ASX ANNOUNCEMENT

14 July 2022

Lendlease forms joint venture to acquire One Circular Quay development in Sydney

Lendlease and Mitsubishi Estate Asia have formed a joint venture to acquire the One Circular Quay development in Sydney for c.\$800 million in up front and deferred consideration, with an additional \$50 million payment subject to certain project outcomes.

One Circular Quay is expected to comprise of a 59-level luxury residential tower, with a second tower developed as a 220-room luxury hotel.

The project, which has an estimated development end value of approximately \$3 billion, will commence immediately.

Mitsubishi Estate currently holds a 19.9 per cent interest in the joint venture. Subject to the satisfaction of certain conditions, this will increase to 66.7 per cent and Lendlease's ownership will reduce to 33.3 per cent.

Lendlease will receive an acquisition fee on settlement, earn development management and construction management fees, equity returns on its capital and potentially performance fees.

The Group's balance sheet and liquidity position remain strong. Following recent capital recycling initiatives, gearing is expected to be just below the bottom end of the target range of 10-20 per cent for FY22.

The development is anticipated to be completed in FY27.

Global Chief Executive Officer and Managing Director, Tony Lombardo said "The acquisition of One Circular Quay is consistent with our objective of replenishing the Australian development pipeline and working with investment partners to improve return on invested capital."

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Authorised for lodgement by the Lendlease Group Disclosure Committee

