

ASX ANNOUNCEMENT

17 October 2017

Lendlease Retirement Living transaction and market update

Retirement Living

Lendlease today announced the sale of 25 per cent of its Retirement Living business to APG Asset Management N.V. with Lendlease retaining the remaining 75 per cent.

The transaction covers all components of the Retirement Living business, including ownership of the established retirement village portfolio, the operating platform which manages the portfolio, the business's development capabilities and associated development pipeline.

Lendlease CEO and Managing Director, Steve McCann said, "The introduction of APG Asset Management N.V., an existing Lendlease investment partner, into our Retirement Living business, highlights the quality of the existing portfolio and will support our future development and growth plans in the sector. Our strategy has been to work with partners who are aligned with our vision. APG Asset Management N.V. are an outstanding partner, with a track record of investment excellence."

The transaction is at a small premium to the carrying value as at 30 June 2017. Due to the transaction, Lendlease will be required to write down the value of certain Deferred Tax Assets associated with the Retirement Living business. The overall impact of the transaction including transaction costs will be a net loss after tax of approximately A\$35 million.

The transaction remains subject to conditions precedent that we anticipate to be satisfied by 31 December 2017.

Market Update

Following the strong FY17 result, the Group has made solid progress in the year to date across its business.

The Australian development business continues to perform well and our international diversification is progressing with good momentum on the delivery of projects in London, Singapore, Kuala Lumpur and the United States. We have secured additional projects in London and Milan which are moving forward to contractual close.

We have also established a joint venture with Softbank Group to develop and own telecom infrastructure assets in the United States. Lendlease has been appointed the joint venture manager, asset manager and development manager. Lendlease and Softbank have each committed US\$200 million equity to fund identified seed assets of approximately 8,000 rooftops and other telecom sites. The joint venture will target US\$5 billion of telecom infrastructure assets over the medium term and will look to introduce capital partners as growth occurs.

The composition of the FY18 result is expected to be impacted by underperformance in our Australian construction business which relates to a small number of engineering projects. As a result, the HY18 EBITDA contribution from the Australian construction business is expected to be lower than the prior corresponding period. We expect this underperformance to be offset by outperformance in other parts of our business. This reflects the benefits of the Group's

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

17 October 2017

internationally diverse portfolio across its Development, Construction and Investments segments which provides business model resilience.

“Overall our business continues to perform well. We expect the strength of our diversified business model will offset the underperformance in our Australian construction business,” Steve McCann said. “The partial sale of our retirement living business further strengthens our financial position and the joint venture with Softbank in the US telco infrastructure space adds to the diversification of our business.”

Ends

For further information, please contact:

Investors:

Justin McCarthy
Mob: +61 422 800 321

Media:

Luisa Megale
Mob: +61 417 984 097

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

