

29 November 2024

Lendlease – Update on completion of Communities transaction

Lendlease today announced that the conditions precedent for the sale of 12 Australian master-planned Communities projects to Stockland Corporation Limited and its capital partner, Supalai Australia Holdings, for a consideration of \$1,060 million, have been satisfied. The transfer of projects is expected to complete today with payment of the first instalment of sale proceeds also expected today.

This brings the total of announced capital recycling initiatives to \$1.8 billion out of a target of \$2.8 billion for FY25 (see Appendix 1).

A payment of \$515 million is expected to be received today following the transfer of all 12 projects¹, with a further payment of approximately \$450 million anticipated by 31 January 2025 and the remaining proceeds to be received by 30 June 2025, subject to completion adjustments.

Separately, Lendlease remains in discussions with a landowner with respect to certain additional land parcels which no longer form part of the sale as relevant conditions have not been met. Profits in FY25 are expected to be impacted by exclusion of these lots from the transaction, though FY25 guidance remains unchanged with compensating opportunities identified that are likely to emerge in 2H FY25.

Lendlease Group CEO Tony Lombardo said: “The sale of our Communities projects is a key milestone in our target to recycle \$2.8 billion of capital this financial year, as we look to become less complex, more focussed and ultimately more profitable.

“As we further simplify the Group, we remain focussed on strengthening our balance sheet, returning capital to securityholders and investing in our high return Australian operations and international Investments platform.”

Processes for further capital recycling initiatives in FY25 remain ongoing, including the sales of TRX Retail in Malaysia, China Senior Living and Australian Retirement Living. The sale process of the UK Construction operations to further simplify the Group is also progressing.

Lendlease’s earnings guidance for FY25 remains unchanged with Group Earnings Per Security of 54 to 62 cents anticipated, with a number of transactions targeted for completion. Gearing is anticipated to remain elevated at 1H FY25 due to the timing of key capital recycling transactions and planned capital expenditure across major development projects, however, is expected to trend down significantly in 2H FY25 towards the top end of the target 5-15% range.

¹ Projects transferred are Alkimos Beach, Alkimos Vista, Aurora, Atherstone, Averley, Calderwood Valley, Figtree Hill, Harpley, Kinma Valley, Shoreline, Springfield and Yarrabilba

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Appendix 1: Capital recycling progress

Lendlease remains committed to its FY25 target of \$2.8b of capital recycling initiatives and is progressing additional opportunities to realise the remaining cash proceeds. Lendlease will update the market in relation to the additional opportunities at the appropriate times.

FY25 \$2.8 billion target – capital recycling initiatives

Asset	Sale price	Profit / (loss)²	Completion timing
Communities	\$1,060m	~\$95m ³	29 November 2024
Life Science interests⁴	\$147m	~\$80m	1 August 2024
Military Housing	\$480m	–	In progress
Other⁵	~\$100m ⁶	–	1H FY25
Cumulative total announced	\$1,787m	\$175m	N/A

Note, Group Earnings Per Security guidance for FY25 assumes a modest profit outcome from the Capital Release Unit, after the allocation of overheads, balancing speed of execution against value realisation.

² Expressed as a gain or loss versus carrying book value. Reflects project / asset level profit, before allocation of overheads. Does not reflect Group OPAT

³ Includes profit of \$35m that has been booked in FY24 and FY25 as a result of the delayed completion, which otherwise would have been part of the sale profit. Separately, an additional \$30-35 million of profit in FY25 is anticipated from retained Communities projects

⁴ Excludes positive purchase price adjustments that have not yet been received, relating to the acquisition of a ~\$1.6b portfolio of assets in Singapore. Profit expected to be recognised in the Investments segment

⁵ Includes other identified capital recycling opportunities that have not been publicly disclosed

⁶ Transaction to be disclosed at completion