ASX ANNOUNCEMENT

02 May 2017

Lendlease Presentation at Macquarie Australia Conference

Attached is the presentation to be given by Lendlease Group Chief Financial Officer, Tarun Gupta at today's Macquarie Australia Conference being held in Sydney.

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Macquarie Australia Conference

Tarun Gupta, Group Chief Financial Officer
Lendlease
2 May 2017

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Indigenous engagement and reconciliation

Lendlease's vision for Reconciliation is one in which all our employees acknowledge and celebrate the proud heritage of Australia's First Peoples and promote opportunities for career development, sustainable business growth and economic participation of Aboriginal and Torres Strait Islander Australians within our sector

Lendlease vision: to create the best places

Strategic framework

FOCUS
Delivering optimal performance safely

GROW
Disciplined growth in sectors aligned with global trends and with a focus on our target global Gateway Cities

Business model

Competitive advantage

INTEGRATED MODEL
Ability to deliver quality projects leveraging more than one of our segments.

FINANCIAL STRENGTH
Balance sheet strength and access to third party capital.

TRACK RECORD
Delivering quality design and sustainable outcomes safely.

Pillars of value

- Health & Safety
- Our People
- Our Customers
- Financial
- Sustainability

Globally diverse pipeline provides long term earnings visibility[1]

DEVELOPMENT

$49.0b
Pipeline

CONSTRUCTION

$20.5b
Backlog revenue

INVESTMENTS

$24.7b
FUM

$3.3b
Investments

1. All data as at 31 December 2016

Global trends influencing our strategy

Lendlease leadership

Trend	Lendlease leadership
Urbanisation	• $35.0b[1] Urbanisation pipeline • 12 major urbanisation projects[2] across 8 Gateway cities
Infrastructure	• A leading tier 1 Engineering business in Australia • $4b+ PPPs secured in last 5 years[3]
Funds growth	• Lendlease accounted for ~10% of new equity raised globally for core wholesale mandates since 2009[4]
Sustainability	• Recognised by GRESB as an international leader[5] • Development pipeline targeting 98% green certification[6]
Ageing population	• A market leader in retirement living sector in Australia • Actively seeking to transfer skills offshore
Technology	• A pioneer of new delivery technologies e.g. Cross Laminated Timber, pre-fab and modular; a leader in new safety initiatives

1. As at 31 December 2016
2. Urbanisation development projects with end value >$1b
3. Cumulative data from FY12 – FY16
4. Preqin Ltd; represents period 2009 to 2015
5. Global Real Estate Sustainability Benchmark (GRESB) 2016 survey; 5 funds achieved no.1 ranking in respective global or regional category
6. As at 30 June 2016

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Portfolio Management Framework

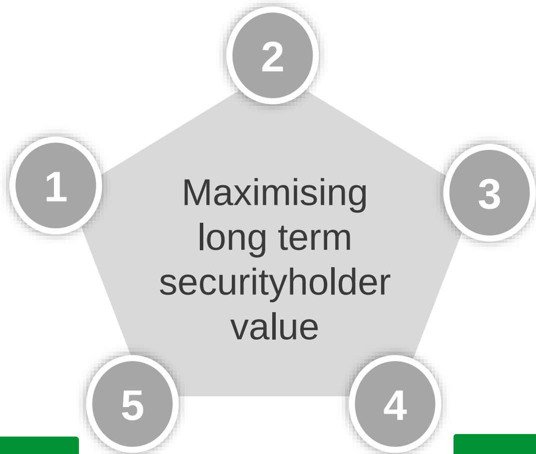
Delivering our strategy through financial discipline

Business model

- Integrated model synergies
- Target EBITDA mix:
  35-45% Development
  30-40% Investments
  20-30% Construction

Capital allocation

- Focussed on Gateway Cities
- 50-70% capital in Australia
- 20% max per International region



Target returns

- Group ROE 10-14%
- Development ROIC 9-12%[1]
- Investments ROIC 8-11%[1]
- Construction EBITDA margin 3-4%

Distribution policy

- Payout 40-60% of earnings
- Capital management discipline

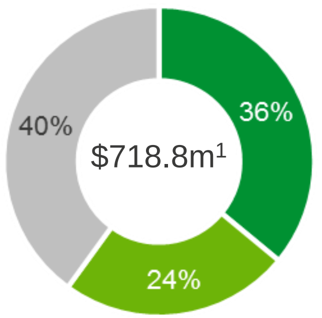
Capital structure

- Investment grade credit rating
- Optimised WACC
- Gearing[2] 10-15% (max 20%)

1. Through-cycle target based on rolling 3-5 year timeline
2. Gearing definition: Net debt to total tangible assets less cash

Portfolio Management Framework

HY17 EBITDA mix

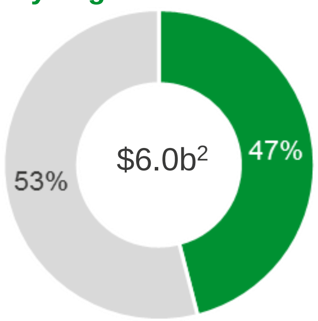


■ Development ■ Construction ■ Investments

Target weighting (35 – 45%) (20 – 30%) (30 – 40%)

HY17 Invested capital

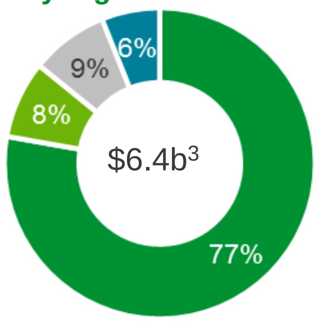
By segment



■ Development ■ Investments

(40 – 60%) (40 – 60%)

By region

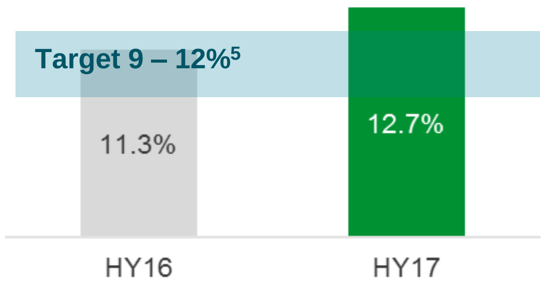


■ Australia ■ Asia ■ Europe ■ Americas

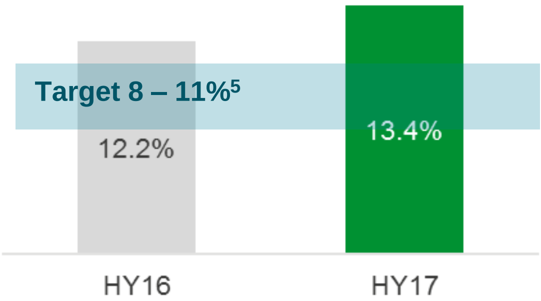
(50 – 70%) (5 – 20%) (5 – 20%) (5 – 20%)

Returns

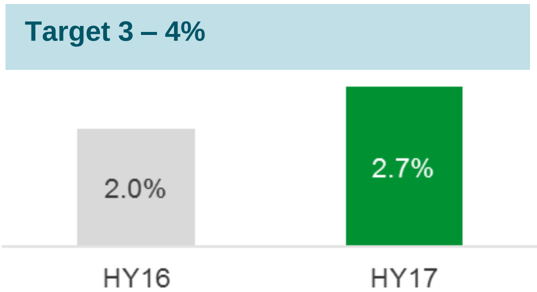
Development – ROIC[4]



Investments – ROIC[4]



Construction – EBITDA margin



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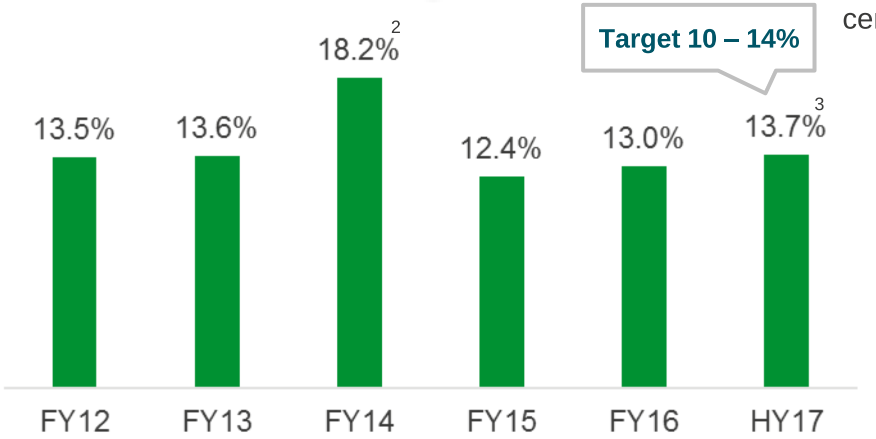
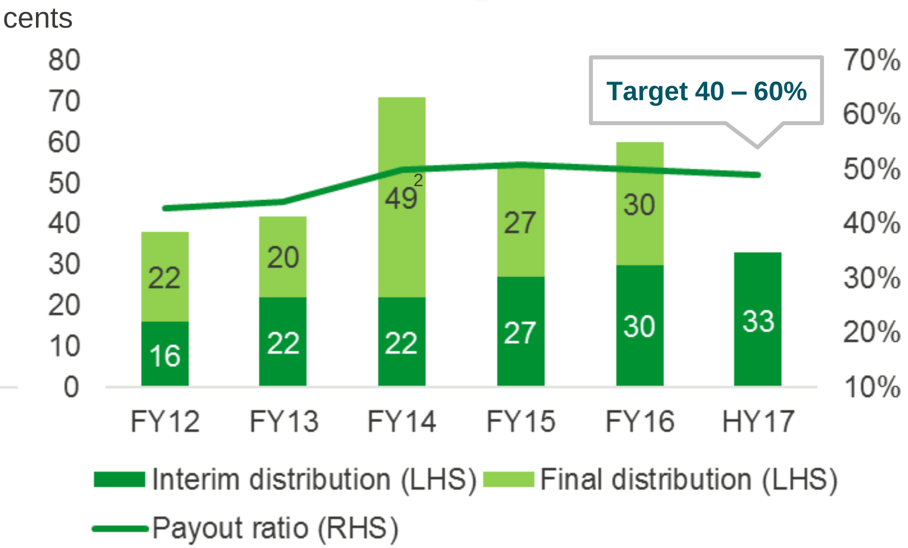
1. Operating EBITDA
2. Invested capital for Development and Investments. Total Lendlease invested capital as at 31 December 2016 was $6.8 billion
3. Invested capital for Australia, Asia, Europe and the Americas. Total Lendlease invested capital as at 31 December 2016 was $6.8 billion ($0.4 billion, Corporate)
4. Return on Invested Capital definition: Operating Profit after Tax / Average Invested Capital (Annualised measure)
5. Through-cycle target based on rolling 3-5 year timeline

Portfolio Management Framework

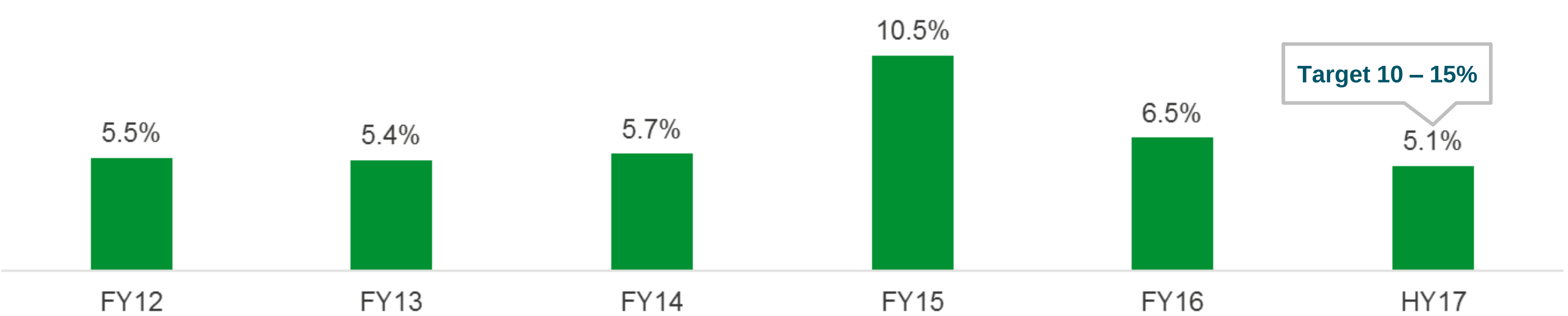
Return on equity (ROE)[1]



Distributions



Gearing[4]



1. Full year ROE is calculated using the annual profit after tax divided by the arithmetic average of beginning, half and year end securityholders' equity
2. FY14 includes Bluewater sale
3. Half year ROE is calculated on an annualised basis, using the half year profit after tax divided by the arithmetic average of beginning and half year end securityholders' equity
4. Net debt to total tangible assets less cash

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Near term: Strong momentum in 2H17

- **Apartments** settlements and launches:
  - Completions on track per half year results
  - Park Place Residences at PLQ, Singapore phase one (215 apartments) sold out
- **Tower One, Barangaroo:** 23,800sqm[1] Heads of Terms progressing to Agreements for Lease
- **Contractual close reached** on Lifestyle Quarter at Tun Razak Exchange
- **Entry into US Telco Infrastructure** – via acquisition of telco tower portfolio
- **Preferred bidder** on Haringey urbanisation project, London, ~GBP2.0 billion development end value[2]
- **Construction contracts** awarded:
  - Design & construction of Javits Convention Centre, New York, ~USD1.5 billion (50% JV)
  - Google Headquarters, London
  - Australian Engineering Business appointed recommended contractor on three projects ~$500m
- **Major planning approvals**:
  - 1,500 apartments 'Collins Wharf' residential, Victoria Harbour, Melbourne
  - Second commercial building (55,000 sqm), Melbourne Quarter
  - Fourth commercial building (280,000 sqft), International Quarter, London
- **Group Financing** – SGD300 million bond issue completed

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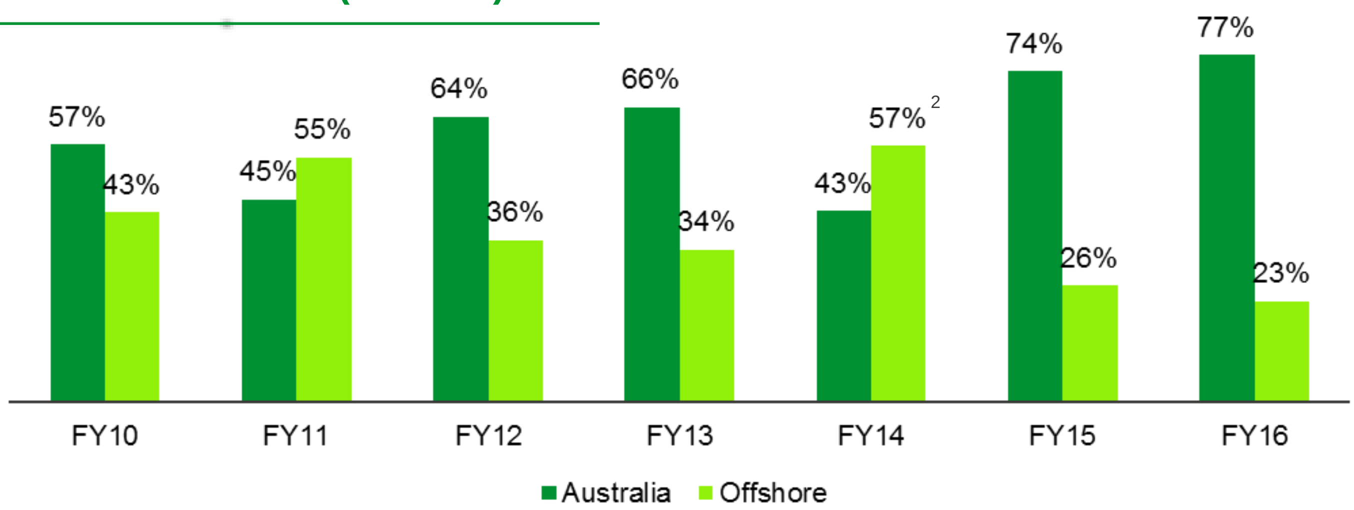
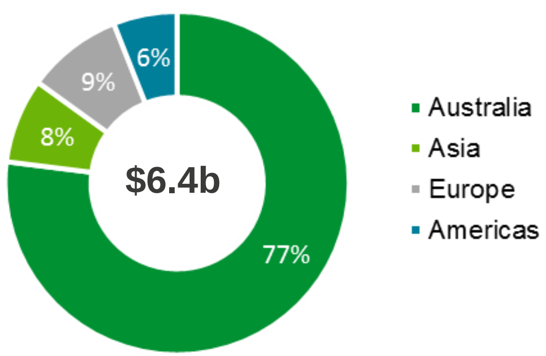
1. Reported Half Year ended 31 December 2016
2. Subject to contractual close

Medium term: Re-weight earnings and capital allocation

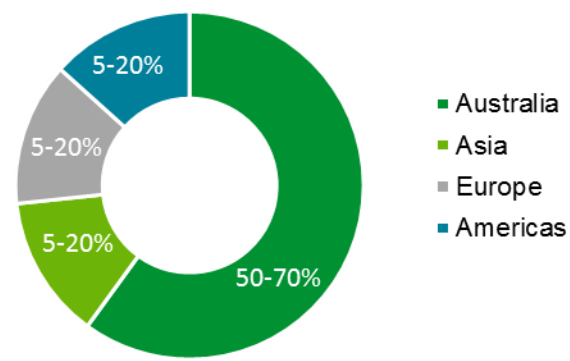
PAT Australia vs Offshore (FY10-16)[1]



HY17 Invested Capital (by region)[3]



Capital targets (per Portfolio Management Framework)



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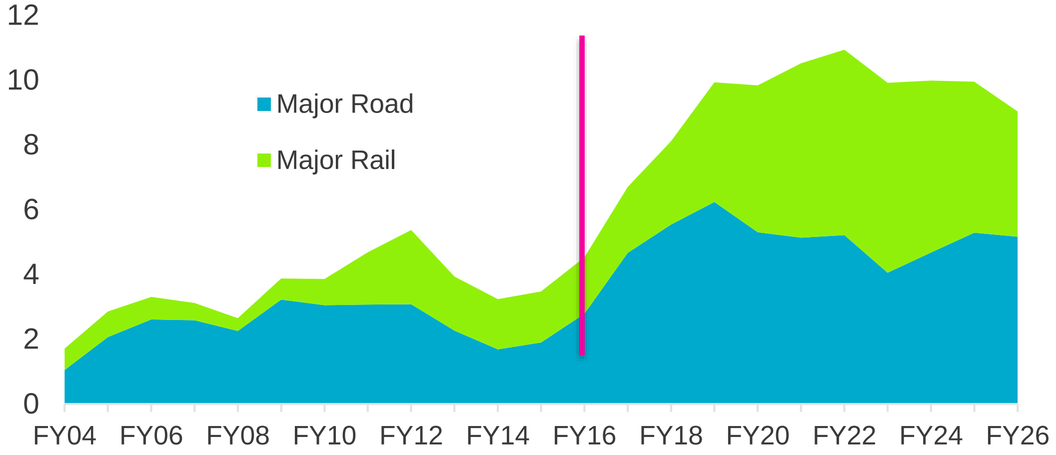
1. Proportion of Group PAT split between Australia and offshore, FY10-16 average 39% offshore or 33% excluding Bluewater
2. Offshore 20% ex Bluewater
3. Invested capital by region as a proportion of total invested capital, excluding $0.4 billion held at corporate.

Medium term: Increase earnings contribution from Engineering & Services

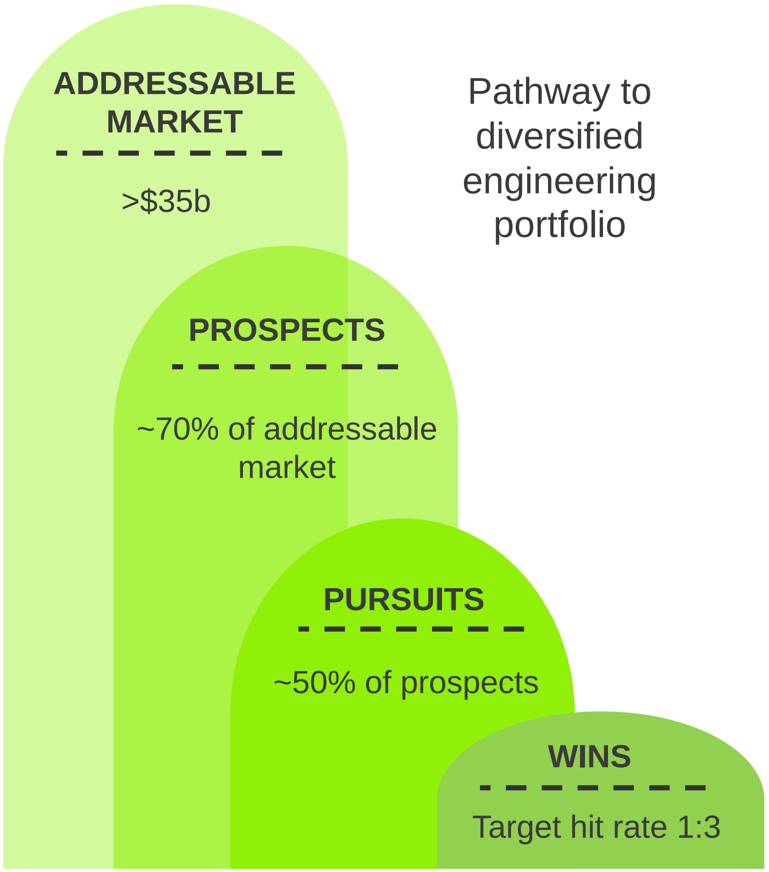
- Engineering & Services has strategic value
- The Australian infrastructure market is attractive
- The businesses are positioned for growth

Major Road and Rail Construction[1,2] ($b)

Value of work done, inflation adjusted[3]



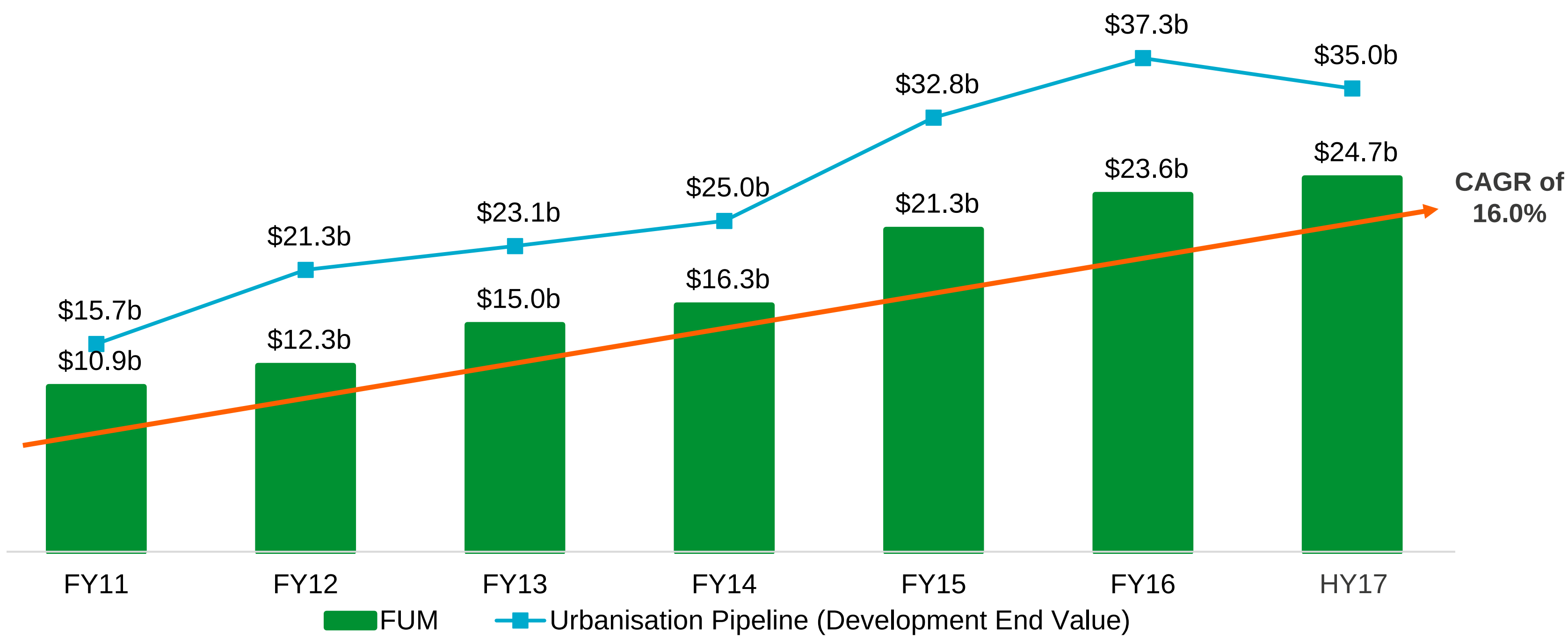
Medium term[4] outlook, per annum estimates



1. Lendlease Group Research estimates
2. Includes Major Projects >$500m
3. FY14 prices
4. Represents 3 – 5 years

Medium term: Increase recurring earnings via Investments segment

Funds under management $24.7b and co-investments of $1.5b



- Major urbanisation projects continue to fuel FUM growth:
  - $3b[1] embedded future growth in FUM from urbanisation projects in delivery
  - A further $9.2b[1] (762,000sqm) of commercial development secured – potential source of additional FUM growth

- New sector opportunities:
  - Residential multi family/Private Rental Scheme (PRS)
  - US Telco infrastructure

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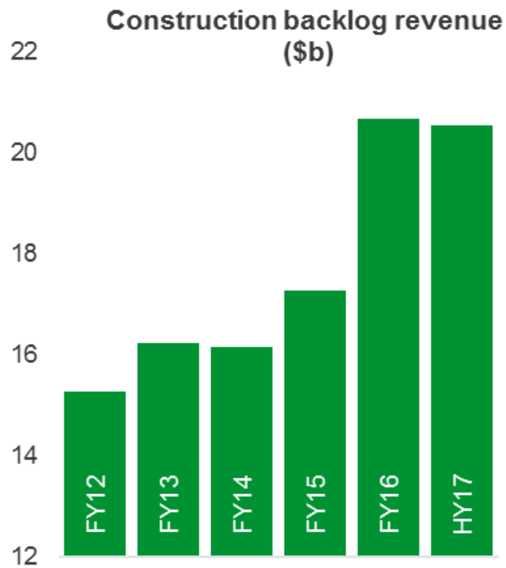
1. As at 31 December 2016

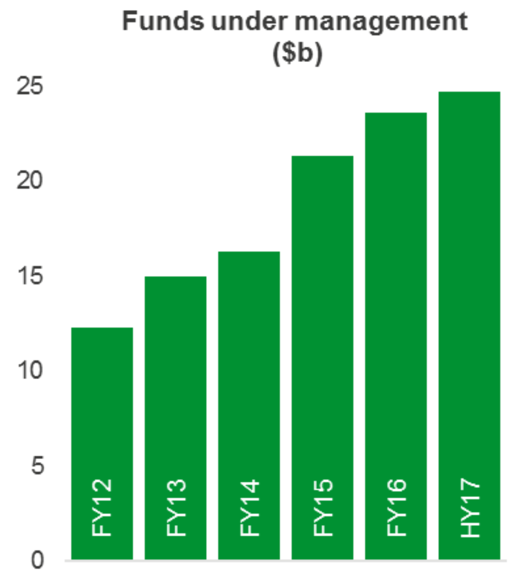
Long term: Earnings visibility from strong pipeline across all segments

Development
Pipeline of $49.0 billion[1]

Construction
Backlog revenue of $20.5 billion[1]

Investments
FUM of $24.7 billion[1]





1. As at 31 December 2016

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A reference to HY17 refers to the half year period ended 31 December 2016 unless otherwise stated. All figures are in AUD unless otherwise stated.