

22 December 2025

Lendlease announces TRX capital recycling and provides update on Capital Release Unit

The Exchange TRX

Lendlease today announced further progress on its FY26 capital recycling initiatives, with a binding agreement exchanged for the ~\$400 million¹ sale to a Malaysian investor, the Valiram Family Office, of a 40% interest in The Exchange TRX retail mall and its full 60% interest in the adjacent office tower in Malaysia.

Following completion, Lendlease's remaining 20% interest in the fully operational retail mall will move into the Investments segment. Lendlease also retains a 60% interest in the residential land plots and a 60% interest in the adjacent hotel, with a combined book value of more than \$200 million, each held within the Capital Release Unit (CRU). Lendlease has appointed advisers alongside its joint venture partner, TRX City, for the sale of 100% of the hotel, while options for the land holding continue to be explored.

The transaction for the retail mall and office is targeted for completion in 2H FY26 and remains subject to satisfaction of conditions precedent including financing and third-party consents.

Capital Release Unit (CRU)

Lendlease continues to target \$2 billion of capital recycling from CRU in FY26, including today's announced partial sale of TRX interests. The sale of Lendlease's remaining share of Keyton continues to progress, with exclusive negotiations with a preferred party underway. Cash inflows of ~\$1 billion from these transactions that were anticipated in 1H FY26 are now expected in 2H FY26. In addition, a further ~\$1 billion of capital recycling and cash inflows from CRU is in progress for 2H FY26.

Due to limited transaction activity in 1H FY26, the CRU segment is not expected to generate sufficient transactional earnings to offset its cost base, with delays in capital recycling resulting in higher accrued capital balances and elevated financing and overhead costs, contributing to a loss outcome for the CRU segment for the first half. No earnings guidance has been provided for CRU in FY26.

Net debt

The Group continues to target 15% gearing (excluding any hybrid benefit) by the end of FY26, supported by \$2 billion of targeted CRU recycling initiatives, ~\$300 million settlement of the joint venture with The Crown Estate and \$1 billion of active asset recycling across Development and Investments. The combined impact of these initiatives is expected to reduce Group gearing by ~25 per cent.

¹ Subject to exchange rates and finalisation of completion adjustments

Delays in transaction timing across CRU and IDC segments, amounting to ~\$1.2 billion, are expected to increase forecast Group gearing by ~10 per cent at 1H FY26, resulting in anticipated gearing in the mid to high 30 per cent range. This excludes a ~7 per cent benefit to statutory gearing from hybrid securities, which are classified as equity for accounting purposes. Planned capital expenditure on growth initiatives has continued in 1H FY26, including for One Circular Quay and Victoria Harbour, however these projects are expected to contribute more than \$1 billion of gross proceeds to Lendlease upon settlement in FY27.

Lendlease Group CEO Tony Lombardo said “We are pleased to announce further progress on our capital recycling initiatives, with \$400 million to be released from the high quality Exchange TRX retail mall and office assets.

“We continue to be highly active on capital recycling, with more than \$3 billion of transactions underway for the second half of the financial year. This includes \$2 billion of announced or advanced stage capital recycling initiatives across our segments.”

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Authorised for lodgement by the Lendlease Group Disclosure Committee

Appendix 1: Capital recycling progress since May 2024

Lendlease has announced or completed ~\$2.9 billion of capital recycling transactions since its May 2024 strategy update, of which ~\$2.7 billion was recorded in CRU.

To date ~\$390 million of gross post-tax profits have been announced or realised from CRU recycling, offset by ~\$86 million of negative post-tax valuation movements, achieving a ~\$300 million net premium to June 2024 book values.

Management focus remains on balancing speed of execution with value outcomes, with sale expectations for the entire CRU recycling program to be at or around book value once complete (excluding segment, corporate and financing costs).

FY25 Capital recycling

Asset	Value	Profit / (loss)²	Status
Australian Communities (12 projects)	\$1,060m	~\$95m ³	Sale completed 1H FY25
US Military Housing	\$516m	~\$145m	Sale completed 1H FY25
Sale of Asia Life Sciences assets ⁴	\$170m ⁵	~\$105m	Sale completed 1H FY25
The Crown Estate JV	\$300m+ ⁶	~\$10-30m ⁶	Sale announced 2H FY25
International Land and Inventory ⁷	\$240m	~\$18m	Sales completed FY25
Sale of Capella Capital – Development ⁸	\$235m ⁵	~\$70m	Sale completed 2H FY25
Total capital recycling initiatives – FY25	\$2,521m+	~\$443-463m	Announced or completed

FY26 Capital recycling

Asset	Value	Profit / (loss)²	Status
TRX Retail and Office	~\$400m ⁶	~\$0-10m ⁶	Sale announced 1H FY26
Total capital recycling initiatives – FY26	~\$400m	~\$0-10m	Announced or completed

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

³ Includes profit of \$35m that was 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 ~\$10m of profit was recognised in 2H FY25 from retained Communities projects

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

⁵ Value reflects gross consideration on a 100% ownership basis

⁶ Exchange rates and completion adjustments remain subject to finalisation

⁷ Includes Elephant Park land and asset divestments and the sale of completed inventory

⁸ \$235m sale of Capella Capital sold by the Development segment. Not part of CRU recycling initiatives. Sale price represented on a 100% ownership basis. Lendlease had a 70% ownership interest