

Lend Lease investment in APPF Retail

Lend Lease Corporation (“Lend Lease”) today announced it has acquired the approximately 19% interest in Australian Prime Property Fund Retail (“APPF Retail”) held by Suncorp Life and Superannuation Limited (“Suncorp Life”) for a total consideration of approximately \$342 million.

Suncorp Life sold its holding in APPF as part of a progressive portfolio rebalancing to higher liquidity investments being undertaken by the life insurance industry generally.

Ross Taylor, Lend Lease CEO Asia Pacific, said the acquisition reinforced part of Lend Lease’s core business strategy to grow its wholesale property funds management business in Asia Pacific and to provide a platform for growth of its retail property development and funds management business in Europe.

“The acquisition of Suncorp Life’s interest in APPF Retail underscores Lend Lease’s commitment to wholesale property funds management and demonstrates our preparedness to back our funds management record with our own capital,” Mr Taylor said.

“Together with our institutional investors, Lend Lease has built APPF into the leading wholesale property fund in Australia in terms of portfolio quality, investment performance and fund size – its outlook is very strong.

“Our decision to assist Suncorp Life with an expedient divestment of its major holding and to take a co-investment position in APPF Retail means there is a very close alignment of interests between ourselves and the other investors in the fund,” Mr Taylor said.

Lend Lease paid Suncorp life a 10 percent premium to the net tangible asset backing for the APPF retail units. The premium recognises the significant size of the holding as well as an expected valuation lag as assets within the fund are valued on a staggered annual basis.

The acquisition, which was funded from surplus cash, is expected to be earnings accretive for Lend Lease from the outset.

The investment is consistent with the co-investments Lend Lease holds in the other wholesale property funds it manages in Asia pacific and the UK.

While the company has no plans to sell down the APPF retail holding, Mr Taylor said looking ahead, depending on the investment climate and the strategic needs of the fund, Lend Lease may at least partly reduce its holding either by offering to co-investors or as a means of introducing new investors to the fund.

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