

31 January 2025

Lendlease announces sale of Capella Capital and completion of Military Housing sale

Capella Capital sale

Lendlease today announced a binding agreement has been reached with Sojitz Corporation, a diversified Japanese trading company, for the sale of Capella Capital for a consideration of \$235m¹.

This further adds to the \$1.9b of announced capital recycling initiatives, bringing the total of announced transactions to \$2.2b (see Appendix).

The sale is anticipated to contribute approximately \$70m to FY25 Operating Profit after Tax (OPAT) and represents further progression to simplify the Group as well as reducing future funding requirements.

Established in 2009 as a partnership between Lendlease and senior Capella management, Capella Capital has grown to become a leading infrastructure investor in Australia.

Under the terms of the sale, Sojitz will acquire Lendlease's interests in Capella's infrastructure platform which consists of asset origination, asset management and principal equity investments², with approximately 80 Capella employees to transfer with the sale.

Lendlease and Capella will continue working closely to complete projects currently in delivery with no impacts expected as a consequence of the sale. Upon completion of the sale, Lendlease and Capella have agreed to continue to cooperate on current and future Capella projects where Lendlease has capability, such as construction or development services. Lendlease has also entered into a limited transitional services agreement with Sojitz to ensure a smooth ownership transfer and to prioritise our client relationships.

The transaction is subject to conditions precedent including Foreign Investment Review Board (FIRB) approval and other third-party consents, with completion targeted by the end of FY25.

Military Housing sale

Lendlease has today also announced completion of the A\$516m (US\$320m) sale of its US Military Housing business to Omaha Beach Investment Holdings, LLC, an entity managed by Guggenheim Partners Investment Management, LLC, following satisfaction of conditions precedent.

¹ Sale price represented on a 100% ownership basis. Lendlease has a 70% ownership interest

² Equity investments include North East Link, Melbourne Metro Tunnels and Stations, Frankston Hospital and Melton Hospital PPP

FY25 earnings guidance

Anticipated profit from the above transactions was previously included in Lendlease's earnings guidance provided on 2 January 2025 and accordingly earnings guidance as well as gearing expectations for FY25 remain unchanged, with Group Earnings Per Security of 54 to 62 cents.

Group Earnings Per Security for 1H FY25 are currently anticipated to be in the range of 17 cents to 20 cents based on management accounts. The financial results for 1H FY25 remain subject to finalisation of the half year reporting process including Board approval, as well as review by the Company's auditors. The heavy earnings skew to 2H FY25 is due to the movement of Military Housing profits of ~\$145m from 1H FY25 to 2H FY25, as previously announced.

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.\$1.7b of gross contracted cash inflows (c.10 percentage point benefit to gearing) expected in 2H FY25 from apartment settlements, the final instalment of the Communities transaction and proceeds from the Military Housing and Capella Capital divestments.

Quotes attributable to Lendlease Group CEO Tony Lombardo: "The announced Capella Capital and Military Housing divestments progress our strategy to simplify the Group, as we work towards becoming less complex, more focused and ultimately more profitable.

"The sale of Capella Capital accelerates the release of capital while also reducing the Group's future funding commitments, allowing Lendlease to focus on its core Australian operations and international Investments platform."

ENDS

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Authorised for lodgement by the Lendlease Group Disclosure Committee

Appendix: Capital recycling progress

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

FY25 \$2.8b target – capital recycling initiatives

Asset	Sale price	Profit / (loss)³	Completion timing
Communities	\$1,060m	~\$95m ⁴	29 November 2024
Life Science interests⁵	\$170m	~\$105m	1 August 2024
Military Housing	\$516m	~\$145m ⁶	30 January 2025
Capella Capital	\$235m ⁷	~\$70m	2H FY25
Other⁸	\$192m	~\$9m	1H FY25
Cumulative total announced	\$2,173m	~\$424m	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.

³ Expressed as a gain or loss versus carrying book value. Reflects project / asset level profit, before allocation of overheads. Does not reflect Group OPAT

⁴ 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 \$30-35m of profit in FY25 is anticipated from retained Communities projects

⁵ Includes positive purchase price adjustments to be recognised in 1H FY25, relating to the acquisition of a ~S\$1.6b portfolio of assets in Singapore. Profit to be recognised in the Investments segment

⁶ Exchange rates and completion adjustments remain subject to finalisation

⁷ Sale price represented on a 100% ownership basis. Lendlease has a 70% ownership interest

⁸ Includes Elephant Park land and asset divestments