

# ASX ANNOUNCEMENT

29 June 2015

## **New circa \$2 billion wholesale fund established to invest in Tower 1 at Barangaroo South**

Lend Lease today announced it has launched a new commercial wholesale open-ended property fund to invest in the circa \$2 billion commercial Tower 1 at Barangaroo South. Lend Lease One International Towers Sydney Trust is the second fund established to invest in the precinct and will be managed by Lend Lease's Investment Management business. Construction of the third and largest commercial tower, known as Tower 1, commenced in April 2014.

The new fund will acquire 100% of Tower 1 with circa \$1.4 billion of equity commitments from capital partners and circa \$600 million of debt financing. The Qatar Investment Authority (QIA) has committed to a 37.5% investment and the Lend Lease managed Australian Prime Property Fund Commercial (APPF Commercial) has committed to a 25% investment. Consistent with its strategy of investing alongside capital partners, Lend Lease will hold the remaining 37.5%, as a co-investor. Commitments to the fund will be drawn to around 25% on establishment (expected to be received in the first quarter of FY16), followed by a series of fixed periodic instalments.

Lend Lease has recently signed leasing arrangements with Marsh & McLennan Companies and Servcorp to occupy Tower 1 at Barangaroo South, with Marsh & McLennan Companies entering into an Agreement for Lease for approximately 10,400 sqm (4.5 floors) of commercial floor space and Servcorp entering into an Agreement for Lease for approximately 2,300 sqm (1 floor) in the building, together with existing tenants in Tower 1, PwC and HSBC.

Lend Lease Group Chief Executive Officer and Managing Director, Steve McCann, said: "I am delighted to announce the creation of a second investment fund for Barangaroo South, bringing the total equity raised across the precinct to \$3.4 billion. We are introducing a new investor, QIA, alongside investors in the Lend Lease managed APPF Commercial."

"We are pleased to have attracted new tenants to the precinct, taking us to 66% pre-leased across all three commercial towers. International Towers Sydney is on-track to become Sydney's pre-eminent new financial services hub, delivering efficiency and environmental performance for its tenants," said Mr McCann.

All three commercial towers are currently under construction with Towers 2 and 3 expected to complete in FY16 and Tower 1 in FY17.

**Lend Lease Corporation Limited** ABN 32 000 226 228 and  
**Lend Lease Responsible Entity Limited** ABN 72 122 883 185 AFS Licence 308983  
as responsible entity for **Lend Lease Trust** ABN 39 944 184 773 ARSN 128 052 595

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## FY15 impact

2015 financial year earnings will reflect a stronger contribution from core development operations in Australia. The increase in core development earnings will be offset by a lower than expected contribution from transactional earnings (originally expected to be circa 20% of FY15 earnings)<sup>1</sup> and a lower contribution to earnings from the Australian Construction segment.

Lend Lease remains comfortable with FY15 consensus expectations of Net Profit After Tax of between \$604 million - \$634 million, with an average of \$619 million, based on 11 sell-side analyst expectations as reported on Bloomberg on 29 June 2015.

## Gateway Upgrade North project

On Friday 26 June 2015 the Queensland Government announced that Lend Lease has been named as the successful tenderer for design and construction of the Gateway Upgrade North project.

Lend Lease Group Chief Executive Officer and Managing Director, Steve McCann, said: "We are pleased to have been named as the successful tenderer for the Gateway Upgrade North project. We are looking to finalising the project contract with the Queensland Government over the coming weeks.

"We remain positive on the pipeline of infrastructure projects in Australia with circa \$20 billion of work expected to be tendered in the next two years," said Mr McCann.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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<sup>1</sup> Transactional earnings include those from the sale of non-core operations or divestment of acquired assets or long dated stabilised investments.



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## About Barangaroo South Commercial Towers (International Towers Sydney)

Tower	Commercial NLA (sqm)	Retail NLA	Percentage pre-leased based on NLA	Tenants	Held by	Ownership / Investors
1	~101,000	~6,000	~48%	PwC HSBC Servcorp Marsh & McLennan Companies	Lend Lease One International Towers Sydney Trust ( <i>LLOneITST</i> )	37.5% - Lend Lease Trust ( <i>LLT</i> ) 37.5% - Qatar Investment Authority ( <i>QIA</i> ) 25% - Australian Prime Property Fund Commercial ( <i>APPF-C</i> )
2	~88,000	~1,000	~79%	Westpac Gilbert & Tobin	Lend Lease International Towers Sydney Trust ( <i>LLITST</i> )	50% - Canadian Pension Plan Investment Board ( <i>CPPIB</i> ) 25% - Australian Prime Property Fund Commercial ( <i>APPF-C</i> ) 15% - Lend Lease Trust ( <i>LLT</i> ) 10% - APG
3	~78,000	~4,500	~76%	KPMG Lend Lease		

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