

# ASX ANNOUNCEMENT

17 October 2019

## Lendlease Group 2019 Notice of Meetings

Attached are copies of the Notice of Meetings, Chairman's Letter to Securityholders and sample Proxy Form for the 2019 Annual General Meeting of shareholders of Lendlease Corporation Limited and General Meeting of unit holders of Lendlease Trust (together Lendlease Group).

The meetings will be held on Wednesday 20 November 2019 commencing at 10:00am (AEDT) in the Grand Ballroom, Four Seasons Hotel, 199 George Street, Sydney, New South Wales.

Mailing of these documents to securityholders commenced today. These documents will also be emailed today to securityholders who have elected to receive electronic communications.

### Ends

FOR FURTHER INFORMATION, PLEASE CONTACT:

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as responsible entity for **Lendlease Trust** ABN 39 944 184 773 ARSN 128 052 595

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# As the world reinvents itself



**Annual General Meeting of Lendlease Corporation Limited  
and Meeting of Unitholders of Lendlease Trust ('AGM' or 'meeting')**

**Wednesday 20 November 2019 at 10:00am (AEDT)  
Grand Ballroom, Four Seasons Hotel  
199 George Street, Sydney, New South Wales**

**lendlease**

## Notice of Meetings

The Annual General Meeting of shareholders of Lendlease Corporation Limited (the **Company**) will be held in conjunction with a general meeting of unit holders of Lendlease Trust (the **Trust**) (together, **Lendlease Group**) in the Grand Ballroom, Four Seasons Hotel, 199 George Street, Sydney, NSW on Wednesday 20 November 2019 at 10:00am (AEDT).

### Financial Reports

1. To consider and receive the Financial Statements, the Directors' Report, and the Independent Auditor's Report within the Lendlease Group Annual Report for the year ended 30 June 2019.

No resolution is required for this item of business.

### Re-election of Directors

2. To consider and, if thought fit, pass the following resolutions as separate ordinary resolutions of the Company:
  - a) That David Craig being a Director of the Company who retires in accordance with Rule 6.1(f) of the Constitution of the Company, being eligible, is re-elected as a Director of the Company.
  - b) That Nicola Wakefield Evans being a Director of the Company who retires in accordance with Rule 6.1(f) of the Constitution of the Company, being eligible, is re-elected as a Director of the Company.

### Remuneration Report

3. To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

That the Company's Remuneration Report for the year ended 30 June 2019 be adopted.

In accordance with section 250R of the *Corporations Act 2001* (Cth) (Corporations Act) the vote on resolution 3 will be advisory only.

### Approval of Allocation of Performance Rights to the Managing Director

4. To consider and, if thought fit, pass the following resolution as an ordinary resolution of each of the Company and Trust:

That approval is given to issue Performance Rights to the Managing Director of Lendlease Group, Mr Stephen McCann, on the terms and conditions described in the Explanatory Notes accompanying this Notice of Meetings.

## VOTING EXCLUSION STATEMENTS

### Item 3 – Remuneration Report

The Company will disregard any votes cast on item 3:

- a) in any capacity by or on behalf of a member of the key management personnel (KMP) named in the Remuneration Report for the year ended 30 June 2019 or their closely related parties (such as close family members and any companies the person controls); and
- b) as a proxy by a member of the KMP at the date of the meeting or their closely related parties.

However, a vote will not be disregarded if it is cast as proxy for a person entitled to vote on item 3:

- in accordance with a direction on the Proxy Form; or
- by the Chairman of the meeting in accordance with an express authorisation to exercise the proxy even though item 3 is connected with the remuneration of the Company's KMP.

### Item 4 – Approval of Allocation of Performance Rights to the Managing Director

The Company and Trust will disregard any votes on item 4:

- a) cast in favour of the resolution by or on behalf of Mr Stephen McCann (being the only director eligible to participate in any of the Group's employee incentive schemes) or any of his associates, regardless of the capacity in which the votes are cast; and
- b) cast as a proxy by a member of the KMP at the date of the meeting or their closely related parties.

However, a vote will not be disregarded if it is cast as proxy for a person entitled to vote on item 4:

- in accordance with a direction on the Proxy Form specifying how the proxy is to vote on item 4; or
- by the Chairman of the meeting in accordance with an express authorisation to exercise the proxy even though item 4 is connected with the remuneration of the Company's KMP.

### Other information

The proposed items of business should be read in conjunction with the explanatory notes on pages 5 to 10.

All items of business will be determined by poll.

By order of the Boards of Lendlease Corporation Limited and Lendlease Responsible Entity Limited as responsible entity of Lendlease Trust.

**Wendy Lee**  
Company Secretary  
**17 October 2019**

## VOTING INFORMATION

### Eligibility to Vote

For the purposes of determining entitlement to vote at the meeting, Lendlease securities will be taken to be held by those registered as holders at 7:00pm on Monday, 18 November 2019 (AEDT). Transactions registered after that time will be disregarded in determining securityholders' entitlements to attend and vote at the meeting.

### Proxies

If you are unable to attend the meeting, you are encouraged to appoint a proxy to attend and vote on your behalf.

You may appoint a person (either an individual or body corporate) to act as your proxy at the meeting by completing the attached Proxy Form.

A securityholder entitled to attend and cast at least two votes may appoint not more than two proxies. Where two proxies are appointed, each proxy may be appointed to represent a specified proportion of the securityholder's voting rights. If no proportion is specified, each proxy may exercise half of the securityholder's voting rights.

A proxy need not be a securityholder of Lendlease Group.

A securityholder may direct the proxy how to vote in respect of each resolution. Any directions given to proxies must be followed. You are encouraged to direct your proxy how to vote on each resolution.

### Proxy Voting by Members of the KMP

With the exception of the Chairman, the KMP (which includes each of the Directors) and their closely related parties will not be able to vote your proxy on item 3 (Remuneration Report) and item 4 (Approval of Allocation of Performance Rights to the Managing Director) unless you direct them how to vote.

If you intend to appoint a member of the KMP (such as one of the Directors), or one of their closely related parties as your proxy, please ensure that you direct them how to vote on items 3 and 4 by marking the boxes for the relevant items (for example to vote "for", "against" or to "abstain" from voting).

If you appoint the Chairman of the meeting as your proxy, or the Chairman of the meeting is appointed as your proxy by default, and you do not mark a box for items 3 and 4, then by completing and submitting the Proxy Form you will be expressly authorising the Chairman of the meeting to exercise the proxy in respect of items 3 and 4 even though these items are connected with the remuneration of the KMP.

### Chairman's Voting Intention

The Chairman of the meeting intends to vote undirected proxies in favour of all items.

### Submitting your Proxy Form

To be valid, Proxy Forms must be received by Lendlease Group's share registry, Computershare Investor Services Pty Limited, by 10:00am (AEDT) on Monday, 18 November 2019.

Proxy Forms may be submitted in one of the following ways:

- Online at [www.investorvote.com.au](http://www.investorvote.com.au); or
- Online at [www.intermediaryonline.com](http://www.intermediaryonline.com) for intermediary online subscribers (custodians) only; or
- By mail to Computershare Investor Services Pty Limited, GPO Box 242 Melbourne, Victoria 3001 Australia; or
- By facsimile to Computershare Investor Services Pty Limited on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

### Corporate Securityholders or Proxies

A corporate securityholder or proxy wishing to appoint a person to act as its representative at the meeting must provide that person with an authority executed in accordance with the company's constitution and the Corporations Act, authorising him or her to act as the company's representative. The authority must be sent to the Share Registry, Computershare Investor Services Pty Limited, in advance of the meeting, or handed in at the meeting when registering as a corporate representative.

### Voting by Attorney

Where a securityholder appoints an attorney to act on his or her behalf at the meeting, the appointment must be made by a duly executed power of attorney.

A securityholder entitled to attend and cast at least two votes may appoint not more than two attorneys.

A securityholder may, in the power of attorney appointing an attorney, direct the attorney how to vote in respect of each resolution. Any directions given in this manner must be followed.

The powers of attorney appointing an attorney, or a certified copy of the powers of attorney, must be sent to the Share Registry, Computershare Investor Services Pty Limited and received by 10:00am (AEDT) on Monday, 18 November 2019. Attorneys should also bring a copy of the power of attorney to the meeting.

## Notice of Meetings continued

### Securityholder Questions

Lendlease encourages all securityholders, in particular those who are not able to attend the meeting, to ask questions in advance of the meeting. Please take advantage of the opportunity to submit questions on-line through [www.investorvote.com.au](http://www.investorvote.com.au) or on the form included with this Notice of Meetings.

Questions must be received by Wednesday, 13 November 2019. Questions should relate to matters that are relevant to the business of the meeting, as outlined in the Notice of Meetings and the attached Explanatory Notes or, if directed to the Auditor, must relate to the content of the Auditor's reports or the conduct of the audit of the Financial Reports for the year ended 30 June 2019. A list of qualifying questions to the Auditor will be made available to securityholders attending the meeting.

Questions will be collated, and during the meeting, the Chairman will seek to address as many of the more frequently raised topics as possible having regard to available time.

Please note that answers will not be sent to enquirers on an individual basis.

### Registration

Registration will commence at 9:00am on Wednesday, 20 November 2019. For ease of registration, please bring your Proxy Form to the meeting.



## EXPLANATORY NOTES TO THE NOTICE OF MEETINGS

The information below is an explanation of the business to be considered at the 2019 Lendlease Group AGM.

### Item 1 – Financial Reports

As required by section 317 of the Corporations Act, the Annual Financial Report, including the Directors' Report, Independent Auditor's Report and the Financial Statements for the year ended 30 June 2019, will be laid before the meeting. There is no requirement for a formal resolution on this item.

During this item of business, securityholders will be given a reasonable amount of time to ask questions about or make comments on the Annual Financial Report and on the management of the Company. Securityholders will also be given an opportunity to ask a representative of Lendlease Group's auditor, KPMG, questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by Lendlease Group in relation to the preparation of the financial reports and the independence of the auditor in relation to the conduct of the audit.

Securityholders who elected to receive a hard copy of the Lendlease Group Annual Report for the year ended 30 June 2019 were provided with a copy of the accounts with that report. A copy of the Annual Report is also available on the Lendlease website at [www.lendlease.com](http://www.lendlease.com).

### Item 2 - Re-election of Directors

David Craig and Nicola Wakefield Evans are Non-Executive Directors of Lendlease Group and are retiring in accordance with the Lendlease Constitution. Profiles of each candidate are included below. David and Nicola were last re-elected by securityholders at the 2016 AGM.

The Board considers David and Nicola to be independent and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

#### a) David Craig (Independent Non Executive Director)

David joined the Board in March 2016. He is Chairman of the Audit Committee, and a member of the Nomination, People & Culture and Risk Committees.

##### *Skills, Experience and Qualifications*

David is a business leader with a successful international career spanning over 37 years in finance, accounting, audit, risk management, strategy and mergers and acquisitions in the banking, property and professional services industries. He was the Chief Financial Officer (CFO) of Commonwealth Bank of Australia from 2006 through the GFC, until he retired in June 2017. At Commonwealth Bank, he was responsible for leading 2,500 staff in the finance, treasury, property, security, audit and investor relations teams.

David's previous leadership roles have included CFO for Australand Property Group (now Frasers), Global CFO for PwC Consulting and a Partner at PwC.

As well as his role as CFO of Australand Property Group, David was responsible for Property for the last 22 years of his executive career, including overseeing three significant property transformations at CBA.

David holds a Bachelor of Economics from the University of Sydney. He is a Fellow of the Institute of Chartered Accountants, ANZ and a Fellow of the Australian Institute of Company Directors.

##### *Other Current Appointments*

- President of the Financial Executives Institute of Australia
- Deputy Chairman of the Victor Chang Cardiac Research Institute

Prior to submitting himself for election, David confirmed that he would continue to have sufficient time to properly fulfil his director duties for Lendlease Group.

##### *Board Statement in Support of Re-election of David Craig*

The Board unanimously supports the re-election of David. David brings to the Board broad commercial, financial, risk and strategic expertise. David has over 22 years of direct Property segment experience through leading the property development team and overseeing significant property and workplace transformation projects at CBA and as CFO of Australand Property Group. Geographically, David has worked in three of the 4 regions that Lendlease operates in including Australia, the Americas and overseeing Asian operations. As the Chair of the Audit Committee at Lendlease, David has actively supported various Group initiatives including the continuous improvement of financial processes and internal controls, increasing the maturity of cyber security across Lendlease, and continuing the development of a leading internal audit function.

##### *Statement from David Craig*

*"My background in finance, risk management and strategy gained across diverse sectors such as property, banking and professional services in senior executive roles, complements the existing skills and experience of the Board and enables me to provide input across a wide range of Board deliberations."*

##### *Recommendation*

The Board (with David abstaining) recommends that securityholders vote in favour of David's election.

The Chairman of the meeting intends to vote all available proxies in favour of this item.

#### b) Nicola Wakefield Evans (Independent Non Executive Director)

Nicola joined the Board in September 2013. She is Chairman of the Sustainability Committee and a member of the Audit, Nomination and Risk Committees.

##### *Skills, Experience and Qualifications*

Nicola is a business leader and non executive director with broad ranging commercial, business management, strategy and legal experience gained over a 30 year international career. Nicola was Managing Partner, International at King & Wood Mallesons (KWM) in Hong Kong where she was responsible for the overall governance and strategic positioning of the business in the Asia region. In addition to holding a number of senior management and leadership roles, Nicola has had a diverse career as one of Australasia's leading lawyers.

## Notice of Meetings continued

Nicola has been involved in a number of significant and ground-breaking M&A transactions and has advised some of the largest companies in Australia, Asia and globally. She has extensive international experience having worked in Australia, New York and Hong Kong. Nicola was included in the Australian Financial Review and Westpac Group's inaugural list of 'Australia's 100 Women of Influence'. She is a member of Chief Executive Women Inc.

Nicola holds a Bachelor of Jurisprudence and a Bachelor of Laws from the University of New South Wales and is a qualified lawyer in Australia, Hong Kong and the United Kingdom.

### *Listed Company Appointments (held in last 3 years)*

- Non Executive Director of Macquarie Group Limited (appointed February 2014)
- Non Executive Director of Toll Holdings Limited (appointed May 2011, retired June 2017)

### *Other Current Appointments*

- Chair of 30% Club, Australia
- Director of the Clean Energy Finance Corporation
- Director of UNSW Foundation Limited
- Director of Australian Institute of Company Directors
- Director of Chief Executive Women
- Director of MetLife Insurance Limited
- Director of the Goodes O'Loughlin Foundation Limited

Prior to submitting herself for re-election, Nicola confirmed that she would continue to have sufficient time to properly fulfil her director duties for Lendlease Group.

### *Board Statement in Support of Nicola Wakefield Evans*

The Board unanimously supports the re-election of Nicola. Nicola has strong business, management, legal and corporate governance experience and has provided advice to a broad range of companies in diverse industries including in the Lendlease core segments of Development, Construction and Investments. Nicola has extensive international experience in three of the four regions where Lendlease operates including Australia, Asia and the Americas. Nicola also has significant safety and ESG experience gained through her roles chairing the Sustainability Committee at Lendlease and a number of other entities.

### *Nicola Wakefield Evans Statement*

*"My experience managing the international operations of KWM, as an advisor on large and complex transactions in a diverse range of sectors and more recently as a non-executive director on listed and private companies and not for profit boards, allows me to contribute to the business, strategic and governance aspects of Lendlease. I am also passionate about the development of leadership capability, diversity, safety and sustainability within the company."*

### *Recommendation*

The Board (with Nicola abstaining) recommends that securityholders vote in favour of Nicola's re-election.

The Chairman of the meeting intends to vote all available proxies in favour of this item.

## Item 3 - Remuneration Report

The Company's Remuneration Report for the financial year ended 30 June 2019 is set out on pages 92 to 122 of the 2019 Annual Report. The Board acknowledges that FY19 has been a particularly challenging year and the underperformance of the Engineering business has led to a disappointing financial result. Despite this outcome, the core business has achieved significant successes. The Board's remuneration decisions for senior executives reflect the overall performance of the business during the year.

### **A New Executive Reward Strategy, Aligned to Securityholder Interests**

At the November 2018 Annual General Meeting, securityholders gave positive endorsement for the new Executive Reward Strategy by voting 91.51% in favour of the Remuneration Report which included proposed changes to executive remuneration which were subsequently implemented in FY19. These changes were developed to:

- Create longer dated rewards that are aligned to earnings;
- Further align reward with securityholder interests by shifting the pay mix towards long term awards that are strongly aligned to securityholder returns;
- Promote team behaviours and an enterprise leadership mindset; and
- Retain the senior leadership team.

The changes have contributed to a reward strategy that recognises the importance of delivering growth from long-dated urbanisation projects while also providing short-term awards for maintaining focus on disciplined execution and growth within the target portfolio mix.

More than half of the Group CEO's new target remuneration package is now directly linked to securityholder outcomes. In addition, our senior executives are required to hold a significant number of securities, ensuring they are heavily invested in delivering aligned outcomes for securityholders.

### **Long Term Award (LTA) – Future Years Focus**

The LTA is designed to focus senior executives on long-term value creation. The time horizon has been increased to six years, to align with Lendlease's future earnings profile, as a significant portion of the expected profit from business activities taking place in the current period will be recognised over 5+ years.

Under the new Executive Reward Strategy there is an increased weighting to the LTA. For the Group CEO, the LTA represents 52% of total target remuneration. For other senior executives the LTA represents 49% of total target remuneration. The main features of the LTA are:

- Focussed on long-term value creation, with a six year time horizon.
- Three year performance period.
- Performance hurdles are 50% relative Total Securityholder Return (TSR) and 50% Average Return on Equity (ROE).
- After testing, awards are delivered in four equal tranches over a further three years.
- A minimum award promotes alignment with securityholders and a maximum award is paid only for outstanding performance.

### Remuneration Decisions - Short Term Awards Significantly Reduced

As a result of the changes to executive reward introduced in the year and the disappointing performance in the Engineering business:

- Short Term Awards for the Group CEO and senior executives have been significantly reduced compared to last year. In aggregate, these were reduced by 80 per cent or \$5.9 million.
- Consistent with Lendlease's culture of accountability, the Board and the Group CEO agreed that he would forego in full, any Short Term Award for FY19.
- The range of Short Term Award outcomes for other senior executives was between 25 per cent to 50 per cent of their target.

### Remuneration Decisions – Consideration of Malus

The Board considered whether malus provisions should be applied to Deferred Short Term Incentives (STI) or Long Term Incentives (LTI) awarded in prior years. The Board has discretion to forfeit part or all of any unvested STI and LTI where it considers vesting would provide a participant with a benefit that was unwarranted or inappropriate. In considering the application of malus, the Board was satisfied that the events causing the underperformance in the Engineering business related to FY19 and were appropriately reflected in remuneration through:

- Zero or significantly reduced FY19 Short Term Award outcomes
- A reduction in the value of securities that vested in FY19 under STI awards that were deferred into Lendlease securities from prior years
- A reduction in the value of securities held by senior executives that were covered by the mandatory securityholdings policy
- The reduction in the likelihood of future vesting of Long Term Incentives and Long Term Awards.

### Remuneration Decisions – Safety Performance

In FY19, Lendlease ended the year with no reportable fatalities. No reduction has been applied to non-financial performance outcomes for senior executives on the basis of safety performance. Our focus on safety is resolute and we will continue to strive to be incident and injury free.

### Remuneration Outcomes Disclosed Reflect Current and Prior Year Awards

Some remuneration outcomes disclosed in the Remuneration Report show remuneration that relates to awards from prior years. Deferred STI and LTI from prior years that vested during the reporting period are included in the value disclosed for remuneration received. The values for remuneration received reflect the share price at the time of vesting (A\$20.36) rather than the share price at 30 June 2019. In addition, the LTI awards from prior years that vested during the year were tested based on cumulative performance between the start of the year in which they were granted and 30 June 2018.

#### Recommendation

The Board recommends that securityholders vote in favour of this Resolution.

The Chairman intends to vote all available proxies in favour of this item.

### Item 4 – Approval of Allocation of Performance Rights to the Managing Director

Securityholder approval is being sought to allocate Performance Rights to the Managing Director and CEO (MD) of Lendlease, Stephen McCann, under Lendlease's new Executive Reward Strategy. The objective is to align the interests of the MD with securityholders over a period of up to 6 years.

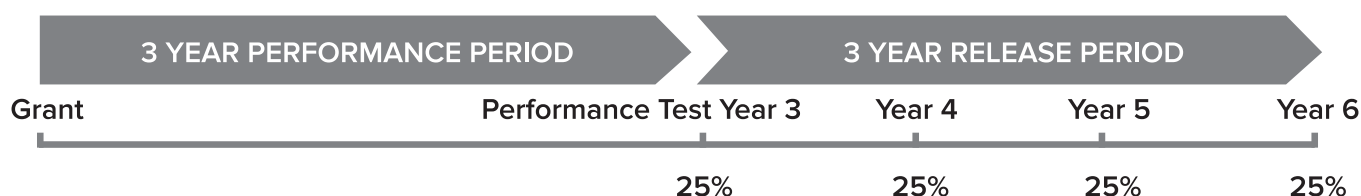
#### Background

A Board review of the Executive Reward Strategy concluded in FY19 and, following a thorough consultation process with internal and external stakeholders and the endorsement provided by securityholders at the 2018 AGM, the changes were implemented for FY19. The Board believes that the changes drive better alignment between strategy and reward as outlined earlier in this Notice.

The MD's remuneration package includes:

- Fixed remuneration (salary, superannuation and benefits);
- A short term award delivered in cash if key targets focused on disciplined execution and growth within our target portfolio mix are achieved; and
- A long term award in the form of Performance Rights that are subject to two performance hurdles over a three year period, with a further deferral period applying to 75% of the Performance Rights as shown in the following Diagram 1.

Diagram 1





## Notice of Meetings continued

### Why is Securityholder Approval Being Sought?

ASX Listing Rule 10.14 requires that securityholders approve awards of securities issued to Directors. Securityholder approval is required only if new securities are issued to a Director and not if securities are required to be purchased on market. The intention of Listing Rule 10.14 is to protect securityholders from dilution in the value of securities that may occur as a result of securities issued under employee incentive plans. No such dilution occurs if securities are purchased on market.

The Board may determine whether securities awarded will be purchased on market or issued. The Board's current intention is to purchase all Lendlease securities required to satisfy the vesting of Performance Rights on market as this would cause no dilution to securityholders' interests. However, the Board considers it good governance to seek approval from securityholders for awards made to the MD. Subject to securityholder approval being obtained, the Board reserves the right to issue new securities instead of buying on market.

### Overview

The MD's long term award involves an annual grant of Performance Rights.

Performance Rights are rights to receive a variable number of fully paid Lendlease securities or at the discretion of the Board, cash with an equivalent value, upon vesting. Outcomes against performance hurdles will determine how many Lendlease securities will be received following vesting between a minimum and maximum number.

The minimum number of Lendlease securities is equivalent to 13.5% of the number of Performance Rights (Award Minimum).

The maximum number of Lendlease securities is equivalent to 150% of the number of Performance Rights (Award Maximum).

Performance Rights are subject to two performance hurdles (listed below) over a three year period:

- i) 50% are subject to a Relative Total Securityholder Return (TSR) hurdle; and
- ii) 50% are subject to an Average Return on Equity (ROE) hurdle.

Performance Rights are split into eight equal tranches, four for each performance hurdle. Performance hurdles are tested at the end of the three year performance period and the number of Lendlease securities that may be delivered on vesting is determined. The first two tranches will vest immediately thereafter, and the remaining tranches will be deferred and will vest progressively four, five and six years after the grant date (as illustrated in the diagram above). There is no retesting of Performance Rights after the end of the three year performance period.

### Performance Hurdles

**Relative TSR performance hurdle:** Half of the Performance Rights will be subject to Lendlease's Total Securityholder Return (TSR) performance compared to a comparator group of companies comprising the S&P ASX 100 Index, subject to any inclusions or exclusions determined by the Board.

Performance Rights subject to the relative TSR hurdle will be assessed over a three year performance period.

The table below shows how the number of Performance Rights will convert into Lendlease securities upon vesting, based on Lendlease's relative TSR percentile ranking at the end of the performance period.

Lendlease's TSR percentile ranking at the end of the performance period	Number of Lendlease securities that may be received upon vesting
Below 50th percentile	No additional Lendlease securities above the Award Minimum for the TSR component will be received.
At 50th percentile	50% of the number of Performance Rights subject to the TSR performance hurdle.
At or above the 51st percentile but below the 75th percentile	Pro-rata between 54% and 146% of the number of Performance Rights subject to the TSR performance hurdle. That is, for each percentile increment achieved an additional 4% of the number of Performance Rights subject to the TSR performance hurdle.
At or above 75th percentile	150% of the number of Performance Rights subject to the TSR performance hurdle.

The Board believes that relative TSR is an appropriate performance hurdle as it aligns the MD's interests with securityholder outcomes and provides a direct comparison of Lendlease's performance against other listed companies.

**Average ROE performance hurdle:** Half of the Performance Rights will be subject to Lendlease's average Return on Equity (ROE) performance. ROE is derived from Lendlease's annual statutory profit after tax divided by the weighted average equity for the year, as set out in Lendlease's Annual Report. Assessment of average ROE performance will be based on the average of ROE results over the three year performance period.

The Board sets the average ROE performance hurdle having regard to the Group's stated ROE target range, Lendlease's average historical ROE against ASX benchmarks and Lendlease's cost of equity. The table below shows how the number of Performance Rights will convert into Lendlease securities upon vesting, based on Lendlease's ROE performance.

Lendlease's Average ROE % over performance period	Number of Lendlease securities that may be received
At 10% or less	No additional Lendlease securities above the Award Minimum for the ROE component will be received.
Between 10% and the target ROE% set by the Board	Pro-rata on a straight-line basis between 13.5% and 100% of the number of Performance Rights subject to the ROE performance hurdle.
At the target ROE% set by the Board	100% of the number of Performance Rights subject to the ROE performance hurdle.
Between the target ROE% set by the Board and 14%	Pro-rata on a straight-line basis between 100% and 150% of the number of Performance Rights subject to the ROE performance hurdle.
At 14% or above	150% of the number of Performance Rights subject to the ROE performance hurdle.

The target ROE% to be set by the Board cannot be disclosed as it is commercially sensitive. The targets and performance outcomes against the targets will be published following the end of the performance period.

Average ROE was selected as a performance measure because many of Lendlease's activities are capital intensive, for example, major urban redevelopment projects. The Board considers it appropriate to incentivise the MD to manage an appropriate portfolio of projects for the long term, with timely execution of capital recycling. This is reflected in the average ROE, which requires a focus on sustained performance over the performance period.

In testing the performance hurdles the Board has absolute discretion in relation to its calculations and may include or exclude items, including to better reflect management performance or securityholder expectations.

#### Quantum of Award:

The face value of the target FY20 long term award is \$3,700,000.

Subject to securityholder approval, the MD will be granted 256,960 Performance Rights.

The number of Performance Rights has been determined by dividing the face value of the target long term award grant by the volume weighted average price of Lendlease securities traded on the ASX over the twenty trading days prior to the release of the full year results for the year ending 30 June 2019, being \$14.3995 and rounded to the nearest whole security. The Performance Rights are then divided into 8 equal tranches and each tranche is rounded up to the nearest whole Performance Right being 32,120 Performance Rights per tranche and a total of 256,960 Performance Rights (32,120 x 8).

The maximum number of Lendlease securities that may be issued following vesting of Performance Rights under this long term award is 385,440, being:

$150\% \times 32,120 = 48,180$  (rounded up to the nearest whole security)

$8 \text{ tranches} \times 48,180 = 385,440$

#### Distributions

A cash payment, equivalent to the value of distributions declared on the number of Lendlease securities that represent the Award Minimum, will be payable to the MD during the period from the grant date to the relevant vesting date. Cash payments will be made on or around the same date as distributions are payable to securityholders.

Where Performance Rights convert into Lendlease securities in excess of the Award Minimum, the MD will also be entitled to the value of distributions declared on Lendlease securities in excess of the Award Minimum, between the grant date and the relevant vesting date. The Board retains the discretion to settle this amount as additional Lendlease securities or in cash.

If the amount is settled as additional Lendlease securities, the number of additional Lendlease securities will be the amount equal to the value of distributions declared between the grant date and relevant vesting date divided by the closing price of a Lendlease security on the trading day immediately preceding the relevant vesting date (rounded up to the nearest whole security).

#### Cessation of Employment

If the MD resigns in circumstances which breach his non-compete obligations, or is terminated for cause, any unvested Performance Rights will lapse. In all other circumstances including where the MD is terminated or resigns as a 'good leaver', the MD's unvested Performance Rights will remain subject to the original performance conditions and will be tested at the original testing dates and released at the relevant vesting dates (subject to the forfeiture provisions described below). The Board also retains the discretion to lapse all or part of any unvested Performance Rights where the MD resigns and a mutually co-operative separation cannot be agreed.

## Notice of Meetings continued

### Malus and Forfeiture

Prior to vesting, in certain circumstances the Board may determine that some or all of the MD's Performance Rights will lapse. This includes if the MD breaches any obligation to the Group or the Board reasonably determines that vesting of the Performance Rights would result in the MD receiving a benefit that was unwarranted or inappropriate.

### Change of Control

The early vesting of Performance Rights may be permitted by the Board in other limited circumstances such as a change in control of Lendlease. In these circumstances the Board will determine the timing and number of any Performance Rights that vest.

### Additional Information Provided Under ASX Listing Rule 10.15

- If approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1. This means that the Performance Rights granted to the MD and any Lendlease securities issued pursuant to this approval will not use up part of the 15% available under ASX Listing Rule 7.1.
- It is intended that the award of Performance Rights will be made to the MD within 1 month of the meeting, and in any event no later than 12 months after the meeting.
- No amount is payable by the MD upon the grant of these Performance Rights or to acquire Lendlease securities at vesting.
- No loan will be provided to the MD in relation to the long term award.
- Other than the MD, no director (or associate of a director) is currently entitled to participate in the Group's long term award arrangements.
- In accordance with the approval obtained at the 2018 Annual General Meeting, the MD was awarded 177,904 Performance Rights at no cost as described in the Notice of Meetings last year.


### *Recommendation*

The Board (with Mr McCann abstaining) recommends that securityholders vote in favour of this Resolution.




The Chairman of the meeting intends to vote all available proxies in favour of this item.

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International Towers Sydney  
Exchange Place  
300 Barangaroo Avenue  
Barangaroo NSW 2000  
[www.lendlease.com](http://www.lendlease.com)

 @lendlease  
 @lendleasegroup  
 @lendlease





Lendlease Corporation Limited ABN 32 000 226 228  
and Lendlease Trust ARSN 128 052 595

17 October 2019

Dear Securityholder

It is my pleasure to invite you to attend the 2019 Annual General Meeting of Lendlease Corporation Limited and Meeting of Unitholders of Lendlease Trust (AGM). The AGM will be held in the Grand Ballroom of the Four Seasons Hotel, 199 George Street, Sydney on Wednesday 20 November commencing at 10:00am (AEDT). Registration will be available from 9:30am.

The AGM is the primary opportunity for the Board and Senior Executives to interact directly with securityholders and is an important part of our approach to governance. Our Group Chief Executive Officer Steve McCann and I will speak at the AGM, and provide an update to securityholders on the Group's performance during the year. You should also refer to the Lendlease 2019 Annual Report, which was prepared with reference to the International Integrated Reporting (IR) Framework that encourages businesses to consider what creates value for them and how this value contributes to long-term sustainable returns for securityholders.

The Notice of Meetings contains details of the items of business, as well as voting procedures and explanatory notes. At the AGM, you will be able to vote on:

- the re-election of directors David Craig and Nicola Wakefield Evans who are retiring by rotation in accordance with the Company's Constitution and are offering themselves for re-election;
- the adoption of the Remuneration Report as set out in pages 92 to 122 of the 2019 Annual Report; and
- the allocation of Performance Rights to Steve McCann, Managing Director and Chief Executive Officer.

The Board considers that all resolutions are in the best interests of securityholders of Lendlease as a whole, and recommends that you vote in favour of all items.

Steve Dobbs, who was appointed to the Board in January 2015 will not stand for re-election at the AGM and will be retiring from the Board at the conclusion of the meeting. Steve has been an outstanding director and on behalf of securityholders, I thank Steve for his substantial contribution during his tenure on the Lendlease Board.

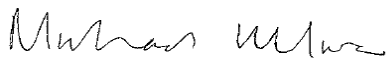
The Lendlease Board continually reviews its composition and mix of skills, experience and capabilities. We are well progressed in a search for a Non-Executive Director with experience in our core operating segments of Development, Construction and Investments and expect to announce soon the appointment of a new Non-Executive Director which will add further strength and diversity to the Board.

I encourage you to attend the meeting if you are able so that you can ask questions and vote on important matters affecting the Group. For those securityholders who are not able to attend the meeting in person, I encourage you to submit written questions in advance of the meeting. Questions should relate to the matters that are relevant to the business of the meeting and may be submitted on the form included with the Notice of Meetings, or on-line through [www.investorvote.com.au](http://www.investorvote.com.au). While time may not permit me to address all of the questions submitted, I will try to address the more frequently raised securityholder questions during the course of the meeting.

If you are not able to attend the meeting to vote in person, I encourage you to appoint a proxy before the meeting to attend and vote on your behalf. Details of how to submit the proxy form are included with the Notice of Meetings. You can also view the AGM over our live webcast at [www.lendlease.com](http://www.lendlease.com). An archive of the webcast will be available at the same web address after the meeting.

As always, securityholders are invited to join the Board and Senior Executives for light refreshments at the conclusion of the meeting and I look forward to meeting as many securityholders as possible on the day.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Michael Ullmer', written in a cursive style.

Michael Ullmer, AO  
**Chairman**  
Lendlease Group



Lendlease Corporation Limited ABN 32 000 226 228  
and Lendlease Trust ARSN 128 052 595

LLC

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form

**For your vote to be effective it must be received by 10:00am (AEDT) on Monday 18 November 2019**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

**Appointing a proxy:** If you wish to appoint the Chairman of the Meetings as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meetings please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the Meetings, the Chairman of the Meetings will be your proxy. If your named proxy attends the Meetings but does not vote on a poll on an item of business in accordance with your voting directions, the Chairman of the Meetings will become your proxy in respect of that item.

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the Meetings and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of Lendlease Group.

**Voting restrictions applying to key management personnel:** If you appoint a member of the key management personnel of Lendlease Corporation Limited (which includes each of the Directors) (KMP) or one of their closely related parties as your proxy, the KMP will not be able to cast your votes on items 3 and 4 unless you direct them how to vote or the Chairman of the Meetings is your proxy.

### Lodge your vote:

Online: [www.investorvote.com.au](http://www.investorvote.com.au)



#### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne Victoria 3001 Australia



#### By Fax

1800 783 447 (within Australia)  
+61 3 9473 2555 (outside Australia)



For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### For all enquiries call:

1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



If you appoint the Chairman of the Meetings as your proxy or the Chairman of the Meetings is appointed as your proxy by default, and you do not mark a voting box for items 3 and 4 then by completing and submitting this form you will be expressly authorising the Chairman of the Meetings to exercise the proxy in respect of the relevant item even though the item is connected with the remuneration of the KMP. The Chairman of the Meetings intends to vote all available proxies in favour of each item of business.

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If this form is signed under Power of Attorney and you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable. Your securities will be voted in accordance with your directions.

### Attending the Meetings

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the Meetings, you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**GO ONLINE TO LODGE YOUR FORM,**  
or turn over to complete the form



MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



**Change of address.**

If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

## Proxy Form

Please mark ☒ to indicate your directions

### STEP 1

#### Appoint a Proxy to Vote on Your Behalf

I/we being a member/s of Lendlease Group hereby appoint

☐

**The Chairman of the Meetings** OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meetings. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meetings, as my/our proxy to act generally at the Meetings on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Lendlease Corporation Limited (the **Company**) and General Meeting of Lendlease Trust (**Meetings**) to be held in the Grand Ballroom, Four Seasons Hotel, 199 George Street, Sydney NSW on Wednesday 20 November 2019 at 10:00am (AEDT) and at any adjournment or postponement of the Meetings.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meetings as my/our proxy (or the Chairman of the Meetings becomes my/our proxy by default), by completing and submitting this form, I/we expressly authorise the Chairman of the Meetings to exercise my/our proxy on items 3 and 4 (except where I/we have indicated a different voting intention below) even though the relevant item is connected directly or indirectly with the remuneration of the key management personnel, which includes the Chairman of the Meetings.

**Important Note:** If the Chairman of the Meetings is (or becomes) your proxy you can direct the Chairman of the Meetings to vote for or against or to abstain from voting on an item by marking the appropriate box in step 2 below.

### STEP 2

#### Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority.

##### ORDINARY BUSINESS

	FOR	AGAINST	ABSTAIN
2 a) Re-election of David Craig as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 b) Re-election of Nicola Wakefield Evans as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of Allocation of Performance Rights to Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meetings intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meetings may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### SIGN

#### Signature of Securityholder(s) This section must be completed.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Contact \_\_\_\_\_

Securityholder 2

Director

Daytime

Telephone \_\_\_\_\_

Securityholder 3

Director/Company Secretary

Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_

