

Lendlease Global Commercial REIT

4Q FY2020 and Full-year Financial Results

11 August 2020



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KEY HIGHLIGHTS

Key Highlights

- Maintained a stable operating performance with a portfolio occupancy of 99.5%
- Balance sheet remains sound with an interest coverage ratio of 9.0 times⁽¹⁾

Key Financial Metrics (FY2020)

Distributable
Income
S\$35.7 million
▼ 20.1%

Gross Revenue
S\$55.5 million
▼ 13.1%

Net Property
Income
S\$40.3 million
▼ 15.6%

Key Portfolio Metrics

Portfolio
Occupancy
99.5%

Weighted
Average Lease
Expiry
9.7 years

Tenant
Retention
(by NLA)
86.6%⁽²⁾

Capital Management

Gearing
Ratio
35.1%

Weighted
Average Running
Cost of Debt
0.86%

Interest
Coverage Ratio
9.0 times⁽¹⁾

(1) The interest coverage ratio of 9.0 times is in accordance with requirements in its debt agreements, and 4.6 times in accordance with the Property Funds Appendix of the Code on Collective Schemes.

(2) Refers to 313@somerset. Sky Complex is 100% leased till 2032, assuming tenant does not exercise its break option in 2026.

FINANCIAL PERFORMANCE

Financial Performance

DPU of 1.76 cents declared for 2H FY2020

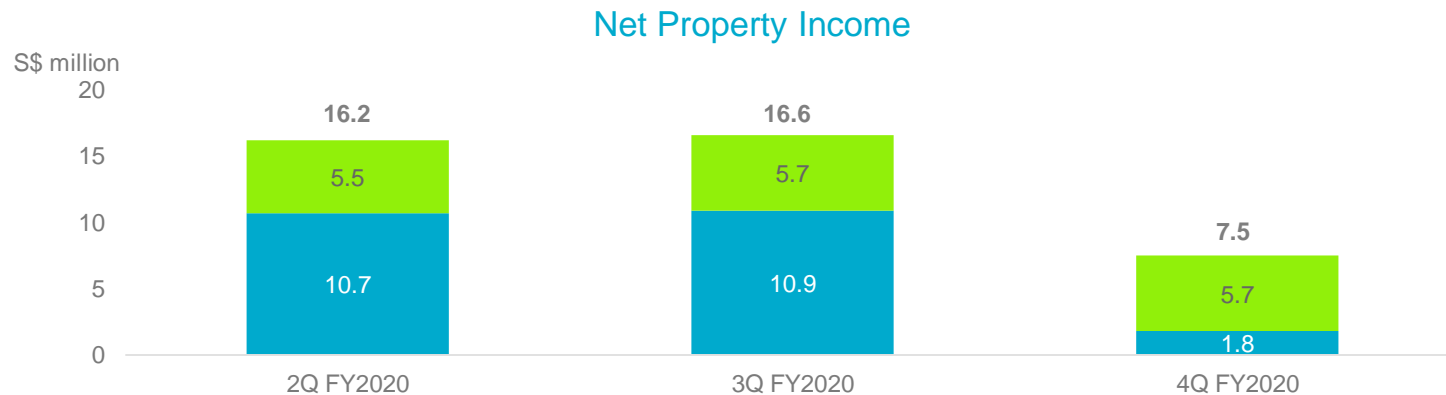
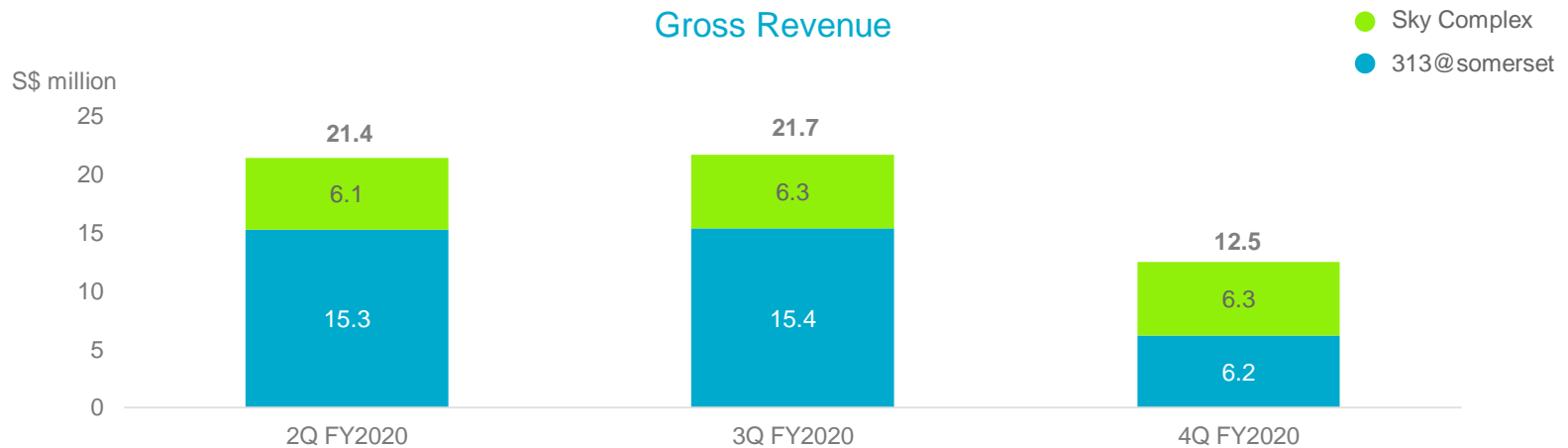
	4Q FY2020			FY2020		
	Actual (S\$'000)	Forecast ⁽¹⁾ (S\$'000)	Variance	Actual (S\$'000)	Forecast ⁽¹⁾ (S\$'000)	Variance
Gross revenue	12,466	21,514	▼ 42.1%	55,536	63,910	▼ 13.1%
Net property income	7,514	16,092	▼ 53.3%	40,289	47,722	▼ 15.6%
Distributable income	5,693	15,078	▼ 62.2%	35,672	44,671	▼ 20.1%
DPU (cents)	0.48	1.28	▼ 62.7%	3.05 ⁽²⁾	3.80	▼ 19.7%

(1) The Manager had, in the interest of good corporate governance, made announcements on 9 April and 20 April 2020 respectively, with regard to the IPO profit and distribution forecast for the financial year ending 30 June 2020 ("FY2020") and the profit and distribution projection for the financial year ending 30 June 2021 ("FY2021"), as it may no longer be a fair basis against which the actual performance of LREIT could be compared given current circumstances. For transparency, the Manager will still provide year-on-year comparisons of LREIT's financial results for FY2020 against the profit forecast for FY2020 disclosed in LREIT's prospectus and FY2021 against LREIT's financial results for FY2020, in the announcements of LREIT's full year financial results for FY2020 and FY2021 respectively.

(2) Distribution of 1.29 cents per unit was paid on 16 March 2020.

Gross Revenue and Net Property Income

- Stable revenue from Sky Complex helps to protect income during COVID-19, which has affected the retail sector in 4Q FY2020
- Rent waivers of up to two months were provided to retail tenants in 4Q FY2020



Balance Sheet

NAV per unit increased to \$0.85

	As at 30 June 2020	As at 31 March 2020
Total assets S\$('000)	1,555,498	1,518,802
Gross borrowings S\$('000)	545,319	545,227
Total liabilities S\$('000)	563,248	562,553
Net assets attributable to unitholders S\$('000)	992,250	956,249
Units in issue	1,171,795,224	1,169,480,379
NAV per unit (S\$)	0.85	0.82

Key Financial Indicators

Stable liquidity position to meet financial obligations

	As at 30 June 2020	As at 31 March 2020
Gross borrowings	S\$545.3 million	S\$545.2 million
Gearing ratio	35.1%	35.9%
Weighted average debt maturity	3.1 years	3.3 years
Weighted average running cost of debt ⁽¹⁾	0.86% p.a.	0.86% p.a.
Interest coverage	9.0 times ⁽²⁾	11.2 times

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

(2) The interest coverage ratio of 9.0 times is in accordance with requirements in its debt agreements, and 4.6 times in accordance with the Property Funds Appendix of the Code on Collective Schemes.

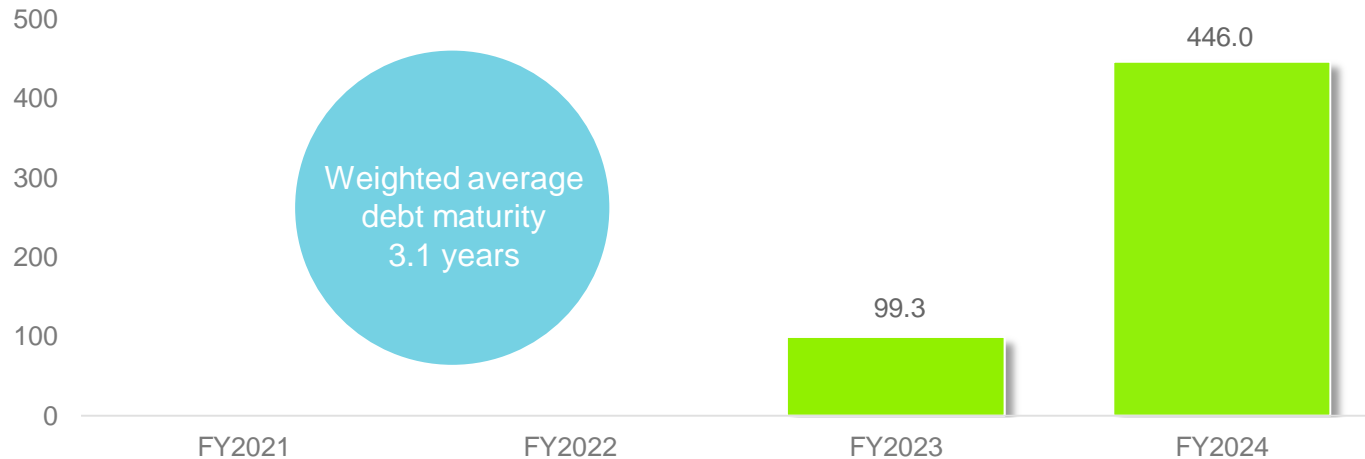
Debt Facilities and Maturity Profile

No refinancing till FY2023

Debt	Loan Amount (million)	Loan Term	Interest Rate ⁽¹⁾
Singapore dollar term loan	S\$99.3	3 years	2.09% p.a.
Euro term loan	S\$446.0 (€285.0)	4 years	0.58% p.a.

Debt maturity profile

S\$ million



Prudent capital structure

- Balance sheet flexibility with **100%** of **unsecured debt**
- Interest rate risk **100% hedged to fixed rate** debt through interest rate swaps and options
- **Euro natural hedge** for Sky Complex via Euro term loan
- **Diversity of debt funding** across a syndicate of lenders
- S\$97m⁽²⁾ of uncommitted and undrawn debt facilities

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

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

Distribution Details

Distribution per unit: 1.76 cents

Period: 1 January to 30 June 2020	
Notice of books closure date	11 Aug 2020
Last day of trading on 'cum' basis	17 Aug 2020, 5.00pm
Ex-date	18 Aug 2020, 9.00am
Books closure date	19 Aug 2020
Payment date	15 Sep 2020

PORTFOLIO PERFORMANCE

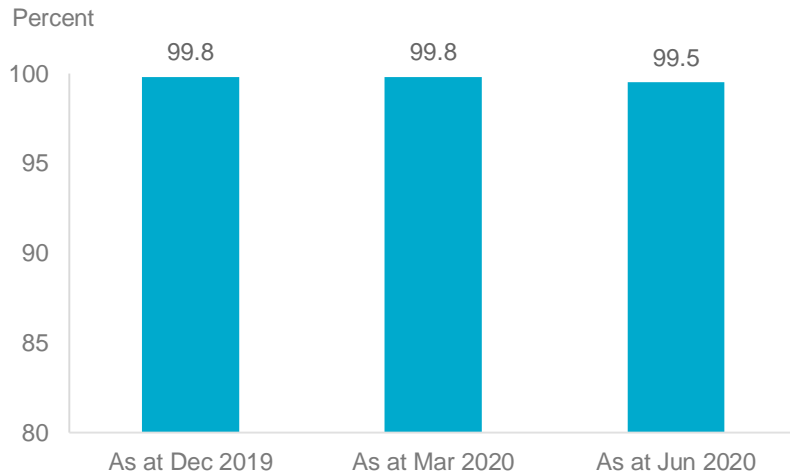
Portfolio at a Glance

Portfolio overview

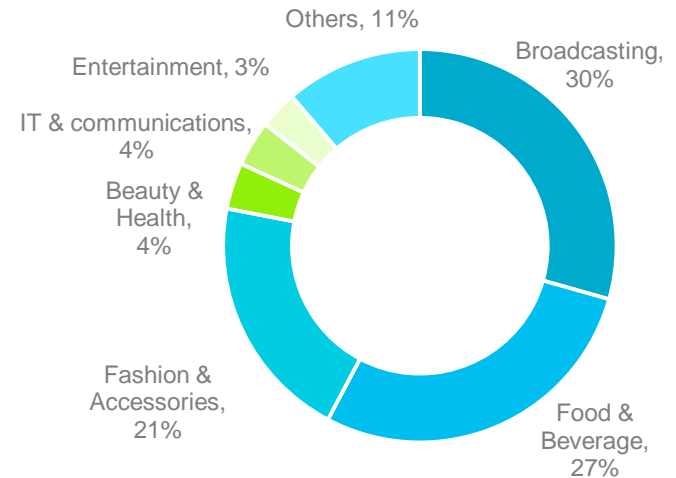
As at 30 June 2020

Occupancy	99.5%
Total net lettable area (NLA)	1.3 million sq ft
Appraised value	S\$1,442.6 million
Weight average lease expiry (WALE)	9.7 years by NLA ⁽¹⁾ 4.9 years by GRI ⁽¹⁾

Stable occupancy



Diversified tenant base

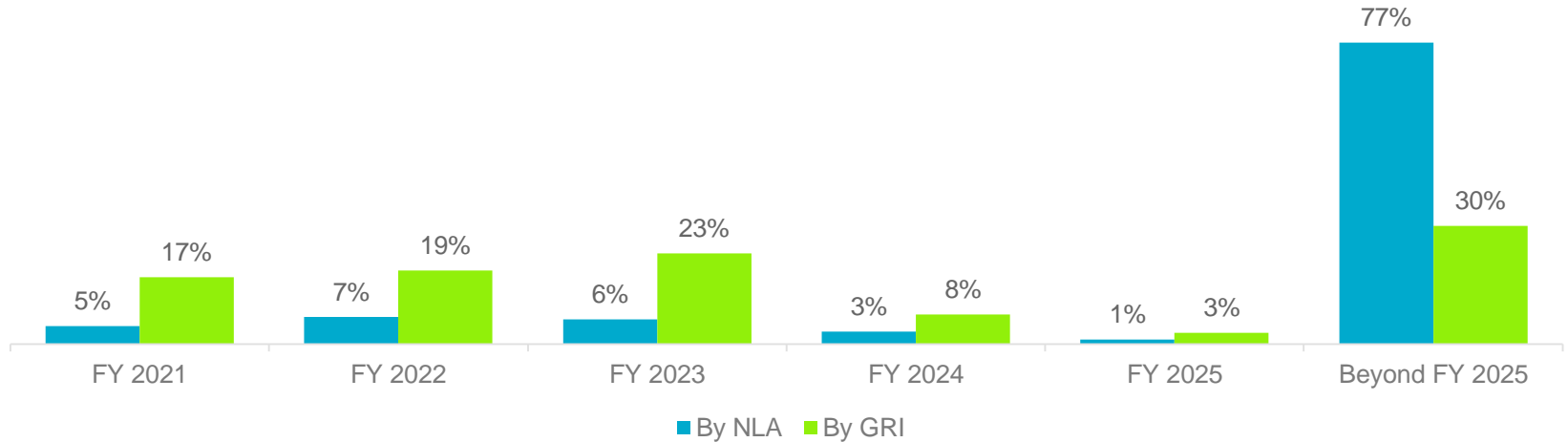


Information as at 30 June 2020.

(1) Assuming tenant does not exercise its break option in 2026.

Portfolio Lease Expiry Profile

Long WALE of 9.7 years by NLA⁽¹⁾ and 4.9 years by GRI⁽¹⁾



313@somerset,
Singapore

- WALE 1.9 years by NLA and 1.8 years by GRI



Sky Complex, Milan

- WALE 11.9⁽¹⁾ years by NLA and GRI



Information as at 30 June 2020.

(1) Assuming tenant does not exercise its break option in 2026.

Valuation and Cap Rate

Portfolio valuation gained approximately 2% to S\$1,442.6 million.

	Valuation as at 30 June 2020 (million)	Valuation as at 31 July 2019 ⁽¹⁾ (million)	Variance (million)	Cap rate as at 30 June 2020 (%)	Cap rate as at 31 July 2019 ⁽¹⁾ (%)
313@somerset	S\$1,008 ⁽²⁾	S\$1,005	S\$3.0	4.25 ⁽²⁾	4.25 / 4.50
Sky Complex	€277.7 ⁽³⁾ (S\$434.6 ⁽⁴⁾)	€262.5 (S\$400.3 ⁽⁵⁾)	€15.2 (S\$34.3)	5.25 ⁽³⁾	5.50 / 5.75
Total	S\$1,442.6	S\$1,405.3	S\$37.3	N.A	N.A

(1) CBRE/Colliers. Independent property summary valuation reports for the Singapore Property and Milan Property.

(2) Valuer: CBRE Pte. Ltd.

(3) Valuer: Savills Advisory Services Limited

(4) Conversion of € to S\$ is based on the FX rate of 1.565 as at 30 June 2020.

(5) Conversion of € to S\$ is based on the FX rate of 1.525 as at 2 October 2019.

313@somerset, Retail Mall in Singapore

Atop Somerset MRT Station and spans across eight retail levels, comprising three basement levels (B3 to B1) and five levels above ground (L1 to L5)



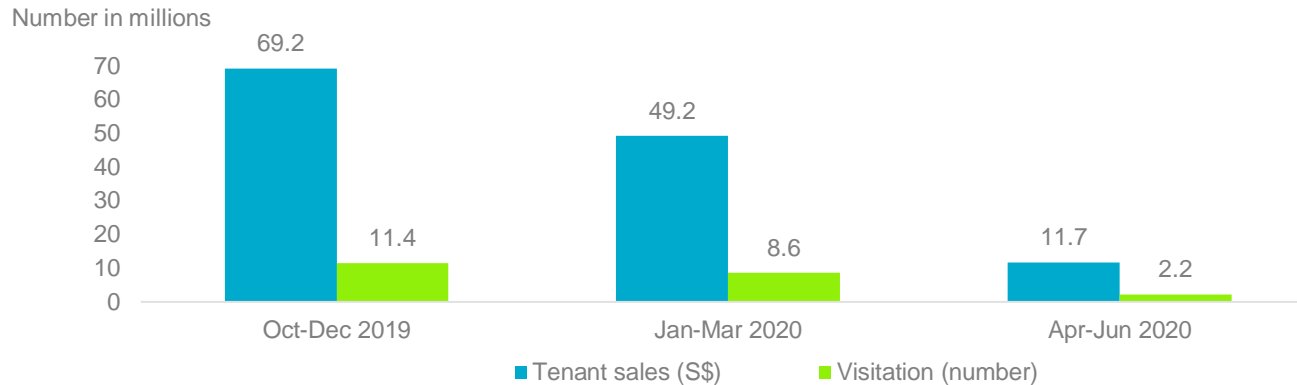
Key Statistics (as at 30 June 2020)

Occupancy	97.8%
Appraised value	S\$1,008 million
Valuation cap rate	4.25%
NLA	288,277 sq ft
Ownership	100% (99-year leasehold)

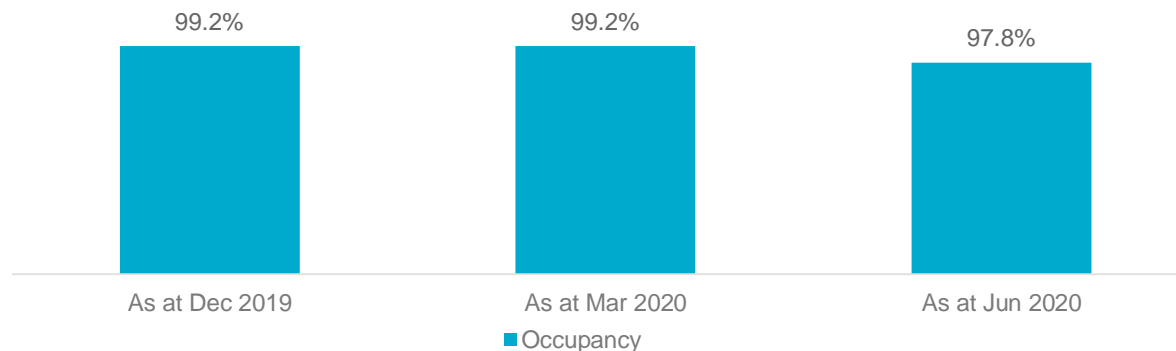
Operating Performance

- Approximately 70% of the mall was not in operation during Circuit-breaker between 7 April and 1 June.
- For the month of June, tenant sales⁽¹⁾ increased 4.5 times and visitation⁽²⁾ was 2 times higher, compared to May. Positive momentum is expected to continue barring further restrictions from the authorities.

Tenant sales and visitation



Occupancy rate



(1) Tenant sales in Apr, May and Jun was S\$3.5 million, S\$1.5 million and S\$6.7 million, respectively.

(2) Visitation in Apr, May and Jun was 0.7 million, 0.5 million and 1 million, respectively.

Redevelopment of Grange Road Car Park

Project is expected to strengthen LREIT's retail and lifestyle presence in the Somerset area

- The Grange Road car park is expected to cease operations by the end of 2020 to facilitate the handover of site to LREIT. Redevelopment works is expected to commence shortly after.
- Expected to be operational in the first half of 2022, the multiple dedicated event spaces will include an independent cinema, hawker stalls serving local delights and a food and beverage attraction.



Sky Complex, Grade-A Office in Milan

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



Key Statistics (as at 30 June 2020)

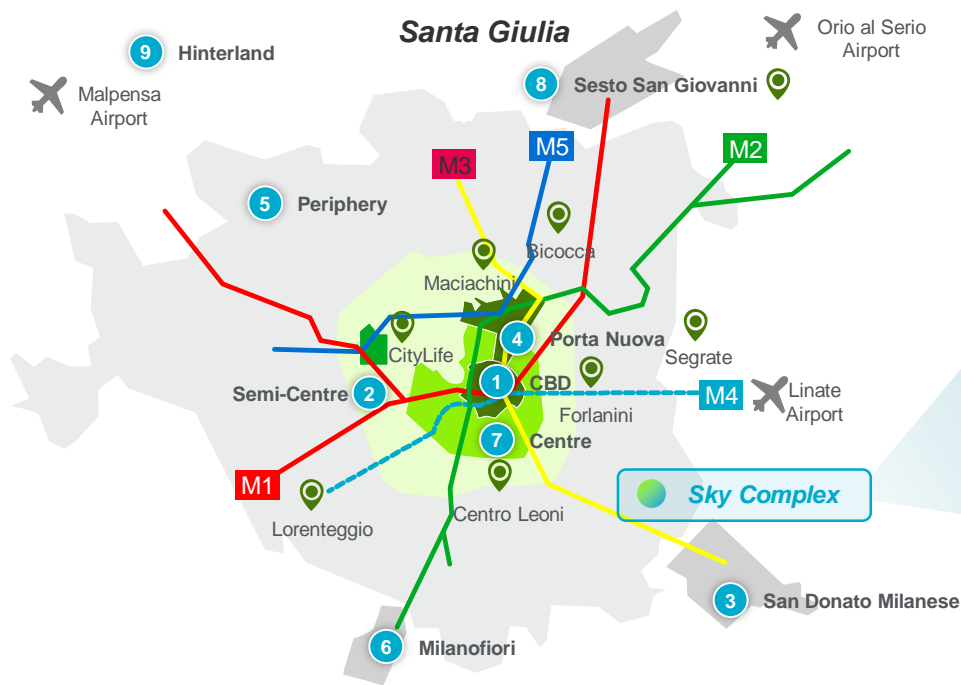
Occupancy	100%
Appraised value	S\$434.6 million ⁽²⁾
Valuation cap rate	5.25%
NLA	985,967 sq ft
Ownership	100% (freehold)

(1) Largest broadcasting and cable television company in the world by revenue based on Forbes website on 13 May 2020.

(2) Conversion of € to S\$ is based on the FX rate of 1.565 as at 30 June 2020.

Sky Complex, Grade-A Office in Milan

- More work activity is now taking place at the premises while safe distancing management continues
- Long lease term till 2032⁽¹⁾ provides stable income to the portfolio
- Triple-net lease structure minimises operational costs and risks for LREIT



M1 Subway Lines	1 CBD	4 Porta Nuova	7 Centre
Sub-markets	2 Semi-Centre	5 Periphery	8 Sesto San Giovanni
Airport	3 San Donato Milanese	6 Milanofiori	9 Hinterland

Source of location map: CBRE

(1) Assuming tenant does not exercise its break option in 2026.

Outlook Amid Challenges Posed by COVID-19

313@somerset: Continue to navigate through current challenges

- Revenue:
 - Tenant support package: Up to two months of rental relief provided to eligible tenants. Full savings from property tax rebate to pass through to eligible tenants. LREIT remains committed to provide appropriate assistance to ensure business continuity.
 - Rent relief measures provided to tenants will potentially weigh down LREIT's performance.
- Operations:
 - While occupancy of the mall remains stable at 97.8%, leasing activities is expected to remain challenging due to weak demand.

Sky Complex: Operational resilience

- Revenue:
 - Rental remains flat for FY2021 due to zero variance in ISTAT ⁽¹⁾ consumer price index variation.
 - Timely rental payment received from Sky Italia contributes to a stable stream of income.
- Operations:
 - Broadcasting sector will continue to remain resilient.
 - Positive investment interest continues to be seen in the Milano Santa Giulia area, the district in Milan where Sky Complex is located, with a significant lease of more than 40,000 sqm⁽²⁾ inked recently.

(1) ISTAT: The Italian National Institute of Statistics

(2) CBRE, Milan Office MarketView 1Q 2020

Key Focus

Prudent capital management

- Maintain a strong balance sheet through liquidity and capital management strategies
- Adopt appropriate risk management strategies to mitigate market uncertainties

Manage operating expenses

- Adopt disciplined approach to reduce costs
- Defer non-essential capital expenditure to conserve cash

Ensure long-term viability of the mall

- Capitalise on the mall's strategic location to drive visitation back to the mall
- Continue to engage and communicate with stakeholders

UPDATE ON COVID-19

COVID-19: Timeline of Key Events

Singapore

- **April**
 - Circuit-breaker commenced with only businesses categorised as essential service being allowed to operate.
 - COVID-19 (Temporary Measures) Act 2020 implemented for tenants who seek temporary relief from paying rent for a period of up to six months from April to October, which may be extended for up to a year depending on the COVID-19 situation.
- **May**
 - Gradual resumption of selected activities and services.
- **June**
 - Phase 1 and 2 of safe transition. Retail establishments, bowling centres and arcades were able to operate and dining-in for F&B was permitted. Strict safe distancing management measures remain in place.
 - An amendment bill to COVID-19 (Temporary Measures) Act 2020 implemented to provide further rental relief for SMEs.

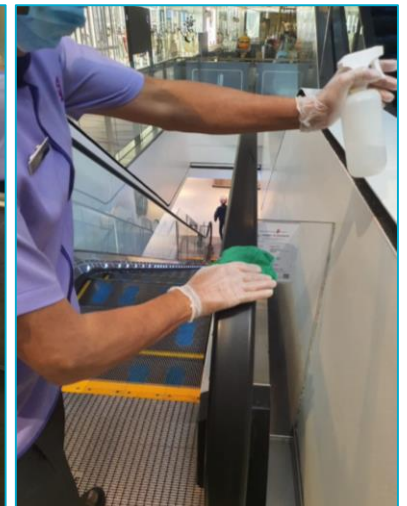
Milan

- **April**
 - Nationwide lockdown is extended further till 3 May with few exception of trades allowed to reopen.
- **May**
 - All retail activities resumed with strict safe distancing management measures in place.
- **June**
 - International flights resumed

COVID-19: Phase 2 of Safe Transition

313@somerset, retail mall in Singapore

- Abide to safe distancing management measures
 - Working hand-in-hand with the authorities and tenants to strengthen the contact tracing regime
 - Temperature screening for shoppers, tenants and employees
 - Regular disinfecting of common areas which have high touch areas in the mall such as lobby and lifts
 - Deploy security crews to conduct regular round checks on crowd control and to ensure shoppers, tenants and employees put on their masks at all times



COVID-19: Phase 2 of Safe Transition

313@somerset, retail mall in Singapore

- Gradual resumption of activity
 - More than 95% of the malls (by GRI) has reopened
 - Footfall recovered approximately 40%⁽¹⁾ of pre-COVID-19 level
- Rolled out marketing initiatives to help tenants achieve more sales

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Promotions Malls

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(1) Footfall comparison period (19-30 June 2020 vs 19-30 June 2019)



MARKET REVIEW

Market Review

While reopening of the economy provides an encouraging backdrop for post-pandemic recovery, the risk of secondary outbreaks remains.

Singapore Prime Retail Market

- Based on advance estimates by the Ministry of Trade and Industry, the Singapore economy contracted by 12.6% YoY in Q2 of calendar year 2020 due to the Circuit-breaker measures.
- While a gradual resumption in activity could be seen in the second half of 2020, a return to pre-COVID-19 store-operations norms cannot be expected as safe distancing management measures remain in place.

Milan Office Market

- Italy's short-term key indicators have shown slight improvement in economic activity following the large declines in March and April. However, the near-term outlook remains cautious as the risk of secondary outbreaks still lingers.
- Vacancy rate has tightened further in Q1 of calendar year 2020 at 9.9% (vs. 11.2% in Q1 2019). By sub-market absorption, the Periphery sub-market, where Sky Complex is located, took the lead and accounted for 64% of the total absorption.
- The reduction of the supply will be a challenge for occupiers to secure large floor plates in high-quality Grade A buildings, particularly in coveted locations in established business districts and near metro and rail stations.



313@SOMERSET, SINGAPORE



SKY COMPLEX, MILAN

Thank You

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