

1H FY2024 Financial Results

1 February 2024



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Key Highlights



Key Highlights

Financial Performance

Gross
Revenue

S\$119.9 million
+17.9% YoY

Net Property
Income

S\$93.4 million
+22.2% YoY

Distributable
Income

S\$49.3 million
-12.0% YoY

Distribution
Per Unit

2.10 cents
-14.5% YoY

Capital Management

Gearing
Ratio

40.5%

Weighted
Average Cost of
Debt

3.37% p.a.⁽¹⁾

Interest
Coverage Ratio

3.8 times⁽²⁾

Fixed Rate
Borrowings

61%

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

(2) The interest coverage ratio (ICR) as at 31 December 2023 of 3.8 times (30 September 2023: 3.9 times) is in accordance with requirements in its debt agreements; 2.5 times (30 September 2023: 2.5 times) and 1.9 times for adjusted ICR (30 September 2023: 1.9 times) in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.

Key Highlights

Key Portfolio Metrics

Portfolio Committed Occupancy
87.9%⁽¹⁾



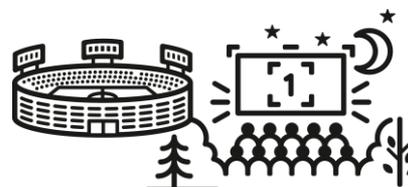
Retail Portfolio
99.6%

Office Portfolio
79.5%



Weighted Average Lease Expiry
7.9 years (by NLA)

Tenant Sales
+0.6%⁽²⁾



Tenant Retention
80.6%⁽⁴⁾ (by NLA)

Retail Rental Reversion
15.7%⁽³⁾



Office Rental Uplift
1.5%⁽⁵⁾

- (1) The lower occupancy is mainly due to the lease restructuring with Sky Italia. For details, please refer to the announcement "Lendlease Global Commercial Italy Fund Restructures Lease at Sky Complex to Reduce Tenant Concentration Risk" dated 18 December 2023.
- (2) Compared against 1H FY2023.
- (3) Year-to-date on weighted average basis.
- (4) Based on year-to-date completed lease renewal.
- (5) Refers to Building 1 and 2 of Sky Complex.

Financial Performance

Jem, a resilient suburban mall located in the West of Singapore.

Financial Performance

- Gross revenue increased 17.9% due mainly to improved operational performance from the retail malls and recognition of supplementary rent from the lease restructuring with Sky Italia in Milan. Excluding the supplementary rent recognised in advance, gross revenue increased by 5.1% YoY.
- As a result of the lease restructuring, rentals for Building 1 and 2 of Sky Complex have also been revised upwards by 1.5% from the existing in-place rents. This increase is in addition to the recent positive 5.9% rental escalation in May 2023.
- Retail portfolio continued to achieve positive rental reversion of 15.7%⁽¹⁾.
- The lower DPU was primarily due to higher borrowing costs amidst the higher interest rates as compared to a year ago.

S\$('000) unless otherwise stated	1H FY2024	1H FY2023	Variance (%)
Gross revenue	119,917	101,733	17.9
Net property income	93,381	76,424	22.2
Distributable income	49,292	56,030	(12.0)
DPU (cents)	2.10	2.45	(14.5)

(1) Year-to-date on weighted average basis.

Key Financial Indicators

- As at 31 December 2023, total number of units issued was approximately 2,352.8 million, translating to a lower NAV per unit.

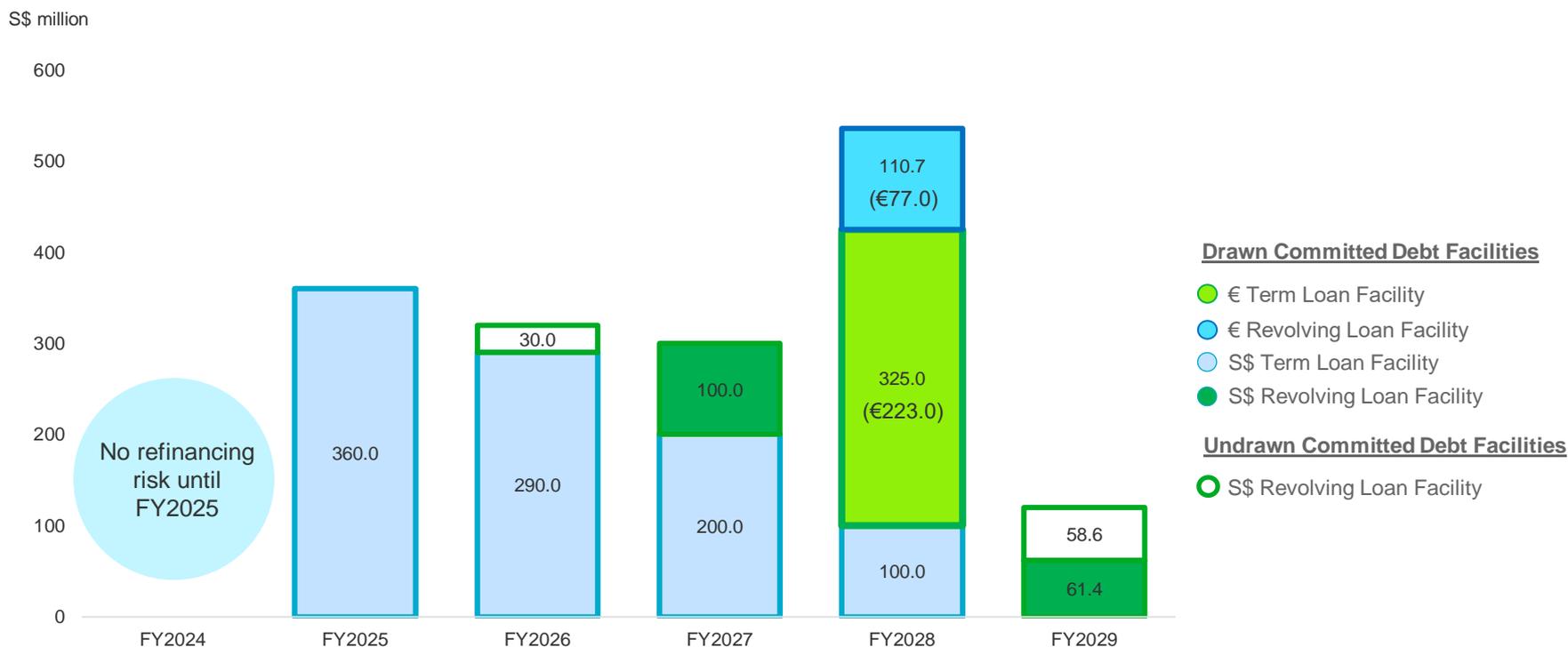
	As at 31 December 2023	As at 30 June 2023
Total assets	S\$3.8 billion	S\$3.8 billion
Total liabilities	S\$1.6 billion	S\$1.6 billion
Net assets	S\$2.2 billion	S\$2.2 billion
Unitholders' funds	S\$1.8 billion	S\$1.8 billion
Units in issue (number)	2,352,784,938	2,323,661,727
NAV per unit (S\$) ⁽¹⁾	0.77	0.79

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

Debt Facilities and Maturity Profile

- No refinancing risks on committed debt facilities until FY2025.
- Undrawn debt facilities was S\$188.6 million as at 31 December 2023.

Maturity Profile of Committed Debt Facilities as at 31 December 2023



Active Capital Management

- Approximately 61% of the borrowings are hedged to fixed rates as at 31 December 2023.
- Sustainability-linked financing accounted for approximately 85% of total committed debt facilities. The targets are pegged to LREIT's annual sustainability performance. Once met, it will translate to interest savings for unitholders.

	As at 31 December 2023	As at 30 September 2023
Gross borrowings	S\$1,547.1 million	S\$1,543.6 million
Gearing ratio	40.5%	40.6%
Weighted average debt maturity	3.0 years	3.1 years
Weighted average cost of debt ⁽¹⁾	3.37% p.a.	2.94% p.a.
Interest coverage ratio ⁽²⁾	3.8 times	3.9 times

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

(2) The interest coverage ratio (ICR) as at 31 December 2023 of 3.8 times (30 September 2023: 3.9 times) is in accordance with requirements in its debt agreements; 2.5 times (30 September 2023: 2.5 times) and 1.9 times for adjusted ICR (30 September 2023: 1.9 times) in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.

Distribution Schedule

Period: 1 July 2023 to 31 December 2023 Distribution per unit: 2.10 cents	
Notice of books closure date	1 Feb 2024
Last day of trading on 'cum' basis	7 Feb 2024, 5.00pm
Ex-date	8 Feb 2024, 9.00am
Record date	9 Feb 2024
Announcement of issue price (DRP)	13 Feb 2024
Despatch of Notice of Election (DRP)	23 Feb 2024
Last day of submission (DRP)	8 Mar 2024
Payment date	27 Mar 2024



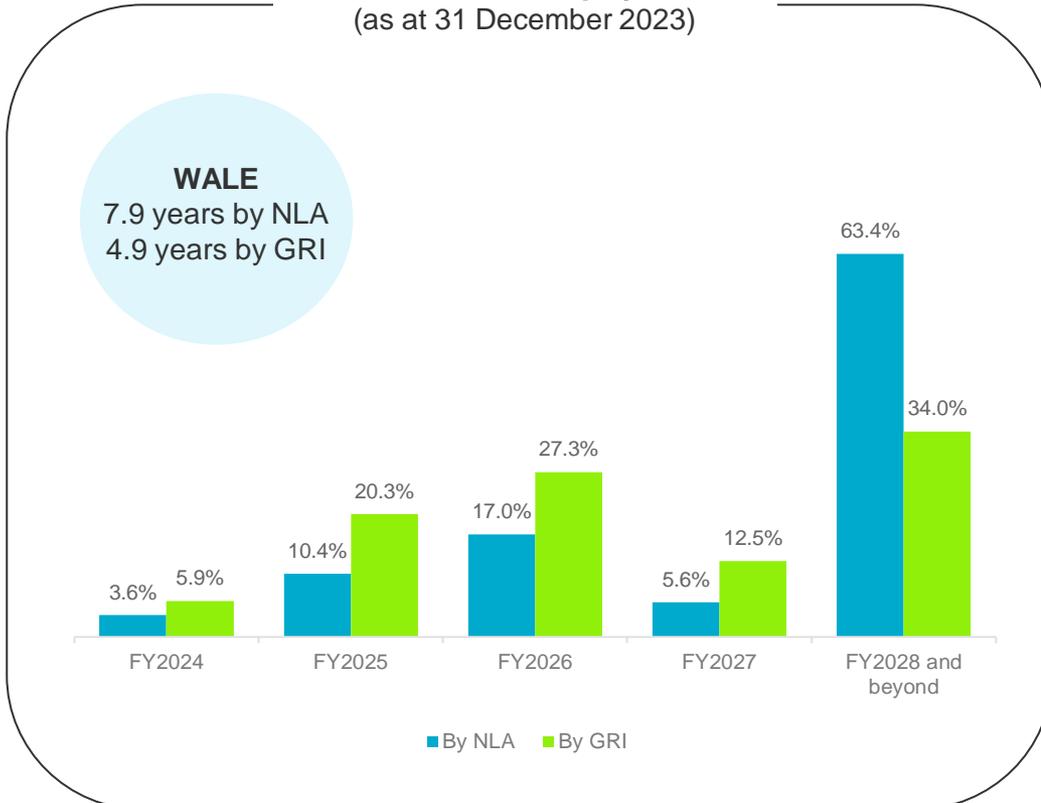
Portfolio Performance

With natural daylight pouring into Sky Complex, it reduces the need for artificial lighting.

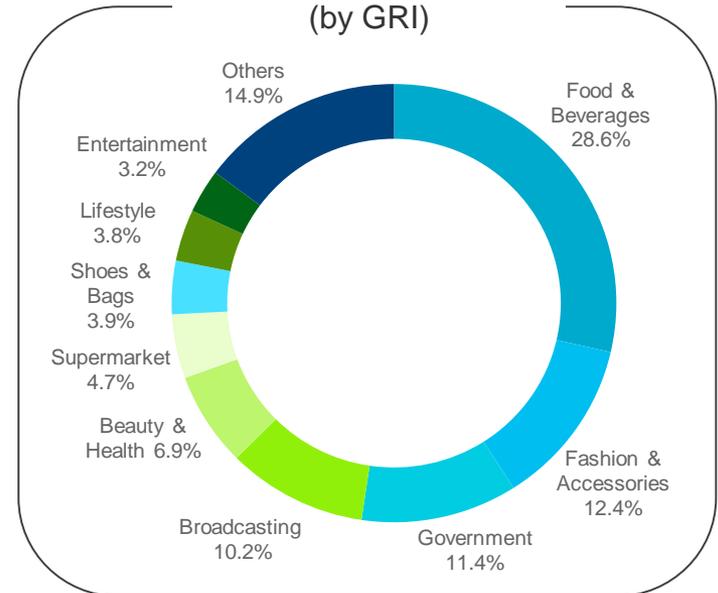
Well-staggered Lease Expiry

- Leases expiring in FY2024 further de-risked to 3.6% by NLA and 5.9% by GRI.
- Single-tenant exposure to Sky Italia (broadcasting sector) reduced from 13.6% to 10.2% by GRI.
- High concentration in essential services trades at approximately 57% by retail GRI.

Portfolio Lease Expiry Profile
(as at 31 December 2023)



Diversified Tenant Base
(by GRI)



Portfolio Committed Occupancy

Overall Portfolio

(as at 31 December 2023)



87.9%⁽¹⁾
2Q FY2024

99.9%
1Q FY2024

Retail Portfolio

(as at 31 December 2023)



Office Portfolio

(as at 31 December 2023)

- Office portfolio occupancy was 79.5%.
- Long WALE of 12.8 years by NLA and 15.3 years by GRI.



Singapore

- Grade A office building leased to the Ministry of National Development till 2044.
- Rental review every five years.

Milan



- Three Grade A office buildings with LEED Gold certification.
- Building 1 and 2 leased to Sky Italia till January 2033 for long-term stable cashflow without pre-termination risk.
- Sky Italia has made an upfront payment equivalent to approximately 2 years of the prevailing annual rent of Building 3 for returning the building.
- Building 3 will be repositioned to secure multi-tenancies at market rents.
- Annual rental review pegged to ISTAT⁽²⁾ consumer price index.

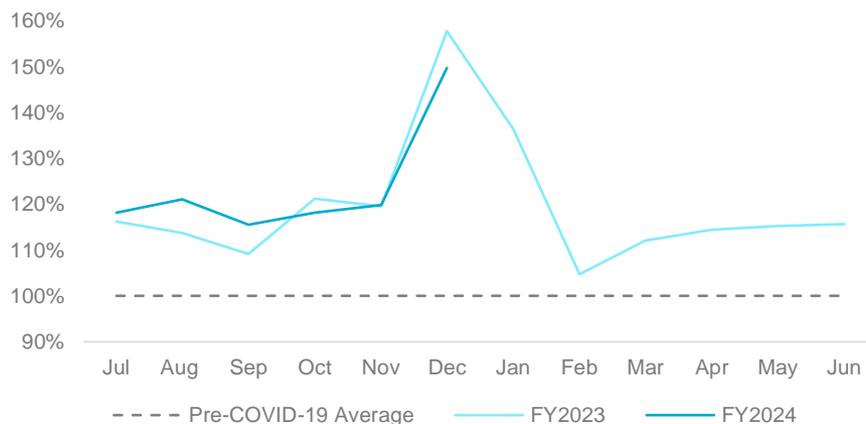
(1) The lower occupancy is mainly due to the lease restructuring with Sky Italia. For details, please refer to the announcement "Lendlease Global Commercial Italy Fund Restructures Lease at Sky Complex to Reduce Tenant Concentration Risk" dated 18 December 2023.

(2) The Italian National Institute of Statistics.

Higher tenant sales and visitation year-to-date compared with 1H FY2023

- Tenant sales increased 0.6% YoY in 1H FY2024.
- Visitation continued to trend close to pre-COVID-19 average levels.

Tenant Sales



Tenant Sales (S\$ million)					
1Q FY2023 (Jul-Sep)	2Q FY2023 (Oct-Dec)	3Q FY2023 (Jan-Mar)	4Q FY2023 (Apr-Jun)	1Q FY2024 (Jul-Sep)	2Q FY024 (Oct-Dec)
194.7	228.7	202.7	198.5	203.5	222.5

Visitation

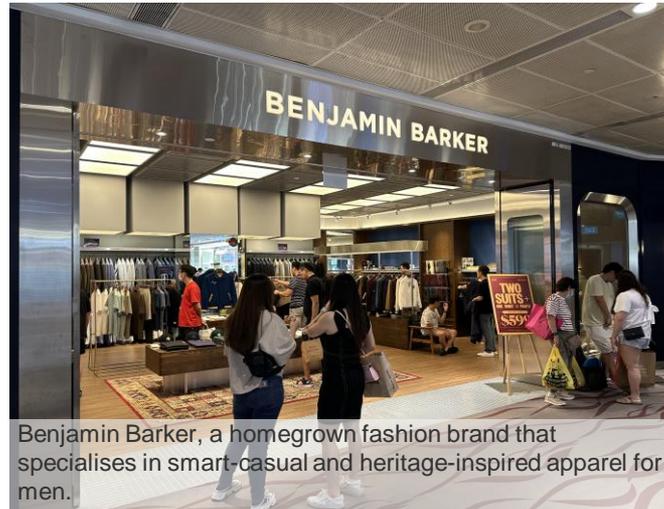


Visitation (Number in million)					
1Q FY2023 (Jul-Sep)	2Q FY2023 (Oct-Dec)	3Q FY2023 (Jan-Mar)	4Q FY2023 (Apr-Jun)	1Q FY2024 (Jul-Sep)	2Q FY024 (Oct-Dec)
15.6	17.2	15.4	16.2	16.8	17.1

New F&B and Retail Tenants



Singtel flagship shop (moved from Comcentre), houses Singapore's first Casetify Studio and Tik Tok Creator House within its space.



Benjamin Barker, a homegrown fashion brand that specialises in smart-casual and heritage-inspired apparel for men.



Genki Sushi, a Japanese sushi chain that incorporates technology and innovation across their outlets.



SNACK BOX, originated from China offering a variety of all-time favourite snacks.



Yakiniku Like, a solo-dining barbecue concept restaurant popular for their affordable meat selection.



Luckin Coffee, a new leading retail coffee company that appeals to the mass market.

Sustainability



Hybrid car park at Jem to encourage the adoption of environmental-friendly vehicles.

Empowering Person with Disabilities

- Development of an access guide with the Disabled People's Association at Jem. The guide, when launched in February 2024, will be the first access guide for a retail mall in Singapore.



Confirming the location and functionality of the talking ATM at Jem for the visually-impaired.



Discussing the design features of the handicap toilet's usefulness with inclusion ambassadors

- Hosted an "Empowering Disabilities" event at PLQ 3 for Csuites tenants to further understand challenges around inclusivity and how everyone can take action in their personal and professional lives.



Looking Ahead



Key Focus in the Near-term

- ✓ Proactive asset management to drive operational performance of our assets
- ✓ Active capital management to manage cost and gearing
- ✓ Focus on achieving resilient and sustainable returns
- ✓ Continue to drive progress towards ESG targets

Strategy



Proactive Asset Management and
Enhancement



Capital Management



Investment and Acquisition

Market Review



Come aLive
The entire space will be for events and entertainment.
This place aims to have the most vibrant, exciting, and fun atmosphere, supporting a wide range of activities for everyone to enjoy.

ABOUT THE ART:
A vibrant and colorful mural that captures the energy and excitement of the event space. The artwork features abstract figures and shapes in shades of blue, pink, green, and yellow, creating a dynamic and lively scene. The mural is part of a multifunctional event space under development adjacent to 313@somerset, Singapore.

@BALHORN.MIC

313@somerset

Market Review

Singapore Retail Market

- Retail sales (excluding motor vehicles) increased 1.4% YoY in November 2023, compared to the 1.0% decline in October 2023. The total estimated retail sales value (excluding motor vehicles) was S\$3.7 billion, of which online sales accounted for 17.1%.
- 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% and 1.0% QoQ to S\$36.30 and S\$31.75 per square feet per month respectively. CBRE Research expects overall retail rents to maintain its growth trajectory in 2024.

Singapore Office Market

- 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 square feet in Q1 2023 to 0.17 million square feet in Q4 2023.
- In Q4 2023, vacancy rates in the core CBD and fringe CBD stood at 5.2% and 6.2% respectively. Core CBD office rents registered an increase of 0.6% QoQ to S\$8.85 per square feet per month. With a low vacancy rate of 3.1% in the decentralised area, suburban office spaces will continue to stay relevant as more businesses move towards decentralised locations with a hybrid workplace model.

Milan Office Market

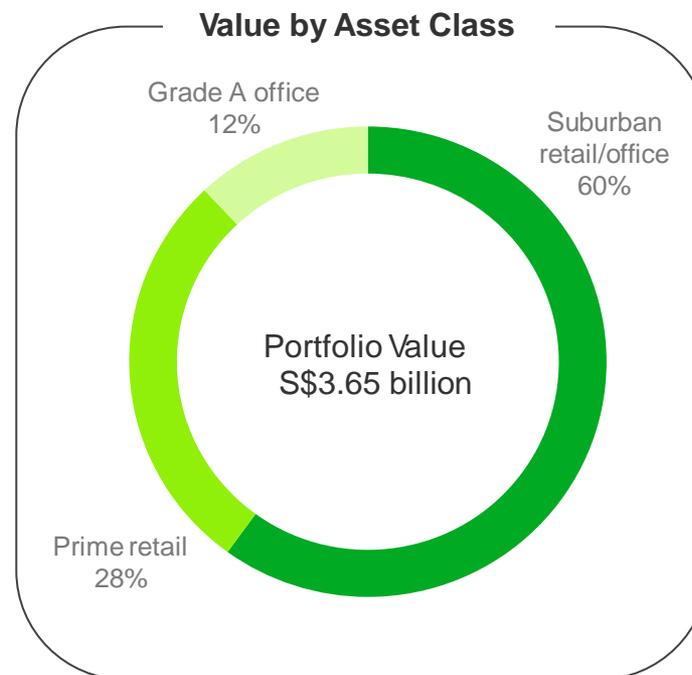
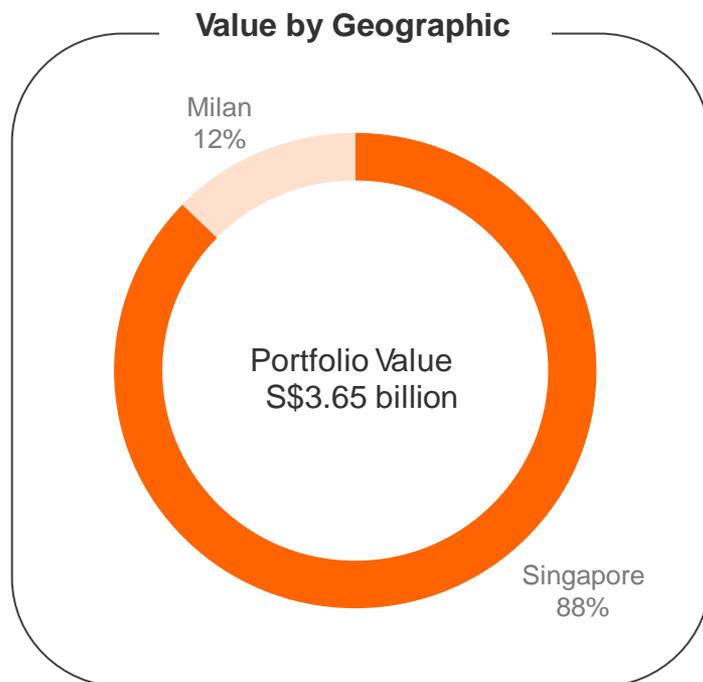
- According to the preliminary estimates by the Italian National Institute of Statistics, the consumer price index rose by 0.6% YoY and 0.2% month-on-month in December 2023.
- In Q3 2023, the Milan office market registered a positive absorption of 96,000 square meter, continuing the upward trend in absorption since the beginning of 2023. The Periphery area, where Sky Complex is located, accounted for the highest take-up of 38,000 square meter, reflecting the tenancy demand for decentralised area.
- Year-to-date as at Q3 2023, 50% of the leasing transactions are Grade A Green spaces. 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% in 2022 to 20% in 2023 in the CBD area. As at Q3 2023, prime rents in the CBD remained high at €700 per square meter per year.

Additional Information



Portfolio Composite by Valuation

- Singapore accounts for approximately 88% of the portfolio (by valuation)
- Suburban retail/office and Grade A office account for more than 70% of the portfolio



Note:

- Information as at 30 June 2023.
- Conversion rate for Milan asset was based on € to S\$ of 1.476 as at 30 June 2023.

Jem, an office and retail property in Singapore

One of the largest suburban malls in the West of Singapore, infusing the region with lively shopping and dining experiences.



Key Statistics (as at 31 December 2023)

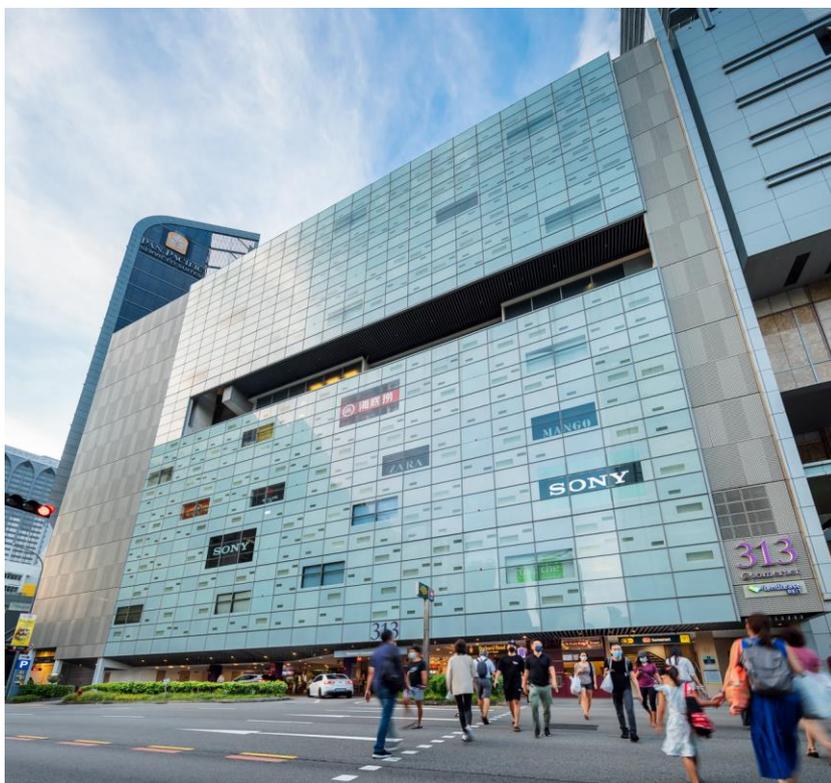
Occupancy	100%
WALE	8.8 years (by NLA) 5.5 years (by GRI)
Valuation ⁽¹⁾	S\$2,188.0 million
Valuation cap rate ⁽¹⁾	Retail: 4.50% Office: 3.50%
NLA	893,044 sq ft
Ownership ⁽²⁾	100% (99-year leasehold)

(1) Based on valuation report as at 30 June 2023.

(2) 99-year leasehold commencing from 27 September 2010 till 26 September 2109.

313@somerset, a prime retail mall in Singapore

A youth-oriented retail mall centrally located on Singapore's Orchard Road shopping belt, directly connected to the Somerset MRT Station.



Key Statistics

(as at 31 December 2023)

Occupancy	98.9%
WALE	2.3 years (by NLA and GRI)
Valuation ⁽¹⁾⁽²⁾	S\$1,033.2 million
Valuation cap rate ⁽¹⁾⁽³⁾	4.25%
NLA	288,979 sq ft
Ownership ⁽⁴⁾	100% (99-year leasehold)

(1) Based on valuation report as at 30 June 2023.

(2) Includes the development of the multifunctional event space, adjacent to 313@somerset, which will be connected seamlessly to the Discovery Walk that links to 313@somerset. Value reflected is the total of the market value and right-of-use-asset.

(3) Refers to operating asset only.

(4) 99-year leasehold commencing from 21 November 2006 until 20 November 2105.

Sky Complex, three Grade A office buildings in Milan

- All three office buildings are LEED Gold certified, have Grade A office building specifications and are designed in accordance with energy saving criteria and high use flexibility.
- Building 1 and 2 are leased to Sky Italia⁽¹⁾ until January 2033 without pre-termination risk.
- Building 3 will be repositioned to secure multi-tenancies at market rent.



Key Statistics

(as at 31 December 2023)

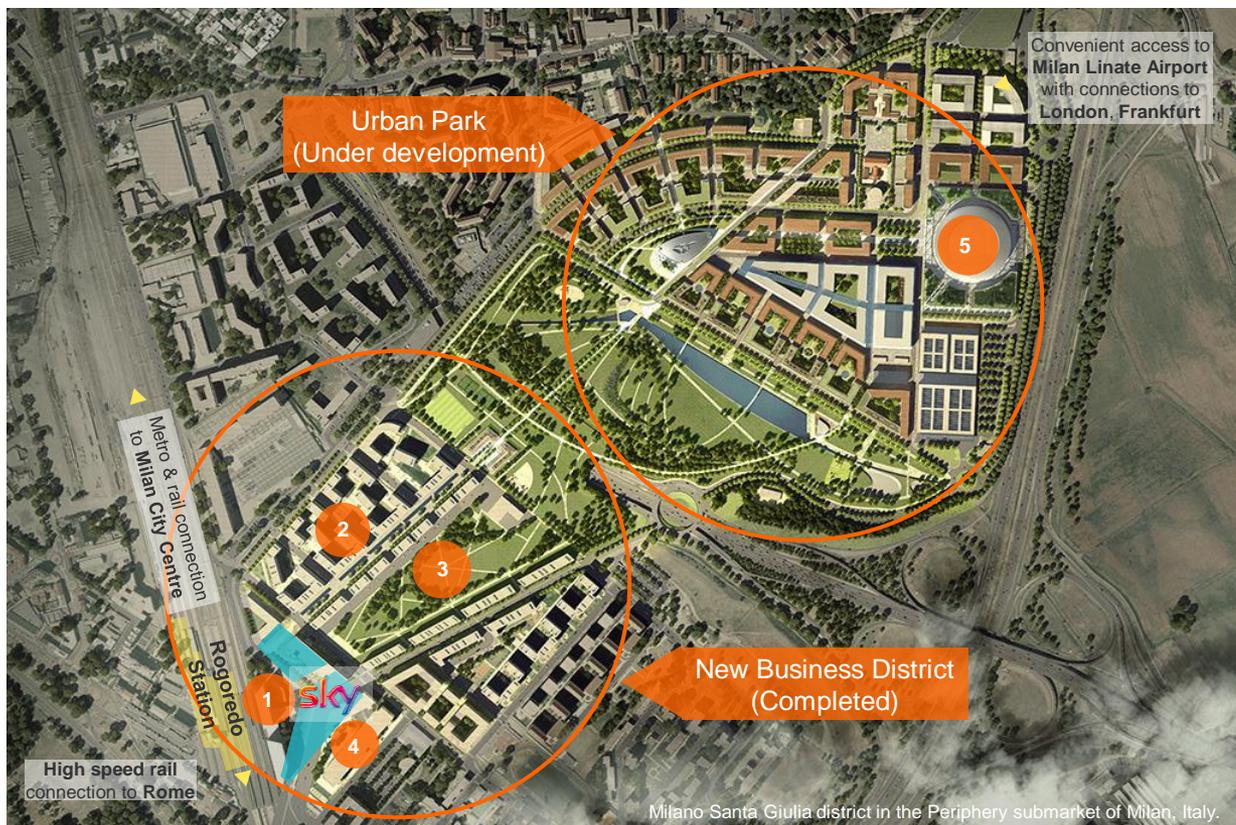
Occupancy	72.6%
WALE	9.0 years (by NLA and GRI)
Valuation ⁽²⁾	€290.5 million
Terminal cap rate ⁽²⁾	5.75%
NLA ⁽²⁾	Building 1 and 2: 61,595 sqm Building 3: 23,278 sqm
Ownership	100% (freehold)

(1) Sky Italia is a subsidiary of Comcast Corporation, a global media and technology company.

(2) Based on valuation report as at 30 June 2023.

Sky Complex, Grade A Office in Milan

- Milano Santa Giulia Business District, where Sky Complex is located, is the first precinct to be LEED Neighbourhood certified, a benchmark for quality of life and sustainability.



- Sky Complex
- 1 Spark One and Two, Grade A office buildings, with ancillary retail fully leased, adding vibrancy in the precinct
- 2 Residential area with 1,800 families and a shopping & entertainment street
- 3 Community park of size 45,000 sqm
- 4 New campus of Giuseppe Verdi Conservatory, the largest music academy in Italy
- 5 Multifunctional arena where 2026 Winter Olympics will be held

Other Investments

Strategic stake in Parkway Parade through a 10.0% interest in Parkway Parade Partnership Pte. Ltd.



- The investment increased LREIT's exposure to Singapore's resilient suburban retail segment.
- Direct connection to the upcoming Marine Parade MRT station and completion of the planned asset enhancement initiatives (by phases) will channel more footfall to Parkway Parade and strengthen its position as a dominant suburban retail mall in the eastern part of Singapore.

Development of a multifunctional event space adjacent to 313@somerset



- The combined NLA with 313@somerset of approximately 330,000 sq ft enlarges and strengthens LREIT's retail presence in the Somerset youth precinct.
- The space is envisioned to be an experiential innovative lifestyle destination that features creative use of communal spaces and themed events to promote social networking and wellness.
- Once construction of the site has commenced, it will take approximately 12 to 18 months to complete.

Commitment towards environmental goals

- LREIT has achieved net zero carbon in FY2023, ahead of the target of FY2025.

MISSION ZERO

As a 1.5°C aligned company, LREIT’s sponsor has set ambitious science-based emissions reductions targets.



**NET ZERO CARBON
BY 2025**

Reduction of greenhouse gas emissions from business activities as far as possible, with the remainder offset with an approved carbon offset scheme.

Sponsor’s net zero target applies to scope 1 & 2 emissions.



**ABSOLUTE ZERO CARBON
BY 2040**

Mitigation of all greenhouse gas emissions produced from business activities to absolute zero, without the use of offsets.

Sponsor’s absolute zero target applies to scope 1, 2 & 3 emissions.

SCOPES

Scopes are emissions categories defined by the Greenhouse Gas Protocol



SCOPE 1

Fuels we burn



SCOPE 2

Power we consume



SCOPE 3

Indirect activities

Commitment Towards Sustainability

SUSTAINABLE DEVELOPMENT GOALS



By optimising assets' sustainability performance to achieve Absolute Zero Carbon by FY2040



By maintaining and refining social initiatives and policies conducted by the Manager for internal and external stakeholders



Assessing relevance of Nature & Biodiversity Conservation to LREIT

JEM, SINGAPORE



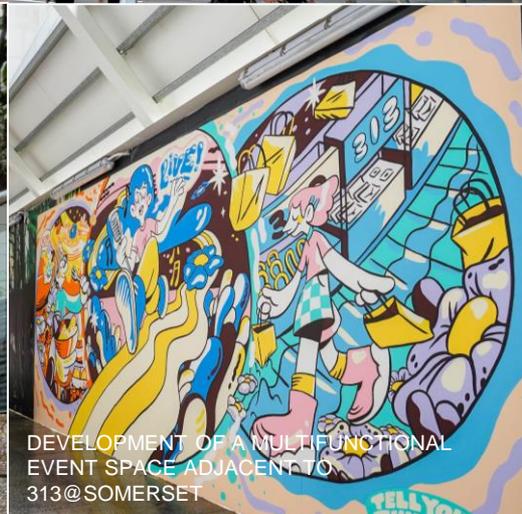
313@SOMERSET, SINGAPORE



SKY COMPLEX, MILAN



A STAKE IN PARKWAY PARADE, SINGAPORE



DEVELOPMENT OF A MULTIFUNCTIONAL EVENT SPACE ADJACENT TO 313@SOMERSET

Thank You

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