

ASX ANNOUNCEMENT

04 May 2022

Lendlease presentation at Macquarie Australia Conference

Attached is the presentation to be given by Lendlease Global Chief Executive Officer, Tony Lombardo at today's Macquarie Australia Conference being held in Sydney.

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Authorised for lodgement by the Lendlease Group Disclosure Committee

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Presentation to Macquarie Conference

Tony Lombardo
Global Chief Executive Officer

4 May 2022



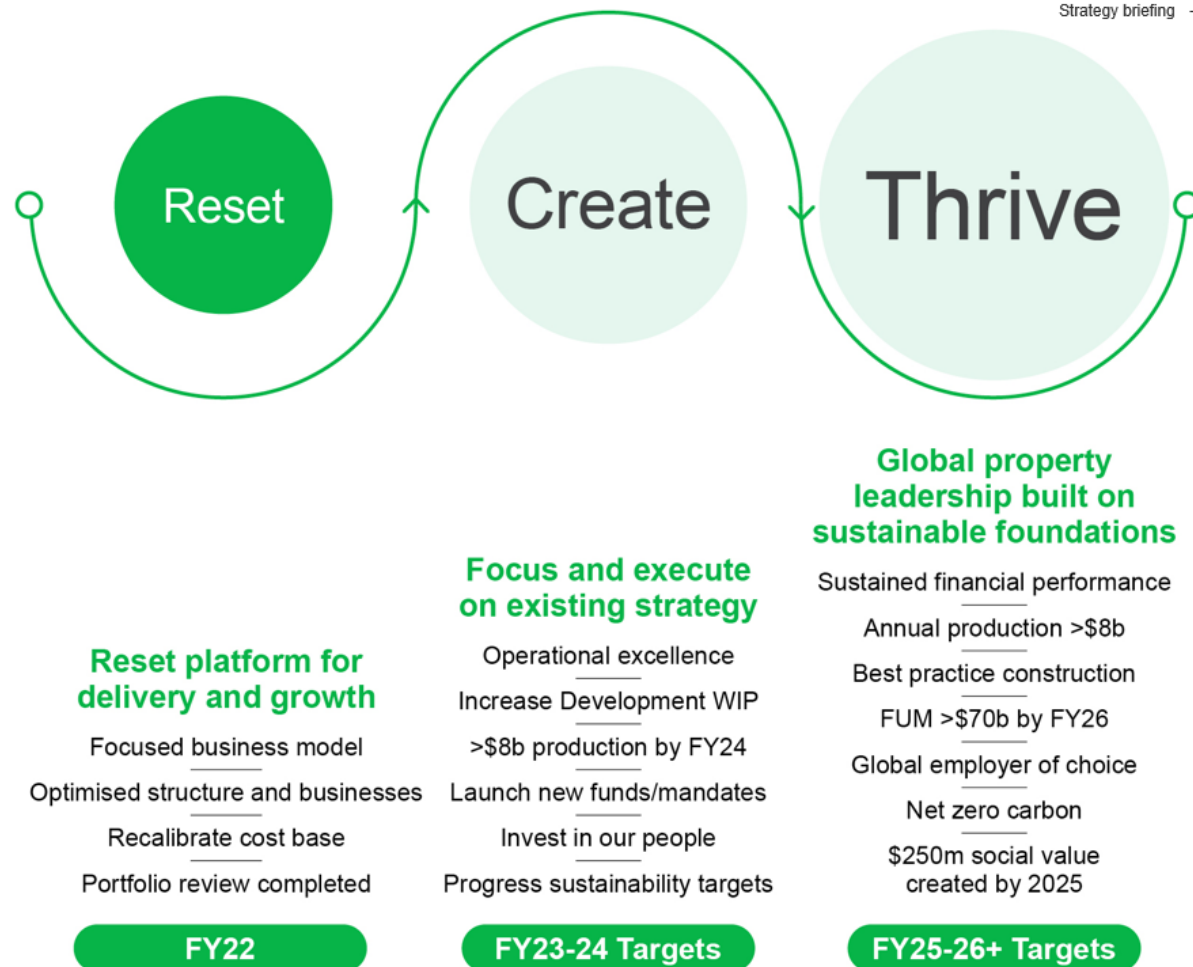
Sydney:
Waterman's Residences, One Sydney Harbour
Artist's impression

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.

Strategic direction

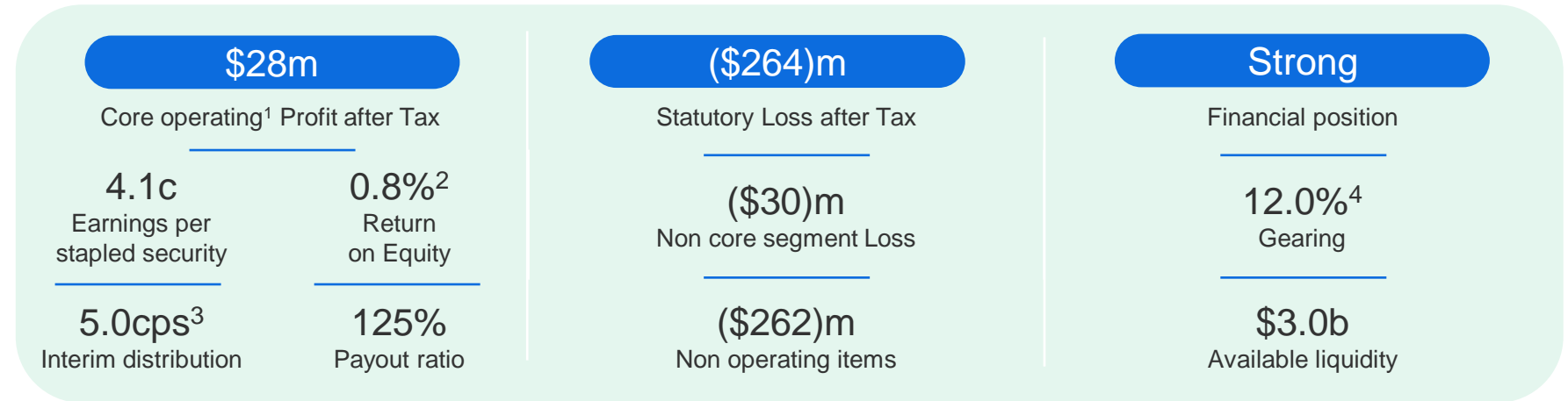
Five year roadmap for delivering sustainable performance



HY22 result

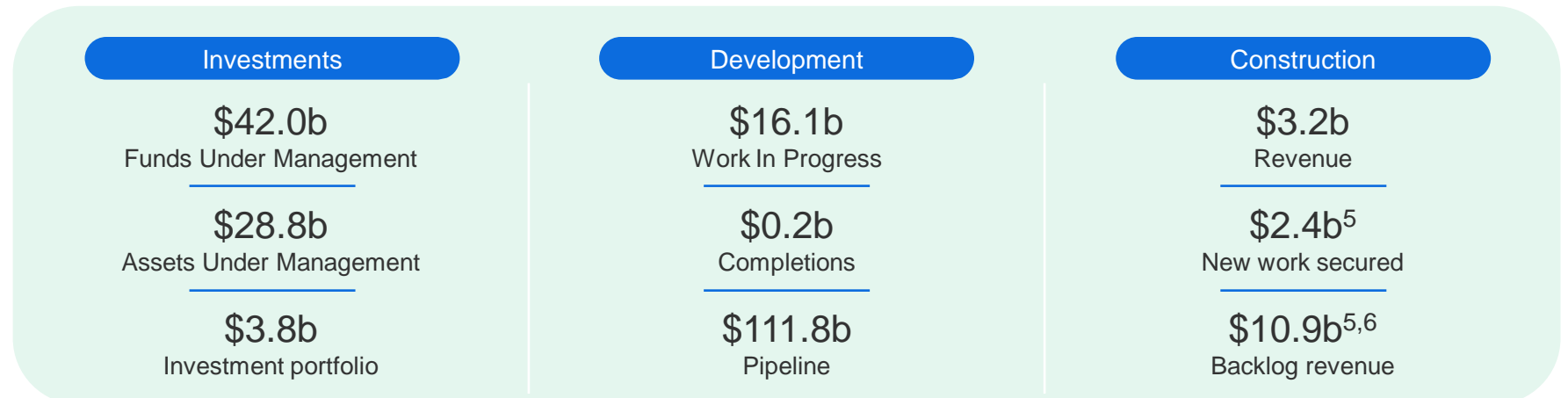
Reset year impacting financial performance

HY22 reflects foreshadowed weak operating conditions 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.

Cost reduction and Development review

Operating cost savings identified¹ (\$m)



Cost savings and restructuring charge

Remain on track for targeted savings of >\$160m¹:

- Actions to HY22 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

Restructuring charge estimate of \$150m to \$170m² in FY22:

- \$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 \$299m² in H1:

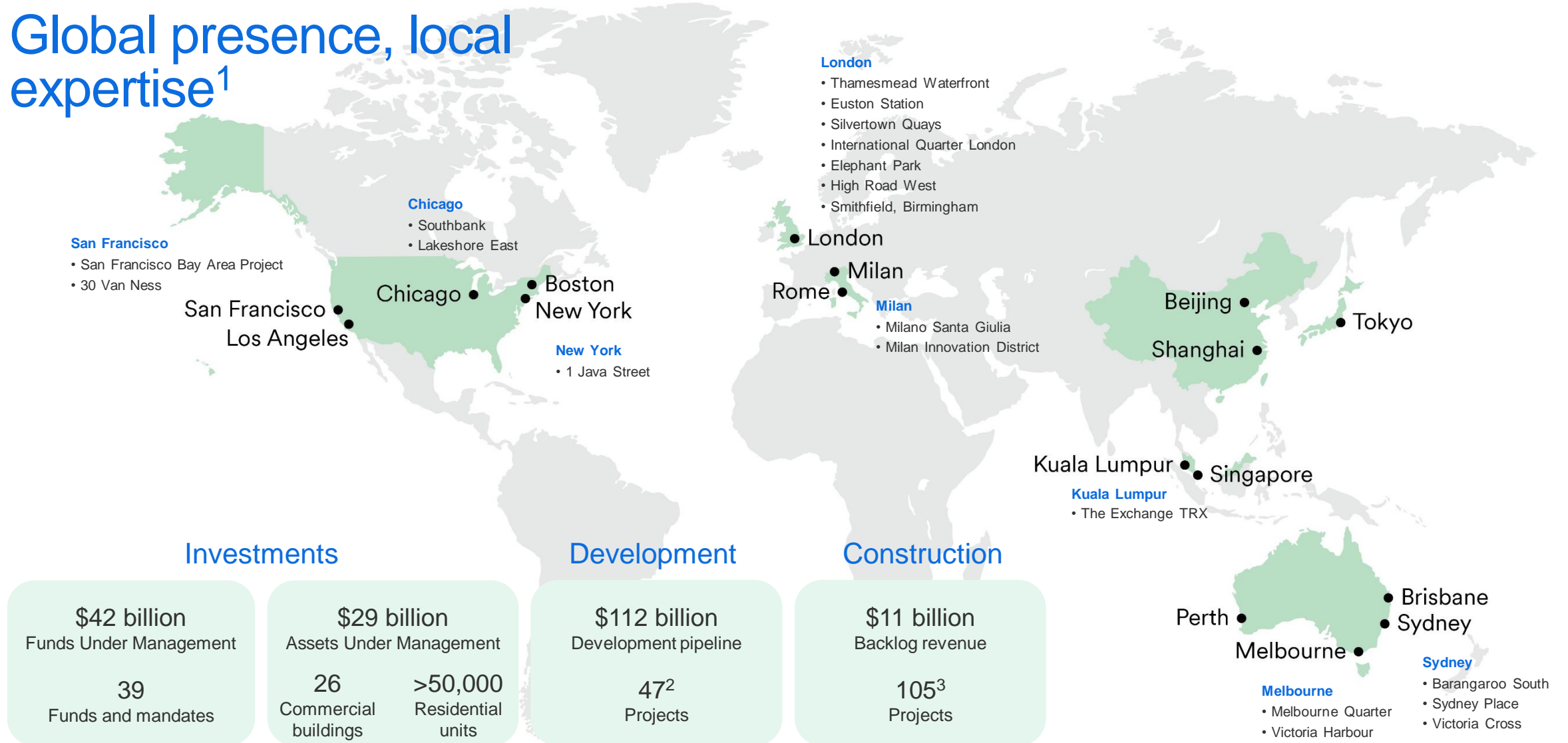
- Small number of projects³: Brisbane Showgrounds, Deptford Landings, Waterbank
- Pipeline reduced by \$4.7b from removal of impaired projects

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.

Global presence, local expertise¹



Investments

\$42 billion
Funds Under Management

39
Funds and mandates

\$29 billion
Assets Under Management

26 Commercial buildings
>50,000 Residential units

Development

\$112 billion
Development pipeline

47²
Projects

Construction

\$11 billion
Backlog revenue

105³
Projects

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.

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 portfolio¹

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
GRESB² top 10

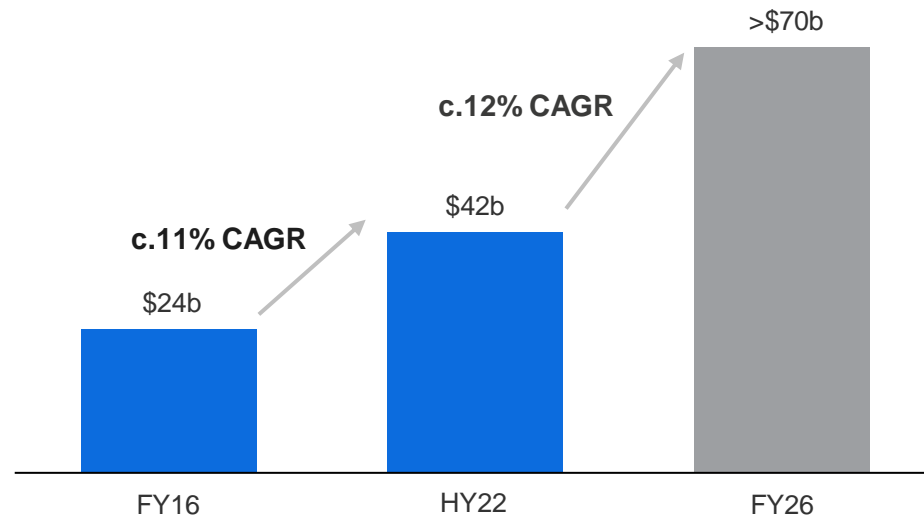


Paya Lebar
Quarter 3
awarded
BCA Green
Mark Pearl
award³

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: Pathway to achieving scale

FUM target \$70b by FY26



Strategic direction

- Investments segment capital 40-60% (>50%) from current 44%
- Growth via: development pipeline; expanded product offering; market opportunities
- Investments portfolio: optimisation; increased co investments

Progress and outlook

c.\$7b¹ 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
- Global Commercial REIT capital raise – \$0.8b

Portfolio optimisation:

- 24.9% divestment of Retirement Living Trust:
 - Lendlease ownership 25.1%
- Equity investor acquired 28% of Military Housing asset management income stream:
 - c.\$110m contribution to H2 FY22 NPAT

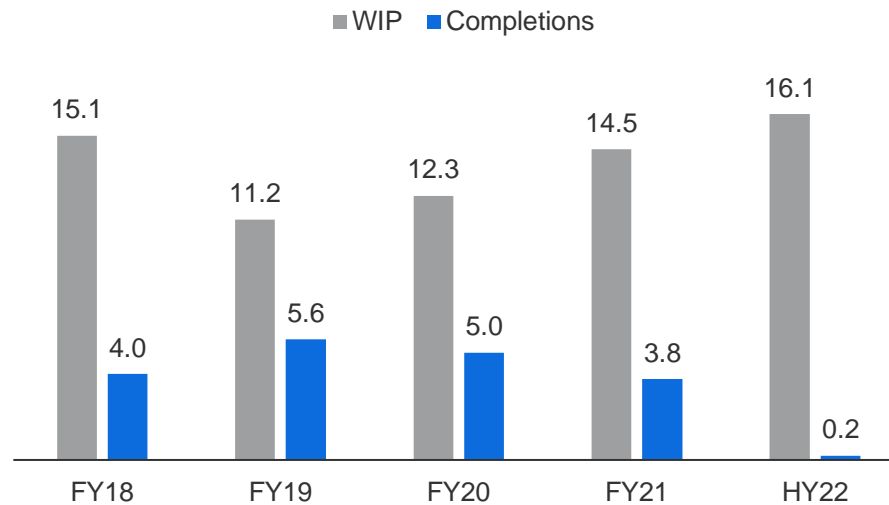
Outlook:

- c.\$60b investment grade product embedded in pipeline:
 - Sustainable and innovative office
 - Residential for rent
- \$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

1. Total estimated end value (representing 100% of project value).

Development: Accelerate delivery of \$112b global pipeline

Double completions to \$8b per annum from FY24



Strategic direction

- Development segment capital 40-60% (<50%) from current 56%
- Targeting >\$8b of commencements per annum from FY23
- Converting pipeline to master planned and Work in Progress

Progress and outlook

HY22 expected low point for profitability:

- H1 low completions
- H2 anticipated recovery

On track to deliver >\$5.5b of commencements in FY22:

- H1, \$1.5b: Turing Building; Blue & William; Australian communities
- H2, c.\$4.0b: 1 Java Street; 60 Guest Street; Tower 3, One Sydney Harbour; Data Centre, Tokyo; Milan Innovation District

Recovery in Communities:

- Sales >3,000 in FY22
- Weather related settlement delays in H2 of approx. 400-500 lots
- FY23 expected settlements within 3,000 – 4,000 target range

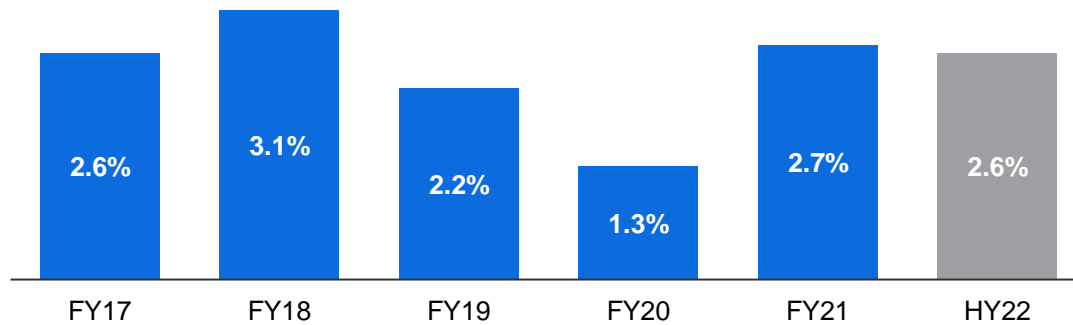
Outlook:

- ROIC target expected to be met by FY24
- Completion profile of \$16.1b of WIP:
 - H2: c.\$2b; FY23: c.\$5b; FY24: c.\$7b
- \$44b of pipeline is master planned

Construction: Execution excellence, maintain capability

Consistent margins of 2-3%

Core Construction EBITDA margin



Strategic direction

- Focus on sector expertise, strong market positions and client relationships
- Retain flexibility for internal development pipeline, with key construction management capability controlled inhouse
- Maintain consistent backlog

Progress and outlook

Resilient despite COVID disruptions:

- Financial performance within target range
- Productivity impacts from shutdowns and restrictions
- Supply chain constraints
- Absorbing cost pressures

Key H2 project wins:

- Women's and Children's Hospital Adelaide, Australia
- Frankston Hospital, Melbourne, Australia
- Tarrkarri – Centre for First Nations Cultures, Adelaide, Australia
- 90 Long Acre, West London

Outlook

- Improved productivity as COVID restrictions ease
- Public sector to remain near term driver
- Medium term recovery in private sector expected
- Potential risks: supply chain and cost pressures

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



Return expectations

FY22

Medium term target

Investments ROIC

7.5-8.5%
Potential to exceed

6-9%

Development ROIC

2-4%
Risks skewed to lower end

10-13%

Construction EBITDA margin

2-3%
Likely to be mid to lower end

2-3%

1. Artist's impression.



Questions

Earnings drivers

Investments

ROIC target 6-9%¹

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

\$1.0b²

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. 2. Represents 50% ownership as at 31 December 2021. Reduced to 25.1% post balance date.

Earnings drivers

Development

ROIC target 10-13%

Invested capital \$5.0b

Pipeline¹
\$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).

Earnings drivers

Construction

EBITDA margin
target 2-3%

Backlog¹
\$10.9b

Australia

Revenue
in the last
6 months

\$1.5b

Backlog¹

\$6.6b

Backlog Realisation

H2 FY22	FY23	Post FY23
29%	41%	30%

Asia

Revenue
in the last
6 months

\$0.2b

Backlog¹

\$0.2b

Backlog Realisation

H2 FY22	FY23	Post FY23
33%	50%	17%

Europe

Revenue
in the last
6 months

\$0.5b

Backlog¹

\$0.9b

Backlog Realisation

H2 FY22	FY23	Post FY23
39%	57%	4%

Americas

Revenue
in the last
6 months

\$1.1b

Backlog¹

\$3.2b

Backlog Realisation

H2 FY22	FY23	Post FY23
27%	37%	36%

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

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A reference to HY22 refers to the six month period ended 31 December 2021 unless otherwise stated. All figures are in AUD unless otherwise stated. All numbers are as at HY22 unless otherwise stated.