Distributable Income Grew 3.8% to S$28.6 million Boosted by the Acquisition of Additional Stake in Jem

Distribution per unit up 2.6% to 2.40 cents in 1H FY2022

Key highlights

- Portfolio occupancy at all-time **high at 99.9%**
- Deployment of **bonus GFA at new tenancies in 313@somerset's prime spaces**
- **Long WALE** of 8.4 years[1] by NLA and 4.4 years[1] by GRI
- More than **90%[2] of the borrowings hedged to fixed rates** to mitigate the impact of interest rate hikes
- High **interest coverage ratio of 9.7 times**[3]
- **Healthy gearing ratio of 33.5%[4]** with a weighted average running cost of debt of 0.92% p.a.
- High tenant **retention rate of 75.8%**[5]

Singapore, 4 February 2022 - Lendlease Global Commercial Trust Management Pte. Ltd. (the "Manager"), the manager of Lendlease Global Commercial REIT ("LREIT"), is pleased to announce that distributable income increased 3.8% year-on-year ("YoY") to S$28.6 million in 1H FY2022, translating to a distribution of 2.40 cents per unit.

Operations Update

As at 31 December 2021, the Manager has achieved an all-time high portfolio occupancy rate of 99.9%, with only a minimal 2% of the portfolio's total NLA due for renewal for the rest of FY2022. With this, LREIT continues to maintain a long WALE of 8.4 years[1] by NLA and 4.4 years[1] by GRI.

Retail portfolio

313@somerset achieved a record-high occupancy rate of 99.7% with a high tenant retention rate of 75.8%[5] as at 31 December 2021. The performance was driven by the Manager's proactive leasing strategy which focuses on strengthening the tenancy mix and refreshed new offerings to rejuvenate the mall. New tenants brought onboard include Puma, Ohayo Mama San, Oakley, Pearly Lustre, Ramburger and Chimi's.

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[1] Assumes that Sky Italia does not exercise its break option in 2026.
[2] As at 4 February 2022.
[3] The interest coverage ratio as at 31 December 2021 of 9.7 times is in accordance with requirements in its debt agreements, and 5.0 times in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.
[4] Total assets include non-controlling interests share of total assets.
[5] Refers to 313@somerset only as Sky Complex is 100% leased till 2032, excluding tenant's break option in 2026.

Tenant sales continued to outperform footfall and improved 7.8% YoY to S$166.4 million in 2021. Visitation in 2021 dipped 2.7% YoY on the back of the tightened restrictions on group size.

Making 313@somerset even better

The Manager is pleased to report that it will utilise approximately 660 sq ft arising from the increase in permissible plot ratio from 4.9+ to 5.6 in two prime units at the ground floor of 313@somerset to expand leasable unit space and unlock value for Unitholders.

Its strategy to deploy the additional gross floor area ("GFA") is a thought-through process since the onset of the pandemic. The deployment will be carried out during the fit-out period to avoid unnecessary hoarding and disruption to the operations of other tenants in the mall. With the remaining untapped GFA of approximately 10,200 sq ft, the Manager is confident that LREIT will be able to maximise the full potential of 313@somerset and bring value to its Unitholders.

Jem continued to demonstrate its attractiveness as a retail destination in the west of Singapore

During the quarter, Jem welcomed new tenants Fruit Paradise, Home & Giving, Anothersole and Sunday Staples. Another leasable unit – currently occupied by Kskin – was created to unlock value and improve asset returns at Jem.

Office portfolio

Sky Complex continued to maintain its resilience and generate stable income.

The three grade-A office buildings are fully occupied by a single tenant and operate on a triple-net lease structure. With a long lease term until 2032[1] and annual rental escalation based on 75% of ISTAT consumer price index variation, Sky Complex is projected to provide stable income stream to the portfolio.

On Jem, its office component remains 100% leased to Singapore's Ministry of National Development for a 30-year lease term. The demand for office space in Singapore's suburban market is likely to remain resilient in the near to long term due to the decentralisation trend as more office tenants look to the suburban areas to save on rental costs and adopting a flex and core strategy.

Mr Kelvin Chow, Chief Executive Officer of the Manager, said, "Overall performance was boosted by the additional stake in Jem and LREIT's financial position remains strong. This points to the underlying strength of our well-located assets and our continuous focus on enhancing our retail mall's offerings."

Mr Chow added, "Suburban malls have demonstrated relevance and resilience during the COVID-19 pandemic. Jem has showed its resilience as evidenced by its ability to rebound faster than its competitors from the downturn."

Financial Update

Gross revenue for 1H FY2022 was S$39.2 million attributed to lower rental reversion at 313@somerset and lower revenue from Sky Complex due to foreign exchange. Net property income for the period was S$29.6 million, 2.5% lower YoY. This was partially offset by lower property operating expenses of S$1.7 million or 14.9% from the absence of doubtful debt provisions and lower expenses contributed from marketing, insurances, salary & related expenses and operating expenses.

Capital Management

Gross borrowings were S$666.6 million as at 31 December 2021 with a gearing ratio of 33.5%[4]. The Group and LREIT have undrawn debt facilities of S$136 million to fund its working capital. With this, LREIT has sufficient bank facilities to refinance debt due in FY2023.

The weighted average debt maturity was 2.0 years with a weighted average running cost of debt of 0.92% per annum. LREIT also has a high interest coverage ratio of 9.7 times, which will provide ample buffer from the debt covenant of 2.0 times. All of LREIT's debt are unsecured with more than 90%[2] of its borrowings hedged to fixed rate.

Distribution Policy

LREIT intends to make distributions to Unitholders semi-annually and will distribute at least 90.0% of its adjusted net cashflow from operations for each financial year. The actual level of distribution will be determined at the Manager's discretion.

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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 a leasehold interest in 313@somerset, a prime retail property located in Singapore and a freehold interest in Sky Complex, which comprises three grade-A office buildings located in Milan. These four properties have a total net lettable area of approximately 1.3 million square feet, with an appraised value of S$1.4 billion. Other investments include a 31.8% indirect interest in Jem, an integrated office and retail development in Singapore and a tender project to develop 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. Its key objectives are to provide Unitholders with regular and stable distributions, achieve long-term growth in distribution per unit and net asset value per unit, and maintain an appropriate capital structure.

About the Sponsor - Lendlease Corporation Limited

The Sponsor, Lendlease Corporation Limited, is part of the Lendlease Group[6], an international real estate group with core expertise in shaping cities and creating strong and connected communities, with operations in Australia, Asia, Europe and the Americas.

Headquartered in Sydney and established in 1958, the Lendlease Group's vision is Together we create value through places where communities thrive.

The Lendlease Group's approach is to maintain a portfolio of operations that deliver diversification of earnings by segment and region, providing a mitigant to property cycles. This approach means that through cycles the composition of earning from each segment or region may vary.

The Lendlease Group has a development pipeline value of approximately A$114 billion[7], core construction backlog of A$15 billion[10] and funds under management of A$40 billion[10]. The Lendlease Group is a trusted investment manager to over 150 key capital partners in property and investments.

For more information, please contact Investor Relations:

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[6] Lendlease Group comprises the Sponsor, Lendlease Trust and their subsidiaries.
[7] As at 30 June 2021.

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

This press release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, (including employee wages, benefits and training costs), property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

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The past performance of LREIT is not necessarily indicative of its future performance.