

# ASX ANNOUNCEMENT

21 February 2022

## **Lendlease Group 2022 Half Year Results Announcement, Presentation and Appendix**

Lendlease Group today announced its results for the half year ended 31 December 2021. Attached is the HY22 Results Announcement, Presentation and Appendix.

A summary of Lendlease's Major Urban Projects can be found on the Lendlease website, or by clicking on the link [here](#).

### **ENDS**

For further information, please contact:

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***Authorised for lodgement by the Lendlease Group Disclosure Committee***

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

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## Resetting for growth; subdued financial result; second half recovery

### For the half year ended 31 December 2021:

- Statutory Loss after Tax of \$264m
- Core operating<sup>1</sup> Profit after Tax of \$28m
  - Interim distribution of 5 cps
  - Earnings Per Security of 4.1 cents

### Reset year progressing well:

- Well progressed on implementation of new operating model
- On track for savings target of >\$160m per annum
- HY22 expected to mark the trough for activity and profitability
- Launched c.\$6b of investment partnerships to grow funds under management
- >\$5b of development pipeline progressed into master planned or work in progress

### FY22 Outlook - anticipated returns for core operating segments<sup>2</sup>:

- Investments ROIC: 7.5-8.5%, revised from previous estimate of 5-8%
- Development ROIC: 2-4%, revised from previous estimate of 2-5%
- Construction EBITDA margin: 2-3%, unchanged from previous estimate

### HY22 Result<sup>3</sup>

As announced at the Group's strategy update, FY22 is a reset year for the Group. This involves simplifying the Group's operating model to support future growth while managing the ongoing impacts of COVID.

Global Chief Executive Officer and Managing Director, Tony Lombardo, said "As previously flagged, successfully resetting Lendlease's operating model forms a key part of our future success. Despite the ongoing impacts of COVID-19, we've made significant progress in reducing the cost base of the organisation as well as improving operational execution and capital allocation decisions.

"We also made significant headway progressing projects and initiatives we expect will drive future profits. This includes introducing major new investors to our platform, growing our funds under management, and achieving important planning milestones across projects in San Francisco, London and Sydney."

<sup>1</sup> Reflects Statutory earnings adjusted for non operating items and the Non core segment.

<sup>2</sup> The outlook and associated return expectations remain subject to the potential risks of ongoing disruption from COVID and broader market conditions.

<sup>3</sup> Comparative period the half year ended 31 December 2020, unless otherwise stated.

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Specifically, the Group advanced several strategic priorities including:

- establishing approximately \$6b of new investment partnerships to grow funds under management;
- the achievement of significant development planning milestones;
- the repositioning of the Australian Communities business under dedicated leadership, which is showing signs of a strong recovery; and
- the launch of decarbonisation roadmaps for each of the four geographic regions.

The **Investments** segment continues to recover from the worst of the COVID impacts. Investment income was higher, driven by an improved contribution from the retirement business and distributions on investments.

The c.\$6b of investment partnerships includes the launch of a value add diversified fund; a joint venture to develop the remaining office precinct at International Quarter London; the acquisition of an industrial portfolio; and the launch of a US Life Sciences partnership.

A subdued contribution from the **Development** segment was the result of fewer completions. While the returns from the segment were well below target, progress continues to be made towards converting the development pipeline into work in progress, which rose \$1.6b in H1 to \$16.1b.

More than \$5b of the development pipeline has progressed from the conversion phase into master planned or work in progress. In addition, further milestones have been achieved at projects including High Road West and Elephant Park in London; 1 Java St and 60 Guest St in the US; the Certis Centre in Singapore and One Sydney Harbour. Several of these projects are anticipated to commence in H2 FY22.

In the **Construction** segment, significantly reduced new work secured in the Americas since the onset of COVID resulted in a further decline in revenue. Overall returns were in the middle of the target range. The Construction backlog of \$10.9b is diversified by client, sector and geography.

The Group remains on track to achieve targeted savings in **operating costs** of greater than \$160m per annum, with benefits to be realised from the second half of FY22. The required actions to achieve the full cost savings have been identified, with approximately 60% implemented to date. Most of the remaining initiatives are expected to be implemented by the end of FY22.

Post balance date, the Group made further progress in realising the value it has created in its Investments segment with a financial partner acquiring part of the asset management income stream from the Military Housing portfolio:

- Partner acquired 28% interest for c.\$170m;
- Proceeds expected on completion in April, subject to regulatory approvals;
- Sold on a multiple of c.26x FY23 estimated NPAT;
- Estimated to contribute \$110m to NPAT in H2.

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The Group retains 72% of the asset management income stream as well as the existing income streams relating to property management, development management and construction management in addition to the \$209m equity investment in the portfolio.

## Financials

The Group's Statutory Loss after Tax for the period ending 31 December 2021 was \$264m, compared to a Statutory Profit after Tax of \$196m<sup>3</sup>.

Core Operating Profit after Tax, the Group's measure of underlying earnings, was \$28m for the period ended 31 December 2021, down from \$205m<sup>3</sup>. Core Operating Earnings per Security of 4.1 cents represents a Return on Equity of 0.8%. The distribution per security of 5.0 cents, represents the payout of the distributable earnings of the Trust during the period.

Group Chief Financial Officer, Simon Dixon, said "Financial strength is a priority as we transition through a reset year for the Group. Simplification is enabling a lowering of our operating cost structure that will enhance returns as growth re-emerges."

Gearing of 12% is at the lower end of the 10% to 20% target range and the Group is in a strong liquidity position with \$0.8b of cash and cash equivalents and \$2.2b in available undrawn debt.

Capital allocation towards Development climbed from \$4.4b to \$5.0b as the Group prepares for a material lift in development commencements and subsequent completions. From FY24, the deployment of capital is then planned to shift towards Investments.

"The Group has the financial capacity, supported by anticipated capital recycling and partnering initiatives, to deliver our \$112b development pipeline, while continuing to pursue attractive investment opportunities," said Mr Dixon.

The Group's Statutory Loss after Tax of \$264m included a loss of \$262m from Non operating items, comprised of restructuring charges, development impairments and revaluation gains, and a loss of \$30m from the Non core segment.

Restructuring charges are required to meet the ongoing savings target. Charges of \$124m pre tax were accounted for with the anticipated range of total charges narrowed to \$150m to \$170m, from \$130m to \$170m. The remainder is expected to be accounted for in H2 FY22.

While a change in development strategy on a small number of underperforming development projects will expedite the release of capital, an impairment expense of \$299m pre tax was incurred. This compares to the initial estimate of \$230m to \$290m.

Investments segment revaluations of \$68m pre tax, were treated as non operating.

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The Non core loss in the period included a tenancy impairment and a gain on sale of Services.

## Outlook

The first phase of the five year roadmap for delivering sustainable performance, which involves resetting the platform for delivery and growth, is progressing well. The reset is occurring at a time when the operating environment for real estate markets across the Group's gateway cities remains challenging. This is impacting the operating and financial performance of the Group, in particular the Development segment.

The first half of FY22 is expected to mark the trough in both activity and profitability for the Core business with a significant improvement anticipated from the second half of FY22.

Improvement in the second half is expected to be driven by:

- Group: cost savings start to be realised;
- Investments segment: financial partner acquiring part of the asset management income stream from the Military Housing portfolio, as described above;
- Development segment: c.\$2b of completions including significantly improved settlement volumes in Australian Communities; and more than \$4.0b of commencements, subject to market conditions and planning approvals;
- Construction segment: improved productivity as COVID restrictions ease.

"We're confident Lendlease has passed the low in profitability. While COVID risks remain, improved visibility of factors within our control provides more certainty on the outlook for the Group," said Mr Lombardo.

The Group is well positioned to achieve improved returns over the medium term as operating conditions recover with the Return on Equity target range expected to be met by FY24.

Upscaling the investments platform via the launch of new funds is a priority for the Group, with funds under management anticipated to be greater than \$70b by FY26, up from \$42b currently.

The development completion target of greater than \$8b per annum, along with the Return on Invested Capital target of 10% to 13%, is expected to be met by FY24.

*Further information regarding Lendlease's results is set out in the Group's financial results presentation for the half year ended 31 December 2021 and is available on [www.lendlease.com](http://www.lendlease.com).*

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## 2022 Key Dates for Investors

|   |             |
|---|-------------|
| Securities quoted ex-distribution on the Australian Securities Exchange | 25 February |
| Interim distribution record date  | 28 February |
| Interim distribution payable  | 16 March    |
| Full year results   | 22 August   |
| Annual General Meetings   | 18 November |

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# 2022 Half Year Results

21 February 2022



London:  
International Quarter London  
Artist's impression

## Acknowledgement of Country

As a developer, builder and manager of assets on land across Australia, we pay our respects to the Traditional Owners, especially their Elders past and present, and value their custodianship of these lands.



# Group Performance

**Tony Lombardo**  
Global CEO

North Sydney: Blue & William  
On Cammeraygal Country  
Artist's impression



# HY22 snapshot

## Group

- Optimising structure and businesses
- Recalibrating cost base
- Completed development portfolio review
- Enhanced market disclosures
- Ongoing COVID impacts



## Investments

### c.\$6b<sup>1</sup> of partnerships and initiatives to grow FUM:

- International Quarter London with CPP – \$2.8b
- Investment mandate with Keppel REIT – \$0.3b
- Industrial partnership with MSREI – \$0.4b
- REP4 with two investment partners – \$1.5b
- Life Sciences partnership with Ivanhoe Cambridge – \$1.0b<sup>2</sup>

## Development

### HY22 expected low point for profitability:

- H1 low completions
- H2 anticipated recovery

### Planning and project milestones:

- >\$5b increase in pipeline that is Master planned or Work in Progress

### Recovery in Communities:

- Sales acceleration underpins FY23 target<sup>4</sup>

## Construction

### Resilient despite COVID disruptions:

- Financial performance within target range
- Productivity impacts from shutdowns and restrictions
- Monitoring supply chain constraints and pressures

### Record backlog in Australia:

- 77% backlog servicing Government clients<sup>5</sup>
- Awarded Women's and Children's Hospital Adelaide<sup>2</sup>

1. Total estimated end value (representing 100% of project value). 2. Post balance date. 3. Artist's impression (image subject to change and further design development and planning approval). 4. Settlement target of 3,000 – 4,000 lots 5. Includes all Construction projects with a contract value greater than \$100 million.



# HY22 result

## Financial performance

Reflects foreshadowed weak first half and impact of restructuring charge and development impairment



## Operating performance

Subdued operating environment, progress on investment partnerships and pipeline conversion



1. Statutory profit excluding Investments segment property revaluations, Non core segment result, restructuring charge and impairment expense.
2. Return on Equity is calculated using the Core operating Profit after Tax divided by the arithmetic average of beginning and half year end securityholders' equity.
3. Trust distribution.
4. Net debt to total tangible assets, less cash.
5. External work only.
6. Excludes \$3.6b of internal work.

# Financial Highlights

**Simon Dixon**  
Group Chief Financial  
Officer

Sydney: Sydney Place  
On Gadigal Country  
Artist's impression

# Financial performance<sup>1</sup>

| \$m                                      | HY21        | HY22         | Change            |
|--|-------------|--------------|-------------------|
| <b>Core</b>                              |             |              |                   |
| Investments                              | 121         | 141          | 17%               |
| Development                              | 244         | 39           | (84%)             |
| Construction                             | 104         | 84           | (19%)             |
| <b>Segment EBITDA</b>                    | <b>469</b>  | <b>264</b>   | <b>(44%)</b>      |
| Corporate costs                          | (64)        | (101)        | (58%)             |
| <b>Operating EBITDA</b>                  | <b>405</b>  | <b>163</b>   | <b>(60%)</b>      |
| Depreciation and amortisation            | (75)        | (74)         | 1%                |
| Net finance costs                        | (67)        | (68)         | (1%)              |
| <b>Operating Profit Before Tax</b>       | <b>263</b>  | <b>21</b>    | <b>(92%)</b>      |
| Income tax (expense) benefit             | (58)        | 7            | 112%              |
| <b>Operating Profit After Tax</b>        | <b>205</b>  | <b>28</b>    | <b>(86%)</b>      |
| <b>Non operating</b>                     |             |              |                   |
| Non operating items after tax            | (7)         | (262)        | >(100%)           |
| Non core segment after tax               | (2)         | (30)         | >(100%)           |
| <b>Group</b>                             |             |              |                   |
| <b>Statutory Profit (Loss) After Tax</b> | <b>196</b>  | <b>(264)</b> | <b>&gt;(100%)</b> |
| <b>Operating EPS</b> cents               | <b>29.8</b> | <b>4.1</b>   | <b>(86%)</b>      |

- Higher investment portfolio income
- North East Link PPP fees; leasing and delivery progress at Sydney Place; low completions
- EBITDA margin 2.6%, down 40 bps; revenue lower from COVID impacts
- In line with H2 FY21 of \$97m, several one-off benefits in comparative period. Composition: Group services costs \$74m; Treasury costs \$12m; Digital costs \$15m
- Tax benefit relating to recognition of tax losses and change in UK tax rate
- Restructuring charge \$124m<sup>2</sup>; Impairment expense \$299m<sup>2</sup>; Investments segment revaluations \$68m<sup>2</sup>
- Includes tenancy impairment of \$25m<sup>2</sup>

1. Comparative period the half year ended 31 December 2020. 2. Pre tax.



# Cost reduction and Development review

## Operating cost savings identified<sup>1</sup> (\$m)



## Cost savings and restructuring charge

### On track for targeted savings of >\$160m<sup>1</sup>:

- Actions to date have realised c.\$100m annualised cost savings:
  - Headcount reduction of 260
  - Tenancy to be reduced by c.24,000 sqm
- Benefit of cost reduction to be realised from H2 FY22
- Further headcount reduction by 30 June of >100 FTE

### Restructuring charge estimate of \$150m to \$170m<sup>2</sup> in FY22:

- Range narrowed from initial estimate of \$130m to \$170m<sup>1</sup>
- \$124m charge in H1, remainder expected in H2

## Development portfolio review and impairment

Summary of review outcomes outlined at August 2021 strategy update:

- Underlying strength of portfolio reaffirmed, underpinned by a capital efficient business model
- COVID to impact timing and profitability of projects in FY22/FY23
- Revision to investment partner approach on projects to result in subdued profitability in the short term

Impairment of \$299m<sup>2</sup> in H1 compared with estimate of \$230m to \$290m<sup>2</sup>:

- Small number of projects<sup>3</sup>: Brisbane Showgrounds, Deptford Landings, Waterbank
- Pipeline reduced by \$4.7b from removal of impaired projects

1. Savings will be reflected in Cost of Sales, Other Expenses and Depreciation and Interest.

2. Pre tax.

3. Represents c.90% of the impairment.

# Cash flow

## HY22 Cash flow movements

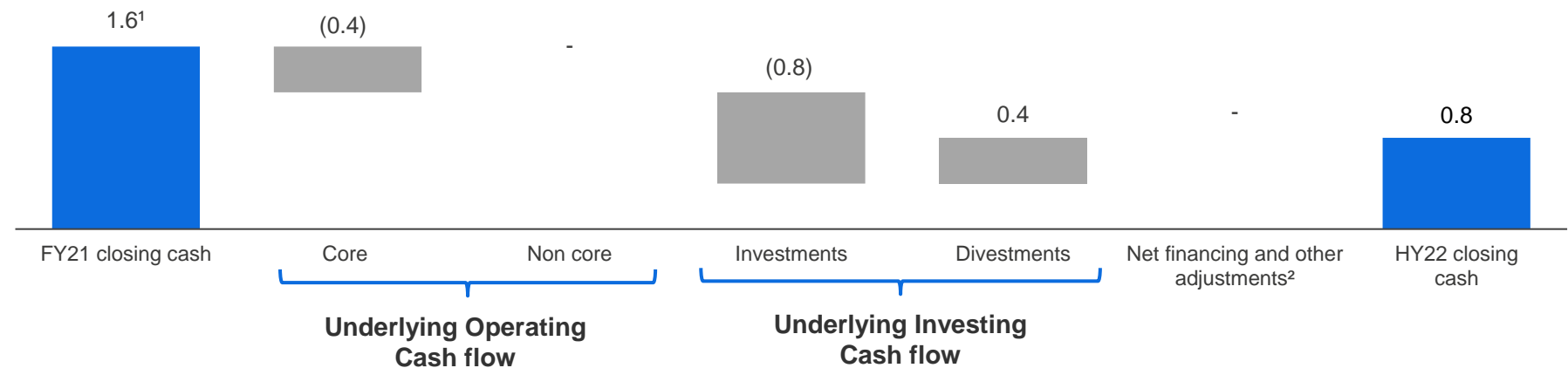
### Underlying operating cash outflow \$388m:

- Core business cash outflow \$0.4b:
  - Low profitability
  - Operating expenses
- Non core segment cash flow neutral

### Underlying investing cash outflow \$373m:

- Investments \$0.8b:
  - Development expenditure of \$0.6b on projects
  - New fund investments of \$0.2b
- Divestments \$0.4b:
  - Proceeds from sale of Services business

## HY22 (\$b)



1. FY21 closing cash \$1,662m.  
 2. Includes interest paid, tax paid and the impact of foreign exchange movements on opening cash.

# Financial position

## Invested capital<sup>1</sup>

|              | \$b           | Change        |
|--------------|---------------|---------------|
| Investments  | \$3.9b        | \$0.3b        |
| Development  | \$5.0b        | \$0.6b        |
| Other        | (\$0.5b)      | (\$0.2b)      |
| <b>Total</b> | <b>\$8.4b</b> | <b>\$0.7b</b> |

|                        | \$b    | Change |
|------------------------|--------|--------|
| Australia <sup>2</sup> | \$3.1b | \$0.2b |
| Asia                   | \$1.6b | \$0.2b |
| Europe                 | \$2.0b | \$0.2b |
| Americas               | \$1.5b | \$0.1b |

## Portfolio Management Framework

|                                      | Target | HY21 | HY22 |
|--------------------------------------|--------|------|------|
| <b>Core Business Segment Returns</b> |        |      |      |
| Investments ROIC <sup>3</sup>        | 6-9%   | 5.3% | 5.9% |
| Development ROIC <sup>3</sup>        | 10-13% | 7.2% | 0.6% |
| Construction EBITDA margin           | 2-3%   | 3.0% | 2.6% |

1. Securityholder equity plus gross debt less cash on balance sheet.
2. Regional invested capital excludes Corporate.
3. Return on Invested Capital is calculated using the Core Operating Profit after Tax divided by the arithmetic average of beginning, half year end invested capital.

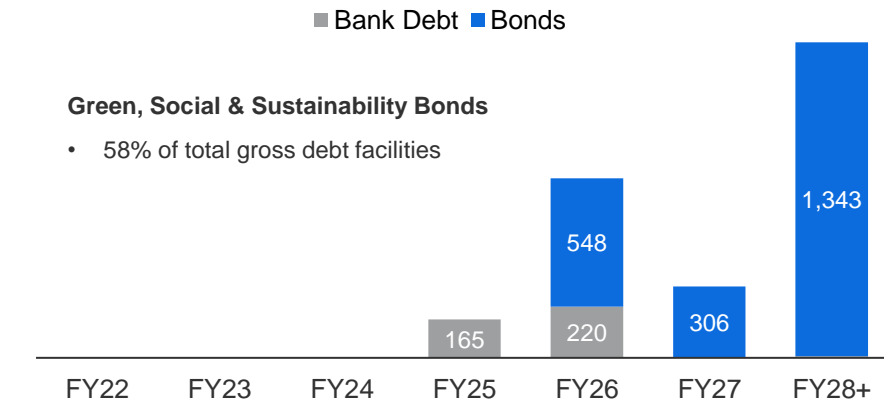
## Treasury management

|                       |       | FY21  | HY22  |
|-----------------------|-------|-------|-------|
| Net debt              | \$m   | 695   | 1,696 |
| Gearing               | %     | 5.0%  | 12.0% |
| Interest cover        | times | 6.4   | 2.9   |
| Average debt maturity | years | 4.9   | 7.2   |
| Average cost of debt  | %     | 3.6   | 3.8   |
| Available liquidity   | \$m   | 4,930 | 3,036 |

## Investment Grade Credit Ratings

|         |                     |
|---------|---------------------|
| Moody's | Baa3 stable outlook |
| Fitch   | BBB- stable outlook |

## Debt maturity (\$m)





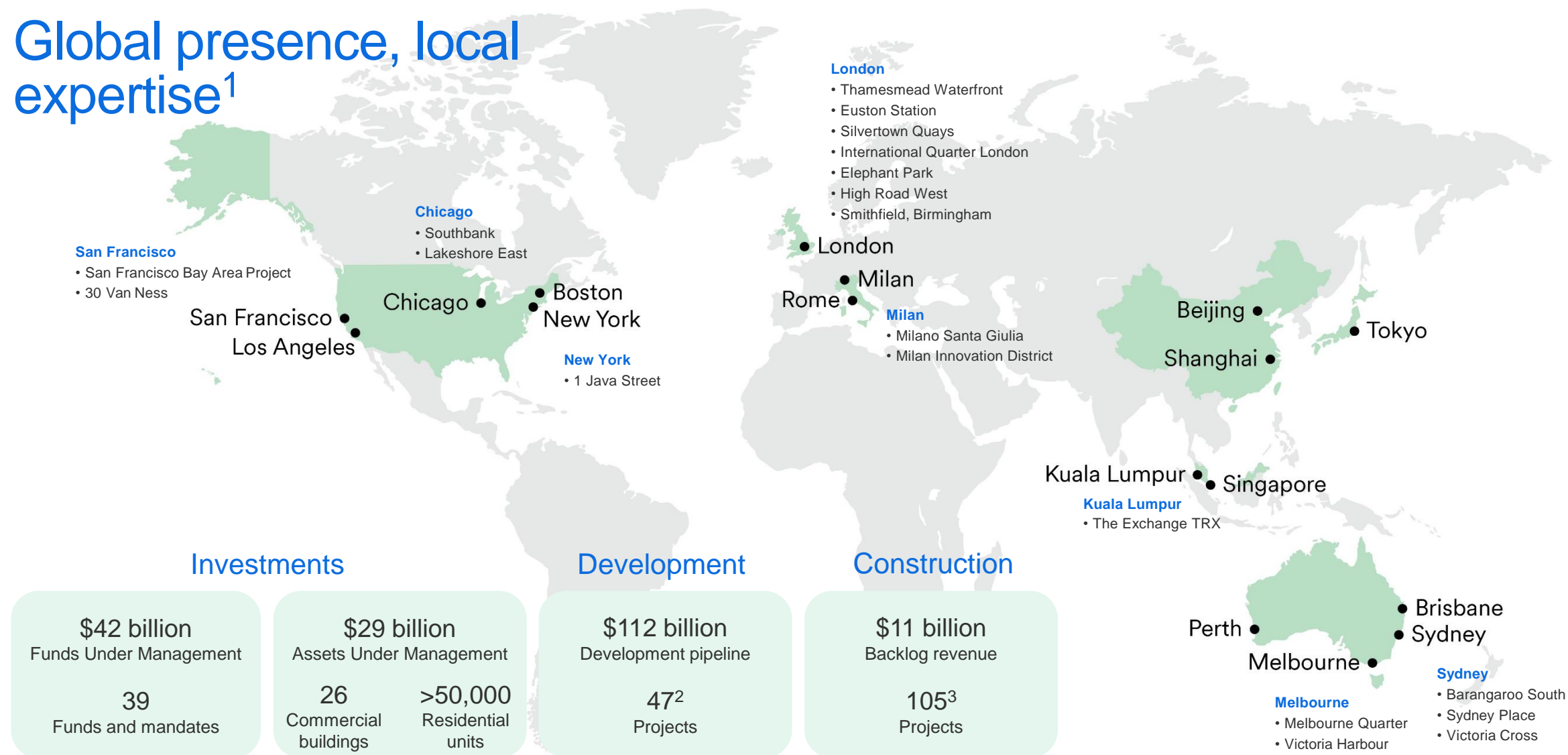
# Operational Update

**Tony Lombardo**  
Global CEO

Kuala Lumpur:  
The Exchange TRX  
Artist's impression



# Global presence, local expertise<sup>1</sup>



1. Map illustrates 17 targeted gateway cities and highlights major urban projects with an estimated development end value greater than \$1 billion. 2. Total of 47 development projects, comprising a total of 30 urban projects and 17 communities projects. 3. Represents projects in delivery >\$10 million.

# Health and Safety

## Key performance indicators

- Key metric of critical incidents at record low frequency rate of 0.50; 79% lower than first reported level (FY14)
- Operations not experiencing a critical incident at a record high of 97%

### Critical Incident Frequency Rate<sup>1</sup>

HY21 0.72

HY22 0.50

### Operations without a Critical Incident<sup>2</sup> (%)

HY21 96

HY22 97

### Lost Time Injury Frequency Rate<sup>1</sup>

HY21 1.9

HY22 1.2

## Fatality

- One fatality occurred on our operations during HY22
- Our thoughts are with the family and friends of the subcontractor employee and everyone impacted by this tragic event
- Reducing incidents through continuous improvement, advocacy for industry change

1. Calculated to provide a rate of instances per 1,000,000 hours worked.

2. An event that caused, or had the potential to cause, death or permanent disability. This is an indicator unique to Lendlease.

# Environmental, Social and Governance

## HY22 key achievements

Launched  
**global  
sustainable**  
timber partnership with  
Stora Enso

Raised  
**£250 million**  
via debut  
**UK green bond**

Launched  
**Mission Zero**  
decarbonisation  
roadmaps covering  
operations globally

Published  
**Modern Slavery  
Statement**  
Covering operations  
globally

Published  
inaugural  
**Sustainable  
Finance Impact  
Report**



**100%**  
renewable energy  
utilised across  
European portfolio<sup>1</sup>

Barangaroo South  
Awarded  
**Australia's first**  
WELL Community  
Certification

Launched  
internal education  
module to  
increase  
employee carbon  
literacy

**Mission Zero  
Ready**

One Sydney Harbour  
on track to achieve  
**40%**  
embodied carbon  
reduction

Collaborated with Boral  
Australia to use a  
concrete mix with a  
**40% reduction**  
in carbon emissions

**100%**  
Americas Investment  
Management portfolio  
LEED and Fitwel certified

**Four funds**  
ranked in the  
**GRESB<sup>2</sup> top 10**

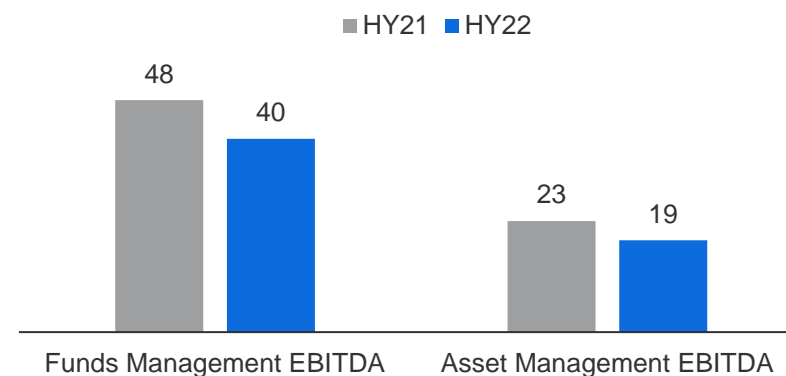


1. Tenancies, assets, development and construction sites.
2. 2021 Global Real Estate Sustainability Benchmark.
3. Recognises building owners/landlords and tenants/occupants working in tandem to achieve greater environmental sustainability.

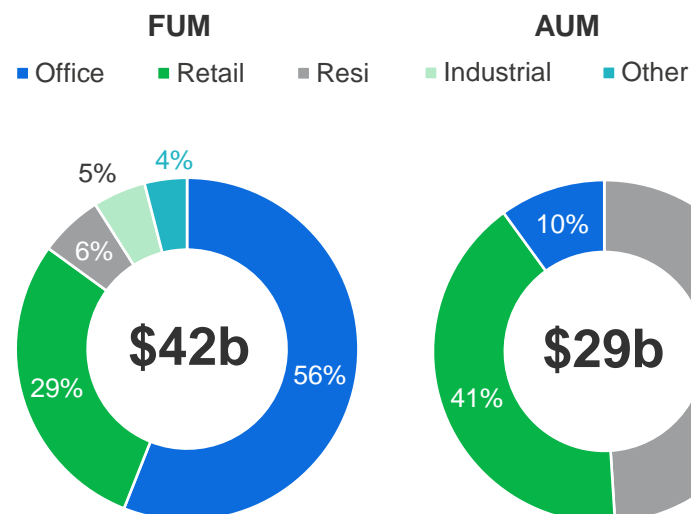


# Investments

## Management EBITDA (\$m)



## Investments platform (\$b)



## Management earnings

### Operational performance<sup>1</sup>

- Funds Management EBITDA \$40m
  - Revenue<sup>2</sup> steady at \$79m
  - Higher base fees offset by lower performance fees
  - Expenses higher on resourcing to support c.\$6b<sup>3</sup> initiatives for platform growth
- Asset Management EBITDA \$19m
  - Residential: earnings steady
  - Retail and office: ongoing COVID impacts

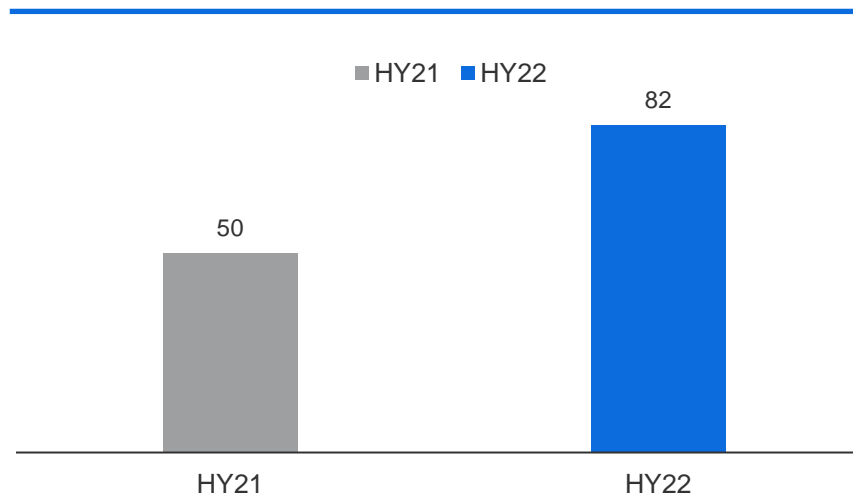
### Outlook

- Funds under management (FUM) of \$42.0b:
  - 11% growth underpinned by office and industrial partnerships, acquisitions
  - c.\$6b<sup>3</sup> initiatives progressed in H1 anticipated to grow FUM
  - c.\$60b<sup>3</sup> investment grade product embedded in pipeline
- \$11b of new investment partnerships since start of FY21:
  - c.\$1b currently deployed
  - c.\$10b of raised capital available to deploy
- Assets under management (AUM) of \$28.8b:
  - Retail and office expected to recover

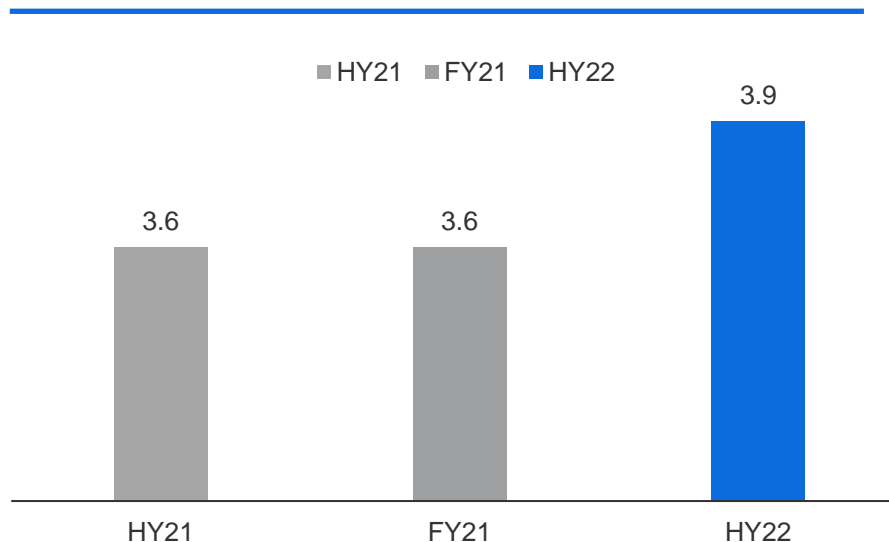
1. Comparative period the half year ended 31 December 2020.  
 2. Fees generated from the management of \$42b of FUM.  
 3. Total estimated end value (representing 100% of project value).

# Investments

## Investment Portfolio<sup>1</sup> EBITDA (\$m)



## Invested Capital (\$b)



## Investment Portfolio earnings

### Performance<sup>2</sup>

- EBITDA \$82m, up from \$50m:
  - Recovery in underlying investment income
  - Improved performance from the Retirement Living business
- Investment portfolio \$3.8b, up from \$3.5b<sup>3</sup>:
  - Industrial portfolio acquisition
  - Diversified across retirement, office, retail and residential sectors

### Outlook

- Medium term target >50% of capital in Investments:
  - Retaining a larger proportion of completed assets
  - Co investment with investment partners
  - New fund and product launches

1. Includes directly owned assets.  
 2. Comparative period the half year ended 31 December 2020.  
 3. Comparative value is closing FY21 balance.



# Investments

## US Military Housing portfolio

- Multi decade partnership with US Department of Defense:
  - Established 1999
  - Remaining portfolio life 35 years
- More than 50 sites across 25 states:
  - c.40,000 homes
  - c.12,300 hotel rooms
- Economics:
  - Asset Management 2-3% of rent
  - JV share of Property Management income c.\$3m p.a.
  - Development fee 3-5%<sup>1</sup> of design & construct value
  - Design & construct fee 4-6% of design & construct value
  - Return on Equity c.8%

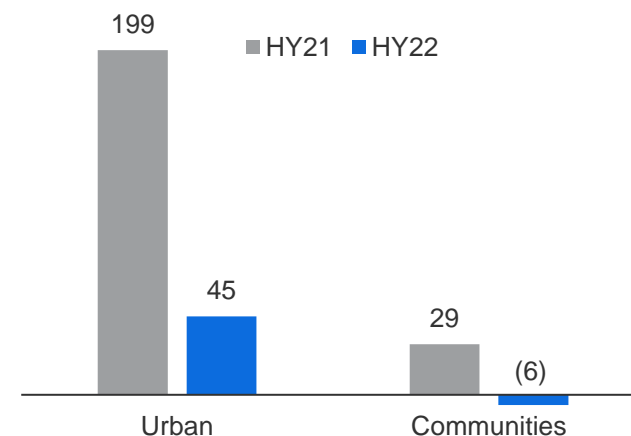
## Post balance date event

- Financial partner acquires asset management income stream:
  - 28% interest for c.\$170m
  - Multiple of c.26x FY23 estimated NPAT
  - Estimated to contribute \$110m to NPAT in H2
  - Expected completion in April, subject to approvals
- Retained income streams:
  - 72% of asset management
  - 100% of pro rata JV share of property management
  - 100% of development management
  - 100% of construction management
  - Return on \$209m equity investment

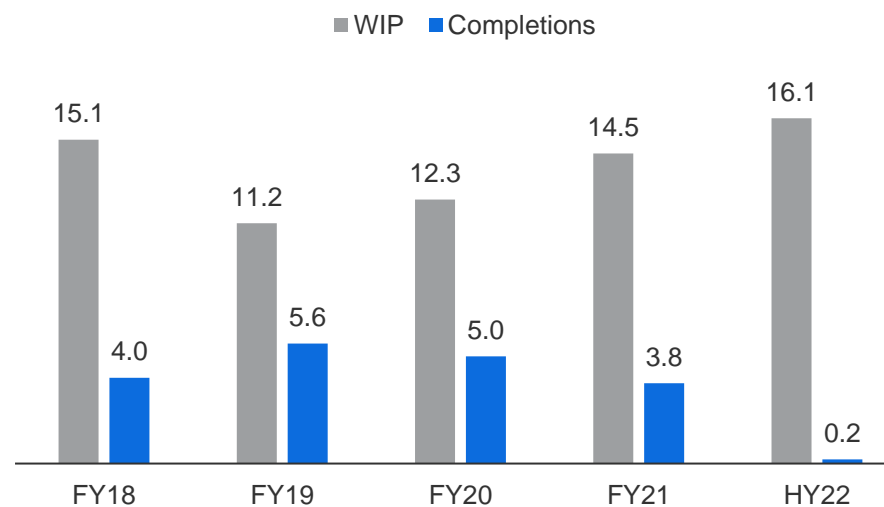
1. Over the development period which is 5-7 years (80% is accrued in year one).

# Development

## EBITDA (\$m)



## Completions (\$b) and Work in Progress (\$b)



## Operational Performance<sup>1</sup>

Urban portfolio: EBITDA \$45m, Invested Capital \$4.1b:

- North East Link PPP
- Sydney Place

Communities: EBITDA (\$6m), Invested Capital \$0.9b

- Settlements 504 lots, down 52%
- Sales 1,522 lots, up 90%
- Turnaround in business performance
- Targeting >3,000 settlements in FY23

## Work in Progress future indicator of completions

Completions have passed the low point:

- No apartment or commercial completions in H1

Current WIP of \$16.1b:

- Expected completion profile:
  - c.\$2b in H2 FY22; c.\$5b in FY23; c.\$7b in FY24
- Composition by sector:
  - Commercial: \$7.9b
  - Apartments for sale: \$6.2b
  - Apartments for rent: \$1.2b
  - Communities: \$0.8b

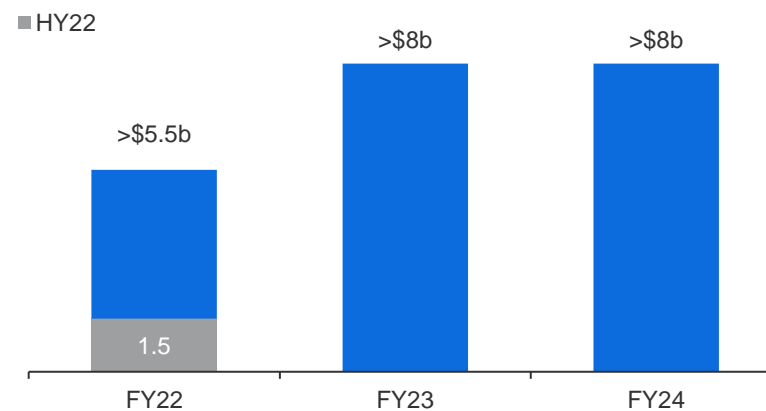
1. Comparative period the half year ended 31 December 2020.

# Development

## Pipeline and Capital by Operational phase

| Operational phase | Pipeline      |               | Capital       |               |
|-------------------|---------------|---------------|---------------|---------------|
|                   | FY21          | HY22          | FY21          | HY22          |
| In Conversion     | \$59b         | \$52b         | \$0.5b        | \$0.4b        |
| Master planned    | \$40b         | \$44b         | \$1.2b        | \$1.9b        |
| Work in Progress  | \$15b         | \$16b         | \$2.7b        | \$2.7b        |
| <b>Total</b>      | <b>\$114b</b> | <b>\$112b</b> | <b>\$4.4b</b> | <b>\$5.0b</b> |

## Indicative commencements<sup>1</sup>: Targeting >\$8b per annum



1. Subject to changes in delivery program.

## Outlook

### Focus on converting the pipeline

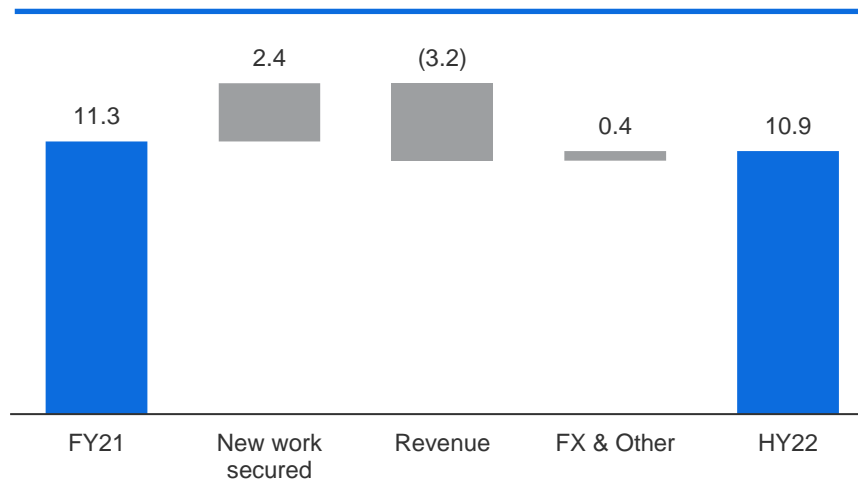
- Forthcoming acceleration reflected in higher capital allocation
- >\$5b of pipeline progressed into Master planned or Work in Progress:
  - Master planned: San Jose; 60 Guest Street
  - Work in Progress: Blue & William; The Turing Building
- Pipeline:
  - Removal of impaired projects: \$4.7b reduction
  - Project changes \$1.2b, foreign exchange \$1.6b

### Pathway to >\$8b of completions from FY24

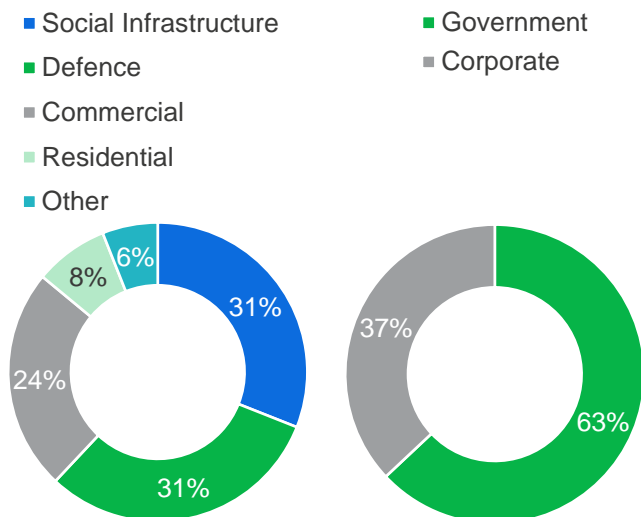
- HY22 Commencements:
  - Turing Building, International Quarter London
  - Blue & William, North Sydney
  - Australian communities
- Targeting >\$4.0b of commencements in H2 FY22:
  - 1 Java Street; 60 Guest Street; Tower 3, One Sydney Harbour; Lendlease Data Centre Partners; MIND
- Targeting >\$8b of commencements per annum from FY23:
  - \$44b of pipeline is master planned
  - Mix of product type and gateway city

# Construction

## Backlog revenue (\$b)



## HY22<sup>2</sup> backlog by sector and client



## Operational performance and outlook<sup>1</sup>

- EBITDA \$84m, down from \$104m
- EBITDA margin 2.6%, down from 3%:
  - Solid result despite COVID impacts
- Revenue of \$3.2b, down 6%:
  - Australia, Asia, Europe higher revenue despite productivity constraints
  - 28% decline in Americas due to prolonged COVID impacts
- New work secured \$2.4b, down significantly from \$4.6b:
  - Australia: \$1.6b underpinned by social infrastructure projects
  - Americas: significantly below historical averages
- Preferred on \$3.7b which includes several social infrastructure projects in Australia and the Americas
- Backlog revenue of \$10.9b:
  - Diversified by client type, sector and geography
  - Public sector projects two thirds of backlog

1. Comparative period the half year ended 31 December 2020.

2. Includes all Construction projects with contract value greater than \$100m, which represents 90% (\$9.9b) of secured backlog.

# Outlook

**Tony Lombardo**  
Global CEO

New York:  
1 Java Street  
Existing site



# Outlook

## Group

- Well progressed on new operating model
- On track for savings target >\$160m pa
- Profitability expected to significantly improve from H2 FY22
- Financial capacity to deliver five year plan
- ROE target expected to be met by FY24



## Investments

**FY22 anticipated ROIC: 7.5-8.5% v target 6-9%**

- Financial partner acquires part asset management income stream from Military Housing portfolio<sup>1</sup>
- Continued normalisation of investment portfolio income
- FUM target >\$70b by FY26

## Development

**FY22 anticipated ROIC: 2-4% v target of 10-13%**

- c.\$2b of completions expected in H2 FY22
- Targeting >\$4b of commencements in H2 FY22<sup>2</sup>
- ROIC target to be met by FY24

## Construction

**FY22 anticipated EBITDA Margin: 2-3% ~ target**

- Improved productivity as COVID restrictions ease
- Preferred on \$3.7b of work
- Public sector to remain near term driver, medium term recovery in private sector expected

1. Estimated to contribute \$110m to NPAT in H2 FY22.  
 2. Subject to market conditions and planning approvals.  
 3. Artist's impression.





Questions

An aerial photograph of a city skyline, likely London, showing a mix of modern high-rise buildings and older urban structures. A river flows through the lower part of the image, with a large, modern, curved building (possibly a stadium or arena) situated on the bank. The sky is clear and blue.

# 2022 Half Year Results Appendix

21 February 2022



London: International Quarter London  
Artist's impression



# Overview





# Our operating segments

Chicago:  
The Cooper, Southbank

Our business model is how we generate earnings. The model is integrated when more than one segment is engaged on a single project.

## Investments

The Investments segment comprises a leading investment and asset management platform and the Group's investments across the residential, office, retail, industrial and retirement sectors.

### Core financial returns

- Fund and asset management fees
- Income and capital growth on ownership interests

## Development

The Development segment is predominantly focused on the creation of mixed use precincts that comprise apartments, workplaces and associated leisure and entertainment amenities. The Group also develops outer suburban masterplanned communities and retirement living villages.

### Core financial returns

- Development margin
- Development management fees
- Origination fees

## Construction

The Construction segment provides project management, design and construction services, predominantly in the commercial, residential, mixed use, defence and social infrastructure sectors.

### Core financial returns

- Construction margin<sup>1</sup>
- Project management and construction management fees

1. From external clients. Construction margin on internal work captured in the Development segment.



# Value creation

Melbourne:  
Melbourne Quarter on  
Wurundjeri Country  
(Artist's impression)



## Health and Safety

Health and Safety is our number one priority. We remain committed to the health and safety of our people, our partners, and all of those who interact with a Lendlease place.



## Financial

A strong balance sheet and access to third party capital enables Lendlease to fund the execution of its pipeline and deliver quality earnings for our securityholders.



## Our People

Our people are the greatest contributors to our success and enable us to fulfil our purpose of creating value through places where communities thrive.



## Our Customers

Designing and delivering innovative, customer driven solutions allows us to win the projects we want to win and ultimately deliver the best places.



## Sustainability

Sustainability is core to our planning and clear in our outcomes. We have a proud history of giving emphasis to environmental, social and economic impacts.



# Health and safety

Every day, tens of thousands of people around the world come to a Lendlease place to work. As our business grows, so do the number of workers in our care.

Everyone has the right to be safe: our people, and all who interact with us.

Our Global Minimum Requirements set out the minimum environmental, health and safety standards designed to control risks associated with our operations.

We're building a culture of care so we can look out for ourselves and each other. It's about people's physical safety and their mental wellbeing.

Sydney:  
Randwick Campus



# Financial

Sydney:  
Sydney Place,  
George Street Plaza  
(Artist's impression)

## Portfolio Management Framework

### 1. Invested Capital Mix

|             |                            |
|-------------|----------------------------|
| Investments | 40-60% (>50%) <sup>1</sup> |
| Development | 40-60% (<50%) <sup>1</sup> |

|                                    |        |
|------------------------------------|--------|
| Australia                          | 40-60% |
| International regions <sup>2</sup> | 10-25% |

### 2. Core Business EBITDA Mix<sup>3</sup>

|              |        |
|--------------|--------|
| Investments  | 35-45% |
| Development  | 40-50% |
| Construction | 10-20% |

### 3. Target Returns

|                               |        |
|-------------------------------|--------|
| Investments ROIC <sup>4</sup> | 6-9%   |
| Development ROIC <sup>4</sup> | 10-13% |
| Construction EBITDA Margin    | 2-3%   |
| Core Operating ROE            | 8-11%  |

### 4. Capital Structure

|                                |        |
|--------------------------------|--------|
| Gearing <sup>5</sup>           | 10-20% |
| Investment grade credit rating |        |

### 5. Distribution Policy<sup>3</sup>

|                           |        |
|---------------------------|--------|
| Distribution payout ratio | 40-60% |
|---------------------------|--------|

1. Reflects strategic direction. 2. Per region.  
3. Core operating profit based measure.  
4. Return on Invested Capital (ROIC) through cycle target based on rolling three to five year timelines. 5. Gearing definition: net debt to total tangible assets less cash.

We focus on Return on Equity and Earnings per Security as measures of return for securityholders.

The Portfolio Management Framework provides the structure for capital allocation and generating returns across the operating segments of Development, Construction and Investments.

When these segments combine to leverage the competitive advantage of our integrated model, value can be enhanced for our securityholders, partners and the community.

A strong balance sheet and access to third party capital enables Lendlease to fund the execution of its pipeline.

For information about Lendlease's financial performance please visit [www.lendlease.com/investor-centre](http://www.lendlease.com/investor-centre)



# Our People

An inclusive work environment inspires employees and drives innovation and business growth. We support our people by fostering a culture of collaboration, knowledge sharing and continuous learning.

We recognise and reward individual and team achievements, including outstanding safety performance, project excellence and exceptional customer outcomes.

We aim to create a work environment that:

- Cares for its people;
- Is team oriented, inclusive and diverse;
- Provides inspirational leadership; and
- Fosters a culture aligned to purpose and values.

**Sydney:**  
Darling Square on  
Gadigal Country and  
Wangal Country



# Our Customers

Our customers range from individuals in living and leisure settings to the largest government, investment and corporate organisations.

Customer satisfaction (C-SAT) and advocacy (NPS) are measured across our operations globally on an annual basis.

We use this information to understand customer needs and improve interactions and satisfaction.



# Sustainability

Our vision is to live in a world warmed by no more than 1.5°C and to be responsible for creating measured social value on the journey.

## Creating thriving communities

### SUSTAINABILITY IMPERATIVES



SUSTAINABLE  
ECONOMIC GROWTH



VIBRANT AND RESILIENT  
COMMUNITIES AND CITIES



HEALTHY PLANET  
AND PEOPLE

### ENVIRONMENTAL FOCUS



Resources and materials



Climate action



Nature and pollution

### SOCIAL VALUE FOCUS



Economic prosperity



Community inclusion



Wellbeing

### TARGETS



**WE ARE A 1.5°C  
ALIGNED COMPANY**

Net Zero Carbon  
Scope 1&2 by 2025  
Absolute Zero by 2040



**\$250m SOCIAL VALUE  
BY 2025**

Assessing shared value  
partnerships beyond project  
and asset obligations



A photograph of a modern, multi-story building at night. The building features a mix of glass and concrete facades, with many windows illuminated from within, creating a warm glow against the dark blue sky. The building has a curved, tiered design. In the foreground, there are some trees and a street with a few cars. A white diamond-shaped overlay is positioned on the left side of the image, containing the text "Group Financials" in a blue, sans-serif font.

# Group Financials

Chicago: The Cooper, Southbank

# Income Statement (Statutory Result)

| \$m   | HY21 <sup>1</sup> | HY22          |
|---|-------------------|---------------|
| Revenue from contracts with customers                               | 4,524             | 4,148         |
| Other revenue   | 62                | 70            |
| Cost of sales   | (4,155)           | (3,849)       |
| <b>Gross profit</b>   | <b>431</b>        | <b>369</b>    |
| Share of profit of equity accounted investments                     | 18                | 105           |
| Other income  | 211               | 67            |
| Other expenses  | (359)             | (863)         |
| <b>Results from operating activities from continuing operations</b> | <b>301</b>        | <b>(322)</b>  |
| Finance revenue   | 6                 | 3             |
| Finance costs   | (73)              | (71)          |
| <b>Net finance costs</b>  | <b>(67)</b>       | <b>(68)</b>   |
| <b>Profit/(loss) before tax from continuing operations</b>          | <b>234</b>        | <b>(390)</b>  |
| Income tax (expense)/benefit from continuing operations             | (48)              | 106           |
| <b>Profit/(loss) after tax from continuing operations</b>           | <b>186</b>        | <b>(284)</b>  |
| Profit/(loss) after tax from discontinued operations                | 10                | 20            |
| <b>Profit/(loss) after tax</b>                                      | <b>196</b>        | <b>(264)</b>  |
| Profit/(loss) after tax attributable to:                            |                   |               |
| Members of Lendlease Corporation Limited                            | 171               | (335)         |
| Unitholders of Lendlease Trust                                      | 25                | 71            |
| <b>Profit/(loss) after tax attributable to securityholders</b>      | <b>196</b>        | <b>(264)</b>  |
| External non controlling interests                                  | -                 | -             |
| <b>Profit/(loss) after tax</b>                                      | <b>196</b>        | <b>(264)</b>  |
| <i>Earnings per Stapled Security from continuing operations</i>     | <i>cents</i> 27.0 | <i>(41.2)</i> |
| <i>Earnings per Stapled Security</i>                                | <i>cents</i> 28.5 | <i>(38.3)</i> |

1. December 2020 results have been re-presented for discontinued operations during the period.

# Reconciliation of Core Operating Profit<sup>1</sup>

| \$m  | HY21       | HY22         |
|--|------------|--------------|
| <b>Core Operating Profit After Tax</b>                               | 205        | 28           |
| Add / (less): Investment properties revaluations <sup>2</sup>        | -          | 4            |
| Add / (less): Financial assets revaluations <sup>2</sup>             | 5          | 33           |
| Add / (less): Equity accounted investments revaluations <sup>2</sup> | (12)       | 20           |
| Add / (less): Restructuring costs                                    | -          | (88)         |
| Add / (less): Development impairments                                | -          | (231)        |
| <b>Non Operating Items (post tax)</b>                                | (7)        | (262)        |
| <b>Non Core Profit After Tax</b>                                     | (2)        | (30)         |
| <b>Profit after tax attributable to securityholders</b>              | <b>196</b> | <b>(264)</b> |

1. Statutory profit adjusted for non operating items. These include non-cash backed property related revaluation movements of Investment Property, Other Financial Assets and Equity accounted Investments in the Investments segment, and other non-cash adjustments or non-trading items such as impairment losses relating to Goodwill and other Intangibles.
2. Assets in the Investments segment only.



# HY22 underlying operating cash flow<sup>1</sup>

## HY22 underlying operating cash flow of \$(388)m

| \$m  | Statutory    | Adjustments        | Underlying   |
|--|--------------|--------------------|--------------|
| <b>Cash Flows from Operating Activities</b>                                    |              |                    |              |
| Cash receipts in the course of operations                                      | 4,668        | -                  | 4,668        |
| Cash payments in the course of operations                                      | (5,536)      | 349 <sup>1</sup>   | (5,187)      |
| Dividends/distributions received   | 55           | -                  | 55           |
| Deconsolidation of development entities  | -            | 41 <sup>2</sup>    | 41           |
| Realised gains on sale of assets   | -            | 35 <sup>3</sup>    | 35           |
| Interest received  | 2            | (2)                | -            |
| Interest paid in relation to other corporations                                | (87)         | 87                 | -            |
| Interest in relation to lease liabilities                                      | (9)          | 9                  | -            |
| Income tax paid in respect of operations                                       | (40)         | 40                 | -            |
| <b>Net cash provided by operating activities</b>                               | <b>(947)</b> | <b>559</b>         | <b>(388)</b> |
| <b>Cash Flows from Investing Activities</b>                                    |              |                    |              |
| Sale/redemption of investments   | 40           | (35) <sup>3</sup>  | 5            |
| Acquisition of investments   | (349)        | -                  | (349)        |
| Acquisition of/capital expenditure on investment properties                    | (32)         | -                  | (32)         |
| Net loan drawdowns from associates and joint ventures                          | (3)          | -                  | (3)          |
| Disposal of consolidated entities (net of cash disposed and transaction costs) | 369          | (41) <sup>2</sup>  | 328          |
| Disposal of property, plant and equipment                                      | 66           | -                  | 66           |
| Acquisition of property, plant and equipment                                   | (3)          | -                  | (3)          |
| Acquisition of intangible assets   | (36)         | -                  | (36)         |
| Net increase in development inventory  | -            | (349) <sup>1</sup> | (349)        |
| <b>Net cash used in investing activities</b>                                   | <b>52</b>    | <b>(425)</b>       | <b>(373)</b> |

1. Balances include cash flows relating to both continuing and discontinued operations.

2. Development inventory includes contract assets in the Development segment.

## Overview

- Underlying operating cash flow** is derived by adjusting statutory cash flows to better reflect operating cash generated by the Group from its operating model prior to:
  - Payment of interest and tax
  - Reinvestment in the Group's pipeline

## Summary of adjustments

### 1. Net investment in development inventory<sup>2</sup>

Excluding the impact of the impairment charge in the period, there was a net increase in development inventory, net of deferred land payments, which has been reclassified as an investing activity

### 2. Cash proceeds/disposed from sell down of development entities

Net cash received from deconsolidation of development entities is reclassified as an operating activity, to align with the treatment of cash flows prior to deconsolidation

### 3. Realised gains on sale of assets

Lendlease is an active investment manager, with realised gains/losses on sale of assets included in EBITDA. Accordingly, gains on disposal are reclassified as an operating activity. This does not include the crystallisation on sale of historical property revaluations in the Investments segment which are excluded from Operating EBITDA

# Portfolio Management Framework

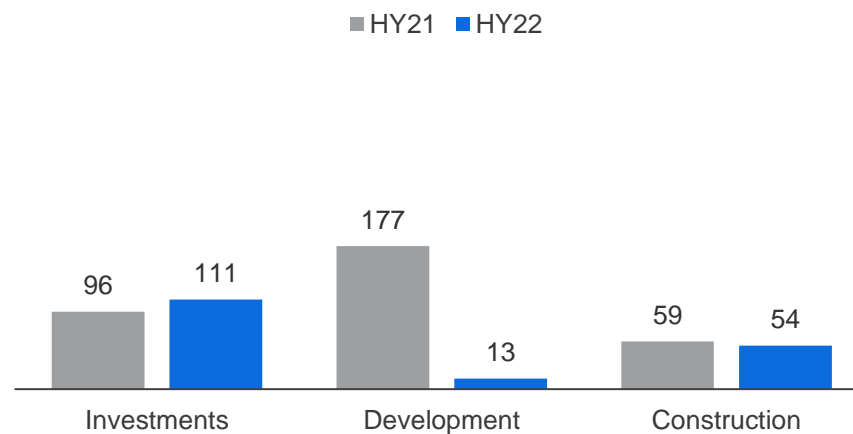
|  | Target | HY21 | HY22  |
|--|--------|------|-------|
| <b>Total Group Metrics</b>                       |        |      |       |
| Core Operating ROE                               | 8-11%  | 5.9% | 0.8%  |
| Distribution payout ratio <sup>1</sup>           | 40-60% | 50%  | 125%  |
| Gearing <sup>2</sup>                             | 10-20% | 5.0% | 12.0% |
| <b>Core Business EBITDA Mix</b>                  |        |      |       |
| Investments                                      | 35-45% | 26%  | 53%   |
| Development                                      | 40-50% | 52%  | 15%   |
| Construction                                     | 10-20% | 22%  | 32%   |
| <b>Segment Invested Capital Mix<sup>2</sup></b>  |        |      |       |
| Investments                                      | 40-60% | 45%  | 44%   |
| Development                                      | 40-60% | 55%  | 56%   |
| <b>Regional Invested Capital Mix<sup>2</sup></b> |        |      |       |
| Australia  | 40-60% | 39%  | 38%   |
| Asia   | 10-25% | 19%  | 20%   |
| Europe   | 10-25% | 23%  | 24%   |
| Americas   | 10-25% | 19%  | 18%   |

1. Calculated on Core Operating Earnings. HY22 represents the payout of earnings of the Trust during the period.

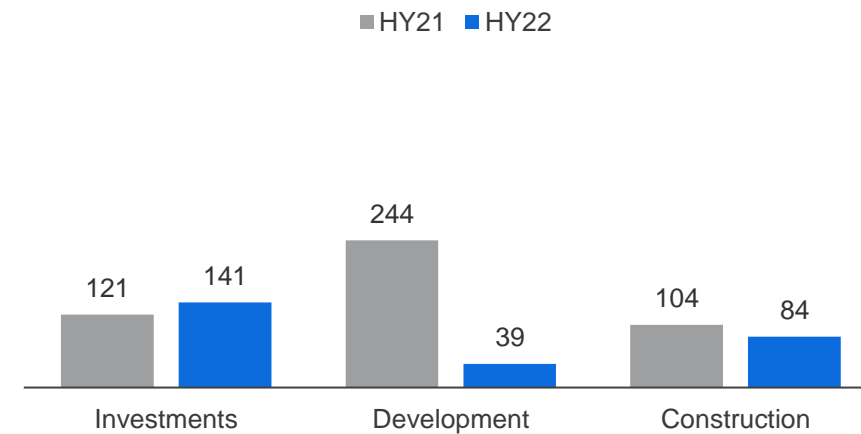
2. Comparative value is closing FY21 balance.

# Segment financial metrics

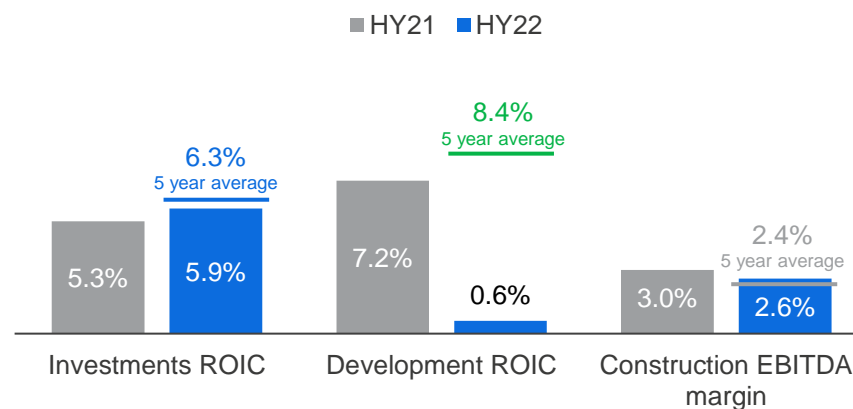
## Operating Profit after Tax (\$m)



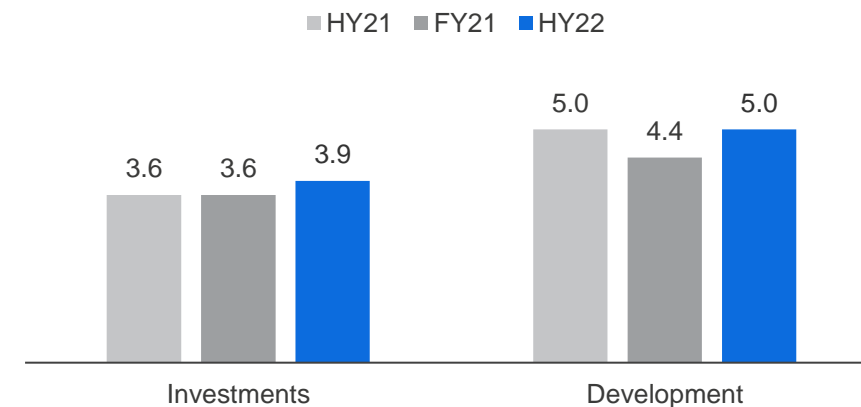
## Operating EBITDA (\$m)



## ROIC<sup>1</sup> (Development and Investments), EBITDA margin (Construction)



## Invested capital (Development and Investments) (\$b)



1. Return on Invested Capital (ROIC) is calculated using the annualised Profit after Tax divided by the arithmetic average of beginning and half year end invested capital.

# Exchange rates

## Income Statement<sup>1</sup>

| Local | Foreign | HY21 | FY21 | HY22 |
|-------|---------|------|------|------|
| AUD   | USD     | 0.73 | 0.75 | 0.73 |
| AUD   | GBP     | 0.55 | 0.55 | 0.54 |
| AUD   | EUR     | 0.62 | 0.63 | 0.63 |
| AUD   | SGD     | 0.99 | 1.00 | 0.99 |

## Statement of Financial Position<sup>2</sup>

| Local | Foreign | HY21 | FY21 | HY22 |
|-------|---------|------|------|------|
| AUD   | USD     | 0.77 | 0.75 | 0.73 |
| AUD   | GBP     | 0.56 | 0.54 | 0.54 |
| AUD   | EUR     | 0.63 | 0.63 | 0.64 |
| AUD   | SGD     | 1.02 | 1.01 | 0.98 |

1. Average foreign exchange rates.
2. Spot foreign exchange rates.



# HY22 Regional EBITDA to PAT reconciliation

| \$m                         | Operating EBITDA <sup>1</sup> | Net interest | D&A <sup>2</sup> | PBT          | Tax         | Operating PAT <sup>1</sup> |
|-----------------------------|-------------------------------|--------------|------------------|--------------|-------------|----------------------------|
| <b>Australia</b>            |                               |              |                  |              |             |                            |
| Investments                 | 76                            | -            | (3)              | 73           | (14)        | 59                         |
| Development                 | 68                            | (1)          | (1)              | 66           | (20)        | 46                         |
| Construction                | 58                            | -            | (4)              | 54           | (11)        | 43                         |
| <b>Total Australia</b>      | <b>202</b>                    | <b>(1)</b>   | <b>(8)</b>       | <b>193</b>   | <b>(45)</b> | <b>148</b>                 |
| <b>Asia</b>                 |                               |              |                  |              |             |                            |
| Investments                 | 37                            | -            | -                | 37           | (4)         | 33                         |
| Development                 | (12)                          | (1)          | (1)              | (14)         | (1)         | (15)                       |
| Construction                | 2                             | -            | (2)              | -            | (2)         | (2)                        |
| <b>Total Asia</b>           | <b>27</b>                     | <b>(1)</b>   | <b>(3)</b>       | <b>23</b>    | <b>(7)</b>  | <b>16</b>                  |
| <b>Europe</b>               |                               |              |                  |              |             |                            |
| Investments                 | (1)                           | -            | (1)              | (2)          | 2           | -                          |
| Development                 | 4                             | -            | (2)              | 2            | (4)         | (2)                        |
| Construction                | 16                            | -            | (4)              | 12           | 2           | 14                         |
| <b>Total Europe</b>         | <b>19</b>                     | <b>-</b>     | <b>(7)</b>       | <b>12</b>    | <b>-</b>    | <b>12</b>                  |
| <b>Americas</b>             |                               |              |                  |              |             |                            |
| Investments                 | 29                            | -            | (1)              | 28           | (9)         | 19                         |
| Development                 | (21)                          | 1            | (2)              | (22)         | 6           | (16)                       |
| Construction                | 8                             | (2)          | (6)              | -            | (1)         | (1)                        |
| <b>Total Americas</b>       | <b>16</b>                     | <b>(1)</b>   | <b>(9)</b>       | <b>6</b>     | <b>(4)</b>  | <b>2</b>                   |
| <b>Corporate</b>            |                               |              |                  |              |             |                            |
| Group Services              | (89)                          | (7)          | (47)             | (143)        | 44          | (99)                       |
| Group Treasury              | (12)                          | (58)         | -                | (70)         | 19          | (51)                       |
| <b>Total Corporate</b>      | <b>(101)</b>                  | <b>(65)</b>  | <b>(47)</b>      | <b>(213)</b> | <b>63</b>   | <b>(150)</b>               |
| <b>Total Core Business</b>  | <b>163</b>                    | <b>(68)</b>  | <b>(74)</b>      | <b>21</b>    | <b>7</b>    | <b>28</b>                  |
| <b>Non Core<sup>3</sup></b> | <b>(22)</b>                   | <b>-</b>     | <b>(13)</b>      | <b>(35)</b>  | <b>5</b>    | <b>(30)</b>                |
| <b>Total Group</b>          | <b>141</b>                    | <b>(68)</b>  | <b>(87)</b>      | <b>(14)</b>  | <b>12</b>   | <b>(2)</b>                 |

1. Statutory profit adjusted for non operating items. These include non-cash backed property related revaluation movements of Investment Property, Other Financial Assets and Equity accounted Investments in the Investments segment, and other non-cash adjustments or non-trading items such as impairment losses relating to Goodwill and other Intangibles.
2. Depreciation and amortisation.
3. Non Core EBITDA includes \$25m tenancy impairment costs.

## Key dates for investors

|   | <b>Date</b>      |
|---|------------------|
| HY22 results released to market / interim distribution declared         | 21 February 2022 |
| Securities quoted ex distribution on the Australian Securities Exchange | 25 February 2022 |
| Interim distribution record date  | 28 February 2022 |
| Interim distribution payable  | 16 March 2022    |
| FY22 results released to market / final distribution declared           | 22 August 2022   |
| Annual General Meetings   | 18 November 2022 |





# Investments Segment



# Earnings drivers

## Investments

ROIC target 6-9%<sup>1</sup>  
Invested capital  
\$3.9b

### Investment Portfolio Earnings

Co-investment  
positions in  
managed funds  
\$2.4b

Returns and metrics

Distribution and  
capital growth

High quality assets  
driving rental income,  
occupancy and asset  
valuations

Retirement  
Living  
\$1.0b

Returns and metrics

Equity investment  
returns

Occupancy rate,  
turnover rate, growth  
rate, discount rate  
and opex

Other  
\$0.4b

Returns and metrics

Equity investment  
returns

High quality assets  
driving rental income,  
occupancy and asset  
valuations

### Management Earnings

Funds  
management  
\$42.0b  
FUM

Returns and metrics

Funds management  
fees

Revenue margin, growth in FUM/AUM, asset performance and operating leverage

Commercial  
asset  
management  
\$14.8b  
AUM

Returns and metrics

Property and development  
management fees

Residential  
asset  
management  
\$14.0b  
AUM

Returns and metrics

Property and development  
management fees

1. Operating profit based measure, excluding property revaluations.



# Investments

## HY22

### Overview

- The Investments segment comprises a leading investment and asset management platform and the Group's investments across the residential, office, retail, industrial and retirement sectors
- Financial returns include fund and asset management fees, and yields and capital growth on ownership interests

### Drivers<sup>3</sup>

- Management EBITDA \$59m, down from \$71m:
  - Funds management revenue of \$79m, in line with HY21
  - Funds Management EBITDA \$40m, down from \$48m:
    - Lower performance fees with PLQ<sup>4</sup> fee in prior period, offset by higher base fees driven by FUM growth of 11%
    - Expenses higher due to investment for platform growth
  - Asset management revenue of \$49m, up from \$45m.
  - Asset Management EBITDA \$19m, down from \$23m:
    - AUM broadly in line with FY21
    - Ongoing COVID impacts across retail and commercial
    - Normalisation of expenses vs temporary savings in HY21
    - Residential the largest sector exposure
- Investment portfolio EBITDA \$82m, up from \$50m:
  - Higher investment income from commercial and industrial investments
  - Higher Retirement Living returns

### Performance<sup>1</sup>

|                                    |     | HY21 | HY22 |
|------------------------------------|-----|------|------|
| Core operating business EBITDA mix | %   | 26   | 53   |
| ROIC                               | %   | 5.3  | 5.9  |
| Invested capital <sup>2</sup>      | \$b | 3.6  | 3.9  |
| Management EBITDA                  | \$m | 71   | 59   |
| Investment Portfolio EBITDA        | \$m | 50   | 82   |
| Total EBITDA                       | \$m | 121  | 141  |

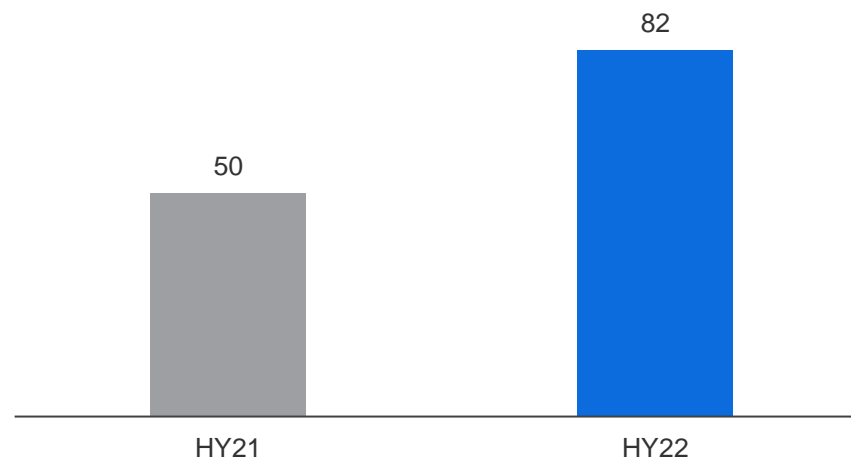
### Outlook

- Management earnings:
  - FUM of \$42.0b:
    - Scale platforms in office and retail
    - Building scale in apartments for rent
    - Additions to FUM of \$2.0b includes:
      - International Quarter London with CPP<sup>5</sup> – \$0.2b<sup>6</sup>
      - Investment mandate with Keppel REIT – \$0.2b<sup>6</sup>
      - Industrial Partnership with MSREI<sup>7</sup> – \$0.3b<sup>6</sup>
      - Certis Cisco Centre – \$0.3b<sup>6</sup>
    - Significant opportunities from remaining development pipeline
  - AUM of \$28.8b:
    - Financial partner acquires asset management income stream of military housing to contribute c.\$110m to NPAT in H2 FY22
    - Residential \$14.0b: ongoing growth from pipeline
    - Retail \$11.8b: occupancy and income expected to recover
    - Office \$3.0b: opportunities to grow portfolio
- Ownership earnings:
  - Investment portfolio, targeting growth from current \$3.8b:
    - Co investment positions in Urban product

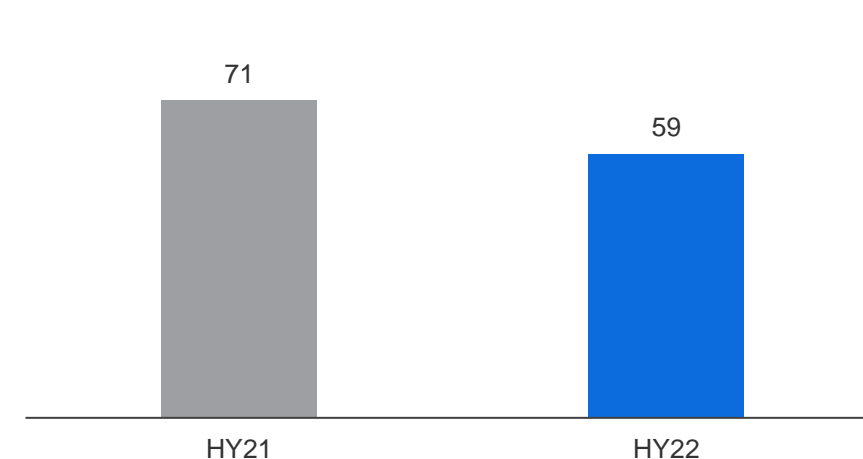
1. Operating profit based measure, excluding property revaluations.  
 2. Comparative value is closing FY21 balance.  
 3. Comparative period the half year ended 31 December 2020.  
 4. Paya Lebar Quarter.  
 5. CPP Investments  
 6. The Group's assessment of market value at 31 December 2021.  
 7. Morgan Stanley Real Estate Investing.

# Investment Portfolio / Management earnings

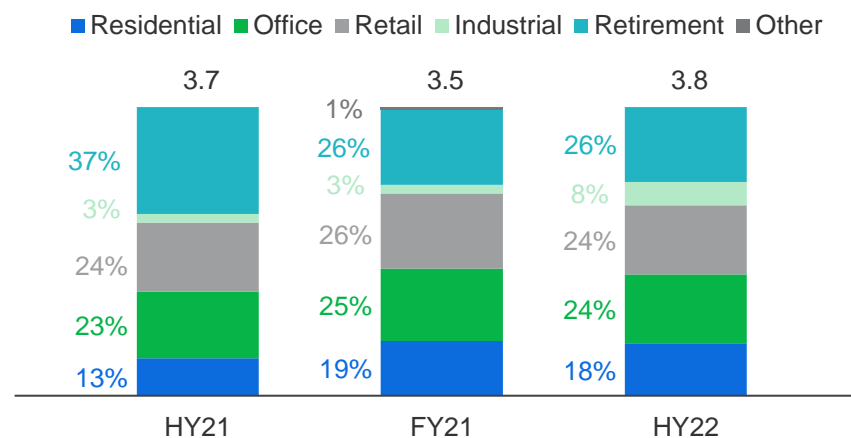
Investment Portfolio<sup>1</sup> EBITDA (\$m)



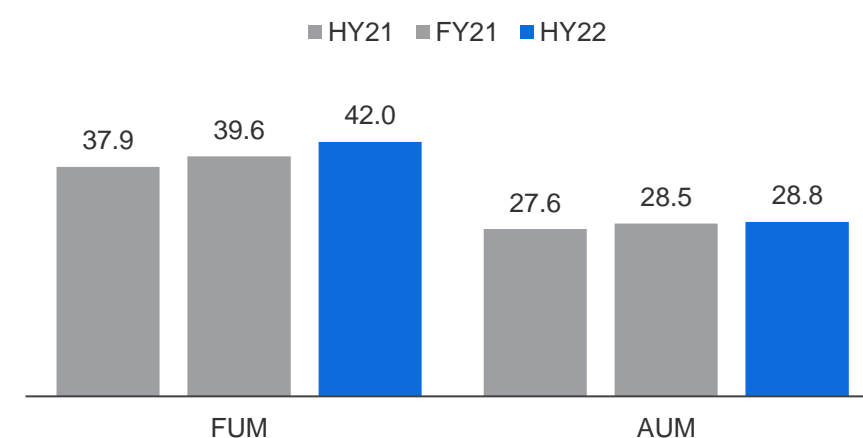
Management<sup>2</sup> EBITDA (\$m)



Investment Portfolio<sup>3</sup> by sector (\$b)



FUM/AUM (\$b)



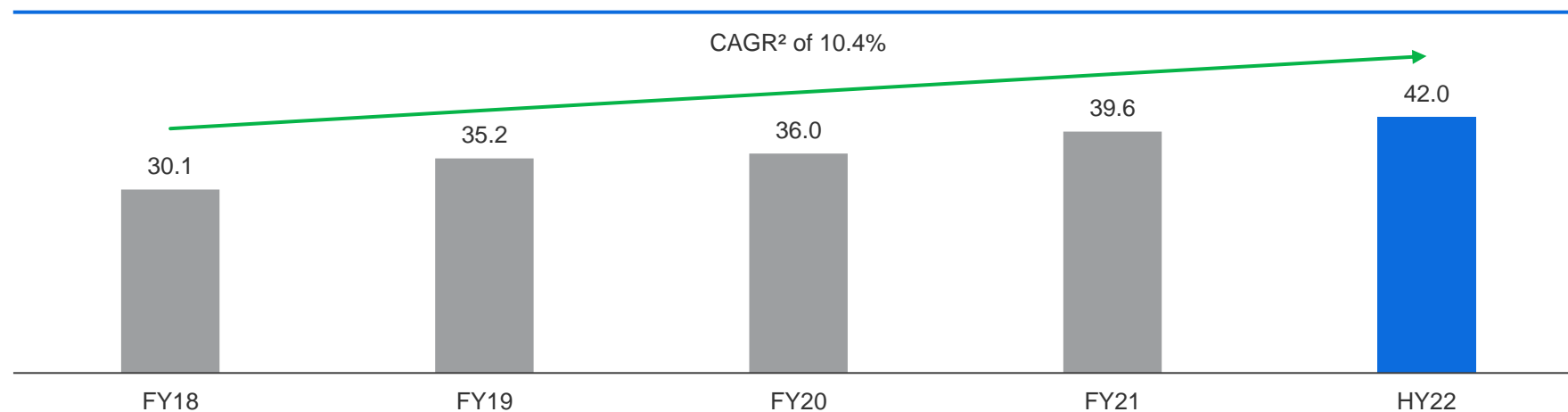
1. Returns excluding non-cash backed property related revaluation movements of Investment Property, Other Financial Assets, and Equity Accounted Investments in the Investments segment.

2. Earnings primarily derived from FUM and AUM.

3. The Group's assessment of market value of ownership interests.

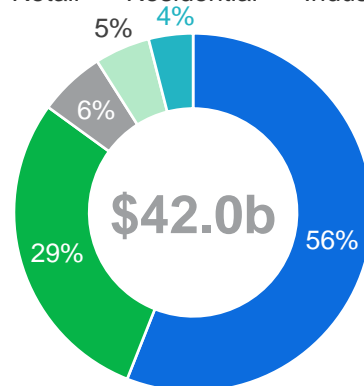
# Funds Under Management<sup>1</sup> (FUM)

FUM (\$b)



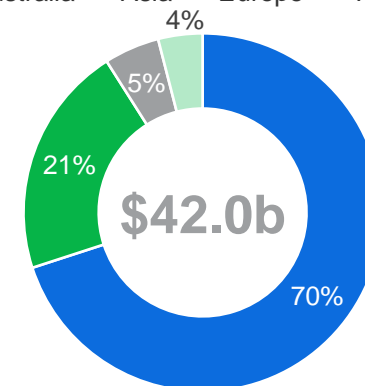
HY22 FUM by sector

■ Office ■ Retail ■ Residential ■ Industrial ■ Other



HY22 FUM by region

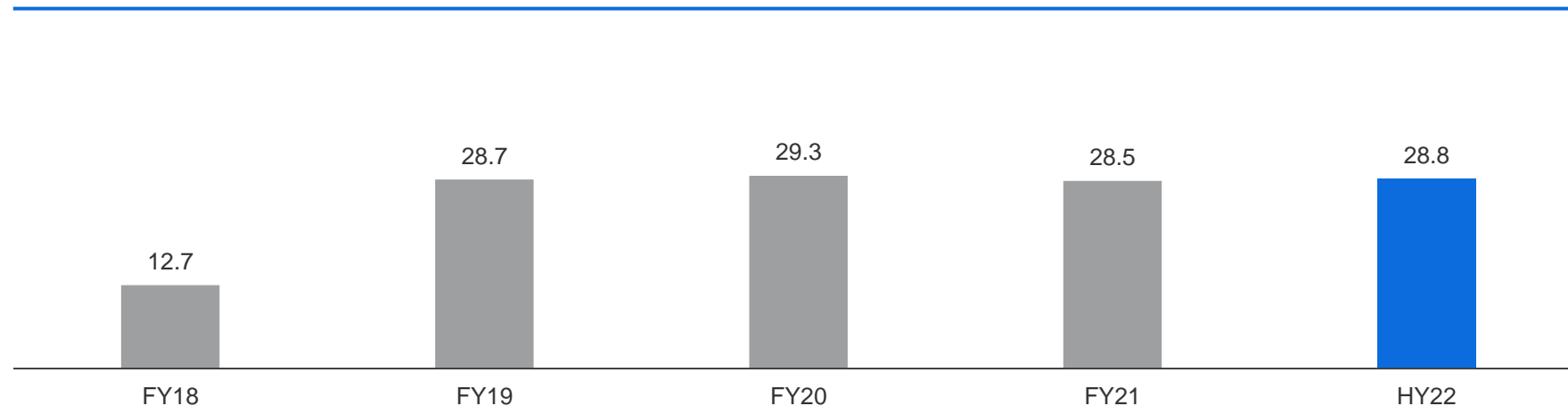
■ Australia ■ Asia ■ Europe ■ Americas



1. The Group's assessment of market value.  
 2. Compound Annual Growth Rate.

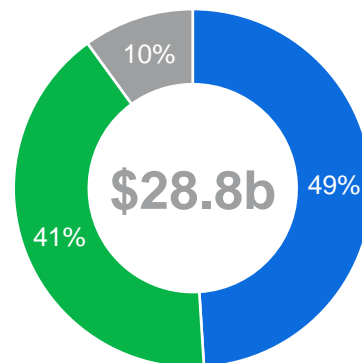
# Assets Under Management<sup>1</sup> (AUM)

AUM<sup>2</sup> (\$b)



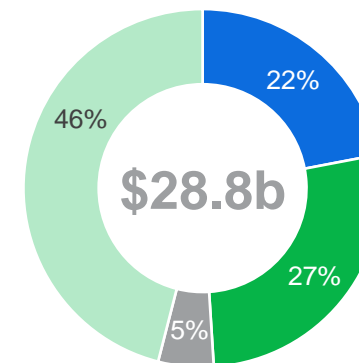
HY22 AUM by sector

■ Residential ■ Retail ■ Office



HY22 AUM by region

■ Australia ■ Asia ■ Europe ■ Americas

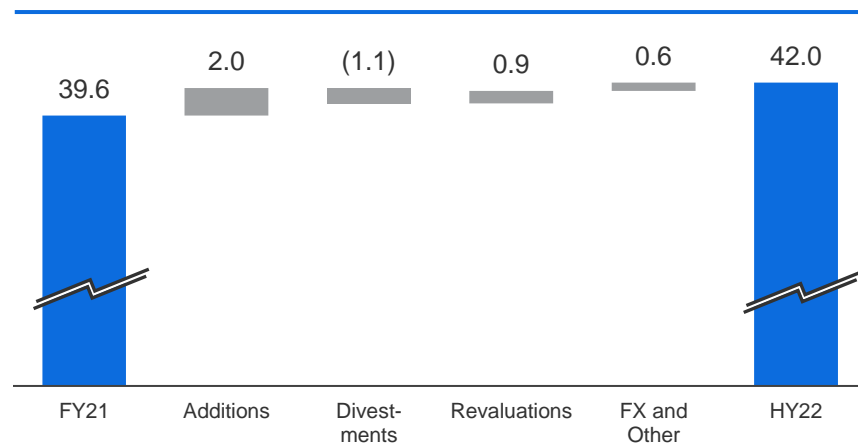


1. The Group's assessment of market value.
2. US residential housing not included in FY18.



# FUM<sup>1</sup> by region

## Group (\$b)



## By region (\$b)

|              | FY21        | Additions  | Divestments  | Revaluations | FX and Other | HY22        |
|--------------|-------------|------------|--------------|--------------|--------------|-------------|
| Australia    | 27.6        | 1.1        | (0.6)        | 0.9          | 0.4          | 29.4        |
| Asia         | 8.4         | 0.3        | -            | -            | 0.2          | 8.9         |
| Europe       | 1.9         | 0.5        | (0.5)        | -            | -            | 1.9         |
| Americas     | 1.7         | 0.1        | -            | -            | -            | 1.8         |
| <b>Group</b> | <b>39.6</b> | <b>2.0</b> | <b>(1.1)</b> | <b>0.9</b>   | <b>0.6</b>   | <b>42.0</b> |

1. The Group's assessment of market value.

# Major fund summary<sup>1</sup>

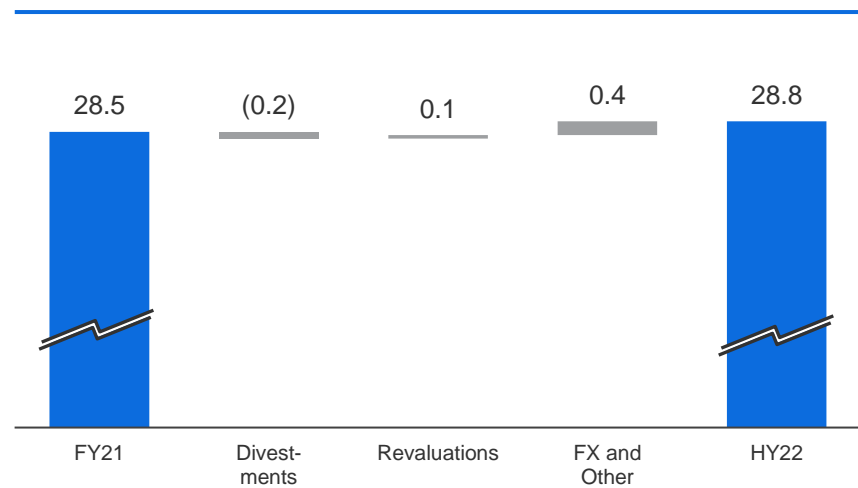
## HY22 funds management platform

|   | Total assets | Gearing | Co-investment |     | Region | Sector            | # of assets | Occupancy | Weighted avg. cap rate |
|---|--------------|---------|---------------|-----|--------|-------------------|-------------|-----------|------------------------|
|   | \$b          | %       | %             | \$m |        |                   | #           | %         | %                      |
| Australian Prime Property Fund Commercial               | 6.2          | 15.5    | 8.0           | 403 | Aus    | Office            | 19          | 96.8      | 4.5                    |
| Lendlease International Towers Sydney Trust             | 5.0          | 12.2    | 3.9           | 168 | Aus    | Office            | 4           | 95.1      | 4.5                    |
| Australian Prime Property Fund Retail                   | 3.8          | 29.9    | 2.2           | 59  | Aus    | Retail            | 8           | 97.1      | 5.2                    |
| Paya Lebar Quarter                                      | 3.2          | 56.7    | 30.0          | 379 | Asia   | Office and Retail | 4           | 98.3      | 3.9                    |
| Lendlease One International Towers Sydney Trust         | 2.9          | 16.7    | 2.5           | 59  | Aus    | Office            | 1           | 99.1      | 4.5                    |
| Lendlease Americas Residential Partnership <sup>2</sup> | 1.7          | 41.2    | 50.0          | 248 | Amer   | Residential       | 3           | 93.2      | 4.8                    |
| ARIF 3 (Jem)  | 1.6          | 42.1    | 13.1          | 110 | Asia   | Office and Retail | 1           | 99.7      | 4.3                    |
| Australian Prime Property Fund Industrial               | 1.6          | 17.7    | 10.3          | 129 | Aus    | Industrial        | 38          | 90.8      | 4.6                    |
| Lendlease Global Commercial REIT                        | 1.4          | 33.6    | 26.5          | 264 | Asia   | Office and Retail | 4           | 99.8      | 4.3                    |
| Parkway Parade Partnership Limited                      | 1.3          | 39.5    | 10.2          | 66  | Asia   | Retail            | 1           | 97.5      | 4.7                    |

1. Reflects Funds under Management with total assets greater than \$1.0b. 2. Total assets includes nine buildings (six buildings are under construction and not yet operational). All other metrics refer to the three operational buildings only.

# AUM<sup>1</sup> by product

## Group (\$b)



## By product (\$b)

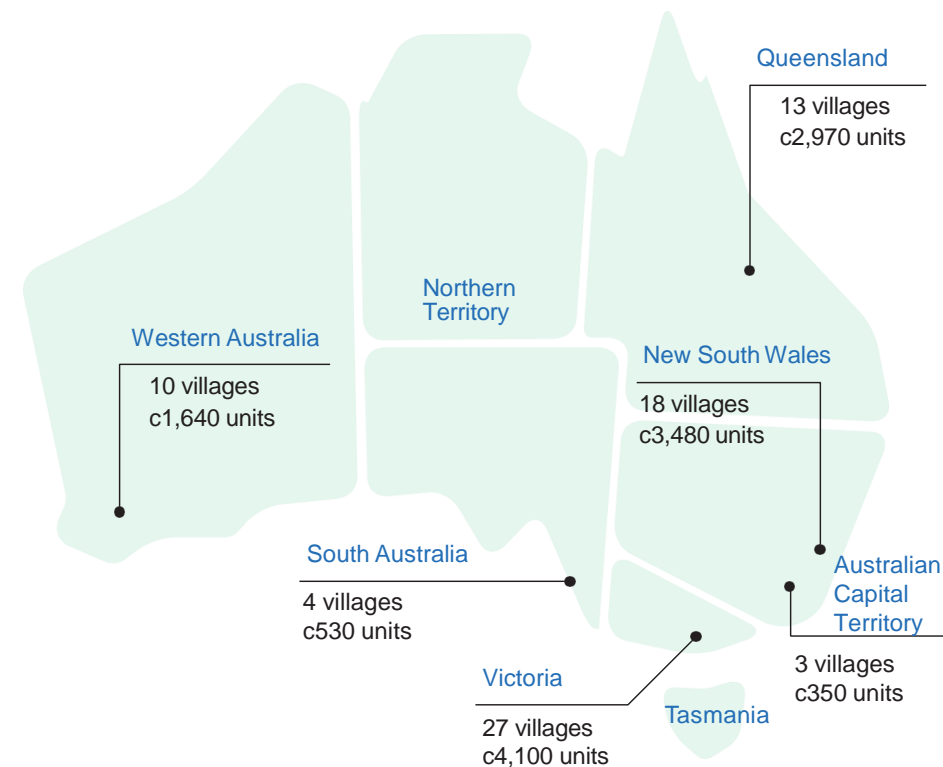
|              | FY21        | Additions | Divestments  | Revaluations | FX and Other | HY22        |
|--------------|-------------|-----------|--------------|--------------|--------------|-------------|
| Commercial   | 14.8        | -         | (0.2)        | 0.2          | -            | 14.8        |
| Residential  | 13.7        | -         | -            | (0.1)        | 0.4          | 14.0        |
| <b>Group</b> | <b>28.5</b> | <b>-</b>  | <b>(0.2)</b> | <b>0.1</b>   | <b>0.4</b>   | <b>28.8</b> |

1. The Group's assessment of market value.



# Retirement Living

| Value drivers <sup>1</sup>    |       | HY21   | HY22   |
|-------------------------------|-------|--------|--------|
| Ownership <sup>2</sup>        | %     | 75     | 50     |
| Equity investment             | \$b   | 1.4    | 1.0    |
| Long term growth rate         | %     | 3.5    | 3.5    |
| Discount rate                 | %     | 12.4   | 12.1   |
| Average length of stay – ILUs | years | 11     | 11     |
| Number of established units   | no.   | 12,931 | 13,070 |
| Units resold                  | no.   | 373    | 538    |
| <b>Development</b>            |       |        |        |
| Pipeline <sup>3,4</sup>       | no.   | 2,354  | 2,419  |
| Pipeline <sup>4</sup>         | \$b   | 1.4    | 1.5    |
| Settlements                   | no.   | 72     | 71     |
| Settlements                   | \$m   | 48.0   | 52.0   |



1. 100% of Retirement Living business.
2. Aware Super acquired a 25% interest in Retirement Living business in the second half of FY21.
3. Includes aged care bed licences.
4. Comparative value is closing FY21 balance.



# Development Segment



London: The Turing Building  
International Quarter London  
Artist's impression.

# Earnings drivers

## Development

ROIC target 10-13%

Invested capital \$5.0b

Pipeline<sup>1</sup>  
\$111.8b

### Development Phase

#### In Conversion

\$52.0b  
pipeline

\$0.4b  
capital

#### Master planned

\$43.7b  
pipeline

\$1.9b  
capital

#### Work in Progress

\$16.1b  
pipeline

\$2.7b  
capital

Completions target of \$8b+ p.a.

1. Total estimated project revenue of all development work secured (representing 100% of project value).



# Development HY22

## Overview

- The Development segment is predominantly focused on the creation of mixed use precincts that comprise apartments, workplaces and associated leisure and entertainment amenity. The Group also develops outer suburban master planned communities and retirement living villages
- Financial returns are generated via development margin, development management fees and origination fees

## Drivers<sup>2</sup>

- Low completions and commencements:
  - Completions \$0.2b:
    - Communities settlements
  - Commencements \$1.5b
    - Turing building; Blue & William; Communities lot sales
- Key urban earnings contributors for H1:
  - Origination fees from North East Link PPP
  - Sydney Place
- Investment partnership with CPP Investments to deliver four commercial buildings in IQL<sup>3</sup>
- New commencements, contributing to future development earnings & FUM:
  - Blue & William, Sydney
  - IQL<sup>3</sup> – The Turing Building, London
- Development management fees across projects in delivery
- Improving Communities performance despite lower settlements:
  - Settlements: 504 lots, down 52%
  - Sales: 1,522 lots, up 90%

## Performance

|                               |     | HY21 | HY22 |
|-------------------------------|-----|------|------|
| Core business EBITDA mix      | %   | 52   | 15   |
| Urban EBITDA                  | \$m | 199  | 45   |
| Communities EBITDA            | \$m | 29   | (6)  |
| Total EBITDA                  | \$m | 244  | 39   |
| ROIC                          | %   | 7.2  | 0.6  |
| Invested capital <sup>1</sup> | \$b | 4.4  | 5.0  |
| Completions                   | \$b | 1.8  | 0.2  |

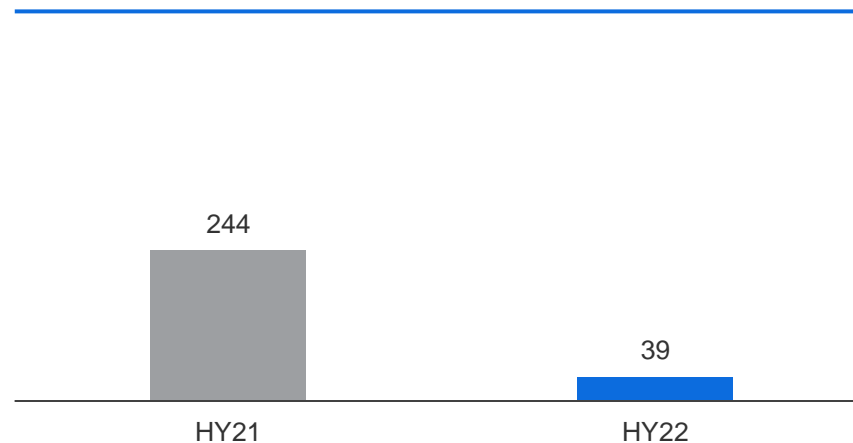
## Outlook

- \$111.8b<sup>4</sup> development pipeline:
  - Removal of impaired projects: \$4.7b reduction
  - \$0.3b<sup>4</sup> additions, Blue & William in Sydney
  - Project changes \$1.2b, foreign exchange rate \$1.6b
  - Urban: 30 projects, 20 major projects in 8 gateway cities
  - Communities: 17 projects with c.44,000 lots
- Work in Progress<sup>5</sup>: \$16.1b
  - \$6.2b apartments for sale
  - \$1.2b apartments for rent
  - \$7.9b commercial
  - \$0.8b communities
- Promising outlook for Communities settlements in H2 and achieving target range of 3000 – 4000 settlements in FY23
- > c.\$5b of pipeline progressed to Master planned and WIP
- Targeting >\$4b commencements in H2 FY22
- FY22 profitability expected to be impacted by:
  - COVID delays and related project economics
  - Revised approach on profit recognition with investment partners

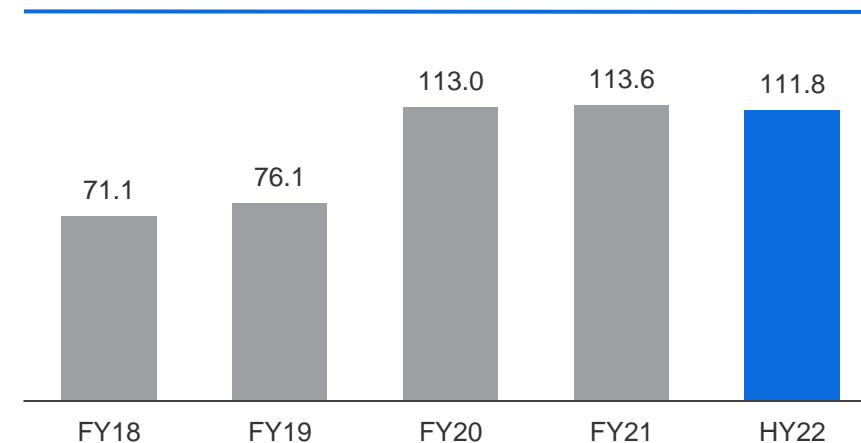
1. Comparative value is closing FY21 balance.  
 2. Comparative period the half year ended 31 December 2020.  
 3. International Quarter London.  
 4. Total estimated project revenue of all development work secured (representing 100% of project value).  
 5. End value of Development Pipeline in delivery as at period end (representing 100% of project value).

# Development earnings / pipeline

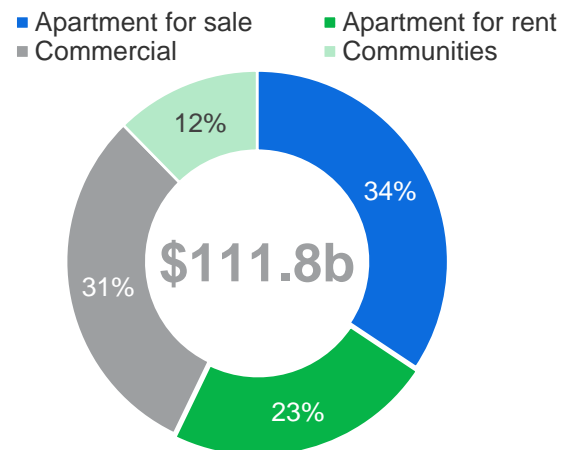
EBITDA (\$m)



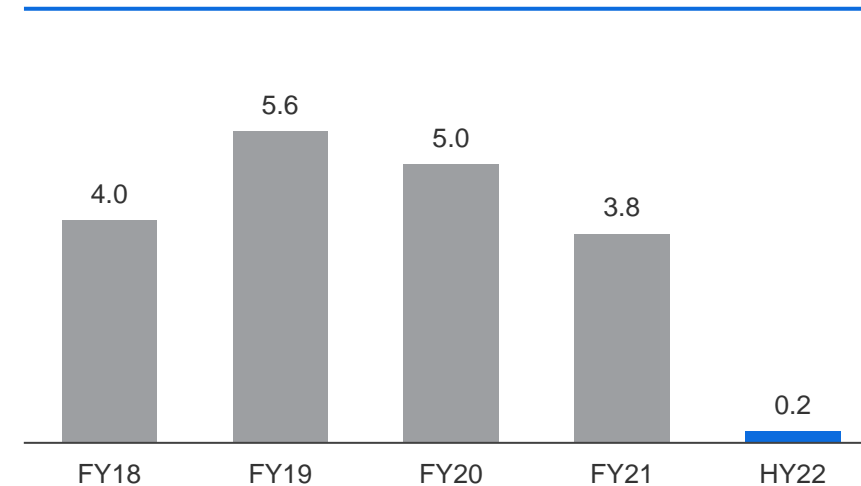
Pipeline<sup>1</sup> (\$b)



HY22 pipeline<sup>1</sup> by product



Completions<sup>2</sup> (\$b)



1. Total estimated project revenue of all development work secured (representing 100% of project value).
2. Project end value on product completed during a financial period (representing 100% of project value).

# Apartment Settlements

## HY22 apartment settlements

|   | Ownership | Units     | \$m        |
|---|-----------|-----------|------------|
| <b>Australia</b>                            |           |           |            |
| Melbourne Quarter - East Tower              | 50%       | 12        | 9          |
| <b>Total Australia</b>                      |           | <b>12</b> | <b>9</b>   |
| <b>Europe</b>                               |           |           |            |
| Elephant Park – West Grove (Building 1 & 2) | 100%      | 10        | 19         |
| Other                                       |           | 4         | 9          |
| <b>Total Europe</b>                         |           | <b>14</b> | <b>28</b>  |
| <b>Total Americas</b>                       |           | <b>33</b> | <b>166</b> |
| <b>Total apartment for sale settlements</b> |           | <b>59</b> | <b>203</b> |



# Communities Sales and Settlements

\$0.8b Work in Progress

## Communities settlements

|                        | HY21           |            | HY22       |            |
|------------------------|----------------|------------|------------|------------|
|                        | Lots           | \$m        | Lots       | \$m        |
| Queensland             | 434            | 92         | 204        | 57         |
| New South Wales        | 188            | 67         | 55         | 33         |
| Victoria               | 339            | 92         | 172        | 39         |
| South Australia        | 20             | 2          | 3          | ..1        |
| Western Australia      | 62             | 15         | 70         | 17         |
| <b>Total Australia</b> | <b>1,043</b>   | <b>268</b> | <b>504</b> | <b>146</b> |
| <b>Europe</b>          | 1 <sup>2</sup> | 54         | -          | -          |
| <b>Total</b>           | <b>1,044</b>   | <b>322</b> | <b>504</b> | <b>146</b> |

## Communities sales

|                        | HY21           |            | HY22         |            |
|------------------------|----------------|------------|--------------|------------|
|                        | Lots           | \$m        | Lots         | \$m        |
| Queensland             | 375            | 93         | 617          | 161        |
| New South Wales        | 64             | 24         | 149          | 73         |
| Victoria               | 247            | 64         | 638          | 203        |
| South Australia        | 22             | 2          | -            | -          |
| Western Australia      | 92             | 20         | 118          | 30         |
| <b>Total Australia</b> | <b>800</b>     | <b>203</b> | <b>1,522</b> | <b>467</b> |
| <b>Europe</b>          | 1 <sup>2</sup> | 54         | -            | -          |
| <b>Total</b>           | <b>801</b>     | <b>257</b> | <b>1,522</b> | <b>467</b> |
| <b>Total presales</b>  | <b>1,482</b>   | <b>405</b> | <b>2,452</b> | <b>761</b> |

1. \$0.4m settlement.

2. Chiswick – Englobo sale.

# Apartment settlements and completion profile

\$7.4b Work in Progress

| City                       | Project          | Building                        | Total units | Ownership | Presold        | Units presold <sup>1</sup> | Presales <sup>1</sup> (\$b) | Delivery Date <sup>2</sup> |
|----------------------------|------------------|---------------------------------|-------------|-----------|----------------|----------------------------|-----------------------------|----------------------------|
| <b>Apartments for sale</b> |                  |                                 |             |           |                |                            |                             |                            |
| Manchester                 | Potato Wharf     | Potato Wharf Block 3 & 4        | 191         | 100%      | 73%            | 139                        | 0.1                         | FY22                       |
| Chicago                    | Lakeshore East   | Cirrus                          | 350         | 43%       | _ <sup>3</sup> | _ <sup>3</sup>             | _ <sup>3</sup>              | FY22                       |
| London                     | Elephant Park    | MP4 - H11A                      | 104         | 100%      | 100%           | 104                        | 0.1                         | FY23                       |
| New York                   | 100 Claremont    | Claremont Hall                  | 166         | 32%       | _ <sup>3</sup> | _ <sup>3</sup>             | _ <sup>3</sup>              | FY23                       |
| Sydney                     | Barangaroo South | Residences One & Residences Two | 637         | 75%       | 83%            | 530                        | 3.1                         | FY24                       |
| Kuala Lumpur               | The Exchange TRX | RESIDENSI TRX I - Towers A & B  | 896         | 60%       | 38%            | 337                        | 0.2                         | FY24                       |
| London                     | Elephant Park    | Park and Sayer                  | 301         | 100%      | 56%            | 170                        | 0.2                         | FY24                       |
| Chicago                    | Southbank        | The Reed                        | 216         | 50%       | _ <sup>3</sup> | _ <sup>3</sup>             | _ <sup>3</sup>              | FY24                       |

| City                       | Project        | Building       | Total units | Ownership | Delivery date <sup>2</sup> |
|----------------------------|----------------|----------------|-------------|-----------|----------------------------|
| <b>Apartments for rent</b> |                |                |             |           |                            |
| Shanghai                   | Ardor Gardens  | Ardor Gardens  | 838         | 100%      | FY22                       |
| Chicago                    | Lakeshore East | Cascade        | 503         | 43%       | FY22                       |
| London                     | Elephant Park  | MP4 - H11A     | 118         | 50%       | FY23                       |
| London                     | Elephant Park  | Park and Sayer | 123         | 50%       | FY24                       |
| Chicago                    | Southbank      | The Reed       | 224         | 50%       | FY24                       |

1. Closing presales balance as at 31 December 2021.
2. Based on expected completion date of underlying buildings, subject to change in delivery program. Not indicative of cash or profit recognition.
3. Project information is commercial in confidence.

# Commercial completions profile

\$7.9b Work in Progress

| City         | Project                                 | Capital model             | Ownership | sqm '000 <sup>1</sup> | Building                                | Completion date <sup>2</sup> |
|--------------|---|---------------------------|-----------|-----------------------|---|------------------------------|
| Milan        | Milano Santa Giulia                     | Fund Through <sup>3</sup> | 50%       | 28                    | Spark One                               | FY22                         |
| Milan        | Milano Santa Giulia                     | Fund Through <sup>3</sup> | 50%       | 18                    | Spark Two                               | FY22                         |
| Milan        | Milan Innovation District               | BOOT <sup>4</sup>         | 100%      | 8                     | MIND Village                            | FY22                         |
| Sydney       | Sydney Place                            | Joint Venture             | 20%       | 58                    | Salesforce Tower                        | FY23                         |
| Sydney       | Blue & William                          | Fund Through <sup>3</sup> | 0%        | 14                    | Blue & William                          | FY23                         |
| Kuala Lumpur | The Exchange TRX                        | Joint Venture             | 60%       | 122                   | Retail                                  | FY23                         |
| Melbourne    | Melbourne Quarter                       | Fund Through <sup>3</sup> | 0%        | 75                    | Melbourne Quarter Tower                 | FY24                         |
| Kuala Lumpur | The Exchange TRX                        | Joint Venture             | 60%       | 18                    | Office                                  | FY24                         |
| Kuala Lumpur | The Exchange TRX                        | Joint Venture             | 60%       | 29                    | Hotel                                   | FY24                         |
| Sydney       | Victoria Cross over station development | Joint Venture             | 75%       | 58                    | Victoria Cross over station development | FY25                         |
| London       | International Quarter London            | Joint Venture             | 50%       | 34                    | The Turing Building                     | FY25                         |
| <b>Total</b> |   |                           |           | <b>462</b>            |   |                              |

1. Floor space measured as Net Lettable Area.
2. Based on expected completion date of underlying buildings, subject to change in delivery program. Not indicative of cash or profit recognition.
3. A funding model structured through a forward sale to a capital partner resulting in staged payments prior to building completion.
4. Build, Own, Operate, Transfer.



# Conversion of secured Apartments pipeline<sup>1</sup>

## Indicative conversion timing of secured apartments for sale pipeline to FY26

| City                       | Units        | FY22 | FY23 | FY24 | FY25 | FY26 |
|----------------------------|--------------|------|------|------|------|------|
| Sydney <sup>2</sup>        | 212          |      |      |      |      |      |
| London <sup>3</sup>        | 1,930        |      |      |      |      |      |
| Kuala Lumpur <sup>4</sup>  | 1,630        |      |      |      |      |      |
| York <sup>5</sup>          | 608          |      |      |      |      |      |
| Melbourne <sup>6</sup>     | 1,435        |      |      |      |      |      |
| Milan <sup>7</sup>         | 776          |      |      |      |      |      |
| San Francisco <sup>8</sup> | 333          |      |      |      |      |      |
| Chicago <sup>9</sup>       | 344          |      |      |      |      |      |
| Birmingham <sup>10</sup>   | 580          |      |      |      |      |      |
| <b>Total</b>               | <b>7,848</b> |      |      |      |      |      |

## Indicative conversion timing of secured residential for rent pipeline to FY26

| City                   | Project                             | Units         | FY22 | FY23 | FY24 | FY25 | FY26 |
|------------------------|-------------------------------------|---------------|------|------|------|------|------|
| Milan                  | Milan Innovation District - Stage 1 | 358           |      |      |      |      |      |
| New York               | 1 Java Street                       | 850           |      |      |      |      |      |
| Milan                  | Milano Santa Giulia - Stage 1       | 388           |      |      |      |      |      |
| Los Angeles            | La Cienega                          | 260           |      |      |      |      |      |
| Melbourne              | Melbourne Quarter                   | 797           |      |      |      |      |      |
| Chicago                | Southbank                           | 340           |      |      |      |      |      |
| Milan                  | Milan Innovation District - Stage 2 | 354           |      |      |      |      |      |
| Milan                  | Milano Santa Giulia - Stage 2       | 512           |      |      |      |      |      |
| Birmingham             | Smithfield                          | 361           |      |      |      |      |      |
| London                 | High Road West - Stage 1            | 290           |      |      |      |      |      |
| San Francisco Bay Area | San Francisco Bay Area Project      | c7,800        |      |      |      |      |      |
| <b>Total</b>           |                                     | <b>12,310</b> |      |      |      |      |      |

1. Subject to planning approvals, contractual conditions and market.
2. Barangaroo South.
3. Silvertown Quays, International Quarter London, Elephant Park, High Road West.
4. The Exchange TRX.
5. Hungate.
6. Victoria Harbour.
7. Milano Santa Giulia.
8. 30 Van Ness.
9. Lakeshore East.
10. Smithfield.

# Conversion of secured Commercial pipeline<sup>1</sup>

## Indicative conversion timing of secured commercial pipeline to FY26

| City          | Project                                | Sectors                 | sqm '000 <sup>2</sup> | FY22 | FY23 | FY24 | FY25 | FY26 |
|---------------|--|-------------------------|-----------------------|------|------|------|------|------|
| Milan         | Milan Innovation District - Stage 1    | Office / Retail / Hotel | 130                   |      |      |      |      |      |
| Greater Tokyo | Lendlease Data Centre Partners         | Other                   | 48                    |      |      |      |      |      |
| Boston        | 60 Guest Street                        | Office                  | 33                    |      |      |      |      |      |
| Singapore     | Certis Cisco Centre                    | Office                  | 31                    |      |      |      |      |      |
| Milan         | Milano Santa Giulia - Stage 1          | Office / Retail / Hotel | 79                    |      |      |      |      |      |
| Los Angeles   | La Cienega                             | Office                  | 24                    |      |      |      |      |      |
| Chicago       | Southbank                              | Office                  | 113                   |      |      |      |      |      |
| London        | Silvertown                             | Office                  | 47                    |      |      |      |      |      |
| London        | Elephant Park                          | Office                  | 44                    |      |      |      |      |      |
| London        | International Quarter London - Stage 1 | Office                  | 61                    |      |      |      |      |      |
| San Francisco | 30 Van Ness                            | Office                  | 27                    |      |      |      |      |      |
| Kuala Lumpur  | The Exchange TRX                       | Hotel                   | 13                    |      |      |      |      |      |
| Milan         | Milan Innovation District - Stage 2    | Office                  | 58                    |      |      |      |      |      |
| Birmingham    | Smithfield                             | Office / Retail         | 22                    |      |      |      |      |      |
| Milan         | Milano Santa Giulia - Stage 2          | Office                  | 11                    |      |      |      |      |      |
| London        | International Quarter London - Stage 2 | Office                  | 51                    |      |      |      |      |      |
| <b>Total</b>  |  |                         | <b>792</b>            |      |      |      |      |      |

1. Subject to planning approvals, contractual conditions, market, and tenant precommitments.
2. Floor space measured as Net Lettable Area.

# Major Urban project summary<sup>1</sup>

| Region               | Project                             | Project secured | Delivery commenced | Completion date | Residential backlog units | Commercial backlog sqm '000 <sup>2</sup> | Estimated end value (\$b) <sup>3</sup> | Land payment model |
|----------------------|-------------------------------------|-----------------|--------------------|-----------------|---------------------------|--|--|--------------------|
| Australia            | Barangaroo South                    | FY09            | FY12               | FY26            | 849                       | 1  | 4.3                                    | Staged payment     |
|                      | Sydney Place                        | FY12            | FY17               | FY23            | -                         | 58                                       | 2.2                                    | Upfront payment    |
|                      | Victoria Harbour                    | FY01            | FY04               | FY30            | 2,041                     | -  | 2.1                                    | Land management    |
|                      | Melbourne Quarter                   | FY13            | FY16               | FY26            | 797                       | 75                                       | 1.6                                    | Land management    |
|                      | Victoria Cross, Sydney <sup>4</sup> | FY19            | FY20               | FY25            | -                         | 58                                       | 1.2                                    | Staged payment     |
| Asia                 | The Exchange TRX, Kuala Lumpur      | FY14            | FY17               | FY28            | 2,526                     | 187                                      | 3.9                                    | Staged payment     |
| Europe               | Thamesmead Waterfront, London       | FY20            | FY27               | FY40+           | 11,500                    | 82                                       | 14.8                                   | Land management    |
|                      | Euston Station, London              | FY18            | FY26               | FY40+           | 2,000                     | 400                                      | 10.7                                   | Land management    |
|                      | Silvertown Quays, London            | FY18            | FY23               | FY35            | 3,000                     | 440                                      | 6.5                                    | Land management    |
|                      | Milano Santa Giulia                 | FY18            | FY20               | FY34            | 3,251                     | 166                                      | 4.3                                    | Land management    |
|                      | Milan Innovation District           | FY19            | FY21               | FY32            | 1,125                     | 389                                      | 3.8                                    | Staged payment     |
|                      | Smithfield, Birmingham              | FY21            | FY25               | FY35            | 3,079                     | 126                                      | 3.5                                    | Land management    |
|                      | International Quarter London        | FY10            | FY14               | FY30            | 350                       | 147                                      | 3.2                                    | Staged payment     |
|                      | High Road West, London              | FY18            | FY23               | FY34            | 2,501                     | 14                                       | 2.1                                    | Land management    |
|                      | Elephant Park, London               | FY10            | FY12               | FY26            | 905                       | 47                                       | 2.1                                    | Staged payment     |
| Americas             | San Francisco Bay Area project      | FY20            | FY24               | FY38            | 15,000                    | n/a <sup>5</sup>                         | 20.0                                   | Land management    |
|                      | Lakeshore East, Chicago             | FY19            | FY20               | FY27            | 1,197                     | 2  | 2.0                                    | Staged payment     |
|                      | Southbank, Chicago                  | FY15            | FY16               | FY26            | 780                       | 113                                      | 1.7                                    | Upfront payment    |
|                      | 30 Van Ness, San Francisco          | FY17            | FY24               | FY27            | 333                       | 27                                       | 1.5                                    | Upfront payment    |
|                      | 1 Java Street, New York             | FY21            | FY22               | FY26            | 850                       | -  | 1.1                                    | Upfront payment    |
| Other Urban projects |                                     |                 |                    |                 | 2,314                     | 236                                      | 5.4                                    |                    |
| <b>Total Urban</b>   |                                     |                 |                    |                 | <b>54,398</b>             | <b>2,568</b>                             | <b>98.0</b>                            |                    |

1. Subject to planning approvals, contractual conditions, market, and tenant precommitments.

2. Floor space measured as Net Lettable Area.

3. Total estimated project revenue of all Development work secured (representing 100% of project value).

4. Victoria Cross over station development.

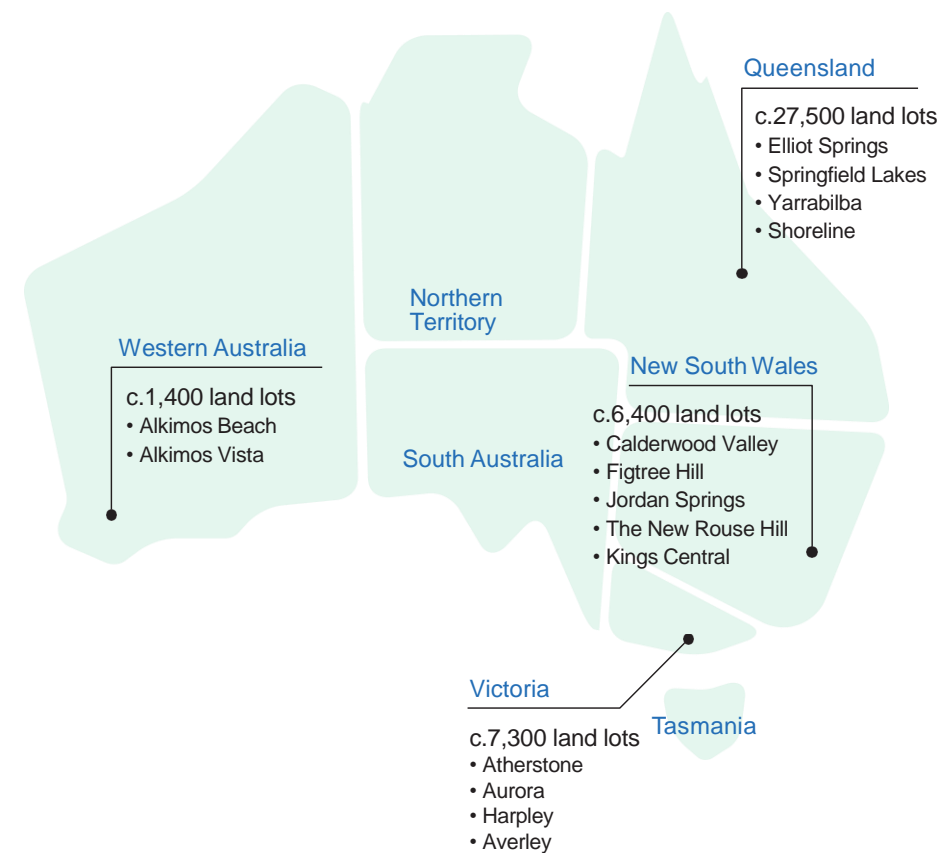
5. Commercial in confidence.



# Communities Pipeline Summary

## Key metrics

- \$13.8b pipeline<sup>1</sup>
- 16 projects across five Australian states, 1 US project
- c.44,000 of communities pipeline lots
- Target settlements: 3,000 – 4,000 lots p.a.



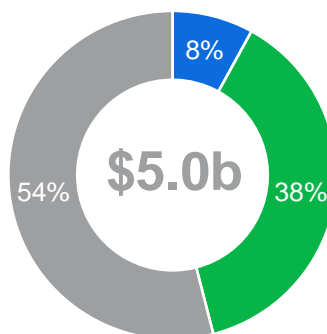
1. Total estimated project revenue of all Development work secured (representing 100% of project value).

# Development capital

**\$5.0b of invested capital in land and infrastructure controls \$111.8b development pipeline**

## HY22 capital - Operational Stage

■ In Conversion ■ Master planned ■ WIP

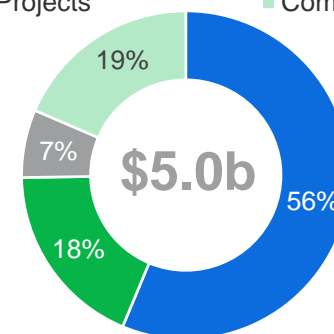


## Focus of operational stage

- In Conversion: Master planning approvals; typically 2-3 years
- Master planned: Individual building approvals, investment partnerships, pre-sales/pre-leasing
- Work in progress: Delivery, marketing, additional sales and customer experience

## HY22 capital - Structure

■ Other Urban Projects ■ Deconsolidated JVs  
■ Impaired Projects ■ Communities

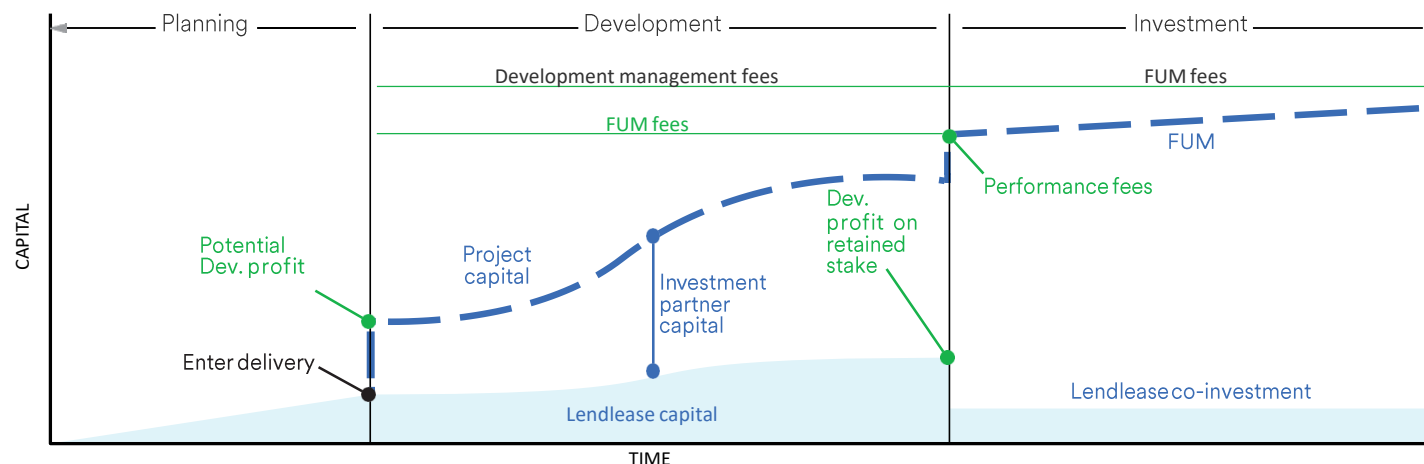


## Capital following portfolio review

- Upfront profit recognition on historical JV projects which remain in delivery (Deconsolidated JVs) until the progressive completion of projects up to FY25
- Change in strategy across a small number of projects resulting in Development impairments of \$299m (pre-tax) reflected in capital at December 21
- Capital partnering approach across urban projects ensuring alignment of profit with cash and risk/reward profile

# Investment partner funding model - example

Example assumes Lendlease retains 25% stake during Development phase



## Key features

- Introduce investment partner prior to entering delivery:
  - Potential for profit upfront on sell-down under single asset and programmatic models
  - Typically no or limited profit upfront under partnership model approach where Lendlease and partner originate the deal together
- Under all models, potential for Lendlease to earn development management fee and FUM fees during delivery
- Typically small Lendlease co-investment post-completion with ongoing management rights and FUM fees
- Structure adopted on:
  - International Towers Sydney, Barangaroo (commercial): Single asset model
  - International Quarter London (commercial): Single asset model
  - Milano Santa Giulia: Programmatic model
  - Paya Lebar Quarter: Partnership model

## Case study: International Towers Sydney, Barangaroo South (Towers 2 & 3)

- Secured in 2009 to regenerate large mixed use precinct
- Concept plan approved 2010
- Tenant pre-commitment of c.70% across two towers
- c.\$2b Lendlease International Towers Sydney Trust (LLITST) created to forward fund the towers in 2012:
  - Investment partners 75%
  - Lendlease 25% co-investment
- Profit streams through the lifecycle of project:
  - Upfront sell-down profit
  - Development management fees
  - Performance fees
  - FUM fees
- Investment partners received attractive returns:
  - Value from additional leasing
  - Above market rents through placemaking
  - Cap rate compression on completion of towers
- 2022 – 12 years after securing the project:
  - All development profit converted to cash
  - Co-investment 3.9% (c.\$170m)
  - FUM of \$5.0b



# Construction Segment



# Earnings drivers

## Construction

EBITDA margin  
target 2-3%

Backlog<sup>1</sup>  
\$10.9b

### Australia

Revenue  
in the last  
6 months

\$1.5b

Backlog<sup>1</sup>

\$6.6b

Backlog Realisation

| H2 FY22 | FY23 | Post FY23 |
|---------|------|-----------|
| 29%     | 41%  | 30%       |

### Asia

Revenue  
in the last  
6 months

\$0.2b

Backlog<sup>1</sup>

\$0.2b

Backlog Realisation

| H2 FY22 | FY23 | Post FY23 |
|---------|------|-----------|
| 33%     | 50%  | 17%       |

### Europe

Revenue  
in the last  
6 months

\$0.5b

Backlog<sup>1</sup>

\$0.9b

Backlog Realisation

| H2 FY22 | FY23 | Post FY23 |
|---------|------|-----------|
| 39%     | 57%  | 4%        |

### Americas

Revenue  
in the last  
6 months

\$1.1b

Backlog<sup>1</sup>

\$3.2b

Backlog Realisation

| H2 FY22 | FY23 | Post FY23 |
|---------|------|-----------|
| 27%     | 37%  | 36%       |

1. Construction revenue to be earned in future periods (excludes internal projects).



# Construction<sup>1</sup> HY22

## Overview

- The Construction segment provides project management, design and construction services, predominantly in the commercial, residential, mixed use, defence and social infrastructure sectors
- Financial returns are generated via project management and construction management fees, in addition to construction margin

## Drivers<sup>2</sup>

- Revenue of \$3.2b, EBITDA of \$84m:
  - Revenue down 6% reflecting ongoing COVID related impacts
    - 28% decline in Americas due to delays in securing / commencing new projects
    - Measures impacting productivity such as site shut downs and isolation requirements
- EBITDA margin 2.6%, down from 3.0%:
  - Portfolio performed well despite a weaker outcome in Americas and Asia
  - Margin pressure driven by lower productivity across projects
  - Profit on sale of Plant Yard operations in Australia to Murrina Group offset productivity related margin erosion
- New work secured<sup>3</sup> of \$2.4b, down from \$4.6b:
  - Public sector activity in Australia the main source of new work
  - Australia: \$1.6b, down from \$2.3b – includes Powerhouse Museum Parramatta, Liverpool Health and Academic Precinct and Pathway to 144 Mental Health Beds
  - Americas: \$0.5b, down from \$1.0b – remains well below historical averages reflecting subdued activity in key markets along with delays in projects being brought to market

## Performance

|                               |     | HY21 | HY22 |
|-------------------------------|-----|------|------|
| Core business EBITDA mix      | %   | 22   | 32   |
| EBITDA margin                 | %   | 3.0  | 2.6  |
| New work secured <sup>3</sup> | \$b | 4.6  | 2.4  |
| Backlog <sup>3,4</sup>        | \$b | 11.3 | 10.9 |

## Outlook<sup>2</sup>

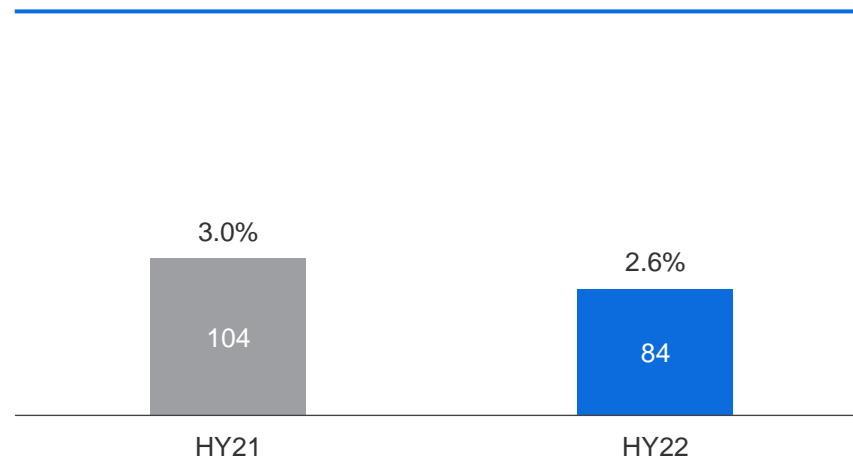
- Backlog revenue<sup>3,4</sup> of \$10.9b, down from \$11.3b:
  - Diversified by sector, client and target market/geography
  - Major project<sup>5</sup> sector exposures: Social Infrastructure 31%, Defence 31%, Commercial 24%, Residential 8%, Other 6%
  - Major project<sup>5</sup> client breakdown: Government 63%; Corporate 37%
  - Australia \$6.6b: Sydney Metro Martin Place Integrated Station Development, RAAF Tindal Stage 6 and USFPI Airfield Works, Powerhouse Museum Parramatta, NCIS-3 HMAS Stirling and Henderson, Liverpool Health and Academic Precinct, Sydney Metro Victoria Cross Integrated Station Development
  - Americas \$3.2b: 4 Hudson Square, Privatised Army Lodging
  - Europe \$0.9b: Manchester Town Hall, HMP Glen Parva
- Backlog realisation:
  - H2 FY22: 29%
  - FY23: 42%
  - Post FY23: 29%

1. From external clients, unless otherwise stated.  
 2. Comparative period the half year ended 31 December 2020.  
 3. Construction revenue to be earned in future periods (excludes internal projects).  
 4. Comparative value is closing FY21 balance.  
 5. Includes all Construction projects with contract value greater than \$100m, which represents 90% (\$9.9b) of secured backlog.

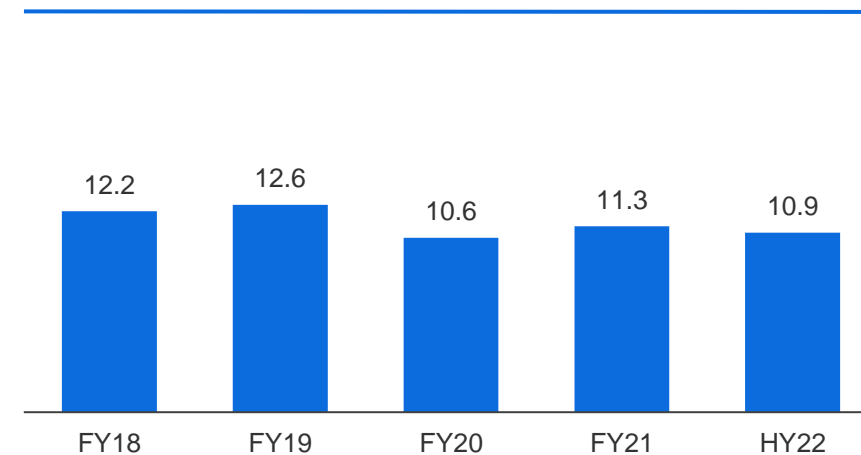


# Construction

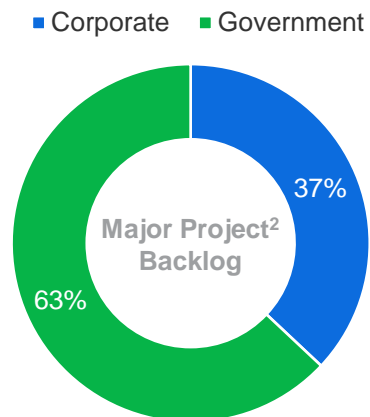
## EBITDA (\$m) & EBITDA margin (%)



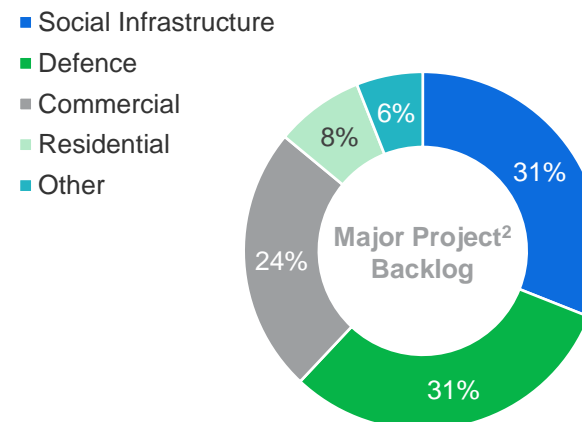
## Backlog (\$b)<sup>1</sup>



## HY22 backlog by client



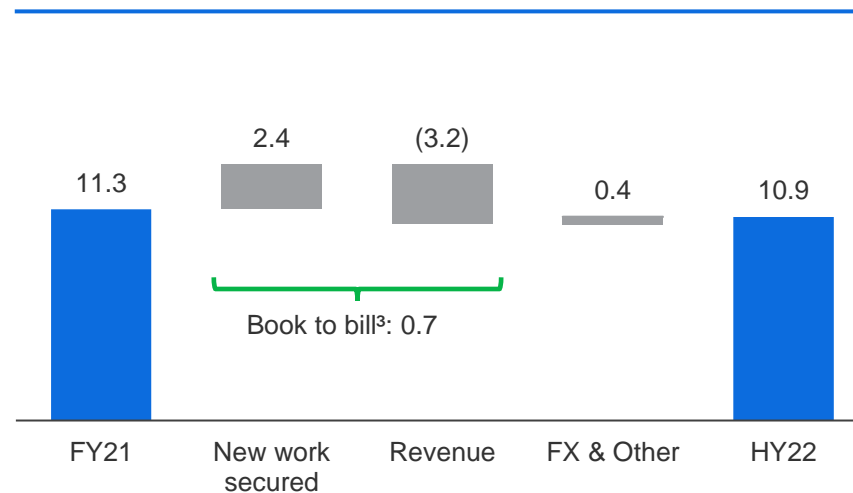
## HY22 backlog by sector



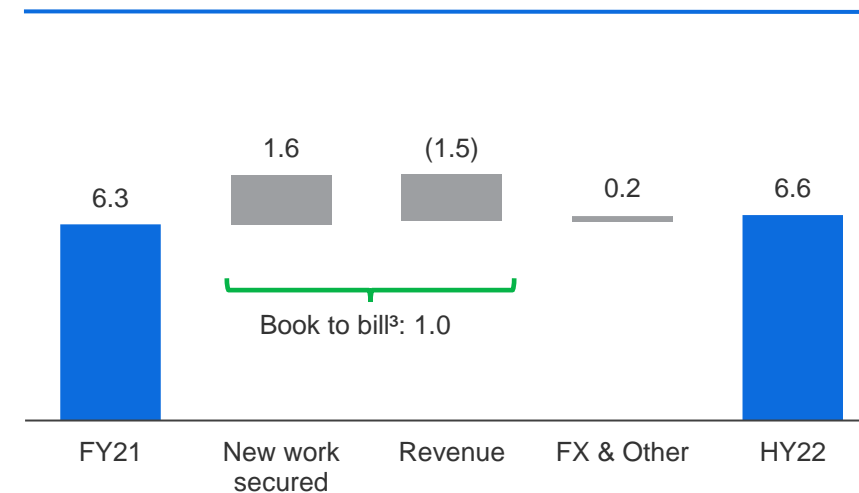
1. Construction revenue to be earned in future periods (excludes internal projects).
2. Includes all Construction projects with contract value greater than \$100m, which represents 90% (\$9.9b) of secured backlog.

# Construction backlog by region<sup>1</sup>

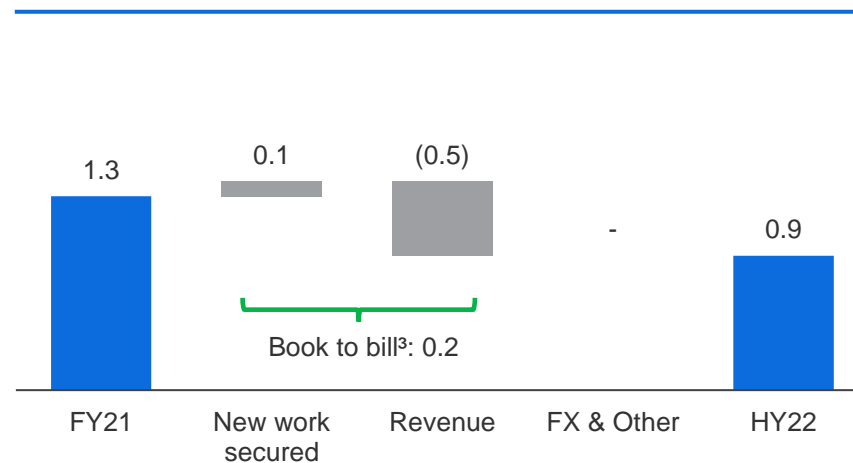
## Group (\$b)<sup>2</sup>



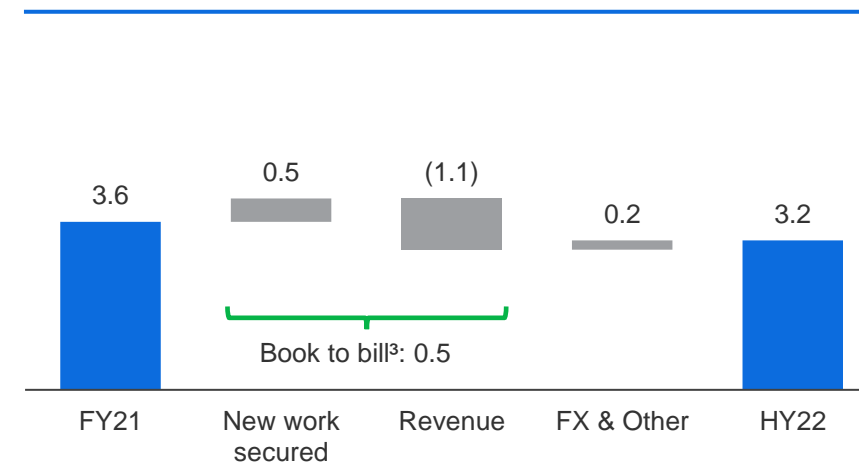
## Australia (\$b)



## Europe (\$b)



## Americas (\$b)



1. Construction revenue to be earned in future periods (excludes internal projects).
2. Internal revenue not included in the Construction segment financial performance.
3. Ratio calculated as external new work secured over external revenue to the nearest million.

# Construction

## Major new projects secured<sup>1,2</sup>

| Project                                | Location | Contract type <sup>3</sup> | Completion date <sup>4</sup> | Sector                |
|--|----------|----------------------------|------------------------------|-----------------------|
| <b>Australia</b>                       |          |                            |                              |                       |
| Powerhouse Museum Parramatta           | NSW      | D&C                        | FY24                         | Social Infrastructure |
| Pathway to 144 Mental Health Beds      | VIC      | MC                         | FY24                         | Social Infrastructure |
| Liverpool Health and Academic Precinct | NSW      | D&C                        | FY27                         | Social Infrastructure |

1. Disclosure of major projects is subject to client approval. This could impact the projects available for disclosure.
2. New major projects secured comprise 52% of total new work secured.
3. Contract types are Design and Construct (D&C), Managing Contractor (MC).
4. Based on expected completion date of underlying buildings, subject to change in delivery program.



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A reference to HY22 refers to the half year period ended 31 December 2021 unless otherwise stated. All figures are in AUD unless otherwise stated.