

# Second-half and Full-year Financial Results FY2023

7 August 2023



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# Key Highlights

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

## Acquisition of a stake in Parkway Parade via 10% interest in Parkway Parade Partnership Pte. Ltd.

- ✓ The investment provides LREIT with pre-emptive rights and opportunities to potentially increase its strategic stake in the fund (and indirect interest in Parkway Parade) over time.
- ✓ The acquisition increases LREIT's exposure to the resilient suburban retail segment and strengthens its presence in strategic and well-established locations in Singapore.
- ✓ It was mainly funded with debt and is accretive<sup>(1)</sup> to LREIT's distribution per unit ("DPU").



(1) Refer to LREIT's announcement "Acquisition of 10.0% of the Shares in Parkway Parade Partnership Pte. Ltd." dated 5 June 2023 under the section "Pro Forma Financial Effects".

# Key Highlights

## Financial Performance (FY2023)

Gross Revenue

**S\$204.9 million**  
Up 2 times YoY <sup>(1)</sup>

Net Property Income

**S\$153.9 million**  
Up 2 times YoY <sup>(1)</sup>

Distributable Income

**S\$108.2 million**  
+51.3% YoY <sup>(1)</sup>

Distribution Per Unit

**4.70 cents**  
-3.2% YoY

## Capital Management (as at 30 June 2023)

Gearing Ratio

**40.6%**

Weighted Average Cost of Debt

**2.69% p.a. <sup>(2)</sup>**

Interest Coverage Ratio

**4.2 times <sup>(3)</sup>**

Fixed Rate Borrowings

**61%**

(1) The year-on-year growth was mainly attributed to the full-year financial contribution in FY2023 from the acquisition of Jem in April 2022.

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

(3) 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.

# Key Highlights

## Key Portfolio Metrics



**Portfolio Committed  
Occupancy**  
**99.9%**



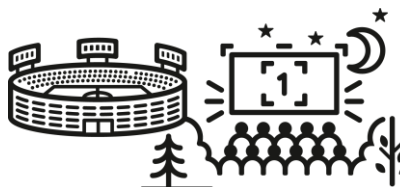
**Weighted Average  
Lease Expiry**  
**8.2 years<sup>(1)</sup>**  
**(by NLA)**



**Retail Rental  
Reversion**  
**4.8%<sup>(2)</sup>**



**Tenant Sales**  
**Up 2.5 times<sup>(3)</sup>**



**Tenant Retention**  
**82.4%**  
**(by NLA)**



**Office Rental  
Escalation**  
**5.9%<sup>(4)</sup>**

## Achievement and Recognition

- ✓ Won SBR National Business Awards 2023 for the successful financing solution including the S\$860 million sustainability-linked loan obtained for the acquisition of Jem
- ✓ Included in the GPR/APREA Investable 100 Index<sup>(5)</sup>

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

(2) On weighted average basis.

(3) The year-on-year growth was mainly attributed to the acquisition of Jem in April 2022.

(4) Effective from May 2023 and refers to Sky Complex.

(5) The GPR/APREA Investable 100 and Investable REIT 100 Indices include the 100 listed real estate stocks and REITs respectively with highest trading volume across 8 Asia Pacific countries/regions. LREIT has been listed on the GPR/APREA Investable REIT 100 Index since 2020.

# Financial Performance



313@somerset, a prime retail mall along Orchard Road in Singapore

## Financial Performance

- Gross revenue and net property income up two times over the year to approximately S\$205 million and S\$154 million, respectively, mainly attributed to the full year financial contribution from Jem and positive rental growth
- Retail portfolio achieved positive rental reversion of 4.8%<sup>(1)</sup>
- Office portfolio achieved positive rental escalation of 5.9%<sup>(2)</sup>
- The lower DPU was primarily due to higher borrowing costs on the back of rising interest rates

S\$('000) unless otherwise stated	FY2023	FY2022	Variance (%)	2H FY2023	2H FY2022	Variance (%)
Gross revenue	204,876	101,662	>100 <sup>(3)</sup>	103,143	62,472	65.1 <sup>(3)</sup>
Net property income	153,937	75,508	>100 <sup>(3)</sup>	77,513	45,865	69.0 <sup>(3)</sup>
Distributable income	108,202	71,505 <sup>(4)</sup>	51.3 <sup>(3)</sup>	52,172	42,903 <sup>(4)</sup>	21.6 <sup>(3)</sup>
DPU (cents)	4.70	4.85 <sup>(4)</sup>	(3.2)	2.25	2.45 <sup>(4)</sup>	(8.4)

(1) On weighted average basis.

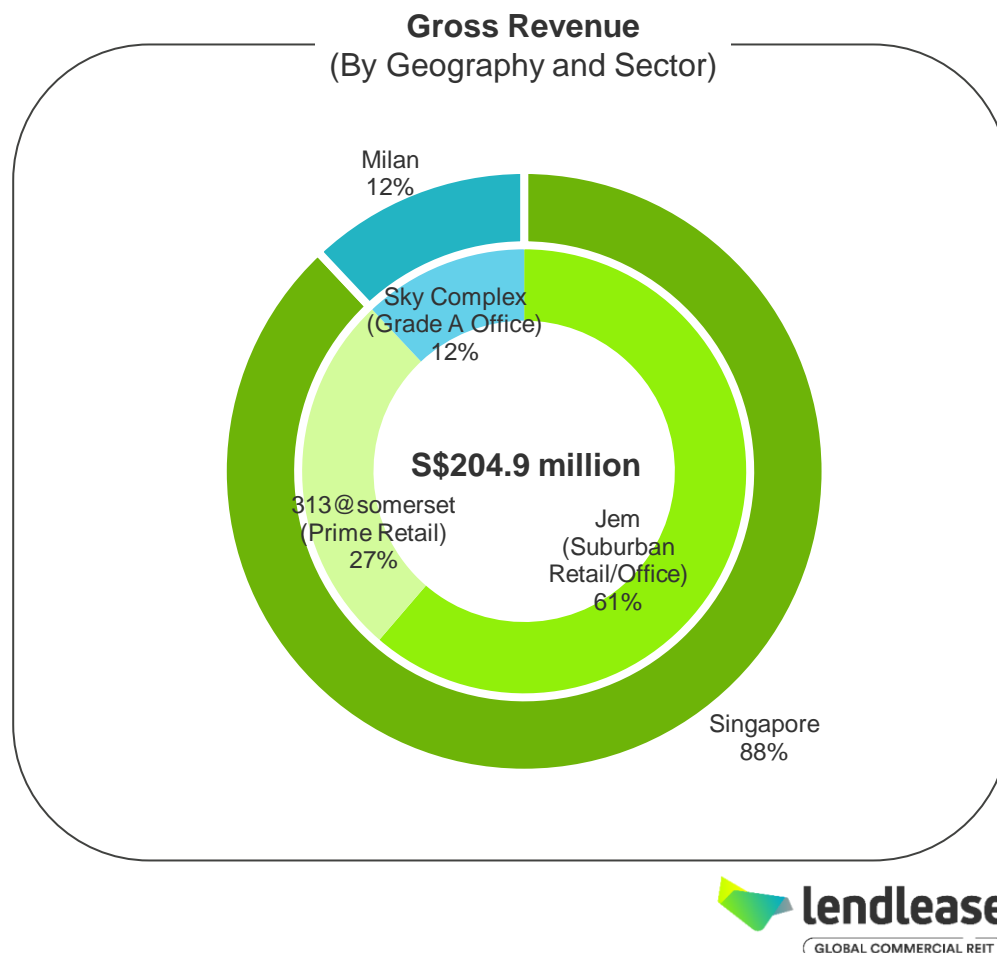
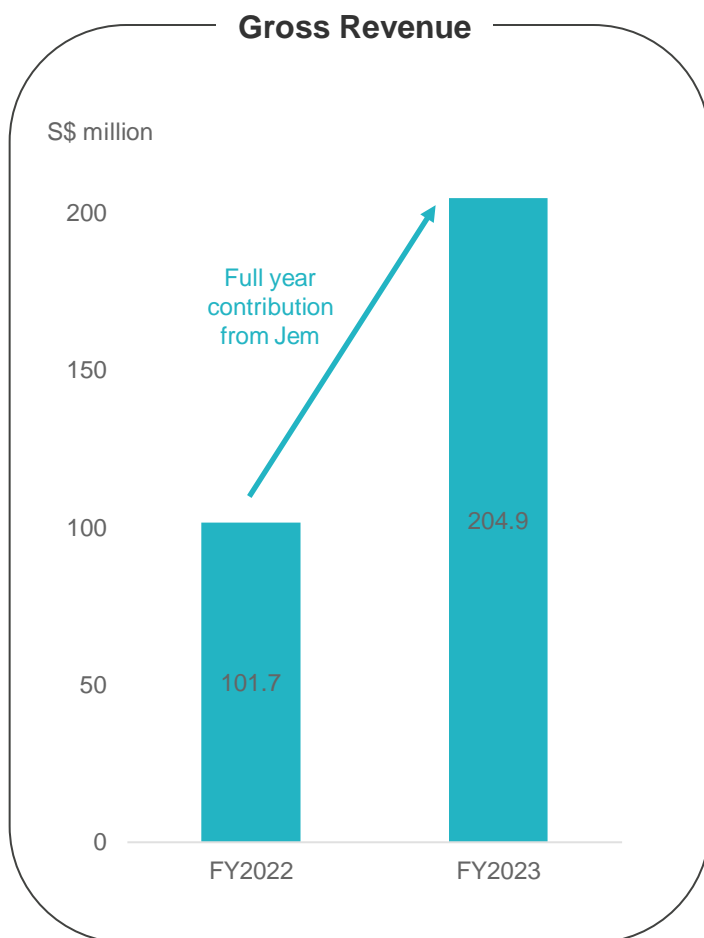
(2) Effective from May 2023 and refers to Sky Complex.

(3) The year-on-year growth was 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.

(4) Includes an advance distribution of 1.1371 Singapore cents per unit for the period from 1 January 2022 to 30 March 2022.

## Stable Income Stream

- Suburban retail/office contributes approximately 61% of the gross revenue
- High concentration in essential services trades at approximately 58% by GRI



## Key Financial Indicators

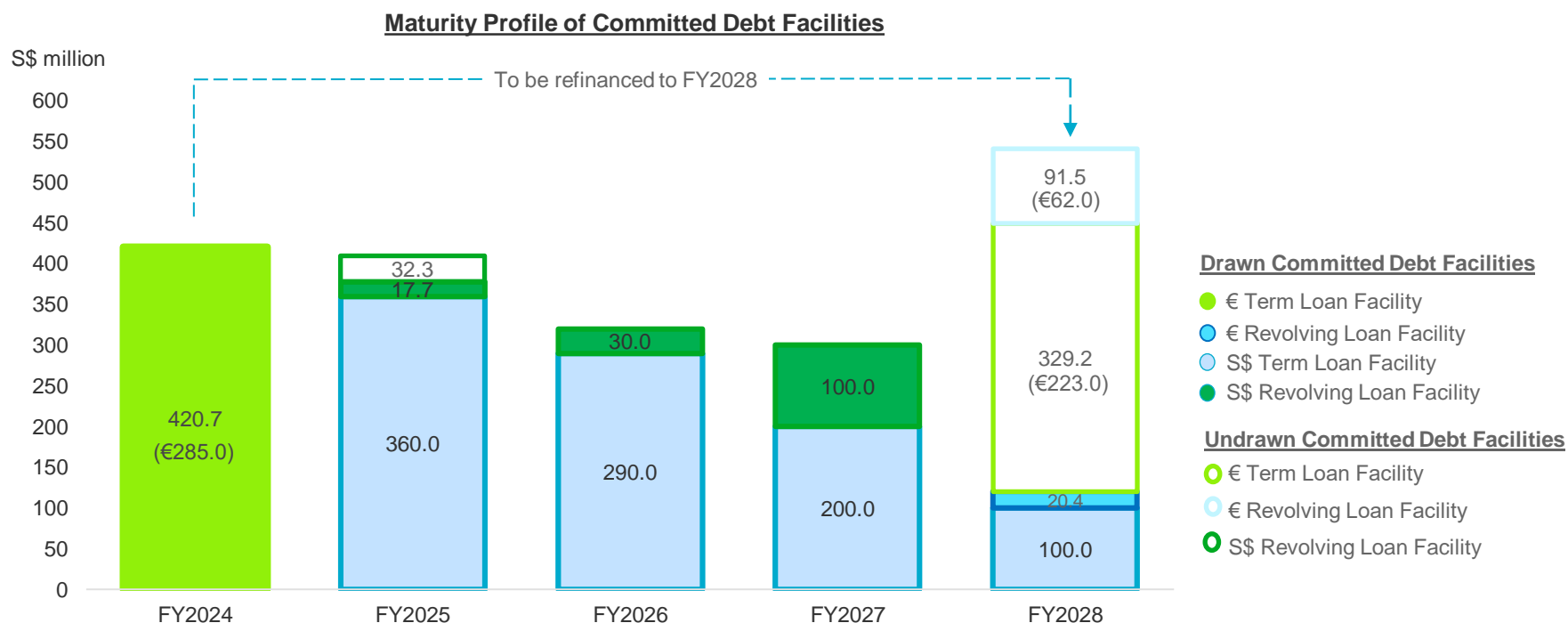
- NAV per unit increased from S\$0.78 to S\$0.79 in FY2023

	As at 30 June 2023	As at 30 June 2022
Total assets	S\$3.8 billion	S\$3.7 billion
Total liabilities	S\$1.6 billion	S\$1.5 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)	2,323,661,727	2,277,125,819
NAV per unit (S\$) <sup>(1)</sup>	0.79	0.78

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

# Debt Facilities and Maturity Profile

- No refinancing risks in FY2024 as a €300 million unsecured 5-year sustainability-linked loan facility has been obtained due during the year to refinance LREIT's Euro loan
- Undrawn debt facilities was S\$583.3 million<sup>(1)</sup> as at 30 June 2023



(1) After drawing down on the Euro loan in FY2024, the undrawn debt facilities will be S\$162.6 million.

## Active Capital Management

- Approximately 61% of the borrowings are hedged to fixed rates
- Sustainability-linked financing accounted for approximately 70%<sup>(1)</sup> of total committed debt facilities as at 30 June 2023
- Met the target set for its sustainability-linked loans and achieved interest savings

	As at 30 June 2023	As at 31 March 2023
Gross borrowings	S\$1,552.8 million	S\$1,454.4 million
Gearing ratio	40.6%	39.3%
Weighted average debt maturity	2.1 years <sup>(2)</sup>	2.3 years
Weighted average cost of debt <sup>(3)</sup>	2.69% p.a.	2.51% p.a.
Interest coverage ratio <sup>(4)</sup>	4.2 times	4.6 times

(1) After drawing down on the Euro loan in FY2024, sustainable financing will increase to approximately 89% of total committed debt facilities.

(2) Weighted average debt maturity will be 3.4 years post the refinancing of the €285m loan facility that has been put in place.

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

(4) 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.

# Distribution Schedule

**Period: 1 January 2023 to 30 June 2023**  
**Distribution per unit: 2.25 cents**

Notice of books closure date	7 Aug 2023
Last day of trading on 'cum' basis	14 Aug 2023, 5.00pm
Ex-date	15 Aug 2023, 9.00am
Record date	16 Aug 2023
Announcement of issue price (DRP)	17 Aug 2023
Despatch of Notice of Election (DRP)	28 Aug 2023
Last day of submission (DRP)	11 Sep 2023
Payment date	28 Sep 2023

# Portfolio Performance

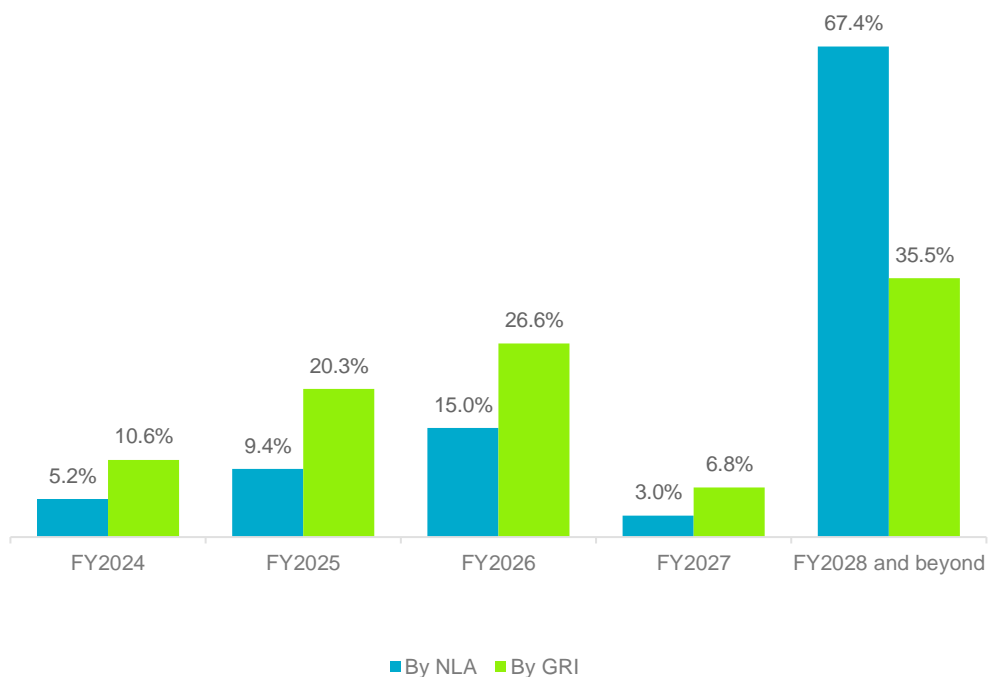


Sky Complex, three Grade A office buildings in Milan, Italy.

## High Committed Portfolio Occupancy

- Well-spread lease expiry profile with weighted average lease expiry at 8.2 years<sup>(1)</sup> by NLA and 5.5 years<sup>(1)</sup> by GRI

**Portfolio Lease Expiry Profile**  
(as at 30 June 2023)



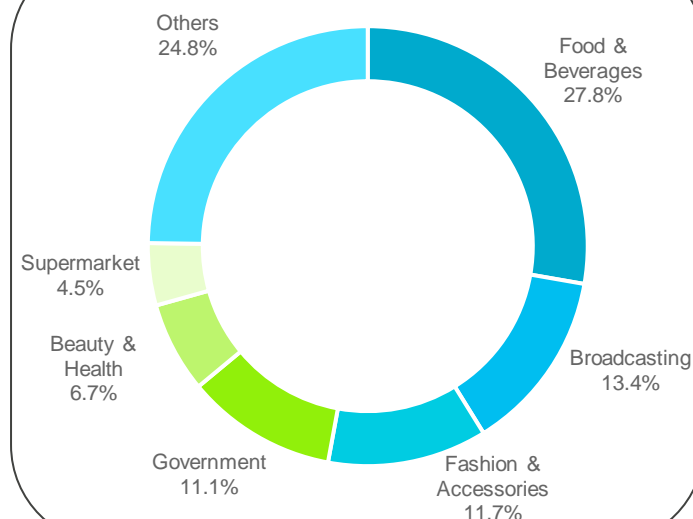
**Portfolio Committed Occupancy**  
(as at 30 June 2023)



99.9%  
4Q FY2023

99.8%  
3Q FY2023

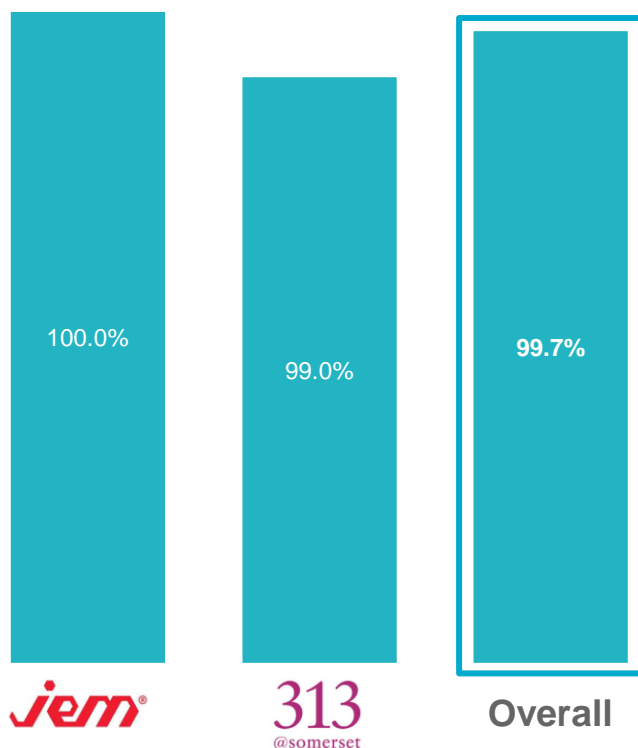
**Diversified Tenant Base**  
(by GRI)



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

## Retail and Office Portfolio Occupancy

### Retail Portfolio (as at 30 June 2023)



### Office Portfolio (as at 30 June 2023)

- Positive rental escalation of 5.9%<sup>(1)</sup>
- Long WALE of 12.1 years<sup>(2)</sup> by NLA and 14.6 years<sup>(2)</sup> by GRI to ensure stable income stream



#### 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 leased to Sky Italia till 2032<sup>(2)</sup>
- Income received are hedged with rolling foreign exchange forwards
- Annual rental review based on 75% of ISTAT<sup>(3)</sup> consumer price index variation

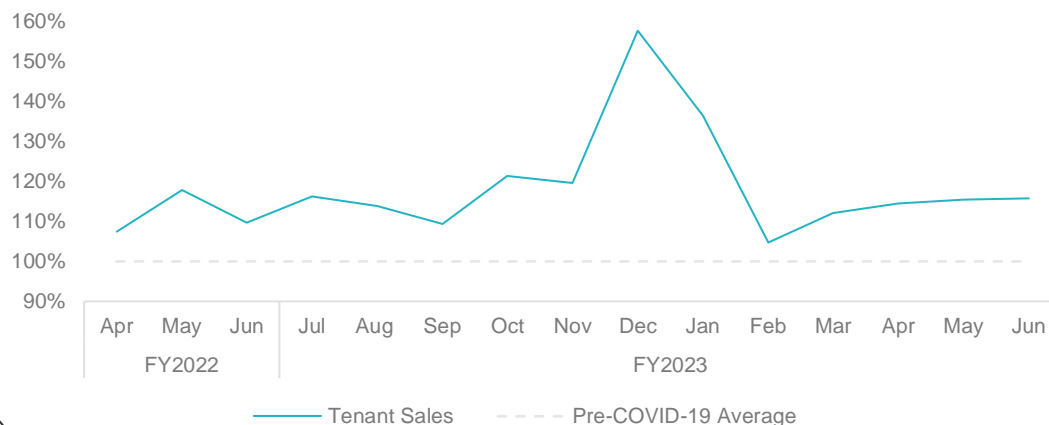
(1) Effective from May 2023 and refers to Sky Complex.

(2) Assumes that Sky Italia does not exercise its break option in 2026.

(3) The Italian National Institute of Statistics

## Tenant sales up 2.5 times<sup>(1)</sup> and visitation up 2.0 times<sup>(1)</sup> YoY in FY2023

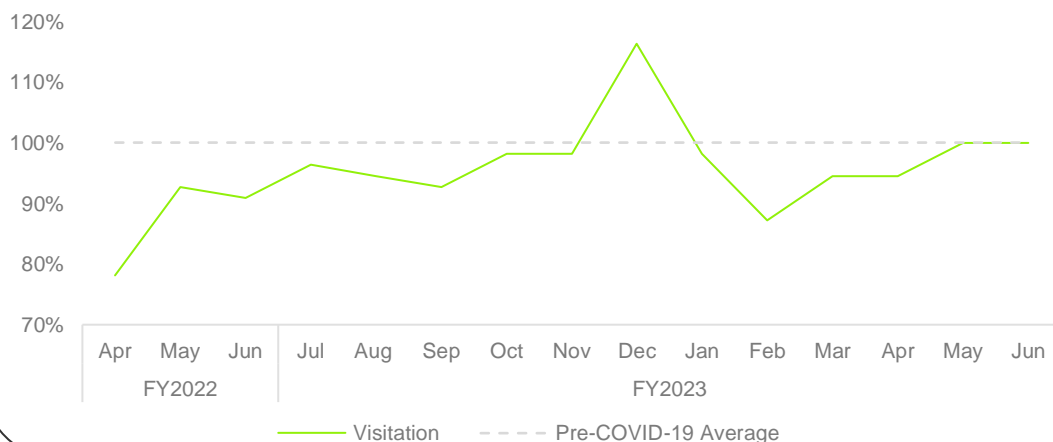
### Tenant Sales



Tenant Sales (S\$ million)		
	FY2022	FY2023
1Q (Jul-Sep)	36.6	194.7
2Q (Oct-Dec)	48.2	228.7
3Q (Jan-Mar)	44.5	202.7
4Q (Apr-Jun)	192.1	198.5

Note: Tenant sales from 4Q FY2022 onwards includes Jem (acquisition completed in April 2022).

### Visitation



Visitation (Number in million)		
	FY2022	FY2023
1Q (Jul-Sep)	5.4	15.6
2Q (Oct-Dec)	6.5	17.2
3Q (Jan-Mar)	5.8	15.4
4Q (Apr-Jun)	14.4	16.2

Note: Visitation from 4Q FY2022 onwards includes Jem (acquisition completed in April 2022).

(1) The year-on-year growth was mainly attributed to the acquisition of Jem in April 2022.

## Portfolio valuation gained 1.4% YoY

Attributable to uplift in market rents and improved market sentiments in Singapore

	Valuation FY2023	Valuation FY2022	Variance (%)	Cap rate FY2023 (%)	Cap rate FY2022 (%)
Jem	S\$2,188.0 million	S\$2,134.0 million	+2.5	Retail: 4.50 Office: 3.50	Retail: 4.50 Office: 3.50
313@somerset	S\$1,033.2 million <sup>(1)</sup>	S\$993.1million <sup>(1)</sup>	+4.0	4.25 <sup>(2)</sup>	4.25 <sup>(2)</sup>
Sky Complex	€290.5 million (S\$428.8 million <sup>(3)</sup> )	€324.5 million (S\$472.3 million <sup>(4)</sup> )	-10.5(€) -9.2(S\$)	5.75 <sup>(5)</sup>	5.00 <sup>(5)</sup>
<b>Total</b>	<b>S\$3,650.0 million</b>	<b>S\$3,599.4 million</b>	<b>+1.4</b>	<b>N.A.</b>	<b>N.A.</b>

(1) 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.

(2) Refers to operating asset only.

(3) Conversion of € to S\$ based on the FX rate of 1.476 as at 30 June 2023.

(4) Conversion of € to S\$ based on the FX rate of 1.456 as at 30 June 2022.

(5) Refers to terminal cap rate.

## New F&B and Retail Tenants



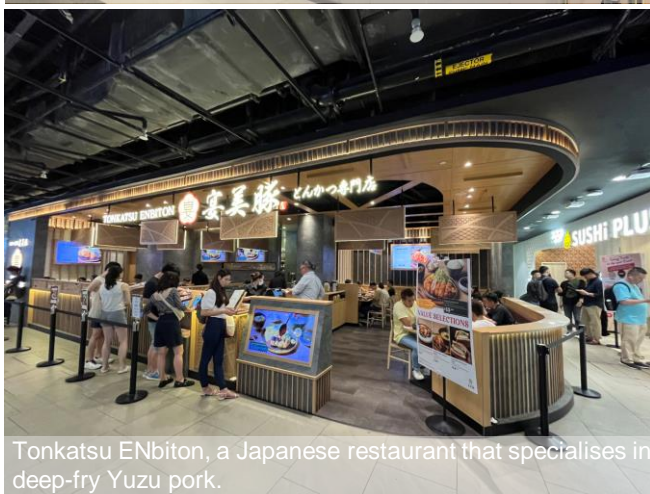
Hand in Hand Peking Duck, a quintessential dish that carries the tradition of duck roasting technique.



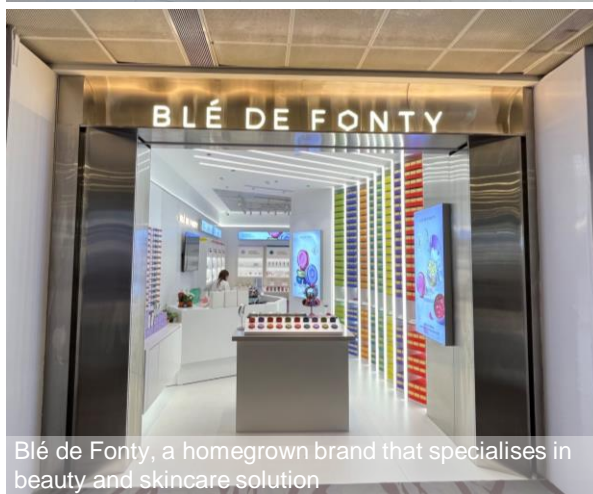
Tai Er Fish, a popular Chinese Sichuan sauerkraut fish originated from China.



Swee Heng 1989, local family bakery that serves traditional confectioneries to all community.



Tonkatsu ENbiton, a Japanese restaurant that specialises in deep-fry Yuzu pork.



Blé de Fonty, a homegrown brand that specialises in beauty and skincare solution



Sift & Pick, local e-commerce platform that collaborates with Korean fashion brand MARHEN.J

# Sustainability

## Engagement to foster Lendlease's community identity

- ✓ You Won't Believe It's Trash Roving Exhibition and Collection Drive, where the public donated **over 3 tonnes of textiles at Jem and 313@somerset to be reused.**
- ✓ **As part of LREIT's education outreach,** a property tour was conducted for Ngee Ann Polytechnic Real Estate students on sustainability features of Jem.
- ✓ Collaboration with National Neuroscience Institute and Brain Bank to **support mental wellness.**



You Won't Believe It's Trash exhibition at 313@somerset showcases couture pieces made from recycled materials.



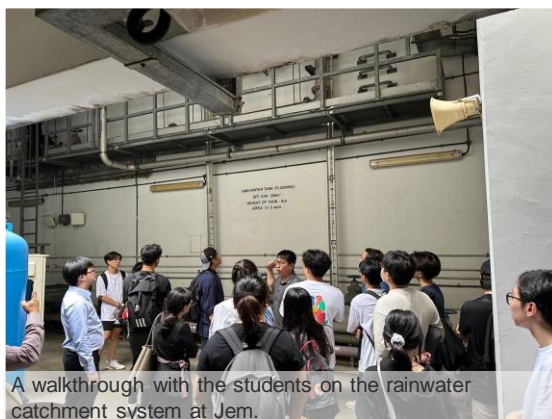
Shoppers were encouraged to deposit clean recyclables to be reused.



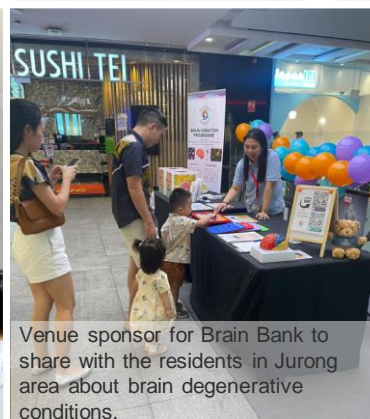
Lunch time talk organised by National Neuroscience Institution to share with tenants at PLQ 3 about mental wellness.



The Manager of LREIT hosted a sustainability tour to more than 20 students from Ngee Ann Polytechnic.



A walkthrough with the students on the rainwater catchment system at Jem.



Venue sponsor for Brain Bank to share with the residents in Jurong area about brain degenerative conditions.

# Looking Ahead

Parkway Parade, a dominant suburban mall in the East of Singapore.

## Looking Ahead

### Key Focus in the Near-term

- ✓ Drive resilient and sustainable returns
- ✓ Proactive asset management to enhance resilience of the assets
- ✓ Active capital management to manage cost and gearing
- ✓ Explore renewable energy options
- ✓ Seek AEI opportunities

### Strategy



Proactive Asset Management and  
Enhancement



Capital Management



Investment and Acquisition

# Market Review

Multifunctional event space adjacent to 313@somerset, Singapore.

# Market Review

## Singapore Retail Market

- Retail sales (excluding motor vehicles) increased 1.8% YoY in May 2023, compared to the 4.3% increase in April 2023. Of the total estimated retail sales value of S\$3.6 billion recorded, online sales accounted for 13.3%.
- Retail leasing activity remained healthy in Q2 2023 with prime retail rental increased 1% QoQ to S\$35.20 per square feet per month. The demand for spaces has remained strong as retailers continued to have confidence in the recovery of the tourism sector as well as the increase in office crowds.

## Singapore Office Market

- The leasing momentum amongst the office sector also saw healthy demand in Q2 2023. Vacancy rates in the core CBD and fringe CBD submarkets improved 0.3 and 0.15 percentage point to 5.2% and 6.2% QoQ, respectively, in Q2 2023. Rental growth for Grade A core CBD grew by 0.4% QoQ to reach S\$11.80 per square feet per month in Q2 2023.
- In the next few quarters, rental and occupancies could come under pressure with the completion of a new office building, IOI Central Boulevard Towers in 2023. Rental for Grade A core CBD is projected to remain flat for the year.
- Suburban office spaces will continue to be 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 ("ISTAT"), the consumer price index in June 2023 increased 6.4% YoY and unchanged compared to May 2023.
- In the first quarter of 2023, the Milan office market registered a healthy absorption of 81,000 square meters ("sqm") with the Periphery area, where Sky Complex is located, accounted for the highest take up of 30,000 sqm, showing signs of increasing demand in decentralised area.
- In the second half of the year, the Milan investment market is expected to stay healthy supported by the strength of the leasing activities as occupiers remain selective in choosing office spaces in line with ESG criteria (good energy performance and efficiency).

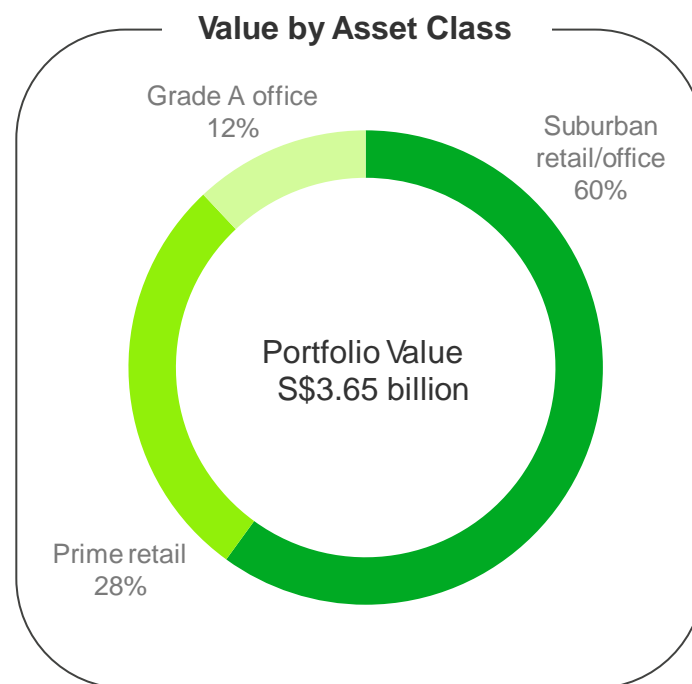
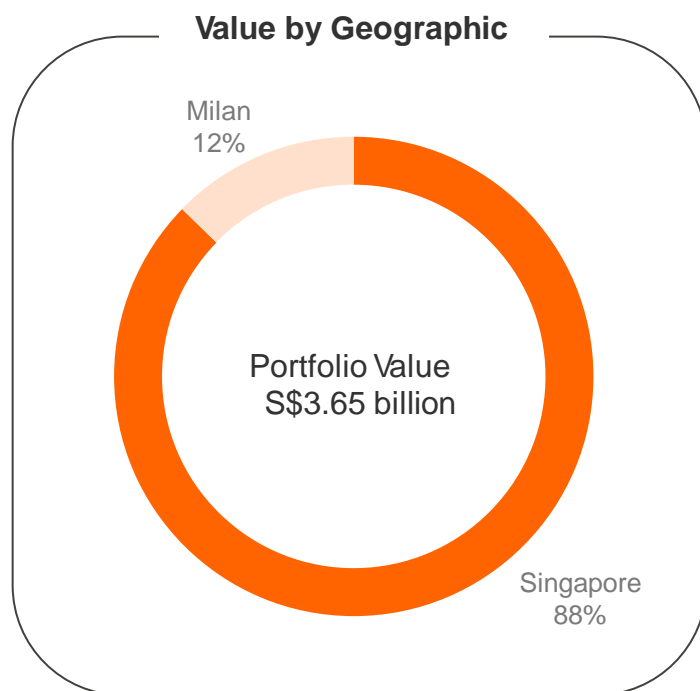


# Additional Information

With over 250 retail units, Jem continues to excite shoppers and tenants alike as a top performing office and retail property in Jurong.

## 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



## 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 30 June 2023)

Occupancy	100%
WALE	9.3 years (by NLA) 6.0 years (by GRI)
Valuation	S\$2,188.0 million
Valuation cap rate	Retail: 4.50% Office: 3.50%
NLA	893,044 sq ft
Ownership	100% (99-year leasehold) <sup>(1)</sup>

(1) 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 30 June 2023)

Occupancy	99%
WALE	2.5 years (by NLA and GRI)
Valuation	S\$1,033.2 million <sup>(1)</sup>
Valuation cap rate	4.25% <sup>(2)</sup>
NLA	288,979 sq ft
Ownership	100% (99-year leasehold) <sup>(3)</sup>

(1) 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.

(2) Refers to operating asset only.

(3) 99-year leasehold commencing from 21 November 2006 until 20 November 2105.

## Sky Complex, three Grade A office buildings in Milan

Office buildings with excellent accessibility via the public transport system. The buildings are fully leased to Sky Italia, owned by Comcast Corporation<sup>(1)</sup>.



### Key Statistics

(as at 30 June 2023)

Occupancy	100%
WALE	8.9 years (by NLA and GRI)
Valuation	S\$428.8 million <sup>(2)</sup> (€290.5 million)
Terminal cap rate	5.75%
NLA	913,564 sq ft <sup>(3)</sup>
Ownership	100% (freehold)

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

(2) Conversion of € to S\$ is based on the FX rate of 1.476 as at 30 June 2023.

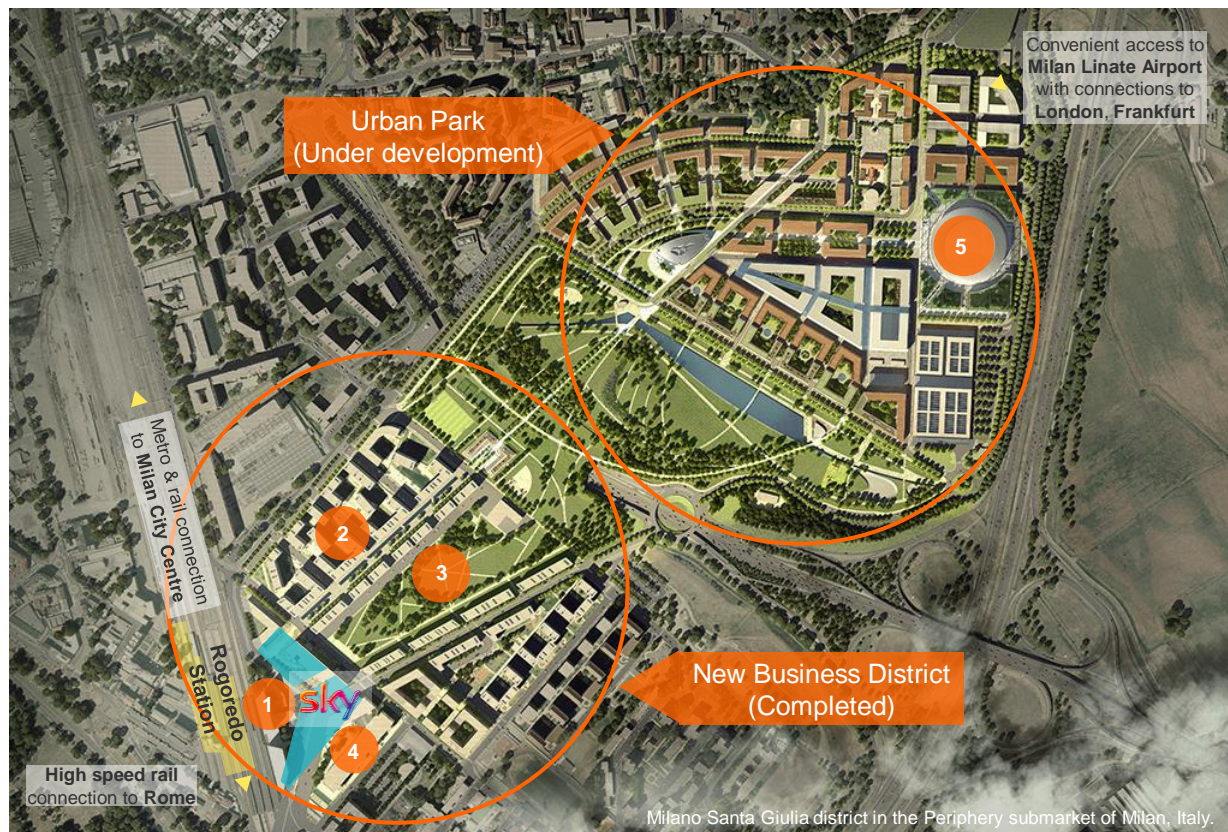
(3) Based on weighted gross leasable area.

## Sky Complex, Grade A Office 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.



The new Linate metro line (M4) that connects to Rogoredo station, where Sky Complex is located, and Linate Airport is 80% completed. This will accelerate the development of the Milano Santa Giulia district into one of Milan's key decentralised office district. Upon completion, travelling time from Milan city centre to Linate Airport will take only 12 minutes.



- 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 and entertainment street
- 3 Community park of size 45,000sqm
- 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% interest in Parkway Parade Partnership Pte. Ltd.



- The investment increases 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 sqft 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 August 2022, three years ahead of the target of 2025.

# 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



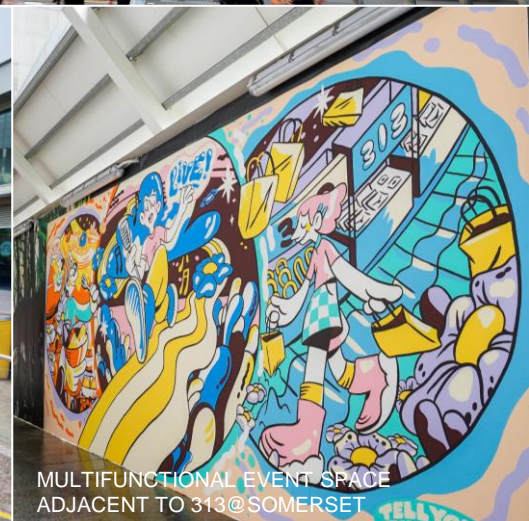
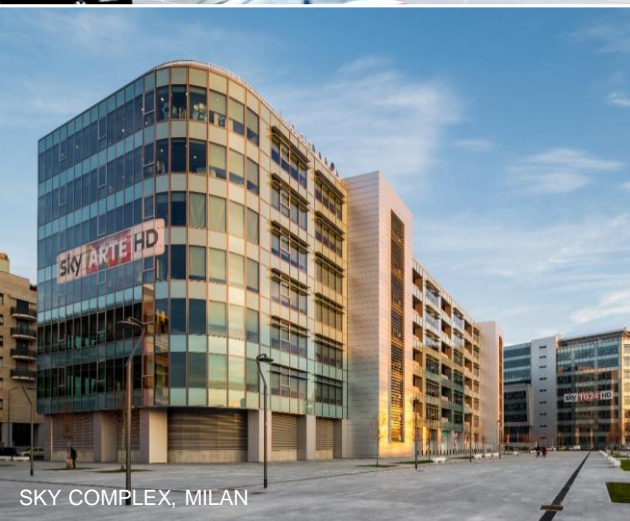
### SCOPE 3

Indirect activities

JEM, SINGAPORE



313@SOMERSET, SINGAPORE



# Thank You

For enquiries, please contact Ling Bee Lin, Senior Manager Investor Relations and ESG  
Tel: (65) 6671 7374 / Email: [enquiry@lendleaseglobalcommercialreit.com](mailto:enquiry@lendleaseglobalcommercialreit.com)