

1Q FY2023 Business Update

7 November 2022



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Key Highlights

313@somerset, a prime retail mall along Orchard Road in Singapore

Key Highlights

Key Portfolio Metrics



Portfolio Committed
Occupancy
99.7%



Weighted Average
Lease Expiry
8.5 years⁽¹⁾ (by NLA)



Retail Rental
Reversion
c.1%⁽²⁾



Office Rental
Escalation
c.4%⁽³⁾



Tenant Retention
c.69%⁽⁴⁾

Capital Management

Gearing Ratio

39.4%⁽⁵⁾

Weighted
Average Cost of
Debt

2.24% p.a.⁽⁶⁾

Interest Coverage
Ratio

6.9 times⁽⁷⁾

Fixed Rate
Borrowings

61%

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

(2) Year-to-date.

(3) Refers to Sky Complex.

(4) Based on year-to-date completed lease renewal (by NLA).

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

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

(7) The interest coverage ratio (ICR) as at 30 September 2022 of 6.9 times (30 June 2022: 9.2 times) is in accordance with requirements in its debt agreements; 3.6 times (30 June 2022: 4.2 times) and 2.3 times for adjusted ICR (30 June 2022: 2.5 times) in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.

Awards and Accolades



Attained **Net Zero Carbon** three years ahead of the original target of 2025



Regional Sector Leader in GRESB 2022 (Retail)

- ✓ Top spot for **three consecutive years as the Regional Sector Leader** since listing
- ✓ **Highest-tier 5-star rating** for ESG performance and strong leadership in sustainability
- ✓ Scored **“A” for public disclosure**



G R E S B
R E A L E S T A T E
sector leader 2022



Entered three **key SGX ESG benchmark indices**

- ✓ iEdge ESG Leader Index
- ✓ iEdge ESG Transparency Index
- ✓ iEdge-OCBC Singapore Low Carbon Select 50 Capped Index



Best Sustainable Treasury Solution for the S\$860 million sustainability-linked loan in the Adam Smith Award Asia 2022



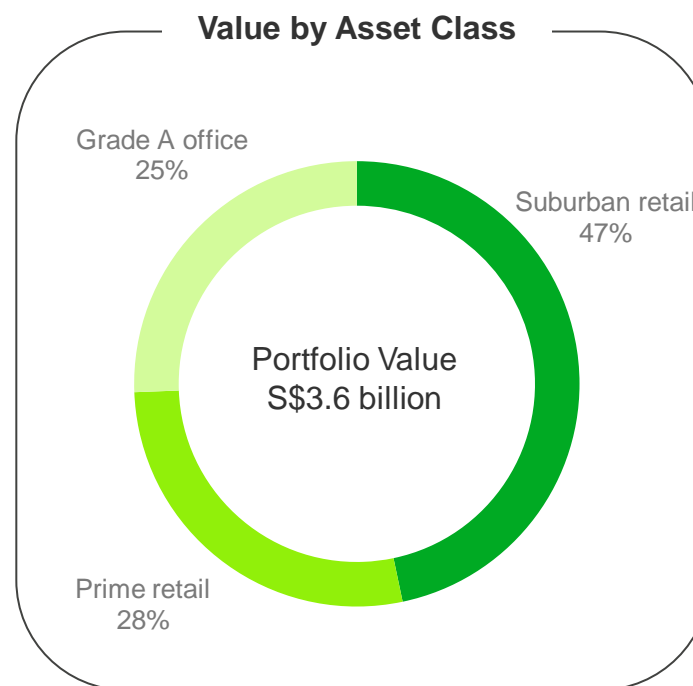
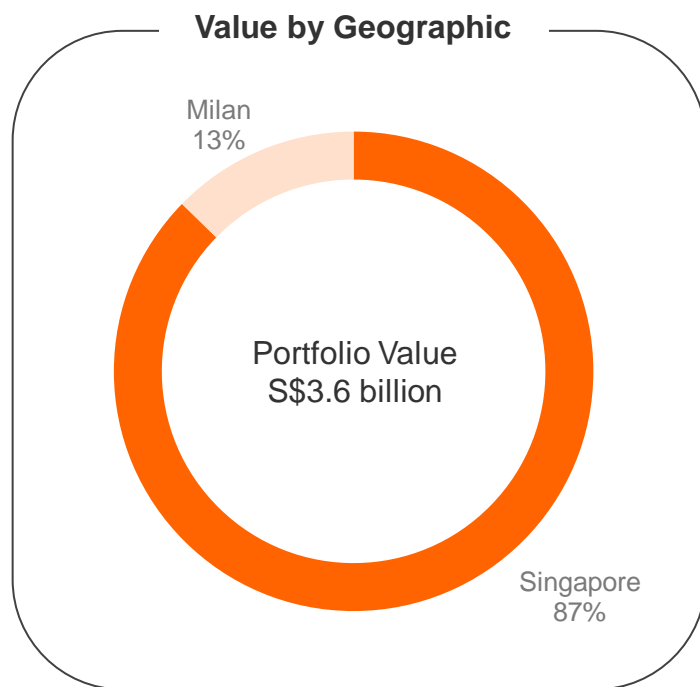
Ranked 10th on the Singapore Governance and Transparency Index 2022 (vs. 15th in 2021)

Portfolio Performance

Jem, a resilience suburban mall in the West of Singapore

Stable Income Stream

- Singapore-centric asset base of approximately 87% of the portfolio (by valuation)
- Grade A office and suburban retail account for more than 70% of the portfolio
- Office portfolio: Long WALE of 12.7 years⁽¹⁾ by NLA and 15.5 years⁽¹⁾ by GRI
- Retail portfolio: High concentration in essential services trades at approximately 59% by GRI



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

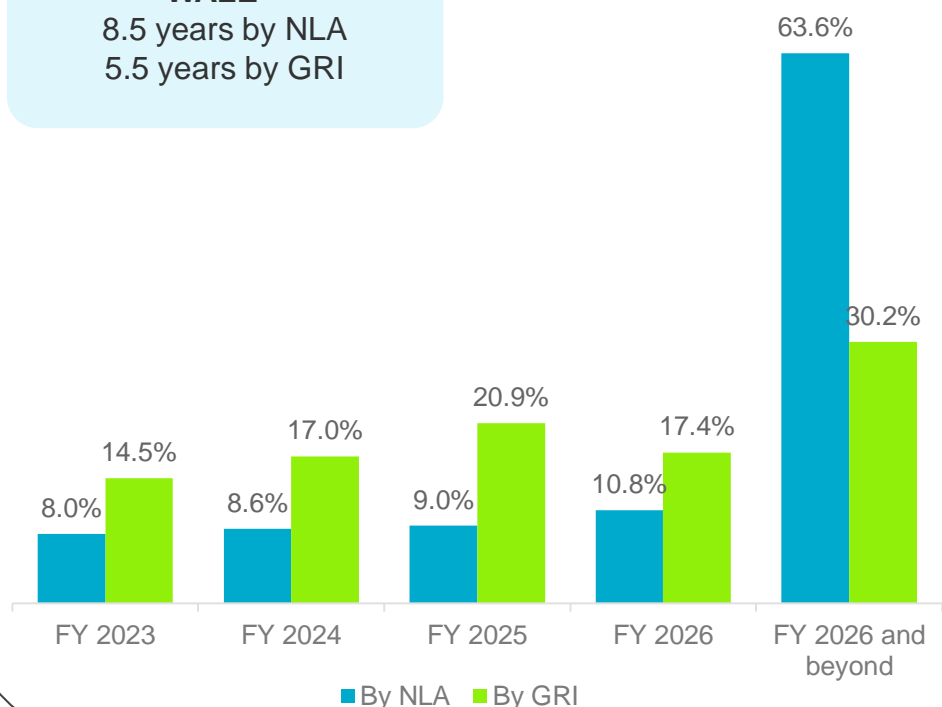
High Committed Occupancy with Minimal Leases Expiring

- Leases expiring in FY2023 de-risked to 8.0% by NLA and 14.5% by GRI in the first three months of FY2023

Portfolio Lease Expiry Profile
(as at 30 September 2022)

WALE⁽¹⁾

8.5 years by NLA
5.5 years by GRI



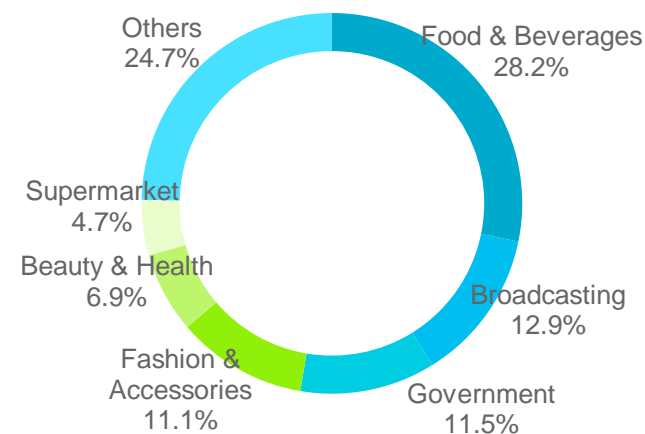
Portfolio Committed Occupancy
(as at 30 September 2022)



99.7%
1Q FY2023

99.8%
4Q FY2022

Diversified Tenant Base
(by GRI)

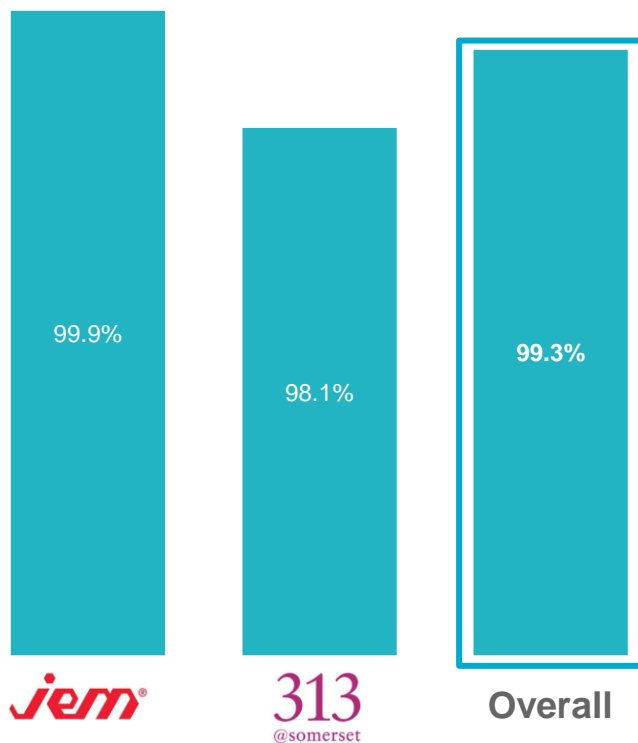


(1) Assumes that Sky Italia does not exercise its break option in 2026.

Retail and Office Portfolio

- Healthy leasing momentum continued for the retail portfolio
- Rental income from the office portfolio up approximately 4%⁽¹⁾ in 1Q FY2023, providing stable cashflow

Retail Portfolio Committed Occupancy
(as at 30 September 2022)



Office Portfolio Committed Occupancy
(as at 30 September 2022)



Singapore

- Grade A office building leased to the Ministry of National Development till 2044
- Rental review every five years



Milan

- Three Grade A office buildings leased to Sky Italia till 2032⁽²⁾
- Annual rental review based on 75% of ISTAT⁽³⁾ consumer price index variation

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

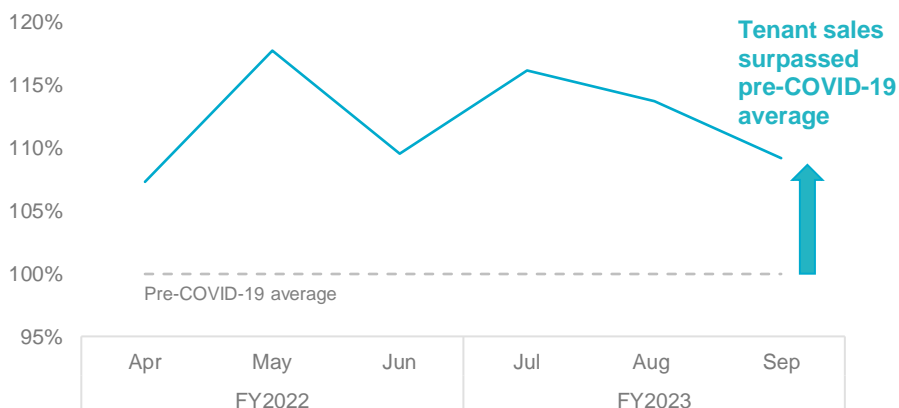
(3) The Italian National Institute of Statistics

Retail Portfolio: Tenant sales continued to surpass pre-COVID-19 average levels

- Supported by gradual return of tourists as well as the resiliency of suburban mall

Tenant Sales

Tenant Sales Index



Tenant Sales (S\$ million)				
1Q FY2022 (Jul-Sep)	2Q FY2022 (Oct-Dec)	3Q FY2022 (Jan-Mar)	4Q FY2022 (Apr-Jun)	1Q FY2023 (Jul-Sep)
36.6	48.2	44.5	192.1	194.7

Note: Tenant sales from 4Q FY2022 onwards includes Jem (acquisition completed on 22 April 2022).

Visitation

Visitation Index



Visitation (Number in million)				
1Q FY2022 (Jul-Sep)	2Q FY2022 (Oct-Dec)	3Q FY2022 (Jan-Mar)	4Q FY2022 (Apr-Jun)	1Q FY2023 (Jul-Sep)
5.4	6.5	5.8	14.4	15.6

Note: Visitation from 4Q FY2022 onwards includes Jem (acquisition completed on 22 April 2022).

Retail: Well-curated mix of unique F&B and retail options

- Increasing interest in leasing of atrium space



PUMA's biggest, first-ever flagship store in Southeast Asia



Kopitiam Food Hall, the largest outlet in Singapore with many new food concepts



Bathing Aape, well-loved Japanese fashion brand



Kanada-Ya Ramen Bar, specialises in authentic Tonkotsu Ramen



Cow Play Cow Moo, largest arcade operator in Singapore



Atrium space at basement one in Jem

Continue to collaborate with tenants to boost sales

- Position Lendlease Plus as a mobile-first lifestyle shopping app



No. of new Lendlease Plus members increased **10% YoY** 1Q FY2023.



Approximately **22,000** e-deals redeemed in 1Q FY2023



Average monthly app traffic **>71,000**



Free Parking at 313@somerset

Redeem your free parking (worth \$5.56) in 2 easy steps:

- 1 Spend min. \$20 at 313@somerset
- 2 Present your GetGo account and receipt at B1 Concierge Desk

New to Lendlease Plus & GetGo?

Sign up as a new Lendlease Plus Member to receive this perk

20,000 Lendlease Plus* (worth \$10 E-Voucher)

USE CODE: **LLPGETGO** DOWNLOAD Lendlease Plus

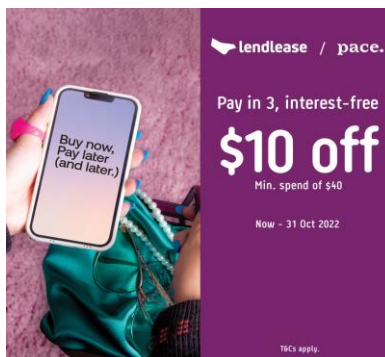
60% off

your first drive with GetGo*

USE CODE: **LLP22GG60** DOWNLOAD GetGo

*Valid till 31 Dec 2022. Capex of \$10. T&Cs apply.

GetGo Lendlease PLUS



L2

Capital Management

Key Financial Indicators

	As at 30 September 2022	As at 30 June 2022
Gross borrowings	S\$1,451.1 million	S\$1,480.1 million
Gearing ratio ⁽¹⁾	39.4%	40.0%
Weighted average debt maturity	2.8 years	2.8 years
Weighted average cost of debt ⁽²⁾	2.24% p.a.	1.69% p.a.
Interest coverage ratio ⁽³⁾	6.9 times	9.2 times

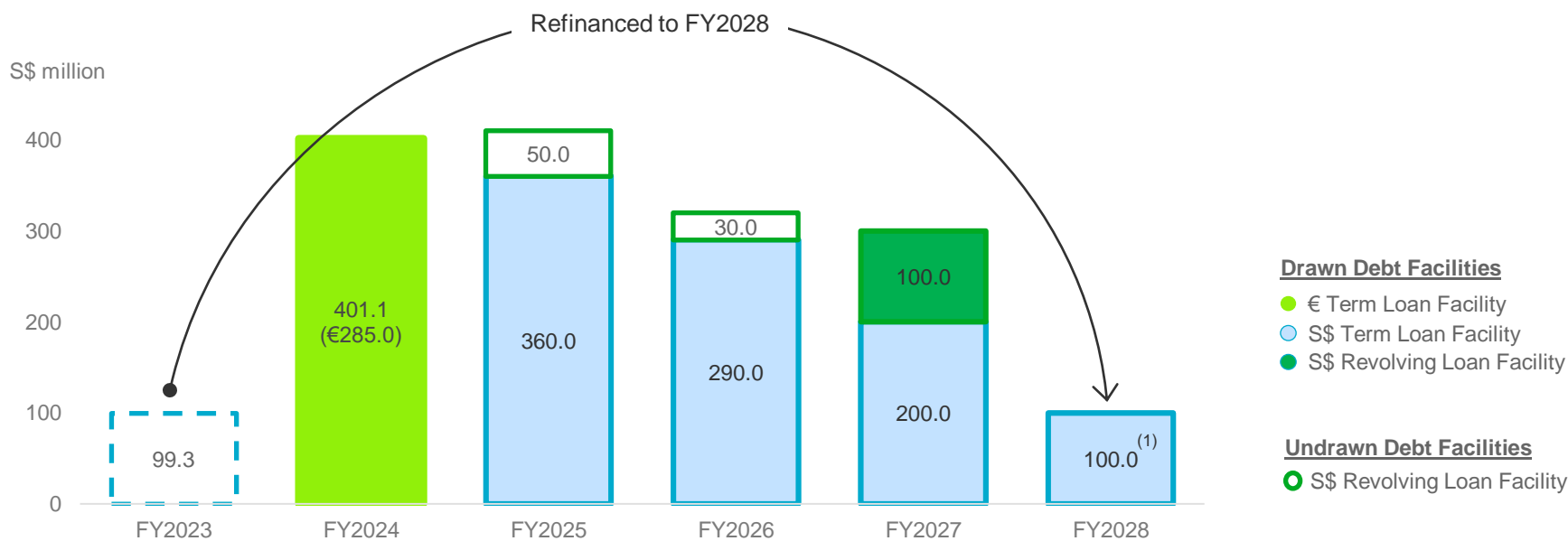
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Debt Facilities and Maturity Profile

- No refinancing obligation until FY2024
- Approximately 61% of the borrowings are hedged to fixed rates
- Sustainable financing accounts for 63% of total borrowings
- Income from Sky Complex are hedged with rolling foreign exchange forwards
- S\$172.2 million of undrawn debt facilities as at 30 September 2022



(1) On 26 July 2022, LREIT announced that it has entered into a S\$100 million 5-year sustainability-linked term loan to refinance its borrowings.

Sustainability

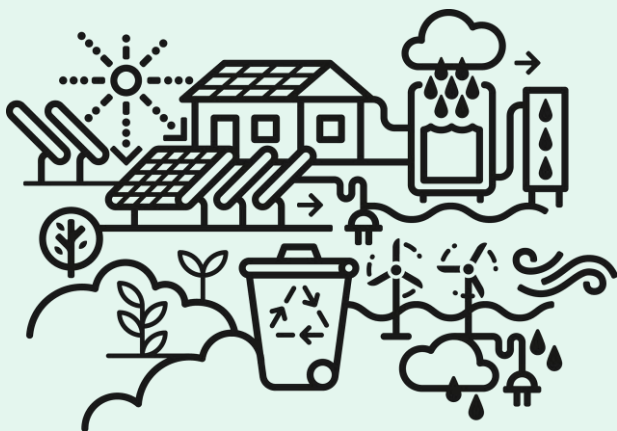


Solar panels on the rooftop of 313@somerset

Key Highlights

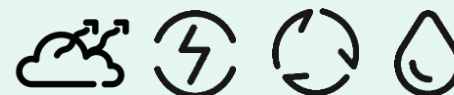
Awards and Accolades

- ✓ Attained **Net Zero Carbon**
- ✓ 2022 GRESB **Regional Sector Leader**
- ✓ Included in **iEdge SGX ESG benchmark indices**
- ✓ **Best Sustainable Treasury Solution** in the Adam Smith Award Asia 2022
- ✓ Ranked **10th on the Singapore Governance and Transparency Index 2022**
- ✓ Milano Santa Giulia business district, where Sky Complex is located, was awarded **LEED Neighbourhood Development Gold certification**



ESG Reporting

- ✓ Disclosed **25 out of 27 core ESG metrics** identified by the SGX
- ✓ **Adopted TCFD framework** to assess climate risks and opportunities
- ✓ **Achieved all reference targets** set for FY2022
- ✓ **Sustainable financing accounts for 63%** of total borrowings



Commitment in FY2023

- **Develop roadmap** towards absolute zero carbon
- **Conduct materiality assessment** as new topics might be identified
- **Expansion of TCFD scope**
- **Engage with external stakeholders** through third-party consultant

Looking Ahead



Looking Ahead

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
- ✓ Leverage on technology to deliver integrated shopping experience
- ✓ Create value in the communities and deepen stakeholder engagement
- ✓ Explore AEI opportunities

Strategy



Proactive Asset Management and Enhancement



Capital Management



Investment and Acquisition



Market Review

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Market Review

Singapore Retail Market

- According to CBRE, average prime floor rent in Orchard Road rose 0.7% QoQ to \$34.45 psf per month in 3Q 2022, 10.9% below pre-COVID-19 levels. The suburban market continued to outperform due to its resilient local catchment, coupled with extremely limited availability.
- There was more optimism observed in the third quarter of 2022 given the increased in inbound tourists and MICE events are anticipated to bring increased footfall and retail spending.

Singapore Office Market

- Vacancy rates in the core CBD and fringe CBD submarkets tightened 1.2 and 0.7 percentage points to 5.2% and 6.1% QoQ respectively in Q3 2022. Rental growth for Grade A core CBD grew 2.7% QoQ to \$11.60 per square feet per month.
- Going forward, rising global macroeconomic headwinds and a tech sector consolidation could weigh on demand and rental growth in 2023. Nonetheless, with a limited new supply beyond 2023 and barring a sustained recession, rental growth for 2023 is likely to remain positive.

Milan Office Market

- According to the preliminary estimates by the Italian National Institute of Statistics, the consumer price index in September 2022 increased to 8.9% YoY.
- The CBD was the most active sub-market covering 33% of the total 1H absorption, followed by Periphery, where Sky Complex is located, accounted for 18%.
- The physical office space still plays a central role in companies and their business, but the new space planning philosophy is oriented towards flexibility. Work environment, employees' well-being and sustainability are the new drivers of office demand.

Additional Information

Aerial view of Jem's office component

Jem, an office and retail property 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 September 2022)

Occupancy	99.9%
WALE	9.4 years (by NLA) 6.0 years (by GRI)
Valuation	S\$2,134 million
Valuation cap rate	Retail: 4.5 Office: 3.5
NLA	893,044 sq ft
Ownership	100% (99-year leasehold) ⁽¹⁾

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

313@somerset, a prime 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 September 2022)

Occupancy	98.1%
WALE	2.0 years (by NLA) 2.1 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, three Grade A office buildings in Milan

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 September 2022)

Occupancy	100%
WALE	9.63 years (by NLA and GRI)
Valuation	S\$456.7 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.

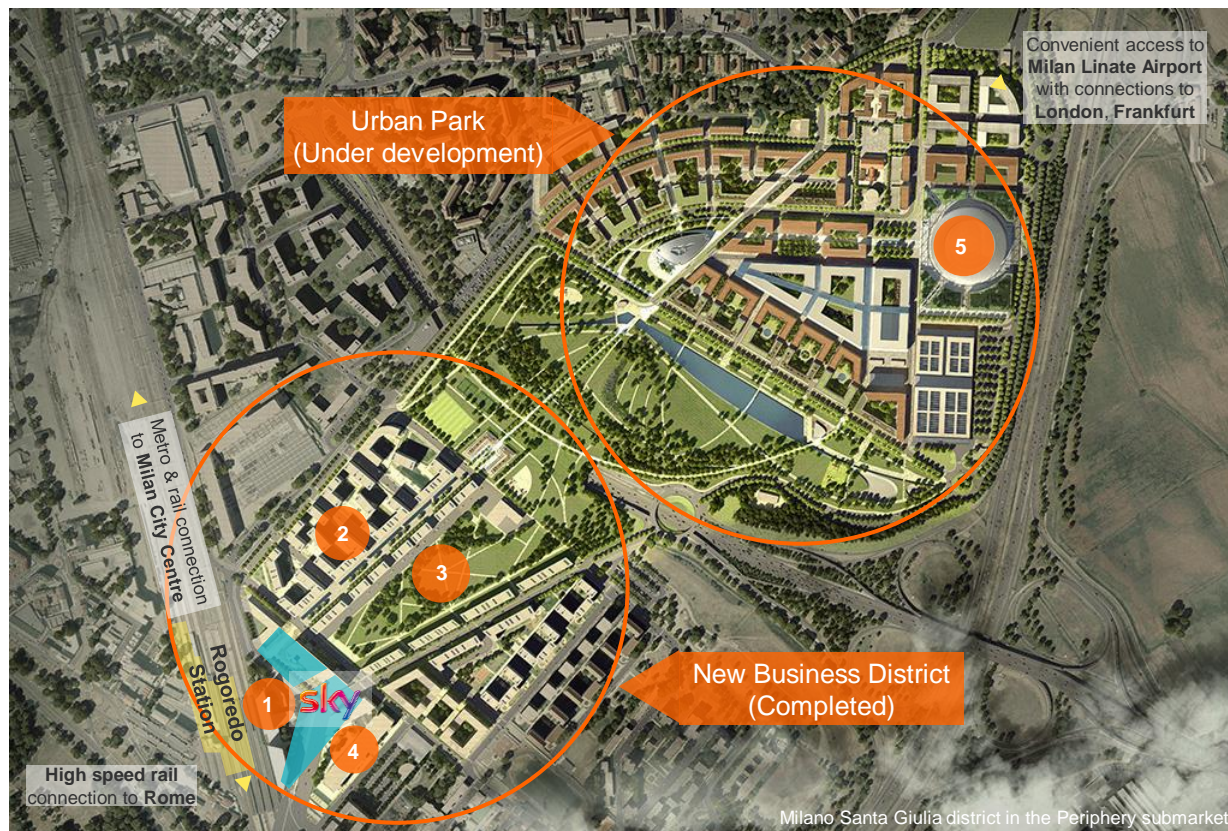
(2) Conversion of € to S\$ is based on the FX rate of 1.407 as at 30 September 2022.

Sky Complex, Grade-A Office in Milan

Milano Santa Giulia business district is LEED Neighbourhood Development Gold 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

Commitment towards environmental goals

MISSION ZERO

As a 1.5°C aligned company, LREIT's 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.

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.

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

Aligned to the TCFD framework recommendations

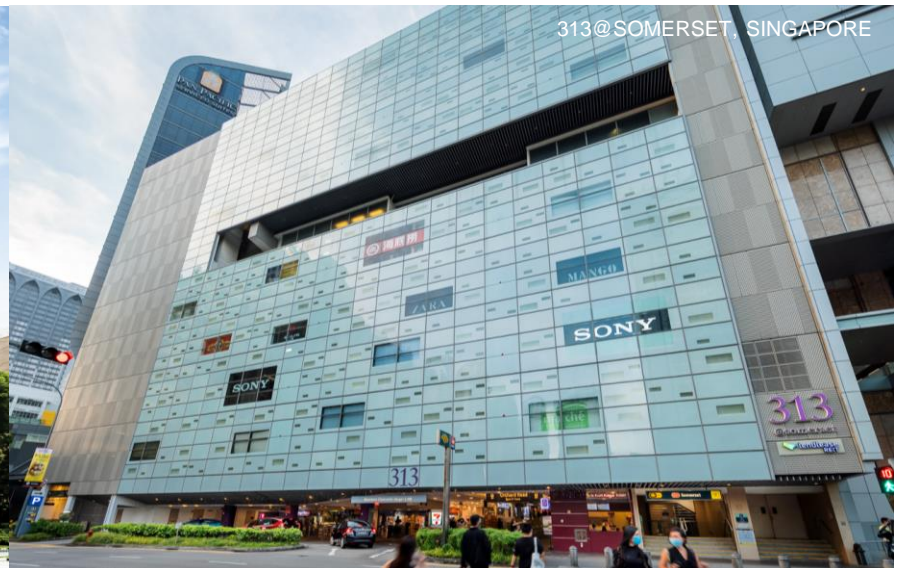
- Summary of LREIT's actions for each component of the TCFD framework and outlining its continued commitment in FY2023.

Key Components of TCFD Recommendations	TCFD-Aligned Actions	Progress	Additional Remarks
Governance Disclose the organisation's governance around climate-related risks and opportunities	<ul style="list-style-type: none"> Board's oversight of climate risks and opportunities. Management's role in assessing and managing climate-related risks and opportunities. 	<ul style="list-style-type: none"> ● ● 	<ul style="list-style-type: none"> For further detail on LREIT's sustainability governance, refer to the Governance section on page 70.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's operations, strategy, and financial planning where such information is material	<ul style="list-style-type: none"> Identify climate-related risks and opportunities for each scenario. Impact of climate-related risks and opportunities on the entity. Assess the effect of climate-related risks and opportunities on decisions and plans of the entity. Resilience to climate-related risks and opportunities. 	<ul style="list-style-type: none"> ● ● ● ● 	<ul style="list-style-type: none"> The Manager has used a range of different climate scenarios to identify climate-related risks and opportunities to LREIT. These risks and opportunities have also been assessed based on their level of impact to LREIT's business. LREIT identified mitigating actions to reduce the sensitivity, if the scenario happened, through building business strategic resilience to either absorb, adapt, or transform to the CRLs.
Risk Management Disclose how the organisation identifies, assesses, and manages climate-related risks	<ul style="list-style-type: none"> Organisation's processes for identifying and assessing climate-related risks. Organisation's processes for managing climate-related risks. Processes above are integrated into the organisation's overall risk management. 	<ul style="list-style-type: none"> ● ● ● 	<ul style="list-style-type: none"> In FY2020, Lendlease Group identified risks and opportunities that might arise over the next 30 years for each of the climate scenarios and which of these were likely should the scenario manifest in the next 10 years. These scenarios are relevant to LREIT as well. The Manager provides information on how climate-related risk assessments for LREIT are performed. In April 2022, the Manager has updated its Environmental Risk Management Framework in the ESG Policy and Strategy to integrate the management of climate-related risks into overall risk management framework.
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate related-risks and opportunities where such information is material	<ul style="list-style-type: none"> Establish metrics for managing climate-related risks and opportunities. Continued disclosure of Scope 1, Scope 2 emissions Establish Scope 3 emissions reporting boundaries and estimation methodologies Establish targets for managing climate-related risks and opportunities. 	<ul style="list-style-type: none"> ○ ● ● ○ 	<ul style="list-style-type: none"> Key metrics such as GHG emissions, electricity, fuel, water consumption and intensity have been disclosed through LREIT's SR since FY2020. Moving forward, the Manager will introduce additional metrics relating to risk adaptation and mitigation measures, such as investment in adaptation measures to monitor assets with highest climate-related risks so that it can be more targeted in its efforts.

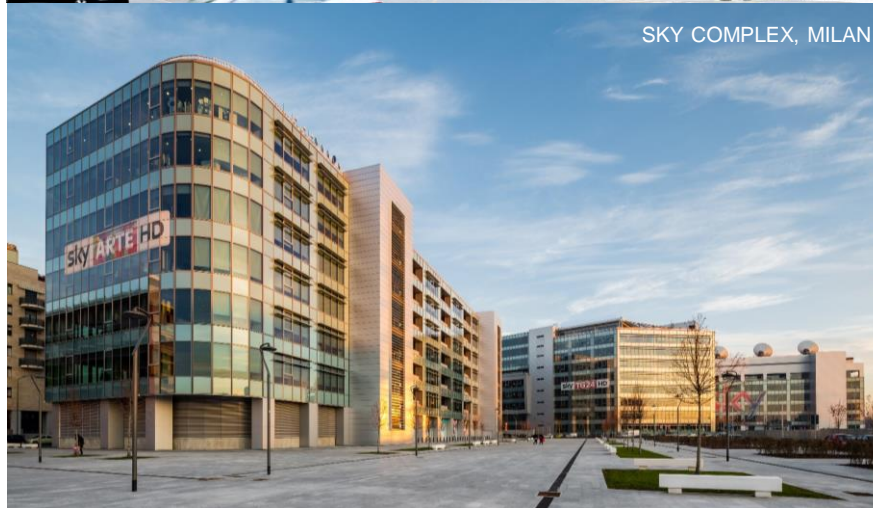
● Completed ● Process established and continuing ○ Commenced and ongoing



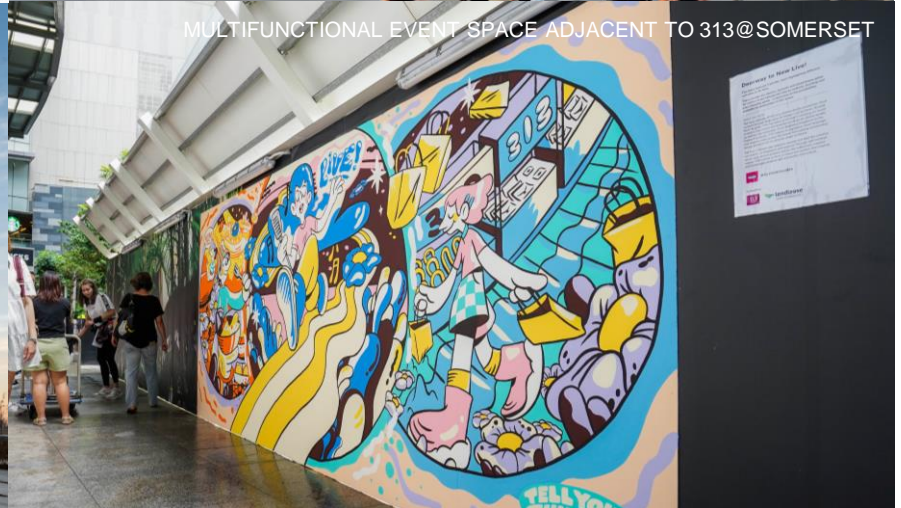
JEM, SINGAPORE



313@SOMERSET, SINGAPORE



SKY COMPLEX, MILAN



MULTIFUNCTIONAL EVENT SPACE ADJACENT TO 313@SOMERSET

Thank You

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