

# Lendlease Global Commercial REIT

SGX-REITAS Webinar

2 December 2020



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**EXCELLENT  
ASSETS AND  
SPONSOR WITH  
PROVEN TRACK  
RECORD**

# Lendlease Global Commercial REIT Offers Diversified Portfolio of Assets with Excellent Operating Metrics

## Singapore – 313@somerset



## Milan – Sky Complex



1

### Stabilised assets in key gateway cities

- ✓ One lifestyle destination mall in Singapore
- ✓ Three grade-A freehold offices in Milan
- ✓ Investment in an integrated office and retail development in Singapore

2

### Quality assets with excellent operating metrics

- ✓ High occupancy of 99.0%
- ✓ Long WALE of 9.5<sup>(1)</sup> years
- ✓ Approximately 78% of the leases (by NLA) will expire only beyond FY2024
- ✓ Well-diversified tenant base that generates steady revenue streams across different trade sectors

Information as at 30 September 2020.

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

3

### Tax transparency and exemptions

- ✓ Tax transparent treatment on rental and other ancillary income derived from the letting of 313@somerset
- ✓ Exempt from Italian withholding tax and Singapore income tax on distributions received from Sky Complex

# Supported by Reputable Sponsor with Proven Global Track Record

- Lendlease Corporation focuses on three integrated business segments – Development, Construction, and Investments.

Lendlease's Presence in 17 Key Gateway Cities Across the World



# 1Q FY2021 BUSINESS UPDATE

# Key Event Highlight

## Acquisition of a stake in Jem via 5% interest in Lendlease Asian Retail Investment Fund 3

- The investment provides LREIT with pre-emptive rights and opportunities to potentially increase its strategic stake in the Fund (and indirect interest in Jem) over time
- The acquisition was funded fully with cash and is accretive<sup>(1)</sup> to its distribution per unit (“**DPU**”)
- Unitholders will benefit from greater income diversification based on the office (35% by NLA) and suburban retail (65% by NLA) components of Jem



(1) Refer to LREIT's announcement "Lendlease Global Commercial REIT acquires a stake in Jem via a 5% interest in Lendlease Asian Retail Investment Fund 3" dated 1 October 2020 for the proforma DPU effect.



# PORTFOLIO PERFORMANCE

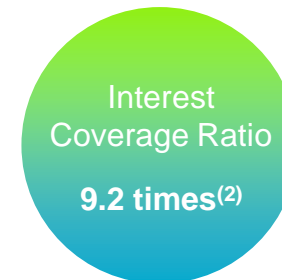
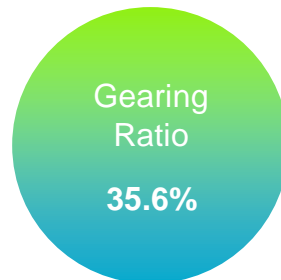
# Portfolio Performance

- Maintained a healthy portfolio occupancy of 99.0%
- Only 3% (by NLA) and 12% (by GRI) of the leases will expire by FY2021
- Healthy tenant retention rate of 80.0%<sup>(1)</sup>
- Disciplined capital management with gearing ratio of 35.6% and interest coverage ratio of 9.2 times<sup>(2)</sup>
- No near-term refinancing until FY2023

## Key Portfolio Metrics



## Capital Management



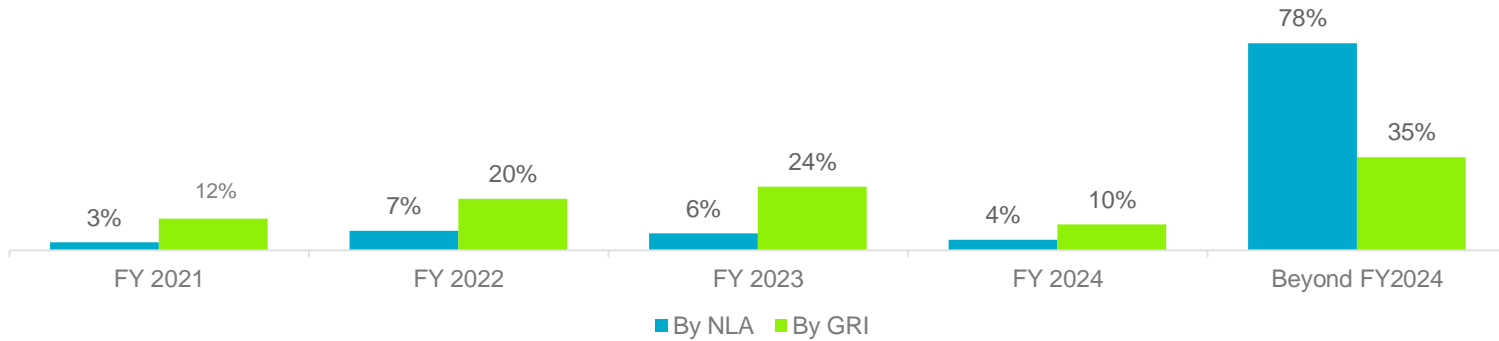
(1) Refers to 313@somerset. Sky Complex is 100% leased till 2032, excluding tenant's break option in 2026.

(2) The interest coverage ratio of 9.2 times is in accordance with requirements in its debt agreements, and 4.8 times in accordance with the Property Funds Appendix of the Code on Collective Schemes.

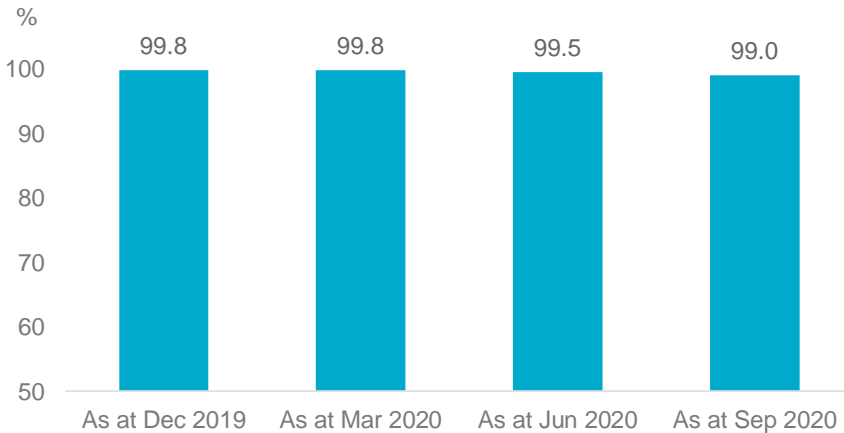
# Portfolio Overview

As at 30 September 2020

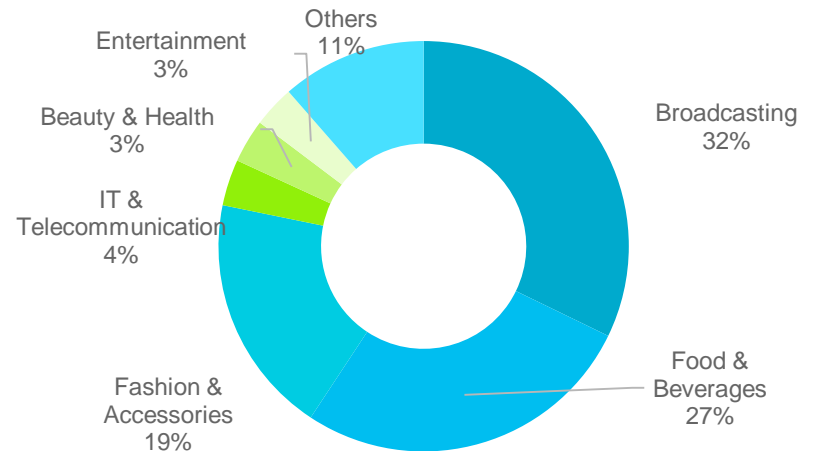
Well-spread Lease Expiry Profile  
WALE of 9.5 years (by NLA) and 4.9 years (by GRI)



## Stable Occupancy Rate



## Diversified Tenant Base



# 313@somerset, Retail Mall in Singapore

Atop Somerset MRT Station and spans across eight retail levels, comprising three basement levels (B3 to B1) and five levels above ground (L1 to L5)

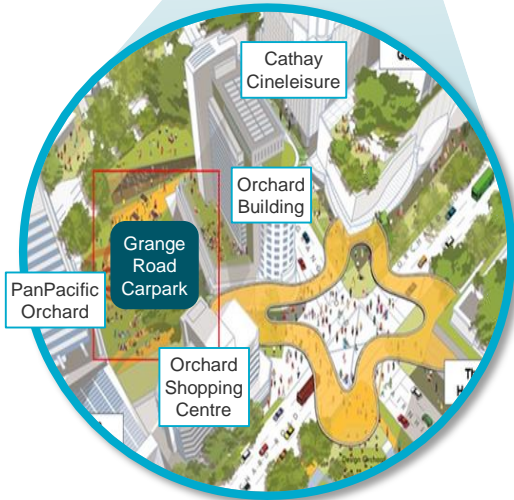
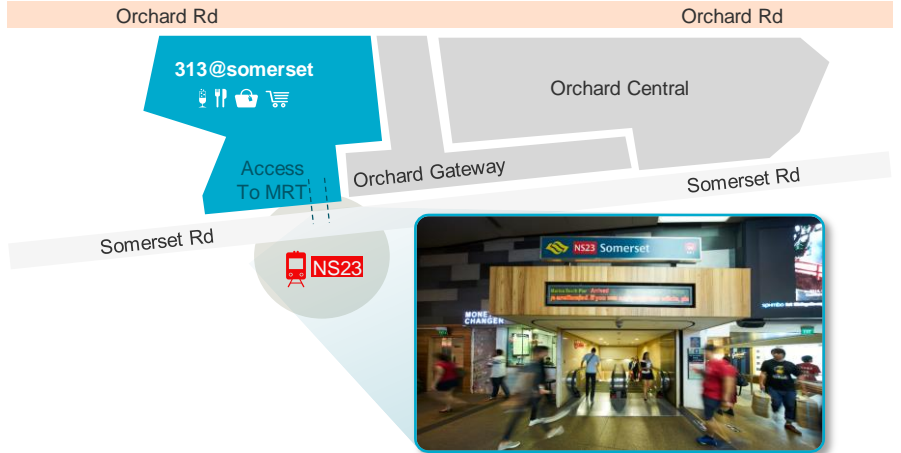
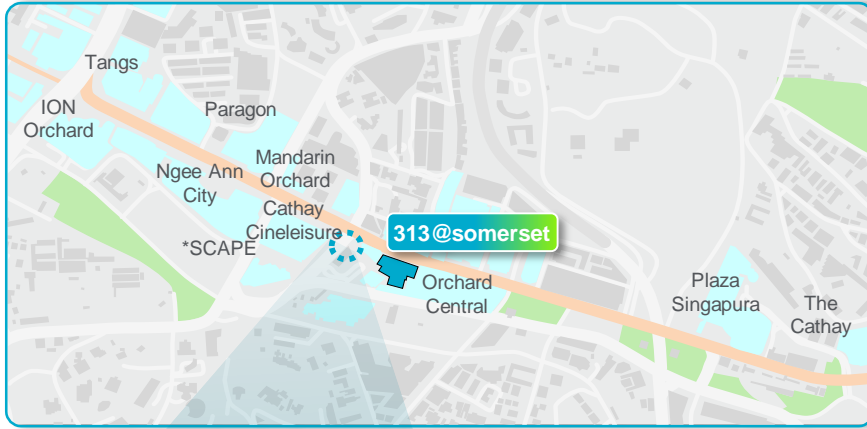


## Key Statistics (as at 30 September 2020)

Occupancy	95.6% <sup>(1)</sup>
WALE	1.6 years (by NLA) 1.7 years (by GRI)
Appraised value	S\$1,008 million
Valuation cap rate	4.25%
NLA	288,318 sq ft
Ownership	100% (99-year leasehold)

(1) Since 30 September 2020, LREIT has secured a new tenant that would improve the occupancy at 313@somerset to 98.0%.

# Strategically Located in the Heart of Orchard Road



## Orchard Rejuvenation Plan

The Singapore Government announced a commitment to rejuvenate Orchard Road as a vibrant lifestyle destination that offers an exceptional experience beyond retail via multiple initiatives



### Strengthen and Differentiate Precinct

- Injection of **innovative and unique** non-retail offerings
- To offer **an exceptional experience** beyond retail



### Introduction of New Activities

- Enhancing the shopper experience through **more street activities**
- Retail and F&B **pop-ups, arts and entertainment events** along the pedestrian walk



### Youth-Oriented Offering

- Transform Grange Road carpark area into a **dedicated event space for dining and entertainment**
- Retail incubation space **for homegrown brands**

# Redevelopment of Grange Road Car Park

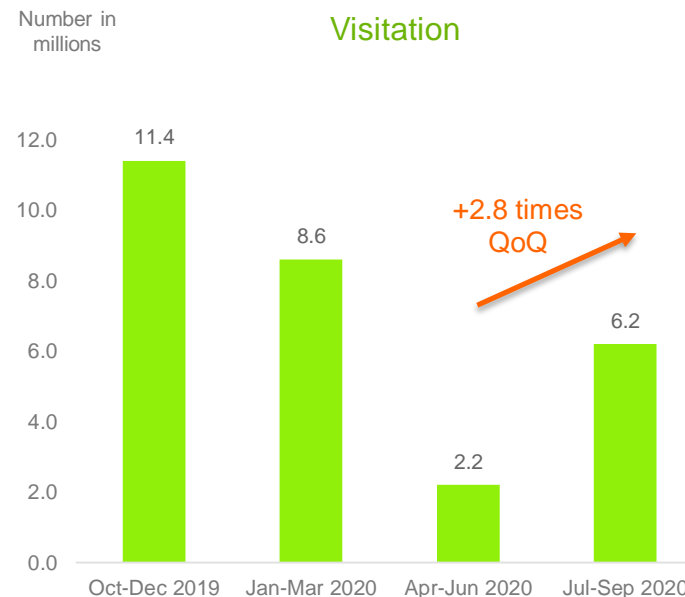
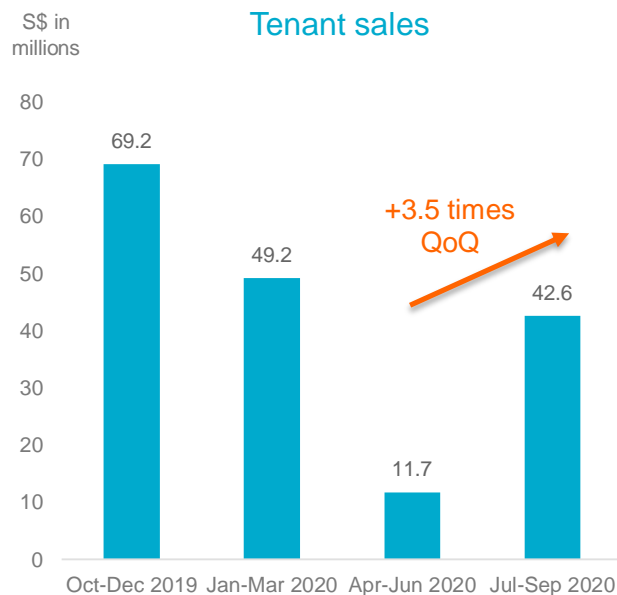
Project is expected to strengthen LREIT's retail and lifestyle presence in the Somerset area

- The authorities have ceased operations at the car park in preparation for the targeted handover of the site to LREIT by December 2020. Redevelopment works is expected to commence shortly after.
- Expected to be operational in the first half of 2022, the multiple dedicated event spaces will include an independent cinema, hawker stalls serving local delights and a food and beverage attraction.



# Tenant Sales and Visitation Continued to Show Signs of Recovery

- Tenant sales and visitation recovered approximately 70% and 60%, respectively, compared with pre-COVID-19 levels. Positive traction is expected to continue with the ease of restrictions by the authorities.
- With travel restrictions remain in place, tenant sales and visitation will continue to be supported by domestic demand
- Rolled out more marketing campaigns through the Lendlease Plus App to improve sales performance



# Marketing and Digital Offering

313@somerset, prime retail mall in Singapore

Two women in red hoodies are shown from the chest up. They are holding a large white '55%' graphic. Below them are logos for 'lendlease PLUS' and 'Lazada'. The text reads: 'TWO WAYS TO GET 55% OFF E-VOUCHERS!' and 'FIND OUT MORE' in a red button.

An illustration on a pink background. A person in a blue shirt sits in a purple chair, holding a purple gift box labeled '313'. A delivery person in a red cap and yellow shirt stands at a window, handing the box. Text: '#313FriyayGiftaway' and 'Send a sweet gift to a loved one and yourself, all on us!'.

A storefront illustration with a pink and white striped awning. A window displays a bowl of popcorn. Text: '#313FriyayGiftaway', '22 June', and 'Garrett Popcorn Shops\* (01-39)'.

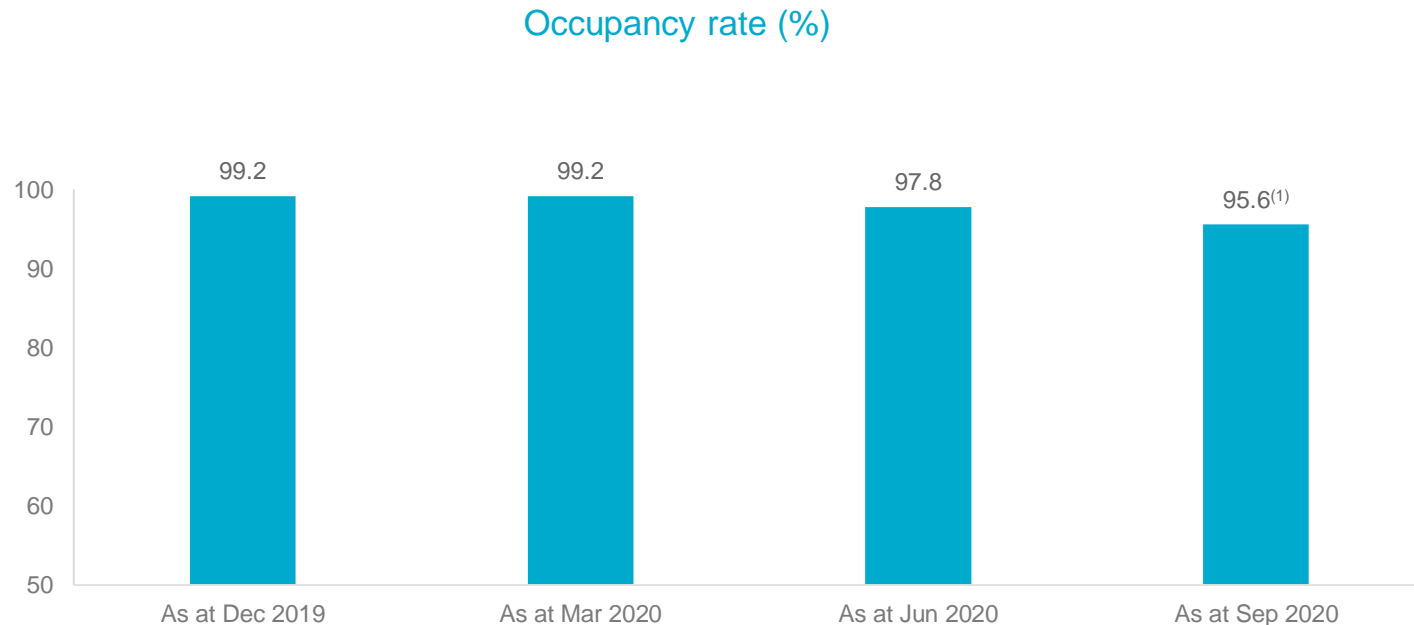
A hand holds a purple gift box containing a round white rice cake. Next to it is a blue box containing several rectangular pastries. Text: '#313FriyayGiftaway'.

A collection of various cupcakes and pastries on a white surface. Text: '#313FriyayGiftaway'.



# Occupancy Rate Stayed Stable at 95%

- Tenant retention rate held steady at 80% during the quarter
- Leasing activities are expected to remain soft due to weak demand against COVID-19 headwinds
- Retail tenants are adopting a wait-and-see approach and are recalibrating their cost structures, which may pose a challenge during lease renewal



(1) Since 30 September 2020, LREIT has secured a new tenant that would improve the occupancy at 313@somerset to 98.0%.

# Sky Complex, Grade-A Office in Milan

Comprises of three office buildings and has excellent accessibility via the public transport system. Fully leased to Sky Italia, owned by Comcast Corporation<sup>(1)</sup>.



## Key Statistics (as at 30 September 2020)

Occupancy	100%
WALE	11.6 years (by NLA and GRI)
Appraised value	S\$444.5 million <sup>(2)</sup>
Valuation cap rate	5.25%
NLA	985,967 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 1.601 as at 30 September 2020.

# Located in Milano Santa Giulia, an Emerging Key Office Location in the Periphery Submarket

Aerial View of Milano Santa Giulia (artist impression)



- ✓ One of **the largest urban redevelopment** projects in Europe
- ✓ Transformation of **1,200,000 sq m** into an **innovative** business district and residential area
- ✓ **Strategic area** due to its connection with the historical center of Milan and **easy access** to **all major transportation** infrastructures



**150 metres**

from Rogoredo Subway Station  
providing access Yellow-MM3 line



**150 metres**

from Milano Rogoredo Train Station  
served by high-speed trains

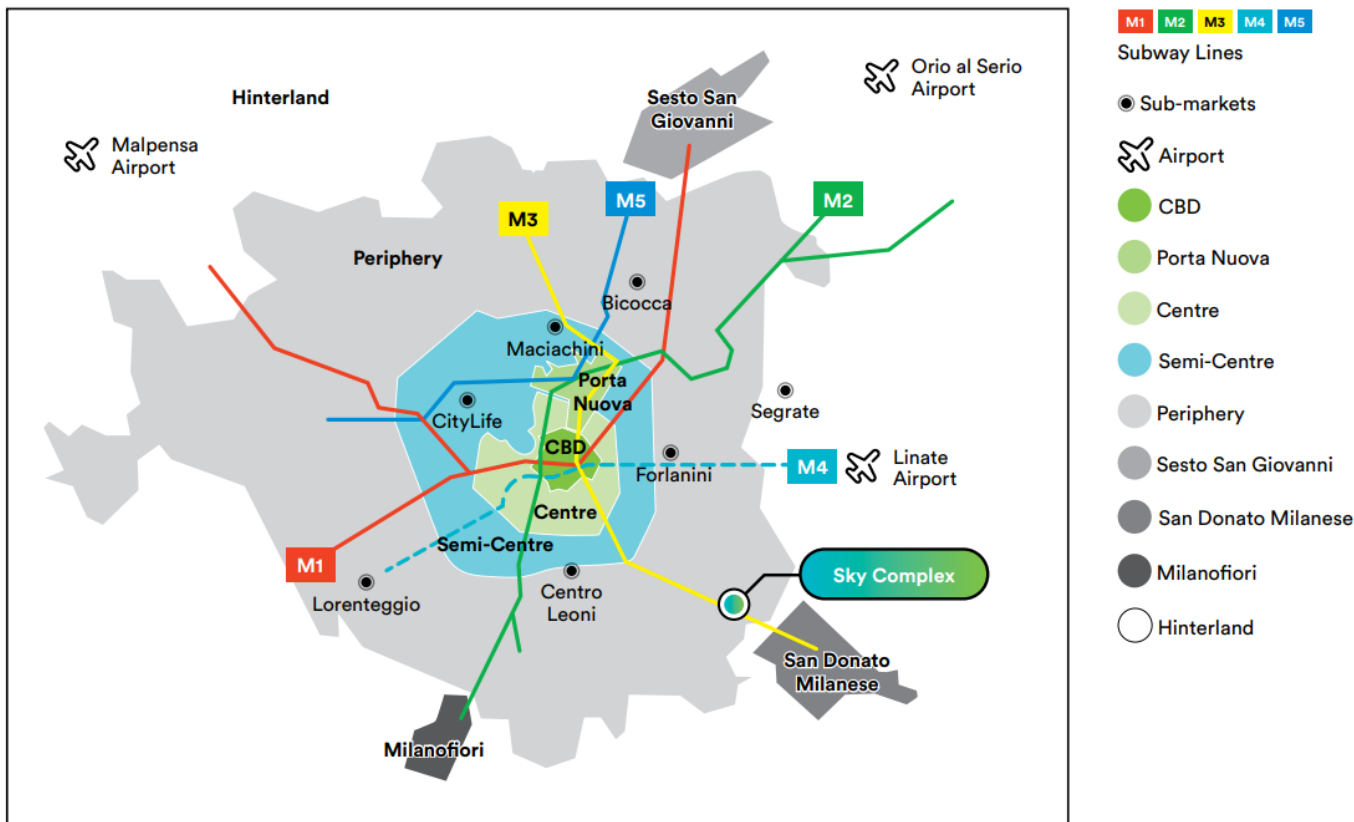


**7.4 km and  
10 minutes**

from Linate Airport

# Broadcasting Operations Continue to Remain Resilient

- Safe distancing management continues at Sky Complex
- To-date, Sky Italia has made all its rental payments in a timely manner with no rental waiver granted
- Change of alternative investment fund manager to Lendlease Italy SGR S.p.A. to align its interest closely with LREIT's unitholders



# CAPITAL MANAGEMENT

# Key Financial Indicators

Maintained stable liquidity position to meet financial obligations

	As at 30 September 2020	As at 30 June 2020
Gross borrowings	S\$555.4 million	S\$545.3 million
Gearing ratio	35.6%	35.1%
Weighted average debt maturity	2.8 years	3.1 years
Weighted average running cost of debt <sup>(1)</sup>	0.86% p.a.	0.86% p.a.
Interest coverage <sup>(2)</sup>	9.2 times	9.0 times

(1) Based on drawn debt and excludes amortisation of debt-related transaction costs.

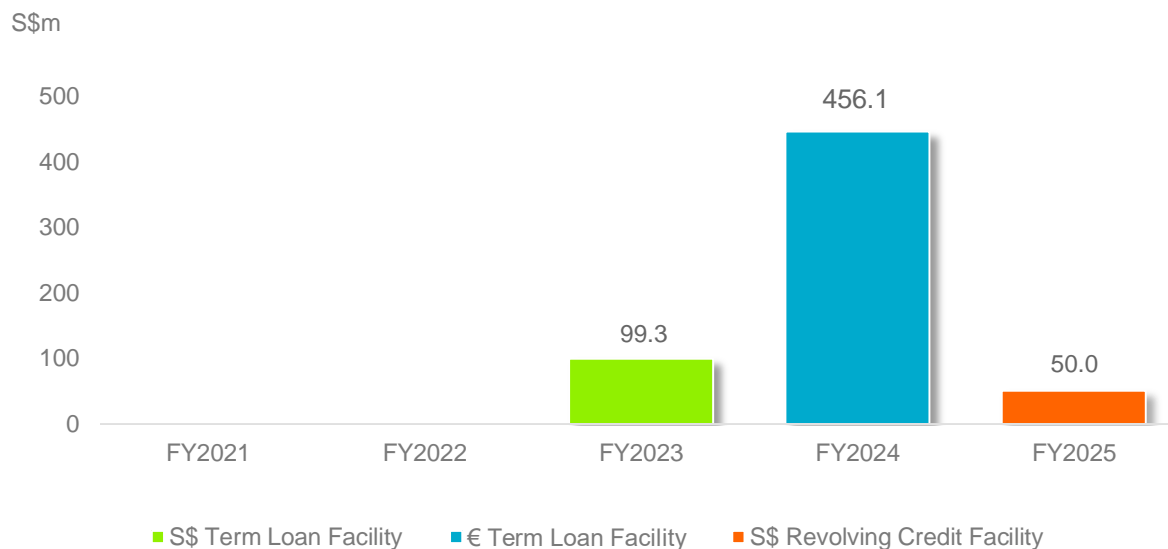
(2) The interest coverage ratio of 9.2 times is in accordance with requirements in its debt agreements, and 4.8 times in accordance with the Property Funds Appendix of the Code on Collective Schemes.

# Debt Facilities and Maturity Profile

No refinancing till FY2023

Debt Facilities	Loan Amount	Remaining Loan Tenor
Singapore dollar term loan facility	S\$99.3 million	2 years
Euro term loan facility	S\$456.1 million (€285.0 million)	3 years
Singapore dollar revolving credit facility	S\$50.0 million	4 years

## Debt maturity profile



## Prudent capital structure

- Balance sheet flexibility with **100%** of **unsecured debt**
- Interest rate risk **100% hedged to fixed rate** debt through interest rate swaps and options
- **Euro natural hedge** for Sky Complex via Euro term loan
- **Diversity of debt funding** across a syndicate of lenders
- S\$148 million<sup>(1)</sup> of undrawn debt facilities.

(1) Uncommitted undrawn debt facilities comprise of S\$50 million and €30 million. Committed undrawn multi-currency revolving credit facility of S\$50 million.

# UPDATE ON COVID-19



# COVID-19: Singapore to resume more activities safely

## 313@somerset, prime retail mall in Singapore

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- Operations:
  - Continue to remain focused on the health and well-being of LREIT's tenants and customers
  - Maintain its hygiene standards to ensure that 313@somerset provides a safe environment for people to work, shop and play.
  - Footfall and tenant sales are expected to gain positive traction with more people allowed to return to workplace and the Singapore government opening its borders to tourists from Hong Kong
- Revenue:
  - The COVID-19 (Temporary Measures) Act to allow tenants to seek temporary relief from paying rent and other obligations under their leases from April 2020 to October 2020, has been extended to 19 November 2020.
  - While the support from the Singapore government and LREIT have helped to ease immediate cashflow pressure on its tenants over the last six months, the overall retail sector and leasing demand remains subdued. These could potentially impact rental during lease renewals and when entering into new leases.

# Key Focus in the Near Term



## Prudent capital management

- Maintain a strong balance sheet through liquidity and capital management strategies
- Adopt appropriate risk management strategies to mitigate market uncertainties



## Manage operating expenses

- Adopt disciplined approach to reduce costs
- Defer non-essential capital expenditure to conserve cash



## Enhance portfolio attractiveness

- Capitalise on the strategic location of 313@somerset to improve visitation and sales performance
- Solidify the position of 313@somerset as the heart of the Somerset youth precinct through the redevelopment of the Grange Road car park site into a new lifestyle destination



# Thank You

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Tel: (65) 6671 7374 / Email: [enquiry@lendleaseglobalcommercialreit.com](mailto:enquiry@lendleaseglobalcommercialreit.com)

# APPENDIX: FINANCIAL

# Financial Performance for Q4 FY2020 and FY2020

DPU of 1.76 cents declared for 2H FY2020

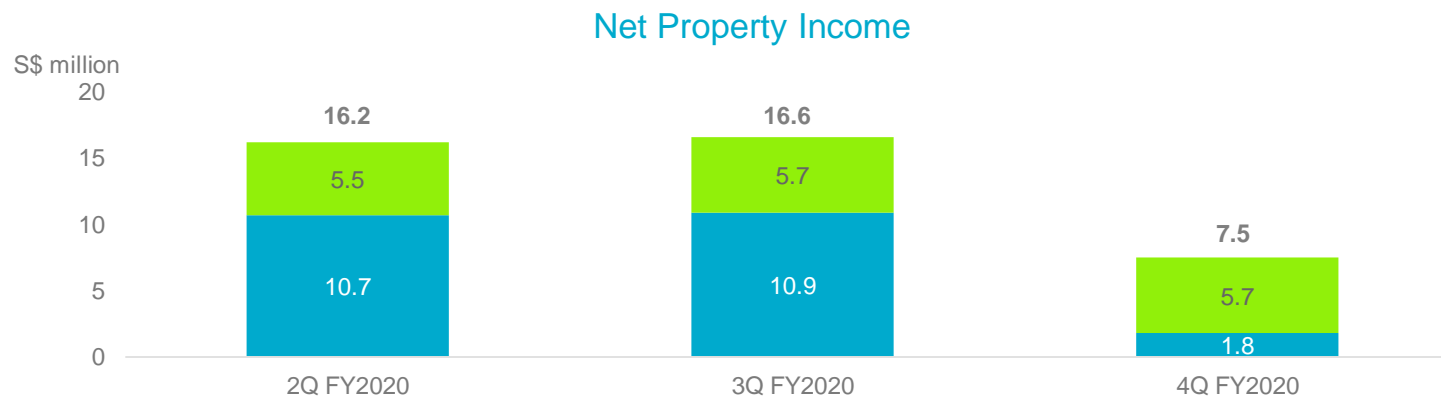
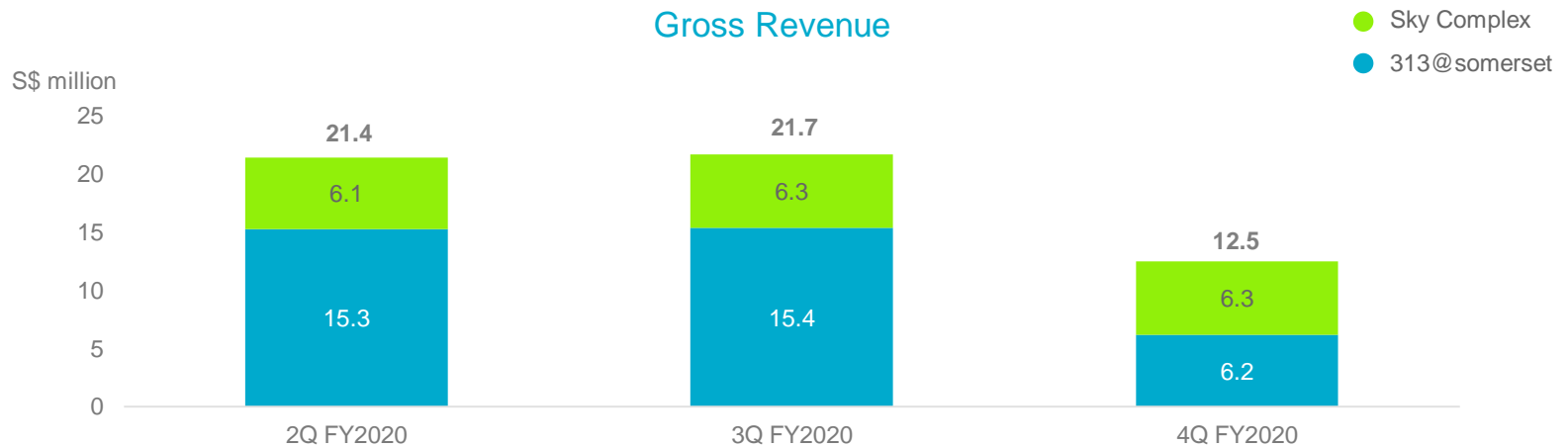
	4Q FY2020			FY2020		
	Actual (S\$'000)	Forecast <sup>(1)</sup> (S\$'000)	Variance	Actual (S\$'000)	Forecast <sup>(1)</sup> (S\$'000)	Variance
Gross revenue	12,466	21,514	▼ 42.1%	55,536	63,910	▼ 13.1%
Net property income	7,514	16,092	▼ 53.3%	40,289	47,722	▼ 15.6%
Distributable income	5,693	15,078	▼ 62.2%	35,672	44,671	▼ 20.1%
DPU (cents)	0.48	1.28	▼ 62.7%	3.05 <sup>(2)</sup>	3.80	▼ 19.7%

(1) The Manager had, in the interest of good corporate governance, made announcements on 9 April and 20 April 2020 respectively, with regard to the IPO profit and distribution forecast for the financial year ending 30 June 2020 ("FY2020") and the profit and distribution projection for the financial year ending 30 June 2021 ("FY2021"), as it may no longer be a fair basis against which the actual performance of LREIT could be compared given current circumstances. For transparency, the Manager will still provide year-on-year comparisons of LREIT's financial results for FY2020 against the profit forecast for FY2020 disclosed in LREIT's prospectus and FY2021 against LREIT's financial results for FY2020, in the announcements of LREIT's full year financial results for FY2020 and FY2021 respectively.

(2) Distribution of 1.29 cents per unit was paid on 16 March 2020.

# Gross Revenue and Net Property Income

- Stable revenue from Sky Complex helps to protect income during COVID-19, which has affected the retail sector in 4Q FY2020
- Rent waivers of up to two months were provided to retail tenants in 4Q FY2020



## Balance Sheet as at 30 June 2020

NAV per unit increased to \$0.85

	As at 30 June 2020	As at 31 March 2020
Total assets S\$('000)	1,555,498	1,518,802
Gross borrowings S\$('000)	545,319	545,227
Total liabilities S\$('000)	563,248	562,553
Net assets attributable to unitholders S\$('000)	992,250	956,249
Units in issue	1,171,795,224	1,169,480,379
NAV per unit (S\$)	0.85	0.82