

June 28, 2001

Direct English Translation of Japanese Press Release

**Tokyu Corporation, Tokyu Land Corporation, and Lend Lease Corporation  
sign MoU to Form a Business Alliance  
Focusing on Real Estate Investment Trusts**

**Tokyu Corporation  
Tokyu Land Corporation  
Lend Lease Corporation**

Tokyu Corporation (Headquarters: Tokyo, Japan; President: Kiyofumi Kamijo), Tokyu Land Corporation (Headquarters: Tokyo, Japan; President: Masatake Ueki), and Lend Lease Corporation (Headquarters: Sydney, Australia; President: David Higgins) have today (June 28) signed a Memorandum of Understanding setting forth a basic agreement to work towards establishing a business alliance focusing on Real Estate Investment Trusts ("REITs") throughout a wide spectrum of the Japanese real estate investment business.

**Main points of the Memorandum of Understanding:**

1. Tokyu Group and Lend Lease Group will work together across a wide spectrum of Japanese real estate investment related transactions and services. Special efforts will be made in the REITs business in Japan.
2. A management company will be established for the purpose of starting REITs operations in Japan. 50% will come from Tokyu Corporation and Tokyu Land Corporation and the remaining 50% of the capital of the new company will come from Lend Lease Corporation.
3. The three companies will immediately begin a feasibility study and establish specific strategies for entering the REITs business.

4. Tokyu Group and Lend Lease Group are contemplating a continuing relationship that will develop beyond REITs into various real estate investment related operations.
5. Both groups aim to establish themselves as leaders in the Japanese REITs business.

**Background Information About the Three Companies:**

1. Tokyu Group is a leading Japanese business group. Tokyu Group's operations center around Tokyu Corporation, and extend across many business sectors, including public transportation, real estate and distribution services. The group is comprised of 434 companies, with total assets of 5 trillion yen, accounting for approximately 4 trillion yen in sales. Tokyu Corporation and Tokyu Land Corporation have been at the vanguard of Tokyu Group's real estate business.

Tokyu Corporation, is a public transportation company focusing on urban development projects. It came to prominence after developing Denenchofu, one of Japan's leading upscale residential communities. Since 1953, Tokyu Corporation has been engaged in the development of "TAMA Garden City," a 5,000-hectare area in Southwest Tokyo known as one of the most ideal residential areas in Japan. This project serves as a foundation supporting Tokyu Group's strong business.

Tokyu Land Corporation, spun out of Tokyu Corporation's real estate operations, is now emerging as one of Japan's preeminent real estate companies. Tokyu Land Corporation is involved in a wide variety of real estate activities, and particularly in recent years has become experienced in real estate securitization.

2. **Lend Lease Group,**  
organized around Lend Lease Corporation and domiciled in Australia, does business in over 40 countries around the world and plans to expand across a wide range of real estate related business. Lend Lease Group has particularly strong expertise in real estate investment and fund management services. Since starting in the REITs business in Australia in 1971, Lend Lease Group has expanded globally and emerged as a leading real estate investment company, today having funds under management valued at over US\$42 billion (approximately 5 trillion yen) and servicing of real estate collateralized loans of another US\$50 billion.

Lend Lease is the No 1 manager of tax-exempt real estate assets in the US.

David Ross, the CEO for Lend Lease in Asia Pacific, will be the executive responsible for Lend Lease's involvement in the alliance. Mr Ross's background includes his leadership of General Property Trust, Australia's largest real estate listed Unit Trust.

**Background to the Mutual Understanding:**

1. Since restrictions on REITs were lifted in Japan in November 2000, Tokyu Group has envisioned fundamentally revolutionizing the way real estate is practiced in Japan. Tokyu Group has been preparing to enter the REITs business in 2002 via cooperation between Tokyu Corporation and Tokyu Land Corporation. In order to make REITs a focus of Tokyu Group's business activities, Tokyu Group felt it was necessary to offer investment products to investors including foreign investors, that were more attractive than those of their competitors. This has led Tokyu Group to seek an alliance partner with know-how and capability suitable for such objectives.
2. Lend Lease Corporation has been engaged in the construction and servicing of real estate collateralized loans business in Japan, and now that REITs have been liberalized in Japan intends to establish a worldwide network in REITs using its superior know-how. They plan to expand their business, provide customers with a wide range of investment products, and explore other business opportunities in related business fields in Japan. To realize their goals, Lend Lease sought a partner in Japan who could help them break into the REITs market in Japan.

Once the business alliance is established, Tokyu Group will build upon Lend Lease Group's vast business management experience in order to distance themselves from their competitors through superior investment products, and establish their superiority by earning the confidence of investors around the world.

Lend Lease Group hopes that this alliance will enable it to make a smooth entry into the Japanese REITs business. Lend Lease hopes to build upon Tokyu Group's strong reputation and foundation in Japan and Lend Lease's existing operations in Singapore and Hong Kong in order to enter East Asia's largest real estate markets and establish a global real estate investment network.

Both groups will immediately begin a feasibility study to determine how to build upon each

other's strengths in order to establish themselves as leaders in the Japanese REITs industry, and establish specific strategies for entering the REITs business. These strategies include Lend Lease Corporation's involvement in Tokyu Real Estate Investment Management Inc., to be established by Tokyu Corporation and Tokyu Land Corporation.

Tokyu Corporation, Tokyu Land Corporation, and Lend Lease Corporation have agreed to the following:

### **Overview of the Basic Understanding to Cooperate**

Tokyu Corporation, Tokyu Land Corporation, and Lend Lease Corporation have today (June 28) signed a Memorandum of Understanding setting forth a basic agreement to work towards establishing a business alliance throughout a wide spectrum of the Japanese real estate investment business. The three companies will develop specific strategies focusing on Real Estate Investment Trusts ("REITs").

### **Main points of the Basic Mutual Understanding:**

1. Tokyu Group and Lend Lease Group will work together across a wide spectrum of Japanese real estate investment related transactions and services. Cooperation in the REITs business will be a main focus of this cooperation.
2. The alliance will enable the three companies to become leaders in the Japanese REITs business. Initial assets under management are expected to be between 100 and 200 billion yen (US\$1bn-2bn).
3. A management company will be established for the purpose of starting REITs operations in Japan. 50% of the capital of the new company will come from Lend Lease Corporation and the remaining 50% will come from Tokyu Corporation and Tokyu Land Corporation.

### **Activities of the Management Company**

Establishing an overall fund strategy, designing an fund portfolio, performing asset evaluation, and conducting market research.

Targeted Investment Assets

Office buildings, shopping centers, hotels, rental apartments, warehouses and storage facilities, etc.

4. The three companies will immediately begin a feasibility study and establish specific strategies for entering the REITs business with the goal of beginning operation of funds in 2002.
  
5. Tokyu Group and Lend Lease Group are contemplating a continuing relationship that will develop beyond REITs and into various real estate investment related operations.

**TIME LINE**

July 2001	Start feasibility study
December 2001	Conclude Joint Venture Agreement
1HFY 2002	Establish real estate investment corporation
FY commencing April 2002	List the real estate investment corporation on the stock exchange

This press release is being distributed to the following press clubs

***\*Kabuto Club***

***\*Kokudo Kotsu Kisha-kai***

\* An announcement is made simultaneously in Sydney.

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Tokyu Land Corporation

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Mr Dick Morath and Ms Leanne Fry  
Lend Lease Corporation Limited  
Tel: 612-9237-5941 or 612-9277-2628

## Appendix

### 1. Overview of Lend Lease Group

Parent Corporation:	Lend Lease Corporation Limited
Headquarters:	Sydney, Australia
Representative:	David Higgins, (CEO, Lend Lease Corporation)
Year of Incorporation	1958
Paid-in Capital:	A\$766million (Lend Lease Corporation)
Number of Group Companies:	293
Number of Employees:	Over 10,000 in 40 countries
Gross Revenue:	A\$11,500million Listed Stock Exchange: Sydney (Lend Lease Corporation)

### 2. Overview of Tokyu Group

Parent Corporation:	Tokyu Corporation (President Kiyofumi Kamijo)
Headquarters:	Shibuya-ku, Tokyo, Japan
Representative:	Shinobu Shimizu (Chairman and Representative Director)
Year of Incorporation	1922 (Tokyu Corporation)
Paid-in Capital:	JPY107billion (Tokyu Corporation)
Number of Group Companies:	434 (as of March 2001)
Number of Employees:	Approx. 100thousand
Gross Revenue:	Approx. JPY 4trillion
Listed Stock Exchange:	Tokyo (Tokyu Corporation)

### **3. Overview of Tokyu Land Corporation**

Tokyu Land Corporation, together with Tokyu Corporation, is taking a leadership role in Tokyu Group's real estate related business.

Name of Corporation:	Tokyu Land Corporation
Headquarters:	Shibuya-ku, Tokyo, Japan
Representative:	Masatake Ueki (President and Representative Director)
Year of Incorporation	1953
Paid-in Capital:	JPY 32billion (as of March 2001)
Number of Employees:	582 (as of March 2001)
Gross Revenue:	JPY 223billion (as of March 2001)
Listed Stock Exchange:	Tokyo



#### **Tokyu and Lend Lease Groups sign MoU to Form a Business Alliance in Japan focusing on Real Estate Investment Trusts**

**Tokyo 28 June 2001:Tokyu Corporation (TSE:9005); Tokyu Land Corporation (TSE:8815) and Lend Lease Corporation (ASX LLC) have signed a Memorandum of Understanding (MoU) for the establishment of a joint venture to establish a wide range of Japanese real estate investment vehicles and services.**

The MoU envisages commencement of operations for a JREIT management company in the first half of fiscal year commencing April 2002 with the initial JREIT listing conducted by the end of that year. Initial assets under management are expected to be between 100 and 200 billion yen (US\$1bn – 2bn).

Tokyu Corporation and Tokyu Land Corporation (“Tokyu”) plan to jointly hold 50% of the management company

with the other 50% held by Lend Lease Corporation ("Lend Lease"). Employees from both groups will be seconded to the venture.

The JREIT could be sector specific or diversified and could hold investments in office retail, hotel, residential and industrial sectors and be formed utilising real estate assets currently owned by Tokyu Group as well as from third parties. A broader range of real estate investment management vehicles and services will be developed to build significant assets under management in the second largest economy in the world.

Both groups will immediately begin a feasibility study to determine the optimum usage of their joint resources and strengths and to establish specific strategies for entering the REITs business. These strategies include Lend Lease Corporation's involvement in Tokyu Real Estate Investment Management Inc., to be established by Tokyu Corporation and Tokyu Land Corporation.

The companies expect to complete the feasibility study and resolve a Joint Venture agreement by this December, paving the way for commencement of the REIT (Real Estate Investment Trust) management company and initial REIT listing in fiscal year commencing April 2002.

**ENDS**

For more information, contact:

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or Ms Leanne Fry Tel 612-9277-2628

Lend Lease Corporation Limited

Messrs. Nemoto and Shinbori

Office of the President, Public Relations

Tokyu Corporation

Tel. 03-3477-6086

Messrs. Uchida and Hayashi

Management Projects, Public Relations

Tokyu Land Corporation

Tel. 03-5458-0620

**Attachment to Tokyu and Lend Lease Groups' Company Announcements to Tokyo and Australian Stock Exchanges, June 28 2001, "Tokyu and Lend Lease Groups sign MoU to Form a Business Alliance in Japan**



**focusing on Real Estate Investment Trusts”**

**Tokyu Corporation    Tokyu Land Corporation    Lend Lease Corporation**

**STATEMENTS MADE ON BEHALF OF ABOVE CORPORATIONS**

In their joint statement announcing the MoU today, Tokyu Corporation Chairman Mr Shinobu Shimizu and Lend Lease Corporation Managing Director and CEO Mr David Higgins said both groups had recognised the opportunity to work together to establish themselves as leaders in the emerging Japanese REIT industry initially.

They said the MoU also recognised the opportunity to use that leadership position to ultimately offer a broader range of real estate investment services to Japanese financial institutions and corporations with large real estate portfolios.

Mr Shimizu said: “Securitisation of real estate in Japan is only just beginning, but it will become far more important as an investment that can produce a growing income to meet the investment needs particularly of our ageing populations.

“It is true that to meet these needs, real estate markets are changing and J-REITs will play a significant role in this change.

“We believe that the partnership between Tokyu Group and Lend Lease will bring the necessary skills and disciplines together to respond to investors’ needs and build a significant investment management business in this market over the next five years,” Mr Shimizu said.

Mr Higgins said: “Tokyu Group will bring its specialist local real estate knowledge to the joint venture whilst Lend Lease will bring its global experience in establishing and managing REITs and investment management businesses.

“As well as providing investment management services to J-REITs, the joint venture also plans to provide these services to other investment vehicles including SPVs (Special Purpose Vehicles) and property owners such as institutional investors, financial institutions and other large business organisations.

“I indicated to the market in May that we were hopeful of making an announcement on the roll out of our global real estate investment business strategy in the Asia region. Lend Lease’s involvement in this venture is the responsibility of David Ross, CEO – Asia Pacific.

"I am honoured that we are taking this first but very important step in this regard with the much respected Tokyu Group," Mr Higgins said.

## **BACKGROUND TO MEMORANDUM of UNDERSTANDING**

Tokyu Corporation (Headquarters: Tokyo, Japan; President: Kiyofumi Kamijo), Tokyu Land Corporation (Headquarters: Tokyo, Japan; President: Masatake Ueki), and Lend Lease Corporation (Headquarters: Sydney, Australia; Managing Director and CEO: David Higgins) have today (June 28) signed a Memorandum of Understanding setting forth a basic agreement to work towards establishing a business alliance initially focusing on Real Estate Investment Trusts ("REITs") throughout a wide spectrum of the Japanese real estate investment business.

### **Main points of the Memorandum of Understanding:**

1. Tokyu Group and Lend Lease Group will work together across a wide spectrum of Japanese real estate investment related transactions and services. Special efforts will be made to initially establish a presence in the REITs business in Japan.
2. A management company will be established for the purpose of starting REITs operations in Japan. 50% will come from Tokyu Corporation and Tokyu Land Corporation and the remaining 50% of the capital of the new company will come from Lend Lease Corporation.
3. The three companies will immediately begin a feasibility study and establish specific strategies for entering the REITs business.
4. Tokyu Group and Lend Lease Group are contemplating a continuing relationship that will develop beyond REITs into various real estate investment related operations.
5. Both groups aim to establish themselves as leaders in the Japanese REITs business.

### **Background Information about the Three Companies:**

- **Tokyu Group** is a leading Japanese business group. Tokyu Group's operations center around Tokyu Corporation, and extend across many business sectors, including public transportation (principally railways), real estate and distribution services. The group is comprised of 434 companies, with total assets of 5 trillion yen (\$US50 billion), accounting for approximately 4 trillion yen (\$US40 billion) in sales. Tokyu Corporation and Tokyu Land Corporation have been at the vanguard of Tokyu Group's real estate

business. Tokyu have substantial holdings in the office, retail and hotel sectors.

- **Tokyu Corporation** is mainly a public transportation company focusing on urban development projects. It came to prominence after developing Denenchofu, one of Japan's leading upscale residential communities. Since 1953, Tokyu Corporation has been engaged in the development of "TAMA Garden City," a 5,000-hectare area in Southwest Tokyo known as one of the most ideal residential areas in Japan. This project serves as a foundation supporting Tokyu Group's strong business.
- **Tokyu Land Corporation**, spun out of Tokyu Corporation's real estate operations, is now emerging as one of Japan's pre-eminent real estate companies. Tokyu Land Corporation is involved in a wide variety of real estate activities, and particularly in recent years has become experienced in real estate securitization.
- **Lend Lease Group**, organized around Lend Lease Corporation and domiciled in Australia, does business in over 40 countries around the world and plans to expand across a wide range of real estate related business. Lend Lease Group has particularly strong expertise in real estate investment and fund management services. Since starting in the REITs business in Australia in 1971, Lend Lease Group has expanded globally and emerged as a leading real estate investment company, today having funds under management valued at over US\$42 billion (approximately 5 trillion yen) and servicing of real estate collateralized loans of another US\$50 billion. Lend Lease is the No 1 manager of tax-exempt real estate assets in the US. David Ross, the CEO for Lend Lease in Asia Pacific, will be the executive responsible for Lend Lease's involvement in the alliance. Mr Ross's background includes his leadership of General Property Trust, Australia's largest diversified real estate listed Unit Trust.

#### **Background to the Mutual Understanding:**

- Since restrictions on REITs were lifted in Japan in November 2000, **Tokyu Group** has envisioned fundamentally revolutionizing the way real estate is practiced in Japan. Tokyu Group has been preparing to enter the REITs business in 2002 via cooperation between Tokyu Corporation and Tokyu Land Corporation. In order to make REITs a focus of Tokyu Group's business activities, Tokyu Group felt it was necessary to offer investment products to investors including foreign investors, that were more attractive than those of their competitors. This has led Tokyu Group to seek an alliance partner with know-how and capability suitable for such objectives.
- **Lend Lease Group** has been engaged in the project management and construction and servicing of real estate collateralized loans business in Japan for many years (through Bovis Lend Lease and the recently

acquired AMRESKO businesses), and now that REITs have been liberalized in Japan intends to establish a worldwide network in REITs using its superior know-how. Lend Lease plan to expand their business, provide customers with a wide range of investment products, and explore other business opportunities in related business fields in Japan. To realize their goals, Lend Lease sought a partner in Japan who could help them break into the REITs market in Japan.

- The alliance is complementary to Lend Lease's existing businesses in Japan which will continue to operate as at present.
- Once the business alliance is established, Tokyu Group will build upon Lend Lease Group's business management experience in order to distance themselves from their competitors through superior investment products, and establish their superiority by earning the confidence of investors around the world.
- Lend Lease Group expects that this alliance will enable it to make a smooth entry into the Japanese REITs business. Lend Lease will build upon Tokyu Group's strong reputation and foundation in Japan and Lend Lease's existing operations in Singapore and Hong Kong in order to enter North Asia's largest real estate market and further build its global real estate investment network.
- Both groups will immediately begin a feasibility study to determine how to build upon each other's strengths in order to establish themselves as leaders in the Japanese REITs industry, and establish specific strategies for entering the REITs business. These strategies include Lend Lease Corporation's involvement in Tokyu Real Estate Investment Management Inc., to be established by Tokyu Corporation and Tokyu Land Corporation.

#### **Overview of Lend Lease Group**

Parent Corporation:	Lend Lease Corporation Limited
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Representative:	David Higgins, (CEO, Lend Lease Corporation)
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**ENDS**

