

Lendlease Global Commercial REIT Continues to Achieve Double-digit Positive Retail Rental Reversion

Occupancy of retail portfolio maintains above 99%

Key Highlights

- Positive retail rental reversion of 15.3%¹ with a healthy tenant retention rate of 86.2%
- Approximately 8.1%² of the net lettable area (“NLA”) at Building 3 committed at market rents within 3 months post the lease restructure of Sky Complex in December 2023
- Secured two-year³ electricity tariff contract at a lower rate to hedge against volatile electricity markets
- Tenant sales and visitation increased 2.6%⁴ and 6.1% YoY⁴ respectively
- No refinancing risks on committed debt facilities until FY2025

Singapore, 6 May 2024 - Lendlease Global Commercial Trust Management Pte. Ltd. (the “Manager”), the manager of Lendlease Global Commercial REIT (“LREIT”), is pleased to share its third-quarter Business Update for FY2024.

Operations Update

LREIT’s portfolio committed occupancy increased to 88.8% as at 31 March 2024 compared to occupancy of 87.9% as at 31 December 2023. This is mainly attributed to the positive leasing momentum of Sky Complex (Building 3), where approximately 8.1%² of the NLA was committed during the quarter. LREIT continued to maintain a long portfolio weighted average lease expiry (“WALE”) of approximately 7.8 years (by NLA) and 4.8 years (by gross rental income (“GRI”)) respectively.

Lower electricity tariff rate secured to hedge against volatile electricity markets

During the quarter, the Manager secured a two-year³ electricity tariff contract for Jem and 313@somerset at a lower rate to effectively hedge against volatile electricity markets. This would reduce utilities expenses by approximately 30% per annum for the next two years and help to cushion against the increase in other expenses.

As at 31 March 2024, LREIT’s retail portfolio continued to maintain a high committed occupancy rate of 99.4% and achieve positive rental reversion of 15.3%¹. It has also maintained a healthy retail tenant retention rate of 86.2%.

Tenant sales continued to register positive growth of 2.6% YoY⁴ in 3Q FY2024, and visitation also increased 6.1% YoY⁴.

¹ Year-to-date on weighted average basis.

² Based on the existing NLA of Building 3.

³ New electricity tariff contract will take effective from July 2024.

⁴ Compared against 3Q FY2023.

Positive leasing interest received for Building 3 of Sky Complex

Post the lease restructure of Sky Complex in December 2023, approximately 8.1%² of the NLA was committed at market rents within three months. The Manager continues to see positive leasing interest from various sectors including telecommunication.

As at 31 March 2024, office tenants account for approximately 22% of portfolio GRI. With a long office WALE of 12.6 years by NLA and 15.1 years by GRI, it will provide a stable revenue for LREIT's unitholders.

Capital Management

As at 31 March 2024, gross borrowings were S\$1,566.6 million with a gearing ratio of 41.0%. The weighted average debt maturity was 2.8 years with a weighted average cost of debt of 3.50% per annum⁵. As at the period end, LREIT has an interest coverage ratio of 3.4 times⁶, 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\$168.6 million to fund its working capital. Approximately 85% of LREIT's total committed debt facilities as at 31 March 2024 are sustainability-linked financing, which will generate net interest savings to LREIT's unitholders when the targets are met.

Mr Kelvin Chow, Chief Executive Officer of the Manager, said, "We are pleased to deliver another quarter of healthy operational performance with a high retail rental reversion of 15.3%¹. The leasing progress at Building 3 of Sky Complex is an encouraging step towards our strategic repositioning to secure multi-tenancy at market rents. Moving forward, we will continue to remain focused on prudent capital management to manage cost and gearing."

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⁵ Excludes amortisation of debt-related transaction costs.

⁶ The interest coverage ratio (ICR) as at 31 March 2024 of 3.4 times (31 December 2023: 3.8 times) is in accordance with requirements in its debt agreements; 2.3 times (31 December 2023: 2.5 times) and 1.8 times for adjusted ICR (31 December 2023: 1.9 times) in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes.

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. It is also a trusted investment manager to over 150 key capital partners in property and investments.

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