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# Initiatives to Strengthen Balance Sheet and Support Future Growth

28 April 2020

**lendlease**

# Important notice and disclaimer

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This Presentation has been prepared in relation to:

- a placement of new fully paid ordinary securities in Lendlease (**New Securities**) to institutional investors and certain existing institutional securityholders (**Placement**) under sections 708A and 1012DA of the Corporations Act 2001 (Cth) (**Corporations Act**), as modified by ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73; and
- an offer of New Securities to eligible Lendlease securityholders in Australia and New Zealand under a security purchase plan in accordance with ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (**SPP**) (the Placement and SPP together, the **Offer**).

## Summary Information

This Presentation is for information purposes only and is a summary only. It should be read in conjunction with Lendlease's other periodic and continuous disclosure information lodged with the Australian Securities Exchange (**ASX**), which are available at [www.asx.com.au](http://www.asx.com.au). The content of this Presentation is provided as at the date of this Presentation (unless otherwise stated). Reliance should not be placed on information or opinions contained in this Presentation and, subject only to any legal obligation to do so, Lendlease does not have any obligation to correct or update the content of this Presentation.

Certain market and industry data used in this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither Lendlease nor its representatives or its advisers have independently verified any such market or industry data provided by third parties or industry or general publications.

## Not financial product advice or offer

This Presentation does not and does not purport to contain all information necessary to make an investment decision, is not intended as investment or financial advice (nor tax, accounting or legal advice), must not be relied upon as such and does not and will not form any part of any contract or commitment for the acquisition of New Securities. Any decision to buy or sell securities or other products should be made only after seeking appropriate financial advice. This Presentation is of a general nature and does not take into consideration the investment objectives, financial situation or particular needs of any particular investor.

Any investment decision should be made solely on the basis of your own enquiries. Before making an investment in Lendlease, you should consider whether such an investment is appropriate to your particular investment objectives, financial situation or needs. Lendlease is not licensed to provide financial product advice in respect of its securities.

This Presentation is for information purposes only and is not a prospectus, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with the Australian Securities and Investment Commission (**ASIC**) or any other foreign regulator). This Presentation is not, and does not constitute, an invitation or offer of securities for subscription, purchase or sale in any jurisdiction.

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## Investment Risk

An investment in Lendlease is subject to known and unknown risks, some of which are beyond the control of Lendlease and its directors. Lendlease does not guarantee any particular rate of return or the performance of Lendlease nor does it guarantee any particular tax treatment. You should have regard to the risk factors outlined in Appendix A of this Presentation when making your investment decision. Cooling off rights do not apply to the acquisition of New Securities.

# Important notice and disclaimer

## Financial Information

All financial information in this Presentation is in Australian dollars (A\$ or AUD) unless otherwise stated. This Presentation includes certain pro forma financial information. The pro forma historical financial information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of Lendlease's views on its, nor anyone else's, future financial position and/or performance. The pro forma historical financial information has been prepared by Lendlease in accordance with the measurement and recognition requirements, but not disclosure requirements, prescribed by the Australian Accounting Standards (AAS). In addition, the pro forma financial information in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

Investors should also be aware that certain financial measures included in this Presentation are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' and 'non-GAAP financial measures' within the meaning of Regulation G of the U.S. Securities Exchange Act 1934, as amended, and are not recognised under AAS and Internal Financial Reporting Standards (IFRS). Such non-IFRS financial information/non-GAAP financial measures do not have a standardized meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Although Lendlease believes these non-IFRS measures provide useful information to investors in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS information/non-GAAP financial measures included in this Presentation. Financial information that is not included in Lendlease Group's statutory results has not been subject to audit. Certain figures, amounts, percentages, estimates, calculations of value and fractions provided in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

A reference to HY20 refers to the half year period ended 31 December 2019 unless otherwise stated.

## Past Performance

Past performance, including past price performance of Lendlease securities and pro forma financial information given in this Presentation, is given for illustrative purposes only and should not be relied upon as (and is not) an indication of Lendlease's views on its future financial performance or condition. Past performance of Lendlease cannot be relied upon as an indicator of (and provides no guidance as to) the future performance of Lendlease. Nothing contained in this Presentation nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or future.

## Future Performance and forward-looking statements

This Presentation contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of Lendlease, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

Investors are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of Lendlease's business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements and except as required by law or regulation, none of Lendlease, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this Presentation. The forward-looking statements are based on information available to Lendlease as at the date of this Presentation. Except as required by law or regulation (including the ASX Listing Rules), none of Lendlease, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

# Important notice and disclaimer

## Disclaimer

The Joint Lead Managers and their affiliates are full service financial institutions engaged in various activities, which may include trading, financing, corporate advisory, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Joint Lead Managers and their affiliates have provided, and may in the future provide, financial advisory, financing services and other services to Lendlease and to persons and entities with relationships with Lendlease, for which they received or will receive customary fees and expenses. In the ordinary course of its various business activities, the Joint Lead Managers and their affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of Lendlease, and/or persons and entities with relationships with Lendlease. The Joint Lead Managers and their affiliates may also communicate independent investment recommendations, market colour or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. One or more entities within one or more Joint Lead Managers' respective groups may act as a lender or counterparty to Lendlease or its affiliates and may now or in the future provide financial accommodation or services to Lendlease or its affiliates.

In connection with the Placement, one or more investors may elect to acquire an economic interest in the New Securities (**Economic Interest**), instead of subscribing for or acquiring the legal or beneficial interest in those securities. The Joint Lead Managers (or their respective affiliates) may, for their own respective accounts, write derivative transactions with those investors relating to the New Securities to provide the Economic Interest, or otherwise acquire securities in Lendlease in connection with the writing of those derivative transactions in the Placement and/or the secondary market. As a result of those transactions, the Joint Lead Managers (or their respective affiliates) may be allocated, subscribe for or acquire New Securities or securities of Lendlease in the Placement and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in those securities. These transactions may, together with other securities in Lendlease acquired by the Joint Lead Managers or their affiliates in connection with its ordinary course sales and trading, principal investing and other activities, result in the Joint Lead Managers or their affiliates disclosing a substantial holding and earning fee.

The Joint Lead Managers (and/or their respective affiliates) may also receive and retain other fees, profits and financial benefits in each of the above capacities and in connection with the above activities, including in their capacity as a Joint Lead Manager to the Offer.

A summary of the key terms of the underwriting agreement between Lendlease and the Joint Lead Managers is provided in Appendix B.

To the maximum extent permitted by law, Lendlease and the Joint Lead Managers and their respective related bodies corporate and affiliates, and their respective directors, officers, partners, employees, agents and advisers: (i) disclaim all liability and responsibility (including, without limitation, any liability arising from fault, negligence or negligent misstatement) for any direct or indirect expenses, costs, loss or damage arising from this Presentation or through use or reliance on anything contained in or omitted from it or otherwise arising in connection with this Presentation; (ii) disclaim any obligations or undertaking to release any updates or revision to the information in this Presentation to reflect any change in expectations or assumptions; and (iii) disclaim all liabilities in respect of, and do not make any representation or warranty, express or implied, as to the currency, accuracy, adequacy, reliability or completeness of any statements, estimate, opinions or other information in this Presentation or that this Presentation contains all material information about Lendlease or that a prospective investor or purchaser may require in evaluating a possible investment in Lendlease or acquisition of securities in Lendlease, or likelihood of fulfillment of any forward-looking statement or any events or results expressed or implied in any forward-looking statement; and (iv) disclaim any fiduciary relationship between them and the recipients of this Presentation or the participants in the Placement. No recommendation is made as to whether any person should participate in the Placement.

You acknowledge and agree that determination of eligibility of investments for the purposes of the Placement and SPP is determined by reference to a number of matters, including legal requirements and the discretion of Lendlease and the Joint Lead Managers and each of Lendlease and the Joint Lead Managers disclaim any duty or liability (including for negligence) in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

# Important notice and disclaimer

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You acknowledge and agree that Lendlease is required by the terms of the ASX Class Waiver Decision – Temporary Extra Placement Capacity dated 22 April 2020 to announce to the market reasonable details of the approach it took in identifying investors to participate in the Placement and how it determined their respective allocations in the Placement, and Lendlease must within 5 business days of completing the Placement supply to ASIC and ASX (but not for public release) an allocation spread sheet showing full details of the persons to whom the Placement was allocated, including the name, existing holding, number of New Securities they applied for or were offered in the Placement and the number of New Securities they were allocated in the Placement (including any zero allocations) and this will necessitate disclosing your application and allocation.

You acknowledge and agree that your existing holding will be estimated by reference to Lendlease's beneficial register on 17 March 2020 which shows historical holdings as at that date and is not up to date. There will be no verification or reconciliation of the holdings as shown in the historical beneficial register and accordingly this may not truly reflect your actual holding. Lendlease and the Joint Lead Managers do not have any obligation to reconcile assumed holdings (eg for recent trading or swap positions) when determining allocations nor do they have any obligation to allocate pro rata on the basis of existing securityholdings. If you do not reside in a permitted offer jurisdiction you will not be able to participate in the Placement. Lendlease and the Joint Lead Managers disclaim any duty or liability (including for negligence) in respect of the determination of your allocation using your assumed holdings.

You further acknowledge and agree that allocations are at the sole discretion of the Joint Lead Managers and/ or Lendlease. The Joint Lead Managers and Lendlease disclaim any duty or liability (including for negligence) in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law. Furthermore, the Joint Lead Managers and Lendlease reserve the right to change the timetable in their absolute discretion including by closing the Placement bookbuild early or extending the Placement bookbuild closing time (generally or for particular investor(s)) in their absolute discretion (but have no obligation to do so), without recourse to them or notice to you. Furthermore, communications that a transaction is "covered" (i.e. aggregate demand indications exceed the amount of the security offered) are not an assurance that the transaction will be fully distributed.

# Equity Raising to Strengthen Balance Sheet and Support Future Growth

## Prudent capital management

- Lendlease Group (Group) is undertaking an equity raising as a prudent measure to strengthen its balance sheet given current market uncertainties
- This will enable the Group to be well positioned to continue with the delivery of its development pipeline and to take advantage of investment and development opportunities as markets stabilise
- \$950m fully underwritten institutional placement (Placement) at a fixed price of \$9.80 per security
- Lendlease will also undertake a non-underwritten Security Purchase Plan (SPP) to eligible securityholders in Australia and New Zealand of up to \$200m<sup>1</sup>
- Lendlease Board will determine at a later date whether a final dividend for FY20 will be paid from Lendlease Corporation Limited, based on the circumstances at the time. Subject to availability, a final distribution will be paid from the Lendlease Trust

## Defensive balance sheet

- Strong balance sheet and debt position
  - \$3.95b of cash and committed undrawn bank facilities available following completion of the Placement (as at 24 April 2020). This includes ~\$900m of additional facilities with terms ranging from 12 months to 24 months which are credit approved but subject to formal documentation
  - No material existing debt facilities expire until FY22
- Gearing<sup>2</sup> is anticipated to be between 10 – 15% at 30 June 2020
- Committed to maintaining an investment grade credit rating and the capacity to respond to market volatility

## Attractive long term strategy

- Core strategy of deploying the integrated business model in targeted gateway cities
- Greater than 90% of the c.\$100 billion urbanisation pipeline and approximately 95% of the c.48,500 land lot pipeline has been secured on capital efficient terms
- Delivery of the Group's \$112b development pipeline to continue including through capital partnerships
- Continue to increase the Group's exposure to investments and funds under management
- Capital structure post raising expected to provide flexibility in current environment

(1) Lendlease may decide to accept applications (in whole or in part) that result in the SPP raising more or less than this amount, in its absolute discretion. Should any scale back be necessary, any scale back arrangements will be made on a pro rata basis to existing securityholdings. (2) Net debt to total tangible assets, less cash

# Attractive Investment Proposition

## Integrated model delivers long-term securityholder value

- Continued focus on leveraging the Group's competitive advantage across its urbanisation and investment platforms
- Disciplined approach to origination and managing individual project and property cycle risk
- Strong balance sheet and capital position further enhanced by capital management initiatives

## Development

- \$112b pipeline provides long term earnings visibility
- 21 major urbanisation projects across nine global gateway cities
- >\$50b of Investment grade assets anticipated from the pipeline

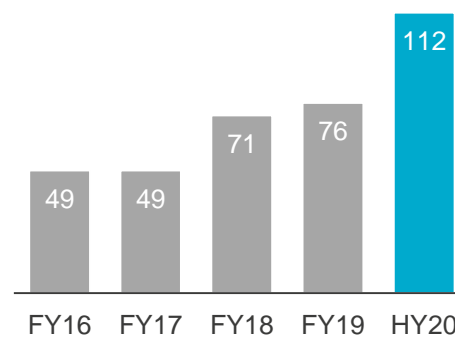
## Construction

- Construction backlog revenue of \$14bn remains diversified by client, sector and geography
- Design management and delivery capability for integrated model

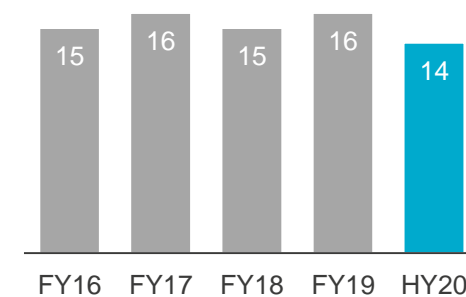
## Investments

- \$37b of funds under management underpinned by high quality, long-term capital partner relationships
- \$30b of assets under management
- \$4b of investments including co-investments and Retirement Living business

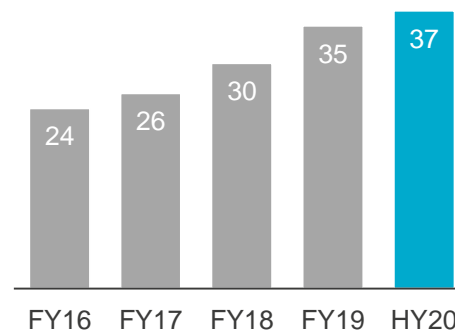
## Development Pipeline (\$bn)



## Construction backlog revenue (\$bn)



## Funds under management (\$bn)



## Investments (\$bn)





# COVID-19 Update

## Health and Safety

- Lendlease's ongoing priority is the health and safety of our people and all who interact with the organisation, its projects and places globally
- The Group has progressively introduced measures across its global operations to assist in minimising the spread of the virus as well as to mitigate its impact on business operations

## Operational Update

- The majority of the Group's projects have continued operating using revised methodologies to seek to comply with social distancing and safety standards
- Site shutdowns have been mandated by governments, public authorities or clients in some offshore regions
- Sites in some of these locations are now progressing towards restart
- The Group has been successful in progressing some of the nearer term conversion opportunities across urbanisation projects since HY20 results
- Sales activity across apartments for sale projects and communities projects has been subdued and near term settlements may be delayed
- The Group has taken various actions to enhance its financial flexibility, including:
  - Deferral and/or reduction of non-essential capital expenditure and project expenditure
  - Overhead and employee cost reduction initiatives across the business reflecting the changing environment including a temporary 20% reduction in fixed remuneration of senior executives, some of which will be used to seed an employee hardship and wellbeing fund. Non Executive Directors have also agreed to a temporary reduction of their base fees of up to 20% which will also be used to seed the employee hardship and wellbeing fund

## Full Year FY20 Profit (core business)

- Core profit for FY20 is dependent on the conclusion of some material transactions in the Development segment which may be delayed
- Reduced productivity in the Construction segment is expected to have a short term impact on core profit
- The impact of any revaluations on the Investments segment is currently uncertain
- The forward looking statements included in the HY20 results announcement are withdrawn



# Core Business Update

## Development

- Recent progress with our urbanisation projects include:
  - Conditional framework agreement to form a 50/50 investment partnership to develop the \$4 billion Milano Santa Giulia project over 15 years including the Group selling the first two office buildings to the investment partnership
  - An additional residential for rent building at London's Elephant Park anticipated to enter delivery in H2 FY20
  - One Sydney Harbour presales currently total \$1.5 billion representing over 75% of the first tower, and PLLACes<sup>1</sup> and capital partnership options continue to progress well
  - Tower One at TRX Residences, Kuala Lumpur presales currently exceed 50%

## Construction

- All Australian construction projects are operational and projects in China have been reactivated
- Sites in the UK are currently implementing a phased reopening across a number of projects following a safety pause
- Site shutdowns have been mandated by governments, public authorities or clients in Singapore, Kuala Lumpur, Milan, New York and Boston. Sites in some of these locations are now progressing towards restart
- Extensions of time on projects that have been mandated to pause by governments or clients should mitigate financial risk

## Investments

- The funds under management platform has been boosted by recently securing a \$1.6 billion mandate comprising a diversified portfolio of Australian office, retail and industrial assets
- The impact of asset revaluations on co-investments and funds under management is too early to determine
- The funds management platform has limited exposure to performance fees

(1) Pre-sold Lendlease Apartment Cash Flows.

# Non-Core Business Update

## Sale of Engineering business

- Sale of the Engineering business to Acciona for \$180m continuing
  - FIRB approval obtained
  - Work on satisfying other conditions is continuing
  - Too early to determine whether these conditions will be satisfied within the time periods required in the sale agreement, or in time for completion in H2 FY20
- Lendlease remains committed to exiting the Engineering business

## Retained Engineering projects

- Melbourne Metro project expected to be retained by Lendlease. The project consortium is continuing to work with Government on a confidential basis to resolve issues in relation to the scope and costs on the project
- NorthConnex and Kingsford Smith Drive are both over 95% complete as of 31 March 2020

## Sale of Services business

- Given current market uncertainties the sale process has been paused

## Exit Cost Estimate Update

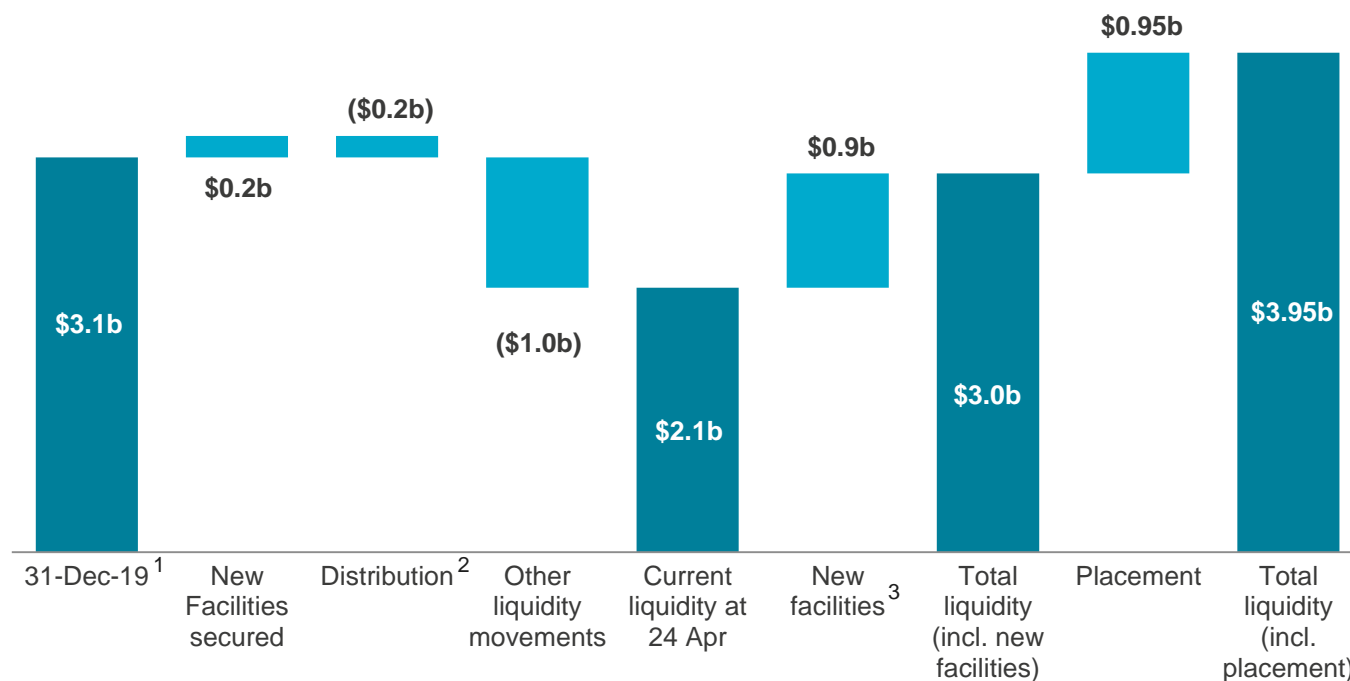
- The Group considers the estimate to exit the non-core business in the range of \$450m – \$550m (pre-tax) remains appropriate
- Included in this cost estimate are implementation and selling costs, indemnities included in any sale agreement and potential costs to cover concluding projects retained by the Group
- Lendlease considers this cost estimate, together with the existing provisions remains appropriate to cover concluding the retained projects and to exit the non-core business, subject to any unknown impacts of COVID-19

# Pro Forma Liquidity

## Commentary

- Total liquidity of \$3.1b<sup>1</sup> at 31 December 2019, representing cash and undrawn debt facilities
- Payment of 1H20 distributions of \$0.2b in March 2020<sup>2</sup>
- Since 31 December 2019, the Group has invested a net \$1.0b across its operations in the ordinary course
- Lendlease has arranged additional facilities totaling ~\$900m which are credit approved but are subject to formal documentation with a term ranging from 12 months to 24 months to enable the Group to manage through a potential sustained downturn
- Existing \$225m MTNs expire in May-20 and will be repaid from existing cash or debt facilities. No other major expiries across remaining existing facilities until FY22

## Pro forma liquidity (as at 24 April 2020)



(1) Includes \$701m of cash and cash equivalents within the non-core business segments which have been classified as disposal group assets held for sale as at 31 December 2019.

(2) Distribution paid 17 March 2020

(3) Credit approved but subject to formal documentation

# Details of the Offer

## Structure

- Underwritten institutional Placement to raise \$950m
  - Approximately 96.9m new securities to be issued (approximately 17.2% of existing securities on issue)
- Non-underwritten SPP to raise up to \$200m<sup>1</sup>

## Use of proceeds

- Further strengthen the balance sheet given the current market uncertainties
- Support the delivery of the Group's \$112b development pipeline
- Provide additional flexibility and capacity to continue delivery of the development pipeline and pursue further investment opportunities

## Placement Issue price

- Issue price under the Placement of \$9.80 per security represents a:
  - 8.2% discount to the last closing price of \$10.68 on 27 April 2020
  - 8.8% discount to the 5-day VWAP of \$10.75 ending on 27 April 2020

## Ranking/ Allocation

- Securities issued under the Placement and SPP will rank equally with existing securities on issue
- Eligible securityholders who bid for up to their 'pro-rata' share of new securities under the Placement will be allocated their full bid, on a best efforts basis

## Underwriting

- The Placement is fully underwritten
- The SPP is not underwritten

## SPP Issue price

- Eligible securityholders in Australia and New Zealand will be invited to subscribe for up to \$30,000 each in additional securities, free of any brokerage or transaction costs
- The SPP will be offered at the lower of the placement price, a 2% discount to the 5 day VWAP prior to the closing date of the SPP, or a 2% discount to the last close price at the closing date of the SPP
- The SPP to raise up to \$200m<sup>1</sup>

(1) Lendlease may decide to accept applications (in whole or in part) that result in the SPP raising more or less than this amount, in its absolute discretion. Should any scale back be necessary, any scale back arrangements will be made on a pro rata basis to existing security holdings.

# Offer Timetable

Event	Date <sup>1</sup>
Record date for SPP	7:00pm, Monday, 27 April 2020
Trading halt and announcement of Placement and SPP	Tuesday, 28 April 2020
Placement bookbuild	Tuesday, 28 April 2020
Announcement of outcome of Placement	Wednesday, 29 April 2020
Trading halt lifted – trading of securities resumes on the ASX	Wednesday, 29 April 2020
Settlement of securities under the Placement	Friday, 1 May 2020
Allotment and normal trading of securities issued under the Placement	Monday, 4 May 2020
SPP offer opens and booklet dispatched	Tuesday, 5 May 2020
SPP offer closes	5:00pm, Tuesday, 26 May 2020
Announcement of results of SPP	Friday, 29 May 2020
SPP issue and allotment date	Thursday, 4 June 2020
Normal trading of securities under the SPP	Friday, 5 June 2020
Despatch of holding statements	Monday, 8 June 2020

(1) All dates are indicative only and subject to change. Unless otherwise specified, all times and dates refer to AEST.



## Appendix A Key Risks

# Key Risks

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This section discusses some of the key risks associated with any investment in Lendlease, which may affect the value of Lendlease securities. The risks set out below are not listed in order of importance and do not constitute an exhaustive list of all risks involved with an investment in Lendlease. Before investing in Lendlease, you should be aware that an investment in Lendlease has a number of risks, some of which are specific to Lendlease and some of which relate to listed securities generally, and many of which are beyond the control of Lendlease.

Before investing in new Lendlease securities, you should consider whether this investment is suitable for you. Potential investors should consider publicly available information on Lendlease (such as that available on the websites of Lendlease and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

## **Risks specific to Lendlease and its business**

### **Impact of COVID-19 and general economic conditions**

The performance of Lendlease depends heavily on property and infrastructure development activity, construction activity and the demand for property investment management services across Australia, Europe, the Americas and Asia (the markets in which it operates). These sectors are highly cyclical and greatly influenced by changes in prevailing economic conditions. Market and economic disruptions may affect government, consumer and business spending, consumer and investment confidence levels, interest rates and other relevant factors in the economies in which Lendlease operates.

In light of recent global macroeconomic events, including the impact of COVID-19, it is likely that some of the countries in which Lendlease operates will experience an economic recession or downturn of uncertain severity and duration which could cause a material contraction in the property, development and construction sectors. These economic disruptions could have a material adverse impact on Lendlease's operating and financial position and performance, as well as affect the price of Lendlease's securities. The events relating to COVID-19 have recently resulted in significant market falls and volatility including in the prices of securities trading on ASX and on other foreign securities exchanges. Many of the risks highlighted in further detail below are likely to be heightened due to the impacts of the COVID-19 pandemic. There is continued uncertainty as to the further impact of COVID-19 including in relation to governmental action, potential taxation changes, work stoppages, lockdown, quarantines, travel restrictions and the impact on the global economy and share markets. Among the potential effects of these actions on Lendlease are the shutdown of Lendlease construction sites, renegotiation or claims in relation to existing projects or contractual arrangements, interruption to supply chains, solvency of counterparties, short to medium-term impact on development projects, longer-term impact on the development pipeline, impact in rental revenue in relation to Lendlease's property investments, impact on valuation of assets, and employee liabilities.

### **Access to funding**

Property and infrastructure development and investment is capital intensive and dependent on access to funding. In addition, development and construction activity is dependent on access to financial accommodation in the form of performance bonds and similar forms of credit support, provided by banks and other financial institutions, which Lendlease is required to provide to contractual counterparties. Adverse changes in global equity or credit market conditions (including as a result of the uncertainty and downturn in economic conditions arising from the COVID-19 pandemic), a negative change in Lendlease's credit ratings, or any of Lendlease's credit ratings being suspended or withdrawn could adversely affect Lendlease's capacity to undertake new projects or raise new investment funds, increase Lendlease's cost of funding, constrain access to funding or impair Lendlease's ability to refinance its expiring borrowings on acceptable terms or at all. In these circumstances, Lendlease's financial position or performance may be adversely affected.



# Key Risks

## Debt covenants

Lendlease has various covenants in relation to its debt facilities, including interest cover, gearing and negative pledge covenants. While there is currently adequate head-room to Lendlease financial covenants, factors such as falls in asset values and the inability to achieve timely asset sales, including because of delays in completing transactions as a result of the COVID-19 pandemic, could lead to a breach of such covenants. In such an event, Lendlease's lenders may require their loans to be repaid immediately. Lendlease's debt facilities contain a number of undertakings, representations and warranties that if breached may result in debt becoming immediately due for payment.

## Property market risks

Lendlease's businesses are dependent on prevailing property and infrastructure market conditions in the countries and sectors where it operates. As a result, Lendlease's future financial position or performance could be affected by:

- increases in the supply of or reductions in the demand for property or infrastructure assets which impact the value of such assets or the returns generated from the development, management, construction of or investment in such assets;
- changes in market conditions or sentiment that adversely affect the capitalisation rates considered appropriate by professional valuers for the income-producing properties held by Lendlease;
- changes in market conditions that result in Lendlease being unable to sell its interests in property or infrastructure assets or investments at prices reflecting their fair value in a timely manner or at all;
- buoyant market conditions that result in increases in the cost of or constrain Lendlease's ability to secure land or development sites at acceptable prices, if at all, or that increase the cost of or reduce access to labour and other materials; and
- changes in or the imposition of fees, taxes, duties or other charges applicable to property or infrastructure development, management or investment activities or in the sale of interests in property or infrastructure assets or investment.

## Development activity risk

Lendlease is involved in a number of large developments and is subject to risks associated with development and redevelopment activities including general decline in property values, income derived from redeveloped properties being lower than expected, funding and implementation of developments being different to that anticipated, delays in project timetables, fluctuations in land values, industrial disputes, cost overruns, changes in planning consents or policies, changes in government policy, changes in government infrastructure, land resumptions, presence of threatened flora or fauna, the activities of community action groups, native title claims, increases in funding costs, construction not being completed on budget or on schedule, environmental issues, and failure to obtain or delays in obtaining required planning registrations, approvals, permits or licences. As is often the case with development projects, a number of Lendlease's development sites are subject to rezoning requirements, carrying the risk of delays in obtaining, or an inability to obtain, required zoning approvals. These risks may adversely affect the value of these projects. Property and infrastructure development involves an assumption of risk by Lendlease as to the ultimate value of the development asset. Lendlease's practice is to seek to mitigate that risk through the sale of some or all of its interest in a development to third party investors or by securing anchor tenants to support commercial developments and pre-sales to support residential developments. If Lendlease is unable to procure investors, anchor tenants or pre-sales for its developments on acceptable terms or at all, including as a result of the uncertainty and downturn in economic conditions arising from the COVID-19 pandemic, it may be prevented from pursuing development opportunities, its financial position or performance may be adversely affected, or it may be forced to sell other assets or investments at prices which do not reflect their fair value.

# Key Risks

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## **Construction activity risk**

Lendlease is subject to risks associated with construction activities, including:

- the ability of third parties such as designers, joint venture partners and subcontractors to perform their work in accordance with their obligations;
- defective work and latent defects arising from incorrect design and poor subcontractor workmanship and related third party claims;
- liquidated damages from delays in delivery on projects;
- cost overruns on fixed price contracts as a consequence of inadequate design, change in pricing conditions, industrial disputes, unforeseen conditions including inclement weather, geotechnical and other latent conditions or under-performance of third parties; and
- professional liability claims arising from allegations of negligence.

The nature of construction means that at any one time there are claims where the outcome remains uncertain for many years and is dependent on the ability to recover from third parties and under insurance policies.

## **Large scale development projects**

Lendlease undertakes large scale development projects with long project timeframes of up to 15 to 20 years. These projects involve a significant investment of capital over time and human resources by Lendlease.

These large scale development projects present a number of risks. Principally, these are the same as the risks involved in other development and construction activity described above. However, the scale of such projects means that such risks, should they eventuate, have an increased potential to adversely affect the Group's financial position. In addition, given the scale of these projects, customer preferences, the timing of delivery and completion, including any delays in completion, can have an impact (either adversely or beneficially) on the Group's financial position at any given balance date.

## **Investment activity risk**

Lendlease invests in property directly and indirectly through various property funds. The value of, and returns generated from, property investment assets may be impacted by adverse changes in a number of factors, including the rental income generated from property, prevailing real estate market conditions, vacancy rates, change in retail tenancy laws, the financial condition of tenants (particularly anchor tenants), capitalisation rates, management and maintenance of the property, property market volatility and liquidity and broader market conditions.

Lendlease can have significant non-cash gains or losses depending on the change in fair market value of its investment property interests. If a substantial decrease occurs, Lendlease's financial position and performance, could be adversely affected. Lendlease holds management rights in respect of various funds.

Underperformance of those funds, reductions in property values, investors withdrawing their funds and any consequential winding up of funds can have an adverse impact on the performance and reputation of Lendlease's investment management business and may result in the removal of Lendlease as fund manager. As a consequence of COVID-19, investors may seek greater liquidity, which could lead to an increasing rate of withdrawal of funds or an eventual liquidation of the fund. This could result in a reduction in funds under management and a consequential reduction in fees earned by Lendlease and the other adverse impacts described above.

# Key Risks

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## **Acquisition and divestment risk**

Lendlease may pursue large scale acquisitions of new assets or businesses as opportunities arise that meet its investment criteria and if funding is available on acceptable terms. If such acquisitions are pursued Lendlease would be subject to the risks associated with integrating new businesses, including systems integration, policy and compliance alignment and general management reporting. No assurances can be given that such acquisitions will be integrated successfully into the Lendlease business without substantial delays, costs or other problems being experienced, or generate an expected rate of return. Lendlease may also pursue opportunities to divest existing assets or businesses. If such divestments are undertaken no assurances can be given that the price paid to Lendlease by a purchaser of such assets would be an accurate reflection of any future market value of such assets had Lendlease retained ownership of such assets. The COVID-19 pandemic may also cause material changes or delays in planned or potential divestment of assets or businesses by Lendlease, which may impact Lendlease's financial performance.

## **Competition**

Lendlease faces competition from other organisations in the countries and markets in which it operates as well as the threat of new competitors entering its markets. Competition may lead to an over-supply through over-development, or to prices for existing properties or services being impacted by competing bids. Competition may have an adverse impact on Lendlease's ability to secure tenants for its properties at satisfactory rental rates and on a timely basis or the pricing of construction projects or development opportunities, which in turn may impact Lendlease's financial performance and returns to investors.

## **Reliance on key contracts/clients**

Parts of Lendlease's operations rely on government and government agency contracts which may be affected by changes to relevant government policy or trading practice. There is also a risk that existing contracts are not completed or otherwise terminate. Depending on the extent to which these matters occur, Lendlease's financial performance may be adversely affected.

## **Defined benefit pension schemes**

Lendlease makes contributions to defined benefit pension schemes related to its business in the United Kingdom as disclosed in Lendlease's financial statements. A deterioration in equity and financial markets, including as a result of the COVID-19 pandemic, may have an adverse impact on the value of the assets held by the pension schemes. Actuarial assumptions may also change. If this occurs, Lendlease may need to reassess its level of contributions to its pension schemes so as to support the capacity of the schemes to meet their future liabilities, which may have an adverse impact on the financial performance of Lendlease.

## **Employees**

The loss of key management personnel who have particular expertise or the inability to attract new qualified personnel may influence future performance. Lendlease is also exposed to the risk that industrial disputes may arise which might disrupt some of Lendlease's businesses and lead to increased project costs and delays to projects under construction. There may be adverse impacts from changed working arrangements arising out of COVID-19.

# Key Risks

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## Conflicts of interest with joint venture partners

Lendlease currently undertakes joint ventures on development and construction projects and asset ownership. At times, major decisions are required to be made in respect of these development and construction joint venture arrangements (for example, redevelopment and refurbishment, financing, the sale of assets or surplus land, design and construction, the purchase of additional land and bid pricing, the pursuit of claims). Lendlease's interests may not always be the same as those joint venture partners in relation to these matters and conflicts can have adverse time and cost implications.

Some of these agreements contain buy/sell provisions which may be triggered by a joint venture party and may require Lendlease to determine whether to retain or sell its interest in the joint venture. In addition, pre-emptive provisions or first rights of refusal may apply to sales or transfers of interests in co-owned assets and businesses. These provisions may work to the disadvantage of Lendlease because, among other things, Lendlease might be required to make decisions about buying or selling interests in these assets and businesses at a time that is disadvantageous to it. While the majority of Lendlease's joint venture partners are large corporates or institutional investors, there is also the risk that they may default on their obligations or otherwise act in a manner which adversely affects Lendlease.

## Environment

Lendlease may, from time to time, be exposed to a range of environmental risks including: soil and water contamination (including per- and polyfluoroalkyl substances); construction (lead paint, asbestos, polychlorinated biphenyl); cultural heritage (aboriginal); flora and fauna (native vegetation, endangered species). In addition, there is a risk that property owned or projects undertaken by Lendlease from time to time may be contaminated by materials harmful to human health (such as asbestos and other hazardous materials). In these situations, Lendlease may be required to undertake remedial works on contaminated sites and may be exposed to third party compensation claims and other environmental liabilities. There is a risk of the discovery of, or incorrect assessment of costs associated with, environmental contamination on any of Lendlease's projects, assets or sites.

## Climate change and climatic conditions

Lendlease's failure to adequately respond to the impact of climate change and associated legislative requirements could result in litigation (if reporting requirements are not met), reduced profit due to the impact of increased costs associated with energy efficiency and other costs associated with upgrading existing buildings to comply with new building standards or contractual obligations. Lendlease may also be adversely impacted by a loss of market share if building designs do not address stakeholder expectations or match competitor products on sustainability issues. Prolonged adverse weather conditions, may result in delays in construction, development projects and investment assets giving rise to possible financial losses, liquidated damages claims and/or deferral of revenue or profit recognition. The physical impacts of climate change could adversely impact Lendlease's projects, developments or assets.

## Insurance

Lendlease purchases a suite of insurances that provide a degree of protection for its assets, liabilities and people. Such policies include coverage relating to material damage to assets, contract works, business interruption, general and professional liability and workers' compensation. There are, however, certain risks which are uninsurable (for example, nuclear, chemical or biological incidents) or risks where the deductibles may be higher, breadth of cover reduced and/or the limits lower (such as from cyclones and earthquakes). The ability to recover under insurance policies for the impacts of COVID-19 is uncertain. Additionally, Lendlease may face risks associated with the financial strength of its insurers to meet their indemnity obligations when called upon which may adversely affect earnings. While Lendlease maintains insurance coverage and its own captive insurer, it is involved in a number of claims where insurance coverage is yet to be determined, which may adversely affect Lendlease's assumed outcome position.

# Key Risks

## Accounting and provisions

In accordance with applicable accounting standards, Lendlease is required to make judgements and estimates that affect amounts reported in its consolidated financial statements or otherwise announced to the market. In determining and applying accounting policies, judgement is often required in respect of items where the choice of a specific policy, accounting estimate or assumption to be followed could have a material impact, including in relation to provisions or estimates for expected losses. There is a risk that these judgements and estimates may be incorrect or that over time the valuations of the assets and liabilities develop differently to the judgements or estimates, which could adversely affect Lendlease's financial position.

## Regulation and taxation

Lendlease is subject to a range of industry specific and general legal and regulatory controls. These include environmental and planning laws, which apply to development and construction activity; workplace health and safety regulations, which affect the carrying out of Lendlease's business activities; employee relations regulations, which affect Lendlease's dealings with employees; financial services regulations, which affect Lendlease's investment management activity; and competition laws, which apply to Lendlease's general conduct of its business, including acquisitions and divestments.

If Lendlease fails to comply with necessary laws or regulations, it may be subject to stop work orders, fines, penalties and requirements to pay compensation for damages as well as reputational damage. Clean up and remediation orders may also be made under environmental legislation requiring Lendlease to remediate environmental damage to property it owns or controls. Such orders may impose significant cost, and may be made whether or not Lendlease was responsible for the pollution or other environmental damage it is required to rectify.

Further, changes in laws and regulations can adversely affect Lendlease's financial position and performance, by directly or indirectly reducing income or asset values, and increasing or imposing additional costs.

In addition, corruption and bribery have been the subject of increasing regulatory focus in recent years, particularly in Australia, the United Kingdom, the United States, and other jurisdictions in which Lendlease and the providers of debt and equity capital to Lendlease operate. Whilst Lendlease has policies which mandate compliance with anti-bribery laws, if it was found to be in violation of such laws, Lendlease could suffer from criminal or civil penalties, it may suffer reputational damage and the ability and willingness of investors to provide debt and equity capital to Lendlease could be adversely affected.

Changes in tax law (including in goods and services taxes and stamp duties), or changes in the way taxation laws are interpreted in the various jurisdictions in which Lendlease operates, may impact the future tax liabilities of Lendlease. The laws governing the taxation of income from construction, property development and investments are subject to interpretational risk. Lendlease's activities and its positions in relation to the application of taxation laws are regularly reviewed and audited by revenue authorities, both in Australia and abroad. Where Lendlease adopts an interpretation of taxation law which differs from the interpretation adopted by a revenue authority, and the authority's view is ultimately found to prevail, additional tax, interest and penalties may be imposed on Lendlease. These additional taxes, interest and penalties could have a material impact on Lendlease's financial position. Lendlease Trust is a managed investment trust and has elected into the attribution regime for managed investment trusts in Australia. Lendlease Trust is generally not liable for Australian income tax, including capital gains tax, provided Lendlease Trust attributes all of its taxable income to unitholders. Should the actions or activities of Lendlease cause Lendlease Trust to fall within the operative provisions of Division 6C of the Income Tax Assessment Act 1936 of the Commonwealth of Australia, Lendlease Trust may be taxed on its net income at a rate which is currently equivalent to the corporate income tax rate of 30%. Management of the Lendlease Trust seeks to ensure that Division 6C will not apply. As a managed investment trust, Lendlease Trust distributions made to non-resident securityholders are eligible for a concessional withholding tax rate. If Lendlease Trust no longer qualifies as a managed investment trust, the concessional withholding tax rate for non-resident securityholders would no longer apply.

# Key Risks

## Counterparty/credit risk

Counterparty risks may arise in circumstances where parties with which Lendlease has dealings experience financial difficulties or reputational issues with consequential adverse effects for the relevant projects or assets, which may impact on Lendlease's financial performance. For example:

- non-performance by counterparties may result in delays to projects and additional costs of securing replacement partners or products or amounts owed which may be unrecoverable;
- joint venture parties or other counterparties may have an issue in their business not connected to Lendlease which gives rise to a reputational impact which may have a consequential adverse effect on projects in which that entity and Lendlease are involved;
- purchasers may default on their purchase obligations resulting in the resale of those properties at a lesser amount; and
- insolvency or financial distress of its counterparties may have an adverse financial impact to Lendlease.

## Foreign currency

With operations across a number of countries, Lendlease is exposed to movement in exchange rates (such as GBP, SGD, USD). The impact of this may not be able to be predicted reliably. There is a risk that changes in exchange rates could impact on transactions settled in foreign currency. The financial information in Lendlease's financial statements is presented in Australian dollars and changes in exchange rates could affect the value of foreign currency financial commitments, assets or liabilities which could have an adverse impact on Lendlease's financial position and performance.

## Litigation and disputes

Lendlease's business is focused on property and infrastructure development, construction and investment management. The nature of such activities carries a heightened risk of disputes, and accordingly Lendlease is exposed to risk of legal proceedings, investigations and disputes in the ordinary course of its business. Lendlease is currently involved in a number of ongoing court proceedings, arbitration proceedings and disputes. These claims have arisen out of Lendlease's general business activities, and include a shareholder class action, claims arising from businesses it has sold to third parties, claims made under construction and development contracts and disputes with government agencies. Lendlease assesses the likely financial impact of each known claim and the extent to which that particular claim will be covered by insurance, and includes such provisions in the Group's consolidated financial statements as the board of Lendlease considers appropriate. However, due to uncertainties involved in assessing the outcome of these claims, there is a risk that these provisions may be inadequate. If this occurs, these claims may have an adverse effect on the financial position of Lendlease.

## Risk management and IT systems risk

Lendlease relies on internal risk management control systems to appropriately manage various risks to which its business is subject. Whilst there is segregation in hierarchy within the risk management systems and processes, there is a risk that these systems will prove ineffective due to human error, fraud or inadequate processes across its operations. Depending on the nature and scale of a failure to maintain or update and implement an appropriate risk management system, such failures could have a material adverse effect on Lendlease's operations and as a consequence the losses to Lendlease may be significant. Lendlease's operations are also dependent on the reliability and availability of its IT infrastructure networks. Lendlease's IT systems may be vulnerable to a variety of interruptions due to events that may be beyond its control, including, but not limited to, natural disasters, terrorist attacks, telecommunication failures, computer viruses, hackers and other security issues. Any disruptions in an IT network which Lendlease use or unexpected system or computer network interruptions could disrupt Lendlease's operations and consequently its overall profitability.



# Key Risks

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## **Cyber and information security risk**

Lendlease may be affected by threats and vulnerabilities in connection with its information systems, control systems or communications systems, or by any consequences of unauthorised access to or the use, disclosure, degradation, interruption, modification or destruction of its information or information systems, including the consequences of acts of terrorism. Lendlease has implemented a strategy for managing potential risks which is regularly reviewed to reflect changes to relevant legislation and security events such as breaches and online hacking attempts. It also takes all reasonable measures to guarantee secure usage of information and communications systems and other cyber-assets, bolstering detection, prevention, defence and response capacities to counter cyberattacks commensurate for a property and construction business such as Lendlease.

Despite the implementation of these prevention, detection and response capabilities, Lendlease may not be able to prevent a breach or disruption of the security of its information technology infrastructure platform or data warehouse. Any security breach or cyber-attack in Lendlease's information technology infrastructure platform, collection systems or data warehouse, or any temporary or permanent failure in these systems, could disrupt its operations or result in breaches of privacy and other regulations. Any of these developments could hinder or prevent Lendlease from using its information technology infrastructure platform, collection systems or data warehouse as part of the Group's business and could have a material adverse effect on its business, results of operations or financial condition and the performance by the Issuer of its obligations under the Offer. Any of these developments may also give rise to breach of regulations and associated financial penalties.

## **General investment risks**

### **There are risks associated with an investment in shares**

There are general risks associated with investments in equity capital such as Lendlease securities. The trading price of Lendlease securities may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the new securities being less or more than the issue price. Generally applicable factors that may affect the market price of shares include: general movements in Australian and international stock markets; investor sentiment; Australian and international economic conditions and outlooks; changes in interest rates and the rate of inflation; changes in government legislation and policies, in particular taxation laws and climate-related laws and regulations; announcement of new technologies; pandemics; epidemics; geo-political instability, including international hostilities and acts of terrorism; demand for and supply of Lendlease securities; announcements and results of competitors; and analyst reports.

No assurance can be given that the new securities will trade at or above the issue price or that there will be an active market in Lendlease securities. None of Lendlease, its directors nor any other person guarantees the performance of the new securities. The operational and financial performance and position of Lendlease and the price of Lendlease securities may be adversely affected by a worsening of general economic conditions in Australia, as well as international market conditions and related factors. It is also possible that new risks might emerge as a result of Australian or global markets experiencing extreme stress, or existing risks may manifest themselves in ways that are not currently foreseeable. The equity markets have in the past and may in the future be subject to significant volatility.

### **There may be changes in accounting standards**

Accounting standards may change. This may affect the reported earnings of Lendlease and its financial position from time to time. Lendlease has previously and will continue to assess and disclose, when known, the impact of adopting new accounting standards in its periodic financial reporting.



# Key Risks

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## **Distributions**

The payment of distributions in respect of Lendlease's securities is impacted by several factors, including Lendlease's profitability, retained earnings, availability to frank dividends, capital requirements and free cash flow. Any future distributions will be determined by Lendlease's board having regard to these factors, among others. There is no guarantee that any distributions will be paid by Lendlease, or if paid, paid at historical levels. From time to time, Lendlease's board may also cancel previously announced distributions.

## **Adverse changes to tax laws may occur**

Future changes in taxation laws in jurisdictions in which Lendlease operates, including changes in interpretation or application of the law by the courts or taxation authorities, may affect the taxation treatment of an investment in Lendlease securities or the holding and disposal of those securities. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Lendlease operates, may impact the tax liabilities of Lendlease. An investment in securities involves tax considerations that differ for each investor. Investors are encouraged to seek professional tax advice in connection with any investment in Lendlease.

## Appendix B Underwriting agreement summary

# Underwriting agreement summary

Lendlease has entered into an underwriting agreement with the Joint Lead Managers in respect of the Placement (**Placement Agreement**) and pursuant to which the Joint Lead Managers are acting as managers, bookrunners and underwriters of the Placement.

The Placement Agreement contains representations and warranties and indemnities in favour of the Joint Lead Managers. A Joint Lead Manager may terminate its obligations under the Placement Agreement on the occurrence of certain termination events including where:

- the conditions precedent in the Placement Agreement (including delivery by Lendlease to the Joint Lead Managers of the management questionnaire) are not satisfied or waived by the Joint Lead Managers by their applicable deadlines;
- at any time:
  - between the time at which the bookbuild opens (**Opening Time**) and up to 4 hours after the time at which the bookbuild closes (**Closing Time**), the S&P/ASX 200 Index falls to a level that is 10% or more below the level of that index as at the close of trading on the trading day before the date of the Placement Agreement; or
  - between 5.10pm on the date of the bookbuild (**Opening Date**) and up to 4 hours after the Closing Time, the ASX SPI 200 Index Futures falls to a level that is 10% or more below the level of that index as at 8.00am on the Opening Date;
- any event specified in the timetable is delayed for more than one business day without the prior written approval of the Joint Lead Managers;
- Lendlease fails to provide any certificate it is required to provide to the Joint Lead Managers under the Placement Agreement;
- Lendlease withdraws the Placement or the SPP, or indicates that it does not intend to or is unable to proceed with the Placement or the SPP;
- any of the following occurs: (i) there is an application to a government agency for an order, declaration or other remedy, or a government agency commences any investigation or hearing or announces its intention to do so, in each case in connection with the Placement (or any part of it) or any agreement entered into in respect of the Placement (or any part of it); or (ii) proceedings are commenced or there is a public announcement of an intention to commence proceedings before a court or tribunal of a competent jurisdiction in Australia seeking an injunction or other order in relation to the Placement or the SPP;
- Lendlease breaches, or defaults under, any provision, undertaking, covenant or ratio of its material financing agreements which has a material adverse effect on it, or a lender or financier fails to agree a waiver or amendment to one of those agreements in relation to any breach, default or review event and that failure to agree would, in the Joint Lead Manager's reasonable opinion, have a material adverse effect on Lendlease;
- Lendlease alters its capital structure or constitution without the prior consent of the Joint Lead Managers;
- ASX announces, or otherwise communicates, that (i) it will not grant official quotation of all the New Securities on the ASX on or before 9:30am on the Allotment Date, or if it states that it will grant official quotation by this time, ASX withdraws or qualifies this approval (other than by customary conditions); (ii) Lendlease will be removed from the official list of the ASX; (iii) or any fully paid stapled securities in Lendlease (**Securities**) will be suspended from quotation by ASX;
- any of the following occurs: (i) a director or officer of Lendlease Corporation Limited or Lendlease Responsible Entity Limited is charged with an indictable offence or disqualified from managing a corporation under the Corporations Act; (ii) any regulatory body commences any public action against any such person in their capacity as such in relation to any fraudulent conduct or activity whether or not in connection with the Placement or the SPP; or (iii) Lendlease engages in any fraudulent activity; or
- an insolvency event occurs in relation to Lendlease or any of its related bodies corporate.

# Underwriting agreement summary

In addition, the following termination events will depend on whether, in the bona fide opinion of the Joint Lead Managers, the event has, or is likely to have, a material adverse effect on the outcome or the success of the Placement, or the market price of the New Securities or where the event could give rise to a contravention by a Joint Lead Manager or its affiliates of, or a liability of a Joint Lead Manager or its affiliates under, applicable law:

- hostilities not presently existing commence (whether war has been declared or not) or an escalation of existing hostilities occurs involving Australia, the United Kingdom, the United States of America, Japan, Hong Kong, a member of the European Union or a state of emergency is declared by those countries (other than as already declared prior to the date of the Placement Agreement), there is a material escalation in relation to those matters or a major act of terrorism anywhere in the world;
- there is: (i) a general moratorium on commercial banking activities in Australia, the United States or the United Kingdom declared by the relevant central banking authority in any of those countries, or a material disruption in commercial banking or security settlement or clearance services in any of those countries; (ii) a suspension or limitation in a material respect of trading in all securities quoted or listed on the ASX, the LSE or the NYSE for one day on which the exchange is open for trading (**Trading Day**) or substantially all of a Trading Day, or a Level 3 “market-wide circuit breaker” is implemented by the NYSE upon a 20% decrease against the prior day’s closing price of the S&P 500 Index only; (iii) at any time between the Opening Time and up to 4 hours after the Closing Time, any adverse change or disruption to the existing political, economic or financial market conditions of Australia, the United Kingdom, the United States of America, Hong Kong or Japan or any change or development involving a prospective adverse change in the existing political, financial market or economic conditions in those countries;
- there is a material adverse change, or in the Joint Lead Manager’s reasonable opinion, a development involving a potential material adverse change, in the condition, assets, liabilities, financial or trading position or performance, profits, losses, management or prospects of Lendlease or any of its related bodies corporate from the position fairly disclosed by Lendlease to ASX before the date of the Placement Agreement or in the materials released to ASX in connection with the Placement;
- Lendlease breaches any term, condition, undertaking, representation, warranty or agreement in the Placement Agreement;
- there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia a new or materially revised law or a new regulation, or a government agency adopts or announces a proposal to adopt a new policy;
- there is a change in senior management of Lendlease, including to the chief executive officer, the chief financial officer, or the board of directors of either Lendlease Corporation Limited or Lendlease Responsible Entity Limited;
- a contravention by Lendlease of the Corporations Act, its constitution, any of the ASX Listing Rules or other applicable law or regulation; or
- any certificate which is required to be provided by Lendlease under the Placement Agreement is untrue or incorrect.

If a Joint Lead Manager terminates its obligations under the Placement Agreement, that Joint Lead Manager (the **Terminating JLM**) will be immediately relieved of its obligations under the Placement Agreement. The exercise by the Terminating JLM of its termination rights does not automatically terminate the obligations of the other Joint Lead Managers.

## Appendix C

### Foreign Jurisdictions

# International offer restrictions

This document does not constitute an offer of new stapled securities (**New Securities**) of Lendlease Corporation Limited and Lendlease Responsible Entity as responsible entity of Lendlease Trust (together, **Lendlease**) in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

## European Union

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Securities be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the **Prospectus Regulation**).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Securities in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

## Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Securities have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Securities that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Securities may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## Japan

The New Securities have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the **FIEL**) pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Securities may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires New Securities may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Securities is conditional upon the execution of an agreement to that effect.

## New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**). The New Securities are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;

# International offer restrictions

- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Securities may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

## Singapore

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