

ASX ANNOUNCEMENT

28 April 2020

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Lendlease equity raising and update on impact of COVID-19

Equity raising to strengthen balance sheet

Lendlease today announced the launch of an equity raising as a prudent measure to strengthen its balance sheet given the current market uncertainties. The equity raising will enable Lendlease to be well positioned to continue with the delivery of its development pipeline and take advantage of investment and development opportunities as markets stabilise.

Lendlease is undertaking a fully underwritten institutional placement of \$950 million and a non-underwritten Security Purchase Plan to eligible security holders of up to \$200 million¹.

Steve McCann CEO Lendlease said, "This equity raising, coupled with the actions we have already taken, will strengthen the Group's balance sheet position during this uncertain economic environment with available liquidity increased to \$3.95 billion², support the delivery of the Group's \$112 billion global development pipeline and provide additional flexibility and capacity to pursue further investment opportunities."

Lendlease will continue to pursue its core strategy of deploying the integrated business model in targeted gateway cities.

Impact of COVID-19

Consistent with the Group's priority on health and safety of our people, Lendlease has progressively introduced measures to assist in minimising the spread of the virus as well as to mitigate its impact on the Group's business operations since the onset of COVID-19 in January.

The Group will continue to comply with the relevant directions and guidelines introduced by governments and authorities in relation to COVID-19.

Core business

The majority of our projects have continued operating using revised methodologies to seek to comply with social distancing and safety standards. Where necessary, we have implemented safety pauses while we work through the required changes, such as we have done in London, which is currently implementing a phased reopening across a number of projects. Shutdowns of our projects have been mandated by governments or public authorities in some offshore regions, including Singapore, Kuala Lumpur, Milan, New York and Boston. Sites in some of these locations are now progressing towards restart. Extensions of time on projects that have been mandated to pause by governments or clients should mitigate the financial risk.

¹ Lendlease may decide to accept applications (in whole or in part) that result in the SPP raising more or less than this amount, in its absolute discretion. Should any scale back be necessary, any scale back arrangements will be made on a pro rata basis to existing securityholdings.

² Includes additional facilities and the amount of the Placement as detailed further in the announcement.

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

Level 14, Tower Three, International Towers Sydney
Exchange Place, 300 Barangaroo Avenue
Barangaroo NSW 2000 Australia

Telephone +61 2 9236 6111
Facsimile +61 2 9252 2192
lendlease.com



ASX ANNOUNCEMENT

28 April 2020

The Group has been successful in progressing some of the nearer term conversion opportunities across urbanisation projects outlined at the HY20 results. Recent progress with our urbanisation projects include:

- Conditional framework agreement reached to form a 50/50 investment partnership with a capital partner for Milan's Milano Santa Giulia project to develop the \$4 billion project over 15 years including the Group selling the first two office buildings to the investment partnership
- An additional residential for rent building at London's Elephant Park anticipated to enter delivery in H2 FY20 with capital partner and planning approval having been obtained
- One Sydney Harbour presales currently total \$1.5 billion representing over 75% of the first tower, and PLLACes³ together with capital partnership options continue to progress well
- Tower One at TRX Residences, Kuala Lumpur presales currently exceed 50%

Lendlease has a long dated pipeline and more than 90% of the c.\$100 billion urbanisation pipeline and approximately 95% of the c.48,500 land lot pipeline across the Group's Communities projects have been secured on capital efficient terms. This provides the Group with flexibility in managing through market cycles and limiting both the operating and financial risk for the Group.

The funds under management platform has been boosted by recently securing a \$1.6 billion mandate comprising a diversified portfolio of Australian office, retail and industrial assets. The impact of asset revaluations on funds under management and co-investment positions is too early to determine, although the platform has limited exposure to performance fees.

Notwithstanding recent progress, the profit for FY20 for the core business is dependent on the conclusion of some material transactions in the Development segment which may be delayed. Reduced productivity in the Construction segment is expected to have a short term impact on core profit and the impact of any revaluations on the Investments segment is currently uncertain. Therefore, the forward looking statements included in our HY20 results announcement are withdrawn.

Non core business

In respect to the non core business:

- the sale of the engineering business to Acciona continues to progress with approval from the Foreign Investment Review Board having been obtained and work on satisfying other conditions ongoing. However, it is too early to determine whether these conditions will be satisfied within the time periods required in the sale agreement, or in time for completion in H2 FY20.
- Lendlease remains committed to exiting the engineering business.
- Lendlease now expects that the Melbourne Metro project will be retained by Lendlease. The project consortium is continuing to work with Government on a confidential basis to resolve

³ Pre-sold Lendlease Apartment Cash Flows.

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

Level 14, Tower Three, International Towers Sydney
Exchange Place, 300 Barangaroo Avenue
Barangaroo NSW 2000 Australia

Telephone +61 2 9236 6111
Facsimile +61 2 9252 2192
lendlease.com



ASX ANNOUNCEMENT

28 April 2020

issues in relation to the scope and costs on the project.

- the sales process for the Services business has been paused given the uncertainty in market conditions.
- Lendlease has previously disclosed a restructuring cost estimate to exit the Engineering and Services businesses of \$450 - \$550 million. Included in this cost estimate are implementation and selling costs, indemnities included in any sale agreements and potential costs to cover concluding projects retained by the Group, including Melbourne Metro. Lendlease considers the cost estimate, together with existing provisions, remains appropriate to cover concluding retained projects and to exit the non core business, subject to any unknown impacts arising from COVID-19.

Financial position

The Group's cash and undrawn facilities following the institutional placement total \$3.95 billion which includes approximately \$900 million of additional facilities with terms ranging from 12 to 24 months which Lendlease has arranged to enable the Group to manage through a potential sustained downturn. These additional facilities are credit approved but are subject to formal documentation. Other than the maturity of the \$225 million medium term notes in May 2020, none of Lendlease's existing debt facilities expire until FY22.

Gearing⁴ is anticipated to be between 10 – 15% at 30 June 2020.

Given the current environment, the Lendlease Board will determine at a later date whether a final dividend for FY20 will be paid from Lendlease Corporation Limited, based on the circumstances at the time. Subject to availability, a distribution will be paid from the Lendlease Trust.

In addition, Lendlease has taken various actions to enhance the financial flexibility of the Group, including:

- the deferral or reduction of non-essential capital expenditure and project expenditure
- overhead and employee cost reduction initiatives across the business reflecting the changing environment including a temporary 20% reduction in fixed remuneration of senior executives, some of which will be used to seed an employee hardship and wellbeing fund. Non Executive Directors have also agreed to a temporary reduction of their base fees of up to 20% which will also be used to seed the employee hardship and wellbeing fund.

Despite the near term uncertainty created by COVID-19, the Group remains focused on delivering its extensive urbanisation portfolio safely, sustainably and profitably. In doing this, the Group will continue to explore capital partnerships. The current portfolio of 21 major urbanisation projects across 9 gateway cities provides long term earnings visibility and a strong platform to deliver enhanced risk adjusted returns for our securityholders. The equity raising will strengthen Lendlease's capacity to access capital partnerships to develop this pipeline and pursue additional opportunities which will in turn drive growth in investments and funds under management

⁴ Net debt to total tangible assets, less cash

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

Level 14, Tower Three, International Towers Sydney
Exchange Place, 300 Barangaroo Avenue
Barangaroo NSW 2000 Australia

Telephone +61 2 9236 6111
Facsimile +61 2 9252 2192
lendlease.com



ASX ANNOUNCEMENT

28 April 2020

Equity raising details

Placement

The \$950 million placement (Placement) is fully underwritten and will be offered to institutional investors at \$9.80 per security (Placement Issue Price). This represents a

- 8.2% discount to the last closing price of \$10.68 on 27 April 2020
- 8.8% discount to the 5-day VWAP of \$10.75 ending on 27 April 2020

The Placement will result in the issue of approximately 96.9 million securities, representing approximately 17.2% of Lendlease's existing securities on issue.

The Placement is being conducted today, 28 April 2020 with Lendlease's securities to remain in a trading halt pending completion of the Placement.

Eligible securityholders who bid for up to their 'pro-rata' share of new securities under the Placement will be allocated their full bid, on a best efforts basis.

Share Purchase Plan

Following completion of the Placement, Lendlease will be offering eligible securityholders the opportunity to participate in a non-underwritten Security Purchase Plan (SPP) up to \$30,000 each, free of any brokerage or transaction costs, to raise up to \$200 million⁵.

The issue price of securities under the SPP will be the lower of:

- The Placement Issue Price
- 2% discount to the 5-day VWAP prior to the closing date of the SPP
- 2% discount to the last close price at the closing date of the SPP

Full details of the SPP will be set out in the SPP Offer Booklet which is anticipated to be released to the ASX and dispatched to eligible security holders on Tuesday, 5 May 2020.

Additional information

Securities issued under the Placement and SPP will rank equally with existing issued Lendlease securities from the date of issue.

Further information is provided in the equity raising investor presentation provided to the ASX today by Lendlease. The presentation includes important information including key risks and international offer restrictions in relation to the equity raising.

⁵ Lendlease may decide to accept applications (in whole or in part) that result in the SPP raising more or less than this amount, in its absolute discretion. Should any scale back be necessary, any scale back arrangements will be made on a pro rata basis to existing securityholdings.

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

Level 14, Tower Three, International Towers Sydney
Exchange Place, 300 Barangaroo Avenue
Barangaroo NSW 2000 Australia

Telephone +61 2 9236 6111
Facsimile +61 2 9252 2192
lendlease.com



ASX ANNOUNCEMENT

28 April 2020

Key dates

Record date for SPP	7:00pm, Monday 27 April 2020
Trading halt and announcement of Placement and SPP	Tuesday, 28 April 2020
Placement bookbuild	Tuesday, 28 April 2020
Announcement of outcome of Placement	Wednesday, 29 April 2020
Trading halt lifted – trading of securities resumes on the ASX	Wednesday, 29 April 2020
Settlement of securities issued under the Placement	Friday, 1 May 2020
Allotment and normal trading of securities issued under the Placement	Monday, 4 May 2020
SPP offer opens and SPP offer booklet dispatched	Tuesday, 5 May 2020
SPP offer closes	5:00pm, Tuesday, 26 May 2020
Announcement of results of SPP	Friday, 29 May 2020
SPP issue and allotment date	Thursday, 4 June 2020
Normal trading of securities issued under the SPP	Friday, 5 June 2020
Dispatch of holding statements	Monday, 8 June 2020

ENDS

FOR FURTHER INFORMATION, PLEASE CONTACT:

Investors:

Justin McCarthy
Mob: +61 422 800 321

Media:

Stephen Ellaway
Mob: +61 417 851 287

Authorised for lodgement by the Lendlease Group Disclosure Committee

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

Level 14, Tower Three, International Towers Sydney
Exchange Place, 300 Barangaroo Avenue
Barangaroo NSW 2000 Australia

Telephone +61 2 9236 6111
Facsimile +61 2 9252 2192
lendlease.com



For personal use only

ASX ANNOUNCEMENT

28 April 2020

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

The distribution of this announcement in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. In particular, this announcement may not be distributed or released in the United States.

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or in any jurisdiction in which such an offer would be illegal. The securities to be offered and sold in the Placement and the SPP have not been, and will not be, registered under the U.S. Securities Act of 1933 as amended (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the securities to be offered and sold in the Placement may not be offered or sold, directly or indirectly, in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable securities laws of any state or other jurisdiction of the United States. The securities to be offered and sold in the SPP may not be offered or sold, directly or indirectly, in the United States or to any person that is acting for the account or benefit of a person in the United States.

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

Level 14, Tower Three, International Towers Sydney
Exchange Place, 300 Barangaroo Avenue
Barangaroo NSW 2000 Australia

Telephone +61 2 9236 6111
Facsimile +61 2 9252 2192
lendlease.com



For personal use only