

ASX ANNOUNCEMENT

25 February 2019

Lendlease Group 2019 Half Year Results Announcement, Presentation and Appendix

Lendlease Group today announced its results for the half year ended 31 December 2018. Attached is the HY19 Results Announcement, Presentation and Appendix.

ENDS

FOR FURTHER INFORMATION, PLEASE CONTACT:

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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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HY19 Results and Engineering and Services update

For the half year ended 31 December 2018¹:

- Profit after Tax of \$15.7 million and earnings per stapled security of 2.8 cents
- Interim distribution of 12 cents per stapled security
- Development pipeline of \$74.5 billion, up 31 per cent
- Growth in Funds Under Management (FUM) of 20 per cent to \$34.1 billion
- \$500 million pre-tax impact from previously announced expected losses on Engineering projects

Strategic initiatives:

- Urbanisation origination:
 - Secured two major urbanisation projects in Sydney and Chicago
 - Preferred partner for \$14.5 billion London Thamesmead Waterfront project²
 - Preferred partner for \$2.7 billion Birmingham Smithfield project²
- Capital partnerships:
 - US residential investment partnership with US\$1 billion equity commitment
 - Increase in FUM from practical completion of three office towers at Paya Lebar Quarter
- Comprehensive review determined Engineering and Services non-core and no longer a required part of Group strategy
 - Alternatives are being considered

Strategic Review of Engineering and Services

In announcing the HY19 Results, Lendlease Group CEO and Managing Director, Steve McCann reiterated his disappointment with the previously announced underperformance of the Group's Engineering business.

"This was a difficult period where cumulative issues in a number of engineering projects materially impacted the Group's overall result. The management team and I are very disappointed with this underperformance and are committed to working to restore securityholder value and confidence in Lendlease," Mr McCann said.

A review of Engineering and Services has determined the business is non-core, and is no longer a required part of the Group's strategy. Alternatives for the business are being considered.

¹ Comparative period the half year ended 31 December 2017.

² Post balance date.

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The review concluded that it is in the best interests of clients, employees and securityholders to consider alternatives that will allow both the Engineering and Services business and Lendlease Group to focus on their core competitive advantages. The review also reaffirmed the attractiveness of Australia's engineering sector – particularly transport engineering where the pipeline of Federal and state government work is forecast to drive growth of approximately five per cent per annum during the next five years³.

"Engineering and Services comprises a large, high-quality team with execution skills and experience across a broad range of projects. We're considering a range of options to provide clarity for our people while seeking to optimise securityholder value," Mr McCann said.

To allow Engineering and Services to continue to participate in the transport engineering sector while alternatives are considered, Lendlease is implementing a lower risk profile business strategy. This includes operational improvements and a stronger focus on alliance style partnerships where risk is more appropriately shared with project partners.

"Lendlease is committed to working with our clients to deliver successful outcomes on Engineering and Services projects," Mr McCann said.

As the Group works through the implications of this decision, it currently estimates that it may incur future restructuring costs of between \$450 million and \$550 million pre-tax. This is a preliminary estimate.

These restructuring costs may include implementation costs such as technology and systems costs, employee costs and advisory costs, and costs to conclude customer contracts as a result of the Group's decision. This estimate excludes any anticipated revenue from ongoing operations or proceeds received for the business.

HY19 Results

"Despite a challenging period, Lendlease continued to convert origination opportunities in global gateway cities – growing our development pipeline and successfully executing key initiatives with our capital partners," Mr McCann said.

"We're starting to see tangible results from broadening our urbanisation platform to additional international gateway cities with the first significant contributions in the half from our projects in Asia and the Americas. These included Paya Lebar Quarter in Singapore, Southbank in Chicago and Clippership Wharf in Boston."

The Group added two new major urbanisation projects to its pipeline – Victoria Cross in Sydney, and Lakeshore East in Chicago – solidifying its position as a leader in transforming urban precincts. These projects have a combined estimated end development value of more than

³ BIS Oxford Economics, ABS data

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\$3 billion. Post balance date the Group was also named preferred partner on London Thamesmead Waterfront and Birmingham Smithfield projects in the UK which have a combined estimated end development value of \$17.2 billion.

In line with its integrated approach, Lendlease's investment platform stands ready to benefit from the growth of the development pipeline as the Group continues to deepen its capital partner relationships.

"Our completion of three office buildings at Paya Lebar Quarter in Singapore generated substantial development profit and now contributes approximately \$2 billion to funds under management. We also formed a residential investment partnership with First State Super in the US which has acquired three apartment buildings at our development projects in Chicago and Boston," Mr McCann said.

Funds Under Management grew by 20 per cent to \$34.1 billion and will be further supported by future conversion of the development pipeline.

The Construction segment was impacted by the pre-tax \$500 million in expected losses on underperforming Engineering projects, as previously announced. The Building businesses delivered a solid performance in each region and are well placed given the internal development pipeline. New work secured in the Building businesses of \$4.3 billion is diversified across multiple geographies, sectors and clients.

Group Financials

Group Chief Financial Officer, Tarun Gupta, said: "The Group remains in a strong financial position with gearing at the mid-point of the 10-20 per cent target range and \$2.1 billion of available liquidity despite the underperformance from Engineering."

Excluding the impact of the Engineering and Services business, earnings in FY19 are expected to be skewed to the second half given the significant number of residential apartments due for completion. Lendlease expects the default rate on these settlements to be low.

"Strong returns were generated from capital deployed in Asia and the Americas in recent years. We expect this trend to continue into the future as earnings from our international regions deliver a larger contribution to the Group," Mr Gupta said.

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The Investments segment continued to generate above target returns, with strong growth in Funds Under Management and operating income.

The Group has revised its Portfolio Management Framework to reflect that Engineering and Services is now classified as non-core. Looking forward, the target earnings mix for the Construction segment will be reduced to 10-20 per cent from 20-30 per cent with a corresponding rise in Development and Investments.

A review of the Group's capital structure is underway to reflect the anticipated shift in earnings mix and associated lower earnings volatility. With gearing now at the mid-point of the target range, no further securities under the on-market buyback will be purchased; \$352 million of the Board approved \$500 million has been completed.

Outlook

"The decision that Engineering and Services is non-core has been made to maximise securityholder value over the long term by focusing on our proven integrated capabilities across Development, Construction and Investments," Mr McCann said.

"Our portfolio of 20 major urbanisation projects across 10 cities delivers on our objective of diversifying to targeted international gateway cities. These long-dated projects provide strong visibility of future earnings."

Lendlease's development pipeline grew to a record \$74.5 billion during the half, including \$59.3 billion from urbanisation projects.

Construction backlog revenue for the Building businesses stands at \$14.8 billion with an additional approximately \$10 billion of preferred work at 31 December 2018.

The Investments segment is in a solid position to continue to deliver recurring earnings derived from the \$3.6 billion of investments, \$34.1 billion in FUM and \$26.6 billion of assets under management.

Further information regarding Lendlease's results is set out in the Group's financial results presentation for the half year ended 31 December 2018 and is available on www.lendlease.com.

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2019 Key Dates for Investors

HY19 results released to market/interim distribution declared	25 February
Securities quoted ex-distribution on the Australian Securities Exchange	1 March
Interim distribution record date	4 March
Interim distribution payable	20 March
FY19 results released to market/final distribution declared	19 August
Annual General Meetings	20 November

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2019 Half Year Results

25 February 2019

Acknowledgement of Country



As a builder, developer and manager of assets on land all over Australia, we pay our respect to the traditional owners, especially their elders past and present, and value their custodianship of these lands.



Group Performance

Steve McCann

Group Chief Executive

Officer and

Managing Director

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Our non financial pillars of value



Health and Safety

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

Safety

Group Lost Time Injury Frequency Rate^{1,2}

- 1.9 (1.6 in HY18)

Operations without a Critical Incident³

- 93% (95% in HY18)



Our People

Our people are the greatest contributors to our success and underpin our ability to deliver our vision to create the best places.

Diversity and inclusion

- Australia: 2018-19 WGEA⁴ Employer of Choice for Gender Equality
- UK: The Times Top 50 Employers for Women, 2018



Our Customers

We adopt a collaborative approach to our relationships, delivering high quality products and services that respond to our customers' needs.

Customer Focus

- Additional contract options offered in Retirement Living
- Prioritising customer satisfaction measurement and advocacy



Sustainability

We have a proud history of giving emphasis to environmental, social and economic outcomes.

Environment

- APPF Commercial 1st out of 874 Funds in 2018 GRESB⁵ survey

Community

- Lendlease FutureSteps Fund: long term funding to help prevent housing stress and homelessness

1. Calculated on a rolling 12 month basis.

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

3. A Critical Incident is an event that caused, or had the potential to cause, death or permanent disability. This is an indicator unique to Lendlease.

4. Workplace Gender Equality Agency.

5. Global Real Estate Sustainability Benchmark.

Lendlease to focus on urbanisation

Engineering and Services business non-core; alternative options being considered

- Comprehensive strategic review determined Engineering and Services is no longer a required part of Group strategy:
 - Enables both Engineering and Services and Lendlease Group to focus on their core competitive advantages
 - Group strategic focus increasingly directed towards urbanisation projects and investments platform
 - Limited integrated model opportunities for Engineering and Services
 - Risk return profile of Engineering not closely aligned with that of the broader business
 - Alternatives for Engineering and Services are being considered to maximise securityholder value
- New lower risk business strategy for Engineering to facilitate participation in the growing transport infrastructure sector
- Preliminary estimate of \$450m - \$550m pre-tax of future restructuring costs¹ that may be incurred

Lendlease going forward

- Strategy remains focused on:
 - Integrated model which leverages more than one operating segment across a diversified portfolio
 - Three segments: Development; Construction; Investments
- Revised Portfolio Management Framework reflecting Engineering and Services as non-core:
 - Earnings mix: Construction segment to be down weighted with corresponding lift to Development and Investments
 - The Group intends to review its capital structure given the change in business mix and expected lower volatility of earnings

1. These restructuring costs may include implementation costs, such as technology and system costs, employee costs and advisor costs, and costs to conclude customer contracts as a result of the Group's decision. This estimate excludes any anticipated revenue from ongoing operations or proceeds received for the business.

Our approach

RECOGNISED AS A LEADING INTERNATIONAL PROPERTY AND INFRASTRUCTURE GROUP

OUR APPROACH:

FOCUS & GROW

GATEWAY
CITIES

KEY
TRENDS

DISCIPLINED
PORTFOLIO
MANAGEMENT

OUR INTEGRATED MODEL

DEVELOPMENT

TO CREATE
THE BEST
PLACES

INVESTMENTS

CONSTRUCTION

TRACK RECORD

OUR PILLARS OF VALUE:



HEALTH & SAFETY



FINANCIAL



OUR CUSTOMERS



OUR PEOPLE



SUSTAINABILITY

MAXIMISING LONG TERM SECURITYHOLDER VALUE (TARGET 10-14% RETURN ON EQUITY)

HY19 Result

Securityholder returns¹

- Profit after Tax of \$15.7m and earnings per stapled security of 2.8 cents
- Half year distribution of 12 cents per security
- Return on Equity of 0.5%²
- Capital management: On market buyback completed, \$352m of securities acquired

Performance drivers¹

- Completion of 83,000sqm office component at Paya Lebar Quarter, Singapore
- US residential investment partnership with First State Super acquired three apartment buildings from development pipeline
- Apartment and communities settlements skew to H2 – Development invested capital up \$0.8b during the period to \$5.1b
- Two new urbanisation projects: Victoria Cross, Sydney and Lakeshore East, Chicago – total Development pipeline up 31% to \$74.5b
- Growth in Funds Under Management (FUM) of 20% to \$34.1b
- Higher investment income and solid asset value appreciation from co-investment positions
- Construction EBITDA impacted by the underperformance of Engineering
- Underlying operating cash flow of (\$164m)
- Strong financial position maintained – gearing of 15.2%³ and liquidity of \$2.1b

1. Comparative period the half year ended 31 December 2017.

2. Return on Equity is calculated using the annualised Profit after Tax divided by the arithmetic average of beginning and half year end securityholders' equity.

3. Net debt to total tangible assets, less cash.

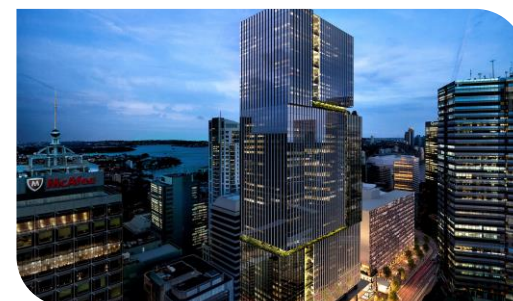
Development pipeline origination and capital partnerships

Executing on our strategy

- Development:
 - Secured Victoria Cross, Sydney: \$1.1b¹ over station development
 - Secured Lakeshore East, Chicago: \$2.1b¹ residential for rent and sale
 - Commenced 845 West Madison, Chicago: \$0.5b¹ residential for rent
- Additional origination success post balance date:
 - Preferred partner for Thamesmead Waterfront, London: \$14.5b¹
 - Preferred partner for Birmingham Smithfield, UK: \$2.7b¹
- Capital partnership initiatives:
 - US residential investment partnership with US\$1b equity commitment:
 - 50:50 partnership with First State Super
 - Rebalanced investment in Tower One, Barangaroo from 12.5% to 2.5%:
 - Existing capital partner increased their holding
 - Maintain ongoing management
 - Practical completion of three office towers at Paya Lebar Quarter, Singapore:
 - Partnership with ADIA (70%)
 - \$2.1b of office FUM



Lakeshore East, Chicago²



Victoria Cross, Sydney²



Birmingham Smithfield, UK²

1. Estimated development end value.

2. Artist's impression (image subject to change and further design development and planning approval).



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Financial Performance

Tarun Gupta

Group Chief Financial Officer

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Financial performance

\$m	HY18	HY19	Change
Development	443.0	260.8	(41%)
Construction (ex E&S ¹)	147.4	111.4	(24%)
Investments	383.1	273.2	(29%)
Operating EBITDA (ex E&S)	973.5	645.4	(34%)
Corporate costs	(79.4)	(88.6)	(12%)
Group EBITDA (ex E&S)	894.1	556.8	(38%)
Engineering & Services	(173.5)	(473.7)	>(100%)
Group EBITDA	720.6	83.1	(88%)
Depreciation and amortisation	(50.4)	(61.5)	(22%)
EBIT	670.2	21.6	(97%)
Net finance costs	(46.0)	(52.6)	(14%)
PBT	624.2	(31.0)	>(100%)
Income tax expense	(198.5)	46.7	>100%
External non controlling interests	(0.1)	-	100%
NPAT	425.6	15.7	(96%)
Weighted avg. securities (#m)	583.8	570.5	(2%)
Earnings per Stapled Security (cents)	72.9	2.8	(96%)

- Strong prior period and skew to H2 FY19; completion of PLQ office; US residential investment partnership secured

- Solid Building performance, down from strong HY18

- Increased investment income and operating earnings, lower revaluations

- FY18 skew to H1, FY19 expected skew to H2

- HY19 Group Services costs of \$74.2m² up 8% from HY18

- (\$500m pre-tax) impact from expected losses on underperforming projects

- Investment in technology and systems

- Increase primarily due to higher average net debt

1. Engineering and Services.

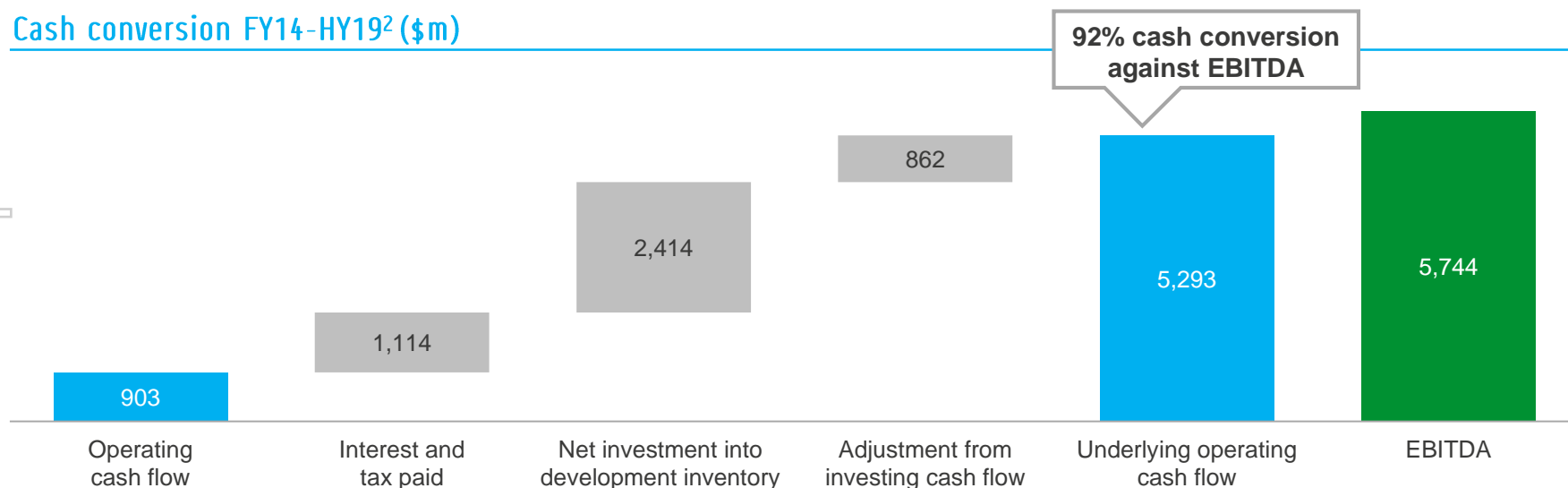
2. Total Corporate costs of \$88.6m also includes Group Treasury of \$14.4m.

Underlying operating cash flow

New metric introduced

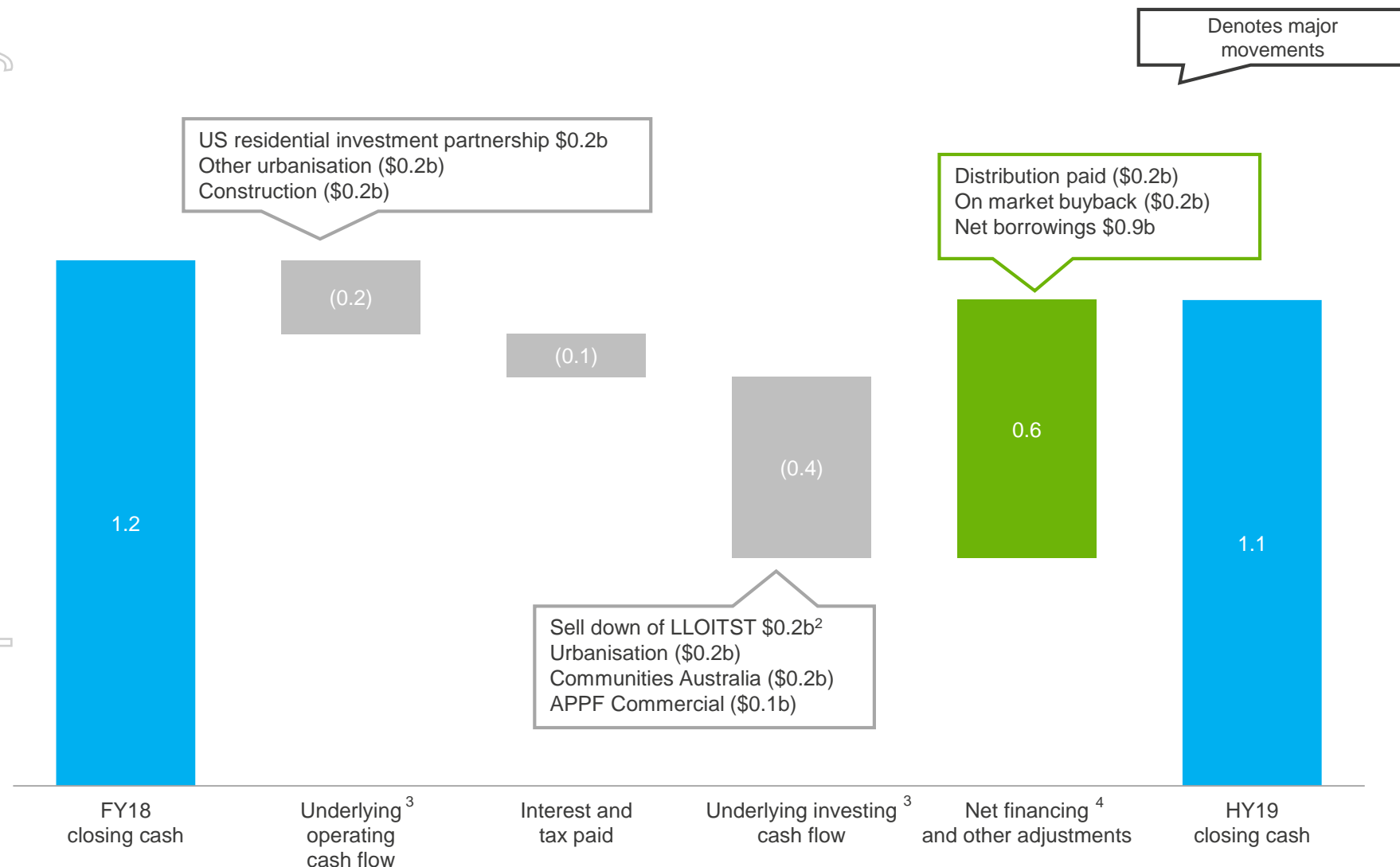
- Underlying operating cash flow will be reported to better reflect operating cash generated by the Group from its operating model
 - Represents the amount of operating cash flow derived in a period, prior to payment of interest and tax, and reinvestment in the Group's pipeline
 - Statutory operating cash flow, plus:**
 - Interest and tax paid
 - Net investment into development inventory
 - Adjustment from investing cash flow¹
- = Underlying operating cash flow**

Cash conversion FY14-HY19² (\$m)



1. Reallocation reflects cash proceeds from sell down of deconsolidated development entities and realised gains on sale of assets not reflected in operating cash flow.
 2. Cash conversion is the ratio of underlying operating cash flow to EBITDA.

Cash flow movements (\$b)¹



1. Cash flows have been included as a net position.
2. Capital component of sell down. Realised gain included in underlying operating cash flow.
3. Refer appendix slides 11 and 12 for reconciliation to statutory operating and investing cash flows.
4. Includes the impact of foreign exchange movements on opening cash.

Financial position

\$m	HY18	FY18	HY19
Assets			
Cash and cash equivalents	1,545.2	1,177.1	1,088.1
Inventories	4,884.7	5,546.3	6,039.4
Equity accounted investments	2,268.0	2,626.6	3,191.2
Investment properties	557.4	278.2	375.5
Other assets (including financial)	6,536.7	7,335.4	6,763.4
Total assets	15,792.0	16,963.6	17,457.6
Liabilities			
Borrowings and financial arrangements	1,792.5	2,358.5	3,364.1
Other liabilities (including financial)	7,570.4	8,190.9	7,986.7
Total liabilities	9,362.9	10,549.4	11,350.8
Net assets	6,429.1	6,414.2	6,106.8
Gearing¹	1.9%	8.2%	15.2%

Key areas of capital employed

- Development inventories of \$4.9b
- Investments of \$3.6b including:
 - Co-investments of \$1.7b
 - Retirement Living interest of \$1.4b
 - Infrastructure/Other of \$0.5b

Financial Strength

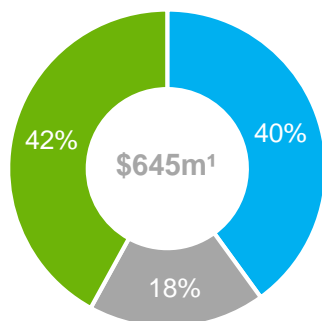
- Total liquidity of \$2.1b
- Interest cover² of 8.1 times
- Gearing 15.2%:
 - Expected to remain within 10-20% at end FY19
- Balanced debt maturity profile, no material concentrations

1. Net debt to total tangible assets, less cash.

2. HY19 EBITDA has been adjusted to exclude the \$500m pre-tax impact from losses expected to be incurred on underperforming Engineering projects.

Portfolio Management Framework

EBITDA mix

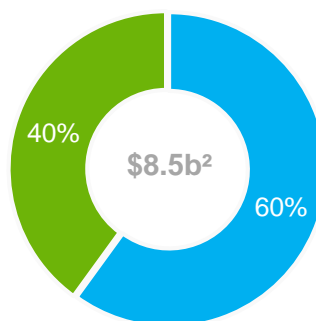


Target weighting

- Development (35 - 45%)
- Const. (ex E&S) (20 - 30%)
- Investments (30 - 40%)

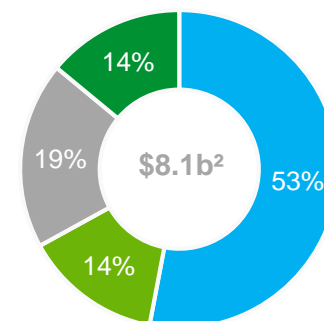
Invested capital

By segment



- Development (40 - 60%)
- Investments (40 - 60%)

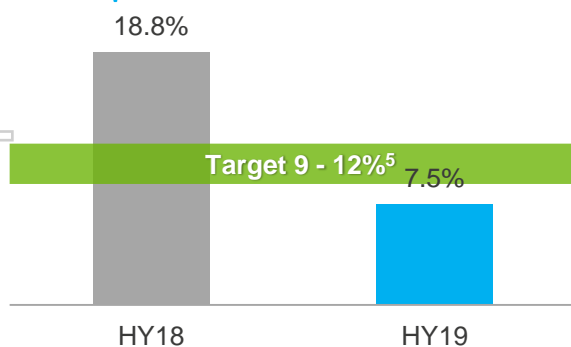
By region



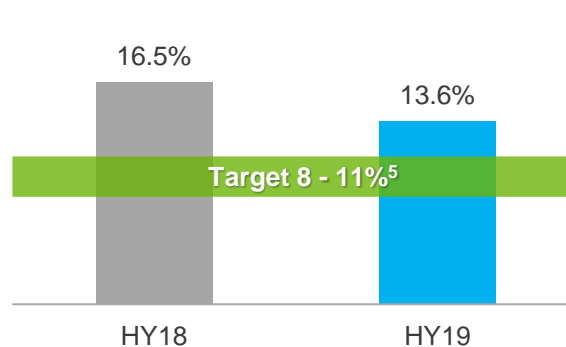
- Australia (50 - 70%)
- Asia (5 - 20%)
- Europe (5 - 20%)
- Americas (5 - 20%)

Returns

Development – ROIC³,⁴

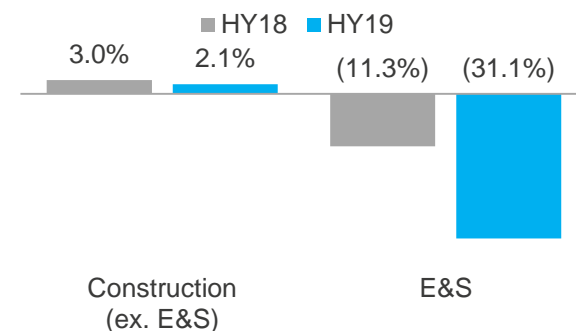


Investments – ROIC³,⁴



Construction – EBITDA margin⁵

Target 3–4%



1. Excludes Engineering and Services, and Corporate. EBITDA mix with Engineering and Services cannot be graphically represented. Operating EBITDA including Engineering and Services is \$171.7m.
2. Total invested capital at 31 December 2018 was \$8.4b. Development and Investments totalled \$8.5b, Construction incl. Engineering and Services (\$0.4b) and Corporate \$0.3b.
3. 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.
4. Through-cycle target based on rolling three to five year timeline.
5. Construction segment EBITDA margin was (5.4%) in HY19 and (0.4%) in HY18.

Revised Portfolio Management Framework

Following decision that Engineering and Services is non core

Business model	Prev. Target	Revised Target
Target EBITDA mix:		
• Development	35-45%	40-50%
• Construction	20-30%	10-20%
• Investments	30-40%	35-45%

Removal of Engineering and Services:

- Reduces Construction contribution to EBITDA mix
- Construction segment EBITDA margin target 2-3%

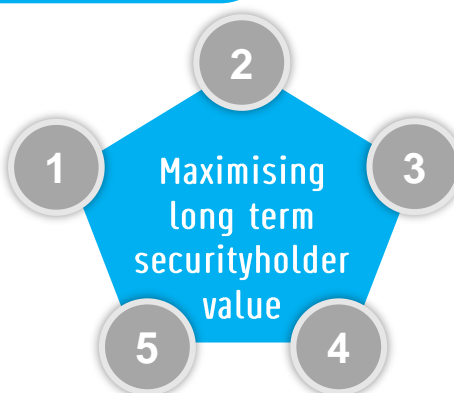
Reclassification of internal Construction margin⁴:

- Shift from Construction to Development:
 - Reduces Construction contribution to EBITDA mix
 - Increases Development segment ROIC 10-13%

Regional capital allocation

Unchanged from:

- Focused on gateway cities
- 50-70% capital in Australia
- 20% max per international region



Target returns

	Prev. Target	Revised Target
• Group ROE	10-14%	10-14%
• Development ROIC	9-12% ¹	10-13%¹
• Construction EBITDA ²	3-4%	2-3%
• Investments ROIC	8-11% ¹	8-11% ¹

Distribution policy

Unchanged from:

- Payout 40-60% of earnings
- Capital management discipline

Capital structure

Current:

- Investment grade credit rating
- Optimised WACC
- Gearing³ 10-20%

1. Through-cycle target based on rolling three to five year timeline.

2. EBITDA margin.

3. Net debt to total tangible assets, less cash.

4. The shift in Construction margin on integrated projects from the Construction to Development segment results in lower Construction EBITDA and both higher Development EBITDA and ROIC.



Operational Update

Steve McCann

Group Chief Executive
Officer and
Managing Director

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Development segment – Residential

Residential performance¹

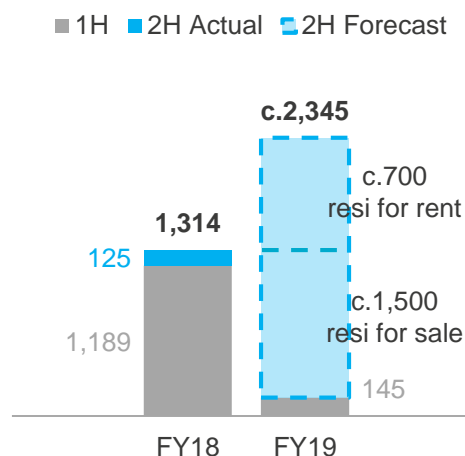
Apartments

- H2 skew expected with settlements across five cities:
 - Sydney; Melbourne; London; New York; and Boston
- Pipeline underpins new product in an additional six cities:
 - Singapore; Kuala Lumpur; Milan; San Francisco; Perth; and Chicago
- US residential investment partnership with First State Super:
 - Product to date in Chicago and Boston
- Commenced delivery of 845 West Madison, Chicago; residential for rent led development
- \$1.8b² of residential for rent across six buildings in delivery
- Remaining pipeline of approximately 26,000 units includes new project:
 - Lakeshore East, Chicago

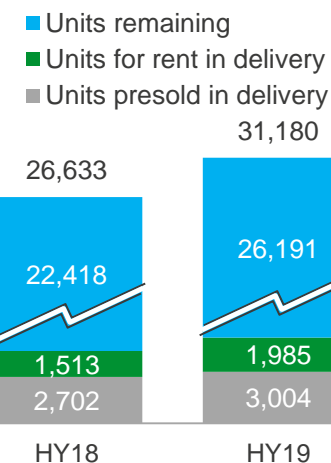
Communities

- Settlements of 908 lots, impacted by subdued market conditions and project timing issues
- FY19 settlements expected to be c.2,500
- Land lot presales of 3,266 lots, \$0.9b
- Future pipeline of approximately 48,000 lots

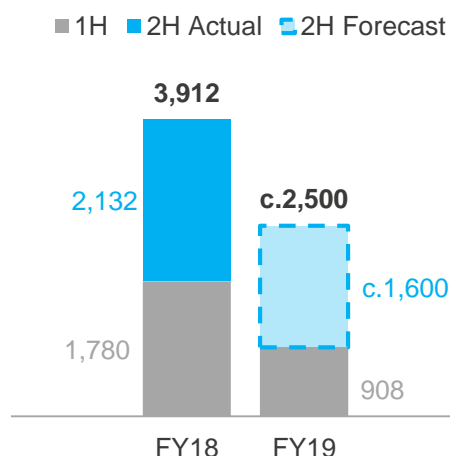
Apartment settlements (units)



Apartment pipeline (units)

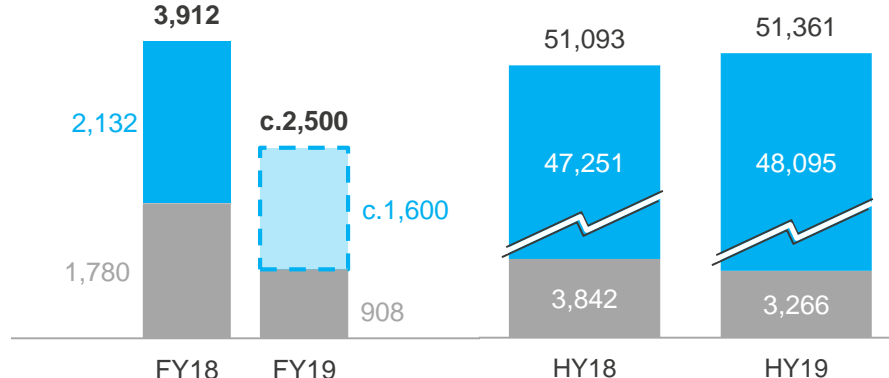


Communities settlements (lots)



Communities pipeline (lots)

- Lots remaining³
- Lots presold



1. Comparative period the half year ended 31 December 2017.

2. Total estimated development end value.

3. HY18 adjusted to exclude Retirement Living development units which were segmented to Investments in FY18 following the Retirement Living transaction.

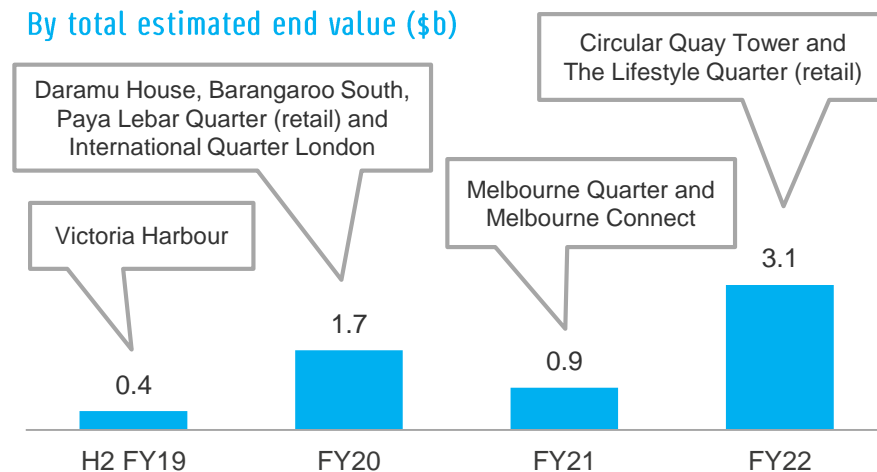
Development segment – Commercial

Commercial performance¹

- Major office developments completed, 124,000 sqm, c.\$2.5b²:
 - Paya Lebar Quarter, Singapore: 83,000 sqm
 - One Melbourne Quarter, Melbourne: 26,000 sqm
 - 25 King, Brisbane: 15,000 sqm
- Secured Victoria Cross, Sydney:
 - \$1.1b major urbanisation project
 - 58,000 sqm over station development
- Barangaroo South retail:
 - Partial shift to Investments segment
- Major commercial buildings in delivery c.\$4.9b⁴:
 - No commencements in H1
- Secured pipeline of c.1.6m sqm yet to be put into delivery:
 - More than doubled over 12 months

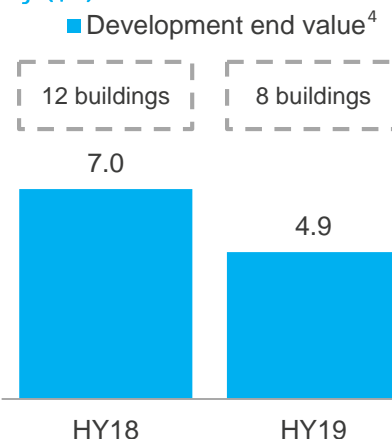
Commercial building completion profile³

By total estimated end value (\$b)



Buildings in delivery

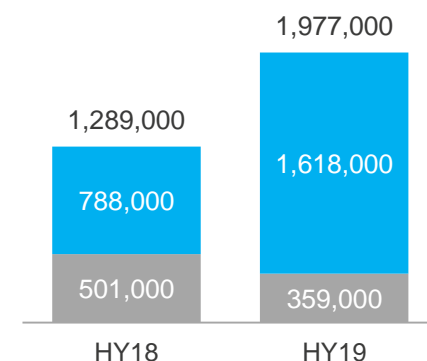
By (\$b)



Commercial pipeline

By sqm

- sqm remaining
- sqm in delivery



1. Comparative period the half year ended 31 December 2017.

2. Total estimated development end value.

3. Based on expected completion date of underlying buildings, subject to change in delivery program. Not indicative of cash or profit recognition.

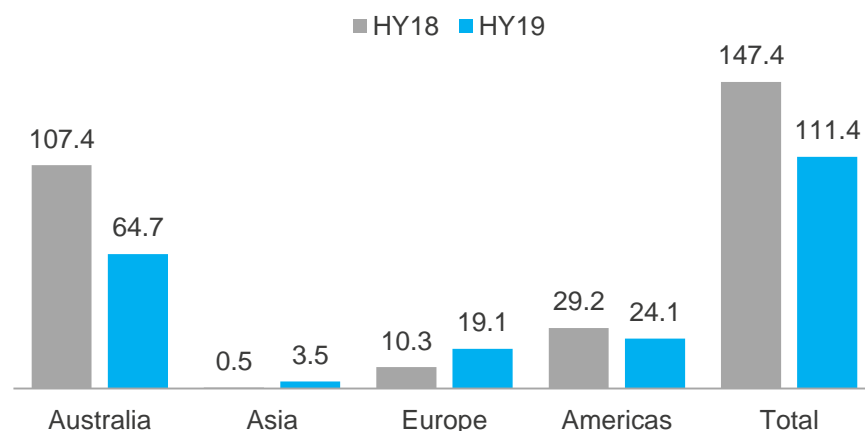
4. Remaining estimated development end value. Total estimated development end value is \$6.1b at HY19.

Construction segment – ex Engineering and Services

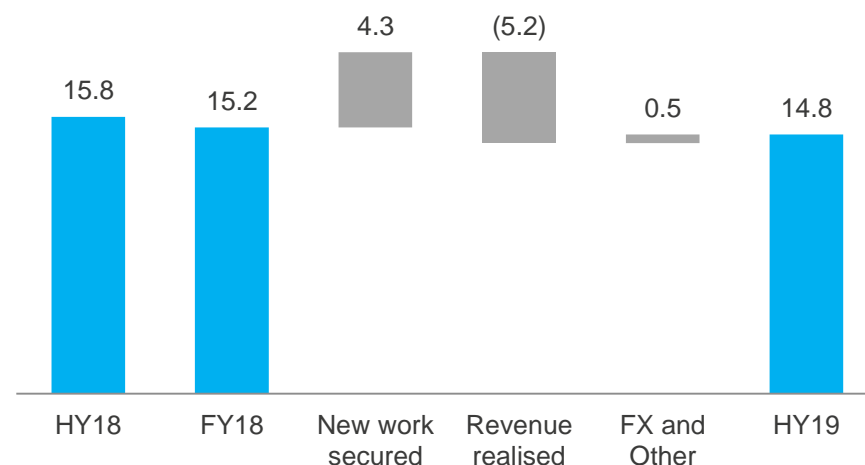
Performance¹

- Global EBITDA margin 2.1%, EBITDA profit of \$111.4m
- Backlog revenue of \$14.8b
- Australia:
 - Strong performance, well diversified by sector and client
 - HY18 boosted by completion of internal construction projects at Darling Square
 - \$2.2b of new work secured: Sydney Metro Martin Place and Victoria Cross over station developments
- Americas:
 - Activity moderating, internal pipeline growing
 - New work secured \$1.8b
- Europe:
 - Operating leverage from higher revenue
 - Conversion of a number of contracts in preferred status expected in H2
- Asia:
 - Continuing focus on internal pipeline

EBITDA (\$m)



Backlog revenue (\$b)



EBITDA Margin (%)

	Australia	Asia	Europe	Americas	Total
HY18	5.8%	0.2%	3.0%	1.2%	3.0%
HY19	3.0%	1.8%	3.9%	1.0%	2.1%

1. Comparative period the half year ended 31 December 2017.

Construction segment – Engineering and Services

Performance¹

- HY19 EBITDA loss of \$473.7m:
 - Includes previously announced \$500m pre tax² impact from expected losses on underperforming projects
- Revenue of \$1.5b, backlog of \$6.6b
- Implementing a new operating model and business strategy:
 - Initiatives as part of the operational review implemented across:
 - Origination
 - People and culture
 - Governance
 - Project execution

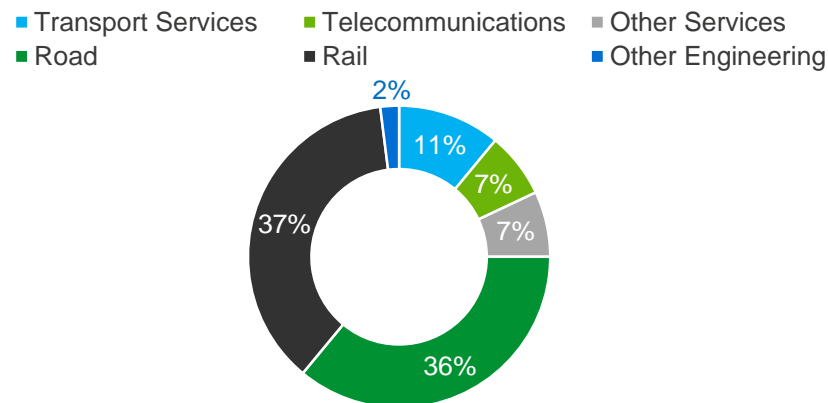
Engineering

- New work secured of \$2.0b:
 - Including Westconnex 3A M4-M5 Link
- Backlog revenue of \$5.0b

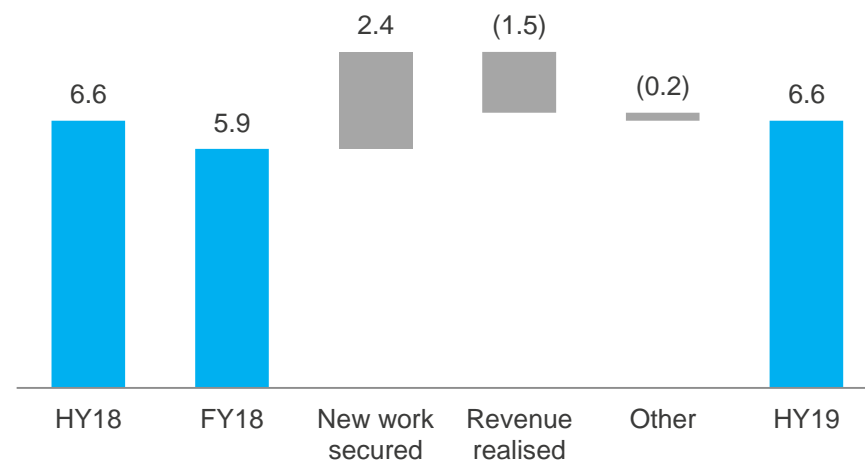
Services

- Strong margin driven by telecommunications and transport sectors
- New work secured \$0.4b:
 - Including Warwick Solar Farm
- Backlog revenue \$1.6b

Backlog revenue by sector



Backlog revenue (\$b)



1. Comparative period the half year ended 31 December 2017.

2. \$350m post tax.

Investments segment

Performance¹

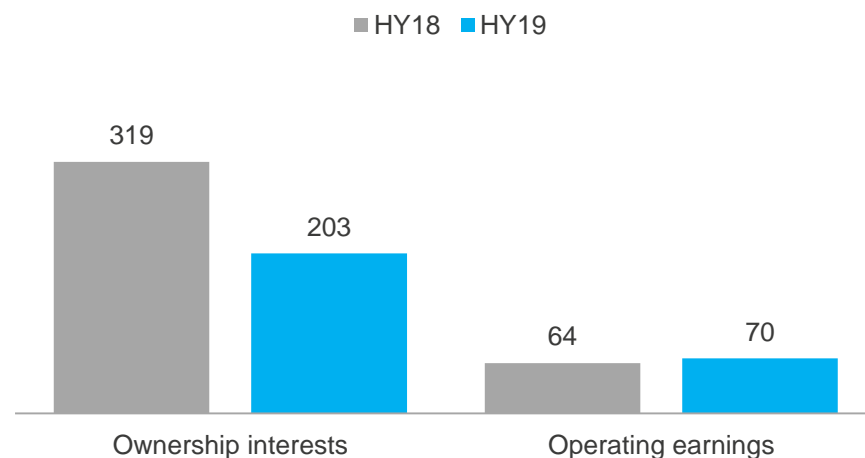
Ownership earnings

- EBITDA \$203.6m, lower revaluations compared to prior period
- \$1.7b of co-investments:
 - Higher income driven by Australian office portfolio
 - Solid income driven asset value appreciation
 - Capital partner acquisition of c.10% interest in Tower One, Barangaroo
- \$1.4b Retirement Living:
 - Resales up 24% across the portfolio
 - Reduced earnings based on 75% ownership compared to 100%²

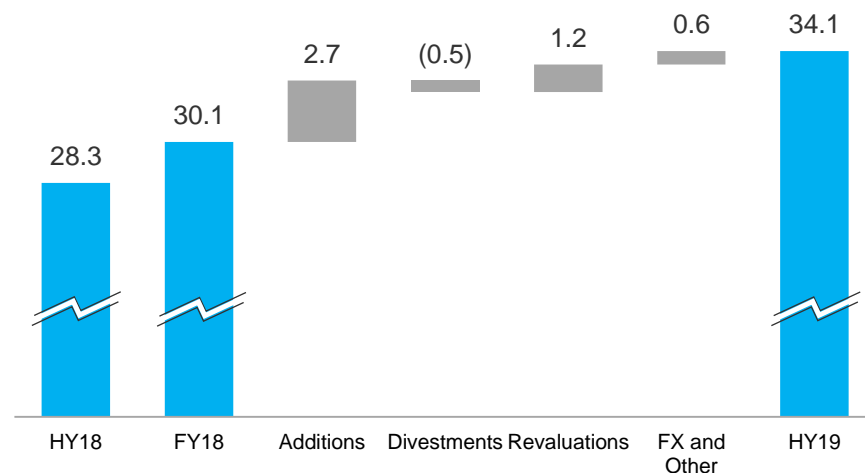
Operating earnings

- Uplift in operating earnings of 8% to \$69.6m:
 - FUM of \$34.1b, up 20%, including:
 - Paya Lebar Quarter, Singapore
 - One Melbourne Quarter, Melbourne
 - Residential for rent assets
 - c.\$2.9b³ of additional secured future FUM
 - Strong recurring asset and property management fees

Investments EBITDA by activity (\$m)



Funds Under Management (\$b)



1. Comparative period the half year ended 31 December 2017.

2. Ownership for five of the six months in HY18.

3. Represents secured future FUM from funds or mandates with development projects in delivery.



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Outlook

Steve McCann

Group Chief Executive
Officer and
Managing Director

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Outlook

Laying the foundations for future growth

- Re-setting the business:
 - Engineering and Services non-core
 - Revised Portfolio Management Framework; targeting enhanced risk adjusted returns
- Development pipeline of \$74.5b:
 - Origination and place making capability for the integrated model
 - 20 major urbanisation projects across 10 gateway cities
 - Pivot to targeted international markets materialising into tangible earnings contribution
- Construction backlog revenue (ex Engineering and Services) of \$14.8b:
 - Design and delivery capability for integrated model
 - External backlog diversified by client, sector and geography
- Investments segment with \$3.6b of investments, \$34.1b in FUM and \$26.6b in AUM:
 - Funding and investment capability for integrated model
 - Strong capital partner relationships, fund and asset management platforms
- Focus on leveraging the Group's competitive advantage via the integrated model; urbanisation projects and investments platform:
 - Unwavering commitment to health and safety
 - Disciplined approach to origination and managing individual project and property cycle risk
 - Diversification across segment, sector and geography provides resilience
- Strong visibility of future earnings

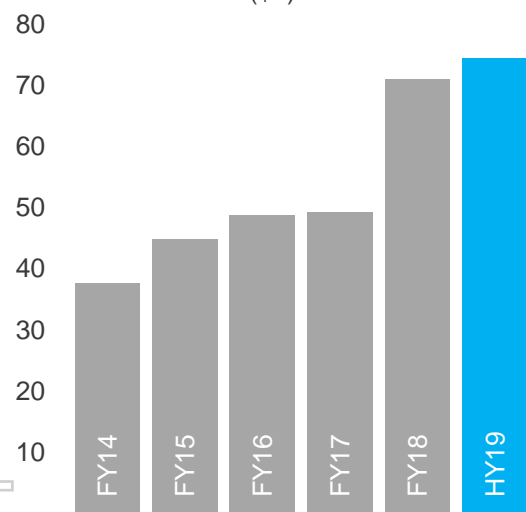
Earnings visibility from strong pipeline across all segments

Development pipeline
\$74.5b

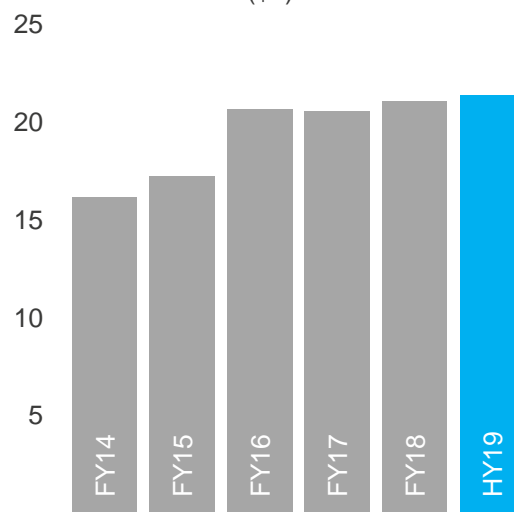
Construction backlog revenue
\$21.4b¹

Funds under management
\$34.1b

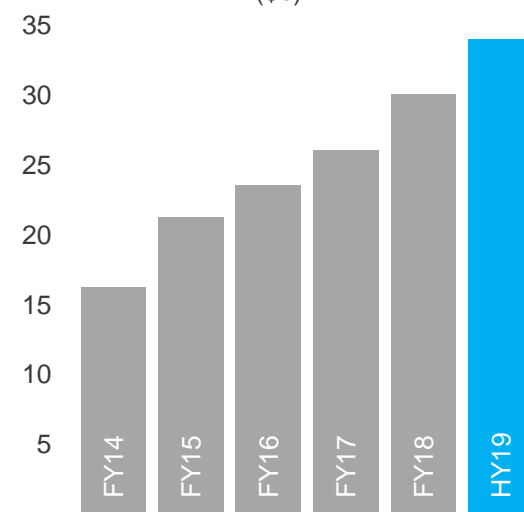
Development pipeline
(\$b)




Construction backlog revenue
(\$b)



Funds under management
(\$b)



1. Engineering and Services accounts for \$6.6b



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Questions

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 **lendlease**
2019 Half Year
Results Appendix



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Overview

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Our business model

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

DEVELOPMENT

The Development segment is involved in the development of communities, inner city mixed use developments, apartments, retirement, commercial assets, and social and economic infrastructure

Core Financial Returns



- Development margins
- Development management fees received from external co-investors
- Origination fees for the facilitation of infrastructure projects

CONSTRUCTION

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

Core Financial Returns



- Project management and construction management fees
- Construction margin

INVESTMENTS

The Investments segment includes a leading wholesale investment management platform and also includes the Group's ownership interests in property and infrastructure co-investments, Retirement Living and US Military Housing

Core Financial Returns



- Fund, asset and property management fees
- Yields and capital growth on investments, and returns from the Group's Retirement investment and US Military Housing operations

Globally diverse pipeline

Our globally diverse pipeline provides long term earnings visibility

\$74.5b

Development pipeline¹

\$21.4b

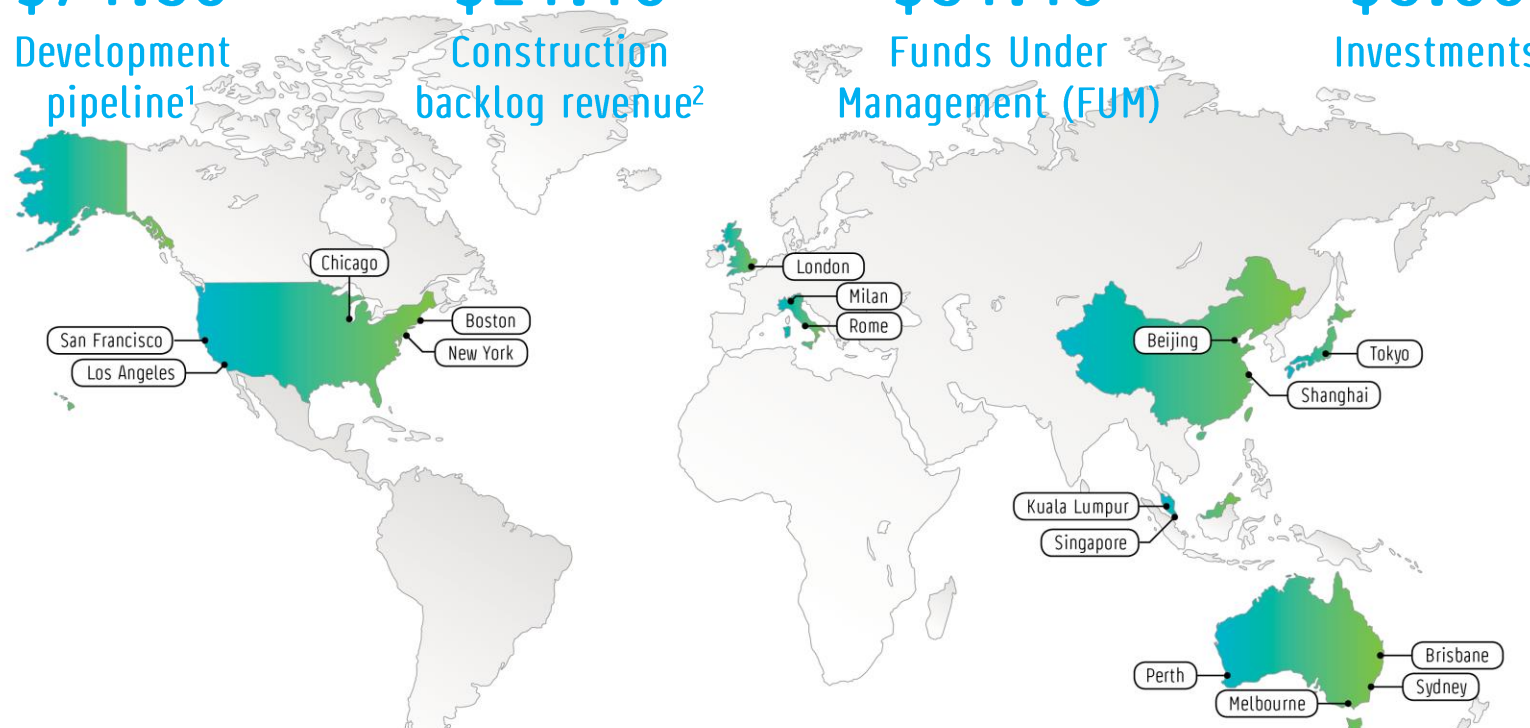
Construction backlog revenue²

\$34.1b

Funds Under Management (FUM)

\$3.6b

Investments



Americas

\$7.9b Development pipeline¹
\$6.2b Construction backlog
\$0.4b FUM
\$0.4b Investments

Europe

\$30.1b Development pipeline¹
\$1.2b Construction backlog
\$1.6b FUM

Asia

\$5.4b Development pipeline¹
\$0.8b Construction backlog
\$8.0b FUM
\$0.4b Investments

Australia

\$31.1b Development pipeline¹
\$13.2b Construction backlog³
\$24.1b FUM
\$2.8b Investments

1. Remaining estimated development end value.
2. Construction backlog excluding Engineering and Services is \$14.8b.
3. Australia construction backlog excluding Engineering and Services is \$6.6b.

Global trends influencing our strategy



Urbanisation

By 2030, over 60% of the world's population is expected to live in urban areas¹



Lendlease leadership

- \$59.3b urbanisation pipeline²
- 20 major urbanisation projects³ across 10 gateway cities



Infrastructure

Global infrastructure spending is estimated to rise to an average of US\$5.1 trillion per year between now and 2035⁴



- c.\$10b PPPs secured⁵
- Emerging telecommunications infrastructure business



Funds growth

Global assets under management are forecast to rise from US\$85 trillion in 2016 to US\$145 trillion by 2025⁶



- 17.8% annual growth in funds under management since FY14



Sustainability

With over two thirds of the world's population living in urban areas by 2050¹, the built environment faces increasing challenges



- For a second year in a row our APPF Commercial fund is rated as worlds best for Sustainability by GRESB⁷
- Endorsed the recommendations of the TCFD⁸, climate is a key consideration influencing our strategy



Ageing population

Internationally, people aged 60+ are projected to grow three times faster than the overall population (2.4% vs 0.8% pa) in average annual terms between 2015 and 2050⁹



- Operate one of the largest Retirement Living businesses in Australia
- Seeking to establish a scale platform in China. In FY18 secured first senior living project in Shanghai



Technology

Global venture capital investment in real estate technology has grown from US\$1.8b in 2015 to US\$12.6b in 2017¹⁰



- A pioneer of new delivery technologies e.g. Cross Laminated Timber, digital design, pre-fab, online sales channels; a leader in new safety initiatives

1. World Urbanization Prospects: The 2018 Revision, United Nations.

2. Remaining estimated development end value.

3. Urbanisation development projects with end value >\$1b.

4. McKinsey Global Institute: Bridging Infrastructure Gaps – Has the World Made Progress? October 2017. Includes some Group Research calculations.

5. Cumulative data from FY12 to FY18.

6. Asset & Wealth Management Revolution: Embracing Exponential Change, PwC 2017.

7. Lendlease managed Australian Prime Property Fund Commercial ranked first out of 874 respondents in the 2018 Global Real Estate Sustainability Benchmark.

8. Taskforce on Climate-related Financial Disclosure (TCFD).

9. World Population Prospects: The 2017 Revision, United Nations.

10. RE: Tech: Real Estate Tech Annual Report 2017.

Sustainability

Operational excellence



In FY18 the Lendlease Board endorsed the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD)

The TCFD provides a voluntary framework for climate-related risk disclosures for use by companies to inform investors, lenders, insurers and interested stakeholders



Continues to achieve highest AAA ESG rating and described as an “Industry Leader” in the green building space

MSCI is an independent provider of research-driven insights and tools for institutional investors



Lendlease’s 2nd Reconciliation Action Plan (RAP) achieved ‘Elevate’ status from Reconciliation Australia

The RAP programme enables organisations to set goals and aspirations in support of the national reconciliation movement. An Elevate RAP, is the highest independent rating a RAP programme can receive from Reconciliation Australia



Signatory and active participant since April 2014

UN Global Compact is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals

Signatory of:



Signatory since FY08

The PRI is the world’s leading proponent of responsible investment working to understand the investment implications of environmental, social and governance (ESG) factors



Australia Prime Property Fund Commercial rated worlds best by GRESB in 2018¹. Rated as the number one fund four out of the last five years

GRESB is an investor driven organisation assessing the sustainability performance of real asset sector portfolios and assets

1. Lendlease managed Australian Prime Property Fund Commercial ranked first out of 874 respondents in the 2018 Global Real Estate Sustainability Benchmark.



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Income Statement

\$m	HY18	HY19
Revenue from contracts with customers ¹	8,632.7	7,679.7
Other revenue ¹	58.5	82.0
Cost of sales	(7,778.0)	(7,699.8)
Gross profit	913.2	61.9
Share of profit of equity accounted investments	7.0	193.5
Other income	378.0	207.9
Other expenses	(628.0)	(441.7)
Results from operating activities	670.2	21.6
Finance revenue	6.1	9.3
Finance costs	(52.1)	(61.9)
Net finance costs	(46.0)	(52.6)
Profit/(loss) before tax	624.2	(31.0)
Income tax (expense)/benefit	(198.5)	46.7
Profit after tax	425.7	15.7
Profit after tax attributable to:		
Members of Lendlease Corporation Limited	314.4	(90.7)
Unitholders of Lendlease Trust	111.2	106.4
Profit after tax attributable to securityholders	425.6	15.7
External non controlling interests	0.1	-
Profit after tax	425.7	15.7
<i>Earnings per Stapled Security</i>	<i>cents</i>	<i>2.8</i>

1. HY18 balances have been reclassified to align the presentation of comparative information to disclosures required under AASB 15 Revenue from Contracts with Customers which has been adopted from 1 July 2018. \$58.5m has been reclassified from Revenue from contracts with customers to Other revenue.

Statement of Financial Position

\$m	HY18	FY18	HY19
Current Assets			
Cash and cash equivalents	1,545.2	1,177.1	1,088.1
Loans and receivables	2,127.0	2,670.2	2,196.0
Inventories	1,713.4	2,369.2	2,862.8
Other financial assets	2.4	6.7	9.8
Current tax assets	-	-	0.2
Other assets	105.2	91.0	107.4
Total current assets	5,493.2	6,314.2	6,264.3
Non Current Assets			
Loans and receivables	742.4	787.8	715.8
Inventories	3,171.3	3,177.1	3,176.6
Equity accounted investments	2,268.0	2,626.6	3,191.2
Investment properties	557.4	278.2	375.5
Other financial assets	1,430.8	1,547.8	1,497.0
Deferred tax assets	148.9	120.0	111.5
Property, plant and equipment	424.7	464.7	470.1
Intangible assets	1,407.2	1,421.4	1,435.8
Defined benefit plan asset	80.8	154.7	142.2
Other assets	67.3	71.1	77.6
Total non current assets	10,298.8	10,649.4	11,193.3
Total assets	15,792.0	16,963.6	17,457.6

\$m	HY18	FY18	HY19
Current Liabilities			
Trade and other payables	4,719.6	5,769.5	5,826.9
Provisions	421.9	329.9	322.5
Borrowings and financing arrangements	249.6	474.8	-
Current tax liabilities	9.8	10.4	-
Other financial liabilities	8.8	3.4	5.8
Total current liabilities	5,409.7	6,588.0	6,155.2
Non Current Liabilities			
Trade and other payables	1,915.3	1,530.7	1,363.3
Provisions	55.2	67.8	47.4
Borrowings and financing arrangements	1,542.9	1,883.7	3,364.1
Other financial liabilities	0.6	0.7	0.9
Deferred tax liabilities	439.2	478.5	419.9
Total non current liabilities	3,953.2	3,961.4	5,195.6
Total liabilities	9,362.9	10,549.4	11,350.8
Net assets	6,429.1	6,414.2	6,106.8
Equity			
Issued capital	1,296.8	1,296.8	1,296.8
Treasury securities	(44.1)	(44.1)	(61.1)
Reserves	(14.1)	61.0	125.9
Retained earnings	3,857.5	3,855.1	3,427.1
Total equity attributable to members of Lendlease Corporation Limited	5,096.1	5,168.8	4,788.7
Total equity attributable to unitholders of Lendlease Trust	1,203.1	1,244.5	1,317.1
Total equity attributable to securityholders	6,299.2	6,413.3	6,105.8
External non controlling interests	129.9	0.9	1.0
Total equity	6,429.1	6,414.2	6,106.8

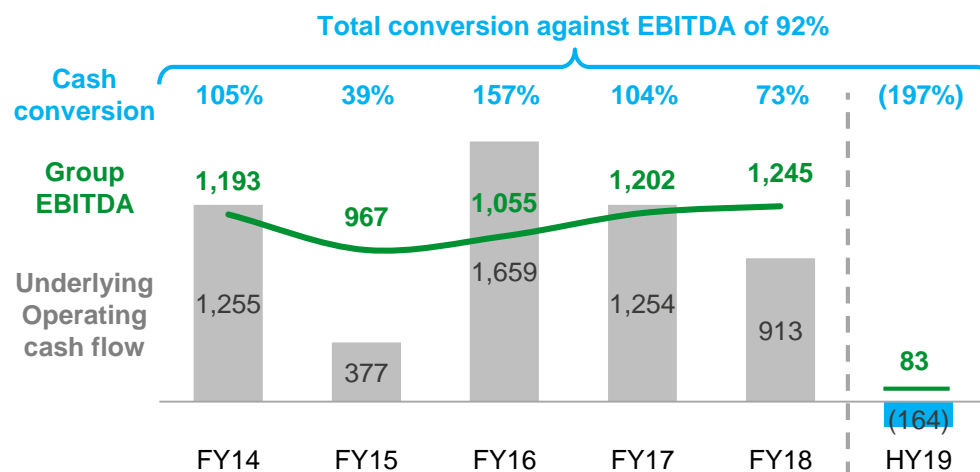
Statement of Cash Flows

\$m	HY18	HY19
Cash Flows from Operating Activities		
Cash receipts in the course of operations	9,272.3	8,070.8
Cash payments in the course of operations	(8,879.1)	(8,861.5)
Interest received	6.6	5.8
Interest paid	(79.0)	(85.2)
Dividends/distributions received	36.3	62.9
Income tax paid in respect of operations	(16.7)	(17.0)
Net cash provided by/(used in) operating activities	340.4	(824.2)
Cash Flows from Investing Activities		
Sale/redemption of investments	63.9	228.1
Acquisition of investments	(191.5)	(201.4)
Acquisition of/capital expenditure on investment properties	(149.5)	(18.1)
Net loan repayments from/(to) associates and joint ventures	381.3	(19.8)
Disposal of consolidated entities (net of cash disposed and transaction costs)	430.4	232.3
Disposal of property, plant and equipment	4.8	7.3
Acquisition of property, plant and equipment	(39.7)	(46.9)
Acquisition of intangible assets	(14.9)	(24.1)
Net cash provided by investing activities	484.8	157.4
Cash Flows from Financing Activities		
Proceeds from borrowings	711.7	3,031.2
Repayment of borrowings	(1,074.9)	(2,090.6)
Dividends/distributions paid	(183.9)	(190.2)
Payments for on market buyback of stapled securities	-	(174.1)
Payments for on market buyback of stapled securities - Dividend Reinvestment Plan	-	(10.5)
Increase in capital of non controlling interest	21.6	-
Other financing activities	(7.4)	(0.1)
Net cash (used in)/provided by financing activities	(532.9)	565.7
Other Cash Flow Items		
Effect of foreign exchange rate movements on cash and cash equivalents	3.7	12.1
Net increase/(decrease) in cash and cash equivalents	296.0	(89.0)
Cash and cash equivalents at beginning of financial period	1,249.2	1,177.1
Cash and cash equivalents at end of financial period	1,545.2	1,088.1

Underlying operating cash flow

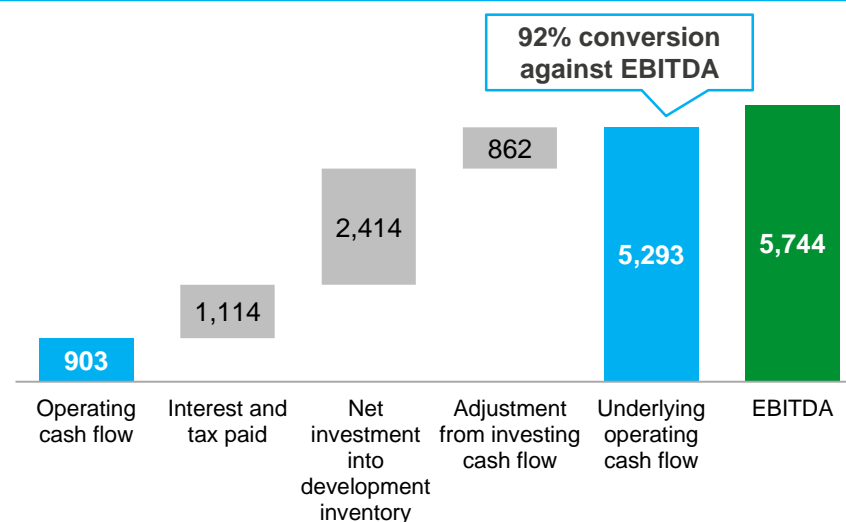
Cash conversion (FY14-HY19) (\$m)

- Lendlease has delivered underlying operating cash flow of \$5.3b from FY14 to HY19
- This represents 92% of Group EBITDA over the period. Balance relates to a combination of factors including:
 - Investment revaluations
 - Retirement DMF accruals
 - Construction working capital movements



Reconciliation¹ (FY14-HY19) (\$m)

- Underlying operating cash flow has been included to provide a more accurate cash comparator against Group EBITDA
- \$1.1b has been paid in interest and tax
- Since FY14, \$2.4b (46%) of the Group's underlying operating cash flow has been reinvested into development inventories²
- \$0.9b has been generated from the sell down of deconsolidated development entities and realised net gain on sales of assets (classified as statutory investing cash flow)³



1. Refer to Financial and Operational Metrics data file for full reconciliation.

2. Movement in development properties inventory, less movement in deferred land payments.

3. Reallocation reflects cash proceeds from sell down of development entities and realised gains on sale of assets not reflected in operating cash flow.

HY19 underlying operating cash flow

In HY19 Lendlease delivered underlying operating cash flow of (\$0.2b)

\$m	Statutory	Adjustments	Underlying
Cash Flows from Operating Activities			
Cash receipts in the course of operations	8,070.8	-	8,070.8
Cash payments in the course of operations	(8,861.5)	264.5 ¹	(8,597.0)
Dividends/distributions received	62.9	-	62.9
Deconsolidation of development entities	-	232.3 ²	232.3
Realised gains on sale of assets	-	67.0 ³	67.0
Interest received	5.8	(5.8)	-
Interest paid	(85.2)	85.2	-
Income tax paid in respect of operations	(17.0)	17.0	-
Net cash used in operating activities	(824.2)	660.2	(164.0)
Cash Flows from Investing Activities			
Sale/redemption of investments	228.1	(67.0) ³	161.1
Acquisition of investments	(201.4)	-	(201.4)
Acquisition of/capital expenditure on investment properties	(18.1)	-	(18.1)
Net loan repayments to associates and joint ventures	(19.8)	-	(19.8)
Disposal of consolidated entities (net of cash disposed and transaction costs)	232.3	(232.3) ²	-
Disposal of property, plant and equipment	7.3	-	7.3
Acquisition of property, plant and equipment	(46.9)	-	(46.9)
Acquisition of intangible assets	(24.1)	-	(24.1)
Net investment into development inventory	-	(264.5) ¹	(264.5)
Net cash provided by/(used in) investing activities	157.4	(563.8)	(406.4)

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 into development inventory

Growth in development properties inventory (net of deferred land payments) is reclassified as an investing activity

2. Cash proceeds from sell down of development entities

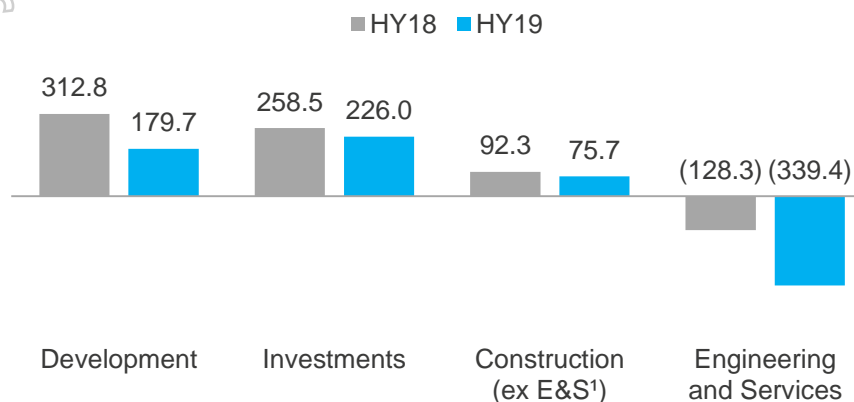
The proceeds on sale of deconsolidated development entities is reclassified as an operating activity, to align with the treatment of cash flows prior to deconsolidation

3. Realised gains on sale of assets

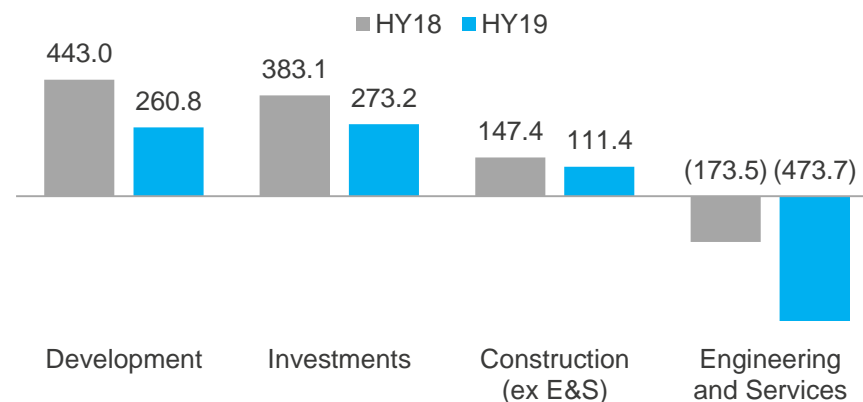
Lendlease is an active investment manager, with revaluations included in EBITDA. Accordingly, gains on disposal (including crystallised revaluations) are reclassified as an operating activity

Segment financial metrics

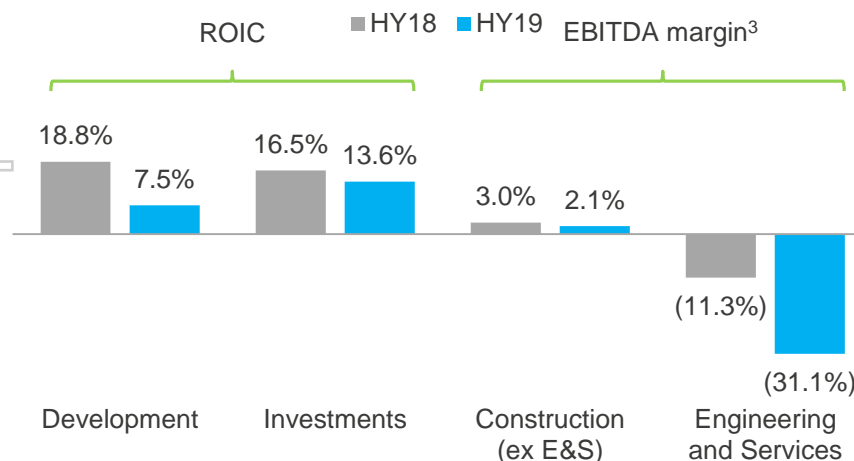
Operating Profit after Tax (\$m)



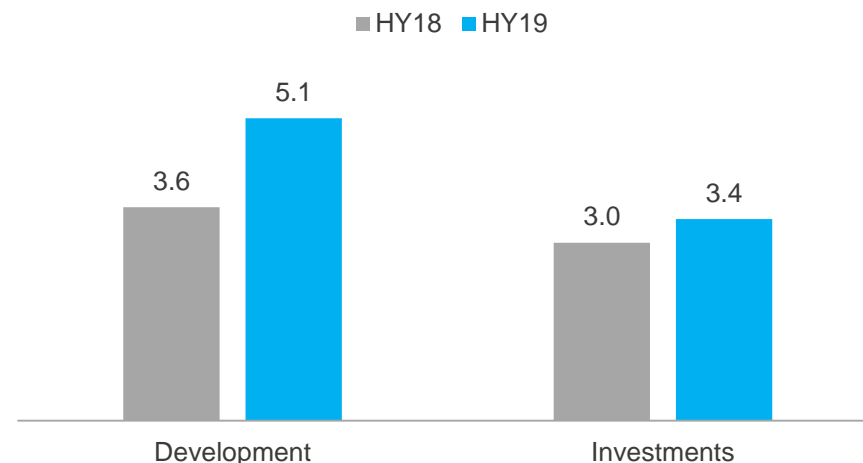
Operating EBITDA (\$m)



ROIC² (Development and Investments), EBITDA margin (Construction)



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



1. Engineering and Services.

2. 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.

3. HY19 EBITDA margin for total Construction was (5.4%).

Segment and regional financial metrics

By segment

	Revenue (\$m)		EBITDA (\$m)		Profit after Tax (\$m)		Invested capital (\$b)		
	HY18	HY19	HY18	HY19	HY18	HY19	HY18	FY18	HY19
Development	2,028.8	870.4	443.0	260.8	312.8	179.7	3.6	4.3	5.1
Investments	218.5	164.2	383.1	273.2	258.5	226.0	3.0	3.3	3.4
Construction (ex E&S)	4,896.9	5,190.8	147.4	111.4	92.3	75.7			
Corporate ¹	16.7	20.8	(79.4)	(88.6)	(109.7)	(126.3)			
Group (ex E&S)	7,160.9	6,246.2	894.1	556.8	553.9	355.1			
Engineering and Services	1,536.4	1,524.8	(173.5)	(473.7)	(128.3)	(339.4)			
Total Group	8,697.3	7,771.0	720.6	83.1	425.6	15.7			

By region

	Revenue (\$m)		EBITDA (\$m)		Profit after Tax (\$m)		Invested capital (\$b)		
	HY18	HY19	HY18	HY19	HY18	HY19	HY18	FY18	HY19
Australia (ex E&S) ²	3,871.2	2,848.2	758.8	334.2	514.5	258.4	4.1	4.4	4.4
Asia	254.2	238.1	26.9	137.5	16.0	94.9	0.8	0.9	1.1
Europe	483.6	716.2	70.0	60.7	53.9	52.4	0.9	1.2	1.5
Americas	2,535.2	2,422.9	117.8	113.0	79.2	75.7	0.8	1.0	1.1
Corporate ¹	16.7	20.8	(79.4)	(88.6)	(109.7)	(126.3)			
Group (ex E&S)	7,160.9	6,246.2	894.1	556.8	553.9	355.1			
Engineering and Services	1,536.4	1,524.8	(173.5)	(473.7)	(128.3)	(339.4)			
Total Group	8,697.3	7,771.0	720.6	83.1	425.6	15.7			

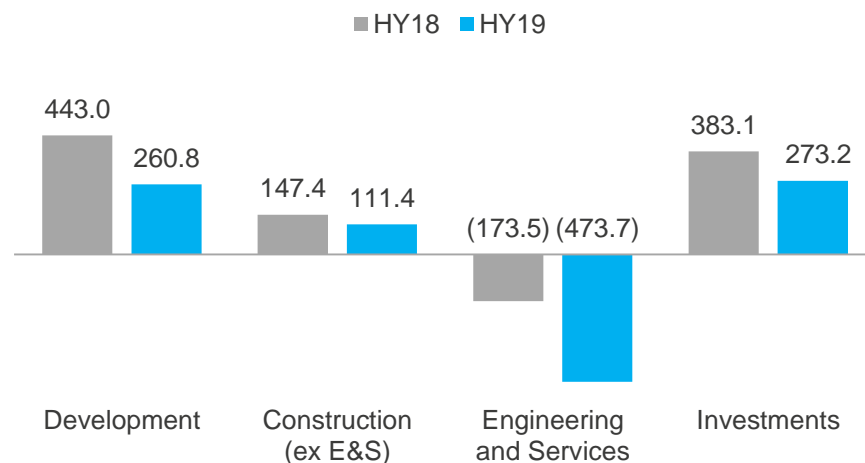
1. Comprises Group Services and Group Treasury costs. HY19 EBITDA: Group Services (\$74.2m) and Group Treasury (\$14.4m). HY18 EBITDA: Group Services (\$68.9m) and Group Treasury (\$10.5m).

2. Invested capital is inclusive of Engineering and Services.

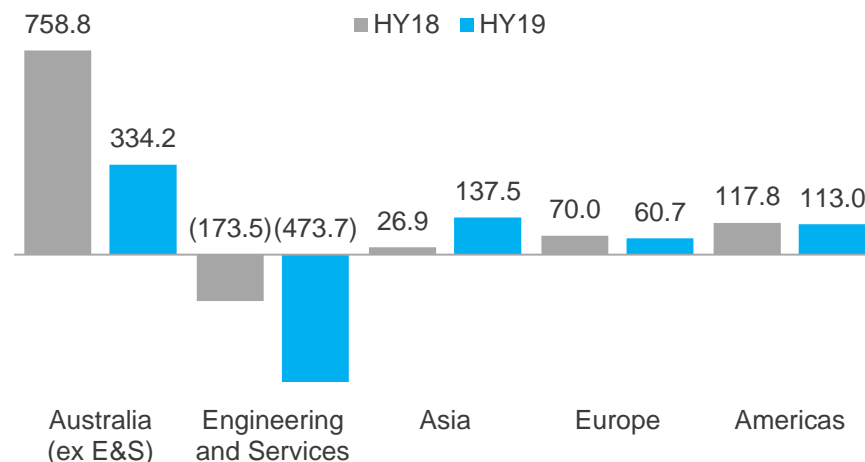
Revenue and EBITDA by segment and region

\$m	Revenue		EBITDA	
	HY18	HY19	HY18	HY19
Development				
Australia	1,844.4	594.9	384.0	71.1
Asia	4.5	9.2	7.7	100.7
Europe	132.7	223.4	59.8	31.3
Americas	47.2	42.9	(8.5)	57.7
Total Development	2,028.8	870.4	443.0	260.8
Construction				
Australia (ex E&S)	1,861.8	2,149.5	107.4	64.7
Asia	228.7	200.0	0.5	3.5
Europe	343.1	486.4	10.3	19.1
Americas	2,463.3	2,354.9	29.2	24.1
Construction (ex E&S)	4,896.9	5,190.8	147.4	111.4
Engineering and Services	1,536.4	1,524.8	(173.5)	(473.7)
Total Construction	6,433.3	6,715.6	(26.1)	(362.3)
Investments				
Australia	165.0	103.8	267.4	198.4
Asia	21.0	28.9	18.7	33.3
Europe	7.8	6.4	(0.1)	10.3
Americas	24.7	25.1	97.1	31.2
Total Investments	218.5	164.2	383.1	273.2
Total Operating				
Australia (ex E&S)	3,871.2	2,848.2	758.8	334.2
Asia	254.2	238.1	26.9	137.5
Europe	483.6	716.2	70.0	60.7
Americas	2,535.2	2,422.9	117.8	113.0
Operating (ex E&S)	7,144.2	6,225.4	973.5	645.4
Engineering and Services	1,536.4	1,524.8	(173.5)	(473.7)
Total Operating	8,680.6	7,750.2	800.0	171.7

Operating EBITDA by segment (\$m)



Operating EBITDA by region (\$m)



Revenue and EBITDA by segment and region, local currency

Asia

SGDm ¹	Revenue		EBITDA	
	HY18	HY19	HY18	HY19
Development	4.8	9.1	8.2	99.6
Construction	242.4	198.0	0.5	3.5
Investments	22.3	28.6	19.8	33.0
Total Operating	269.5	235.7	28.5	136.1

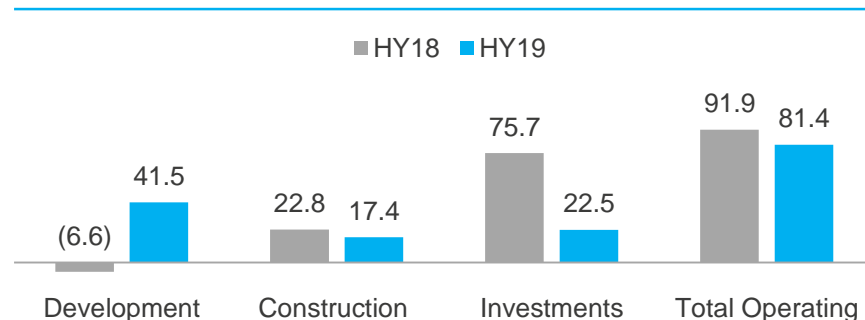
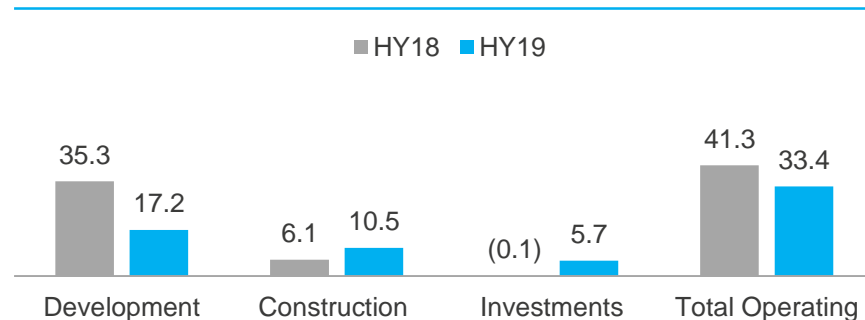
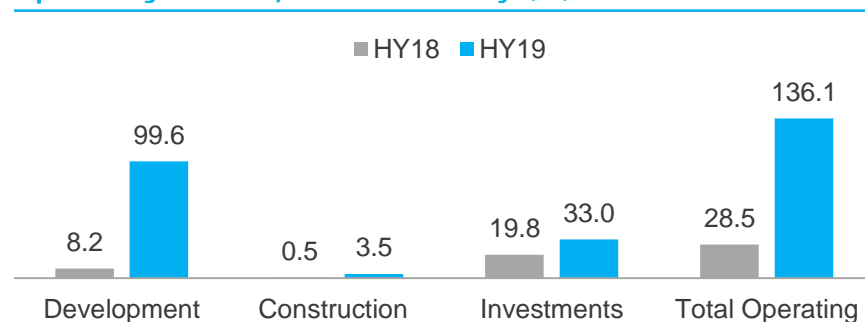
Europe

£m ¹	Revenue		EBITDA	
	HY18	HY19	HY18	HY19
Development	78.3	122.9	35.3	17.2
Construction	202.4	267.5	6.1	10.5
Investments	4.6	3.5	(0.1)	5.7
Total Operating	285.3	393.9	41.3	33.4

Americas

US\$m	Revenue		EBITDA	
	HY18	HY19	HY18	HY19
Development	36.8	30.9	(6.6)	41.5
Construction	1,921.4	1,695.5	22.8	17.4
Investments	19.3	18.1	75.7	22.5
Total Operating	1,977.5	1,744.5	91.9	81.4

Operating EBITDA, local currency (m)



1. Major currency in region.

Exchange rates

Income Statement

Local	Foreign	HY18 ¹	FY18 ²	HY19 ³
AUD	USD	0.78	0.77	0.72
AUD	GBP	0.59	0.57	0.55
AUD	SGD	1.06	1.04	0.99

Statement of Financial Position

Local	Foreign	HY18 ⁴	FY18 ⁵	HY19 ⁶
AUD	USD	0.78	0.74	0.70
AUD	GBP	0.58	0.56	0.55
AUD	SGD	1.04	1.01	0.96

1. Average foreign exchange rate for the half year 2018.
2. Average foreign exchange rate for the full year 2018.
3. Average foreign exchange rate for the half year 2019.
4. Spot foreign exchange rate at 31 December 2017.
5. Spot foreign exchange rate at 30 June 2018.
6. Spot foreign exchange rate at 31 December 2018.

Regional EBITDA to PAT reconciliation

HY19 EBITDA to PAT reconciliation

\$m	EBITDA	Net interest	D&A ¹	PBT	Tax	PAT
Australia						
Development	71.1	(1.6)	(1.5)	68.0	(20.3)	47.7
Construction	(409.0)	0.8	(15.4)	(423.6)	127.3	(296.3)
Investments	198.4	-	(2.8)	195.6	(28.0)	167.6
Total Australia	(139.5)	(0.8)	(19.7)	(160.0)	79.0	(81.0)
Asia						
Development	100.7	-	(0.1)	100.6	(32.4)	68.2
Construction	3.5	-	(0.3)	3.2	(0.4)	2.8
Investments	33.3	-	-	33.3	(9.4)	23.9
Total Asia	137.5	-	(0.4)	137.1	(42.2)	94.9
Europe						
Development	31.3	3.4	(1.1)	33.6	(6.1)	27.5
Construction	19.1	(0.4)	(0.9)	17.8	(3.6)	14.2
Investments	10.3	0.1	(0.1)	10.3	0.4	10.7
Total Europe	60.7	3.1	(2.1)	61.7	(9.3)	52.4
Americas						
Development	57.7	-	(1.6)	56.1	(19.8)	36.3
Construction	24.1	0.1	(1.8)	22.4	(6.8)	15.6
Investments	31.2	-	(0.7)	30.5	(6.7)	23.8
Total Americas	113.0	0.1	(4.1)	109.0	(33.3)	75.7
Corporate						
Group Services	(74.2)	(0.1)	(35.2)	(109.5)	33.8	(75.7)
Group Treasury	(14.4)	(54.9)	-	(69.3)	18.7	(50.6)
Total Corporate	(88.6)	(55.0)	(35.2)	(178.8)	52.5	(126.3)
Total Group	83.1	(52.6)	(61.5)	(31.0)	46.7	15.7

1. Depreciation and amortisation.

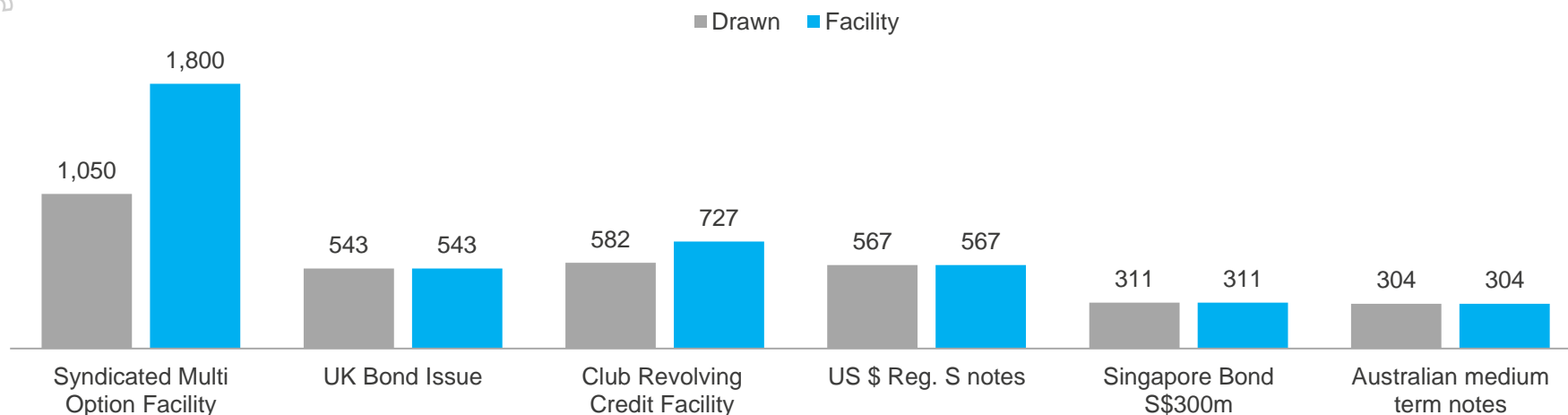
Debt metrics

		HY18	FY18	HY19
Net debt	\$m	249.7	1,181.8	2,276.3
Borrowings to total equity plus borrowings	%	21.8	26.9	35.5
Net debt to total tangible assets, less cash	%	1.9	8.2	15.2
Interest cover ¹	times	12.5	10.7	8.1
Average cost of debt	%	4.8	4.8	4.2
Average debt maturity	years	5.4	4.6	4.0
Average debt mix fixed: floating	ratio	88:12	86:14	59:41
Undrawn facilities	\$m	2,313.2	1,827.1	1,019.6

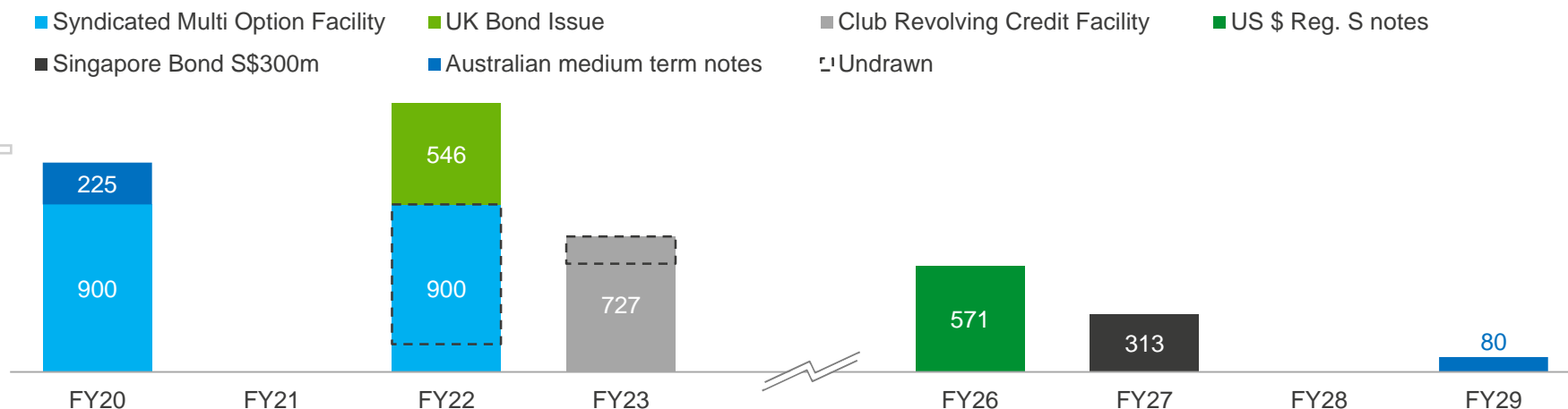
1. EBITDA plus interest income, divided by interest finance costs, including capitalised finance costs. HY19 EBITDA has been adjusted to exclude the \$500m pre-tax impact from losses expected to be incurred on underperforming Engineering projects.

Debt facilities and maturity profile

Debt facilities¹ (\$m)



Debt maturity profile² (\$m)



1. Values are shown at amortised cost.

2. Values are shown at gross facility value.

Key dates for investors

	Date
HY19 results released to market / interim distribution declared	25 February 2019
Securities quoted ex distribution on the Australian Securities Exchange	1 March 2019
Interim distribution record date	4 March 2019
Interim distribution payable	20 March 2019
FY19 results released to market / final distribution declared	19 August 2019
Annual General Meetings	20 November 2019



lendlease

**Development
Segment**

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Earnings drivers - Development

ROIC target 10-13%¹; Invested capital \$5.1b; Pipeline² \$74.5b

		Urbanisation		Communities	Telco Infrastructure	Infrastructure Development	Military Housing
		20 major projects in 10 gateway cities		15 communities projects across Australia			
DEVELOPMENT SEGMENT For personal use only	Business	Apartments Commercial		Communities	US Telco Towers	Australian Infrastructure Development	US Military Housing Portfolio
	Returns and Metrics	Target 1,000 - 2,000 settlements per annum	Target 2 - 3 buildings commenced per annum	Target 3,000 - 4,000 settlements per annum	Development margin	Origination fees	Development fees
	Pipeline ²	31,180 units \$34.5b	1,977,000 sqm \$24.8b	51,361 lots \$15.1b	188 tower pipeline on balance sheet	Periodic bids for PPP projects	Periodic bids for major projects

1. Revised target for FY19 and beyond following reclassification of internal construction margin to the Development segment. Through-cycle target based on rolling three to five year timeline.

2. Remaining estimated development end value.

Development HY19

Overview

- Involved in the development of communities, inner city mixed use developments, apartments, retirement, commercial assets, and social and economic infrastructure
- Financial returns are generated via development margins, development management fees received from external co-investors and origination fees for the facilitation of infrastructure projects

Drivers²

- Apartments for sale settlements³: 145 units
 - Profit contribution from Elephant Park apartments
 - Skew to H2 with c.1,500 apartments expected to settle
- Communities settlements: 908 lots, down 49%
 - We anticipate annual settlements in FY19 to be below the target range
- Profit contribution from Paya Lebar Quarter: \$111.5m
 - Practical completion of 83,000 sqm office component
 - Revenue on residential apartments recognised on percent complete
- US residential investment partnership: \$72.5m profit
 - Three buildings across Southbank, Chicago and Clippership Wharf, Boston
- Profit on Barangaroo South retail following stabilisation of a number of assets and shift to Investments segment
- Profit contribution from completion of 25 King⁴, Brisbane
- US telecommunication towers – expect H2 skew to FY19 completions

- Operating EBITDA including Engineering and Services is \$171.7m, excluding Engineering and Services is \$645.4m.
- Comparative period the half year ended 31 December 2017.
- On adoption of AASB 15 from 1 July 2018, the recognition point of revenue (and associated units) on residential for sale development properties changed to settlement in Australia, Europe and Americas.
- Forward sold in FY17, profit on completion.

Performance

		HY18	HY19
% Operating EBITDA (ex E&S) ¹	%	46	40
ROIC	%	18.8	7.5
Invested capital	\$b	3.6	5.1

Outlook

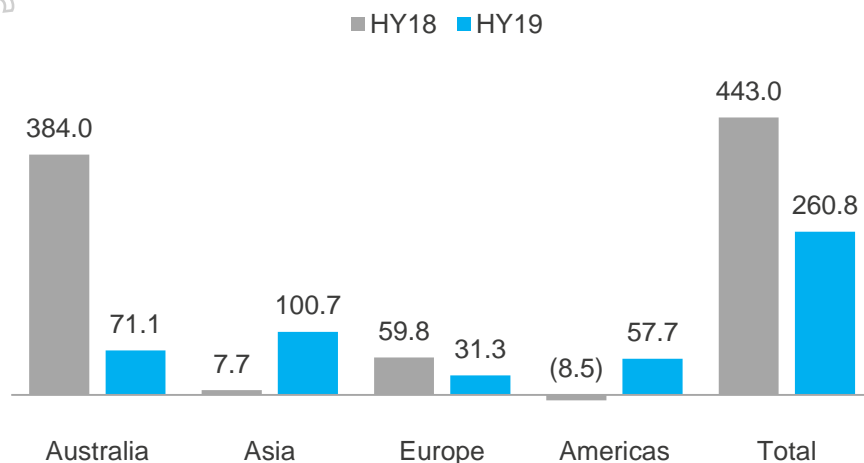
- Two new major urbanisation projects secured
 - Victoria Cross, Sydney: \$1.1b⁵
 - Lakeshore East, Chicago: \$2.1b⁵
 - First phase of residential for rent and residential for sale delivered in partnership with FSS
- 845 West Madison, Chicago into delivery: \$0.5b⁵
- Post balance date origination
 - Preferred partner for Birmingham Smithfield \$2.7b
 - Preferred partner for Thamesmead Waterfront \$14.5b
- \$74.5b development pipeline⁶, up 31%
 - 23 major apartment buildings in delivery across seven gateway cities
 - 3,004 units presold in delivery: \$3.4b
 - 1,985 units for rent in delivery: \$1.8b⁵
 - 3,266 communities lots presold: \$0.9b
 - 359,000 sqm of commercial space in delivery across eight major buildings
 - Remaining secured pipeline
 - 26,191 apartment units: \$29.6b⁶
 - 1,618,000 sqm of commercial space: \$19.9b⁶

5. Total estimated development end value.

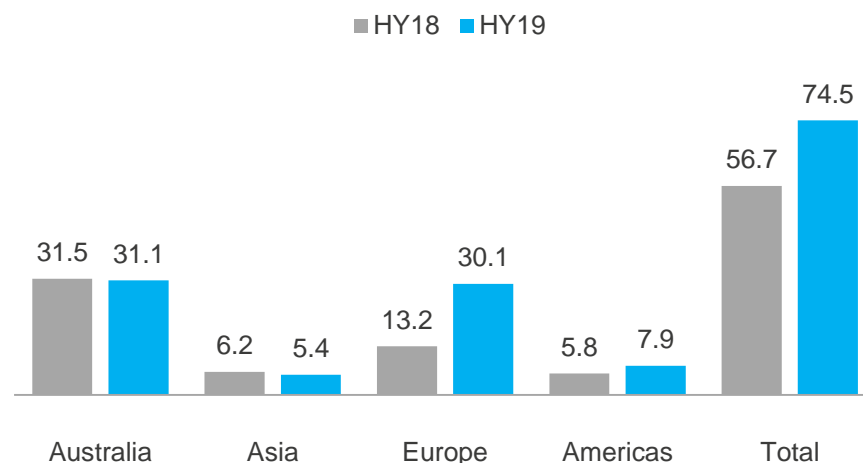
6. Remaining estimated development end value.

Development earnings / pipeline

EBITDA by region (\$m)

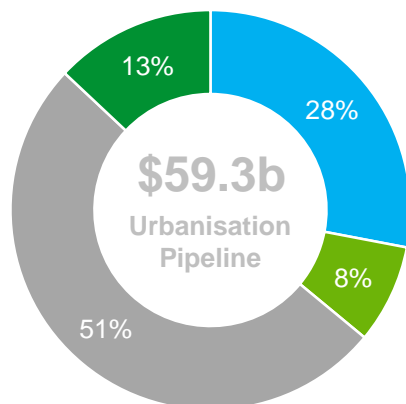


Pipeline¹ by region (\$b)



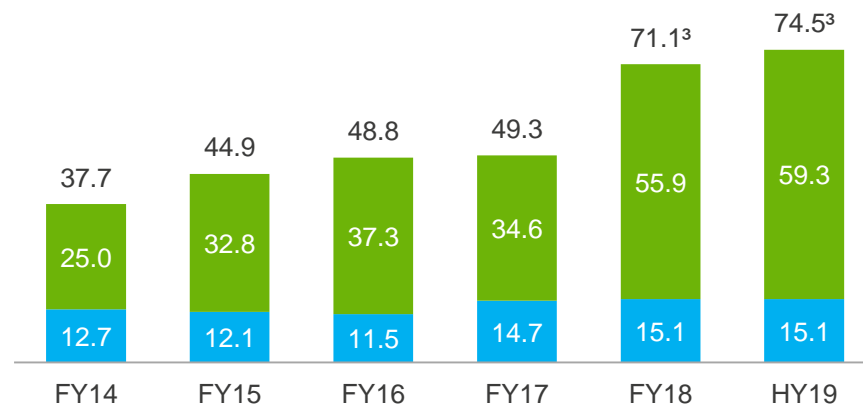
HY19 urbanisation pipeline¹ by region

■ Australia ■ Asia ■ Europe ■ Americas



Pipeline¹ (\$b)

■ Communities² ■ Urbanisation



1. Remaining estimated development end value.

2. FY18 and HY19 exclude Australian Retirement pipeline which is now included in the Investments segment following the Retirement Living transaction.

3. Includes \$0.1b of Infrastructure pipeline.

Residential development

Communities settlements¹

	HY18		HY19	
	Units	\$m	Units	\$m
QLD	717	145	173	33
NSW	379	149	294	65
VIC	587	127	357	83
SA	49	6	43	7
WA	48	11	41	9
Total	1,780	438	908	197

Communities sales

	HY18		HY19	
	Units	\$m	Units	\$m
QLD	557	119	313	72
NSW	260	101 ²	121	66
VIC	773	189	413	112
SA	47	8	61	9
WA	89	22	35	7
Total	1,726	439	943	266

HY19 Apartment settlements¹

	Units	\$m
Total Australia	8	7
Elephant Park - West Grove (Buildings 1 and 2)	129	108
Wandsworth - Victoria Drive	7	13
Other	1	1
Total Europe	137	122
Total settlements	145	129

1. On adoption of AASB 15 from 1 July 2018, the recognition point of revenue (and associated units) on residential for sale development properties changed to settlement in Australia, Europe and Americas.

2. Following inclusion of Australian Retirement Living sales in the Investments segment, rounding of \$1m was removed from NSW.

Development commencements and completions

City	Project	Building	Sector	Capital model	End value ¹ (\$b)	sqm '000
Commercial completions						
Melbourne	Melbourne Quarter	One Melbourne Quarter	Office	Fund through	0.3	26
Brisbane	Brisbane Showgrounds	25 King	Office	Fund through	0.1	15
Singapore	Paya Lebar Quarter	Commercial (3 buildings)	Office	Joint venture	2.1	83

City	Project	Building	End value ¹ (\$b)	Total units	Completion date ²
Residential for rent apartment commencements					
Chicago	845 West Madison	845 West Madison	0.5	586	FY21

Location	Completed (no.)	End value ¹ (\$m)
Telecommunications completions		
Americas	17	9.0

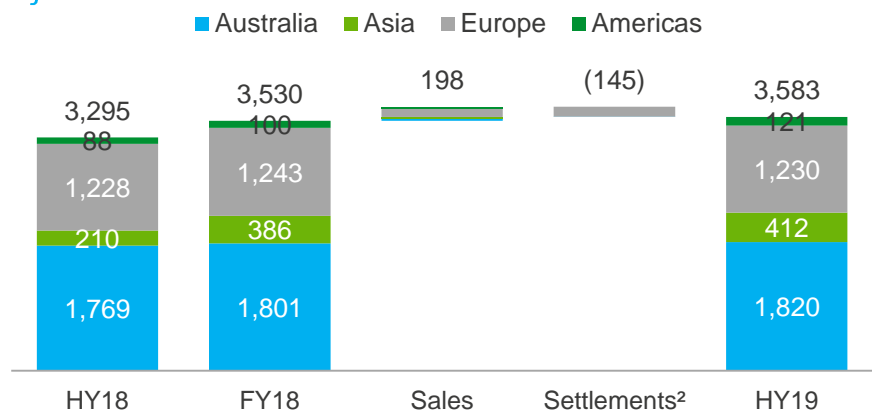
1. Total estimated development end value.

2. Based on expected completion date of underlying buildings, subject to change in delivery program.

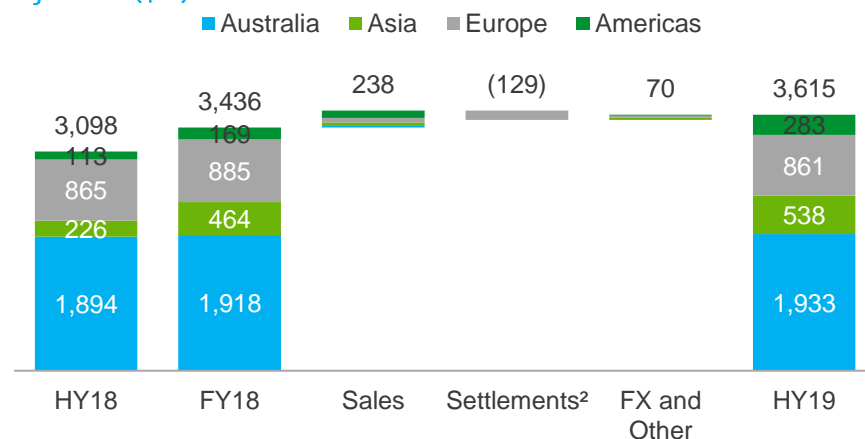
Residential apartments¹

Movement in presales – Apartments for sale

By units

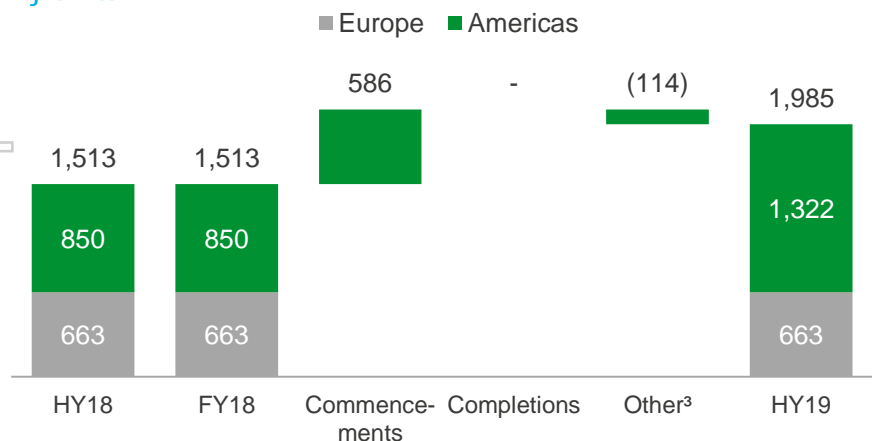


By value (\$m)

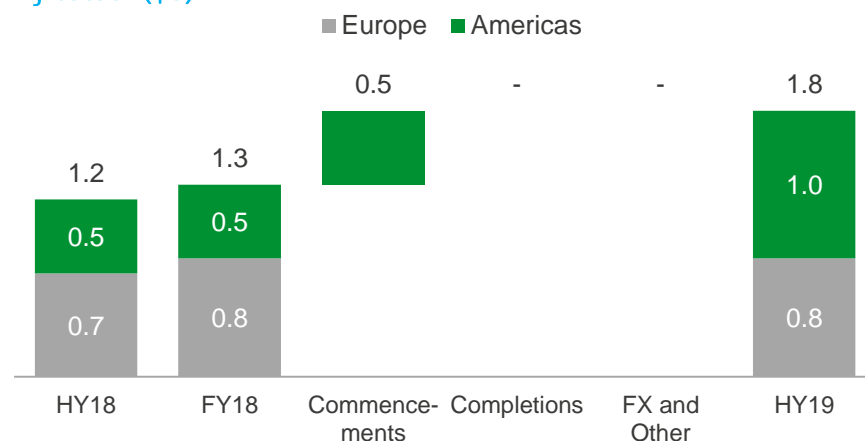


Apartments for rent in delivery

By units



By value⁴ (\$b)



1. Includes 100% of revenue from joint venture projects.

2. On adoption of AASB 15 from 1 July 2018, the recognition point of revenue (and associated units) on residential for sale development properties changed to settlement in Australia, Europe and Americas.

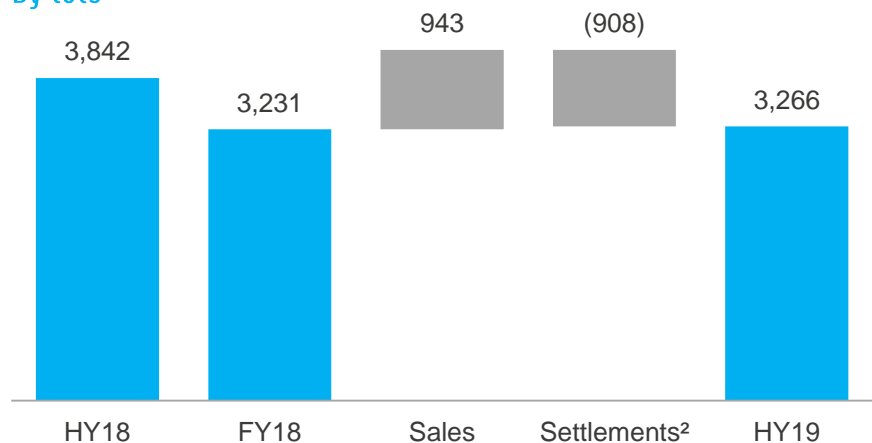
3. Clippership Wharf - Building 4 has been repurposed as an apartment for sale product.

4. Total estimated development end value.

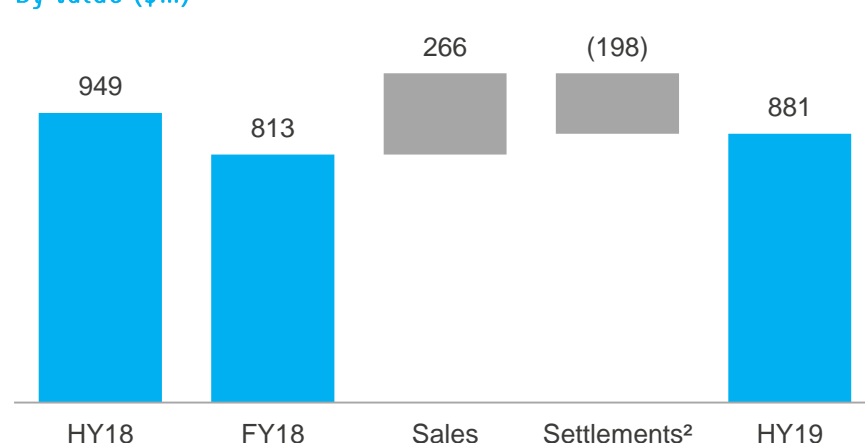
Residential communities

Movement in presales¹

By lots



By value (\$m)

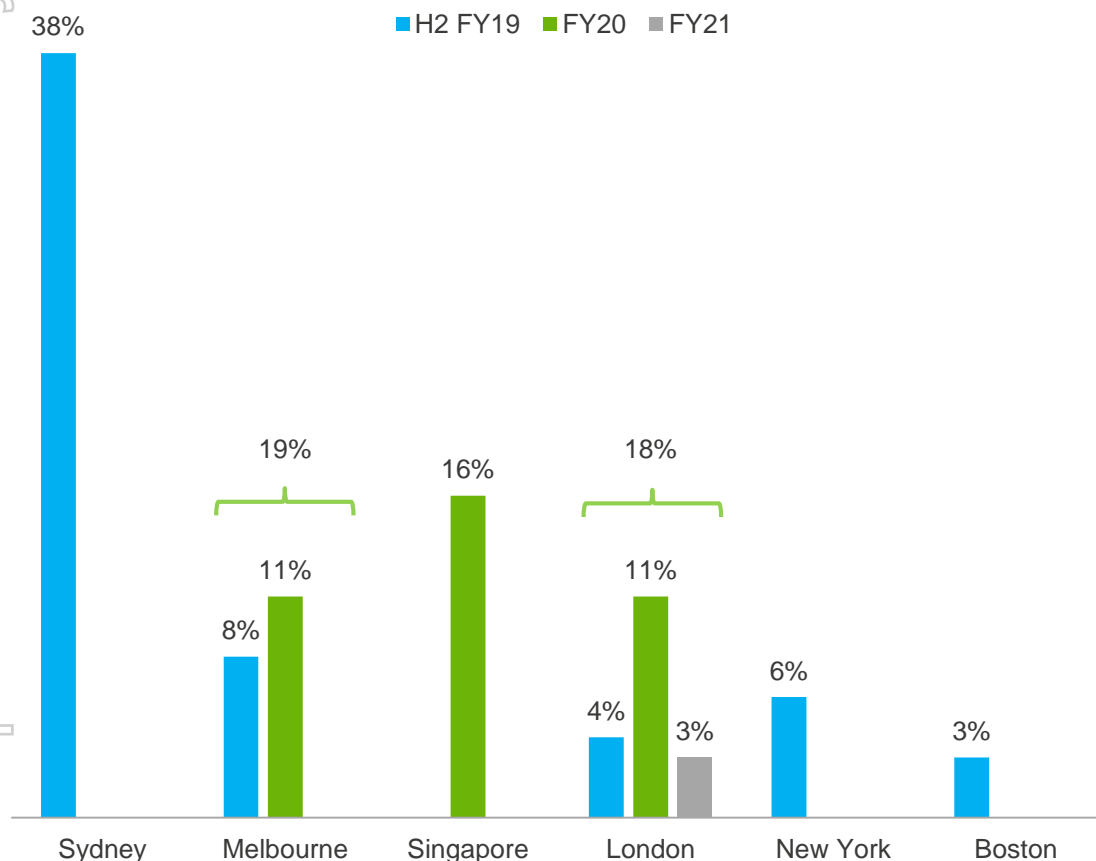


1. Includes 100% of revenue from joint venture projects.

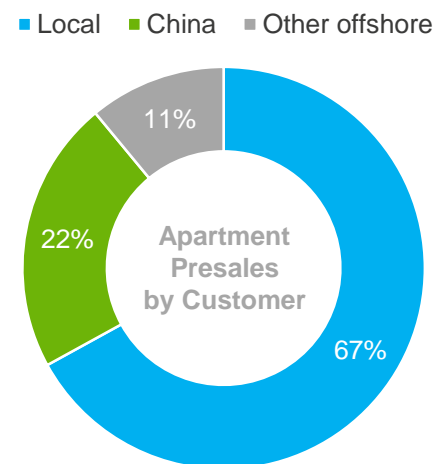
2. On adoption of AASB 15 from 1 July 2018, the recognition point of revenue (and associated units) on residential for sale development properties changed to settlement in Australia.

HY19 apartment presales¹ – by location and customer

Run-off profile by location²



By customer³



1. Major buildings in delivery only, reflecting total presales of \$3.4b.

2. The recognition point of revenue on residential for sale development properties is settlement in Australia, Europe and Americas. Delivery date is subject to change in delivery program.

3. Customer origin is not available for presold units on apartment buildings in Americas.

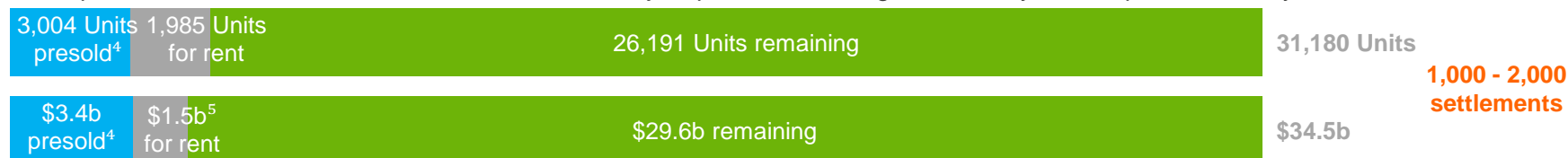
Development pipeline provides long term earnings visibility

Record secured pipeline¹ of \$74.5b controlled by invested capital of \$5.1b

**Target
annual
turnover²**

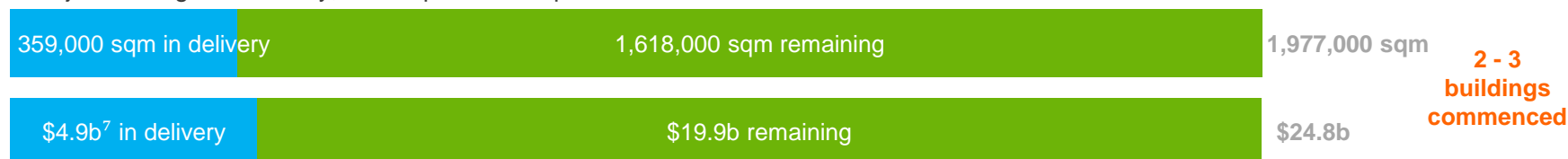
Apartments

3,004 presold units and 1,985 units for rent across 23 major apartment buildings³ in delivery, with expected delivery H2 FY19 to FY21

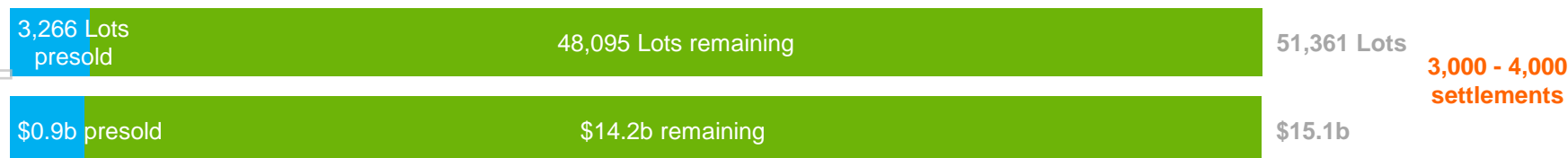


Commercial

8 major buildings⁶ in delivery, with expected completion H2 FY19 to FY22



Communities⁸



\$74.5 billion
Total pipeline¹

1. Remaining estimated development end value. Includes Infrastructure.
2. Subject to market conditions.
3. Refer to the Apartments Settlement Profile on page 33 for a breakdown of the major buildings.
4. Presales balance on major buildings in delivery only.
5. Total estimated development end value of c.\$1.8b, with c.\$0.3b realised to date.
6. Refer to the Commercial Buildings Completion Profile on page 34 for a breakdown of the major buildings.
7. Total estimated development end value of c.\$6.1b, with c.\$1.2b realised to date.
8. Includes Asian retirement development units.

Major urbanisation project summary

Region	Project	Project secured	Delivery commenced ¹	Completion date ²	Residential backlog units	Commercial backlog sqm '000 ³	Remaining end value (\$b) ⁴	Land payment model
Australia	Barangaroo South, Sydney	FY09	FY12	FY24	808	16	3.7	Staged payment
	Victoria Harbour, Melbourne	FY01	FY04	FY27	2,331	47	2.5	Land management
	Melbourne Quarter	FY13	FY16	FY25	1,488	123	2.2	Land management
	Brisbane Showgrounds	FY09	FY11	FY33	2,280	67	2.2	Land management
	Circular Quay Tower, Sydney	FY12	FY17	FY22	-	57	1.8	Upfront payment
	Darling Square, Sydney	FY13	FY13	FY19	967	5	1.4	Staged payment
	Waterbank, Perth	FY13	FY20	FY29	1,301	12	1.3	Land management
	Victoria Cross, Sydney	FY19	FY22	FY25	-	58	1.1	Staged payment
Asia	The Lifestyle Quarter, Kuala Lumpur	FY14	FY17	FY26	2,326	122	3.1	Staged payment
	Paya Lebar Quarter, Singapore	FY15	FY16	FY20	429	29	1.7	Upfront payment
Europe	Euston Station, London	FY18	FY26	FY40+	2,000	400	10.5	Land management
	Silvertown Quays, London	FY18	FY20	FY32	3,000	440	6.4	Land management
	Milano Santa Giulia, Milan	FY18	FY19	FY35	2,558	253	3.8	Land management
	Elephant Park, London	FY10	FY12	FY25	1,921	13	2.9	Staged payment
	International Quarter London	FY10	FY14	FY26	-	199	2.6	Land management
	High Road West, London	FY18	FY19	FY29	2,501	14	2.0	Land management
	The Timberyard, Deptford, London	FY14	FY16	FY24	1,132	7	1.2	Upfront payment
Americas	Lakeshore East, Chicago	FY19	FY19	FY26	1,208	2	2.1	Staged payment
	Southbank, Chicago	FY15	FY16	FY26	1,880	2	2.0	Upfront payment
	30 Van Ness, San Francisco	FY17	FY21	FY24	358	25	1.4	Upfront payment
Other urbanisation projects					2,692	86	3.4	
Total urbanisation					31,180	1,977	59.3	

1. Includes forecast commencement dates, subject to change in delivery program.

2. Based on expected completion date of underlying buildings, subject to change in delivery program.

3. Floor space measured as Net Lettable Area.

4. Remaining estimated development end value.

Apartments settlement profile

City	Project	Building	Total units	Ownership	Presold	Units presold ¹	Presales ¹ (\$b)	Delivery date ²
Residential for sale apartments								
Sydney	Darling Square	Darling North, Harbour Place and Trinity House	577	100%	100%	577	0.8	FY19
		Darling Rise, Barker House and Arena	390	100%	100%	390	0.5	FY19
Melbourne	Victoria Harbour	Collins Wharf 1	321	100%	91%	292	0.3	FY19
London	Wandsworth	Victoria Drive (remaining sections)	61	50%	7%	4	-	FY19
New York	Fifth Avenue	277 Fifth Avenue	130	40%	_ ³	_ ³	_ ³	FY19
Boston	Clippership Wharf	Building 3	80	100%	100%	80	0.1	FY19
Melbourne	Melbourne Quarter	East Tower	719	50%	77%	552	0.4	FY20
Singapore	Paya Lebar Quarter	Residential (3 Buildings)	429	30%	96%	412	0.5	FY20
London	Elephant Park	West Grove (Buildings 1 and 2) (remaining sections)	405	100%	78%	317	0.4	FY19 FY20
London	Deptford	Cedarwood Square	203	100%	85%	173	0.1	FY20
London	Elephant Park	East Grove and Park Central North ⁴	166	100%	100%	166	0.1	FY21
City	Project	Building	Total units	Ownership				Delivery date ⁵
Residential for rent apartments								
Chicago	Southbank	Cooper at Southbank	452	50% ⁶				FY19
Boston	Clippership Wharf	Buildings 1 and 2	284	50% ⁶				FY19
London	Elephant Park	East Grove and Park Central North	663	20%				FY21
Chicago	845 West Madison	845 West Madison	586	37.5%				FY21

1. Closing presales balance as at 31 December 2018.

2. On adoption of AASB 15 from 1 July 2018, the recognition point of revenue (and associated units) on residential for sale development properties changed to settlement in Australia, Europe and Americas. Delivery date is subject to change in delivery program.

3. Project information subject to joint venture confidentiality.

4. Affordable housing units presold within apartment for rent buildings.

5. Based on expected completion date of underlying buildings, subject to change in delivery program. Not indicative of cash or profit recognition.

6. Following the sell down to First State Super, ownership has decreased to 50.1% for Cooper at Southbank and 50.0% for Clippership Wharf Buildings 1 and 2.

Commercial buildings completion profile

City	Project	Capital model	sqm '000 ¹	Building	Completion date ²
Melbourne	Victoria Harbour	Fund through ³	39	839 Collins Street	FY19
Sydney	Barangaroo South	Fund through ³	11	Daramu House	FY20
Singapore	Paya Lebar Quarter	Joint venture	29	Retail	FY20
London	International Quarter London	Fund through ³	26	Commercial building	FY20
Melbourne	Melbourne Quarter	Fund through ³	50	Two Melbourne Quarter	FY21
Melbourne	Melbourne Connect (formerly University of Melbourne Innovation Precinct)	BOOT ⁴	27	Melbourne Connect	FY21
Sydney	Circular Quay Tower	Joint venture	55	Circular Quay Tower	FY22
Kuala Lumpur	The Lifestyle Quarter	Joint venture	122	Retail	FY22
Total			359		

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 pipeline

Indicative conversion timing of secured commercial pipeline to FY23

City	Project	# Buildings	Sector	sqm '000 ¹	H2 FY19	FY20	FY21	FY22	FY23
Melbourne	Melbourne Quarter	2	Office/Retail	69					
Sydney	Victoria Cross	1	Office	58					
Brisbane	Brisbane Showgrounds	1	Office	30					
Milan	Milano Santa Giulia	6	Office/Retail	191					
London	International Quarter London	5	Office	173					
San Francisco	30 Van Ness	1	Office	25					
Total		16		546					

Indicative conversion timing of secured residential for rent pipeline to FY23

City	Project	Units	H2 FY19	FY20	FY21	FY22	FY23
London	Elephant Park	118					
London	The Timbervard, Deptford	251					
London	High Road West	687					
London	Silvertown Quays	450					
Chicago	Southbank	631					
Chicago	Lakeshore East	503					
Total		2,640					

1. Floor space measured as Net Lettable Area.

Communities projects

Project	Location	Land payment model	Completion date ¹	Residential backlog land lots ²	Commercial backlog sqm '000 ³
Communities					
Yarrabilba	QLD	Staged payment	FY47	14,190	2,005
Elliot Springs	QLD	Land management	FY61	10,635	1,050
Springfield Lakes	QLD	Land management	FY26	3,340	22
Shoreline	QLD	Land management	FY34	2,890	95
Calderwood Valley	NSW	Land management	FY36	3,640	152
Gilead	NSW	Staged payment	FY32	1,590	96
Bingara Gorge	NSW	Land management	FY26	1,160	79
St Marys - Jordan Springs	NSW	Upfront payment	FY22	835	296
The New Rouse Hill	NSW	Land management	FY21	450	-
Atherstone	VIC	Land management	FY25	3,420	86
Harpley	VIC	Land management	FY27	2,630	358
Aurora	VIC	Staged payment	FY26	2,100	145
Blakes Crossing	SA	Upfront payment	FY20	200	17
Alkimos	WA	Land management	FY26	1,225	28
Alkimos Vista	WA	Land management	FY24	560	-
Horizon Uptown	Americas	Upfront payment	FY33	1,617	-
Other Communities				1	-
Subtotal				50,483	4,429
Retirement Asia				878	
Total				51,361	4,429

1. The expected financial year in which the last land lot will be settled. Based on expected completion of underlying land lots, subject to change in delivery program.

2. Estimated backlog (including Retirement units) includes the total number of units in Group owned, Joint Venture and managed projects. The actual number of units for any particular project can vary as planning approvals are obtained.

3. Net developable land in relation to master-planned urban communities. The actual land area for any particular project can vary as planning approvals are obtained.

Development deal structuring tailored to local market

	Communities	Urbanisation		
		Apartments for Sale	Forward sale	Joint venture structure
Project examples	<ul style="list-style-type: none"> St Marys - Jordan Springs, Sydney Yarrabilba, Brisbane 	<ul style="list-style-type: none"> Darling Square, Sydney Elephant Park, London 	<ul style="list-style-type: none"> Office: Daramu House, Barangaroo South, Sydney Residential for rent: Cooper at Southbank, Chicago and Clippership Wharf Buildings 1 and 2, Boston 	<ul style="list-style-type: none"> Paya Lebar Quarter, Singapore Circular Quay Tower, Sydney
Land funding¹	<ul style="list-style-type: none"> Land ownership Land management Staged payments 	<ul style="list-style-type: none"> Land management Staged payments 	<ul style="list-style-type: none"> Land management Staged payments 	<ul style="list-style-type: none"> Land ownership via joint venture (including project financing)
Production funding¹	<ul style="list-style-type: none"> 100% on-balance sheet 	<ul style="list-style-type: none"> Largely 100% on-balance sheet 	<ul style="list-style-type: none"> Capital partner progress or staged payments 	<ul style="list-style-type: none"> Funded via joint venture (including project financing)
P&L returns	<ul style="list-style-type: none"> Development profit on sold product at settlement from 1 July 2018 	<ul style="list-style-type: none"> Development profit on sold product at settlement from 1 July 2018 Construction margin on settlement² 	<ul style="list-style-type: none"> Development profit typically upfront at time of sale Development management fees, construction margin³ and investment management fees³ during delivery 	<ul style="list-style-type: none"> Development profit tied to equity interests Development management fees, construction margin³ and investment management fees³ (including performance fees) during delivery
Cash returns (Development only)	<ul style="list-style-type: none"> On settlement 	<ul style="list-style-type: none"> On settlement 	<ul style="list-style-type: none"> Over life of project during delivery 	<ul style="list-style-type: none"> Linked to cash equity returns or sell down of investment typically post practical completion

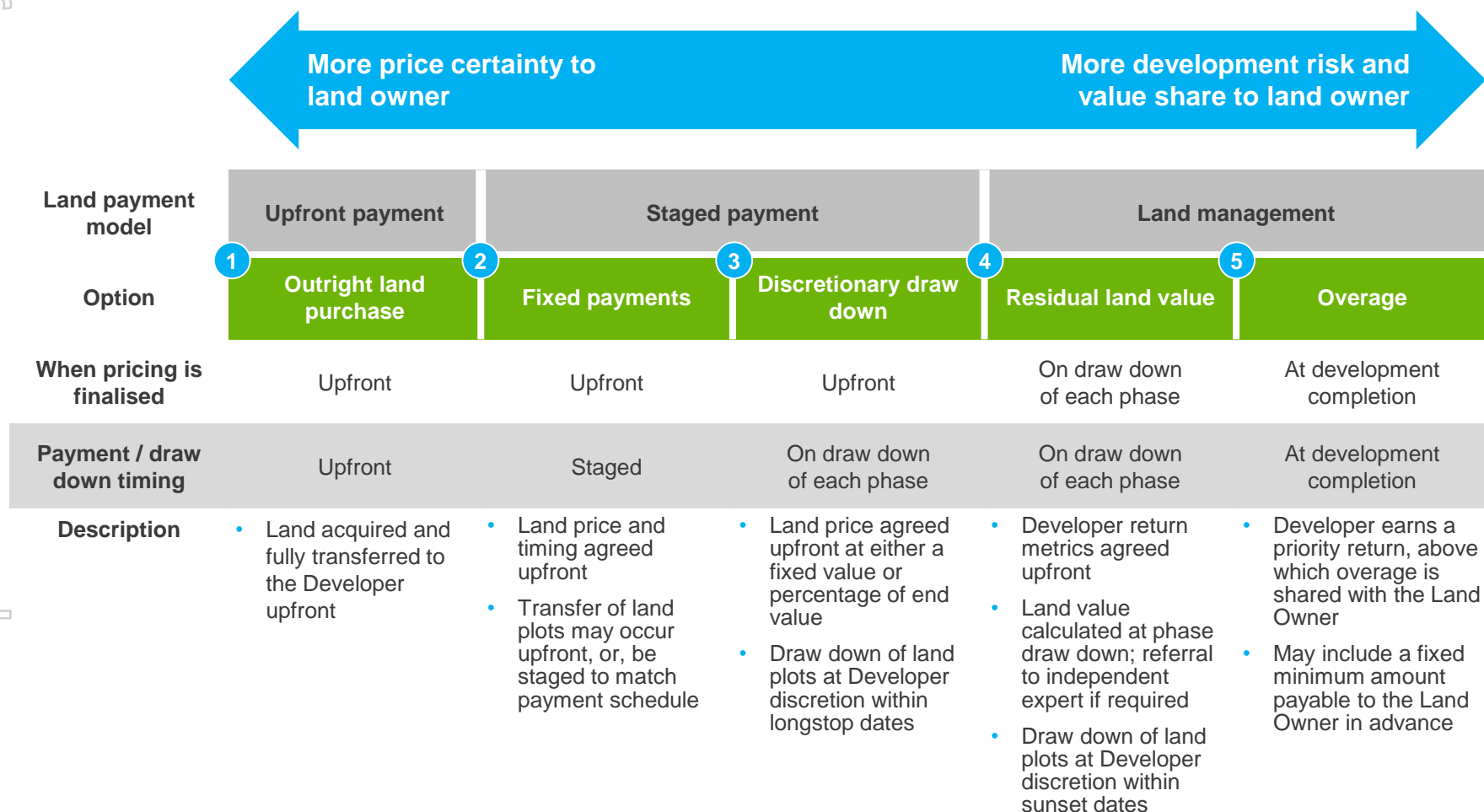
1. Typical funding models used across segment examples.

2. Based on apartment projects delivered 100% on-balance sheet.

3. Only where Construction and / or Investments segments are engaged to play a role in the project.

Land payment models¹

Overview of land payment / structuring models and implication for timing and risk share



1. Options are not discrete rather are on a continuum. Combinations of multiple options are therefore possible. Where agreements are in place with local or central government, contributions to social infrastructure, affordable housing or other costs may be provided in addition to or in lieu of direct land value.



lendlease

**Construction
Segment**

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Earnings drivers - Construction

EBITDA margin target 2-3%¹; Backlog \$21.4b²

Construction (excl. Engineering and Services)					Engineering	Services
Region	Australia	Asia	Europe	Americas	Australia	Australia
Revenue last 6 months	\$2.1b	\$0.2b	\$0.5b	\$2.4b	\$1.1b	\$0.4b
Backlog realisation	H2 FY19 27% FY20 37% Post FY20 36%	H2 FY19 39% FY20 53% Post FY20 8%	H2 FY19 44% FY20 45% Post FY20 11%	H2 FY19 33% FY20 42% Post FY20 25%	H2 FY19 27% FY20 33% Post FY20 40%	
Backlog revenue	\$6.6b	\$0.8b	\$1.2b	\$6.2b	\$5.0b	\$1.6b

1. Revised target for FY19 and beyond following the decision that Engineering and Services is non-core.

2. Construction backlog excluding Engineering and Services is \$14.8b.

Construction HY19

Overview

- Provides project management, design and construction services, predominantly in the defence, mixed use, commercial and residential sectors
- Financial returns are generated via project management and construction management fees, in addition to construction margin

Drivers²

- EBITDA loss of \$362.3m, impacted by the Engineering provision

Building

Global: Diversity by sector, client and region

- Revenue of \$5.2b
- EBITDA of \$111.4m, EBITDA margin 2.1%

Australia: Consistently solid profit contribution

- Revenue of \$2.1b, EBITDA margin 3.0%

Asia: Focus remains on internal pipeline

- Revenue down 13% to \$0.2b, EBITDA margin 1.8%

Europe: Contribution from higher margin contracts in the period

- Revenue up 42% to \$0.5b, EBITDA margin 3.9%

Americas: Activity moderating, internal pipeline growing

- Revenue down 4% to \$2.4b, EBITDA margin 1.0%

Engineering and Services

- HY19 EBITDA loss of \$473.7m includes a \$500m pre-tax impact from expected losses on underperforming projects
- Revenue of \$1.5b

Performance

		Construction (ex E&S)		Construction	
		HY18	HY19	HY18	HY19
% Operating EBITDA ¹	%	15	18		
EBITDA margin	%	3.0	2.1	(0.4)	(5.4)
New Work Secured	\$b	5.4	4.3	8.8	6.7
Backlog Revenue	\$b	15.8	14.8	22.4	21.4

Outlook

- Construction segment will comprise Building businesses only in future periods
- Strategic review of Engineering and Services
 - Not critical for future success of integrated business model
 - Best interests of clients, employees and securityholders to consider alternatives

Building

- Diversity by sector, client and region
- New work secured of \$4.3b
 - Australia \$2.2b, Americas \$1.8b
- Backlog revenue of \$14.8b
 - Australia \$6.6b, Americas \$6.2b
- Preferred bidder status of c.\$10b including
 - Australia: Circular Quay Tower, multiple Defence contracts
 - Asia: The Lifestyle Quarter - Residential
 - Europe: Birmingham Commonwealth Games – Athletes Village

Engineering and Services

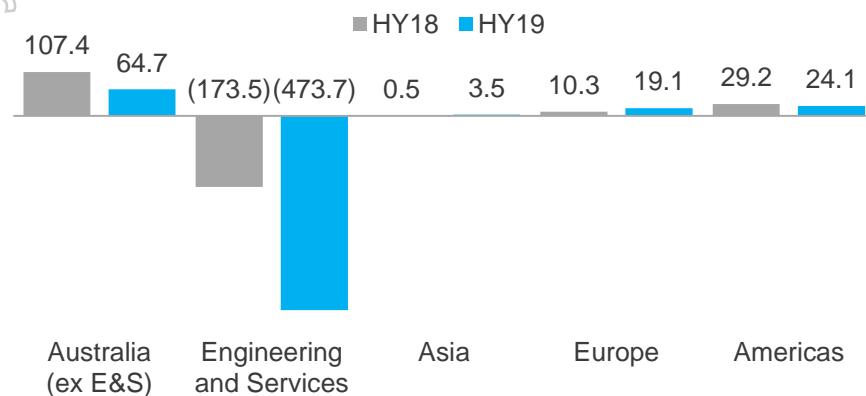
- New work secured of \$2.4b
- Backlog revenue of \$6.6b
 - Engineering \$5.0b and Services \$1.6b

1. Operating EBITDA including Engineering and Services is \$171.7m, excluding Engineering and Services is \$645.4m.

2. Comparative period the half year ended 31 December 2017.

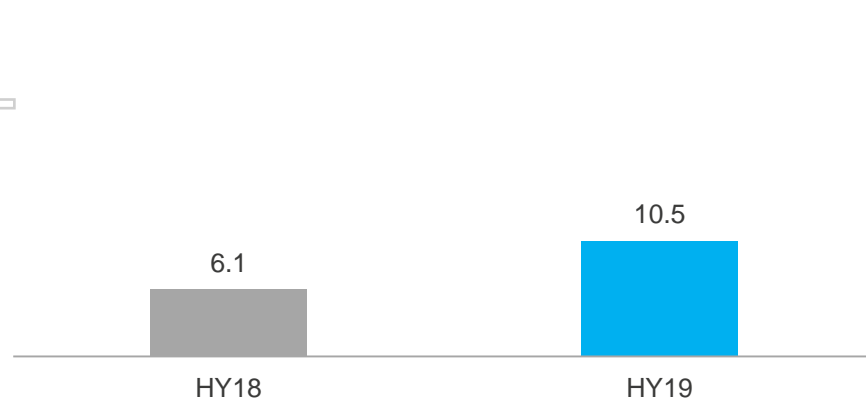
Construction earnings

EBITDA (\$m)

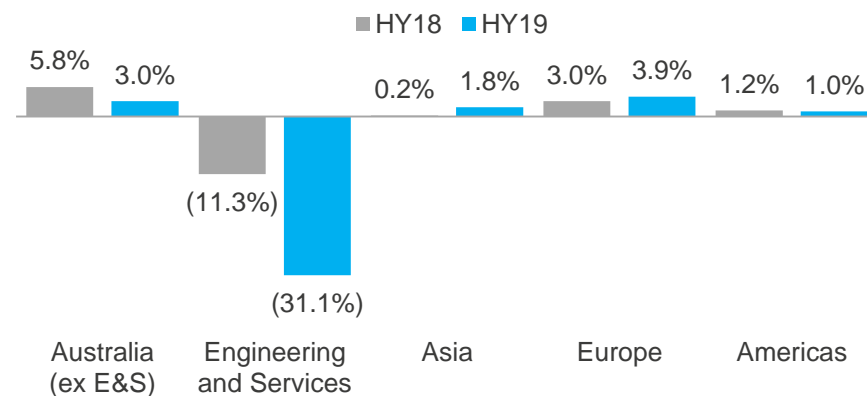


	HY18	HY19
Construction (ex E&S)	147.4	111.4
Construction	(26.1)	(362.3)

EBITDA Europe (£m¹)

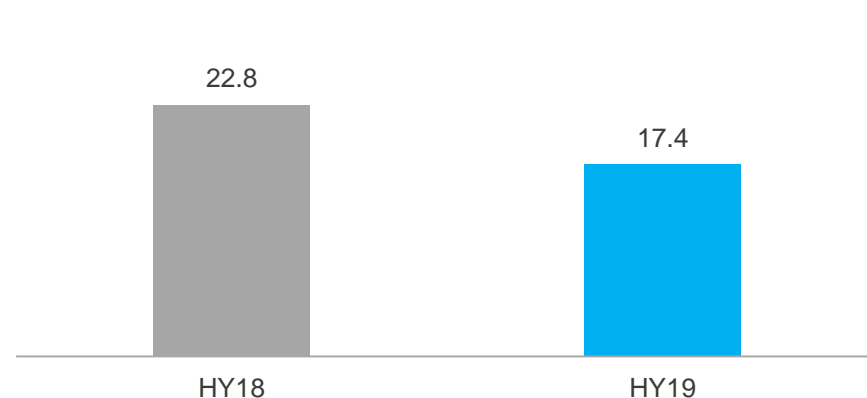


EBITDA margins



	HY18	HY19
Construction (ex E&S)	3.0%	2.1%
Construction	(0.4%)	(5.4%)

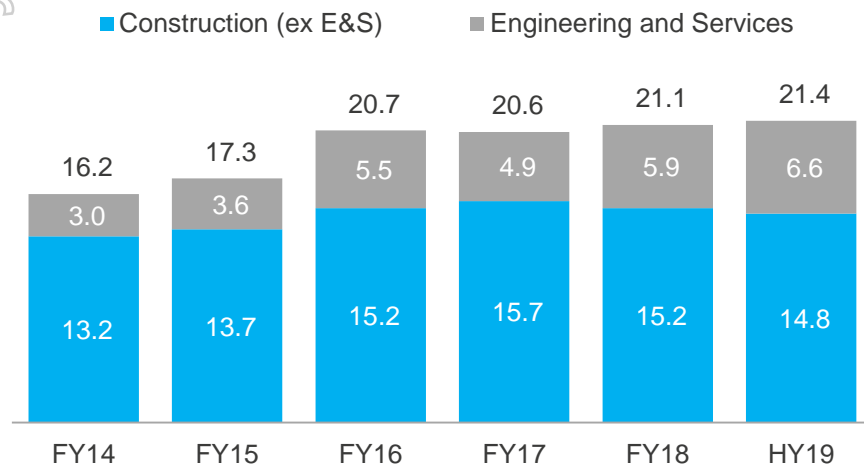
EBITDA Americas (US\$m)



1. Major currency in region.

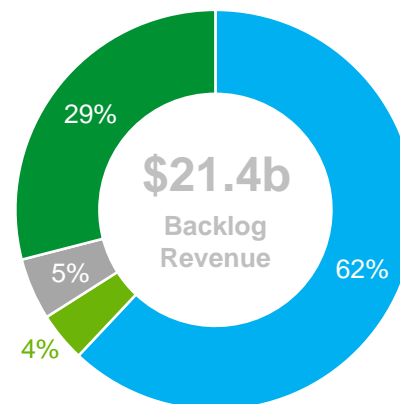
Construction backlog

Backlog (\$b)



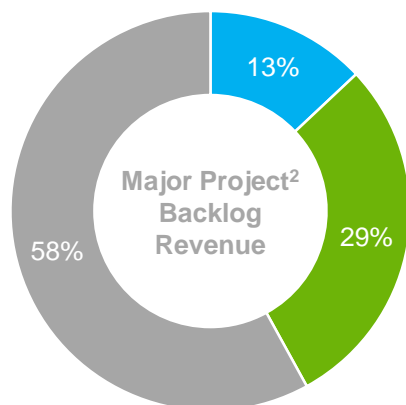
HY19 backlog by region

Australia¹ Asia Europe Americas



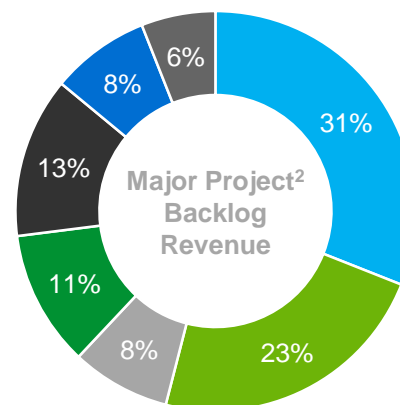
HY19 backlog by client

Lendlease Corporate Government



HY19 backlog by sector

Transport Defence Other Residential Commercial Hotel/Entertainment Social Infrastructure



1. Construction backlog revenue in Australia excluding Engineering and Services is \$6.6b, \$6.6b (31%) for Engineering and Services.

2. Includes all Construction projects with backlog greater than \$100m, which represents 79% (\$17.0b) of secured backlog.

Construction new work secured / backlog

New work secured revenue¹

\$b	Australia		Asia		Europe		Americas		Total	
	HY18	HY19	HY18	HY19	HY18	HY19	HY18	HY19	HY18	HY19
Building	2.8	2.2	0.1	0.2	1.0	0.1	1.5	1.8	5.4	4.3
Engineering	3.0	2.0							3.0	2.0
Services	0.4	0.4							0.4	0.4
Total new work secured revenue	6.2	4.6	0.1	0.2	1.0	0.1	1.5	1.8	8.8	6.7

Backlog revenue²

\$b	Australia		Asia		Europe		Americas		Total	
	HY18	HY19 ³	HY18	HY19	HY18	HY19	HY18	HY19	HY18	HY19 ⁴
Building	7.2	6.6	0.6	0.8	1.5	1.2	6.5	6.2	15.8	14.8
Engineering	5.0	5.0							5.0	5.0
Services	1.6	1.6							1.6	1.6
Total backlog revenue	13.8	13.2	0.6	0.8	1.5	1.2	6.5	6.2	22.4	21.4
Backlog realisation (%)										
Next 6 months	29	27	41	39	20	44	36	33	31	30
6 - 18 months	38	35	9	53	42	45	34	42	36	38
Beyond 18 months	33	38	50	8	38	11	30	25	33	32
Total backlog realisation	100	100	100	100	100	100	100	100	100	100

1. Total revenue to be earned from projects secured during the period, rounded to the nearest \$100m.

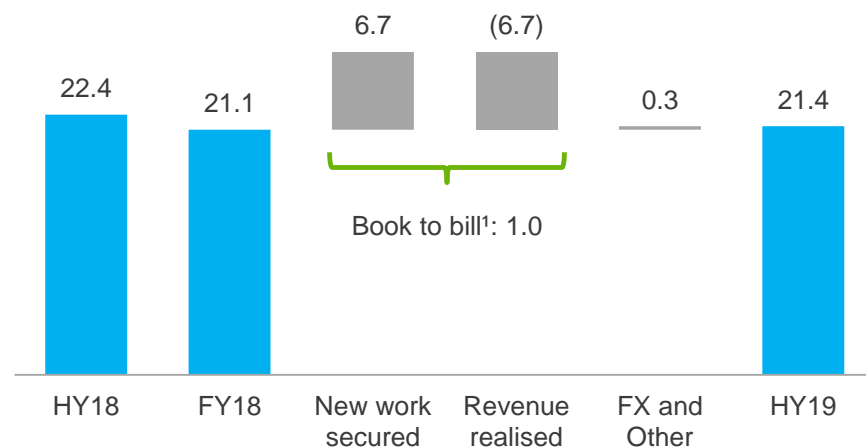
2. Current period backlog revenue is the total revenue expected to be earned from projects in future financial periods, based on the average foreign exchange rate for that period. Although backlog revenue is realised over several periods, the average foreign exchange rate for the current period has been applied to the closing backlog revenue balance in its entirety, as the average rates for later years cannot be predicted.

3. Australia excluding Engineering and Services has a backlog realisation of 27% H2 FY19, 37% FY20 and 36% post FY20.

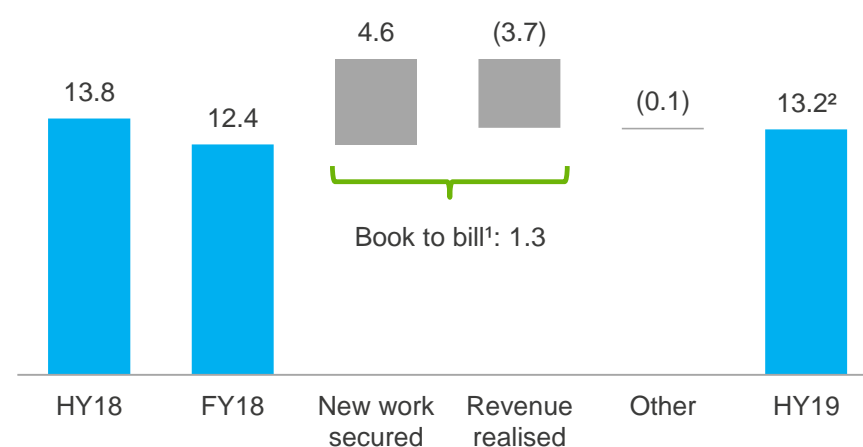
4. Construction excluding Engineering and Services has a backlog realisation of 31% H2 FY19, 41% FY20 and 28% post FY20.

Construction backlog by region

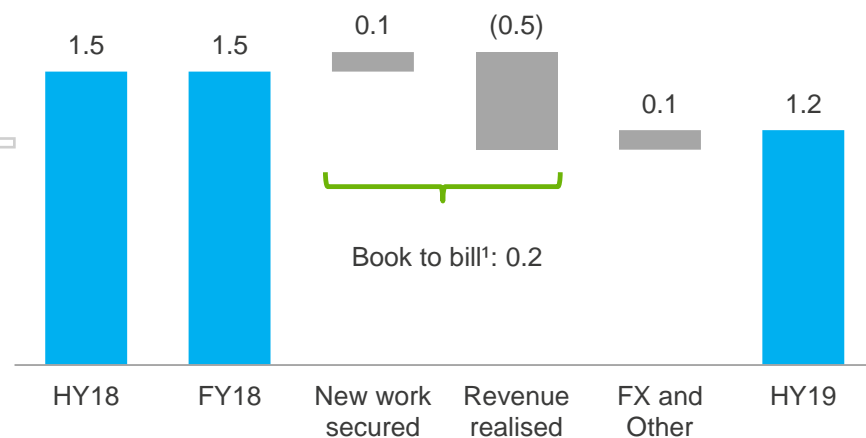
Group (\$b)



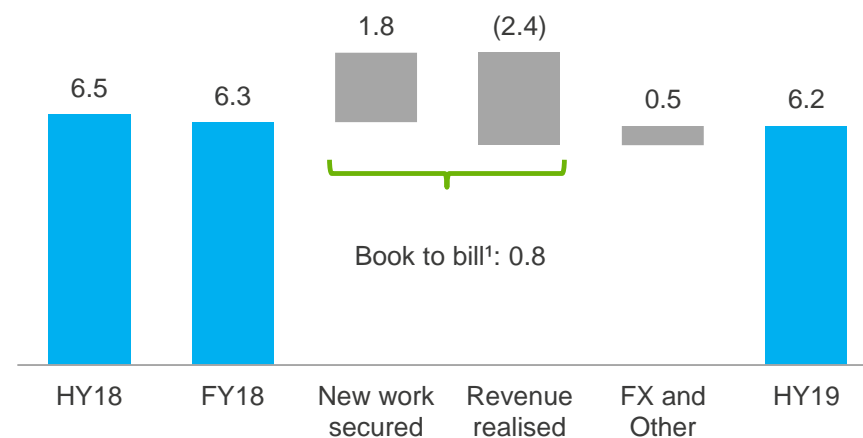
Australia (\$b)



Europe (\$b)



Americas (\$b)



1. Ratio calculated as new work secured over revenue realised to the nearest million.

2. Construction backlog revenue in Australia excluding Engineering and Services is \$6.6b, \$6.6b for Engineering and Services.

Australia: Major Projects – Building^{1,2}

Project	Location	Contract type ³	Contract value (\$m)	Secured date	Completion date ⁴	Sector
Crown Sydney Hotel Resort	NSW	MC	1,079.4	FY15	FY21	Hotel/Entertainment
New Air Combat Capability - RAAF Williamtown	NSW	MC	853.9	FY15	FY19	Defence
AIR 7000 Phase 2B	SA	MC	470.0	FY16	FY20	Defence
Victoria Cross Integrated Station Development	NSW	D&C	465.5	FY19	FY24	Transport
Osborne Naval Shipbuilding Project (Surface Ships)	SA	MC	448.2	FY18	FY20	Defence
New Air Combat Capability - RAAF Tindal	NT	MC	429.5	FY16	FY20	Defence
HMAS Cerberus - Delivery Phase	VIC	MC	426.8	FY18	FY25	Defence
ADF Air Traffic Control Complex Infrastructure Project	National	MC	384.9	FY16	FY20	Defence
Sydney Metro Martin Place Integrated Station Development	NSW	D&C	378.6 ⁵	FY19	FY24	Social Infrastructure
Melbourne Connect (formerly Carlton Connect Initiative)	VIC	D&C	307.6	FY18	FY21	Other
Sunshine Plaza Redevelopment	QLD	LS	307.1	FY17	FY19	Other
Western Sydney Stadium	NSW	LS	288.3	FY17	FY19	Hotel/Entertainment
60 Martin Place	NSW	LS	281.5	FY16	FY20	Commercial
Melbourne Quarter - Two Melbourne Quarter	VIC	D&C	278.5	FY18	FY21	Commercial
130 Lonsdale Street	VIC	D&C	277.6	FY18	FY20	Commercial
Darling Square - Darling North, Harbour Place and Trinity House	NSW	CM	277.6	FY16	FY19	Residential
Melbourne Quarter - East Tower	VIC	D&C	275.1	FY18	FY20	Residential
Stage 2 Garden Island Critical Works Delivery Phase	NSW	MC	268.0	FY19	FY25	Defence
Gosford Hospital Redevelopment	NSW	LS	253.3	FY16	FY19	Social Infrastructure
Land 121 Stage 2 Unit Sustainment Facilities	National	MC	253.1	FY16	FY20	Defence
Victoria Harbour - 839 Collins Street	VIC	LS	251.3	FY17	FY19	Commercial
Australian National University Union Court Redevelopment	ACT	D&C	247.5	FY18	FY19	Social Infrastructure
Growler Airbourne Attack Facility Phase 1 & 2 Project	QLD/NT	MC	239.4	FY16	FY20	Defence
Rod Laver Arena	VIC	MC	225.5	FY16	FY20	Hotel/Entertainment
Joan Kirner Women's and Children's Hospital	VIC	MC	209.3	FY16	FY20	Social Infrastructure
Darling Square - Darling Rise, Barker House and Arena	NSW	CM	196.7	FY17	FY19	Residential
Silverwater Correctional Facility Expansion	NSW	D&C	196.5	FY18	FY21	Social Infrastructure
BaptistCare SAHF	NSW	D&C	184.6	FY17	FY20	Residential
Monash University Technology Education Building	VIC	D&C	153.3	FY19	FY20	Social Infrastructure
Goulburn Valley Health (previously Hospital) Shepparton Redevelopment	VIC	MC	149.4	FY18	FY21	Social Infrastructure
Delamere Air Weapons Range & Growler Mobile Threat Training Emitter	NT	MC	134.4	FY17	FY19	Defence
South Coast Correctional Centre Nowra	NSW	LS	133.8	FY17	FY19	Social Infrastructure
Cessnock Correctional Facility Expansion	NSW	D&C	106.2	FY18	FY20	Social Infrastructure

1. Disclosure of major projects is subject to client approval. This could impact the projects available for disclosure.

2. Backlog revenue as at 31 December 2018 for the projects listed totals \$4.9b, representing 74% of total Australia Building backlog revenue.

3. Contract types are Managing Contractor (MC), Lump Sum (LS), Design and Construct (D&C) and Construction Management (CM).

4. Based on expected completion date of underlying buildings, subject to change in delivery program.

5. Excludes new commercial buildings, pedestrian connections and retail space as these are commercial in confidence.

Australia: Major Projects – Engineering^{1,2}

Project	Location	Contract type ³	Contract value (\$m)	Secured date	Completion date ⁴	Sector
Melbourne Metro Tunnel Project	VIC	D&C	1,746.7	FY18	FY24	Transport
NorthConnex M1 / M2 Tunnel	NSW	D&C	1,313.3	FY15	FY20	Transport
WestConnex 3A M4-M5 Link	NSW	D&C	n/a ⁵	FY19	FY24	Transport
Northern Connector	SA	D&C	885.0	FY16	FY20	Transport
Gateway Upgrade North	QLD	D&C	692.0	FY16	FY19	Transport
Caulfield to Dandenong	VIC	ALL	564.0	FY16	FY20	Transport
Kingsford Smith Drive ⁶	QLD	D&C	500.6	FY16	FY20	Transport
Northern Road 2	NSW	CON	394.6	FY17	FY20	Transport
Gawler Rail Electrification	SA	D&C	304.8	FY18	FY20	Transport
Woolgoolga to Ballina - Section 10 & 11 ⁶	NSW	CON	273.0	FY18	FY19	Transport
Northern Road 3	NSW	D&C	215.0	FY16	FY20	Transport
Ballarat Line Upgrade	VIC	ALL	212.3	FY18	FY20	Transport
Stage 1 Garden Island Delivery Phase	NSW	MC	200.7	FY18	FY22	Defence
Southern Program Alliance	VIC	ALL	197.8	FY18	FY21	Transport
Gateway / Pacific Motorway Merge	QLD	D&C	151.8	FY18	FY20	Transport

1. Disclosure of major projects is subject to client approval. This could impact the projects available for disclosure.

2. Backlog revenue as at 31 December 2018 for the projects listed totals \$4.5b, representing 90% of the total Australia Engineering backlog revenue.

3. Contract types are Managing Contractor (MC), Design and Construct (D&C), Alliance (ALL) and Construction Only (CON).

4. Based on expected completion date of infrastructure, subject to change in delivery program.

5. Contract value is subject to commercial in confidence and not available for disclosure.

6. As per Jun-18 disclosure. Latest project details are commercial in confidence.

Asia: Major Projects – Building^{1,2}

Project	Location	Contract type ³	Contract value (\$m)	Secured date	Completion date ⁴	Sector
Paya Lebar Quarter	Singapore	GMP	860.5	FY16	FY20	Commercial and Residential
The Lifestyle Quarter – Retail	Kuala Lumpur	MC	521.9	FY18	FY22	Commercial

Europe: Major Projects – Building^{1,2}

Project	Location	Contract type ³	Contract value (\$m)	Secured date	Completion date ⁴	Sector
Elephant Park - West Grove	London	D&C	393.3	FY16	FY20	Residential
Elephant Park - Park Central North	London	D&C	288.9	FY18	FY21	Residential
1 Triton Square	London	D&C	263.3	FY17	FY20	Commercial
Elephant Park - East Grove	London	D&C	244.4	FY18	FY21	Residential
International Quarter London - Building 3	London	D&C	193.4	FY17	FY20	Commercial
245 Hammersmith Road	London	D&C	187.3	FY17	FY19	Commercial
Manchester New Square	Manchester	D&C	150.5	FY18	FY21	Residential
Google European HQ	London	CM	132.6	FY18	FY21	Commercial
The Timberyard, Deptford - Cedarwood Square	London	D&C	122.0	FY17	FY20	Residential

1. Disclosure of major projects is subject to client approval. This could impact the projects available for disclosure.

2. Backlog revenue as at 31 December 2018 for the projects listed totals \$664m (Asia) and \$1.0b (Europe), representing 80% (Asia) and 83% (Europe) of total backlog revenue for these regions.

3. Contract types are Managing Contractor (MC), Guaranteed Maximum Price (GMP), Design and Construct (D&C) and Construction Management (CM).

4. Based on expected completion date of underlying buildings, subject to change in delivery program.

Americas: Major Projects – Building^{1,2}

Project	Location	Contract type ³	Contract value (\$m)	Secured date	Completion date ⁴	Sector
Jacob K. Javits Convention Center	New York	LS	867.4	FY17	FY21	Hotel/Entertainment
520 Park Avenue	New York	GMP	443.0	FY14	FY19	Residential
New York Methodist Hospital	New York	CM	435.4	FY16	FY19	Social Infrastructure
277 Fifth Avenue	New York	CM	298.7	FY17	FY19	Residential
Clippership Wharf	Boston	GMP	260.9	FY16	FY20	Residential
Avalon - 1865 Broadway	New York	CM	257.1	FY16	FY19	Residential
Half and N Street	Washington, D.C.	GMP	165.1	FY17	FY20	Residential

1. Disclosure of major projects is subject to client approval. This could impact the projects available for disclosure.
2. Backlog revenue as at 31 December 2018 for the projects listed totals \$1.0b, representing 16% of total Americas backlog revenue.
3. Contract types are Guaranteed Maximum Price (GMP), Lump Sum (LS) and Construction Management (CM).
4. Based on expected completion date of underlying buildings, subject to change in delivery program.



Investments Segment

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Earnings drivers - Investments

ROIC target 8-11%¹; Invested capital \$3.4b

Ownership Earnings <i>Capital intensive activities</i>					Operating Earnings <i>Capital light activities</i>			
Invested capital	Co-investment positions in managed funds	Retirement Living	US Military Housing	US Telco Infrastructure	FUM / Assets	Funds Management Platform	Retail Asset Management	Military Housing
	\$1.7b	\$1.4b	\$209.3m	\$163.0m		\$34.1b FUM	\$13.3b AUM	\$13.3b AUM 52,595 units
Returns and Metrics	Distributions and capital growth	Equity investment returns	Equity investment returns	Income and capital growth	Returns and Metrics	Funds management fees	Property and development management fees	Asset, property and development management fees
						% of FUM	% of value driver	% of SPV revenue
Value drivers	High quality assets, diversified across sectors and geography	Occupancy rate, turnover rate, growth rate, discount rate and opex	Occupancy rate, growth rate, discount rate and opex	Number of operators per tower, lease term, growth rate and discount rate	Value drivers	FUM growth and opex	Asset performance, leasing and development activity, AUM growth and opex	Rent growth, development activity and opex

1. Through-cycle target based on rolling three to five year timeline.

Investments HY19

Overview

- Owns and/or manages investments including a leading wholesale investment management platform and also includes the Group's ownership interests in property and infrastructure co-investments, Retirement Living and US Military Housing
- Financial returns include fund, asset and property management fees, yields and capital growth on investments, and returns from the Group's Retirement investment and US Military Housing operations

Drivers³

- Ownership earnings \$203.6m
 - Co-investments
 - Income driven by higher returns from Australian office portfolio
 - Revaluations from strong leasing and asset markets in Australia and Asia
 - Capital partner acquired c.10% of Lendlease's interest in Tower One, Barangaroo South
 - Retirement Living
 - Uplift in resales across the portfolio following industry recovery and introduction of alternative contract types
 - 75% ownership in HY19, 100% for five months in HY18
 - Equity returns on US Military Housing portfolio
- Operating earnings of \$69.6m
 - FUM growth driving higher base fees
 - Retail AUM of \$13.3b, up 4%
 - US Military Housing AUM of \$13.3b

- Operating EBITDA including Engineering and Services is \$171.7m, excluding Engineering and Services is \$645.4m.
- EBITDA has been adjusted to exclude the \$500m pre-tax impact from losses expected to be incurred on underperforming Engineering projects.
- Comparative period the half year ended 31 December 2017.
- Secured future FUM from funds or mandates with development projects in delivery.

Performance

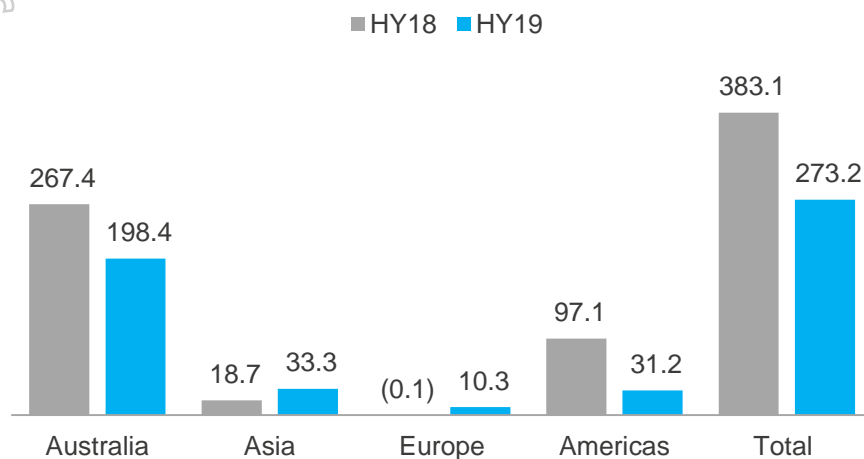
		HY18	HY19
% Operating EBITDA (ex E&S) ¹	%	39	42
ROIC	%	16.5	13.6
Invested capital	\$b	3.0	3.4
Co-investment revaluations	\$m	92.4	76.5
Co-investment revaluations / Operating EBITDA ²	%	11.6	11.4

Outlook

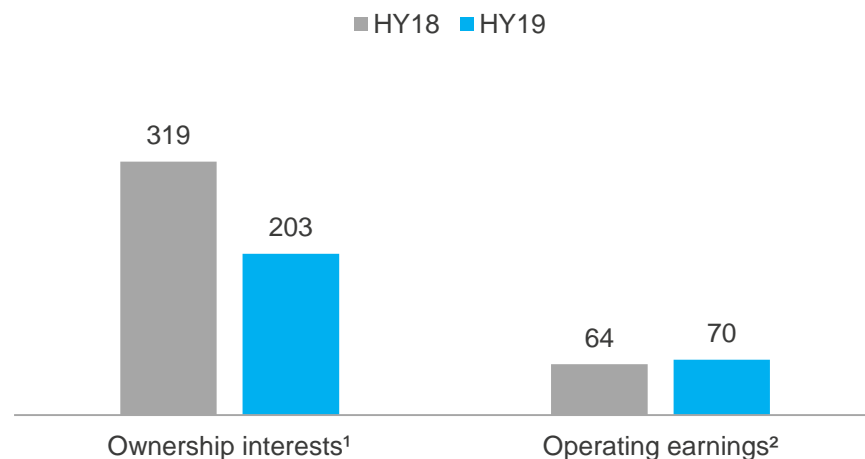
- Well positioned to deliver future recurring earnings
- Integrated business model key source of growth
- Capital partner initiatives in HY19 to drive future growth: US residential investment partnership; third party capital raised across the platform
- Ownership earnings
 - \$1.7b co-invested in funds, capital partner alignment
 - \$1.4b of capital in Retirement investment
 - Investment in US Military Housing and US telecommunications infrastructure
- Operating earnings
 - FUM of \$34.1b, c.150 institutional investors
 - \$0.6b from new residential for rent asset class
 - c.\$2.9b⁴ of additional secured future FUM across the Group's development projects in delivery
 - Further opportunities from development pipeline yet to enter delivery
 - \$13.3b of retail assets under management
 - 52,595 US Military Housing units under management, AUM of \$13.3b

Investments earnings / ownership

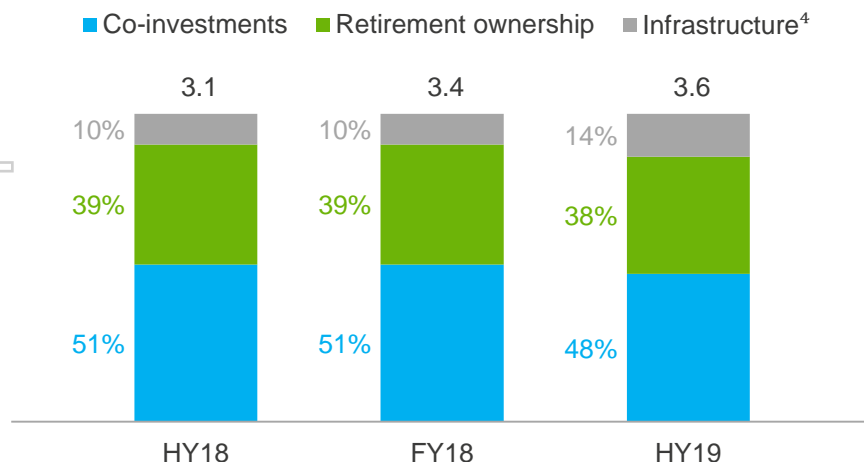
EBITDA by region (\$m)



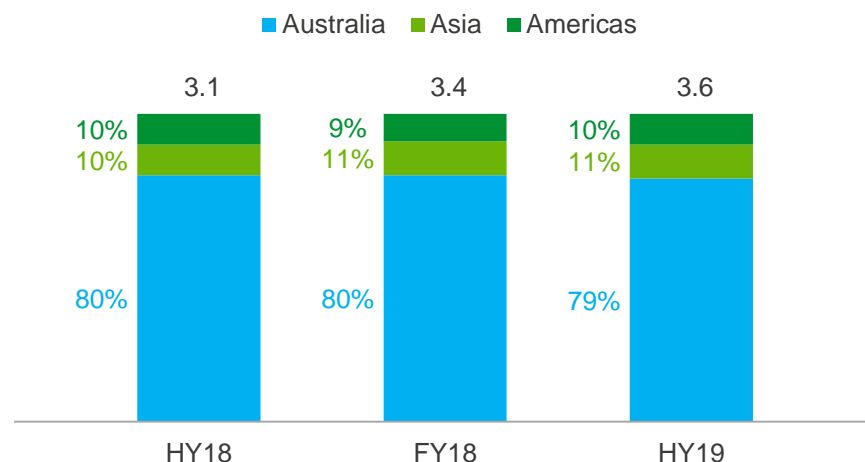
Investments EBITDA by activity (\$m)



Investments³ by product (\$b)



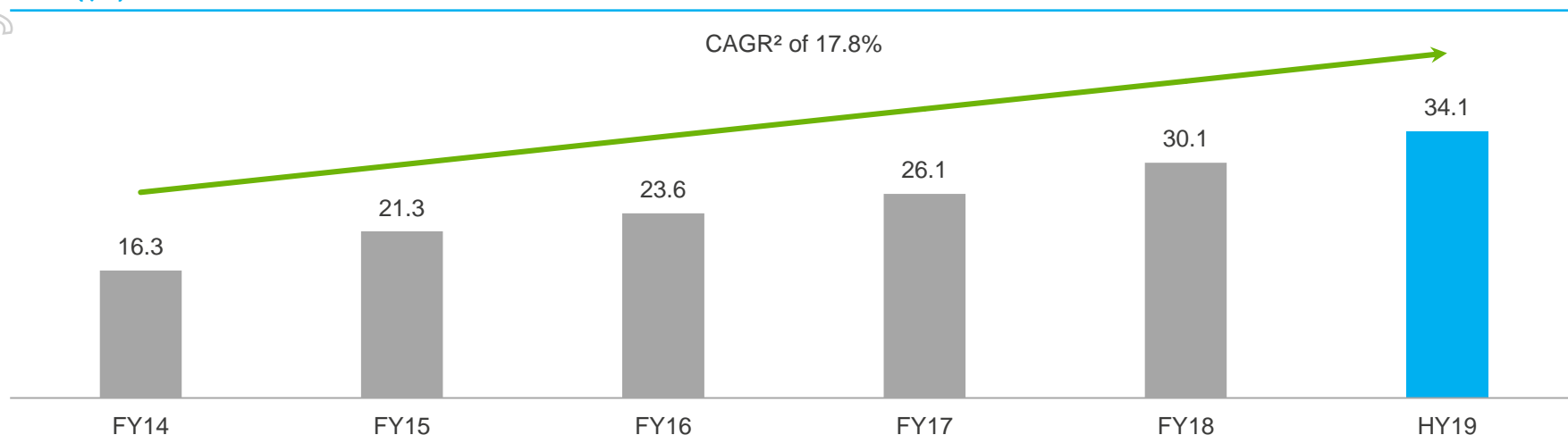
Investments³ by region (\$b)



1. Returns derived from investments, the Group's Retirement investment, US Military Housing equity investment and infrastructure investment.
2. Earnings primarily derived from the investment management platform and the management of US Military Housing operations.
3. The Group's assessment of market value of ownership interests. Total invested capital in the segment of \$3.4b in HY19.
4. Includes the Group's investments in US Military Housing and infrastructure.

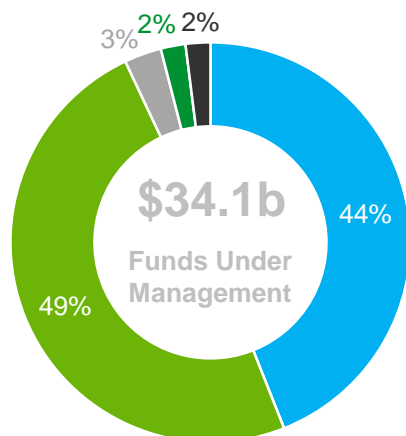
Funds Under Management¹ (FUM)

FUM (\$b)



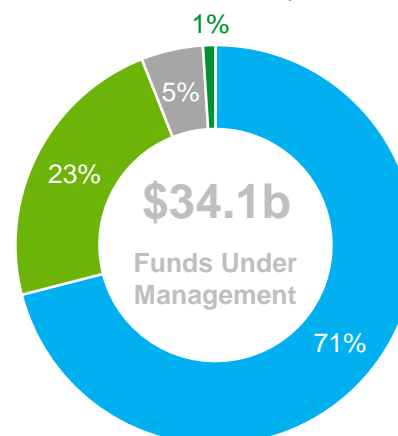
HY19 FUM by asset class

■ Retail ■ Office ■ Industrial ■ Residential ■ Other



HY19 FUM by region

■ Australia ■ Asia ■ Europe ■ Americas

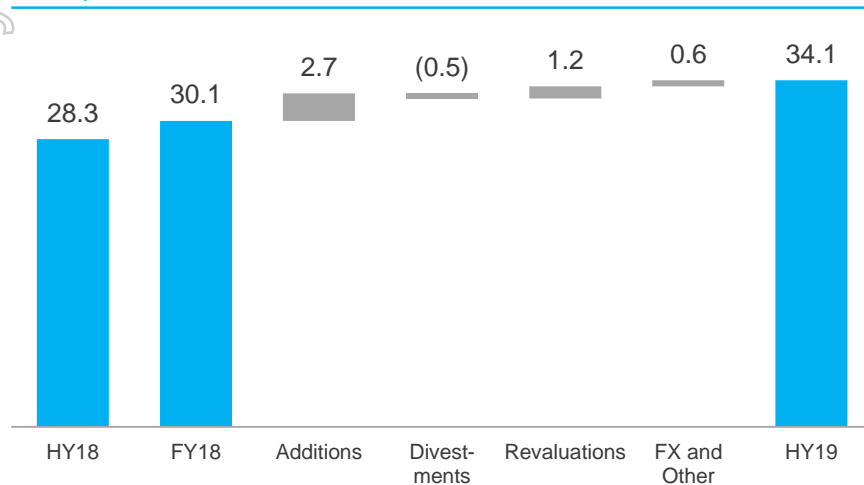


1. The Group's assessment of market value.

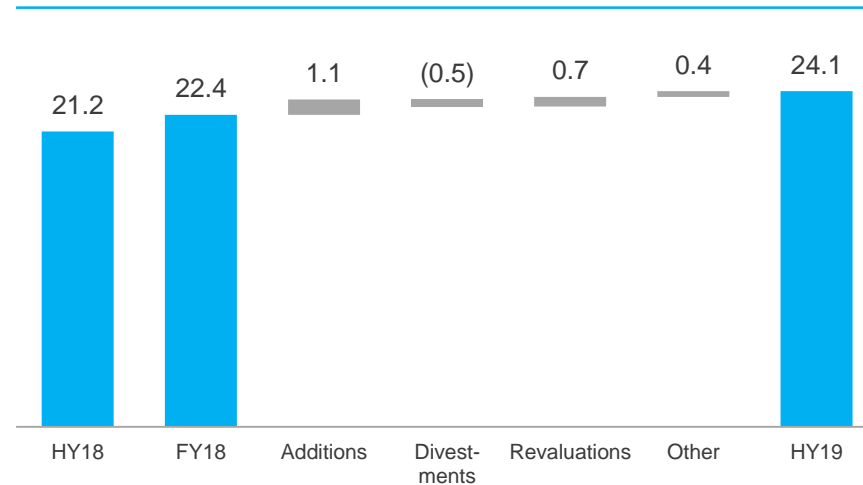
2. Compound Annual Growth Rate.

FUM¹ by region

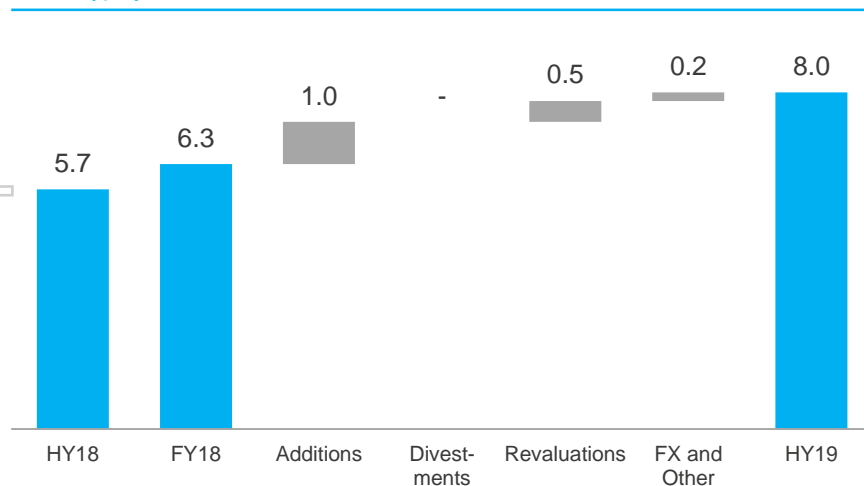
Group (\$b)



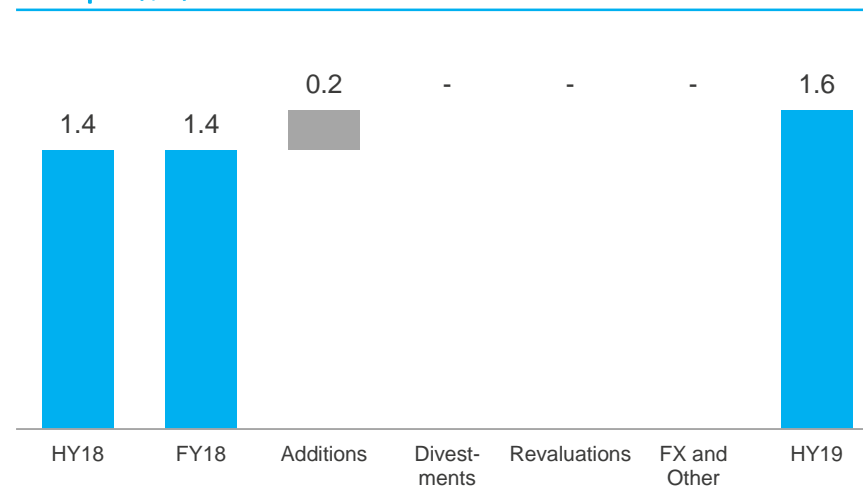
Australia (\$b)



Asia (\$b)



Europe (\$b)



1. The Group's assessment of market value.

FUM¹ by region

Australia FUM	Fund type	Asset class	FY18 (\$b)	HY19 (\$b)
Australian Prime Property Fund Retail	Core	Retail	5.4	5.8
Australian Prime Property Fund Commercial	Core	Office	4.6	5.0
Lendlease International Towers Sydney Trust	Core	Office	4.1	4.4
Managed Investment Mandates	Core	Various	3.6	4.0
Lendlease One International Towers Sydney Trust	Core	Office	2.5	2.6
Australian Prime Property Fund Industrial	Core	Industrial	0.9	1.0
Lendlease Sub Regional Retail Fund	Core	Retail	0.6	0.6
Lendlease Public Infrastructure Investment Company	Core	Social Infrastructure	0.4	0.4
Lendlease Real Estate Partners New Zealand	Core	Retail	0.3	0.3
Total Australia			22.4	24.1

Asia FUM	Fund type	Asset class	FY18 (\$b)	HY19 (\$b)
Managed Investment Mandate	Value Add	Retail and Office	1.9 ²	3.4
Lendlease Asian Retail Investment Fund	Core	Retail	2.5	2.6
Parkway Parade Partnership Limited	Core Plus	Retail	1.4	1.5
Lendlease Jem Partners Fund Limited	Core	Retail	0.5	0.5
Total Asia			6.3	8.0

Europe FUM	Fund type	Asset class	FY18 (\$b)	HY19 (\$b)
Lendlease Retail LP	Core	Retail	1.3	1.3
Lendlease Residential Investment Partnership	Core	Residential	0.1	0.3
Total Europe			1.4	1.6

Americas FUM	Fund type	Asset class	FY18 (\$b)	HY19 (\$b)
Lendlease Americas Residential Partnership	Value Add	Residential	-	0.4
Total Americas			-	0.4

1. The Group's assessment of market value.

2. Reported 70% joint venture share only.

Major fund summary¹

HY19 funds management platform

		APPFR ²	APPFC ³	APPFI ⁴	LLITST ⁵	LLOITST ⁶	ARIF ⁷ 1 (Somerset)	ARIF ⁷ 3 (Jem)	PPPL ⁸	LLRP ⁹
Total assets	\$b	5.8	5.0	1.0	4.4	2.6	0.8	1.6	1.5	1.3
Gearing	%	17.7	5.7	5.9	13.7	18.7	59.6	42.3	35.8	-
Co-investment	%	1.7	8.0	10.8	15.0	2.5	14.4	20.1	6.1	-
Co-investment	\$m	77.3	362.0	94.1	555.8	52.0	42.1	191.1	42.0	-
Region		Aus	Aus	Aus	Aus	Aus	Asia	Asia	Asia	Eur
Asset class		Retail	Office	Industrial	Office	Office	Retail	Retail	Retail	Retail
Number of assets	no.	11	21	33	4	1	1	1	1	2
Occupancy	%	97.8	92.7	100.0	89.1	97.3	98.8	99.9	99.8	94.1
Weighted average cap rate	%	4.9	5.0	6.5	4.8	4.7	4.5	4.4	5.0	6.3

1. Does not comprise Lendlease's complete Funds Management Platform.

2. Australian Prime Property Fund Retail.

3. Australian Prime Property Fund Commercial.

4. Australian Prime Property Fund Industrial.

5. Lendlease International Towers Sydney Trust (Barangaroo South T2 and T3, International House and Towns Place Car Park).

6. Lendlease One International Towers Sydney Trust (Barangaroo South T1).

7. Lendlease Asian Retail Investment Fund.

8. Parkway Parade Partnership Limited.

9. Lendlease Retail LP.

Investments¹

Australia co-investments	HY19 Lendlease interest (%)	FY18 (\$m)	HY19 (\$m)
Lendlease International Towers Sydney Trust	15.0	515.1	555.8
Australian Prime Property Fund Commercial	8.0	292.0	362.0
Australian Prime Property Fund Industrial	10.8	74.6	94.1
Craigieburn Central	25.0	80.7	80.9
Australian Prime Property Fund Retail	1.7	76.4	77.3
Lendlease One International Towers Sydney Trust	2.5	246.0	52.0
Lendlease Public Infrastructure Investment Company	10.0	40.7	39.6
Lendlease Sub Regional Retail Fund	9.9	38.6	37.2
Lendlease Real Estate Partners New Zealand	5.3	9.9	10.2
Lendlease Communities Fund 1	20.8	1.1	1.1
Total Australia		1,375.1	1,310.1

Asia co-investments	HY19 Lendlease interest (%)	FY18 (\$m)	HY19 (\$m)
Lendlease Asian Retail Investment Fund (ARIF)			
ARIF 1 (313@somerset)	14.4	38.7	42.1
ARIF 2 (Setia City Mall)	37.5	27.1	27.8
ARIF 3 (Jem)	20.1	172.8	191.1
313@somerset	25.0	89.1	96.0
Parkway Parade Partnership Limited	6.1	39.8	42.0
Total Asia		367.5	399.0

Americas		FY18	HY19
US Military Housing, invested equity	\$m	195.5	209.3
Telecommunications infrastructure, invested equity	\$m	118.5	163.0
Telecommunications towers	no.	221	238

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

Assets Under Management (AUM)¹ by region

Retail

	HY19 GLA ² sqm '000	FY18 (\$b)	HY19 (\$b)
Australia	749.4	7.3	7.6
Asia	285.9	4.6	4.9
Europe	141.7	0.8	0.8
Total	1,177.0	12.7	13.3

HY19 US Military Housing

	AUM (\$b)	Housing units	Lodging units	Total units	Avg portfolio life (years)
Total	13.3	40,095	12,500	52,595	37

1. The Group's assessment of market value.

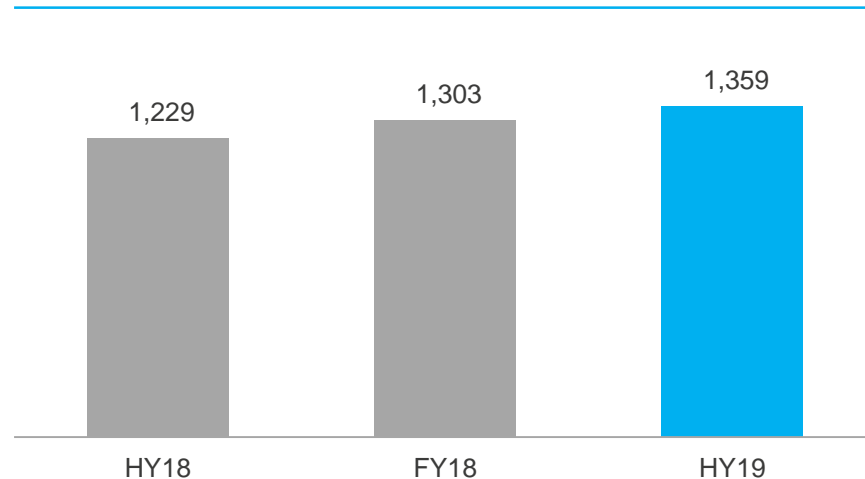
2. Gross Lettable Area.

Retirement summary

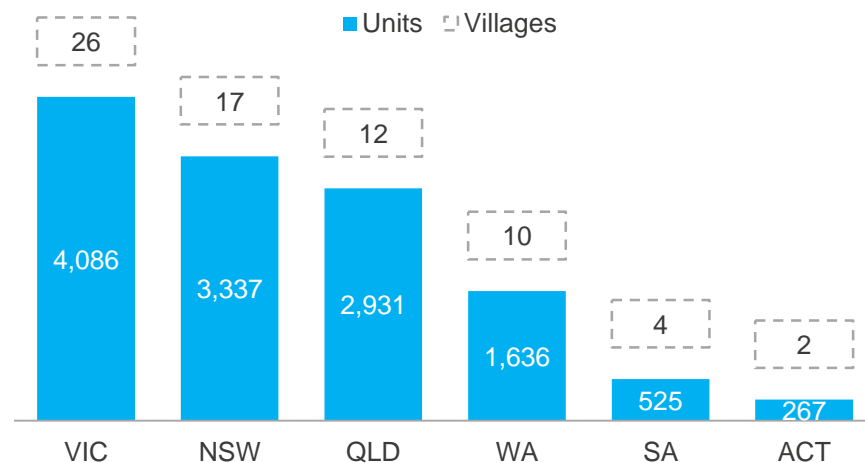
Value drivers¹

		HY18	HY19
Long term growth rate	%	3.5	3.5
Discount rate	%	12.3	12.3
Average length of stay - ILUs	years	11.5	11.5
Number of established units	no.	12,664	12,782
Units resold	no.	325	402
Development²			
Pipeline ³	no.	5,040	4,038
Pipeline	\$b	2.0	1.6
Sales/Settlements	no.	40	76
Sales/Settlements	\$m	19.4	39.5

Investment (\$m)



HY19 units and villages by state¹



1. 100% of Retirement Living business.
2. HY18 figures have been included for comparative purposes; pipeline, sales and settlements for HY18 were reported in the Development segment.
3. Includes aged care beds.

Important notice

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A reference to HY19 refers to the half year period ended 31 December 2018 unless otherwise stated. All figures are in AUD unless otherwise stated.