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Lendlease and PSP Investments sign strategic partnership for €2.5 billion Milano Santa Giulia project

International property and infrastructure group, Lendlease, has established a long-term strategic partnership with PSP Investments, one of Canada's largest pension investment managers, for the development and ownership of a major urban regeneration project, Milano Santa Giulia, in Milan.

Milano Santa Giulia covers more than 110 hectares in the southeast of Milan. The project has a GDV of €2.5bn and is split into two distinct areas to the north and south of a new mixed-use development that has the potential for up to 2,500 homes alongside a new commercial office, retail and entertainment district. It is only a ten-minute drive from Milano Linate international airport and fifteen minutes from the city centre, enjoying excellent connectivity by metro, rail and road across the city and beyond.

The development will be designed with sustainable principles including a zero-carbon target and WELL building standard certification. There will be c.30 hectares of parkland, which will become the third largest urban park in Milan.

A commitment to the local community will be at the core of the scheme, which will provide facilities for over 1,500 students, new schools and a museum. Milan's largest multi-function indoor arena, with capacity for 16,000 spectators, will be built to the north of the site and be used as a venue during the Milano Cortina 2026 Winter Olympics.

The new partnership will make an initial investment of c.€250 million to acquire two premium grade office buildings, Spark 1 and Spark 2, that are being developed on the southern tip of the site and are substantially pre-let. Lendlease will develop and manage the buildings and ownership will be split equally between the two partners.

The partnership also intends to carry out development across the north of the site including the residential, office and retail components through a 50:50 joint venture. Over the next decade, the master planning, design and development of the scheme will be led by Lendlease.

Today's announcement aligns with a strategy set in 2017 when Lendlease signed a strategic alliance with Risanamento SpA, the owner of the Santa Giulia site, to bring forward and complete the planning variation and remediation of the site. Today they are a step closer to their goal of transforming it into one of Italy's largest new city precincts.

Tom Mackellar, Chief Financial Officer for Lendlease Europe, said: "We are very pleased to be partnering for the first time with PSP Investments. This joint venture demonstrates the value of the integrated model we work with and how our world-class urbanisation skills provide major capital partners with access to high-quality and diverse investment products on a global scale. Our strategy is to work with like-minded capital partners across our £26bn pipeline of urbanisation projects across the UK and Europe. These types of partnerships allow us to progress landmark schemes and we look forward to developing our relationship further as the project progresses."

Andrea Ruckstuhl, Head of Continental Europe for Lendlease, said: "This project will unlock a major piece of land in Milan and we are very pleased to be providing PSP Investments, an investor with an outstanding track record in investing in city defining projects, with the opportunity to join us in developing this innovative new scheme. This partnership increases our momentum on the project and only strengthens our long-term commitment to a city where we are also responsible for the MIND project that is taking shape on the former Milan Expo site."

Stephane Jalbert, Managing Director, Real Estate Investments, Europe and Asia Pacific, PSP Investments, said: "We believe Milano Santa Giulia presents an exciting opportunity to create a vibrant new neighbourhood for Milan, built around the principles of innovation and sustainability, and we look forward to working with our new partners Lendlease on this project."

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About Lendlease

Lendlease is a leading international property and infrastructure group with operations in Australia, Asia, Europe and the Americas. Our vision is to create the best places - places that inspire and enrich the lives of people around the world.

Headquartered in Sydney, Australia, and listed on the Australian Securities Exchange, Lendlease has approximately 12,350 employees internationally.

Our core capabilities are reflected in our operating segments of Development, Construction and Investments. The combination of these three segments provides us with a sustainable competitive advantage and allows us to provide innovative integrated solutions for our customers.

Visit www.lendlease.com or follow us on Twitter [@Lendleaseuk](https://twitter.com/Lendleaseuk).

About PSP Investments

PSP Investments is one of Canada's largest pension investment managers with approximately \$168 billion of net assets as of March 31, 2019. It manages a diversified global portfolio of investments in public financial markets, private equity, real estate, infrastructure, natural resources and private debt. Established in 1999, PSP Investments manages net contributions to the pension funds of the federal Public Service, the Canadian Forces, the Royal Canadian Mounted Police and the Reserve Force. Headquartered in Ottawa, PSP Investments has its principal business office in Montreal and offices in New York, London and Hong Kong. For more information, visit investpsp.com or follow PSP Investments on Twitter and LinkedIn.