Lendlease Global Commercial REIT Continues to Deliver Healthy Operational Performance in FY2024

Key Highlights

- Gross revenue and net property income ("NPI") increased 7.8% and 7.4% YoY respectively, mainly attributed to the healthy operational performance from Singapore portfolio and the upfront recognition of supplementary rent received from the lease restructuring of Sky Complex ("Supplementary Rent")[1]. On a proforma basis excluding the Supplementary Rent recognised in advance, gross revenue and NPI increased 3.2% and 1.3% YoY respectively.
- Distributable income in 2H FY2024 was S$42.1 million, translating to a distribution per unit ("DPU") of 1.77 cents (compared to 2.25 cents per unit in 2H FY2023). The lower DPU was primarily driven by higher borrowing costs and enlarged unit base.
- Higher borrowing costs primarily due to the replacement of EURIBOR interest rate hedged at a higher rate. Weighted average cost of debt in FY2024 was 3.58% per annum[2] compared to 2.69% per annum[2] in FY2023.
- Fixed rate hedges increased to approximately 70%[3] to manage borrowing costs.
- Positive retail rental reversion of 14.0%[4] achieved with a tenant retention rate of 84.9%.
- Rental uplift of 1.2% obtained for Building 1 and 2 of Sky Complex in Milan.
- Portfolio valuation increased 0.9% YoY mainly supported by Singapore portfolio.

Singapore, 5 August 2024 - Lendlease Global Commercial Trust Management Pte. Ltd. (the "Manager"), the manager of Lendlease Global Commercial REIT ("LREIT"), announces its second-half and full-year financial results for FY2024.

Financial Performance

Gross revenue and NPI in FY2024 increased 7.8% and 7.4% YoY to S$220.9 million and S$165.3 million respectively, mainly attributed to the good operational performance from the retail malls and the recognition of Supplementary Rent received from the lease restructuring of Sky Complex in December 2023. Excluding the Supplementary Rent recognised in advance, gross revenue and NPI were 3.2% and 1.3% higher YoY on a proforma basis respectively. Property expenses in FY2024 were S$55.6 million, S$4.7 million higher compared to FY2023 mainly due to higher property tax and utilities costs from LREIT's Singapore properties.

Gross revenue and NPI for 2H FY2024 were 2.1% and 7.2% lower on YoY basis respectively, with the absence of rental income from Building 3 post the lease restructure. Including the support

[1] Supplementary rent equivalent to approximately two years of the prevailing annual rent of Building 3 received and recognised upfront. For details, please refer to the announcement "Lendlease Global Commercial Italy Fund Restructures Lease at Sky Complex to Reduce Tenant Concentration Risk" dated 18 December 2023.
[2] Excludes amortisation of debt-related transaction costs.
[3] Post financial year ending 30 June 2024.
[4] On weighted average basis.

from the Supplementary Rent, on a proforma basis, gross revenue was 1.4% higher whilst NPI was 2.6% lower due to higher property operating expenses in 2H FY2024 as compared to 2H FY2023.

LREIT's distributable income was S$42.1 million in 2H FY2024, translating to a distribution of 1.77 cents per unit (compared to 2.25 cents per unit in 2H FY2023). The lower DPU was primarily driven by higher borrowing costs amidst the higher interest rate environment and expired hedges being refinanced at higher rates (including the replacement of EURIBOR interest rate hedge) as well as the enlarged unit base. Weighted average cost of debt for the year ending 30 June 2024 was 3.58% per annum[2], as compared to 2.69% per annum[2] in the previous financial year.

Capital Management

As at 30 June 2024, gross borrowings were S$1,565.7 million with a gearing ratio of 40.9%. The weighted average debt maturity was 2.5 years. As at the period end, LREIT has an interest coverage ratio of 3.2 times[5], which provides sufficient buffer from its debt covenants of 2.0 times. Post the financial year ending 30 June 2024, the Manager has increased its interest hedging to approximately 70% from 61%. All of LREIT's debt is unsecured and it has undrawn debt facilities of S$168.6 million to fund its working capital.

Approximately 85% of LREIT's total committed debt facilities as at 30 June 2024 are sustainability-linked financing. LREIT has achieved interest savings from the sustainability-linked financing since the establishment of its green finance in FY2022.

Operational Performance

LREIT's portfolio committed occupancy inched up to 89.1% as at 30 June 2024 compared to occupancy of 88.8% as at 31 March 2024. Lease expiry profile remained well-spread with only 8.9% by net lettable area ("NLA") and 16.8% by gross rental income ("GRI") due for renewal in FY2025. LREIT continued to maintain a long portfolio weighted average lease expiry ("WALE") of approximately 7.5 years (by NLA) and 4.7 years (by GRI) respectively.

As at 30 June 2024, LREIT's portfolio valuation increased 0.9% YoY to S$3.68 billion mainly supported by Singapore portfolio on the back of improved asset performance.

Retail portfolio continued to deliver healthy operational metrics

LREIT's retail portfolio achieved 100% occupancy with a positive rental reversion of 14.0%[4] as at 30 June 2024. Tenant retention rate was also maintained at a rate of 84.9%.

Tenant sales in FY2024 increased 0.2% YoY to S$826.3 million while visitation improved approximately 3.0% YoY to 66.4 million.

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[5] The interest coverage ratio (ICR) as at 30 June 2024 of 3.2 times (31 March 2024: 3.4 times) is in accordance with requirements in its debt agreements; 2.2 times (31 March 2024: 2.3 times) and 1.7 times for adjusted ICR (31 March 2024: 1.8 times) in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.

Rental uplift of 1.2% obtained for Building 1 and 2 of Sky Complex

Building 1 and 2 of Sky Complex obtained rental uplift of 1.2% effective from April 2024 as the lease allows for annual rental escalation pegged to the Italian National Institute of Statistics consumer price index variation.

As at 30 June 2024, office tenants continued to account for approximately 21% of portfolio GRI. With a long office WALE of 12.5 years by NLA and 14.8 years by GRI, it will provide a stable income stream for LREIT's unitholders.

Mr Kelvin Chow, Chief Executive Officer of the Manager, said, "We have delivered positive retail rental reversion of 14.0%[4] in FY2024 with a steady portfolio occupancy of 89.1%. We will continue to remain focused on prudent capital management.

On our Milan assets, the repositioning of Sky Complex Building 3 is still in progress and we continue to receive leasing interest for the space. We look forward to providing more updates as we progress."

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About Lendlease Global Commercial REIT

Listed on 2 October 2019, Lendlease Global Commercial REIT ("**LREIT**") is established with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of stabilised income-producing real estate assets located globally, which are used primarily for retail and/or office purposes.

Its portfolio comprises leasehold properties in Singapore namely Jem (an office and retail property) and 313@somerset (a prime retail property) as well as freehold interest in Sky Complex (three Grade A commercial buildings) in Milan. These five properties have a total net lettable area of approximately 2.0 million square feet, with an appraised value of S$3.68 billion as at 30 June 2024. Other investments include a stake in Parkway Parade (an office and retail property) and development of a multifunctional event space on a site adjacent to 313@somerset.

LREIT is managed by Lendlease Global Commercial Trust Management Pte. Ltd., an indirect wholly-owned subsidiary of Lendlease Corporation Limited. Its key objectives are to provide unitholders with regular and stable distributions, achieve long-term growth in distribution per unit and net asset value per unit, and maintain an appropriate capital structure.

About the Sponsor - Lendlease Corporation Limited

Lendlease Corporation Limited is a market-leading Australian integrated real estate group. Headquartered in Sydney, it is listed on the Australian Securities Exchange.

Its core capabilities are reflected in its operating segments of Investments, Development and Construction. The combination of these three segments provides them with a sustainable competitive advantage in delivering innovative integrated solutions for its customers. For more information, please visit: www.lendlease.com.

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