

ASX ANNOUNCEMENT

19 June 2017

International Operations Market Briefing

Attached is the presentation to be given today by Dan Labbad, Chief Executive Officer, International Operations, Lendlease.

The presentation will be webcast live via www.lendlease.com

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Market Briefing: International Operations (Americas, Asia, Europe)

Dan Labbad, Chief Executive Officer, International Operations
19 June 2017



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



International Operations – structure and contribution to Group



International Contribution¹

- Urbanisation development pipeline – 52%
- Construction backlog revenue – 43%
- Funds under management – 28%
- Investments – 15%
- Circa 4,000 employees

Diverse pipeline across international gateway cities

Americas¹

\$3.7b Development pipeline
\$6.9b Construction backlog revenue
\$0.1b Investments

San Francisco
Los Angeles
Chicago
Boston
New York

Europe¹

\$8.7b Development pipeline
\$1.1b Construction backlog revenue
\$1.4b Funds under management
\$0.1b Investments

London
Milan
Rome

Asia¹

\$5.7b Development pipeline
\$0.9b Construction backlog revenue
\$5.4b Funds under management
\$0.3b Investments

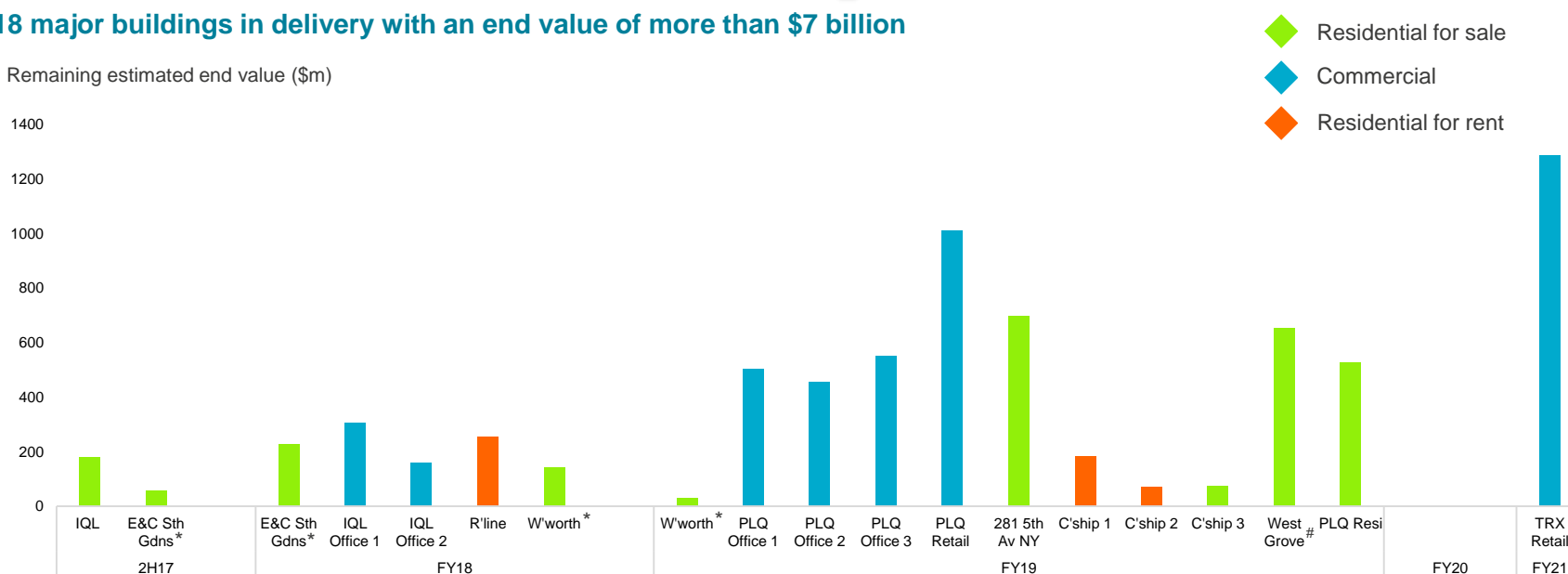
Beijing
Shanghai
Tokyo
Kuala Lumpur
Singapore
Perth
Brisbane
Sydney
Melbourne

Development completions

International Development completion profile¹ (\$m)

18 major buildings in delivery with an end value of more than \$7 billion

Remaining estimated end value (\$m)



Origination success illustrates resilience of business model and provides earnings visibility

Existing key projects

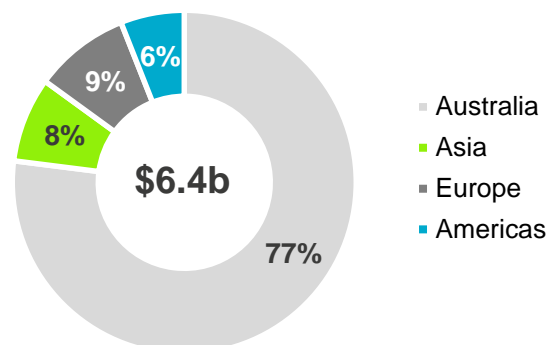
- **Asia:** Paya Lebar Quarter, Singapore; Tun Razak Exchange, Kuala Lumpur
- **Europe:** Elephant Park, London; International Quarter London; Deptford, London
- **Americas:** Clippership Wharf, Boston; Riverline, Chicago; 281 Fifth Avenue, New York

New projects/opportunities post HY17

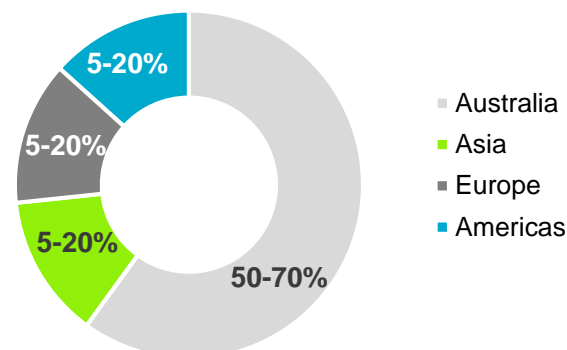
- **Europe:** Haringey, London; Milano Santa Giulia, Milan
- **Americas:** Van Ness, San Francisco; US Telco Infrastructure Portfolio

Capital, earnings to re-balance towards International from already secured pipeline

HY17 Invested Capital (by region)¹

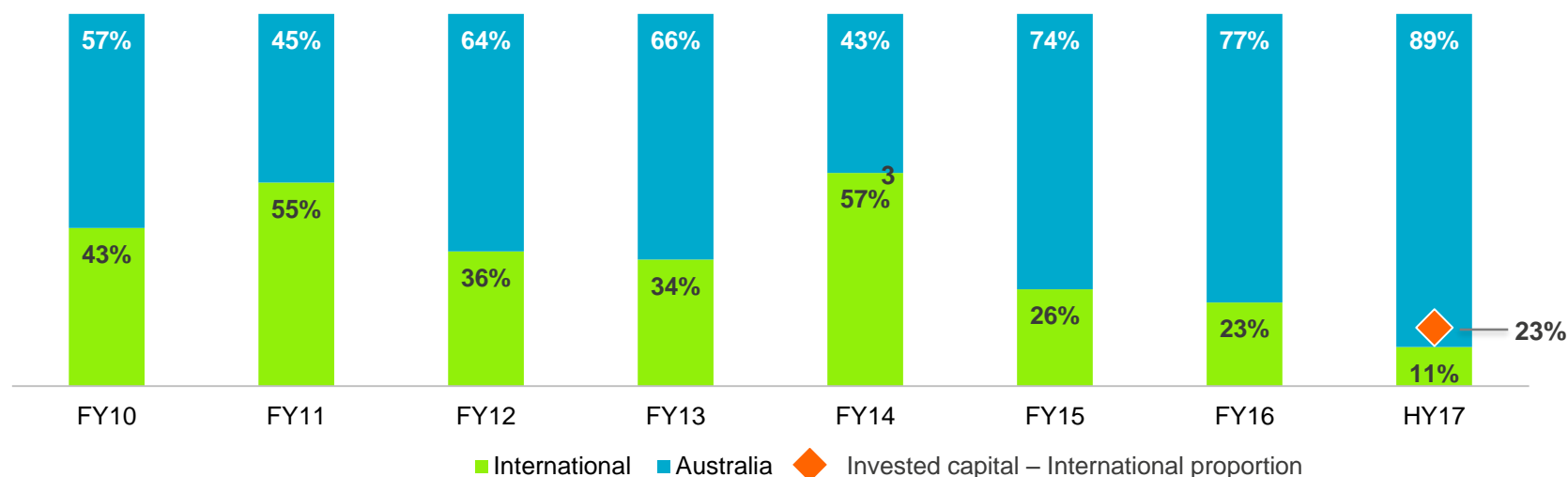


Capital targets (per Portfolio Management Framework)



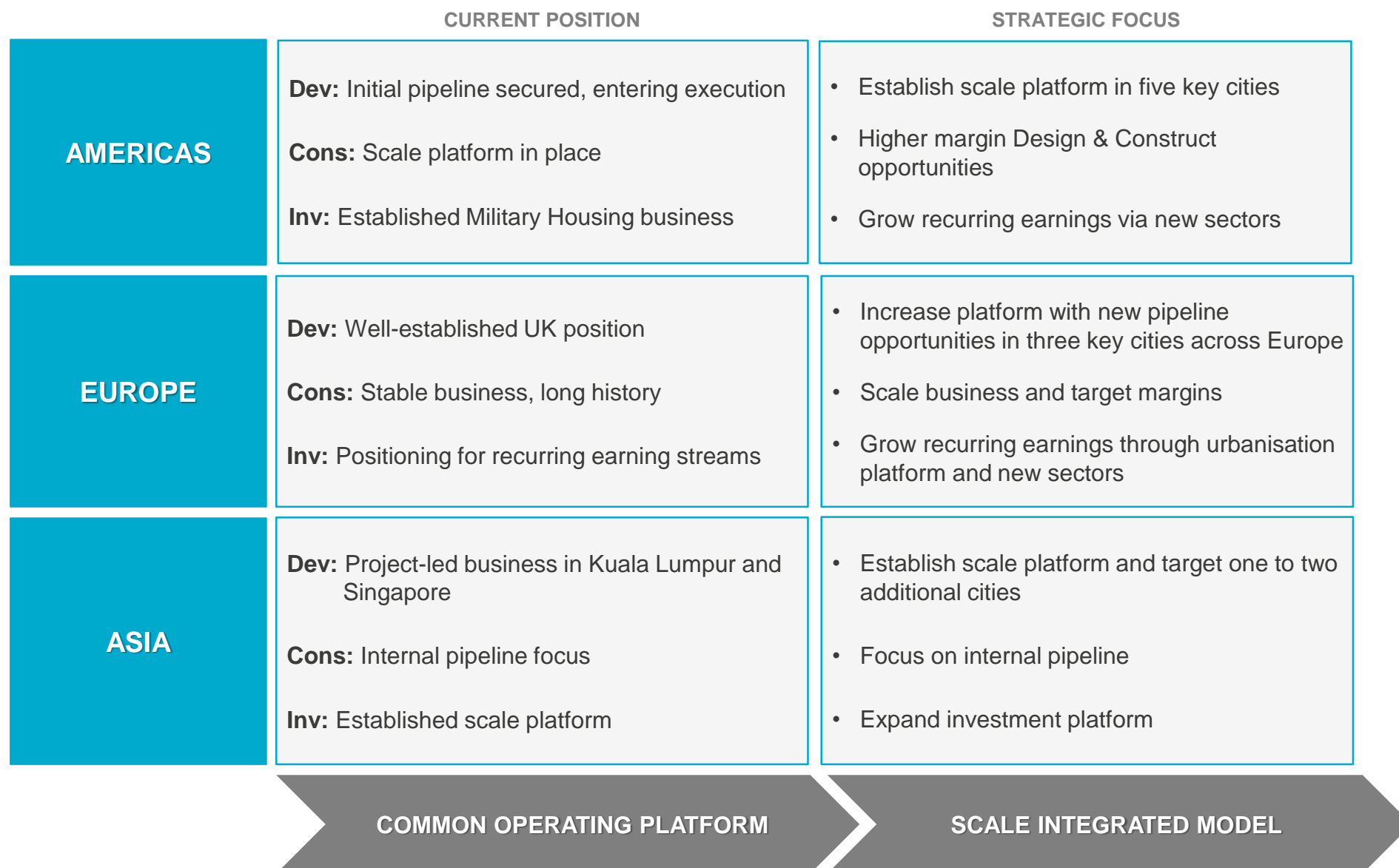
PAT Australia vs International (FY10-HY17)²

FY10-HY17 average 35% International



1. Invested capital by region as a proportion of total Group invested capital, excluding \$0.4 billion held at corporate
2. Proportion of Group operating PAT split between Australia and International, FY10-HY17 average 35% International (31% ex Bluewater)
3. FY14 International 20% ex Bluewater

Strategic direction: Scale International integrated model



Operating model: Disciplined approach to delivery and growth

Promoting Best Practice

- **Health & Safety:** consistent approach to safety via the Global Minimum Requirements (GMR) framework
- **Customer:** core focus on customer engagement, differentiation and brand promotion
- **People:** leadership, role-specific and functional programs
- **Sustainability:** recognised leadership in environmental, social and economic outcomes
- **Financial:** Portfolio Management Framework

Governance and risk management

- **Enterprise wide risk management:** centralised and business independent Group research, continuous macroeconomic and geopolitical analysis
- **Common processes:** consistent origination, conversion and project execution – Global and Regional Investment Committee process and regular Business Reviews
- **Policies:** limits of authority, GMRs and Code of Conduct
- **Business:** diversification by gateway city, sector and segment
- **Financial:** project return hurdles, capital efficient fund through, residential pre-sales, PLLACes
- **Delivery:** diversification by contract and client type, regular project reviews, Centre of Excellence independent reviews



International Quarter London
London



Elephant Park
London

EUROPE



Haringey
London



Milano Santa Giulia
Milan

Europe: Current position and strategic focus¹

Development: \$8.7 billion development pipeline

- Well established development capability – Bluewater, Athletes' Village, International Quarter London, Elephant Park
- Major urbanisation projects secured 2010 – International Quarter London, Elephant Park, London
- Opportunities emerging through competitive advantage – preferred bidder on Haringey, London
- Origination in additional gateway cities – secured south area of Milano Santa Giulia, Milan

Construction: \$1.1 billion backlog revenue

- Well established delivery capability in the UK – Imperial War Museum, Tate Britain and National Theatre and internal pipeline
- Conscious decision in recent years not to pursue pipeline at below target margins
- Growing backlog and healthy pipeline – secured Google Headquarters, London and National Construction Framework, London

Investments: \$1.4 billion FUM / \$0.1 billion investments

- Current Investments platform sub-scale following major disposals – Bluewater and PFI portfolio
- Leverage integrated model to grow Investments segment
- Exploit new sector opportunities – Private Rental Sector (PRS)

Elephant Park, London¹

- \$3.5 billion remaining estimated end development value
- Partnership with London Borough of Southwark
- Development agreement across three sites
- Secured in 2010, expected completion 2025
 - Circa 3,000 homes (25% affordable)
 - 55,000 sqm of new public realm (equal to 47% of site)
 - Over 30,000 sqm of retail, business, community and leisure uses
- Progress to date
 - 519 residential units completed
 - Social and environmental achievements²
- Circa 2,400 residential units remaining



Artists' impression: Elephant Park Masterplan

International Quarter London¹

- \$3.4 billion remaining estimated end development value
- Joint venture development between Lendlease and LCR
- Secured in 2010, estimated completion 2026
 - 22 acre site
 - Circa 270,000 sqm office space
 - 333 residential units
- Progress to date
 - Circa 73,000 sqm pre-let over two buildings (in delivery)
 - 333 residential units to be completed in FY17
- Remaining stages
 - Circa 200,000 sqm office



Artists' impression: International Quarter London

Haringey, London

- Circa \$3.5 billion¹ total estimated end development value – preferred bidder
- Project in conversion
- 50:50 joint venture partnership with Haringey Council
- Twenty year project horizon
- Circa 5,000 new homes across the borough
- Scheme targeting:
 - 40% affordable housing
 - 60% mix of private rental and for sale housing
- Redefining the Borough of Haringey with town centre enhancements in Wood Green and transforming the Northumberland Park estate



Artists' impression: Haringey, London

Milano Santa Giulia, Milan

- Project in conversion
 - 4.5km from the Milan CBD
 - Mixed-use scheme including commercial, retail and leisure space
 - Potential across entire scheme for circa 2,500 residential units, 110,000 sqm office, 80,000 sqm retail, an arena, park and associated infrastructure works¹

South Area (Phase 1)

- Secured South Area (end development value circa \$200 million) June 2017
- 50:50 joint venture for South Area
- Includes two new office buildings totalling circa 30,000 sqm and associated retail
- Option to acquire the completed Sky Headquarters (circa 120,000 sqm)
- Exclusivity on the North Area



Artists' impression: Milano Santa Giulia Masterplan

International Operations summary

Group capital rebalancing to International regions – targeted gateway cities

- Track record of delivery across International Operations
- Competitive advantage – track record, integrated model, balance sheet strength, customer focus and sustainable solutions
- Focus on establishing scale integrated model in each region
- Increasing capital allocation across International Operations expected to drive future international earnings growth
- Several urbanisation projects secured in the last few years in target gateway cities – London, Milan, Chicago, New York, Boston, San Francisco, Kuala Lumpur and Singapore
- Continue to grow platform by using an enterprise wide approach across International Operations
 - Risk management framework
 - Disciplined origination and execution excellence
- Rebalancing towards Investments segment – new sectors, residential for rent¹, telco infrastructure
- Apply disciplined execution under the Group Portfolio Management Framework



Appendices

Global trends influencing our strategy

International Operations



Urbanisation



- \$18.1b¹ international urbanisation pipeline
- Urbanisation projects across 8 international gateway cities



Infrastructure



- Established Japanese telecommunications construction business
- Leveraging capability into US telecommunications infrastructure



Funds growth



- Product from pipeline, including new asset class of residential for rent



Sustainability



- Recognised by GRESB as an international leader²
- Group development pipeline targeting 98% green certification³



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. Global Real Estate Sustainability Benchmark (GRESB) 2016 survey; 5 funds across the Group achieved no.1 ranking in respective global or regional category

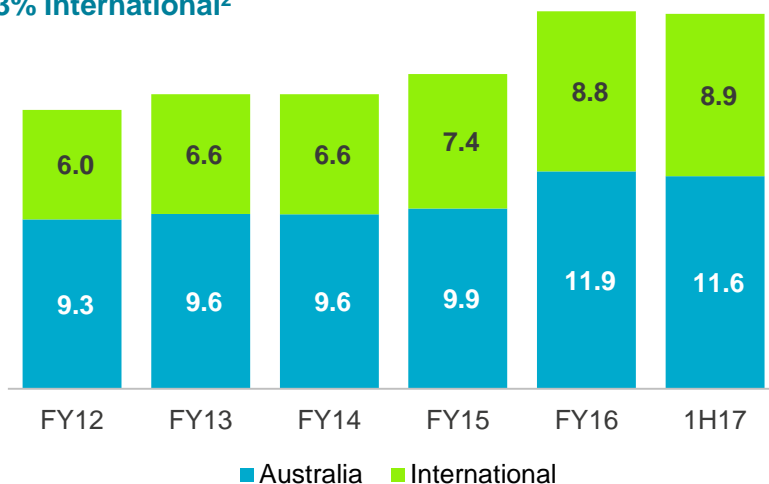
3. As at 30 June 2016

Contribution to pipeline metrics

International Operations

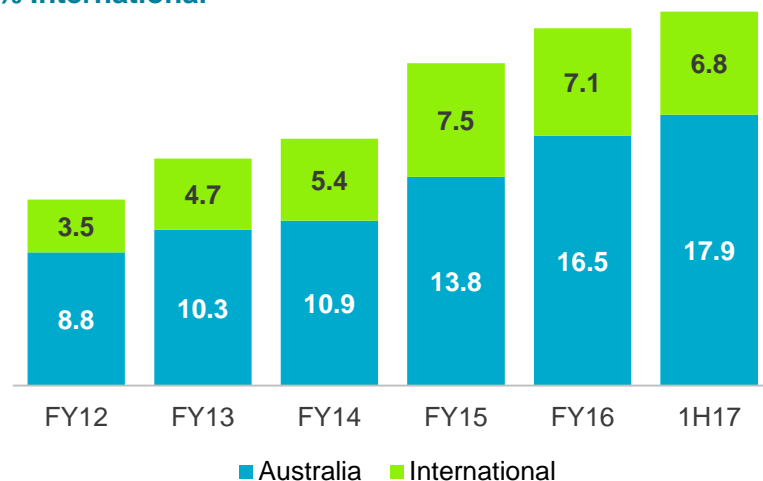
Construction Backlog revenue (\$b)¹

43% International²



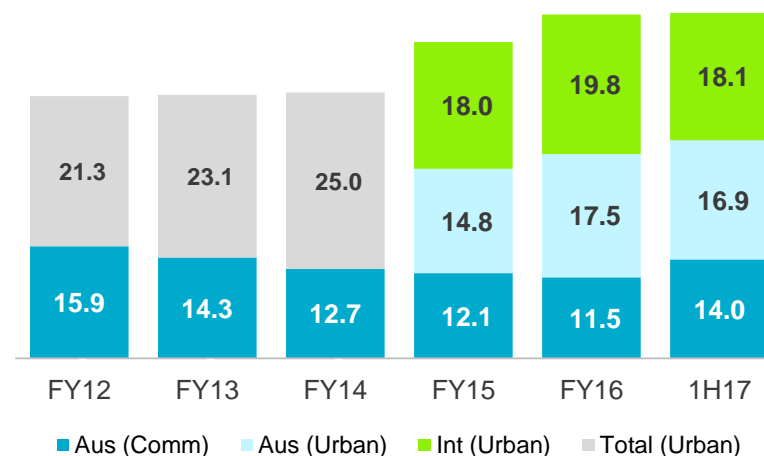
Funds Under Management (\$b)¹

28% International²



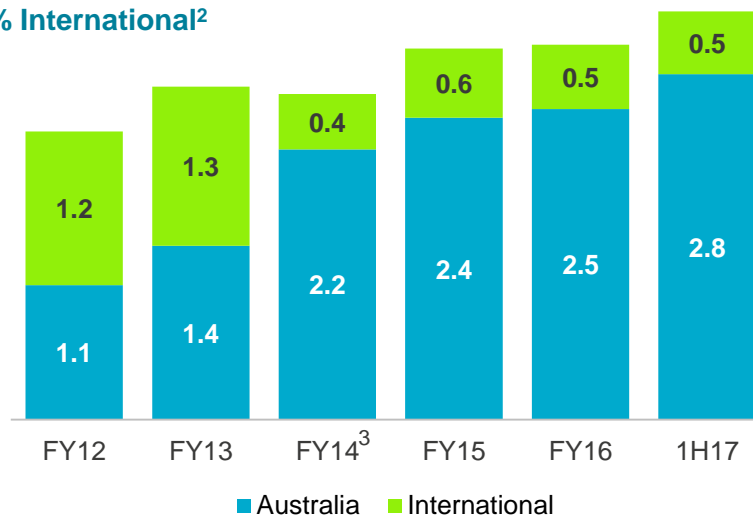
Development Pipeline (\$b)¹

Urbanisation pipeline – 52% International²



Investments (\$b)¹

15% International²



Development: Project summary³

International Operations

Project	Project secured	Delivery commenced	Expected completion date ¹	Residential units backlog	Commercial sqm backlog '000s	Total remaining end value \$b ²
Tun Razak Exchange, Kuala Lumpur	2014	-	-	2,400	246	2.7
Paya Lebar Quarter, Singapore	2015	2016	2019	429	137	3.0
Elephant and Castle, London	2010	2012	2025	2,410	18	3.5
International Quarter London	2010	2014	2026	219	273	3.4
The Wharves, Deptford, London	2014	2016	2022	1,130	7	1.1
Riverline, Chicago	2014	2016	2025	3,750	1	2.0
Major Projects				10,338	682	15.7
Other Projects				2,535	383	2.4
Total Projects				12,873	1,065	18.1

1. Based on expected completion date of buildings, subject to change in delivery program

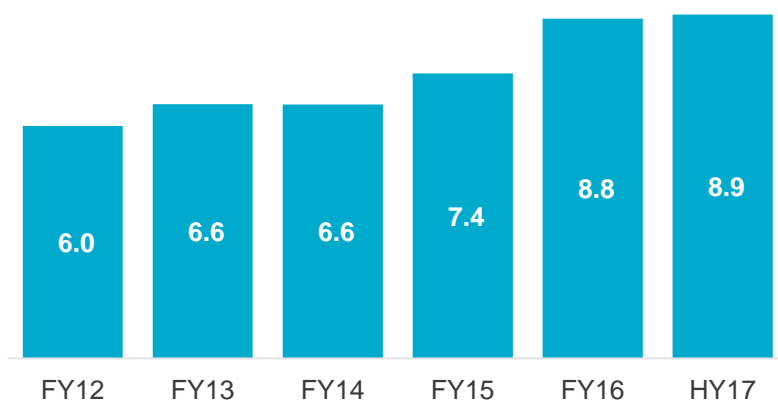
2. Reflects the remaining estimated total project end development value. Values for any project can vary and are subject to change

3. As at 31 December 2016

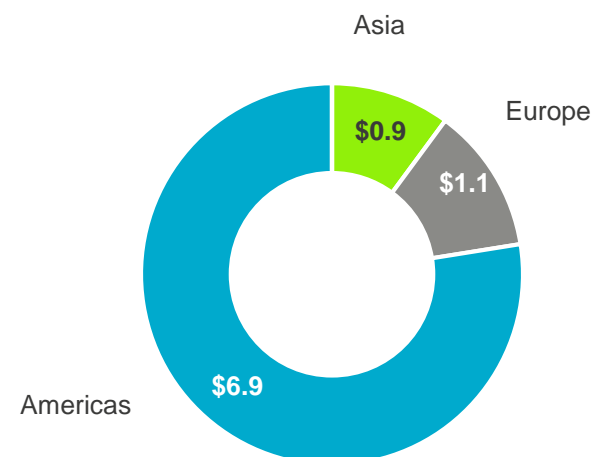
Construction: Backlog

International Operations

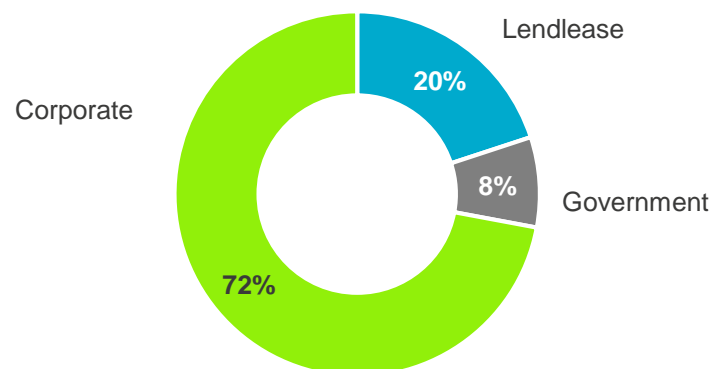
Backlog revenue (\$b)



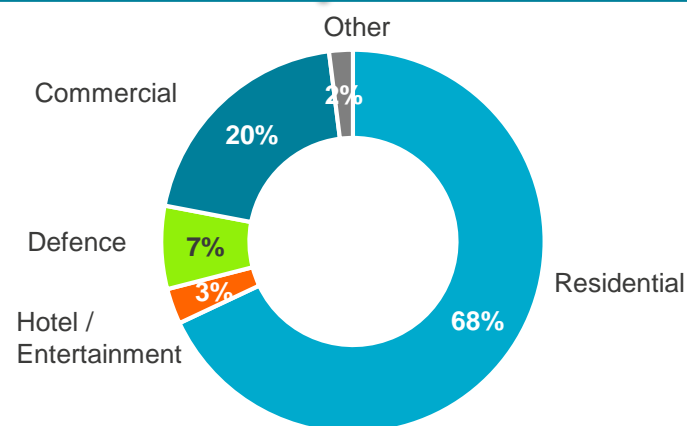
Backlog revenue by region (\$b)¹



Backlog revenue by client^{1,2}



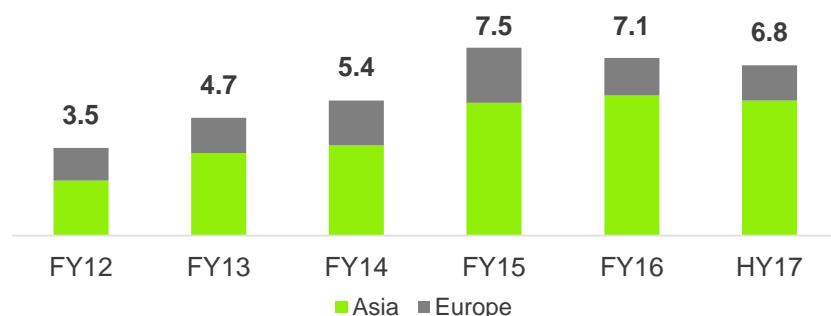
Backlog revenue by sector^{1,2}



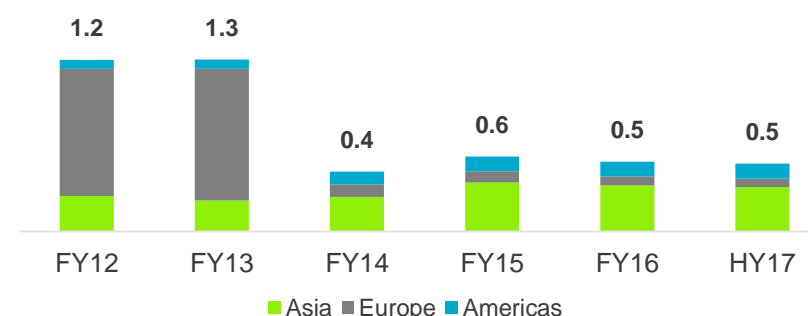
Investments

International Operations

FUM (\$b)



Investments (\$b)



International Funds Management Platform ⁶				
	ARIF ¹ 1 (Somerset)	ARIF ¹ 3 (Jem)	PPPL ²	LLRP ³
Total assets (\$bn)	0.8	1.4	1.2	1.4
Gearing (%)	66.0	47.0	40.0	2.3
LLC co-investment (%)	10.1	20.1	6.1	4.3
LLC co-investment (\$m)	27	150	39	62
Region	Asia	Asia	Asia	Europe
Asset class	Retail	Retail and Commercial	Retail and Commercial	Retail
Number of assets	1	1	1	2
Occupancy (%)	93.2	99.1	96.0	95.9
Weighted average cap rate (%)	5.0	5.0	5.7	4.2

Assets Under Management ⁶		
Asia (retail)	GLA Sqm/000s ⁴	Market Value Dec 2016 A\$b ⁵
Jem, Singapore	108.8	1.8
Parkway Parade, Singapore	52.5	1.2
313@somerset, Singapore	27.1	1.0
Setia City Mall, Malaysia	124.8	0.2
Total	312.6	4.2
Europe (retail)	GLA Sqm/000s ⁴	Market Value Dec 2016 A\$b ⁵
Touchwood, Solihull	60.4	0.5
Queensgate, Peterborough	81.3	0.4
Total	141.7	0.9
Americas (military housing)	Units Under Management	Invested Equity
17 projects	53,105	111.7

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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.