ASX Announcement

2014 Annual General Meetings – Chairman and Managing Director Addresses

14 November 2014

In accordance with ASX Listing Rule 3.13, attached are the addresses and accompanying slide presentation to be given by Lend Lease Group's Chairman and Chief Executive Officer and Managing Director at the Annual General Meeting and Unit Holder meeting to be held today at 10.00am.

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2014 Annual General Meeting

CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR SPEECHES

DAVID CRAWFORD, AO - Chairman:

Good morning everyone.

My name is David Crawford and I am Chairman of the Lend Lease Board of Directors.

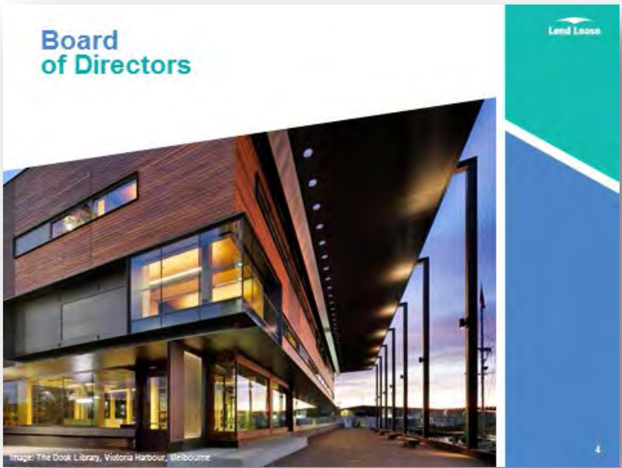
I acknowledge that we are here today on the land of the Gadigal people. The Gadigal people are the Traditional custodians of this land and form part of the wider Aboriginal nation known as the Eora and I wish to extend my respect to their Elders past and present and to any Aboriginal and Torres Strait Islander people here with us today.

Before I commence my address please turn off your mobile phones.

In the event of an emergency requiring the hotel to be evacuated, you'll be alerted by an audible signal and a public address announcement to evacuate the premises.

Members of the hotel and security will direct you. Please proceed calmly and in an orderly fashion to one of the nearest emergency exits located at the south end of the common area by the lift landing.

After exiting the hotel please assemble with hotel staff at Lang Park which is located at the corner of Harrington Street and Grosvenor Street.



I will now introduce the rest of the Board of Directors. Moving from my far right we have David Ryan, Peter Goldmark, Michael Ulmer and our Company Secretary Wendy Lee. To my left is our Group CEO and Managing Director, Steve McCann, Jane Hemstritch, Phillip Colebatch and Nicola Wakefield Evans.

Colin Carter, who resides inter-state, is not able to attend the Annual General Meeting today. Unfortunately Colin has injured his leg and has been unable to travel to Sydney. He sends his apologies.

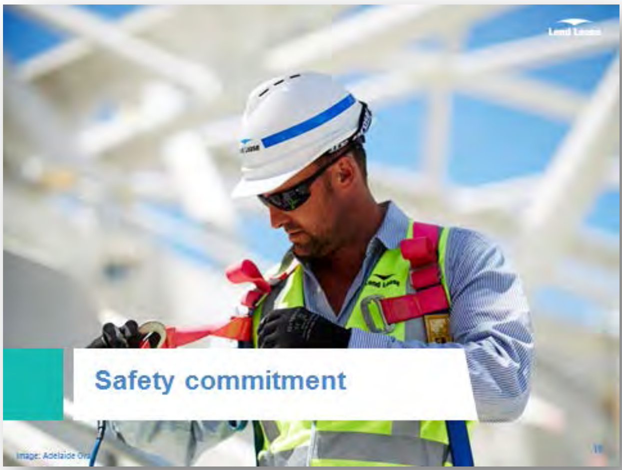
After 14 years of service, Peter Goldmark will retire as a non-executive director of Lend Lease at the conclusion of the AGM. Peter is the longest serving member of the Board and his contributions to the Board during his tenure have been enormous. On behalf of the Board, I thank Peter for his commitment and hard work, and for the outstanding contribution that he has made during his time as a director.

We have also announced this morning that Stephen Dobbs will join the Board from 1 January 2015. Stephen has deep engineering and construction experience that will greatly benefit Lend Lease and is a recognised industry expert in the United States and globally. Stephen was senior Group President Industrial & Infrastructure at Fluor Corporation before he retired in June this year. Stephen will be based in the United States and his appointment continues the Board's approach towards greater diversity in experience and background.

Seated in the front rows of the auditorium are members of the executive management team. Also in attendance are the Group's auditors, KPMG, who'll be able to assist with answers to questions you may have relating to the Group's financial statements and their audit.

I will commence proceedings with an overview of the key achievements for the 2014 Financial Year. Your CEO and Managing Director, Steve McCann will then present an operations report before we move to the formal business of the meeting and the resolutions.

We will provide an opportunity for discussion and any questions you might have when we deal with each of the formal agenda items.



Safety commitment

At Lend Lease, safety is our number one priority. In the 2014 financial year there were no corporate reportable work related fatalities on a Lend Lease controlled operation. We have further reduced the Lost Time Injury Frequency Rate across the Group by 17.4 per cent and 77 per cent of our operations did not report a critical incident.

This is a significant milestone for Lend Lease and one of which we are all very proud. It demonstrates our uncompromising commitment and resolve to operate Incident & Injury Free.

Unfortunately, some of the critical incidents recorded this year resulted in injuries. It is these incidents which provide a reminder that we must continue to do whatever is required to achieve an Incident & Injury Free environment.

To provide a strong operating framework for achieving our goal, we apply Environment, Health and Safety Global Minimum Requirements across all projects and assets around the world to ensure consistent standards are applied throughout Lend Lease.

Vision and Strategy

Lend Lease's vision '*to create the best places*' underpins the Group's strategy and the way we operate. It has been instrumental in identifying, planning and designing the projects that drive our growth.

I am pleased to say that we have been consistent in our application of that strategy and, to a significant extent we have achieved what we set out to achieve five years ago with our '*Restore, Build, Lead*' framework. We will continue to apply disciplined growth and diversification in selected markets across the regions in which we operate.

The vision '*to create the best places*' encapsulates what we aspire to do, which is to build an unrivalled world-class platform.

A focus on sustainability has been an integral part of the Lend Lease culture for over 50 years. We strive to create innovative and sustainable property and infrastructure solutions for our clients, investors and the broader community.

One hundred per cent of Lend Lease's major secured development pipeline is now targeting green certification. Earlier this year, Tower 2 at Barangaroo South was awarded a '*6 Star Green Star – Office Design version 3 certified rating*'. It is the first time that this award was made in Australia. We are very proud of our continued leadership position in green development around the world.

Our commitment to diversity is equally important. Lend Lease is committed to growing and sustaining a diverse and inclusive workplace. Since the introduction of Lend Lease's first Reconciliation Action Plan (RAP) three years ago, we have increased our participation of Aboriginal and Torres Strait Islander people across our business.

Close to 1,000 Lend Lease employees have now undertaken cultural awareness sessions, with increased involvement expected in the next 12 months.

We have also made further progress on gender diversity. This year 31 per cent of our employees are women with 21 per cent of senior executive positions held by women.

Values and Governance

We have six core values which shape the way we deliver the Group's vision. They guide how we behave and make decisions. They are:

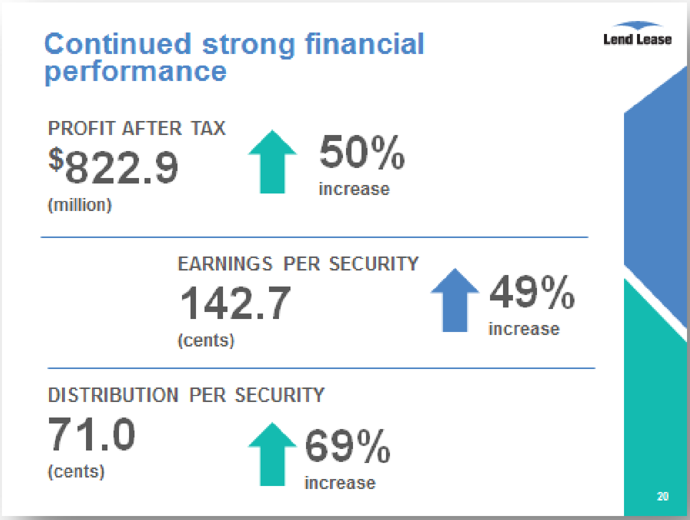
1. Respect
2. Collaboration
3. Integrity
4. Excellence
5. Innovation
6. Trust

Our values are clearly reflected in our approach to Governance.

The Lend Lease Code of Conduct which is endorsed by the Board sets out the standards of conduct expected of our businesses and people, regardless of location.

It underpins the way in which we conduct our businesses and interact with stakeholders. It applies to all Directors and employees of Lend Lease and operates in conjunction with our Core Values and the Employee Conduct Guide.

We are also committed to exceptional corporate governance policies and practices which are fundamental to the long term success and prosperity of Lend Lease and its subsidiaries. Lend Lease continually reviews its governance practices to address its obligations as a responsible corporate entity.



<u>Operating Performance</u>

I will now move to the performance of the company during the last year.

Lend Lease delivered a strong profit for the financial year ended 30 June 2014, with Profit after Tax of $822.9 million, up 50 per cent on the prior year. The result reflected a solid performance across our businesses, including record settlements in our residential operations, improved construction performance in the Americas and an increased contribution from our Investment Management business in Asia.

The result was also positively impacted by the sale of the Company's 30 per cent interest in the Bluewater Shopping Centre in Kent in the UK. Bluewater is an exceptional asset and a tremendous demonstration of Lend Lease's capabilities as a retail developer and manager. The sale process delivered an excellent outcome for securityholders, realising a profit of $485 million.

Securityholders received a final distribution of 49.0 cents per security, unfranked. This took the full year distribution to 71.0 cents per security, unfranked, an increase of 69 per cent on FY13. The payout ratio rose to 50 per cent, up from 44 per cent in FY13. This is within the Board's target range of 40 to 60 per cent of earnings.

At Lend Lease, we have created a differentiated business through our integrated property model and established ourselves as a leading international property and infrastructure group. Our development pipeline includes major urban regeneration sites under construction around the world including, Barangaroo South and Darling Harbour Live in Sydney, Victoria Harbour in Melbourne and Elephant & Castle and The International Quarter in London.

The $6 billion Barangaroo South project here in Sydney is our largest integrated project. During the year we saw significant progress with the first two commercial towers well underway and the launch of the third and largest commercial tower in April 2014 with PricewaterhouseCoopers Australia (PWC) and HSBC Bank Australia as anchor tenants.

Appointments

During the year, a number of important changes to the senior management team were made to support the Group's growth strategy, maintain operational excellence and develop key leaders through broadening their exposure across the business.

Dan Labbad, Group Chief Operating Officer and CEO Europe, became CEO, International Operations. He will be based in London, and will oversee Europe, the Americas and Asia.

Bob McNamara, CEO Americas, moved into a new Group Chief Risk Officer role, based in Sydney, overseeing Group risk and operational excellence. Bob was replaced by Denis Hickey, Chief Operating Officer Americas, who has assumed the CEO Americas role, based in New York.

My thanks go to my fellow Board members, as well as the Lend Lease management team and employees for their dedicated efforts throughout the year. I also thank investors for your continued support as we work together to build Lend Lease into the leading international property and infrastructure group.

I now hand over to Steve to talk about the business performance during the year.

STEVE McCANN – Group Chief Executive Officer & Managing Director:

Thank you, David. As David mentioned in his address Lend Lease had another strong year in 2014. We moved into a Leadership phase in many of our core operations, delivered strong financial results and increased our earnings visibility. David also noted four points that I am most proud of this year.

Firstly, our continued improvements in safety. During the year, Lend Lease had no corporate reportable work related fatalities across any operations globally. This represents the second consecutive year where this significant milestone has been achieved. In the last five years we have reduced our Long Term Injury Frequency Rate by 39%. We will not waiver in our focus on safety.

Secondly, our focus on creating the best places, which includes a strong commitment to sustainable development and investment. This commitment was recently noted with our Investment Management Business being recognised as a leader in responsible property investment by the Global Real Estate Sustainability Benchmark (GRESB).

This is a significant international acknowledgment, with Australian Prime Property Fund Commercial ranking first out of all 637 Global participants across all sectors and the Lend Lease International Towers Sydney Trust ranking first in the Global Development sector.

Other funds that also ranked first in their sectors included:

- our APPF Retail Fund which ranked as top Oceania retail fund;
- our APPF Industrial Fund which ranked as top Oceania industrial fund; and
- our Asia Retail Investment Fund which ranked first for the Asia Retail category.

Thirdly, we have maintained the largest development pipeline in Lend Lease's 50 year history sitting at $37.7 billion. Our future earnings visibility has been further enhanced by a 166% increase in pre-sold revenue, sitting at $2.5 billion at 30 June.

Fourthly, as David noted, a large component of profit in FY14 came from Europe, where the performance was up significantly following the sale of Lend Lease's interest in the Bluewater Shopping Centre, announced in June 2014.

After a shorter than expected sale process, we sold our 30% interest, management rights and sundry land to Land Securities for £696 million. The initial yield for the sale was 4.0% - a significant improvement on the December 2013 valuation and a tremendous outcome for our securityholders.

<u>Creating a sustainable competitive advantage</u>

Since 2009 Lend Lease has been on a clear path. The five year strategy set down in that year had three phases:

- '*Restore*' the business – going back to basics
- '*Build*' the business – reinvest in development opportunities, grow or acquire in core areas and invest in our people; and
- '*Lead*' – our current phase, where successful delivery of our strategy has seen us produce outstanding returns for our securityholders and at the same time position the Group for further growth in coming years.

The next phase of our strategy is not a reinvention but an evolution of what we have worked towards during the last five years. We will remain focused, and strive to buy the right opportunities at the right times, sell well and deliver safely and sustainably.

We will focus on growth that is disciplined and leverages our sustainable competitive advantage – our integrated model.

Regional performance

I'll now move to a brief update on our key regions and an outlook across all the markets in which we operate.

In terms of the geographic exposure today, approximately 75% of our earnings are derived in Australia and 25% from the rest of our business offshore, excluding the impact of the Bluewater transaction in 2014.

In 2005, that 75% in Australia was 40%, so we've significantly repositioned the business back to our home market in the last few years. We will increase our focus on the offshore markets over the next few years, in line with expected macro trends, aiming to grow offshore earnings to 30-35% of Group earnings.

Australia

Profit decreased for the Australian region to $446.0 million, down 12%, on the prior year which included the initial earnings relating to the first two commercial towers at Barangaroo South. However, we recorded a lift in our residential business, with record land lot and built-form settlements - up 32%.

Our Construction operations benefited from a strong pipeline of internal building work and included external projects for the Department of Defence and a new health science facility for the University of Adelaide. Our backlog revenue of $9.6 billion at 30 June 2014, has increased substantially in the last few months with further wins in our engineering segment including NorthConnex in Sydney and East West Link in Melbourne.

This was also the year that saw a considerable amount of apartments move into production and we have now positioned our portfolio to deliver over 1,000 apartments (per year) in both FY16 and FY17.

Other highlights include securing a development agreement for Batman's Hill in Melbourne with an end development value of approximately $1.5 billion, achieving 100% pre sales for the first phase of residential apartments at Barangaroo South, increasing pre commitments for commercial floor space in the first two commercial towers at Barangaroo South and launching the third and largest commercial tower with pre commitments of 34%. This brings total pre commitments to 61% across all three commercial towers.

Asia

After several years of strong performance, profit from Asia reduced reflecting lower contributions from both development and construction, offset by a higher contribution from Investment Management. Construction EBITDA was impacted by reduced building work and a lower contribution from our telecommunication towers business in Japan.

In Asia we have been disciplined in our growth strategy and selective about which projects we have pursued. It was therefore pleasing to announce in June, that we had signed a binding agreement with 1MDB in Malaysia to work towards a joint venture agreement for the development of the Lifestyle Quarter at Tun Razak Exchange in Kuala Lumpur.

The project is estimated to have an end development value of approximately $2.6 billion Australian dollars and leverages our capabilities in urban regeneration, retail and residential development. The macro backdrop in Asia remains very attractive and we are continuing to look at opportunities across Malaysia, Singapore and China but any expansion in the region will be disciplined.

Europe

As I noted earlier the Development result for Europe was driven by the sale of our interest in the Bluewater Shopping Centre in Kent, lifting profit by an additional $485 million after tax. We also recorded significant residential pre-sales at Elephant & Castle, The International Quarter and one of our smaller residential sites in Wandsworth during the year.

We have added to our strong residential pipeline in London with the addition of new projects at Deptford and Chiswick, adding in excess of 1,000 apartments to our closing backlog position of over 5,000 units.

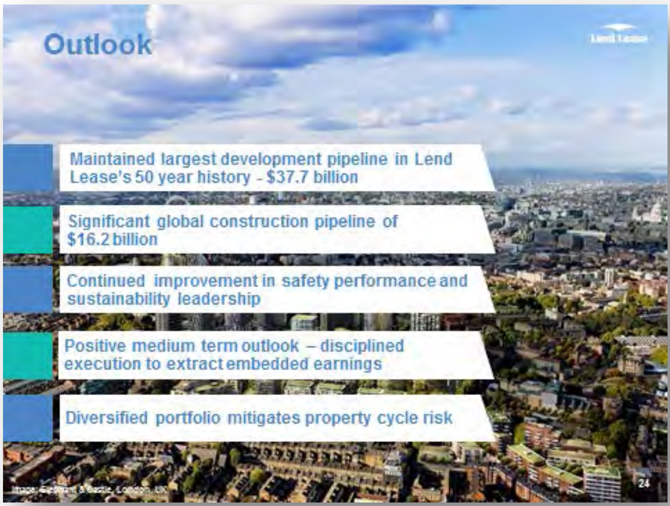
Our Construction business performance was impacted by difficult market conditions over recent years, but also saw a number of new wins during the year including redevelopment of Beacon Barracks for the Ministry of Defence, a new commercial office contract for BP International and a residential project at Rathbone Place in London.

Americas

In the Americas region, the business has continued to perform and grow following a refocusing of the operations over the last few years. Profit was up 47 per cent on the prior year.

Construction profits were the major driver of the result, from our Military Housing business and from the completion of some major projects including One57 in New York. Backlog revenue is now sitting at a record $5.4 billion and includes a mixed-use tower at 252 East 57th Street, an 89 storey condominium and retail project at 432 Park Avenue, and approximately $1 billion of construction work relating to military housing and lodging projects.

The Development business in the Americas has gained traction with four healthcare projects underway, two reaching operational status and two under construction; and a further two projects now at preferred status. Our ongoing focus in the Americas will be on expanding healthcare and residential development in select locations and leveraging our strong foothold in the high-rise residential construction market.



Outlook

The outlook for Lend Lease continues to be very positive. Our strategy is on track and it is delivering growth for our securityholders.

Macro trends continue to support our residential businesses in Australia and the UK. This is evident in the $2.5 billion of pre-sold revenue that we have recorded across apartments and communities and a record year for settlements in our residential operations. That $2.5 billion pre-sold revenue will become cash and underpin profits over the next three years. Our Construction business is well placed to participate in the estimated $50 billion of foreshadowed Australian infrastructure-spend.

Outside of Australia we have made good progress in the London residential market, expanded our pipeline of opportunities in Asia and begun to reposition our business into development led projects in the Americas.

Overall we remain very confident of our outlook, with a development pipeline of circa $38 billion, over $16 billion of backlog construction revenue and over $16 billion of funds under management.

The embedded earnings in this pipeline of opportunities, underpins visibility over the next three years and provides a platform with a strong growth trajectory.

In closing, I would like to add to the Chairman's thanks to securityholders for your support over the past year. To create the best places we need the best people so I'd also like to acknowledge the hard work of Lend Lease employees globally as we deliver on our strategy to become the leading international property and infrastructure group.

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