

2 January 2025

Lendlease announces sale of UK Construction and update to FY25 earnings timing

Lendlease today announced it has entered into a binding agreement with Atlas Holdings, an industrial holding company with construction sector experience, for the sale of its UK Construction business, effective 31 December 2024. On completion, this will finalise Lendlease's exit of its international construction operations, well ahead of the targeted 18 month timeline announced at the May 2024 strategy update.

The sale accelerates Lendlease's progress to further simplify the Group and focus on the growth of its Australian operations and international Investments platform and follows the recent sale of its US East Coast construction operations.

Under the terms of the transaction, Lendlease will receive £35 (\$70) million cash consideration, including £10 (\$20) million deferred until June 2026, subject to completion adjustments.

The profit outcome is expected to be broadly neutral after providing for retained risks in relation to projects that have completed or substantially completed prior to exchange of the sale agreement.

The net cash outflow as a result of the transaction is anticipated to be approximately \$100 million due to the unwind of negative working capital in the business prior to and at transaction close and including the offset from receipt of initial sale proceeds.

The transaction is subject to conditions precedent including regulatory approvals, with completion targeted before the end of FY25.

Substantially all of Lendlease's existing UK construction employees will leave the Group as they transfer with the sale, providing a seamless transition for our clients, projects and business partners.

Lendlease Group CEO Tony Lombardo said "This transaction builds on our progress to simplify Lendlease as we look to lower our risk profile and increase securityholder returns. It also represents a positive outcome for both our people and our valued customers."

FY25 earnings guidance

Lendlease's earnings guidance for FY25 remains unchanged with Group Earnings Per Security of 54 to 62 cents anticipated, with a heavy skew to 2H FY25 due to the delay in the completion of the Military Housing sale which is now expected to contribute \$145-160m of OPAT.

Gearing at 1H FY25 is anticipated to be in the range of 26-28% although is expected to trend down significantly in 2H FY25 towards the top end of our target 5-15% range, noting c.\$1.5b of gross contracted cash inflows (c.9 percentage point benefit to gearing) expected in 3Q FY25 from apartment settlements, the final instalment of the Communities transaction and proceeds from Military Housing.

ENDS

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Authorised for lodgement by the Lendlease Group Disclosure Committee

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