

Distributable Income Rose 95.9% YoY to S\$56.0 million in 1H FY2023

LREIT's portfolio continues to deliver steady performance with improving rental reversion

Key Highlights

- Distribution per unit increased 2.1%¹ YoY to 2.45 cents
- Portfolio committed occupancy remained high at 99.8%
- Tenant sales and visitation up 5 times² and 2.8 times² YoY, respectively
- Positive retail rental reversion of approximately 2%³
- Healthy tenant retention rate of 72.4%⁴

Singapore, 7 February 2023 - Lendlease Global Commercial Trust Management Pte. Ltd. (the "Manager"), the manager of Lendlease Global Commercial REIT ("LREIT"), is pleased to announce its first-half financial results for FY2023 ("1H FY2023").

Portfolio continues to deliver steady performance

LREIT's distributable income rose 95.9%¹ year-on-year ("YoY") to S\$56.0 million in 1H FY2023, translating to a distribution of 2.45 cents per unit. Gross revenue for 1H FY2023 more than doubled to S\$101.7 million (or 159.6%¹ YoY), contributed mainly by the accretive acquisition of Jem in April 2022 and better operating performance at 313@somerset. This has resulted in a higher net property income of S\$76.4 million for 1H FY2023.

Similarly, with the acquisition of Jem, property expenses in 1H FY2023 were S\$25.3 million, S\$15.8 million higher compared with the same period last year.

Capital Management

As at 31 December 2022, gross borrowings were S\$1,451.3 million with a gearing ratio of 39.2%. Approximately 62% of LREIT's borrowings are sustainability-linked financing, which are expected to generate net interest savings to LREIT's unitholders. The weighted average debt maturity was 2.6 years with a weighted average cost of debt of 2.35% per annum⁵. LREIT has an interest coverage ratio of 5.5 times⁶, which provides ample buffer from its debt covenants of 2.0 times.

¹ The year-on-year growth was attributed to the full financial effect from the accretive acquisition of Jem in April 2022.

² The year-on-year growth was mainly attributed to the acquisition of Jem in April 2022.

³ Year-to-date.

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

⁵ Excludes amortisation of debt-related transaction costs.

⁶ The interest coverage ratio (ICR) as at 31 December 2022 of 5.5 times (30 September 2022: 6.9 times) is in accordance with requirements in its debt agreements; 3.1 times (30 September 2022: 3.6 times) and 2.1 times for adjusted ICR (30 September 2022: 2.3 times) in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.

As at the period end, LREIT has undrawn debt facilities of S\$230.1 million to fund its working capital. All of its debt is unsecured with approximately 61% of its borrowings hedged to fixed rate.

Operations Update

LREIT's portfolio committed occupancy remained high at 99.8% with a long weighted average lease expiry ("WALE") of 8.3 years⁷ by net lettable area ("NLA") and 5.3 years⁷ by gross rental income ("GRI"). Leases expiring for the year have been further de-risked to 5.9% (from 8.0%) by NLA and 9.6% (from 14.5%) by GRI.

Tenant sales and visitation surpassed pre-COVID-19 average levels; Long office WALE ensures stable income stream for unitholders

LREIT's retail portfolio maintained a high committed occupancy rate of 99.5% as at 31 December 2022 with a positive retail rental reversion of approximately 2%³. The strong occupancy was driven by the Manager's proactive leasing strategy, which focuses on curating unique retail concepts to keep the malls vibrant for its shoppers.

As at the period end, tenant sales and visitation surpassed pre-COVID-19 average levels and increased 5 times² and 2.8 times² YoY, respectively, in 1H FY2023. The retail portfolio has a healthy tenant retention rate of 72.4%⁴ with essential services accounting for the majority of trades at approximately 58% by GRI.

For LREIT's office portfolio, the positive rental escalation of approximately 4%⁸ and long WALE of 12.4 years⁷ by NLA and 15.3 years⁷ by GRI will continue to ensure a stable income stream for LREIT's unitholders.

Mr Kelvin Chow, Chief Executive Officer of the Manager, said, "We are delighted that LREIT has delivered another half-year of good performance. We have delivered consistent DPU growth since the listing of LREIT in 2019 and prospects for our properties remain healthy. We are optimistic that LREIT's retail assets will benefit from China's reopening to generate higher footfall and tenants' sales for our retail properties. LREIT's fully leased office assets will continue to enjoy stable cashflow."

Environmental, Social and Governance

LREIT was recognised among the top ASEAN Asset Class publicly listed companies in the 2021 ASEAN Corporate Governance Scorecard (ACGS) for its exemplary corporate governance. The assessment process for the biennial ACGS is supported by a rigorous methodology developed by corporate governance experts across the region for assessing the corporate governance standing and performance of listed companies.

⁷ Assumes that Sky Italia does not exercise its break option in 2026.

⁸ Year-to-date and refers to Sky Complex.

In addition, Sky Complex was awarded LEED Gold certification in December 2022. The certification is a globally recognised symbol of achievement and a benchmark for quality of life and sustainability. It reaffirms the efficacy of the Manager's strategy as it seeks to scale new heights at the forefront of sustainability leadership and deliver sustainable value over the long term for LREIT's unitholders.

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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 office buildings) in Milan. These five properties have a total net lettable area of approximately 2.2 million square feet, with an appraised value of S\$3.6 billion as at 30 June 2022. Other investment includes 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

The Sponsor, Lendlease Corporation Limited, is part of the Lendlease Group⁹, an international real estate 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 creating 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\$117 billion¹⁰, core construction backlog of A\$10.5 billion¹⁰ and funds under management of A\$44 billion¹⁰.

The Lendlease Group is a trusted investment manager to over 150 key capital partners in property and investments.

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⁹ Lendlease Group comprises the Sponsor, Lendlease Trust and their subsidiaries

¹⁰ As at 30 June 2022.

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The value of units in LREIT (the “**Units**”) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by Lendlease Global Commercial Trust Management Pte. Ltd. (the “**Manager**”), DBS Trustee Limited (as trustee of LREIT) or any of their affiliates.

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.