

Distributable Income Up 33.5% to S\$27.6 million in 2H FY2021

Distribution per unit up 32.8% to 2.34 cents in 2H FY2021

Key highlights

- Portfolio continued to remain resilient with **high occupancy of 99.8%**
- **Long weighted average lease expiry** (“WALE”) of 8.8¹ years by net lettable area (“NLA”) and 4.5¹ years by gross rental income (“GRI”)
- **Gearing ratio improved to 32.0%** from 35.4% in the previous quarter with a weighted average running cost of debt of 0.88% p.a.
- **High weighted interest coverage ratio** of 8.9 times²
- **99.91% voted in favour** to increase indirect interest³ in Jem
- First perpetual securities issued to **expand LREIT’s avenues and diversity of funding**

DBS Bank Ltd. is the Sole Financial Adviser and Issue Manager for the initial public offering of Lendlease Global Commercial REIT (the “Offering”). DBS Bank Ltd. and Citigroup Global Markets Singapore Pte. Ltd. were the joint global coordinators, bookrunners and underwriters for the Offering.

Singapore, 10 August 2021 - Lendlease Global Commercial Trust Management Pte. Ltd. (the “Manager”), the manager of Lendlease Global Commercial REIT (“LREIT”), is pleased to announce that distributable income increased 33.5% year-on-year (“YoY”) to S\$27.6 million in 2H FY2021, translating to a distribution of 2.34 cents per unit. For FY2021, distributable income rose 15.3%⁴ YoY to S\$55.1 million, equivalent to a distribution of 4.68 cents per unit.

Gross revenue for 2H FY2021 was S\$37.0 million, up 8.5% YoY. The higher revenue was attributed to lower rental waivers granted to the tenants at 313@somerset amid the calibrated reopening of the economy and higher revenue from Sky Complex due to foreign exchange. The increase in gross revenue has resulted in a higher net property income (“NPI”) of S\$26.5 million for 2H FY2021. For FY2021, gross revenue and NPI increased 5.6% and 5.4% YoY to S\$78.7 million and S\$56.9 million respectively.

Property expenses in FY2021 were S\$1.3 million or 6.3% higher than the same period a year ago. The higher expenses were mainly attributed to the provision of S\$2.3 million doubtful debts amid the impact of COVID-19 on some tenants at 313@somerset. However, this was partially

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

² The interest coverage ratio of 8.9 times is in accordance with requirements in its debt agreements and 4.7 times in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.

³ LREIT will hold up to 31.8% indirect interest in Jem upon completion of the acquisition, which is expected to be 30 September 2021.

⁴ The annualised result for FY2020 is based on the actual results from 2 October 2019 to 30 June 2020 (273 days) pro-rated to 366 days.

offset by lower marketing, insurance, salary & related expenses, operating expenses and utilities expenses.

Summary of Financial Results

S\$('000) unless otherwise stated	2H FY2021	2H FY2020	Variance (%)	FY2021	FY2020⁴	Variance (%)
Gross revenue	37,043	34,129	8.5	78,651	74,455	5.6
Property operating expenses	(10,518)	(10,020)	(5.0)	(21,733)	(20,441)	(6.3)
Net property income	26,525	24,109	10.0	56,918	54,014	5.4
Distributable income to Unitholders	27,577	20,660	33.5	55,123	47,824	15.3
DPU (cents)	2.34	1.76	32.8	4.68	4.08	14.6

Capital Management

On 27 May 2021, LREIT priced S\$200 million of perpetual securities under its S\$1 billion Multicurrency Debt Issuance Programme at 4.20% per annum for the first five years. The issuance attracted strong demand from a wide range of high-quality institutional and retail investors.

Gross borrowings were S\$553.7 million as at 30 June 2021 with an improved gearing ratio of 32.0%. The Group and LREIT have undrawn debt facilities of S\$147.8 million-equivalent multicurrency to fund its working capital.

The weighted average debt maturity was 2.2 years with a weighted average running cost of debt of 0.88% per annum. LREIT's high interest coverage ratio of 8.9 times was in accordance with requirements in its debt agreements, and 4.7 times in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes. The current levels of the interest rate coverage ratios continue to provide ample buffer from the debt covenant of 2.0 times. All of LREIT's debt are unsecured, ensuring that it has balance sheet flexibility.

Subsequent to the financial year end, S\$120 million 4-year loan facilities were put in place on 4 August 2021 to partially finance the acquisition of interests in Jem and for general working capital and/or corporate funding purposes.

Operations Performance

LREIT's portfolio occupancy remained high at 99.8% as at 30 June 2021, with a long WALE of 8.8¹ years by NLA and 4.5¹ years by GRI. As at the period ended 30 June 2021, LREIT's aggregate portfolio property value stood at S\$1.4⁵ billion based on independent appraisals of LREIT's investment properties.

313@somerset, prime retail mall in Singapore

As at 30 June 2021, occupancy rate for 313@somerset climbed 0.6 percentage point to 99.2% on the back of three new tenants secured to enhance in-store retail experience for shoppers. As at the period end, tenant retention rate stood at 61.5%⁶ as the Manager continued to rejuvenate the mall to uphold its position as a vibrant and youthful destination hub.

Tenant sales and visitation rose 33.7% and 6.2% YoY to S\$81.5 million and 11.4 million in 2H FY2021 respectively. During the same period, fashion & accessories and food & beverage tenants, which accounted for approximately 45% by portfolio GRI, continued to improve its sales by 37% YoY.

Following the implementation of Phase 2 (Heightened Alert) on 14 May 2021, the Singapore government has continued to adopt a more targeted approach to calibrate the resumption of economic and community activities. With the latest measures announced on 20 July 2021 to suspend dining-in and group sizes for social gatherings reduced to two people (from five previously), the Manager expects tenant sales and visitation to remain muted in the coming months. It will continue to focus on targeted campaigns to boost sales, prioritise maintaining occupancy and keep open communication with tenants amid the dynamic retail environment.

The multifunctional event space adjacent to 313@somerset

Construction of the event space is expected to commence by end-2021. Upon completion, which takes approximately 12 to 18 months, the event space is set to present a vibrant, first-of-its-kind lifestyle and entertainment experience, offering unique food concepts and serving as a venue for concerts and events through a partnership with Live Nation, the world's leading live entertainment company.

To forge strong connections with the local community, a branding contest for visual concepts and name suggestions has been launched for the site.

⁵ 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. The valuation of the event space was S\$5.5 million as at 30 June 2021.

⁶ Based on NLA due in FY2021.

Sky Complex, three grade-A offices in Milan

The Italian economy continued to improve since the beginning of 2021. Sky Complex has proven to be a resilient asset since the onset of COVID-19 pandemic and has continued to generate stable income. To-date, its tenant, Sky Italia, has made all its rental payments in a timely manner.

In the near term, the Manager expects the three grade A offices to remain resilient and continue to generate stable income for LREIT's unitholders.

Subsequent event: 99.91% voted in favour to increase indirect interest¹ in Jem

The almost-unanimous approval and strong participation at the extraordinary general meeting on 26 July 2021 is a significant milestone and strong testimony achieved by LREIT. Post-completion of the acquisition, the enlarged portfolio size of up to S\$1.8 billion will strengthen LREIT's portfolio resiliency and boost income diversification.

Mr Kelvin Chow, Chief Executive Officer of the Manager, said, "We are heartened and encouraged by the resounding support and decisive vote from our Unitholders. This is indeed an endorsement of confidence for the REIT, the Board and the Management team. We will continue to focus on optimising LREIT's portfolio and its performance, and to deliver stable returns to our Unitholders."

Commenting on LREIT's portfolio, Mr Chow, added, "LREIT has delivered higher net property income and distributable income year-on-year, and we are pleased to end FY2021 with a consistently high portfolio occupancy of 99.8%. While we remain well-capitalised with ample financial flexibility, we will continue to exercise prudence."

Market Outlook

Singapore Retail Industry

Based on advance estimates by the Ministry of Trade and Industry, the Singapore economy grew by 14.3%⁷ YoY in the second quarter of 2021. This was largely due to the low base in the second quarter of 2020 when the economy fell by 13.3%⁷ due to the Circuit Breaker ("CB") measures implemented from 7 April to 1 June 2020.

Retail sales grew approximately 19%⁸ YoY in the first five months of 2021. In May 2021, retail sales increased 79.7%⁸ YoY, up 25.7⁸ percentage points recorded in April 2021. Similarly, the significant YoY growth was attributed to the low base in May 2020 when the CB measures were put in place to contain the COVID-19 outbreak.

The Singapore government continued to adopt more targeted approach to calibrate the resumption of economic and community activities. Following the implementation of Phase 2

⁷ Ministry of Trade and Industry, Singapore's GDP Grew by 14.3 Per Cent in the Second Quarter of 2021

⁸ Department of Statistics Singapore, Retail Sales Index, May 2021

(Heightened Alert) on 14 May 2021, a calibrated tightening of some safe management measures for higher-risk indoor and mask-off settings, will be in effect to protect the community.

While most businesses are expected to turn the corner as Singapore's economy gradually reopens, uncertainty remains on the effectiveness of the vaccines against new strains of the virus. Demand for retail space will likely remain soft with the continued safe distancing measures being implemented and border closures. In the short term, the weak demand may continue to weigh on rental performance

Milan Office Industry

Alongside the Italian economy, business and consumer confidence continued to improve in June. According to the preliminary estimates by the Italian National Institute of Statistics, the consumer price index for June climbed 1.4%⁹ YoY and 0.1%⁹ month-on-month.

In the office sector, vacancy rates in Milan remained stable at 9.6%¹⁰ in 1Q 2021. While the total transacted space recorded a drop of 30%¹⁰ YoY to 68,000¹⁰ square metres, Milan office market has continued to stay dynamic, marking a growing interest for small and medium-sized enterprises. More than 60%¹⁰ of the transactions recorded were spaces under 1,000 sm. The CBD and Periphery submarkets accounted for approximately 71%¹⁰ of the total transacted space. As at 1Q 2021, the average office rental in Milan stood at €600 per square metre per annum¹⁰.

On the investment front, Milan has maintained its appeal and concluded approximately 80%¹⁰ of the total office transactions in Italy.

According to the latest report by Cushman & Wakefield, office absorption rate for the next five years is expected to be lower compared to the past five years. Businesses, in the short term, will continue to assess the structural impacts of COVID-19 on future demand for office space and how the space could be transformed from being just a place to work to becoming a place where employees gather to interact and collaborate.

Distribution Policy

LREIT intends to make distributions to Unitholders semi-annually and will distribute at least 90.0% of its adjusted net cashflow from operations for each financial year. The actual level of distribution will be determined at the Manager's discretion. LREIT intends to distribute 100.0% of its adjusted net cashflow from operations for the period from 2 October 2019 (being the date LREIT was listed) to the end of 30 June 2021.

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⁹ Italian National Institute of Statistics, Monthly Report May-June 2021

¹⁰ Cushman & Wakefield, Milan Office Q1 2021

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 a leasehold interest in, 313@somerset, a prime retail property located in Singapore and a freehold interest in Sky Complex, which comprises three grade-A office buildings located in Milan. These two assets have a total NLA of approximately 1.3 million square feet, with an appraised value of S\$1.4 billion. On 1 October 2020, LREIT acquired a stake in Jem, an integrated office and retail development in Singapore, through a 5 per cent interest in Lendlease Asian Retail Investment Fund 3.

LREIT is managed by Lendlease Global Commercial Trust Management Pte. Ltd., an indirect wholly-owned subsidiary of Lendlease. 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

The Sponsor, Lendlease Corporation Limited, is part of the Lendlease Group¹¹, an international property and infrastructure group with core expertise in shaping cities and creating strong and connected communities, with operations in Australia, Asia, Europe and the Americas.

Headquartered in Sydney and established in 1958, the Lendlease Group’s vision is *Together we create value through places where communities thrive*.

The Lendlease Group’s approach is to maintain a portfolio of operations that deliver diversification of earnings by segment and region, providing a mitigant to property cycles. This approach means that through cycles the composition of earning from each segment or region may vary.

The Lendlease Group has a development pipeline value of approximately A\$110 billion¹², core construction backlog of A\$14 billion¹² and funds under management of A\$38 billion¹². The Lendlease Group is a trusted investment manager to over 150 key capital partners in property and investments.

For more information, please contact Investor Relations:

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¹¹ Lendlease Group comprises the Sponsor, Lendlease Trust and their subsidiaries.

¹² As at 31 December 2020.

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This press release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, (including employee wages, benefits and training costs), property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Holders of Units (“**Unitholder**”) have no right to request the Manager to redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.

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The past performance of LREIT is not necessarily indicative of its future performance.