects to Rogoredo station, where Sky Complex is located, and Linate Airport is 80% completed. This will accelerate the development of the Milano Santa Giulia district into one of Milan's key decentralised office district. Upon completion, travelling time from Milan city centre to Linate Airport will take only 12 minutes.



- Sky Complex
- 1 Spark One and Two, grade-A office buildings, with ancillary retail fully leased, adding vibrancy in the precinct
- 2 Residential area with 1,800 families and a shopping and entertainment street
- 3 Community park of size 45,000sqm
- 4 New campus of Giuseppe Verdi Conservatory, the largest music academy in Italy
- 5 Multifunctional arena where 2026 Winter Olympics will be held



JEM, SINGAPORE



313@SOMERSET, SINGAPORE



SKY COMPLEX, MILAN



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

Thank You

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