Net Property Income Doubled to Approximately S$154 million in FY2023

Attributed to the full-year financial contribution from Jem and positive rental growth

Key Highlights

- Positive retail rental reversion of 4.8%[1]
- Positive office rental escalation of 5.9%[2]
- Positive portfolio valuation gain of 1.4%
- Tenant sales and visitation increased 2.5 times[3] and 2.0 times[3] YoY, respectively
- High portfolio committed occupancy of 99.9%
- Tenant retention rate of 82.4%
- No refinancing risks in FY2024
- Met the target set for its sustainability-linked loans ("SLL") and achieved interest savings

Singapore, 7 August 2023 - Lendlease Global Commercial Trust Management Pte. Ltd. (the "Manager"), the manager of Lendlease Global Commercial REIT ("LREIT"), is pleased to announce its second-half and full-year financial results for FY2023.

Strengthening its presence in strategic and well-established location in Singapore

On 5 June 2023, LREIT acquired a stake in Parkway Parade to strengthen and expand its presence in strategic and well-established locations in Singapore. The investment provides LREIT with pre-emptive rights and opportunities to potentially increase indirect interest in Parkway Parade over time. It had also increased LREIT's exposure to the resilient suburban retail segment to further enhance income diversification. As at 30 June 2023, suburban retail/office segment accounted for approximately 61% of LREIT's gross revenue.

Financial Performance

Gross revenue for 2H FY2023 rose 65.1%[4] YoY to S$103.1 million mainly attributed to the financial contribution by Jem and positive rental growth achieved across the portfolio. This has resulted in a higher net property income ("NPI") of S$77.5 million for 2H FY2023. For FY2023, gross revenue and NPI increased approximately two times[4] to S$204.9 million and S$153.9 million respectively.

Property expenses in FY2023 were S$50.9 million[3], compared with S$26.2 million in FY2022.

[1] On weighted average basis.
[2] Effective from May 2023 and refers to Sky Complex.
[3] Mainly attributed to the acquisition of Jem in April 2022.
[4] Mainly attributed to the half-year financial contribution in 2H FY2023 and full-year financial contribution in FY2023 from the acquisition of Jem in April 2022.

LREIT's distributable income rose 21.6%[4] YoY to S$52.2 million in 2H FY2023, translating to a distribution of 2.25 cents per unit (compared to 2.45[5] cents per unit in 2H FY2022). The lower distribution per unit in the second half of FY2023 was primarily due to higher borrowing costs on the back of rising interest rates. For FY2023, distributable income increased 51.3%[4] YoY to S$108.2 million, equivalent to a distribution of 4.70 cents per unit.

Capital Management

Completed the refinancing for LREIT's Euro loan due in FY2024

During the year, the Manager has obtained a €300 million unsecured 5-year sustainability-linked loan facility to refinance LREIT's Euro loan due in FY2024. As at 30 June 2023, gross borrowings were S$1,552.8 million with a gearing ratio of 40.6%. The weighted average debt maturity was 2.1 years[6] with a weighted average cost of debt of 2.69% per annum[7]. As at the period end, LREIT has an interest coverage ratio of 4.2 times[8], which provides ample buffer from its debt covenants of 2.0 times.

All of its debt is unsecured with approximately 61% of its borrowings hedged to fixed rate. In addition, LREIT has undrawn debt facilities of S$583.3 million[9] to fund its working capital.

The Manager is pleased to share that LREIT has met the target set for its SLL and achieved interest savings. As at 30 June 2023, approximately 70%[10] of LREIT's total committed debt facilities are sustainability-linked financing, which will continue to generate net interest savings to LREIT's unitholders.

Operations Update

LREIT's portfolio committed occupancy remained high at 99.9% with a long weighted average lease expiry ("WALE") of 8.2 years[11] by net lettable area ("NLA") and 5.5 years[11] by gross rental income ("GRI"). Lease expiring profile remained well-spread with only 5.2% by NLA and 10.6% by GRI due for renewal in FY2024. As at 30 June 2023, LREIT's portfolio valuation has also increased by 1.4% YoY to S$3.65 billion attributed to the uplift in market rents and improved market sentiments in Singapore's retail sector.

[5] Includes an advance distribution of 1.1371 Singapore cents per unit for the period from 1 January 2022 to 30 March 2022.
[6] Weighted average debt maturity will be 3.4 years post the refinancing of the €285m loan facility that has been put in place.
[7] Excludes amortisation of debt-related transaction costs.
[8] The interest coverage ratio (ICR) as at 30 June 2023 of 4.2 times (31 March 2023: 4.6 times) is in accordance with requirements in its debt agreements; 2.7 times (31 March 2023: 2.8 times) and 2.0 times for adjusted ICR (31 March 2023: 2.0 times) in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.
[9] After drawing down on the Euro loan in FY2024, the undrawn debt facilities will be S$162.6 million.
[10] After drawing down on the Euro loan in FY2024, sustainable financing will increase to approximately 89% of total committed debt facilities.
[11] Assumes that Sky Italia does not exercise its break option in 2026.

Positive rental reversion for retail portfolio and positive rental escalation for office portfolio

As at 30 June 2023, LREIT's retail portfolio continued to maintain a high committed occupancy rate of 99.7% with a positive retail rental reversion of 4.8%[1] mainly driven by the Manager's proactive leasing strategy.

Tenant sales and visitation rose 2.5 times[3] and 2.0 times[3] YoY, respectively, in FY2023. As at the period end, the retail portfolio has a healthy tenant retention rate of 82.4% with essential services accounting for the majority of trades at approximately 58% by GRI.

In May 2023, LREIT's office portfolio achieved 5.9% positive rental escalation from Sky Complex. With a long office WALE of 12.1 years[11] by NLA and 14.6 years[11] by GRI, the portfolio will continue to generate stable income stream for LREIT's unitholders.

Mr Kelvin Chow, Chief Executive Officer of the Manager, said, "LREIT ended its financial year with positive rental growth and a strong portfolio occupancy of 99.9%. Moving forward, we will continue to leverage on our operational capabilities to safeguard LREIT's business and create value for its unitholders, while adopting a cautious approach amidst the ongoing uncertainties in the global economy and the interest rate environment."

Environmental, Social and Governance (ESG)

LREIT's ESG objectives are guided by Lendlease Group's[12] Mission Zero and Sustainability Framework. It is committed to setting sustainability targets for its portfolio, to track progress and deliver long term value for its investors, the environment and its stakeholders. LREIT's ESG objectives are outlined in its Responsible Property Investment Disclosure and published annually on LREIT's website.

On the social front, the Manager continues to engage the community to foster Lendlease's community identity. In FY2023, at least four community engagements including education outreach were organised and executed.

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[12] Lendlease Group comprises the Sponsor, Lendlease Trust and their subsidiaries

About Lendlease Global Commercial REIT

Listed on 2 October 2019, Lendlease Global Commercial REIT ("**LREIT**") is established with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of stabilised income-producing real estate assets located globally, which are used primarily for retail and/or office purposes.

Its portfolio comprises leasehold properties in Singapore namely Jem (an office and retail property) and 313@somerset (a prime retail property) as well as freehold interest in Sky Complex (three grade-A office buildings) in Milan. These five properties have a total net lettable area of approximately 2.1 million square feet, with an appraised value of S$3.65 billion as at 30 June 2023. Other investments include a stake in Parkway Parade (an office and retail property) and development of a multifunctional event space on a site adjacent to 313@somerset.

LREIT is managed by Lendlease Global Commercial Trust Management Pte. Ltd., an indirect wholly-owned subsidiary of Lendlease Corporation Limited. Its key objectives are to provide unitholders with regular and stable distributions, achieve long-term growth in distribution per unit and net asset value per unit, and maintain an appropriate capital structure.

About the Sponsor - Lendlease Corporation Limited

The Sponsor, Lendlease Corporation Limited, is part of the Lendlease Group, 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 creating 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$121 billion[13], core construction backlog of A$9.6 billion[13] and funds under management of A$48 billion[13].

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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[13] As at 31 December 2022.

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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"**), DBS Trustee 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.

An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Holders of Units (**"Unitholder"**) have no right to request the Manager to redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (**"SGX-ST"**). Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.

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