

Lendlease Global Commercial REIT Achieves 11.4%¹ Retail Rental Reversion in 1Q FY2025

Key Highlights

- Portfolio occupancy improved to 89.5% with new leases committed for Building 3 of Sky Complex.
- Retail tenant retention rate remains healthy at 90.0%.
- Approximately 70% of borrowings are hedged to fixed rates.
- Weighted average cost of debt increased to 3.74% per annum² mainly due to the replacement of EURIBOR interest rate hedge at a higher rate in October 2023.
- Achieved first position in GRESB Asia Retail (Listed) category for five consecutive years since listing.

Singapore, 11 November 2024 - Lendlease Global Commercial Trust Management Pte. Ltd. (the “Manager”), the manager of Lendlease Global Commercial REIT (“LREIT”), announces its first quarter business update for FY2025.

Operational Performance

LREIT’s portfolio committed occupancy continued to improve in 1Q FY2025 to 89.5% from 89.1% in Q4 FY2024. Lease expiry profile remained well-staggered with 6.4% by net lettable area (“NLA”) and 12.1% by gross rental income (“GRI”) due for renewal in FY2025. LREIT has maintained a long portfolio weighted average lease expiry (“WALE”) of approximately 7.4 years (by NLA) and 4.7 years (by GRI) respectively.

Retail portfolio achieved positive rental reversion.

Committed occupancy for LREIT’s retail portfolio remained high at 99.9% with a positive rental reversion of 11.4%¹ and a healthy tenant retention rate of 90.0% as at 30 September 2024. Tenant sales in 1Q FY2025 continued to trend above pre-COVID-19 average levels.

Notwithstanding the high occupancy rate, the Manager stays focused on strengthening the tenancy mix and bringing in new offerings to rejuvenate the malls. New tenants brought onboard include Tims Signature (the largest Tim Hortons outlet in Singapore), Eclair & Savoir Cafe (a Hermes-themed café) and Slow Green (that specialises in handmade preserved plant landscapes). In addition, the Food Republic located at 313@somerset is undergoing renovation works slated for completion by the end of 2024 with a refreshed look and new dining options.

¹ On weighted average basis.

² Excludes amortisation of debt-related transaction costs.

Good leasing progress at Building 3 of Sky Complex

As at 30 September 2024, office tenants accounted for approximately 21% of portfolio GRI with a long WALE of 12.2 years by NLA and 14.5 years by GRI.

The Manager continues to see good leasing interests for Building 3 of Sky Complex. As at 30 September 2024, committed occupancy rate for Sky Complex improved to 75.0% and the Manager is in advanced negotiations with potential tenants as it continues to drive leasing of Building 3 at market rental.

Rental review for Jem office has also commenced and the Manager will provide an update at appropriate juncture.

Capital Management

As at 30 September 2024, gross borrowings were S\$1,554.4 million with a gearing ratio of 40.7% and weighted average debt maturity of 2.3 years. Interest coverage ratio (“ICR”) as at the period end was 2.9 times³, providing sufficient buffer from its debt covenants of 2.0 times. Approximately 70% of borrowings are hedged to fixed rates as at 30 September 2024 with a weighted average cost of debt of 3.74% per annum². The increase, as compared to 3.58% per annum² in FY2024, was mainly due to the replacement of EURIBOR interest rate hedge at a higher rate in October 2023. Hence, weighted average cost of debt for Q1 FY2025 is now reflective of the full impact of the higher fixed rate of the replaced EURIBOR interest rate hedges.

Approximately 85% of LREIT’s total committed debt facilities as at 30 September 2024 are sustainability-linked financing with interest savings tied to the achievement of annual sustainability targets. All of LREIT’s debt is unsecured and it has undrawn debt facilities of S\$171.1 million to fund its working capital. The Manager has commenced the process of arranging the refinancing of LREIT’s S\$360 million borrowings due in FY2025.

Mr Kelvin Chow, Chief Executive Officer of the Manager, said, “Improvements in operating performance were broad-based with positive rental reversion and higher portfolio occupancy. Leasing of Sky Complex Building 3 is progressing well, and we continue to receive leasing interest for the space. We will continue to focus on proactive asset management to strengthen our portfolio and exercise prudence in capital management.”

³ The ICR as at 30 September 2024 of 2.9 times (30 June 2024: 3.2 times) is in accordance with requirements in its debt agreements; 2.1 times (30 June 2024: 2.2 times) and 1.6 times for adjusted ICR (30 June 2024: 1.7 times) in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.

Environmental, Social and Governance (“ESG”)

LREIT was awarded the Regional Sector Leader in the Asia Retail (Listed) category in GRESB 2024. This was the fifth consecutive year, since listing, that LREIT achieved the first position as well as the highest-tier 5 Star rating for its ESG performance and strong leadership in sustainability. LREIT’s approach towards financing increasingly emphasises sustainability with a clear upward trend from 62% in FY2022 to 85% in FY2024. Since the establishment of its green finance in FY2022, LREIT has achieved interest savings from the sustainability-linked financing.

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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 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 commercial buildings) in Milan. These five properties have a total net lettable area of approximately 2.0 million square feet, with an appraised value of S\$3.68 billion as at 30 June 2024. 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

Lendlease Corporation Limited is a market-leading Australian integrated real estate group. Headquartered in Sydney, it is listed on the Australian Securities Exchange.

Its core capabilities are reflected in its operating segments of Investments, Development and Construction. The combination of these three segments provides them with a sustainable competitive advantage in delivering innovative integrated solutions for its customers. For more information, please visit: www.lendlease.com.

For more information on LREIT, please contact Investor Relations:

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