

ASX ANNOUNCEMENT

24 April 2018

Asia Market Briefing

Attached is the presentation to be given today by Tony Lombardo, Chief Executive Officer - Asia, Lendlease.

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

ENDS

FOR FURTHER INFORMATION, PLEASE CONTACT:

Investors:

Justin McCarthy
Mob: +61 422 800 321

Media:

Stephen Ellaway
Mob: +61 417 851 287

Lendlease Corporation Limited ABN 32 000 226 228 and
Lendlease Responsible Entity Limited ABN 72 122 883 185 AFS Licence 308983
as responsible entity for **Lendlease Trust** ABN 39 944 184 773 ARSN 128 052 595

Level 14, Tower Three, International Towers Sydney
Exchange Place, 300 Barangaroo Avenue
Barangaroo NSW 2000 Australia

Telephone +61 2 9236 6111
Facsimile +61 2 9252 2192
lendlease.com





Market Briefing: Asia

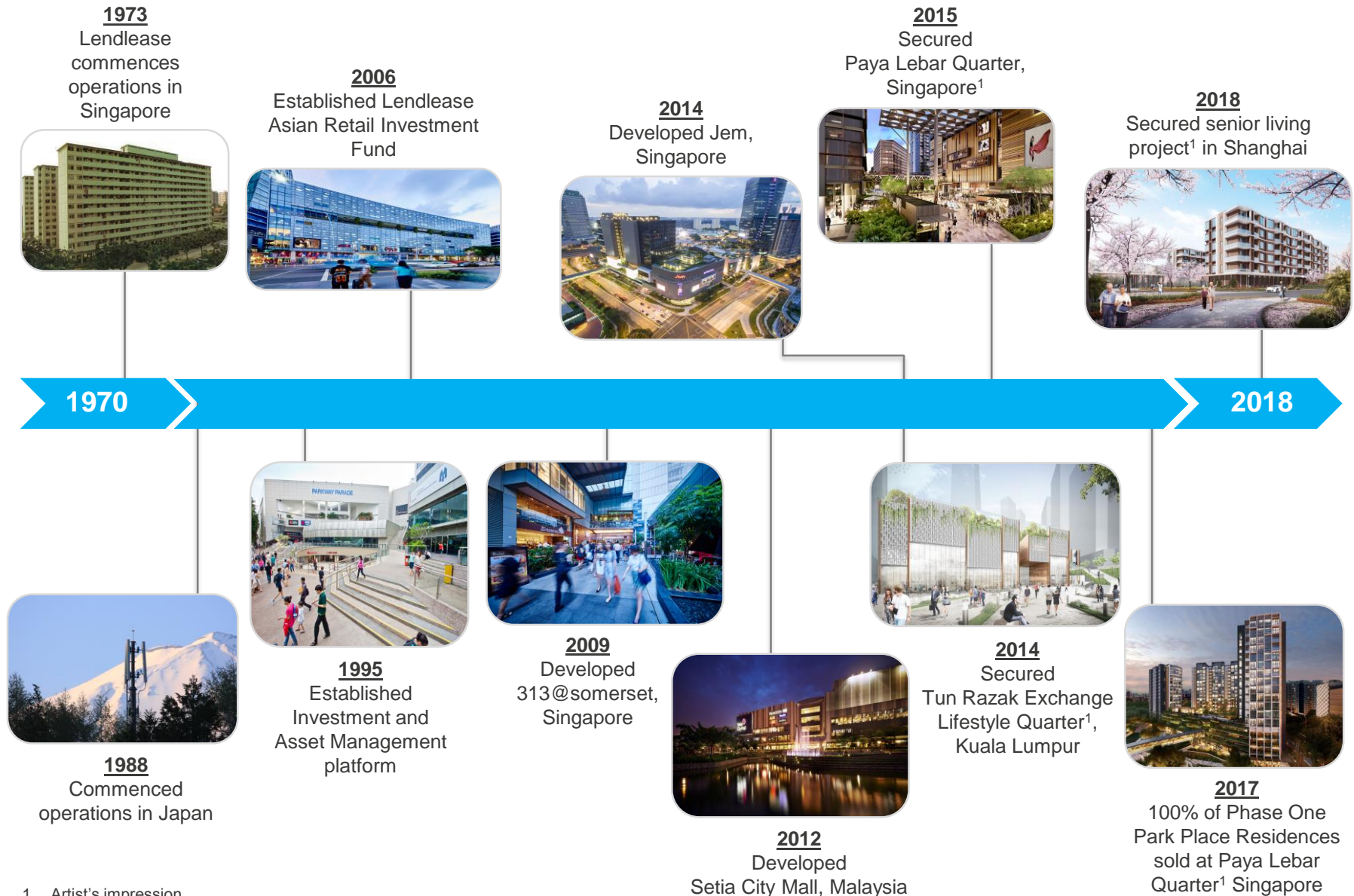
Tony Lombardo
Chief Executive Officer, Asia

24 April 2018



Artist's impression: Retail mall, Paya Lebar Quarter, Singapore

Experience in Asia spans over 45 years



1. Artist's impression

Established business

Contribution to Group

- \$26.9m HY18 EBITDA, 3% of Group operating result
- \$6.2b Urbanisation development pipeline, 15% of Group
- \$0.6b Construction backlog revenue, 3% of Group
- \$5.7b Funds under management, 20% of Group
- \$4.3b Assets under management, 34% of Group
- \$0.8b Invested capital, 12% of Group¹ (target range is 5-20%)
 - \$0.5b Development
 - \$0.3b Investments

Business model



Established business – current structure

	Development	Construction	Investments
Business Activities	<ul style="list-style-type: none"> • Urbanisation projects • Retirement development 	<ul style="list-style-type: none"> • Construction management • Design and construct 	<ul style="list-style-type: none"> • Funds management platform • Retail asset management platform
Earnings Drivers	<ul style="list-style-type: none"> • Development profit and development management fees from urbanisation projects 	<ul style="list-style-type: none"> • Construction margins • Project management margins 	<ul style="list-style-type: none"> • Fund, asset and property management fees • Investment yields and capital growth on co-investments and direct investments

1. Excluding Corporate invested capital

Strategy

Group 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

Lendlease Asia Strategy

Leverage competitive advantage in urban regeneration, safety and innovation to build a sustainable operating business

- New organisational structure and operating platform
- Aligned with Group Portfolio Management Framework

Priority areas:

- Grow urbanisation pipeline in targeted gateway cities
- Grow Investment Management platform and deepen capital partner relationships
- Leverage existing capabilities into new sectors:
 - Extend Retirement Living capabilities in China
 - Extend Telco sector construction expertise into Development and Investments

Alignment with Group strategic direction



Urbanisation

- Major urbanisation projects in two Asian gateway cities
- \$6.2b Asia pipeline



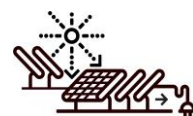
Infrastructure

- Telco towers



Funds growth

- \$5.7b Funds under management
- Product creation from development pipeline



Sustainability

- Lendlease managed Asian funds top ranked by GRESB in Asian Retail Funds category¹



Technology

- Increasing innovation in the design and construction process
- Enabling and facilitating telco infrastructure

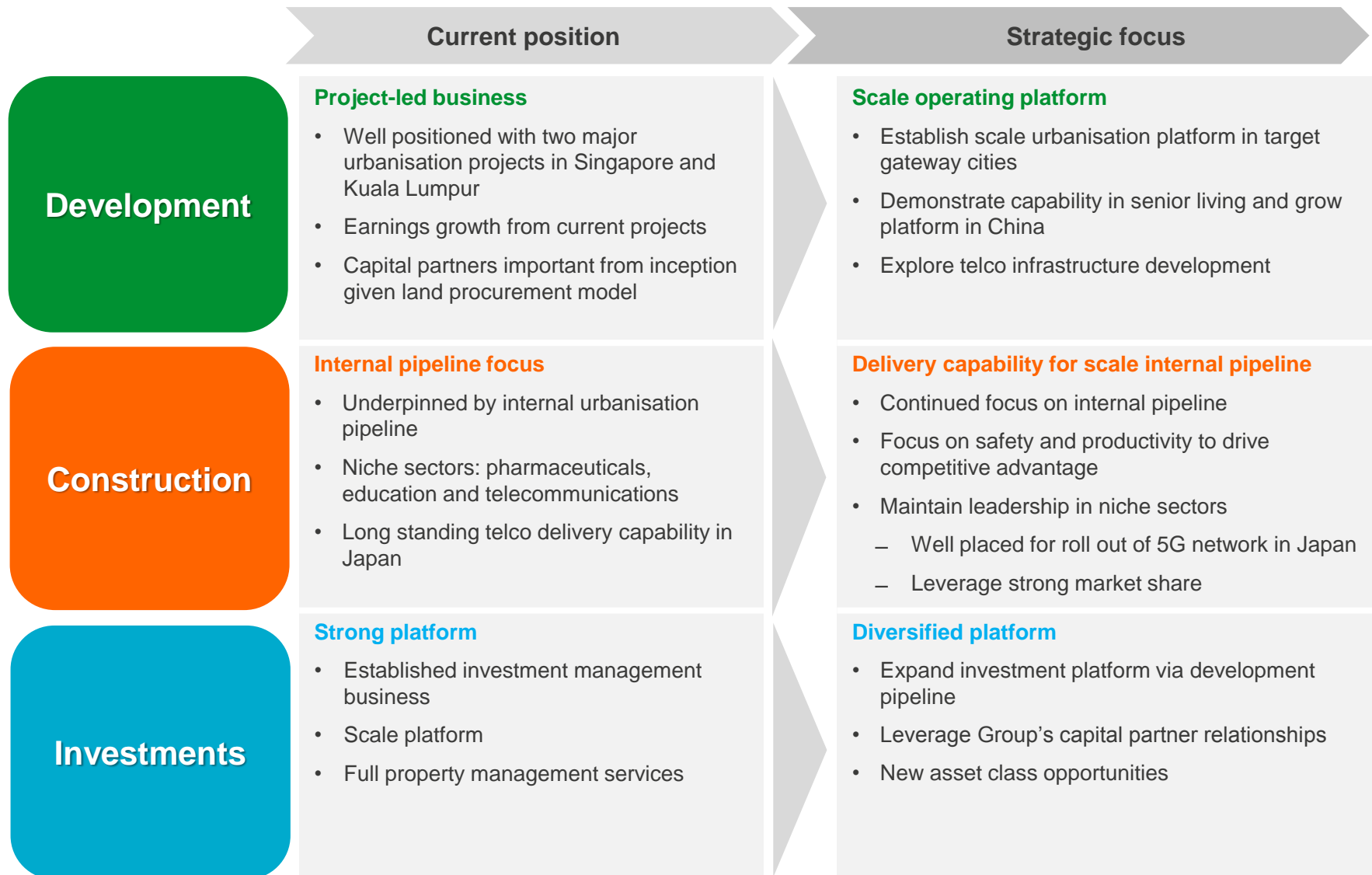


Ageing population

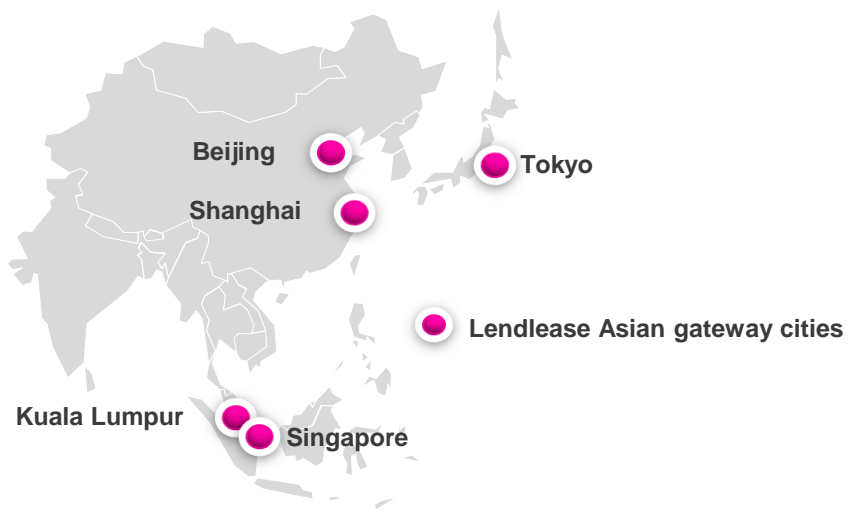
- Leveraging existing capabilities to senior living in China

1. Global Real Estate Sustainability Benchmark (GRESB) 2017 survey

Strategic direction: scale integrated business



Development: opportunities in gateway cities



Lendlease value proposition

- Strong local knowledge and expertise in identified gateway cities
- Global perspective and capability for customers that value place creation, masterplanning and product innovation
- Integrated model: originate, plan, fund, deliver, manage
- Co-investment strategy creates strong alignment with capital partners
- Safety and sustainability focus

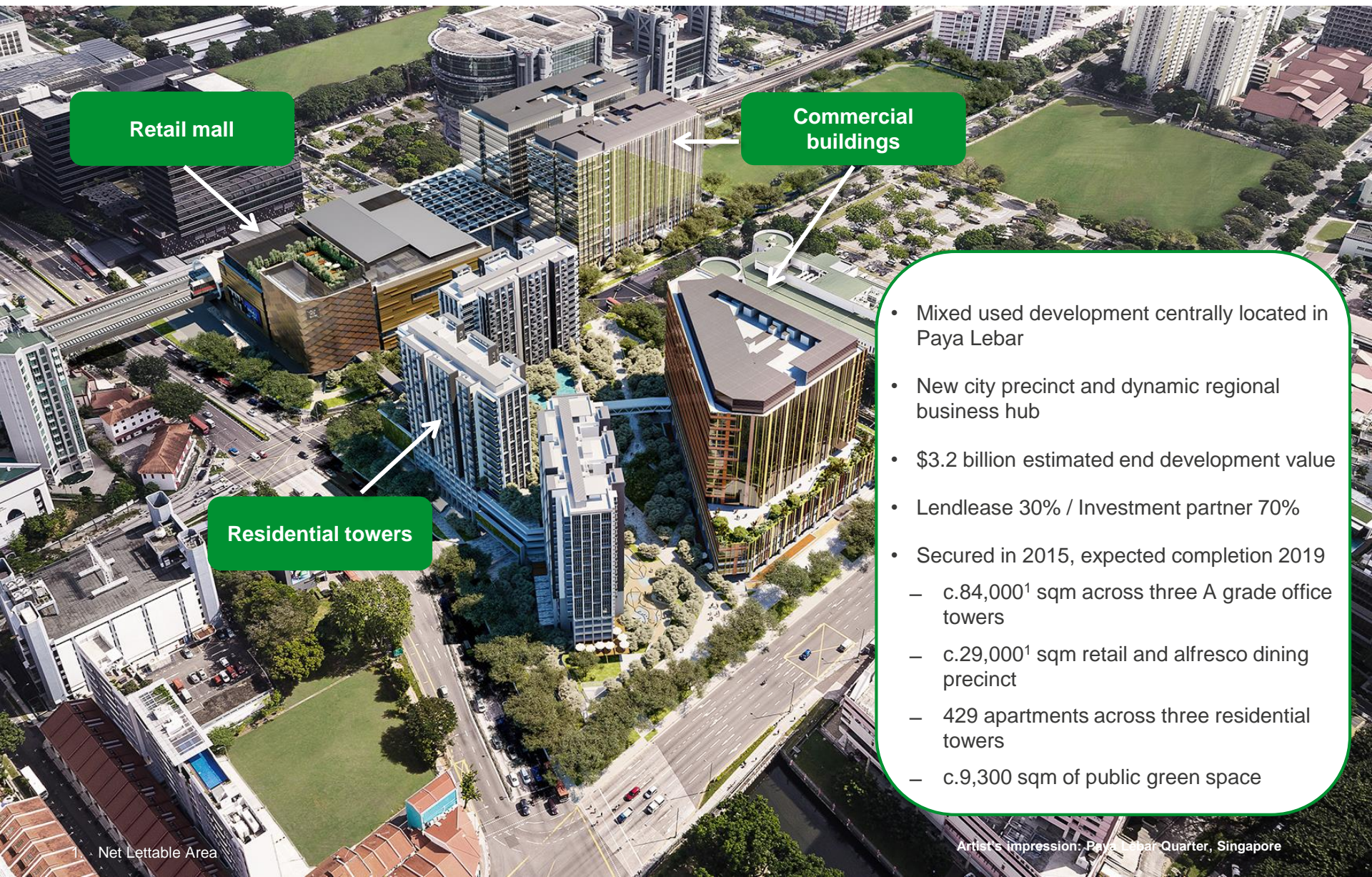
Strategy

- Urbanisation projects:
 - Focus on current gateway cities, Singapore and Kuala Lumpur and explore urbanisation in Tokyo
 - Current projects: Paya Lebar Quarter, Tun Razak Exchange Lifestyle Quarter and Setia City Mall Phase 2
- Senior Living:
 - Focus on delivering maiden project in Shanghai
 - Explore further opportunities in Shanghai
- Telco infrastructure:
 - Completed two 40 metre towers with dual tenancies
 - Broader roll-out post success of pilot projects

Pipeline opportunities

- Singapore:
 - Bid for government land sites
 - Master developer opportunities with government
- Kuala Lumpur:
 - Urbanisation opportunities with local partners
- Shanghai:
 - Government land sites zoned for senior living development
- Japan:
 - Telco infrastructure projects
 - Explore urbanisation opportunities in Tokyo

Development: Paya Lebar Quarter, Singapore



Retail mall

Commercial buildings

Residential towers

- Mixed used development centrally located in Paya Lebar
- New city precinct and dynamic regional business hub
- \$3.2 billion estimated end development value
- Lendlease 30% / Investment partner 70%
- Secured in 2015, expected completion 2019
 - c.84,000¹ sqm across three A grade office towers
 - c.29,000¹ sqm retail and alfresco dining precinct
 - 429 apartments across three residential towers
 - c.9,300 sqm of public green space

Artist's Impression: Paya Lebar Quarter, Singapore

Net Lettable Area

Development: Paya Lebar Quarter, Singapore

Retail:

- Over 50% pre-committed (signed leases and final offers)
- Anchor tenants include:
 - Shaw Theatres
 - FairPrice Finest supermarket
 - Kopitiam food court

Commercial:

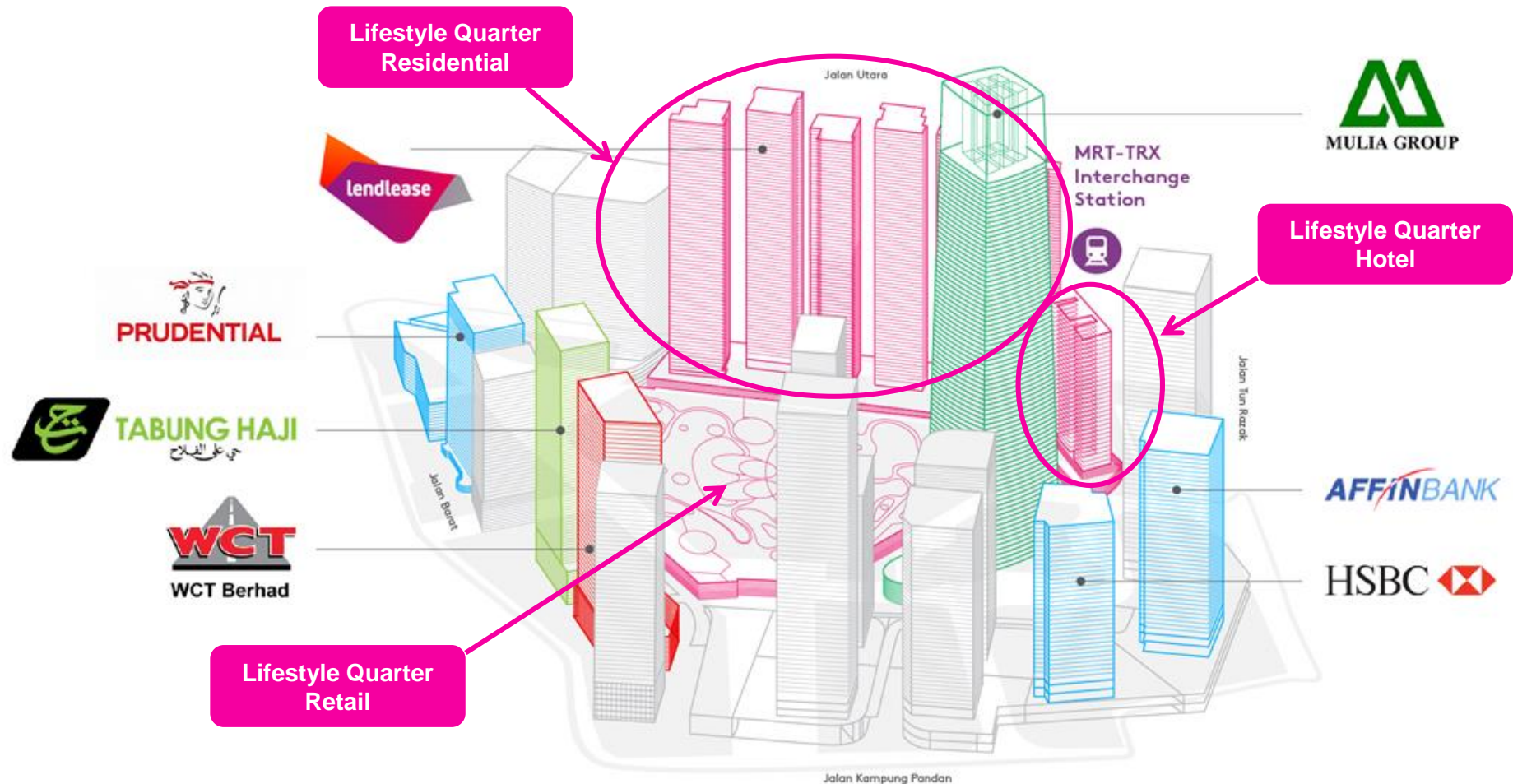
- Over 50% pre-committed (signed leases and advanced negotiations)

Residential:

- 372 units presold (87%, as of 18 April 2018)

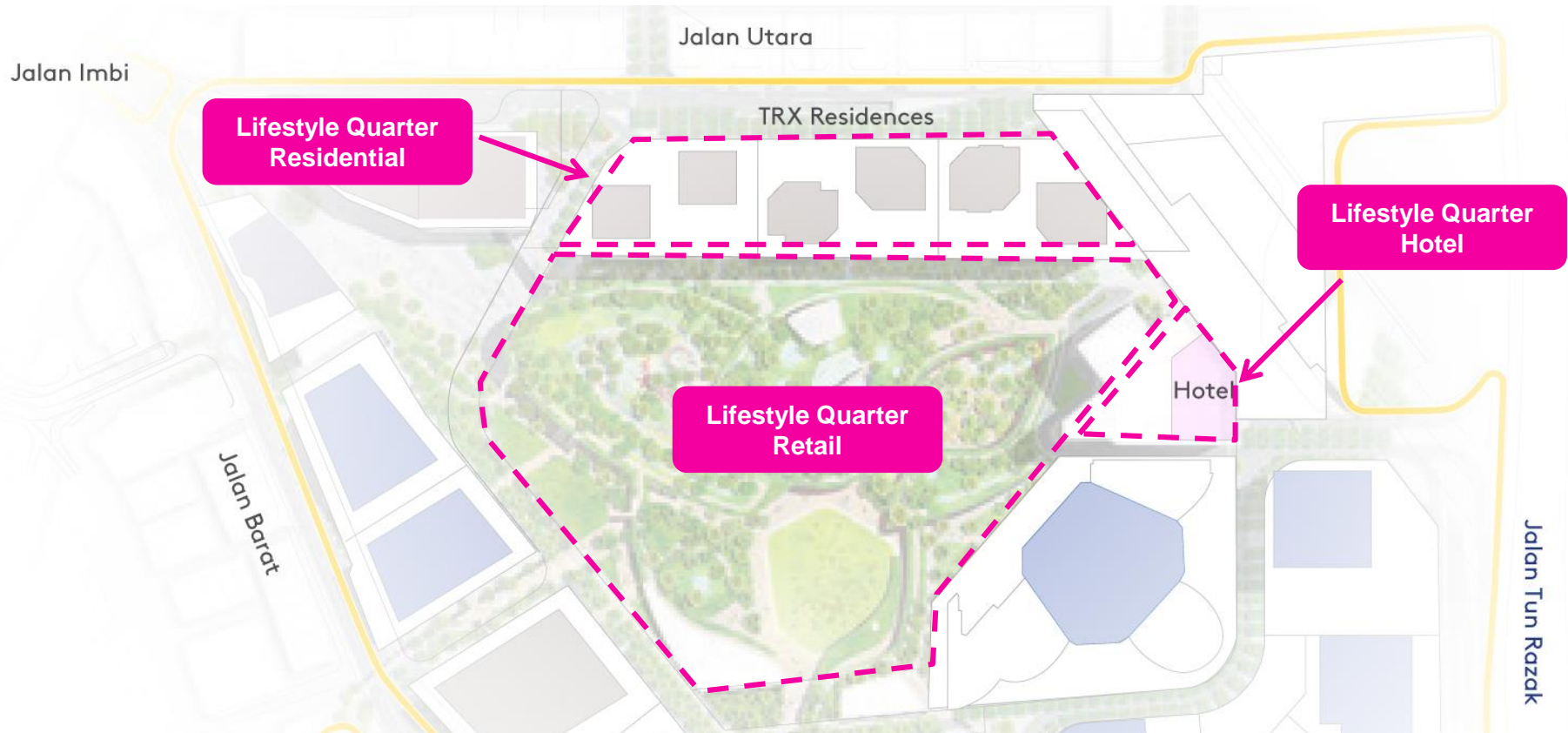
Development: Tun Razak Exchange, Kuala Lumpur

- Mixed-use 70 acre development in the heart of Kuala Lumpur
- New international financial district underpinned by a commercial, residential, hospitality, retail, leisure and cultural offering
- Lendlease involvement relates to the Lifestyle Quarter of the development



Precinct diagram, Tun Razak Exchange, Kuala Lumpur

Development: The Lifestyle Quarter at Tun Razak Exchange, Kuala Lumpur



- The Lifestyle Quarter forms part of the broader TRX project. (17 of the 70 acre development site)
- \$2.9 billion estimated end development value
- Lendlease 60% / TRX City¹ 40%
- Secured in 2014, staged completion 2020 – 2025
 - c.2,326 apartments, six residential towers, approx 154,000² sqm retail and hotel, 10 acre public park

1. Wholly owned subsidiary of the Malaysian Ministry of Finance
 2. Net Lettable Area

Development: The Lifestyle Quarter at Tun Razak Exchange, Kuala Lumpur

Lifestyle Quarter Retail:

- Construction of retail component has commenced
- Approximately 500 local and international shops, restaurants, entertainment and leisure experiences
- 26% of retail space leased, including Seibu, a new-to-market leading Japanese department store

Lifestyle Quarter Hotel:

- Yet to commence

Lifestyle Quarter Residential:

- Anticipated launch for Phase One FY19

Development: Senior Living, China

Shanghai Senior Living opportunity

- Market opportunity:
 - Seniors (age 60+) estimated population 5.4 million by 2020^{1,2}
 - Policy of 7% private senior living – c.378,000 residents
 - c.35% open to membership model³ – c.132,000 residents
 - c.90,000 households with expected growth rate of c.3.5% pa from 2020 - 2030²
 - Land zoned for senior living

Senior Living Project - Qingpu district, Shanghai

- Senior living community development in Zhujiajiao, a heritage water town within Qingpu district of Shanghai
- Direct subway connection to the city centre
- c.\$400 million (RMB1.9 billion) estimated end development value
- Secured 2018, expected construction completion 2021
 - c.900 senior living units
- Membership model
 - Residents purchase long term membership rights that are transferrable
 - Monthly service charge

Lendlease Proposition

- Track record – exporting expertise from Australia
- Strategy to establish a scale platform:
 - Compelling and differentiated offer – masterplan and design capabilities
 - Operating model – local players more focused on development
 - Leverage integrated model – delivery and access to capital
 - Capability rather than price led acquisition opportunities
 - Continuum of care offering – partner with healthcare providers that will lease / operate higher care facilities



Artists' impression: Lendlease senior living project, China

1. Registered 'Hukou' population
 2. Civil Affairs Bureau
 3. DTZ Survey Shanghai

Construction: well established capability

Targeted strategy

- Long track record in Asia – commenced operations in 1973
- Completed c.400 projects in Singapore
- Focused on supporting internal pipeline and specialist sectors for external clients – pharmaceuticals, education and telecommunications
- More than 15 years experience in telecommunication sector in Japan
 - Extended our long-standing relationship with Softbank in Japan to US in October 2017
- Approximately \$0.6 billion of backlog revenue with a further \$0.7 billion in preferred bidder status
- Focused on safety, productivity and supply chain management to drive competitive advantage
- Working closely with governments across Asia to champion safety in the industry
- Leveraging technology such as drones, BIM, facial recognition to further enhance safety and productivity in the industry
- Regional procurement strategy for economies of scale and certainty in delivery



Image: Pfizer Bulk Pharmaceutical Facility, Singapore



Image: Telecommunications Tower, Narusawa-mura in Yamanashi Prefecture, Japan

Investments: established platform

Funds Under Management (FUM)

- \$5.7 billion:
 - Lendlease Asian Retail Investment Funds (ARIF)
 - Parkway Parade Partnership
 - Lendlease Jem Partners Fund
 - Managed Investment Mandate
- Current developments provide potential source of future growth in investment income and funds under management:
 - Paya Lebar Quarter and Tun Razak Exchange Lifestyle Quarter

Growth in FUM (\$b)



1. Lendlease Asian Retail Investment Fund
2. In addition to the Co-investment Lendlease has a 25% direct investment
3. Parkway Parade Partnership
4. As at 31 March 2018

Assets Under Management (AUM)

- \$4.3 billion
- c.287,000sqm GLA
- Track record of retail asset management:
 - Parkway Parade (Singapore)
 - 313@Somerset (Singapore)
 - Jem (Singapore)
 - Setia City Mall (Malaysia)

Major Fund summary

	ARIF ¹ 1 (Somerset ²)	ARIF ¹ 3 (Jem)	PPPL ³
Total assets (\$b)	0.8	1.4	1.2
Gearing (%)	66.0	45.5	38.6
Co-investment (%)	10.1	20.1	6.1
Co-investment (\$m)	25.7	155.4	37.7
Asset class	Retail	Retail	Retail
Number of assets	1	1	1
Occupancy ⁴ (%)	98.2	99.7	100.0
Weighted average cap rate (%)	4.5	4.6	5.2

Investments: assets under management

313@somerset, Singapore



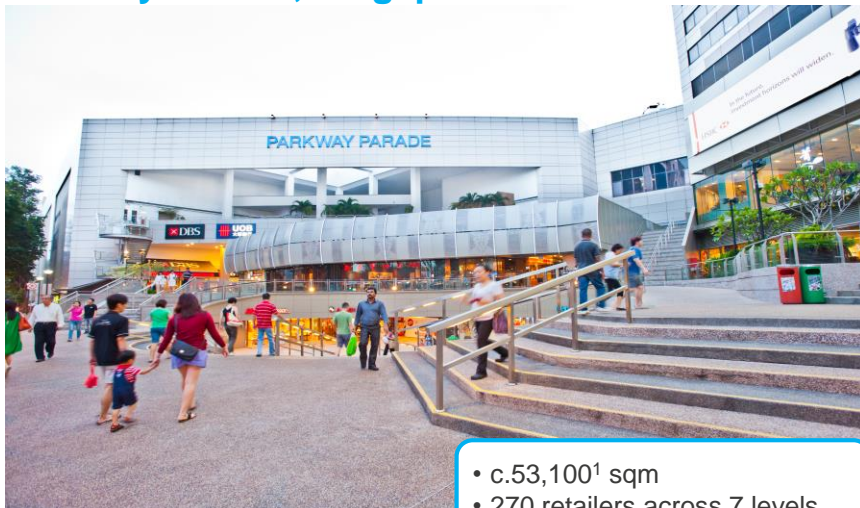
- c.26,800¹ sqm
- 159 outlets across 8 levels

Jem, Singapore



- c.82,600¹ sqm
- 240 units across 6 levels

Parkway Parade, Singapore



- c.53,100¹ sqm
- 270 retailers across 7 levels

Setia City Mall, Malaysia



- c.124,400¹ sqm
- 240 retailers across 4 levels
- Currently being expanded

Outlook

Leveraging the Lendlease Group

- Competitive advantage – track record, integrated model, balance sheet strength and capabilities
- Apply disciplined approach under the Group Portfolio Management Framework to drive future earnings growth and diversification
- Operating model that promotes best practice governance and risk management

Positioning for scale

- Focus on urbanisation projects in Singapore and Kuala Lumpur and explore additional gateway cities
- Demonstrate credentials in senior living and leverage market opportunity
- Consolidate construction capabilities in niche sectors: pharmaceuticals, education and telecommunications
- Leverage telecommunications construction capabilities to Development and Investments
- Expand and diversify investment platform via development pipeline:
 - Existing projects: Paya Lebar Quarter and Tun Razak Exchange
 - Potential new asset classes: Telecommunications and Senior Living

Important notice

This document has been prepared and is issued by Lendlease Corporation Limited (ACN 000 226 228) (**Lendlease**) in good faith. Neither Lendlease, nor any of its controlled entities including Lendlease Trust (together referred to as the **Lendlease Group**) makes any representation or warranty, express or implied, as to the accuracy, completeness, adequacy or reliability of any statements, estimates, opinions or other information contained in this document (any of which may change without notice). To the maximum extent permitted by law, Lendlease, the Lendlease Group and their respective directors, officers, employees and agents disclaim all liability and responsibility (including without limitation any liability arising from fault or negligence) for any direct or indirect loss or damage which may be suffered, howsoever arising, through use or reliance on anything contained in or omitted from this document.

This document has been prepared without regard to the specific investment objectives, financial situation or needs of any recipient of this presentation. Each recipient should consult with, and rely solely upon, their own legal, tax, business and/or financial advisors in connection with any decision made in relation to the information contained in this presentation.

Prospective financial information and forward looking statements, if any, have been based on current expectations about future events and are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations expressed in or implied from such information or statements.

Lendlease Group's statutory results are prepared in accordance with International Financial Reporting Standards (IFRS). This document also includes material that is not included in Lendlease Group's statutory results and contains non-IFRS measures. Material that is not included in Lendlease Group's statutory results has not been subject to audit.

A reference to HY18 refers to the half year period ended 31 December 2017 unless otherwise stated. All figures are in AUD and as at 31 December 2017 unless otherwise stated.