

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 28 January 2019 (as amended))

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

TABLE OF CONTENTS

Item No.	Description	Page No.
-	Introduction & Corporate Information	2-3
-	Summary of Lendlease Global Commercial REIT Group Results	3
1(a)(i)	Condensed Interim Consolidated Statement of Profit or Loss and Distribution Statement	4-5
1(a)(ii)	Condensed Interim Consolidated Statement of Comprehensive Income	6
1(b)(i)	Condensed Interim Statement of Financial Position	7-10
1(c)	Condensed Interim Consolidated Statement of Cash Flow	11-12
1(d)(i)	Condensed Interim Statements of Movements in Unitholders' Funds	13-14
1(d)(ii)	Details of Any Change in Units	15
1(d)(iii)	Notes to the Condensed Interim Financial Statements	15-32
2	Review of Condensed Interim Financial Statements	32
3	Review of Performance	33-34
4	Variance between Actual and Forecast Results	34
5	Outlook & Prospects	35-36
6 & 7	Distributions	37-39
8	General Mandate for Interested Person Transactions	39
9	Segmented Revenue and Results	39
10	Confirmation pursuant to Rule 720(1) of the Listing Manual	39
11	Negative Confirmation Pursuant to Rule 705(5) of the Listing Manual	39

LENLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

Introduction & Corporate Information

Lendlease Global Commercial REIT (“LREIT”) is a Singapore-domiciled real estate investment trust constituted pursuant to the Trust Deed dated 28 January 2019 (as amended). It is principally regulated by the Securities and Futures Act 2001, the Code on Collective Investment Schemes issued by the MAS (“CIS Code”), including Appendix 6 of the CIS Code (the “Property Funds Appendix”), other relevant regulations and the Trust Deed. LREIT was listed on the Mainboard of Singapore Exchange Securities Trading Limited (“SGX-ST”) on 2 October 2019 (“Listing Date”).

The Sponsor, Lendlease Corporation Limited (“Sponsor” or “Lendlease Corporation”), is part of the Lendlease Group, comprising Lendlease Corporation, Lendlease Trust and their subsidiaries (the “Lendlease Group”, and the Sponsor and its subsidiaries, the “Sponsor Group”). Lendlease Group is a leading international property and infrastructure group with operations in Australia, Asia, Europe and the Americas and is listed on the Australian Securities Exchange.

Lendlease Global Commercial Trust Management Pte. Ltd. (the “Manager”) is an indirect wholly-owned subsidiary of the Sponsor. Effective 18 July 2022, the trustee of LREIT is DBS Trustee Limited.

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, as well as real estate-related assets in connection with the foregoing.

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

LREIT's property portfolio comprises the following properties in Singapore and Milan, Italy (the "Properties"):

(i) a 99-year leasehold¹ interest in Jem, an integrated office and retail mall located in Jurong East, Singapore ("Jem");

(ii) a 99-year leasehold² interest in 313@somerset, a retail mall located in Orchard, Singapore ("313@somerset"); and

(iii) a freehold interest in Sky Complex, which comprises three office buildings located in Milan, Italy ("Sky Complex").

LREIT owns 10.0% of the shares in Parkway Parade Partnership Pte. Ltd. ("PPP"), which holds an indirect 100% interest in 291 strata lots in Parkway Parade, representing 77.09% of the total share value of the strata lots in Parkway Parade. Parkway Parade is an integrated office and retail development located in Marine Parade, Singapore.

Footnotes:

1. Commencing on 27 September 2010 and ending on 26 September 2109.

2. Commencing on 21 November 2006 and ending on 20 November 2105.

Distribution

The first distribution for financial year 2024 ("FY2024") will be for the period from 1 July 2023 to 31 December 2023 and will be paid on or before 31 March 2024.

Summary of Lendlease Global Commercial REIT Group Results

	GROUP		
	6 months ended 31 Dec 2023	6 months ended 31 Dec 2022	Variance %
Gross Revenue (S\$'000)	119,917	101,733	17.9
Net Property Income (S\$'000)	93,381	76,424	22.2
Amount Distributable (S\$'000)			
- to Perpetual securities holders	9,528	9,528	-
- to Non-controlling interests	152	89	70.8
- to Unitholders	49,292	56,030	(12.0)
Available Distribution per Unit ("DPU") (cents)	2.10	2.45	(14.5)

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

1(a)(i) Condensed Interim Consolidated Statement of Profit or Loss and Distribution Statement

		GROUP		
		(S\$'000)		Variance %
Note		6 months ended 31 Dec 2023	6 months ended 31 Dec 2022	
	Gross revenue	119,917	101,733	17.9
	Property operating expenses	(26,536)	(25,309)	(4.8)
	Net property income	93,381	76,424	22.2
	Manager's base fee	(5,190)	(5,210)	0.4
	Manager's performance fee	(4,751)	(3,821)	(24.3)
	Other management fees	(378)	(385)	1.8
	Trustee's fee	(215)	(210)	(2.4)
	Other trust expenses ¹	(1,300)	(1,205)	(7.9)
	Net foreign exchange gain/(loss) ²	5,838	8,227	(29.0)
	Dividend income ³	1,410	-	NM
	Finance income	681	59	>100
	Finance costs ⁴	(32,710)	(23,586)	(38.7)
	Profit/(Loss) before tax, change in fair value and share of profit/(loss)	56,766	50,293	12.9
	Share of profit/(loss) of associates	733	667	9.9
	Net change in fair value of derivative financial instruments ⁵	(27,089)	7,385	NM
	Profit/(Loss) before tax	30,410	58,345	(47.9)
	Tax expense	-	-	NM
	Profit/(Loss) after tax	30,410	58,345	(47.9)
Attributable to:				
	Unitholders	20,730	48,728	(57.5)
	Non-controlling interests	152	89	70.8
	Perpetual securities holders ⁶	9,528	9,528	-
	Profit/(Loss) after tax	30,410	58,345	(47.9)
Distribution Statement				
	Profit attributable to Unitholders	20,730	48,728	(57.5)
	Add: Distribution adjustments ⁷	28,562	7,302	>100
	Amount available for distribution to Unitholders (Note A)	49,292	56,030	(12.0)

NM: Not meaningful

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

1(a)(ii) Condensed Interim Consolidated Statement of Comprehensive Income

	GROUP		
	(S\$'000)		Variance %
	6 months ended 31 Dec 2023	6 months ended 31 Dec 2022	
Profit/(Loss) after tax	30,410	58,345	(47.9)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Other comprehensive income:			
Net currency translation differences relating to financial statements of a foreign subsidiary	(5,482)	(7,840)	30.1
Total comprehensive income	24,928	50,505	(50.6)
Total comprehensive income attributable to:			
Unitholders	15,248	40,888	(62.7)
Non-controlling interests	152	89	70.8
Perpetual securities holders	9,528	9,528	-
	24,928	50,505	(50.6)

LENLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

1(b)(i) Condensed Interim Statement of Financial Position

		GROUP	
	Note	31 Dec 2023 (S\$'000)	30 Jun 2023 (S\$'000)
Current assets			
Cash and cash equivalents		61,669	54,224
Trade and other receivables		2,871	4,049
Other current assets		7,881	6,888
Derivative financial instruments ¹		172	4,930
		72,593	70,091
Non-current assets			
Investment properties	ii	3,640,057	3,642,854
Investment property under development	iii	7,231	7,171
Investment in associates		8,490	7,758
Equity instrument at fair value		85,784	85,784
Intangible assets ²		88	128
Other non-current assets		2,698	2,685
Derivative financial instruments ¹		2,419	9,880
		3,746,767	3,756,260
Total assets		3,819,360	3,826,351
Current liabilities ³			
Trade and other payables		55,363	58,135
Loans and borrowings	iv	-	433,611
Lease liability ⁴		240	238
Derivative financial instruments ¹		355	369
		55,958	492,353
Non-current liabilities			
Trade and other payables		21,765	22,315
Loans and borrowings	iv	1,511,509	1,078,572
Lease liability ⁴		1,513	1,633
Derivative financial instruments ¹		15,597	713
		1,550,384	1,103,233
Total liabilities		1,606,342	1,595,586
Net assets		2,213,018	2,230,765
Represented by:			
Unitholders' funds		1,811,393	1,829,344
Perpetual securities holders		399,484	399,432
Non-controlling interests		2,141	1,989
		2,213,018	2,230,765
NAV per Unit (S\$) ⁵	v	0.77	0.79

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

1(b)(i) Condensed Interim Statement of Financial Position

Footnotes:

1. Derivative financial instruments reflect the fair value of interest rate swaps, interest rate options and currency forwards which were entered to hedge interest rate and foreign exchange risks.

2. Intangible assets comprise renewable energy certificates acquired by the Group and are measured at cost less accumulated amortisation over the useful lives less any accumulated impairment losses.

3. The Group was in a net current liabilities position as at 30 June 2023 mainly due to a current portion of long-term borrowings taken to fund investment properties (long-term assets) that were maturing within the next 12 months. These current borrowings have been refinanced. Please refer to Notes to the Condensed Interim Financial Statements (iv) Loans and Borrowings.

4. This relates to the lease liability recognized by the Group on its existing operating lease arrangements in accordance with the principles of IFRS 16.

5. Net asset value ("NAV") and net tangible asset ("NTA") backing per unit are based on issued units at the end of the period.

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

1(b)(i) Condensed Interim Statement of Financial Position

		LREIT	
		31 Dec 2023 (S\$'000)	30 Jun 2023 (S\$'000)
	Note		
Current assets			
Cash and cash equivalents		30,946	37,662
Trade and other receivables		1,539	2,297
Other current assets		7,684	6,603
Derivative financial instruments ¹		172	4,930
		40,341	51,492
Non-current assets			
Investment properties	ii	3,216,254	3,214,000
Investment property under development	iii	7,231	7,171
Investment in subsidiaries		445,508	444,480
Equity instrument at fair value		85,784	85,784
Intangible assets ²		88	128
Other non-current assets		2,698	2,685
Derivative financial instruments ¹		2,419	9,880
		3,759,982	3,764,128
Total assets		3,800,323	3,815,620
Current liabilities ^{3,4}			
Trade and other payables		47,307	52,507
Loans and borrowings	iv	-	433,611
Lease liability ⁵		240	238
Derivative financial instruments ¹		355	369
		47,902	486,725
Non-current liabilities			
Trade and other payables		21,765	22,315
Loans and borrowings	iv	1,511,509	1,078,572
Lease liability ⁵		1,513	1,633
Derivative financial instruments ¹		15,597	713
		1,550,384	1,103,233
Total liabilities		1,598,286	1,589,958
Net assets		2,202,037	2,225,662
Represented by:			
Unitholders' funds		1,802,553	1,826,230
Perpetual securities holders		399,484	399,432
		2,202,037	2,225,662
NAV per Unit (S\$) ⁶	v	0.77	0.79

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

1(b)(i) Condensed Interim Statement of Financial Position

Footnotes:

1. *Derivative financial instruments reflect the fair value of interest rate swaps, interest rate options and currency forwards which were entered to hedge interest rate and foreign exchange risks.*

2. *Intangible assets comprise renewable energy certificates acquired by LREIT and are measured at cost less accumulated amortisation over the useful lives less any accumulated impairment losses.*

3. *LREIT is in a net current liabilities position as at 31 December 2023 mainly due to the accrual of management fees payable in units. LREIT has sufficient banking facilities available to meet its financial obligations. Please refer to Notes to the Condensed Interim Financial Statements (iv) Loans and Borrowings.*

4. *LREIT was in a net current liabilities position as at 30 June 2023 mainly due to a current portion of long-term borrowings taken to fund investment properties (long-term assets) that were maturing within the next 12 months. These current borrowings have been refinanced. Please refer to Notes to the Condensed Interim Financial Statements (iv) Loans and Borrowings.*

5. *This relates to the lease liability recognized by LREIT on its existing operating lease arrangements in accordance with the principles of IFRS 16.*

6. *Net asset value ("NAV") and net tangible asset ("NTA") backing per unit are based on issued units at the end of the period.*

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

1(c) Condensed Interim Consolidated Statement of Cash Flow

	GROUP	
	6 months ended 31 Dec 2023 (S\$'000)	6 months ended 31 Dec 2022 (S\$'000)
Cash flows from operating activities		
Profit/(Loss) after tax	30,410	58,345
Adjustments for:		
Manager's fee paid/payable in units	9,941	9,031
Property manager's fee paid/payable in units	3,067	2,912
Dividend income from equity instrument at fair value	(1,410)	-
Finance income	(681)	(59)
Interest expense	26,380	17,092
Amortisation of debt-related transaction costs	6,129	6,333
Amortisation of intangible assets	40	3
Net foreign exchange (gain)/loss ¹	(5,554)	(6,413)
Share of (profit)/loss of associates	(733)	(667)
Net change in fair value of derivative financial instruments	27,089	(7,385)
Operating income before working capital changes	94,678	79,192
Changes in working capital:		
Trade and other receivables	992	13,037
Trade and other payables	(2,183)	(1,058)
Other current assets	(993)	(914)
Other non-current assets	(13)	(688)
Net cash generated from/(used in) operating activities	92,481	89,569

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

1(c) Condensed Interim Consolidated Statement of Cash Flow

	GROUP	
	6 months ended 31 Dec 2023 (S\$'000)	6 months ended 31 Dec 2022 (S\$'000)
Cash flows from investing activities		
Dividends received from associates (including net capital returns)	-	6,925
Dividends received from equity instrument at fair value	1,410	-
Interest received	681	59
Acquisition of investment property ²	-	(1,352)
Capital expenditure on investment properties	(2,457)	(2,661)
Capital expenditure on investment property under development	(77)	(598)
Acquisition of investment in associate ²	-	(353)
Acquisition of subsidiary ²	-	(144)
Acquisition of intangible assets	-	(162)
Net cash generated from/(used in) investing activities	(443)	1,714
Cash flows from financing activities		
(Payment)/Refund of issue costs	(12)	3
Payment of issue costs for perpetual securities	-	(12)
Payment of financing expenses	(1,080)	(2,400)
Proceeds from loans and borrowings	476,725	131,000
Repayment of loans and borrowings	(476,830)	(153,397)
Distribution to Unitholders ³	(49,895)	(29,353)
Distribution to perpetual securities holders	(9,476)	(9,476)
Distribution to non-controlling interests	-	(1,498)
Interest paid	(24,024)	(16,294)
Payment of lease liability	(135)	(135)
Net cash flows generated from/(used in) financing activities	(84,727)	(81,562)
Net increase/(decrease) in cash and cash equivalents	7,311	9,721
Cash and cash equivalents at beginning of the period	54,224	49,230
Effect of exchange rate changes on balances held in foreign currency	134	(327)
Cash and cash equivalents at end of the period	61,669	58,624

Footnotes:

1. Net foreign exchange gain/loss relates mainly to the translation difference of the Euro term loan and credit facilities to Singapore dollar during the period. Due to the effect of natural hedging, there is a corresponding gain/loss in the comprehensive income, resulting from the stronger/weaker €/S\$ exchange rate on the Euro-denominated investment.

2. Acquisition of investment property, investment in associate, and subsidiary in 1H FY2023 relates to acquisition costs.

3. Distribution to Unitholders in 1H FY2024 excludes S\$2.3 million distributed through the issuance of units in LREIT as part payment of distributions for the period from 1 January 2023 to 30 June 2023, pursuant to distribution reinvestment plan.

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

1(d)(i) Condensed Interim Statements of Movements in Unitholders' Funds

	GROUP	
	6 months ended 31 Dec 2023 (S\$'000)	6 months ended 31 Dec 2022 (S\$'000)
Operations		
Balance as at beginning of the period	229,757	129,833
Profit/(Loss) after tax attributable to Unitholders	20,730	48,728
Balance as at end of the period	250,487	178,561
Unitholders' transactions		
Balance as at beginning of the period	1,612,345	1,664,765
(Payment)/Refund of Issue costs	(12)	3
Manager's base fee paid in units	5,205	3,157
Manager's performance fee paid in units	7,705	3,436
Manager's acquisition fee paid in units	852	-
Property manager's fee paid in units	2,946	1,212
Distribution reinvestment plan	2,278	-
Distributions	(52,173)	(29,353)
Balance as at end of the period	1,579,146	1,643,220
Foreign currency translation reserve		
Balance as at beginning of the period	(12,758)	(19,186)
Translation differences relating to financial statements of a foreign subsidiary	(5,482)	(7,840)
Balance as at end of the period	(18,240)	(27,026)
Total Unitholders' funds as at end of the period	1,811,393	1,794,755
Perpetual securities holders		
Balance as at beginning of the period	399,432	399,442
Issue expenses	-	(12)
Profit attributable to perpetual securities holders	9,528	9,528
Distributions	(9,476)	(9,476)
Balance as at end of the period	399,484	399,482
Non-controlling interests		
Balance as at beginning of the period	1,989	3,839
Profit/(Loss) after tax attributable to non-controlling interests	152	89
Distribution to non-controlling interests (including capital returns)	-	(1,498)
Balance as at end of the period	2,141	2,430

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

1(d)(i) Condensed Interim Statements of Movements in Unitholders' Funds

	LREIT	
	6 months ended 31 Dec 2023 (S\$'000)	6 months ended 31 Dec 2022 (S\$'000)
Operations		
Balance as at beginning of the period	213,885	58,285
Profit/(Loss) after tax attributable to Unitholders	9,522	50,315
Balance as at end of the period	223,407	108,600
Unitholders' transactions		
Balance as at beginning of the period	1,612,345	1,664,765
(Payment)/Refund of Issue costs	(12)	3
Manager's base fee paid in units	5,205	3,157
Manager's performance fee paid in units	7,705	3,436
Manager's acquisition fee paid in units	852	-
Property manager's fee paid in units	2,946	1,212
Distribution reinvestment plan	2,278	-
Distributions	(52,173)	(29,353)
Balance as at end of the period	1,579,146	1,643,220
Total Unitholders' funds as at end of the period	1,802,553	1,751,820
Perpetual securities holders		
Balance as at beginning of the period	399,432	399,442
Issue expenses	-	(12)
Profit attributable to perpetual securities holders	9,528	9,528
Distributions	(9,476)	(9,476)
Balance as at end of the period	399,484	399,482

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

1(d)(ii) Details of Any Change in Units

	6 months ended 31 Dec 2023 (Units)	6 months ended 31 Dec 2022 (Units)
Balance as at beginning of the period	2,323,661,727	2,277,125,819
<u>New units issued</u>		
Manager's base fee paid in units	7,767,628	3,998,883
Manager's performance fee paid in units	11,638,765	4,330,102
Manager's acquisition fee paid in units	1,516,104	-
Property manager's fee paid in units	4,393,688	1,533,900
Distribution reinvestment plan	3,807,026	-
Total issued units as at end of the period ¹	2,352,784,938	2,286,988,704

Footnote:

1. There were no convertible and treasury units held by LREIT and its subsidiaries as at 31 December 2023 and 31 December 2022.

1(d)(iii) Notes to the Condensed Interim Financial Statements

Basis of Preparation

The condensed interim financial statements for the six-month period ended 31 December 2023 have been prepared in accordance with the IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 30 June 2023.

The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last audited financial statements for the year ended 30 June 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with the International Financial Reporting Standards ("IFRS"), except for the adoption of new and amended standard as set out below.

The condensed interim financial statements are presented in Singapore dollars ("S\$"), which is the functional currency of LREIT. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

Any discrepancies in the tables included in this announcement between the listed amounts and the totals thereof are due to rounding.

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

1(d)(iii) Notes to the Condensed Interim Financial Statements

New and amended standards adopted by the Group

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

Use of estimates and judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements and estimates made in applying the Group's accounting policies that have the most significant effect on the amounts recognised in the condensed interim financial statements are described in note ii – investment properties and note iii - investment property under development.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The Manager has overall responsibility for the appointment of external valuers, where necessary, and all significant fair value measurements and reports directly to the Board of Directors of the Manager.

When measuring the fair value of an asset or a liability, the Manager uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

1(d)(iii) Notes to the Condensed Interim Financial Statements

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note ii: Investment properties; and
- Note iii: Investment property under development.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Makers ("CODMs") which comprise mainly the Board of Directors including the Chief Executive Officer ("CEO") of the Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Unallocated items mainly comprise fees, other trust expenses, foreign exchange gain/loss, finance costs, finance and other income and fair value of derivative financial instruments as these are centrally managed by the Group.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment, investment properties and investment property under development.

i Gross revenue and operating segment

Operating segment

For segment reporting purpose, the primary segment is by geography and it comprises Singapore and Italy. The Group's reportable operating segments are as follows:

- (i) Singapore – leasing of retail and office buildings in Singapore; and
- (ii) Italy – leasing of three office buildings in Milan, Italy.

Segment information is presented in respect of the Group's geographical segments. The operations of each of the Group's geographical segments are separately managed because of different economic and regulatory environments in which they operate in. For the purpose of making resource allocation and the assessment of segment performance, the Group's CODMs have focused on its investment properties. For each of the reporting segments, the Manager reviews internal management reports on a monthly basis. This forms the basis of identifying the operating segments of the Group under IFRS 8 Operating Segments.

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

i Gross revenue and operating segment

Operating segment

6 months ended 31 Dec 2023

Gross revenue
Property operating expenses
Total segment net property income

Dividend income

Unallocated items:

Manager's base fees

Manager's performance fees

Other management fees

Trustee's fee

Other trust expenses

Net foreign exchange gain/(loss)

Finance income

Finance costs

Profit/(Loss) before tax, change in fair value and share of profit/(loss)

Share of profit/(loss) of associates

Unallocated item:

Fair value gains/(losses) of derivative financial instruments

Profit/(Loss) before tax

Segment assets

Segment liabilities

	Singapore (S\$'000)	Italy (S\$'000)	Group (S\$'000)
Gross revenue	93,383	26,534	119,917
Property operating expenses	(24,558)	(1,978)	(26,536)
Total segment net property income	68,825	24,556	93,381
Dividend income	1,410	-	1,410
<i>Unallocated items:</i>			
<i>Manager's base fees</i>			(5,190)
<i>Manager's performance fees</i>			(4,751)
<i>Other management fees</i>			(378)
<i>Trustee's fee</i>			(215)
<i>Other trust expenses</i>			(1,300)
<i>Net foreign exchange gain/(loss)</i>			5,838
<i>Finance income</i>			681
<i>Finance costs</i>			(32,710)
Profit/(Loss) before tax, change in fair value and share of profit/(loss)			56,766
Share of profit/(loss) of associates	733	-	733
<i>Unallocated item:</i>			
<i>Fair value gains/(losses) of derivative financial instruments</i>			(27,089)
Profit/(Loss) before tax			30,410
Segment assets	3,363,955	455,405	3,819,360
Segment liabilities	1,598,354	7,988	1,606,342

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

i Gross revenue and operating segment

Operating segment

6 months ended 31 Dec 2022

Gross revenue
Property operating expenses
Total segment net property income

Unallocated items:

Manager's base fees

Manager's performance fees

Other management fees

Trustee's fee

Other trust expenses

Net foreign exchange gain/(loss)

Finance income

Finance costs

Profit/(Loss) before tax, change in fair value and share of profit/(loss)

Share of profit/(loss) of associates

Unallocated item:

Fair value gains/(losses) of derivative financial instruments

Profit/(Loss) before tax

Segment assets

Segment liabilities

	Singapore (S\$'000)	Italy (S\$'000)	Group (S\$'000)
Gross revenue	89,515	12,218	101,733
Property operating expenses	(24,022)	(1,287)	(25,309)
Total segment net property income	65,493	10,931	76,424
			(5,210)
			(3,821)
			(385)
			(210)
			(1,205)
			8,227
			59
			(23,586)
			50,293
	667	-	667
			7,385
			58,345
	3,214,079	485,209	3,699,288
	1,498,129	4,492	1,502,621

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

i Gross revenue and operating segment

Breakdown of gross revenue

	Group	
	(S\$'000)	
	6 months ended 31 Dec 2023	6 months ended 31 Dec 2022
Rental income	95,519	92,196
Turnover rent ¹	3,366	3,258
Other property income	21,032 ²	6,279
	119,917	101,733

Footnotes:

1. Turnover rent is contingent rent derived from operating leases.
2. Mainly comprise of upfront recognition of supplementary rent in relation to the return of Building 3 by Sky Italia S.r.l. ("Sky"), of an amount equivalent to approximately two years of the prevailing annual rent of Building 3.

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

ii Investment properties

	GROUP	
	31 Dec 2023 (S\$'000)	30 Jun 2023 (S\$'000)
Property		
Singapore	3,216,254	3,214,000
Italy	423,803	428,854
Investment properties	3,640,057	3,642,854

	GROUP	
	31 Dec 2023 (S\$'000)	30 Jun 2023 (S\$'000)
Balance as at the beginning of the period	3,642,854	3,593,332
Acquisition costs ¹	-	1,042
Capital expenditure	2,700	3,277
Currency translation difference	(5,497)	6,715
Change in fair value of investment properties	-	38,488
Balance as at the end of the period	3,640,057	3,642,854

	LREIT	
	31 Dec 2023 (S\$'000)	30 Jun 2023 (S\$'000)
Property		
313@somerset	1,027,274	1,026,000
Jem	2,188,980	2,188,000
	3,216,254	3,214,000

	LREIT	
	31 Dec 2023 (S\$'000)	30 Jun 2023 (S\$'000)
Balance as at the beginning of the period	3,214,000	3,121,000
Acquisition costs ¹	-	1,042
Capital expenditure	2,254	1,986
Change in fair value of investment properties	-	89,972
Balance as at the end of the period	3,216,254	3,214,000

Footnote:

1. This relates to the acquisition of a 99-year leasehold interest in Jem.

The decrease in Group's investment properties is mainly due to foreign exchange revaluation loss on a Euro-denominated investment property (Sky Complex) attributed to weaker €/S\$ exchange rate.

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

ii Investment properties

Measurement of fair value

Fair value hierarchy

The carrying amounts of the investment properties as at 31 December 2023 were based on the valuations performed by independent professional valuers, Colliers Valuation Italy S.r.l., Cushman & Wakefield VHS Pte. Ltd. and Jones Lang LaSalle Property Consultants Pte Ltd, as at 30 June 2023, adjusted for capital expenditure incurred subsequent to the valuation date and currency translation differences.

The fair value measurement for investment properties has been categorised as Level 3 based on inputs to the valuation techniques used (see item 1(d)(iii)).

Valuation techniques

The fair values take into consideration the market values of the properties, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion. The specific condition and characteristics inherent in each of the properties are taken into consideration in arriving at the property valuation.

In determining the fair value, the external valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated discount rate, terminal capitalisation rate, capitalisation rate and/or adjusted price per square metre. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions and the valuation reports are prepared in accordance with recognised appraisal and valuation standards.

The external valuers have considered valuation techniques including the income capitalisation method, discounted cash flow analysis and/or direct comparison method in arriving at the open market value as at the reporting date.

The discounted cash flow analysis involves the estimation and projection of a net income stream over a period and discounting the net income stream with an internal rate of return to arrive at the market value. The discounted cash flow analysis requires the external valuers to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The income capitalisation method is an investment approach whereby the estimated gross passing income (on both a passing and market rent basis) has been adjusted against anticipated operating costs to produce a net income on a fully leased basis. The adopted fully leased net income is capitalised at an appropriate investment yield. Thereafter, various adjustments including assumed vacancy allowance are made, where appropriate, for the capitalisation method. The direct comparison method provides an indication of value by comparing the investment property with identical or similar properties where reliable sales evidence is available.

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

ii Investment properties

Key unobservable inputs

The following table shows the key unobservable inputs used in the valuation models:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow analysis	• Discount rate of 6.50% to 8.18%	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	• Terminal capitalisation rate of 3.50% to 5.75%	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).
Income capitalisation method	• Capitalisation rate of 3.50% to 4.50%	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).
Direct comparison method	• Adjusted price per square metre	The estimated fair value would increase (decrease) if adjusted price per square metre was higher (lower).

iii Investment property under development

	GROUP	
	31 Dec 2023 (S\$'000)	30 Jun 2023 (S\$'000)
Balance as at the beginning of the period	7,171	6,105
Development expenditure capitalised	178	625
Net change in fair value of investment property under development	-	674
Net change in fair value of right-of-use asset	(118)	(233)
Balance as at the end of the period	7,231	7,171

Investment property under development relates to the development of a site adjacent to 313@somerset into a multi-functional event space.

Measurement of fair value

Fair value hierarchy

The carrying amounts of the investment property under development as at 31 December 2023 was based on valuation performed by an independent professional valuer, Jones Lang LaSalle Property Consultants Pte Ltd as at 30 June 2023, adjusted for development expenditure incurred subsequent to the valuation date and net change in fair value of right-of-use asset.

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

iii Investment property under development

The fair value measurement for investment property under development has been categorised as a Level 3 based on the inputs to the valuation techniques used (see item 1(d)(iii)).

Level 3 fair value measurement

Reconciliation of movements in Level 3 fair value measurement

The reconciliation of Level 3 fair value measurements for investment property under development is presented in the table above.

Valuation techniques

In determining the fair value of investment property under development, the valuer has considered valuation techniques including the income capitalisation method and discounted cash flow analysis in arriving at the open market value as at the reporting date (see Note ii).

The key assumptions include market-corroborated discount rate and capitalisation rate.

Key unobservable inputs

The following table shows the key unobservable inputs used in the valuation models:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow analysis	<ul style="list-style-type: none">Discount rate of 7.50%	The estimated fair value would increase (decrease) if discount rate was lower (higher).
Income capitalisation method	<ul style="list-style-type: none">Capitalisation rate of 5.00%	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

iv Loans and Borrowings

	GROUP	
	31 Dec 2023 (S\$'000)	30 Jun 2023 (S\$'000)
Unsecured loans and borrowings		
Amount repayable within one year	-	434,734
Amount repayable after one year	1,547,125	1,118,115
Less: unamortised transaction costs	(35,616)	(40,666)
	1,511,509	1,512,183

Details of loans and borrowings

As at 31 December 2023, the Group and LREIT has in place the following committed loan facilities:

- 5-year unsecured term loan facility of €218.0 million (S\$317.7 million);
- 5-year unsecured term loan facility of S\$200.0 million;
- 5-year unsecured term loan facility of S\$100.0 million;
- 5-year unsecured term loan facility of €5.0 million (S\$7.3 million);
- 5-year unsecured revolving credit loan facility of S\$100.0 million;
- 5-year unsecured revolving credit loan facility of €62.0 million (S\$90.4 million);
- 5-year unsecured multicurrency revolving loan facility of S\$120.0 million;
- 5-year unsecured multicurrency revolving loan facility of €15.0 million (S\$21.9 million);
- 4-year unsecured term loan facility of S\$200.0 million;
- 4-year unsecured term loan facility of S\$90.0 million;
- 4-year unsecured revolving credit loan facility of S\$30.0 million;
- 3-year unsecured term loan facility of S\$200.0 million; and
- 3-year unsecured term loan facility of S\$160.0 million.

As at 31 December 2023, S\$1,547.1 million of loan facilities were drawn.

In addition, the Group and LREIT has approximately S\$188.6 million of undrawn debt facilities.

The Group aggregate gearing stands at 40.5% and has an interest coverage ratio of 3.8 times in accordance with the requirements under its loan facilities¹.

Footnote:

1. The interest coverage ratio of 2.5 times (1.9 times for adjusted ICR) is in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

v Net Asset Value (“NAV”) and Net Tangible Asset (“NTA”) Per Unit

	GROUP		LREIT	
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
NAV/ NTA per unit (S\$) ¹	0.77	0.79	0.77	0.79
Adjusted NAV/ NTA per unit (excluding the amount distributable) (S\$)	0.75	0.74	0.75	0.74

Footnote:

1. NTA per unit approximates NAV per unit.

vi Earnings Per Unit (“EPU”) and Distribution Per Unit (“DPU”) for the financial period (Group)

In computing the EPU, the weighted average number of units as at the end of each period is used for the computation. The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue during the period.

	6 months ended 31 Dec 2023	6 months ended 31 Dec 2022
Weighted average number of units in issue	2,331,818,769	2,279,859,553
Earnings per unit ("EPU") (cents) ¹	0.89	2.14

	6 months ended 31 Dec 2023	6 months ended 31 Dec 2022
No. of units in issue at end of the period	2,352,784,938	2,286,988,704
Distribution per unit ("DPU") (cents)	2.10	2.45

Footnote:

1. Includes net change in fair value of derivatives.

vii Fair value of assets and liabilities

The following methods and assumptions are used to estimate fair values of the following significant classes of financial instruments:

- (i) Derivative financial instruments

Interest rate derivatives are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present valuation calculations. The models incorporate various inputs including the credit quality of counterparties, interest rate and forward rate curves.

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

vii Fair value of assets and liabilities

(ii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted using the market rate of interest at the reporting date. The carrying amounts of loans and borrowings approximate their fair values as these loans and borrowings are interest-bearing at floating rates and reprice at an interval of one to twelve months.

(iii) Financial instruments for which fair value is equal to the carrying value

These financial instruments include cash and cash equivalents, trade and other receivables, other current assets, other non-current assets, trade and other payables and lease liability. The carrying amounts of these financial instruments are approximations of their fair values because they are either short term in nature or effect of discounting is immaterial.

(iv) Equity instrument at fair value

The fair value measurement for equity instrument at fair value has been categorised as Level 3 based on inputs to the valuation techniques used.

Equity instrument at fair value through profit and loss ("FVTPL") is calculated using the net asset value of the unquoted entity adjusted for the fair value of the underlying property. The estimated fair value would increase/(decrease) if the net asset value was higher/(lower).

Accounting classifications and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

LENLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

vii Fair value of assets and liabilities

	Carrying amount			Fair value				
	At amortised cost	FVTPL	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
31 Dec 2023	S\$'000							
Group								
Financial assets not measured at fair value								
Trade and other receivables	2,871	-	-	2,871				
Other non-current assets	2,698	-	-	2,698				
Cash and cash equivalents	61,669	-	-	61,669				
Other current assets ¹	4,930	-	-	4,930				
	72,168	-	-	72,168				
Financial assets measured at fair value								
Equity instrument at fair value	-	85,784	-	85,784	-	-	85,784	85,784
Derivative financial assets	-	2,591	-	2,591	-	2,591	-	2,591
	-	88,375	-	88,375				
Financial liabilities not measured at fair value								
Trade and other payables ²	-	-	(68,228)	(68,228)				
Loans and borrowings	-	-	(1,511,509)	(1,511,509)				
Lease liability	-	-	(1,753)	(1,753)				
	-	-	(1,581,490)	(1,581,490)				
Financial liabilities measured at fair value								
Derivative financial liabilities	-	(15,952)	-	(15,952)	-	(15,952)	-	(15,952)

Footnotes:

1. Excludes deposits and prepayments.

2. Excludes net GST/VAT payables and rental received in advance.

LENLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

vii Fair value of assets and liabilities

	Carrying amount			Fair value				
	At amortised cost	FVTPL	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
30 Jun 2023	S\$'000							
Group								
Financial assets not measured at fair value								
Trade and other receivables ¹	2,703	-	-	2,703				
Other non-current assets	2,685	-	-	2,685				
Cash and cash equivalents	54,224	-	-	54,224				
Other current assets ²	4,417	-	-	4,417				
	64,029	-	-	64,029				
Financial assets measured at fair value								
Equity instrument at fair value	-	85,784	-	85,784	-	-	85,784	85,784
Derivative financial assets	-	14,810	-	14,810	-	14,810	-	14,810
	-	100,594	-	100,594				
Financial liabilities not measured at fair value								
Trade and other payables ³	-	-	(69,105)	(69,105)				
Loans and borrowings	-	-	(1,512,183)	(1,512,183)				
Lease liability	-	-	(1,871)	(1,871)				
	-	-	(1,583,159)	(1,583,159)				
Financial liabilities measured at fair value								
Derivative financial liabilities	-	(1,082)	-	(1,082)	-	(1,082)	-	(1,082)

Footnotes:

1. Excludes net VAT receivables.

2. Excludes deposits and prepayments.

3. Excludes net GST payables and rental received in advance.

LENLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

vii Fair value of assets and liabilities

	Carrying amount				Fair value			
	At amortised cost	FVTPL	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
31 Dec 2023	S\$'000							
LREIT								
Financial assets not measured at fair value								
Trade and other receivables	1,539	-	-	1,539				
Other non-current assets	2,698	-	-	2,698				
Cash and cash equivalents	30,946	-	-	30,946				
Other current assets ¹	4,930	-	-	4,930				
	40,113	-	-	40,113				
Financial assets measured at fair value								
Equity instrument at fair value	-	85,784	-	85,784	-	-	85,784	85,784
Derivative financial assets	-	2,591	-	2,591	-	2,591	-	2,591
	-	88,375	-	88,375				
Financial liabilities not measured at fair value								
Trade and other payables ²	-	-	(62,830)	(62,830)				
Loans and borrowings	-	-	(1,511,509)	(1,511,509)				
Lease liability	-	-	(1,753)	(1,753)				
	-	-	(1,576,092)	(1,576,092)				
Financial liabilities measured at fair value								
Derivative financial liabilities	-	(15,952)	-	(15,952)	-	(15,952)	-	(15,952)

Footnotes:

1. Excludes deposits and prepayments.

2. Excludes net GST payables and rental received in advance.

LENLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

vii Fair value of assets and liabilities

	Carrying amount			Fair value				
	At amortised cost	FVTPL	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
30 Jun 2023	S\$'000							
LREIT								
Financial assets not measured at fair value								
Trade and other receivables	2,297	-	-	2,297				
Other non-current assets	2,685	-	-	2,685				
Cash and cash equivalents	37,662	-	-	37,662				
Other current assets ¹	4,417	-	-	4,417				
	47,061	-	-	47,061				
Financial assets measured at fair value								
Equity instrument at fair value	-	85,784	-	85,784	-	-	85,784	85,784
Derivative financial assets	-	14,810	-	14,810	-	14,810	-	14,810
	-	100,594	-	100,594				
Financial liabilities not measured at fair value								
Trade and other payables ²	-	-	(66,643)	(66,643)				
Loans and borrowings	-	-	(1,512,183)	(1,512,183)				
Lease liability	-	-	(1,871)	(1,871)				
	-	-	(1,580,697)	(1,580,697)				
Financial liabilities measured at fair value								
Derivative financial liabilities	-	(1,082)	-	(1,082)	-	(1,082)	-	(1,082)

Footnotes:

1. Excludes deposits and prepayments.

2. Excludes net GST payables and rental received in advance.

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

viii Commitments

As at 31 December 2023, the Group had approximately S\$30.2 million of commitments contracted but not provided for in the unaudited condensed interim financial statements.

2 Review of Condensed Interim Financial Statements

The condensed interim financial statements and distribution announcement for first financial half year period from 1 July 2023 to 31 December 2023 including the explanatory notes have not been audited or reviewed.

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

3 Review of Performance

	GROUP		
	(S\$'000)		Variance %
	6 months ended 31 Dec 2023	6 months ended 31 Dec 2022	
Consolidated Statement of Profit or Loss			
Gross revenue	119,917	101,733	17.9
Property operating expenses	(26,536)	(25,309)	(4.8)
Net property income	93,381	76,424	22.2
Manager's base fee	(5,190)	(5,210)	0.4
Manager's performance fee	(4,751)	(3,821)	(24.3)
Other management fees	(378)	(385)	1.8
Trustee's fee	(215)	(210)	(2.4)
Other trust expense	(1,300)	(1,205)	(7.9)
Net foreign exchange gain/(loss)	5,838	8,227	(29.0)
Dividend income	1,410	-	NM
Finance income	681	59	>100
Finance costs	(32,710)	(23,586)	(38.7)
Profit/(Loss) before tax, change in fair value and share of profit/(loss)	56,766	50,293	12.9
Amount available for distribution to Unitholders	49,292	56,030	(12.0)
Available distribution per unit (cents)	2.10	2.45	(14.5)

NM: Not meaningful

1H FY2024 vs 1H FY2023

Gross revenue of S\$119.9 million for the period was S\$18.2 million higher than in 1H FY2023. The increased revenue was mainly attributed to the upfront recognition of supplementary rent in relation to the return of Building 3 by Sky, of an amount equivalent to approximately two years of the prevailing annual rent of Building 3 and improved performance from the Singapore properties.

Property operating expenses were S\$26.5 million for the period, S\$1.2 million higher than in 1H FY2023. The higher expenses were mainly due to expenses in relation to the restructuring of Sky Complex lease and higher costs of utilities from the Singapore properties.

As a result, net property income for the period was S\$17.0 million higher than in 1H FY2023.

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

3 Review of Performance

Finance costs for the period was S\$9.1 million higher than in 1H FY2023. The higher finance costs were mainly contributed by the higher average interest rate due to the higher interest rate environment.

After accounting for distribution adjustments such as net change in fair value of derivatives, amortisation of debt-related transaction costs, management fees paid in units, distribution to perpetual securities holders and the enlarged issued unit base, the amount distributable to Unitholders was S\$49.3 million. This translates to a DPU of 2.10 Singapore cents.

4 Variance between Actual and Forecast Results

LREIT has not disclosed any forecast to the market.

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

5 Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

According to the International Monetary Fund (“IMF”), global growth is expected to moderate to 2.9%¹ in 2024 (vs 3.0%¹ in 2023) due to the slow and uneven recovery from the COVID-19 pandemic and Russia-Ukraine war. Global inflation is projected to decline to 5.8%¹ in 2024 (vs 6.9%¹ in 2023 and 8.7%¹ in 2022). The IMF is maintaining its view that inflation will likely return to the desired target rate of 2% in 2025.

Singapore

Based on the advance estimates by the Ministry of Trade and Industry (“MTI”), the Singapore economy grew 2.8%² year-on-year (“YoY”) in the fourth quarter of 2023, faster than the 1.0%² growth in the previous quarter. For the whole of 2023, the economy grew by 1.2%² (vs 3.6%² in 2022). MTI projected economic growth in 2024 to be in the range of 1.0%³ to 3.0%³.

Singapore welcomed more than 12 million⁴ visitors in 2023 (vs 6.3 million⁴ in 2022). Retail sales (excluding motor vehicles) increased 1.4%⁵ YoY in Nov 2023, compared to the 1.0%⁵ decline in Oct 2023. The total estimated retail sales value (excluding motor vehicles) was S\$3.7 billion⁵, of which online sales accounted for 17.1%⁵.

The retail market saw strong leasing demand in the fourth quarter of 2023 on the back of positive retail sentiments. The demand was primarily driven by F&B and fashion brands including United Colours of Benetton at 313@somerset.

Prime islandwide retail rents continued its recovery momentum during the quarter. Retail rents in the Orchard Road and suburban spaces increased 1.5%⁶ and 1.0%⁶ quarter-on-quarter (“QoQ”) to S\$36.30 and S\$31.75 per square feet (“sqft”) per month⁶ respectively. CBRE Research expects overall retail rents to maintain its growth trajectory in 2024. On office sector, leasing remained healthy in Q4 2023, with demand seen from private wealth asset management, legal, flexible workspace operators and government agencies. In addition, the amount of shadow space continued to decline from 0.7 million sqft⁶ in Q1 2023 to 0.17 million sqft⁶ in Q4 2023.

In Q4 2023, vacancy rates in the core CBD and fringe CBD stood at 5.2%⁶ and 6.2%⁶ respectively. Core CBD office rents registered an increase of 0.6%⁶ QoQ to S\$8.85 per sqft per month⁶. With a low vacancy rate of 3.1%⁶ in the decentralised area, suburban office spaces continue to stay relevant as more businesses move towards decentralised locations with a hybrid workplace model.

Milan

According to the preliminary estimates by the Italian National Institute of Statistics (“ISTAT”), the consumer price index rose by 0.6%⁷ YoY and 0.2%⁷ month-on-month in Dec 2023.

¹ International Monetary Fund, World Economic Outlook, Navigating Global Divergences, October 2023

² Ministry of Trade and Industry Singapore, Singapore’s GDP Grew by 2.8 Per Cent in the Fourth Quarter of 2023 and by 1.2 Per Cent in 2023, 2 January 2024

³ Ministry of Trade and Industry Singapore, MTI Forecast GDP Growth of “Around 1.0 Per Cent” in 2023 and “1.0 to 3.0 Per Cent” in 2024, 22 November 2023

⁴ Singapore Tourism Analytics Network, Tourism Stats

⁵ Department of Statistics Singapore, Retail Sales Index and Food & Beverage Services Index, November 2023

⁶ CBRE Research, Singapore Figures Q4 2023

⁷ Italian National Institute of Statistics, Consumer Prices, December 2023

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

5 Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

For the same period, business and consumer confidence index also improved YoY by 3.7⁸ and 3.1⁸ points to 107.2⁸ and 106.7⁸ respectively.

In Q3 2023, the Milan office market registered a positive absorption of 96,000 square meter⁹ ("sqm"), continuing the upward trend in absorption since the beginning of 2023. The Periphery area, where Sky Complex is located, accounted for the highest take-up of 38,000 sqm⁹, reflecting the tenancy demand for decentralised area.

Subleasing of office space through "plug and play" solutions is becoming a common practice in Milan. In addition to attracting and retaining talents, occupiers are increasingly prioritising ESG standards when looking for office space. Year-to-date as at Q3 2023, 50%⁹ of the leasing transactions are Grade A Green spaces. The "green trend" is more evident in central areas such as CBD, Centre and Semi-centre, where the existing supply of 82,000 sqm⁹ of space is not sufficient to fill the average Grade A Green absorption in the last five years of 112,000 sqm⁹. Occupiers are willing to pay prime rental values for green certified spaces compared to non-certified spaces. Rental premium between green certified spaces and non-certified spaces has increased from 17%⁹ in 2022 to 20%⁹ in 2023 in the CBD area. As at Q3 2023, prime rents in the CBD remained high at €700 per sqm per year⁹.

Looking ahead

Singapore retail landscape made a healthy post-pandemic recovery in 2023, driven by domestic demand and the increased in inbound visitors.

The optimistic leasing demand coupled with below-historical-average of new retail supply in the next few years (less than 0.7 million sqft of net lettable area per year from 2024 to 2026) provide favourable market dynamics for landlords during rent negotiations when the leases are due for renewal. The Manager will continue its proactive asset management strategy to ensure that LREIT's malls stay vibrant and relevant for shoppers.

According to CBRE Research, the Singapore office market may face near-term challenges such as an uncertain economy, fewer visible demand drivers and an above historical average completion pipeline in 2024 including IOI Central Boulevard Towers. With Jem office (LREIT's only Singapore office asset) fully leased to the Ministry of National Development until 2044, LREIT is protected against leasing risks from market fluctuations.

Compared to the office sector in the major European cities, the fundamentals of Italy office market continue to remain healthy with good leasing activities and high prime rent in the CBD area. In addition, growing demand for green spaces lends support to rental values of assets with green credentials. This bodes well for the repositioning of Building 3 of Sky Complex for multi-tenancy use (refer to LREIT's announcement "Lendlease Global Commercial Italy Fund Restructures Lease at Sky Complex to Reduce Tenant Concentration Risk" dated 18 Dec 2023). Building 3 is a Grade A office building and LEED Gold certified and the business district where it is located, is LEED Neighbourhood certified – the first precinct in Italy to attain the certification.

⁸ Italian National Institute of Statistics, Consumer and Business Confidence, December 2023

⁹ Cushman & Wakefield, Milan Office Q3 2023

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

6 Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: 10th distribution for the period from 1 July 2023 to 31 December 2023

Distribution type: Income

Distribution rate: Taxable Income – 2.0424 cents per unit
Tax-Exempt Income – 0.0526 cents per unit

Par value of units: Not meaningful

Tax rate: Taxable Income Distribution
Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession in which case, such distributions are not exempt from tax and the individual must declare the gross distribution received as income in their Singapore tax returns.

Qualifying non-resident non-individual investors and qualifying non-resident funds will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Tax-Exempt Income Distribution
Tax-Exempt Income Distribution is exempt from tax in the hands of all Unitholders.

(b) Record date: 9 February 2024

(c) Date payable: 27 March 2024

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

6 Distributions

(d) Corresponding period of the preceding financial period

Any distributions declared for the current financial period? Yes

Name of distribution: 8th distribution for the period from 1 July 2022 to 31 December 2022

Distribution type: Income

Distribution rate: Taxable Income – 2.0447 cents per unit
Tax-Exempt Income – 0.4052 cents per unit

Par value of units: Not meaningful

Tax rate: Taxable Income Distribution
Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession in which case, such distributions are not exempt from tax and the individual must declare the gross distribution received as income in their Singapore tax returns.

Qualifying non-resident non-individual investors and qualifying non-resident funds will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Tax-Exempt Income Distribution
Tax-Exempt Income Distribution is exempt from tax in the hands of all Unitholders.

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

7 If no distribution has been declared / recommended, a statement to that effect

Not applicable.

8 General mandate from Unitholders for Interested Person Transactions

No general mandate has been obtained from the Unitholders for Interested Person Transactions.

9 In the review of the performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to section 1 and section 3 for review of actual performance.

10 Confirmation pursuant to Rule 720(1) of the Listing Manual

We, on behalf of the board of directors of the Manager, confirm that the Manager has procured undertakings from all its directors and executive officers in the form as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

11 Negative Confirmation pursuant to Rule 705(5) of the Listing Manual

We, on the behalf of the board of directors of the Manager confirmed that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Manager which may render unaudited financial results of LREIT for the period from 1 July 2023 to 31 December 2023 to be false or misleading in any material aspect.

For and on behalf of the Manager
Lendlease Global Commercial Trust Management Pte. Ltd.

Justin Marco Gabbani
Chairperson and Non-Independent
Non-Executive Director

Tsui Kai Chong
Lead Independent
Non-Executive Director

LENDLEASE GLOBAL COMMERCIAL REIT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FIRST FINANCIAL HALF YEAR PERIOD FROM 1 JULY 2023 TO 31 DECEMBER 2023

Certain statements in this release constitute “forward-looking statements”. This release also contains forward-looking financial information. Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding the Manager’s present and future business strategies and the environment in which the Group will operate in the future. Because these statements and financial information reflect the current views of the Manager concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information. You should not place any reliance on these forward-looking statements and financial information.

By Order of the Board
Amy Chiang
Company Secretary
Lendlease Global Commercial Trust Management Pte. Ltd.
(Company Registration No. 201902535N)
As Manager of Lendlease Global Commercial REIT

1 February 2024