

1H FY2023 Financial Results

7 February 2023



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Key Highlights



Key Highlights

Financial Performance

Distributable
Income

S\$56.0 million
+95.9% YoY⁽¹⁾

Distribution
Per Unit

2.45 cents
+2.1% YoY⁽¹⁾

Gross
Revenue

S\$101.7 million
+159.6% YoY⁽¹⁾

Net Property
Income

S\$76.4 million
+157.8% YoY⁽¹⁾

Capital Management

Gearing
Ratio

39.2%

Weighted
Average Cost of
Debt

2.35% p.a.⁽²⁾

Interest
Coverage Ratio

5.5 times⁽³⁾

Fixed Rate
Borrowings

61%

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

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

(3) 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.

Key Highlights

Key Portfolio Metrics



Portfolio Committed
Occupancy
99.8%



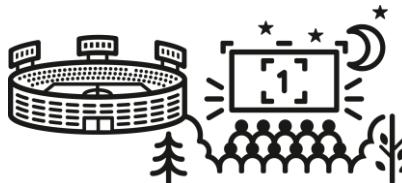
Weighted Average
Lease Expiry
8.3 years⁽¹⁾
(by NLA)



Retail Rental
Reversion
c.2%⁽²⁾



Tenant Sales
Up **5 times⁽³⁾**



Tenant Retention
72.4%⁽⁴⁾



Office Rental
Escalation
c.4%⁽⁵⁾

Awards and Recognition

- ✓ First S-Reit to attain **Net Zero Carbon**
- ✓ Top ASEAN Asset Class in the **2021 ASEAN Corporate Governance Scorecard (ACGS)**
- ✓ Included in the **GPR 250 Index Series**: GPR 250 Index and GPR 250 REIT Index
- ✓ Sky Complex has been awarded **LEED Gold Certification**

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

(2) Year-to-date.

(3) Compared against 1H FY2022; the year-on-year growth was mainly attributed to the acquisition of Jem in April 2022.

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

(5) Year-to-date and refers to Sky Complex.



Financial Performance

Jem, a resilient suburban mall in the West of Singapore

Financial Performance

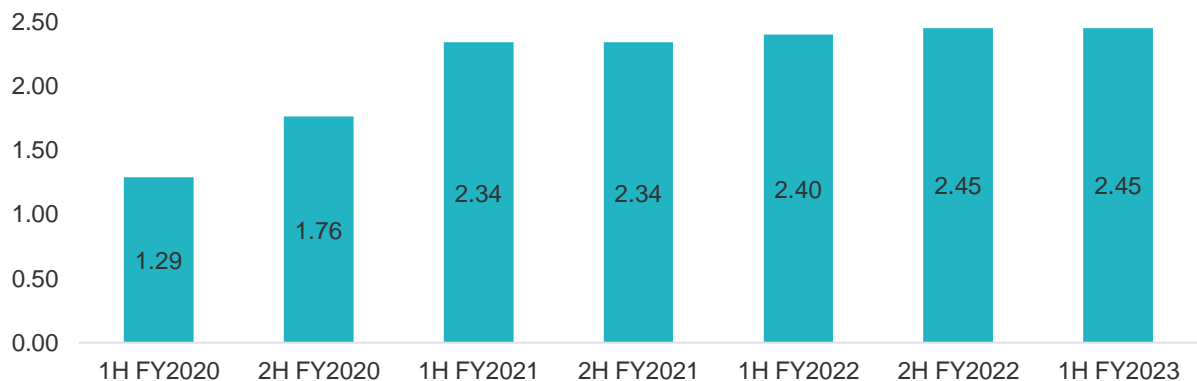
Steady DPU performance

S\$('000) unless otherwise stated	1H FY2023	1H FY2022	Variance (%)
Gross revenue	101,733	39,190	159.6
Net property income	76,424	29,643	157.8
Distributable income	56,030	28,602	95.9
DPU (cents)	2.45	2.40	2.1

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

DPU Performance Since Listing

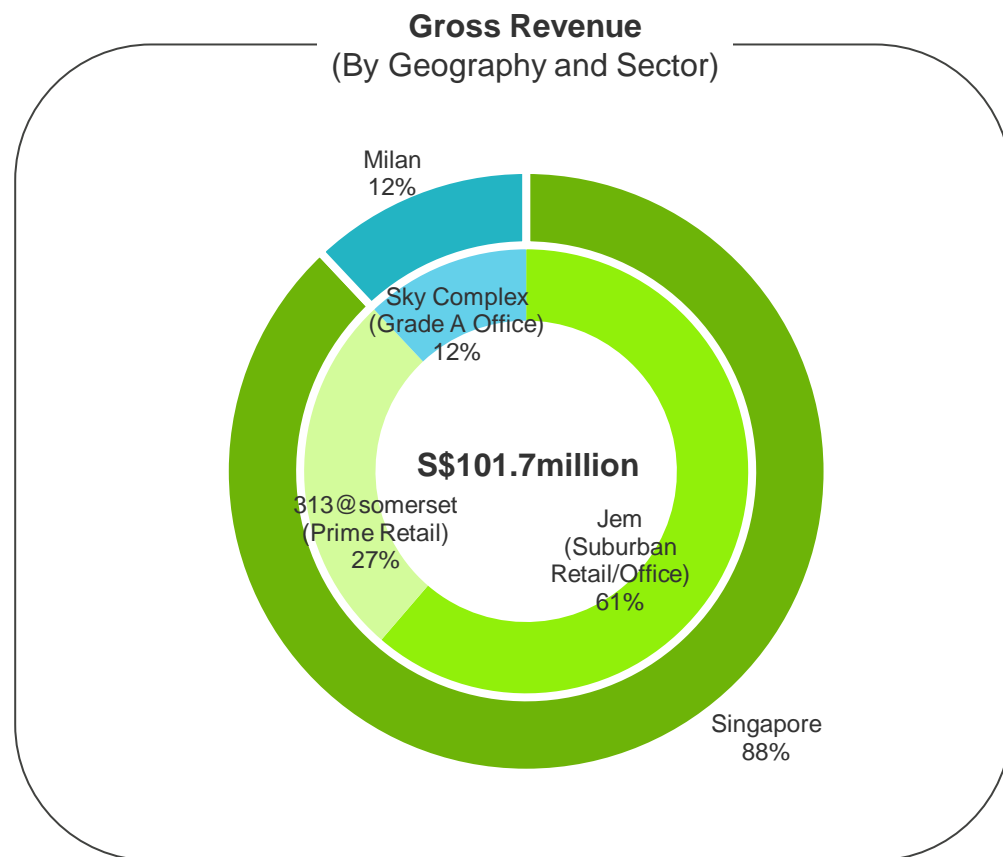
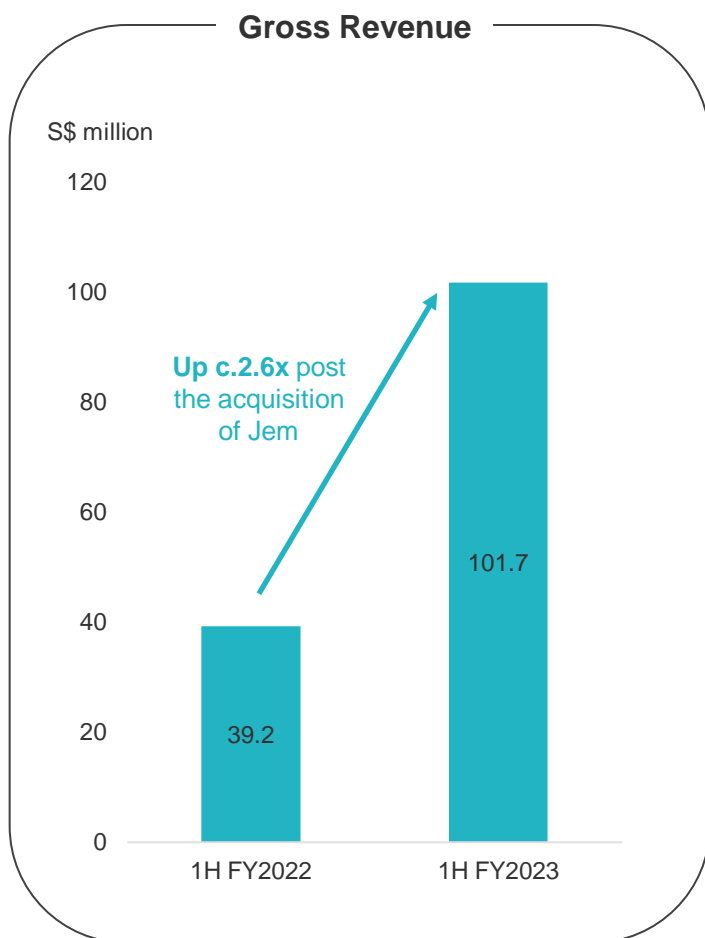
S\$ cents



Note: 1H FY2020 refers to the period from 2 October 2019 to 31 December 2019.

Stable Income Stream

- Suburban retail contributes approximately 61% of the gross revenue
- High concentration in essential services trades at approximately 58% by GRI



Key Financial Indicators

	As at 31 December 2022	As at 30 June 2022
Total assets	S\$3.7 billion	S\$3.7 billion
Total liabilities	S\$1.5 billion	S\$1.5 billion
Net assets	S\$2.2 billion	S\$2.2 billion
Unitholders' funds	S\$1.8 billion	S\$1.8 billion
Units in issue (number)	2,286,988,704	2,277,125,819
NAV per unit (S\$) ⁽¹⁾	0.78	0.78

	As at 31 December 2022	As at 30 September 2022
Gross borrowings	S\$1,451.3 million	S\$1,451.1 million
Gearing ratio	39.2%	39.4%
Weighted average debt maturity	2.6 years	2.8 years
Weighted average cost of debt ⁽²⁾	2.35% p.a.	2.24% p.a.
Interest coverage ratio ⁽³⁾	5.5 times	6.9 times

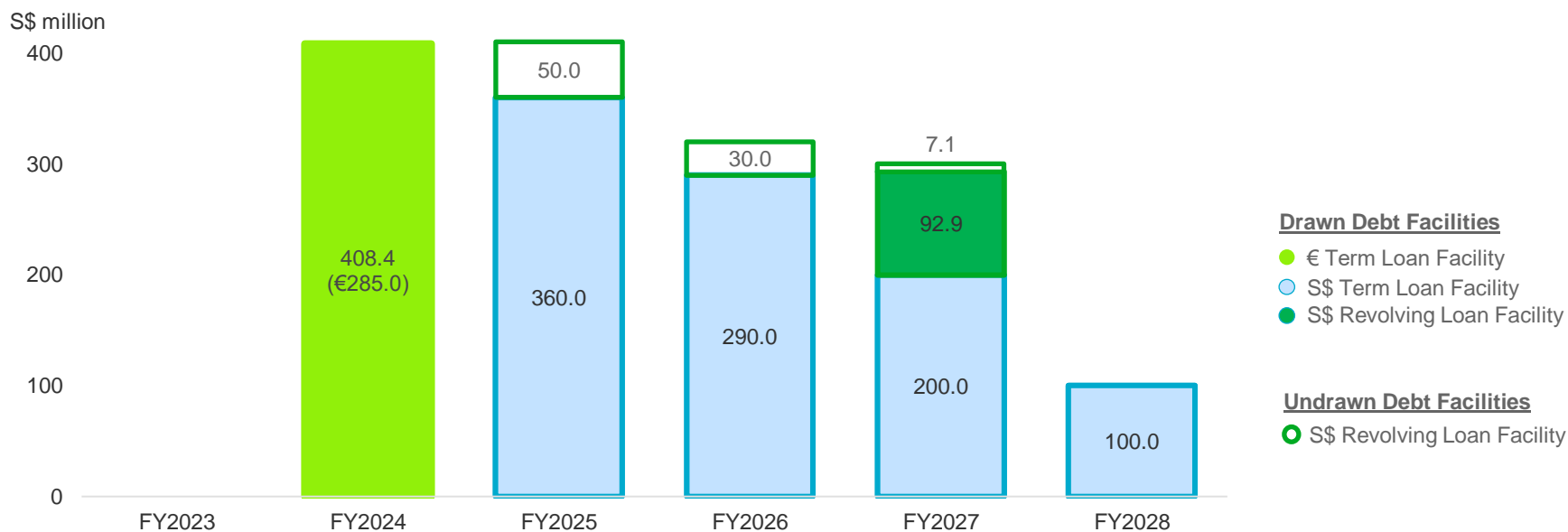
(1) Excludes non-controlling interests and perpetual securities.

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

(3) 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.

Debt Facilities and Maturity Profile

- Income from Sky Complex are hedged with rolling foreign exchange forwards
- Approximately 61% of the borrowings are hedged to fixed rates
- Sustainable financing accounts for 62% of total borrowings
- S\$230.1 million of undrawn debt facilities as at 31 December 2022



Distribution Schedule

Establishment of Distribution Reinvestment Plan (DRP) to provide Unitholders the option to receive their distributions in the form of fully-paid new Units or a combination of fully-paid new Units and cash. Details of the DRP as set out in the DRP Statement.

Period: 1 July 2022 to 31 December 2022 Distribution per unit: 2.45 cents	
Notice of books closure date	7 Feb 2023
Last day of trading on 'cum' basis	13 Feb 2023, 5.00pm
Ex-date	14 Feb 2023, 9.00am
Record date	15 Feb 2023
Announcement of issue price (DRP)	16 Feb 2023
Despatch of Notice of Election (DRP)	27 Feb 2023
Last day of submission (DRP)	13 Mar 2023
Payment date	30 Mar 2023

Portfolio Performance

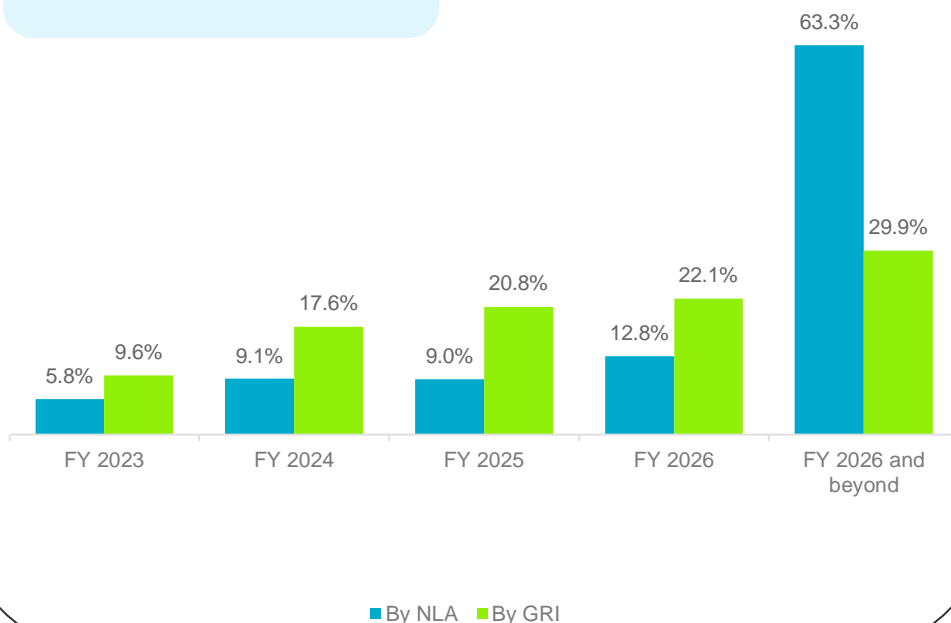
Jem is connected directly to Jurong East MRT Station and in close proximity to the Jurong East Bus Interchange.

High Committed Occupancy with Minimal Leases Expiring

- Leases expiring in FY2023 further de-risked to 5.8% (from 8.0%) by NLA and 9.6% (from 14.5%) by GRI

Portfolio Lease Expiry Profile
(as at 31 December 2022)

WALE⁽¹⁾
8.3 years by NLA
5.3 years by GRI



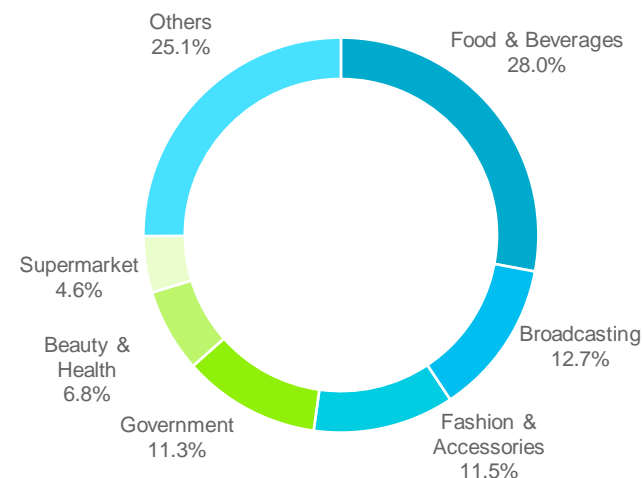
Portfolio Committed Occupancy
(as at 31 December 2022)



99.8%
2Q FY2023

99.7%
1Q FY2023

Diversified Tenant Base
(by GRI)

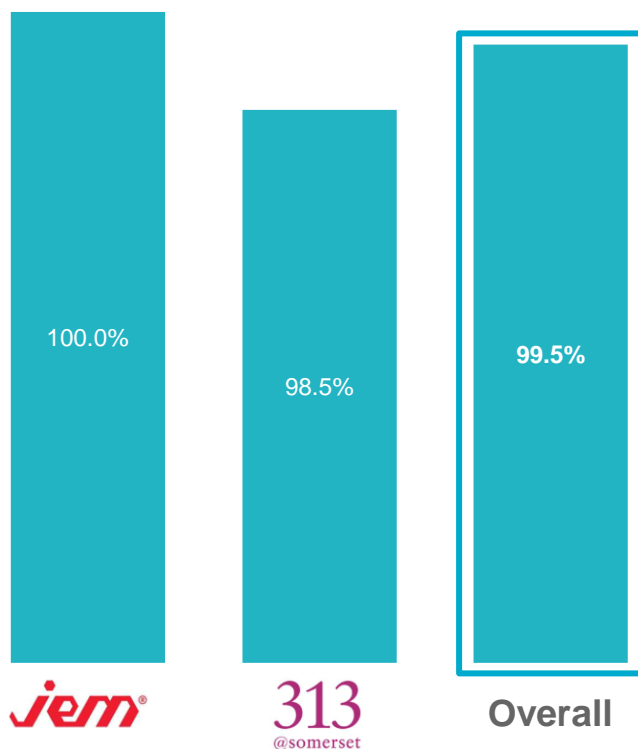


(1) Assumes that Sky Italia does not exercise its break option in 2026.

Retail and Office Portfolio Occupancy

Retail Portfolio (as at 31 December 2022)

- Healthy occupancy



Office Portfolio (as at 31 December 2022)

- Long WALE of 12.4 years⁽¹⁾ by NLA and 15.3 years⁽¹⁾ by GRI to ensure stable income stream
- Rental income up approximately 4%⁽²⁾ in 1Q FY2023, providing stable cashflow



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⁽¹⁾
- Annual rental review based on 75% of ISTAT⁽³⁾ consumer price index variation

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

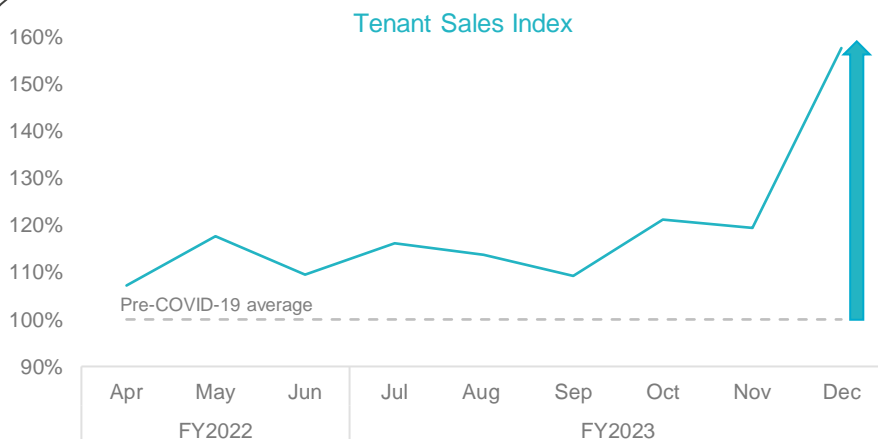
(2) Year-to-date and refers to Sky Complex.

(3) The Italian National Institute of Statistics

Retail Portfolio: Tenant sales and visitation surpassed pre-COVID-19 average levels

- Post the acquisition of Jem, tenant sales and visitation up 5 times and 2.8 times YoY, respectively, in 1H FY2023

Tenant Sales



Tenant Sales (S\$ million)					
1Q FY2022 (Jul-Sep)	2Q FY2022 (Oct-Dec)	3Q FY2022 (Jan-Mar)	4Q FY2022 (Apr-Jun)	1Q FY2023 (Jul-Sep)	2Q FY2023 (Oct-Dec)
36.6	48.2	44.5	192.1	194.7	228.7

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

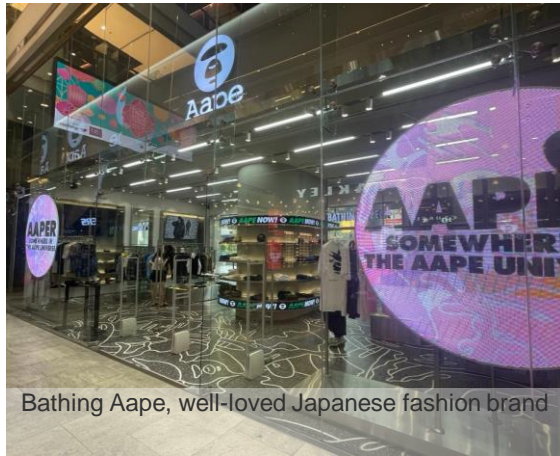
Visitation



Visitation (Number in million)					
1Q FY2022 (Jul-Sep)	2Q FY2022 (Oct-Dec)	3Q FY2022 (Jan-Mar)	4Q FY2022 (Apr-Jun)	1Q FY2023 (Jul-Sep)	2Q FY2023 (Oct-Dec)
5.4	6.5	5.8	14.4	15.6	17.2

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

Retail: Well-curated brands to elevate retail experience



Bathing Aape, well-loved Japanese fashion brand



Rabeanco, fashion accessories retailer specialised in leather products



Black by Blue Brave, homegrown fashion brand specialising in watches, accessories and handbags



Cow Play Cow Moo, largest arcade operator in Singapore



Avone, beauty, aesthetics and wellness centre

PEDRO

Pedro, timeless collection of footwear and accessories

oppo

Oppo, consumer electronics retailer specialised in smart devices



Sustainability

Sky Garden at Jem, providing green respite to office tenants and shoppers.

LEED Gold Certification

- ✓ All three⁽¹⁾ buildings of Sky Complex have been awarded with the prestigious LEED Gold Certification
- ✓ The business district of Milano Santa Giulia is LEED Neighbourhood Development Gold certified, a benchmark for quality of life and sustainability



(1) Building 1 and 2 obtained LEED Gold Certification in December 2022.

Engaging the Community

- ✓ Share the same target with Lendlease Group to create A\$250 million social value by 2025
 - Approximately 43%⁽¹⁾ of target met

- ✓ Diversity and Inclusion



In conjunction with the International Day of Person with Disabilities, a series of activities were organised at LREIT's office to enhance awareness, have a good appreciation and show empathy to the challenges faced by persons with disabilities.

(1) As at 30 June 2022.



**\$250m SOCIAL VALUE
BY 2025**

Assessing shared value
partnerships beyond project
and asset obligations



SOCIAL

- Health and Safety
- Our People
- Local Community

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
- ✓ Explore AEI opportunities

Strategy



Proactive Asset Management and
Enhancement



Capital Management



Investment and Acquisition

Market Review



Market Review

Singapore Retail Market

- Retail sales (excluding motor vehicles) continued to improve in the second half of 2022. In November 2022, retail sales increased 8.7% YoY with an estimated total retail sales value of S\$3.6 billion, of which online sales accounted for 16.5%.
- With China reopening its borders in January 2023, Singapore is expected to be one of the beneficiaries from the influx of Chinese tourists, the largest inbound travel demand source before the pandemic.

Singapore Office Market

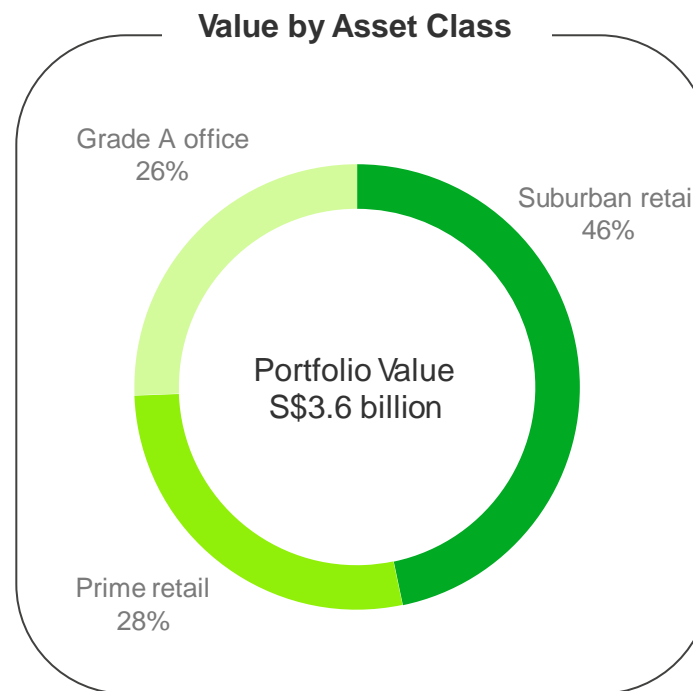
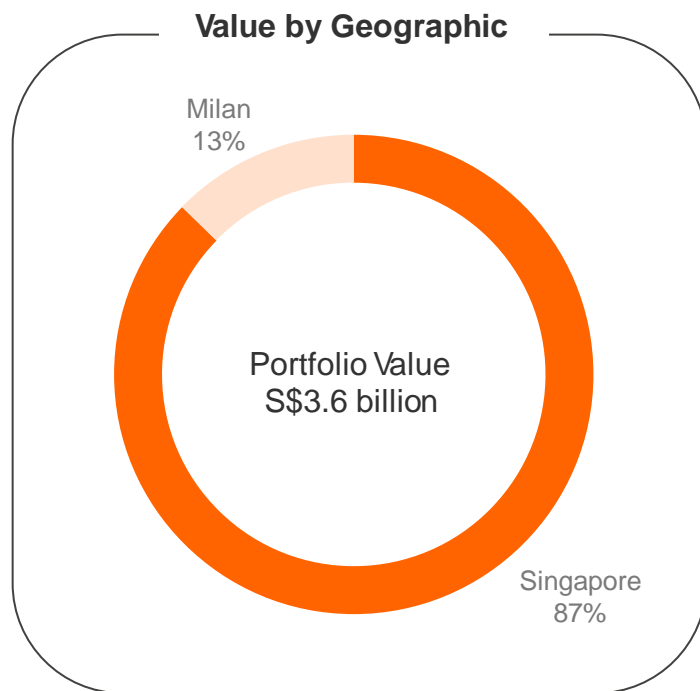
- Vacancy rates in the core CBD and fringe CBD submarkets up 0.1 and 0.2 percentage point to 5.3% and 6.3% QoQ, respectively, in Q4 2022. Rental growth in Q4 2022, on the other hand, improved slightly compared to the previous quarter. Grade A core CBD rents up 0.9% QoQ to \$11.70 per square feet per month.
- Grade A core CBD rents is expected to increase marginally by approximately 1.0% YoY. Suburban office spaces will continue to be relevant as more businesses adopt the hybrid workplace model and workspace strategies brought about by the pandemic.

Milan Office Market

- According to the preliminary estimates by the Italian National Institute of Statistics, the consumer price index in December 2022 increased 11.6% YoY and 0.3% month-on-month.
- Milan office market sets a new record in Q3 2022 with a take up of 108,000 sqm, bringing the total take up year-to-date to 370,000 sqm. The CBD area accounted for the highest absorption of 29.7%, followed by the Periphery area, where Sky Complex is located, accounted for 25.4%.
- With the ongoing trend of flight-to-quality, high quality office spaces that provide flexible space solution and promote sustainability and wellness are likely preferred by office occupiers.

Singapore-centric Portfolio

- Singapore-centric asset base of approximately 87% of the portfolio (by valuation)
- Grade A office and suburban office and retail account for more than 70% of the portfolio



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

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 31 December 2022)

Occupancy	100%
WALE	9.2 years (by NLA) 5.9 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 31 December 2022)

Occupancy	98.5%
WALE	2.1 years (by NLA and 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 31 December 2022)

Occupancy	100%
WALE	9.4 years (by NLA and GRI)
Valuation	S\$464.9 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 1.433 as at 31 December 2022.

Sky Complex, Grade-A Office in Milan

All three office buildings are LEED Gold Certified, have Grade A office building specifications and are designed in accordance with energy saving criteria and high use flexibility.



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

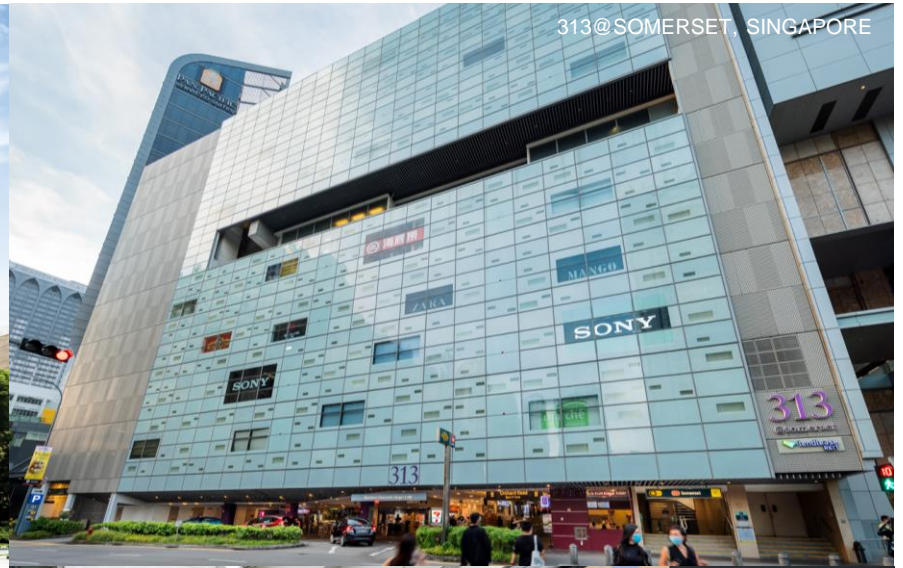


SCOPE 3

Indirect activities



JEM, SINGAPORE



313@SOMERSET, SINGAPORE



SKY COMPLEX, MILAN



MULTIFUNCTIONAL EVENT SPACE ADJACENT TO 313@SOMERSET

Thank You

For enquiries, please contact Ling Bee Lin, Senior Manager Investor Relations and ESG
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