

1 July 2024

\$480 million sale of US Military Housing business

- Continued execution of our recently announced strategy with agreement reached for the sale of the US Military Housing business for \$480 (US\$320) million¹, anticipated to deliver operating profit after tax (OPAT)² of \$105 to 120 million in 1H FY25
- Completion of the sale of Life Science interests into a new Asia Pacific Joint Venture now expected in 1H FY25
- Revised FY24 OPAT of \$260 to 275 million now anticipated, primarily reflecting the revised timing for the Life Sciences transaction
- Transactions announced to date are expected to generate FY25 OPAT of \$275 to 335 million. Together with contracted settlements³, these are expected to deliver cash receipts of \$1.8 billion in 1H FY25 with a further \$0.4 billion early in 2H FY25

Sale of Military Housing business

Lendlease has entered into an agreement with Omaha Beach Investment Holdings, LLC, an entity managed by Guggenheim Partners Investment Management, LLC, for the sale of its US Military Housing business for \$480 (US\$320) million.

The sale represents a significant premium to book value and includes the operating platform of the business along with the associated management rights for asset, property, development and construction management. Approximately 150 employees will transfer with the sale.

The transaction builds on the significant progress made by Lendlease as it executes on the strategy announced in May 2024, re-focussing on its Australian operations and international investment management capabilities, while recycling more than \$4.5 billion of capital.

FY25 OPAT of \$105 to 120 million is anticipated from this transaction, with financial close and receipt of cash proceeds targeted by the end of 1H FY25. The transaction is subject to completion adjustments and conditions precedent including third-party consents from particular service branches of the U.S. Department of Defense.

¹ Assumes FX rate of 0.67 USD/AUD, subject to change. All dollar values expressed as AUD unless otherwise stated

² Operating Profit After Tax for FY24 is calculated as Statutory Profit excluding investment property revaluations in the Investments segment and excluding other exceptional items. From FY25, OPAT will only exclude investment property revaluations in the Investments segment

³ Approximately \$0.5 billion of net proceeds expected from the settlement of Residences Two, One Sydney Harbour, Barangaroo

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Update on strategic progress

Today's announcement builds on the substantial strategic progress already made, and is the third transaction to achieve a premium to book value, alongside:

- The announced \$1.3 billion⁴ sale of 12 Communities projects, noting the provisional date for announcement of the ACCC's findings on 4 July 2024; and
- The announced \$147 million⁵ sale of Asia Life Sciences interests to a new Asia Pacific Joint Venture.

Together, these transactions are anticipated to contribute \$275 to 335 million of OPAT in FY25. The exit of US Construction is well underway with documentation progressing following agreement of a non-binding heads of terms for the sale of the business unit's East Coast operations, and earlier actions taken to wind down its West Coast and Central construction operations.

Lendlease Group CEO Tony Lombardo said: "With \$1.9 billion of transactions already announced, including the sale of US Military Housing, we have made significant progress towards our target of recycling \$2.8 billion of capital in the next 12 months. As this transaction demonstrates, we continue to take a disciplined approach to capital recycling, achieving premiums to book value, as we balance speed of execution with achieving value for our securityholders."

"Implementation of our strategy is progressing well, with cost savings being realised across the regions as we today move to a simplified management structure. We are also working to complete the sales of our Life Sciences joint venture and our Communities projects."

"The announced exit from international Construction is well progressed, with the sale of our US East Coast operations anticipated to close in the coming months. Preparations have also commenced to sell our UK construction business within the next 18 months."

"Processes to recycle a further \$1.1 billion of capital in FY25 are underway, including the sales of The Exchange TRX in Malaysia, our Keyton Australian Retirement Living investment and China Senior Living asset."

"Our priorities remain strengthening our balance sheet, returning capital to securityholders and investing in our high return Australian operations, while continuing to build on our Australian development pipeline to support future earnings growth."

Life Sciences completion timing and revised FY24 guidance

Lendlease advises that completion of the sale of its Life Sciences interests into a new Asia Pacific Joint Venture is now expected to complete in 1H FY25, subject to the satisfaction of the final conditions precedent.

As a result, Lendlease anticipates FY24 OPAT to be \$260 to 275 million. FY24 Group gearing is now anticipated to be at the upper end of the 10-20 per cent target range, before the anticipated provision for impairments and charges announced on 27 May 2024.

⁴ Transaction value includes the assumed exercise of a \$239 million right to acquire certain land parcels

⁵ Transaction value represented on a 100% ownership basis. Joint Venture ownership is 50%

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Authorised for lodgement by the Lendlease Group Disclosure Committee