

11 June 2026

## FY26 Market Update

Lendlease today provides a market update on the progress of its ongoing capital recycling initiatives, including with respect to its 30 June 2026 completion targets.

- FY26 earnings per security guidance for IDC business maintained at 28-34 cps, subject to targeted FY26 completions
- Asset recycling program continues to progress with a number of well-advanced transactions now likely to complete in early FY27
- Due to the timing of transactions, and more challenging market conditions, underlying Group gearing<sup>1</sup> at FY26 is anticipated to be in the mid-30% range
- The Group has balance sheet flexibility to manage an orderly realisation of Capital Release Unit (CRU) asset sales, balancing value realisation and speed of execution
- The majority of large, complex transactions are now complete or close to completion

### Investments, Development and Construction (IDC) update

Lendlease maintains FY26 earnings per security guidance for IDC of 28-34cps, including targeted transaction profits in 2H26 that are yet to be received.

- Following \$4.7b of new Australian projects secured in HY26, the Group is working to unlock more than \$10b of balance sheet positions at Rozelle Bay, Sydney and the Brisbane Athlete Village, and continues to progress additional near-term opportunities, subject to approvals, partner commitments and finalisation of commercial terms
- New work secured for Construction in FY26 is expected to be ~\$6.5b, supported by social infrastructure, defence, transport and data centres. Backlog revenue at 30 June 2026 is expected to be ~\$8b, supporting earnings momentum into FY27
- Our focus for Investments has been on performance, liquidity and growth across the business with \$4.9b of capital recycled for investors across our platforms<sup>2</sup>. Actively deploying mandate capital and sourcing value add opportunities

<sup>1</sup> Underlying Group gearing excludes the benefit of hybrid securities

<sup>2</sup> Gross property transactions completed across Lendlease and its managed vehicles in FY26

## Capital recycling, gearing and balance sheet

Significant progress has been made on contracted transactions:

- Several conditions precedent satisfied on the TRX Retail and Office divestment in Malaysia (~\$400m proceeds), which is anticipated to achieve full cash settlement before 30 June 2026
- With respect to the Joint Venture with The Crown Estate, comprising six UK development projects (~\$300m proceeds), a number of conditions precedent have been satisfied. The transaction is anticipated to part settle over FY26 and FY27, based on timing of satisfaction of conditions precedent on various projects
- CRU land holding divestments, including the recently announced sale of MSG North (~\$90m net proceeds) and the June sale of a mixed-use commercial land parcel at TRX to joint venture partner, TRX City (~\$50m, at book value). Both transactions are anticipated to complete in 1H FY27, with approximately \$140m of cash proceeds to be received

Lendlease continues to progress several other major divestments representing ~\$1b of anticipated cash proceeds targeted to be received across FY26 and FY27, including:

- The sale of the Keyton Retirement Living co-investment;
- The UK Build-To-Rent portfolio transaction; and
- Release of capital from the APPF Retail liquidity redemption process.

Lendlease continues to prioritise capital recycling to reduce net debt and simplify the business. However reflecting transaction timing and more challenging market conditions, the Group now expects underlying gearing to be in the mid-30% range at FY26. This incorporates ~\$1b of second half development and land payments – principally net production spend and deferred land payments on the completed One Sydney Harbour and Victoria Cross projects. Additionally, there was ~\$200m of capex required to complete major projects within CRU.

With these commitments now largely complete, cash flows for FY27 are expected to benefit from materially lower CRU capital outflows, targeted residential settlements and the application of capital recycling proceeds primarily to debt reduction. Capital requirements from development operations will reduce materially with major projects now progressed, a more capital efficient partnering model in place, and settlements from One Circular Quay and Victoria Harbour. The Construction segment should generate additional cash flow as revenues continue to grow, while Investments should also be self-funding through recycling of co-investments.

On 25 May 2026, Moody's re-stated its Baa3 investment grade credit rating with a stable outlook. The Group has balance sheet flexibility to manage an orderly realisation of CRU asset sales, balancing value realisation and speed of execution.

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## CRU update

Consistent with prior disclosure, no specific FY26 earnings guidance is provided for CRU or the Group. In-line with previous commentary, CRU operating costs in 2H26 are expected to remain broadly consistent with the underlying run-rate disclosed at HY26, excluding one-off items, with FY26 outcomes also reflecting the previously announced MSG North loss and the timing and valuation outcomes of capital recycling initiatives. CRU operating costs are expected to reduce as transactions complete.

Strong progress has been made across FY25 and FY26 with significant structural change and targeted asset sales. This includes the exit of international construction operations, major simplification of the Group, >\$150m in annual overhead cost savings, and \$2.9b in announced or completed transactions.

With the advancement of the majority of the largest and most complex transactions, a more aggregated and streamlined approach to capital recycling is now being considered. As the transaction pipeline progresses, the Group will continue to assess value-maximising pathways for the residual CRU portfolio.

## Forward-looking statements

Variables that may impact IDC guidance, CRU outcomes, gearing, liquidity and strategic alternatives include transaction timing, interest rate and foreign exchange movements, capital markets, valuation outcomes, stakeholder and other approvals, capital structure outcomes and other external factors.

ENDS

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*Authorised for lodgement by the Lendlease Group Board*

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## Appendix: CRU capital recycling progress since May 2024

Lendlease has announced or completed ~\$2.9b of capital recycling transactions in CRU since its May 2024 strategy update.

Management focus remains on balancing value realisation and speed of execution, with outcomes for the balance of the CRU portfolio to be driven by market conditions and transaction timing.

### CRU capital recycling progress since May 2024

| Asset  | Value               | Status                        |
|--|---------------------|-------------------------------|
| Australian Communities (12 projects)                       | \$1,060m            | Sale completed 1H FY25        |
| US Military Housing  | \$516m              | Sale completed 1H FY25        |
| Sale of Asia Life Sciences assets <sup>4</sup>             | \$170m <sup>5</sup> | Sale completed 1H FY25        |
| JV with The Crown Estate                                   | \$300m+             | Sale announced 2H FY25        |
| International Land and Inventory <sup>6</sup>              | \$240m              | Sales completed FY25          |
| TRX Retail and Office                                      | ~\$400m             | Sale announced 1H FY26        |
| International Land and Inventory <sup>7</sup>              | \$90m               | Sales completed 1H FY26       |
| MSG North land <sup>8</sup>                                | ~\$90m              | Sale announced 2H FY26        |
| TRX mixed-use commercial land                              | ~\$50m              | Sale announced 2H FY26        |
| <b>Total CRU capital recycling initiatives<sup>9</sup></b> | <b>~\$2,916m</b>    | <b>Announced or completed</b> |

Contracted transactions of ~\$840m have been announced to date that are yet to be completed.

<sup>4</sup> Includes positive purchase price adjustments in 1H FY25, relating to the acquisition of a ~\$1.6b portfolio of assets in Singapore

<sup>5</sup> Value reflects gross consideration on a 100% ownership basis

<sup>6</sup> Includes Elephant Park land and asset divestments and the sale of completed inventory

<sup>7</sup> Includes MIND land in Italy and settlement of Communities land lots

<sup>8</sup> Excludes \$160m of project debt to be assumed by the purchaser

<sup>9</sup> Excludes the sale of Capella Capital in FY25, recognised in the Development segment, for \$235m