

## Lendlease Global Commercial REIT Achieves 10.7%<sup>1</sup> Retail Rental Reversion in 1H FY2025

### Key Highlights

- Retail portfolio occupancy remained high at 99.9% while the office portfolio occupancy improved to 86.6% from 81.7% in Q1 FY2025.
- Lower gross revenue and net property income (“NPI”) mainly due to the absence of supplementary rent in relation to the lease restructure of Sky Complex (“Supplementary Rent”)<sup>2</sup>. On a proforma basis after adjusting<sup>3</sup> for the Supplementary Rent, gross revenue for 1H FY2025 was 0.4% higher whilst NPI was 2.2% lower YoY.
- Higher finance costs in 1H FY2025 mainly due to the replacement of EURIBOR interest rate hedge at a higher rate in October 2023.
- Lower distributable income and distribution per unit (“DPU”) primarily driven by higher finance costs, lower NPI and an enlarged unit base.
- Obtained sustainability-linked loan facilities<sup>4</sup> to derisk debt refinancing in 2025.
- Construction commenced at the multifunctional event space adjacent to 313@somerset.

**Singapore, 3 February 2025** - Lendlease Global Commercial Trust Management Pte. Ltd. (the “Manager”), the manager of Lendlease Global Commercial REIT (“LREIT”), announces its first-half financial results for FY2025.

### **Financial Performance**

Gross revenue and NPI in 1H FY2025 were lower by 13.6% and 19.8% YoY to S\$103.6 million and S\$74.9 million respectively. This was mainly attributed to the absence of Supplementary Rent in relation to the lease restructure of Sky Complex that was received and recognised upfront in December 2023. On a proforma basis after adjusting<sup>3</sup> for the Supplementary Rent, gross revenue for 1H FY2025 was 0.4% higher whilst NPI was 2.2% lower YoY.

Property expenses in 1H FY2025 were S\$28.7 million, S\$2.1 million higher compared to 1H FY2024 mainly due to expenditure in relation to equipment replacement at Sky Complex and higher property operating expense from the Singapore properties.

LREIT’s distributable income was S\$43.5 million in 1H FY2025, translating to a distribution of 1.80 cents per unit (compared to 2.10 cents per unit in 1H FY2024). The lower DPU was primarily driven by higher finance costs, lower NPI as well as an enlarged unit base.

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<sup>1</sup> On weighted average basis.

<sup>2</sup> Supplementary rent equivalent to approximately two years of the prevailing annual rent of Building 3 received and recognised upfront in December 2023. For details, please refer to the announcement “Lendlease Global Commercial Italy Fund Restructures Lease at Sky Complex to Reduce Tenant Concentration Risk” dated 18 December 2023.

<sup>3</sup> Adjustment of the upfront recognition of the Supplementary Rent on a straight-line basis.

<sup>4</sup> For details, please refer to the announcement “Entry into Facility Agreements and Disclosure Pursuant to Rule 704(31) of the Listing Manual” dated 6 December 2024.

## Capital Management

On 6 December 2024, the Manager has obtained S\$560 million unsecured sustainability-linked loan facilities to refinance LREIT's loans maturing in April and September 2025.

Gross borrowings as at 31 December 2024 were S\$1,565.0 million with a gearing ratio of 40.8% and a weighted average debt maturity of 2.0 years<sup>5</sup>. Sustainability-linked financing continues to account for approximately 85% of LREIT's total committed debt facilities. All of LREIT's debt is unsecured and there are undrawn debt facilities of S\$156.1 million to fund its working capital.

Approximately 70% of the borrowings are hedged to fixed rates with a weighted average cost of debt of 3.57% per annum<sup>6</sup>. The increase, as compared to 3.37% per annum<sup>6</sup> in 1H FY2024, was mainly due to the replacement of EURIBOR interest rate hedge at a higher rate in October 2023. Hence, weighted average cost of debt for 1H FY2025 is now reflective of the full impact of the higher fixed rate of the replaced EURIBOR interest rate hedge. As at the period end, LREIT has an interest coverage ratio ("ICR") of 2.7 times<sup>7</sup> in accordance with requirements in its loan agreements and 1.5 times<sup>7</sup> in accordance with the Property Funds Appendix.

## Operational Performance

LREIT's portfolio committed occupancy improved to 92.3% as at 31 December 2024 compared to occupancy of 89.5% as at 30 September 2024. Lease expiry profile remained well-spread with only 3.9% by net lettable area ("NLA") and 6.4% by gross rental income ("GRI") due for renewal in FY2025. LREIT continued to maintain a long portfolio weighted average lease expiry ("WALE") of approximately 7.2 years (by NLA) and 4.6 years (by GRI) respectively.

Construction of the 48,200 square feet<sup>8</sup> multifunctional event space adjacent to 313@somerset has commenced. Expected to be completed in 2H 2026 with an estimated seating capacity of 3,000, the state-of-the-art music hall will feature multiple rooms and stages set up to host international tours as well as local artistes.

### *Retail portfolio continued to achieve positive rental reversion*

LREIT's retail portfolio achieved 99.9% occupancy with a positive rental reversion of 10.7%<sup>1</sup> as at 31 December 2024. Tenant retention rate was also maintained at a rate of 86.1%.

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<sup>5</sup> On a proforma basis, assuming refinancing of current borrowings amounting to S\$480 million on their respective maturity dates, weighted average debt maturity will be 3.3 years as at 31 December 2024.

<sup>6</sup> Excludes amortisation of debt-related transaction costs.

<sup>7</sup> The ICR as at 31 December 2024 of 2.7 times (30 September 2024: 2.9 times) is in accordance with requirements in its loan agreements; In accordance with the Property Funds Appendix of the Code on Collective Investment Schemes, ICR is 1.5 times (30 September 2024: 1.6 times).

<sup>8</sup> Floor area and scheme are subject to final design and approval by the authorities.

For the first six months of FY2025, tenant sales and visitation were lower by 5.2% and 0.6% YoY to S\$403.9 million and 33.8 million respectively. The decline in tenant sales was impacted by an increase in outbound travel on the back of strong Singapore currency.

*New leases committed at Building 3 of Sky Complex*

As at 31 December 2024, office tenants account for approximately 21% of portfolio GRI with a long WALE of 11.7 years by NLA and 14.2 years by GRI.

Successful leasing of Sky Complex Building 3 has improved its committed occupancy to approximately 31% from 8.1% in March 2024. As a result, occupancy at Sky Complex has improved to 81.6% from 75.0% as at 30 September 2024. The Manager continues to see healthy leasing enquiries from the collaborative landlord-tenant effort to shape the Milano Santa Giulia business district into a vibrant hub.

Rental review for Jem office is in the final stage and will conclude by end-February 2025.

Mr Kelvin Chow, Chief Executive Officer of the Manager, said, “Our retail portfolio continues to demonstrate resilience with positive rental reversions. In the near-term, we will focus on the continued positive leasing momentum at Sky Complex Building 3, proactive asset management and prudent capital management.

Now that construction has commenced at the multifunctional event space, we are looking forward to see our partnership with Live Nation and the Singapore Tourism Board come to fruition when the space is completed in 2H 2026.”

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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 commercial buildings) in Milan. These five properties have a total net lettable area of approximately 2.0 million square feet, with an appraised value of S\$3.68 billion as at 30 June 2024. Other investments include a stake in Parkway Parade (an office and retail property) and 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**

Lendlease Corporation Limited is a market-leading Australian integrated real estate group. Headquartered in Sydney, it is listed on the Australian Securities Exchange.

Its core capabilities are reflected in its operating segments of Investments, Development and Construction. The combination of these three segments provides them with a sustainable competitive advantage in delivering innovative integrated solutions for its customers. For more information, please visit: [www.lendlease.com](http://www.lendlease.com).

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