



ASX Announcement

Lend Lease presentation at Macquarie Australia Conference in Sydney

6 May 2015

Attached is the presentation given by Lend Lease Group Chief Financial Officer, Tony Lombardo at today's Macquarie Australia Conference being held in Sydney.

ENDS

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LEND LEASE

Macquarie Investment Conference 2015

6 May 2015

Lend Lease



Artist impression: The Cloud, Barangaroo South, Sydney

Lend Lease's vision for Reconciliation is one in which all our employees **acknowledge and celebrate the proud heritage of Australia's First Peoples and promote opportunities for **career development, sustainable business growth, and economic participation** of Aboriginal and Torres Strait Islander Australians within our sector.**



Overview

1. Residential - macro trends
2. Residential - portfolio / apartment pre-sales
3. Office developments
4. New project origination
5. Portfolio management and capital deployment

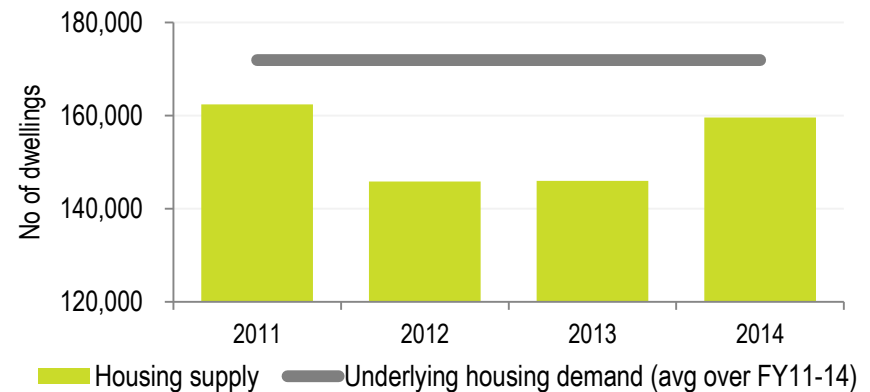
Residential macro trends

Australia

- Strong population growth, driven by high overseas migration since 2011, has fuelled housing demand especially in Sydney and Melbourne
- Monetary easing since 2011 further encouraged investors' search for yield and increased strong investor demand
- Dwelling completions have not kept pace with housing demand over the period and enlarged national stock deficiency
- Housing price growth coupled with low interest rates has triggered a supply response – most evident in major cities on the Eastern Seaboard
- Similar trends evident in the London market

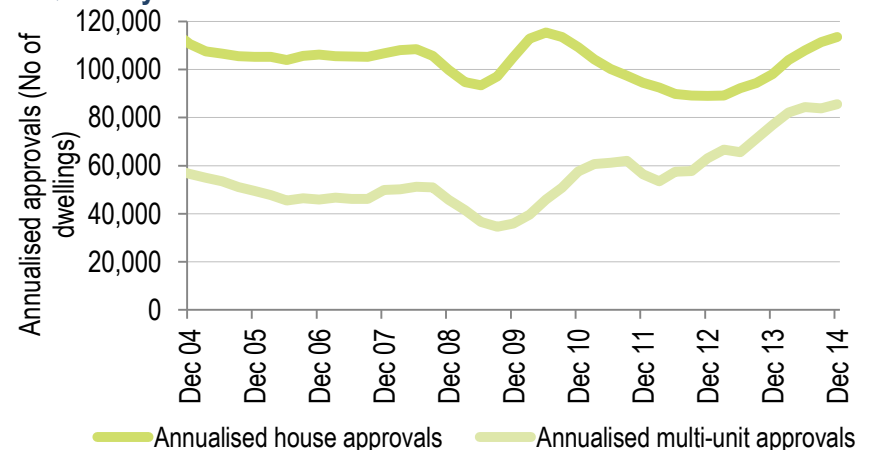
Australia Residential Demand & Supply

For year ended 30 June



National Dwelling Approvals

Quarterly observation



Residential portfolio

Overview

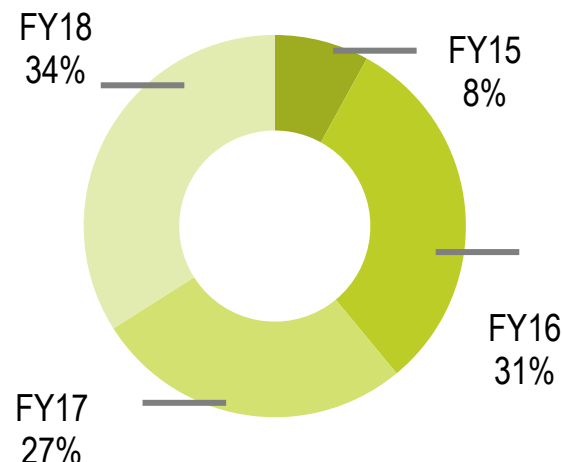
- Substantial portfolio of over 20,000 built-form units, predominately apartments
- Circa 4,000 apartments currently in delivery

Portfolio metrics

- ~70% of built-form/apartments reside on major urban regeneration sites with master planning approval
- In Australia – foreign buyers represent 30-35% of recent sales; remaining domestic buyers split evenly between owner occupiers and investors

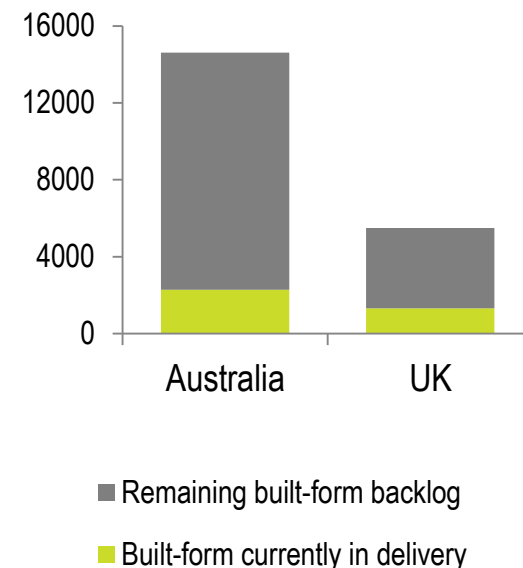
Estimated apartment settlements (units) by year

As at 31 December 2014



Built-form backlog (units)

As at 31 December 2014



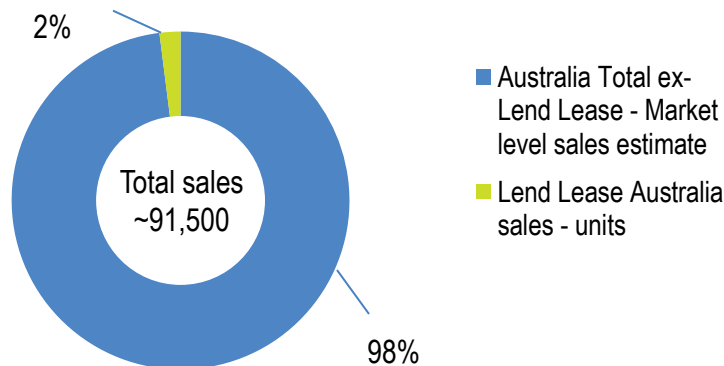
\$3.6 billion

Pre-sold revenue across residential apartments and communities¹

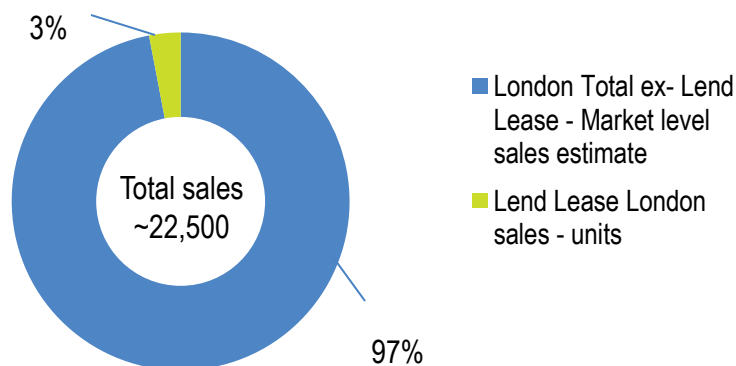
¹ Includes 100% of revenue from joint venture projects

Residential macro trends

Lend Lease Australian apartment sales – market share
Sales during 12 months ended 31 March 2015



Lend Lease London apartment sales – market share
Sales during 12 months ended 31 March 2015



Australia

- Last few years have seen an increase in apartment sales in Australia, reflecting an increasing trend towards urbanisation
- Lend Lease remains a modest part of a growth market
 - Estimated market share of Australian apartment market - circa 2.0%
- Average price per pre sold unit at 31 December 2014 was \$870,000

London

- Similar trends evident in London where Lend Lease has a strong footprint in residential
 - Lend Lease estimated market share of London apartment sales - circa 3.0%
- Average price per pre sold unit at 31 December 2014 was \$838,000

*** Notes:**

- Australian market level sales estimate is based on dwelling approvals (excluding houses) for the year ended 28 February 2015
- UK market level sales estimate is based on residential commencements for the year ended 30 June 2014

Apartment pre-sales driving further growth

Apartment launches since 31 December 2014

**TOORAK PARK
ARMADALE, MELBOURNE**



- Launched February 2015
- 466 Apartments

**889 COLLINS STREET
VICTORIA HARBOUR, MELBOURNE**



- Launched February 2015
- 539 Apartments



**WEST GROVE,
ELEPHANT PARK, LONDON**



- Launched March 2015
- 593 Apartments

Melbourne

Increasing pre-sales driving growth and earnings visibility

	Pre sold and in conversion/delivery	Pre-sold % ¹	FY15	FY16	FY17	FY18
Barangaroo South	2 apartment buildings: Anadara and Alexander 159 units	100%				
Darling Square	3 apartment buildings: Darling One, St Leon & Wirth House 538 units	100%				
Victoria Harbour	3 apartment buildings 251 units (Concavo) 578 units (888 Collins) 539 units (889 Collins) – launched Feb-15	96% 92% -	  			
Brisbane Showgrounds	7 apartment buildings 356 units (The Green x5) 401 units (The Yards x2)	99% 66%	 			
Richmond	1 apartment building: Studio 9 203 units (completed: circa 185 units settled in prior years)	93%				
Toorak Park Armadale	1 apartment building 466 units – launched Feb-15	-				
Wandsworth	1 apartment building: Cobalt Place 104 units	92%				
Elephant & Castle	4 apartment buildings: 284 units (One The Elephant) 235 units (Trafalgar Place) 360 units (South Gardens) 593 units (West Grove) – launched Mar-15	99% 96% 85% -	   			
The International Quarter	2 apartment buildings: Glasshouse Gardens 333 units	85%				



Indicates profit earned in financial year



Additional residential launches expected in the next 3-12 months

¹ As at 31 December 2014

Apartments highlighted in bold have been launched, but are yet to reach conversion/delivery

Office developments

Six commercial towers in conversion and delivery

K1, KING STREET BRISBANE SHOWGROUNDS

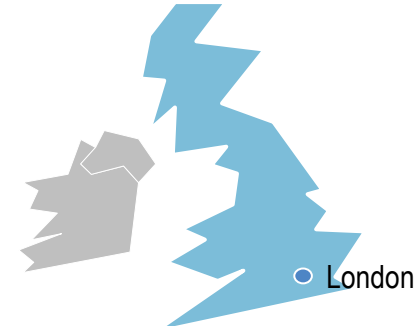


- Delivery commenced in 2014
- First commercial tower at Brisbane Showgrounds – pre-leasing under way
- ~16,600 sqm of NLA

TOWER 1, 2 & 3 BARANGAROO SOUTH, SYDNEY



- T2 and T3 delivery commenced 2013; T1 delivery commenced 2014 – circa 60% pre-leased across all three towers
- T1 leasing progressing well; strong interest from potential capital partners
- ~270,000 sqm of NLA



THE INTERNATIONAL QUARTER STRATFORD, LONDON



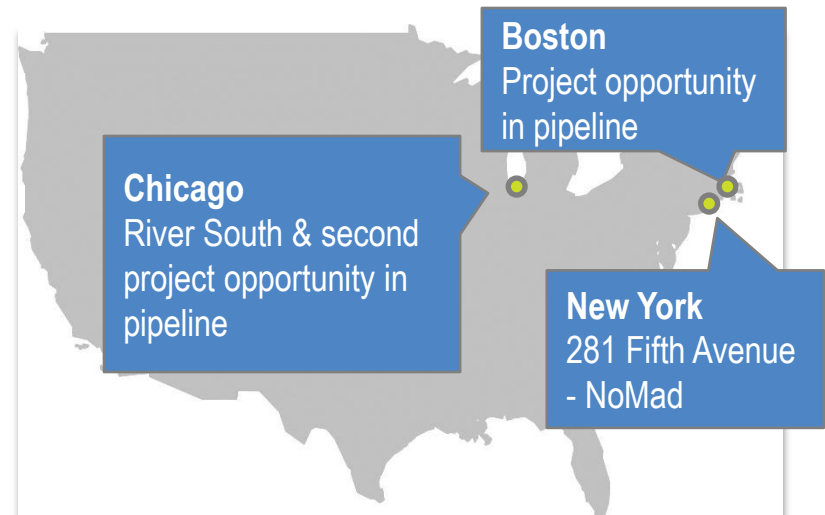
- Currently in conversion
- 2 commercial towers – significant pre-lease interest
- Finalising negotiations with anchor government tenants
- ~72,000 sqm of NLA

New project origination

- Increasing land prices in Australia making new project origination less attractive relative to offshore opportunities
- Immediate origination focus in Australia on select number of projects that offer strategic benefits (e.g. Barangaroo Central) or fill portfolio gaps (e.g. growth corridors in Communities / Retirement portfolios)
- Reweighting/sale of existing development projects under consideration subject to investment hurdle returns being achieved
- Medium term origination focus on international markets, particularly Asia and the Americas

New project origination

- Two new urban regeneration opportunities secured in Asia
 - 60% JV stake in the TRX Lifestyle Quarter – Kuala Lumpur (\$2.8 billion end development value)
 - 30% JV stake in Paya Lebar Central – Singapore (expected to settle by 30 June 2015)
- Strong progress on expansion of US development operations
 - New development opportunities secured in the Americas in targeted gateway cities
 - Circa \$100 million of allocated capital for River South and NoMad as at April 2015



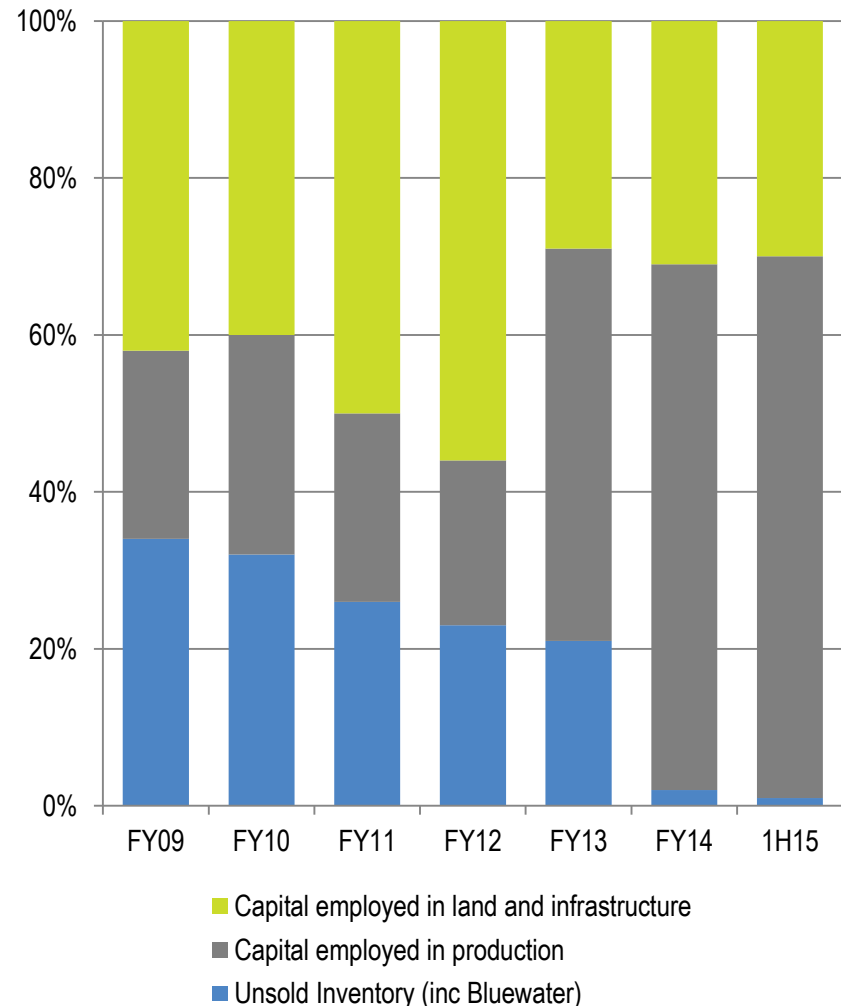
Portfolio Management

		Development	Construction	Investments
Earnings target		Active 70 – 80%		Recurring 20 – 30%
Earnings mix	<i>Property</i>	60 – 70%		
	<i>Infrastructure</i>	30 – 40%		
Risk-adjusted capital allocation		35-45%	30-40%	20-30%
Geographic Split	<i>Australia</i>	60 – 70%		
	<i>Offshore</i>	30 – 40%		

Development capital employed

- Significant increase in production capital of over 400% in last two years – delivering strong growth in apartment settlements and several commercial towers at major urban regeneration sites over the medium term
- \$2.1 billion of capital employed in production at 31 December 2014 versus \$0.4 billion in 2012
- Peak production capital expected in FY17

Development capital¹



Indicative net cash flow from major projects in-delivery/conversion at 31 December 14

	Overview	FY15	FY16	FY17
Communities	Net cash proceeds Assuming >2,000 annual lot settlements	Cash Positive	Cash Positive	Cash Positive
Apartments	Net cash proceeds 21 apartment buildings currently in delivery or conversion	Investing	Cash Positive	Cash Positive
Commercial	Net cash proceeds Barangaroo office towers – development and investment; commercial tower at Brisbane Showgrounds; commercial towers at TIQ	Investing	Cash Positive	Cash Positive
Infrastructure Development	Net cash invested Secured Australian PPP projects ¹	Investing	Investing	Investing
Total		Investing	Cash Positive	Cash Positive

¹ Includes East West Link – refer to slide 16 for additional detail regarding the East West Link Project
All cash flow based on current portfolio/investments

Summary and outlook

- Residential demand in Australia and UK remains strong – growth in apartment demand illustrates urbanisation trends
- Expect pre-sales revenue to increase further by the end of FY15
 - New apartment launches in Melbourne and London in last six months
 - Expect further launches in Sydney and Brisbane in next 3-12 months
- Significant lift in deployed production capital since 2012 – levels peaking in FY17 based on current buildings in delivery/conversion
- New project origination focused on international markets for geographic diversity and future growth
 - Replenished pipeline in Asia – TRX Lifestyle Quarter and Paya Lebar Central
 - Strong progress on expansion of US Development operations

Additional Information - East West Link

On 15 April 2015 Lend Lease announced that the East West Connect consortium reached an agreement ('the agreement') with the Victorian Government in the form of a non-binding Heads of Agreement providing a resolution to the East West Link project. The agreement enables the Victorian Government to acquire the Project Companies for a nominal consideration.

The agreement also enables the sponsors of the Project Companies to cease work on the East West Link project and to be kept whole for fees and costs that have been incurred.

Once finalised, the agreement will result in a reduction in Lend Lease's construction backlog revenue of circa \$1.4 billion, representing its share of the Design & Construction contract, and Lend Lease's committed equity of \$115m to the Project Companies will be released.

No material impact to FY15 earnings is expected to arise from the agreement.

About the East West Link Project

Lend Lease, as part of the East West Connect consortium, which included Capella Capital, Bouygues and Acciona, reached financial close on the East West Link Project in October 2014. Following the November 2014 election in Victoria, the Government directed the construction joint venture group to suspend work on the East West Link project. The suspension was highlighted in Lend Lease's 1H15 reporting materials released on 23 February 2015.

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All Lend Lease data is for the period ended 31 December 2014 unless otherwise stated. All figures are in AUD unless otherwise stated.

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Artist impression: Penthouse Terrace, One The Elephant, Elephant & Castle London