

ASX ANNOUNCEMENT

6 November 2019

Sustainability Market Briefing

Attached is the presentation to be given today by Cate Harris, Group Head of Sustainability & Lendlease Foundation, Lendlease.

The presentation will be webcast live via www.lendlease.com

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FOR FURTHER INFORMATION, PLEASE CONTACT:

Investors:

Justin McCarthy
Mob: +61 422 800 321

Media:

Stephen Ellaway
Mob: +61 417 851 287

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

Level 14, Tower Three, International Towers Sydney
Exchange Place, 300 Barangaroo Avenue
Barangaroo NSW 2000 Australia

Telephone +61 2 9236 6111
Facsimile +61 2 9252 2192
lendlease.com



 Barangaroo South

Sustainability Market Briefing

Cate Harris
6 November 2019

Acknowledgement of Country

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

A key global trend influencing our strategy



Urbanisation

Today, 55 percent of the world's population lives in urban areas, and that's expected to increase to 68 per cent by 2050. The human shift from rural to urban areas, combined with the overall growth of the world's population, could add another 2.5 billion people to urban areas by 2050¹.

Global infrastructure

Global infrastructure spending is estimated to rise to an average of US\$5.1 trillion per year between now and 2035².

Funds growth

Global assets under management are forecast to rise from US\$85 trillion in 2016 to US\$145 trillion by 2025³.

Technology

The exponential growth of internet use has created a new society of hyper connected citizens. Estimates predict that by 2025, on average, every connected person will have a digital data engagement over 4,800 times per day⁴.

Ageing population

Internationally, the number of people aged 60+ is projected to grow three times faster than the overall population (2.4% vs 0.8% p.a.) between 2015 and 2050⁵.

Sustainability

Climate change and society's responses to it are now widely recognised as foundational drivers of risk and opportunity within the global economy⁶.

1. World Urbanization Prospects: The 2018 Revision, United Nations. 2. McKinsey Global Institute: Bridging Infrastructure Gaps – Has the World Made Progress? October 2017. Includes some internal calculations. 3. Asset & Wealth Management Revolution: Embracing Exponential Change, PwC 2017. 4. IDC's DataAge 2025 – The Digitization of the World. 5. World Population Prospects: The 2017 Revision, United Nations. 6. Ref: https://www.apra.gov.au/sites/default/files/climate_change_awareness_to_action_march_2019.pdf.

One of five focus areas of value creation



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.



Financial

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



Our People

Our people are the greatest contributors to our success and enable us to fulfil our vision to create the best places.



Our Customers

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



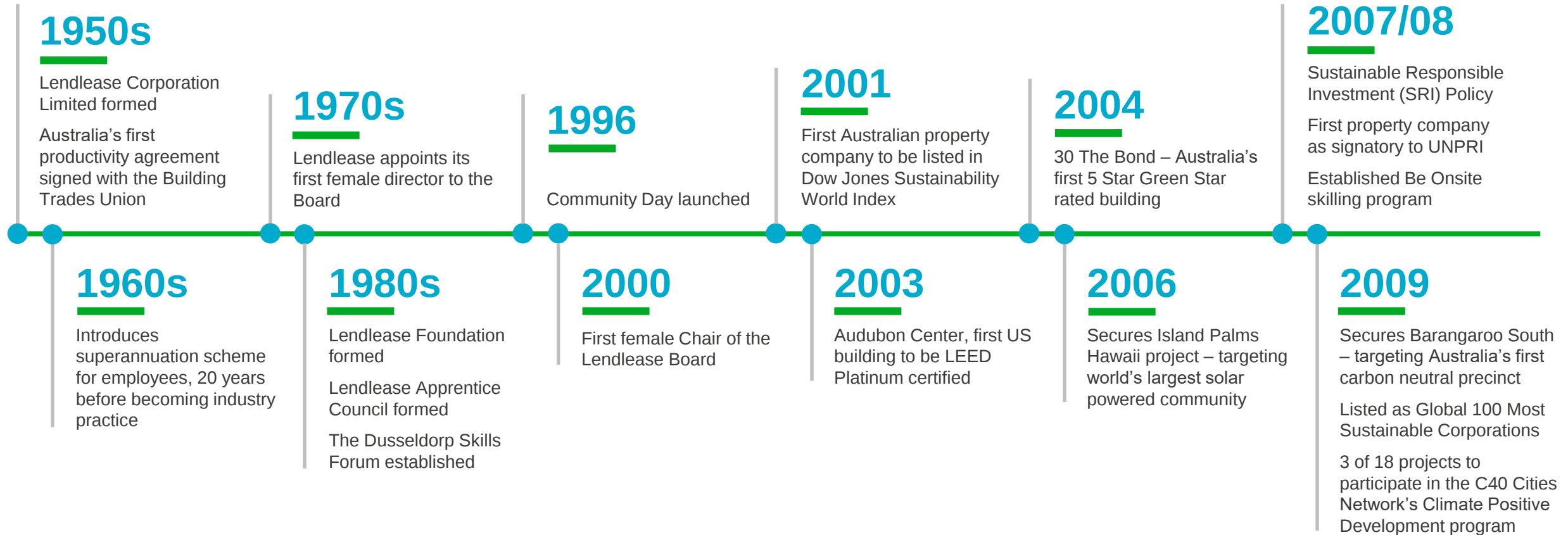
Sustainability

We pride ourselves on reaching industry firsts – not because they're milestones, it's a signal we're pushing ourselves for better outcomes for people and the planet.

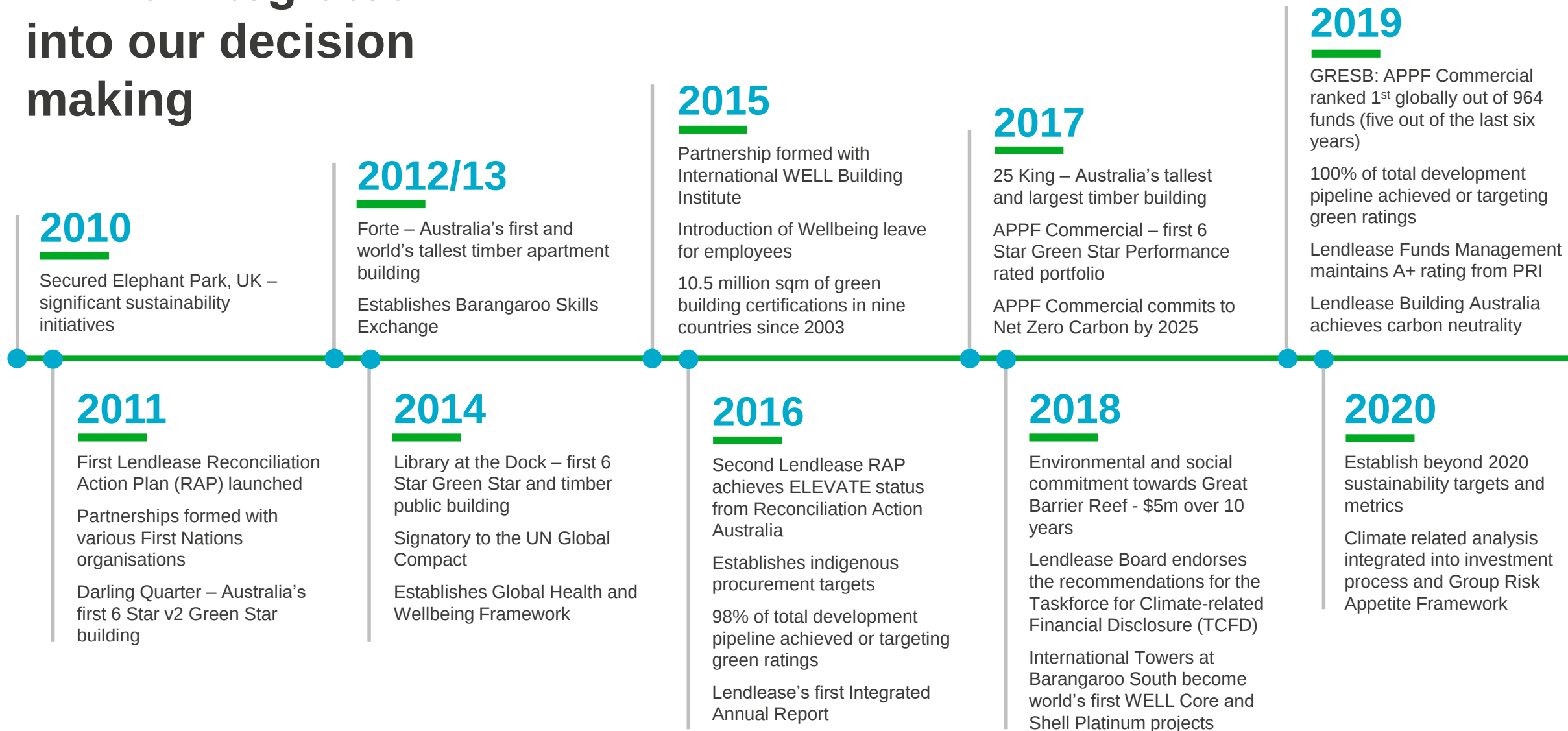
Sustainability is in our DNA...

Companies must start justifying their worth to society with greater emphasis placed on environmental and social impact rather than straight economics.

Lendlease founder, Dick Dusseldorp, 1973



...And integrated into our decision making



We are the partner of choice

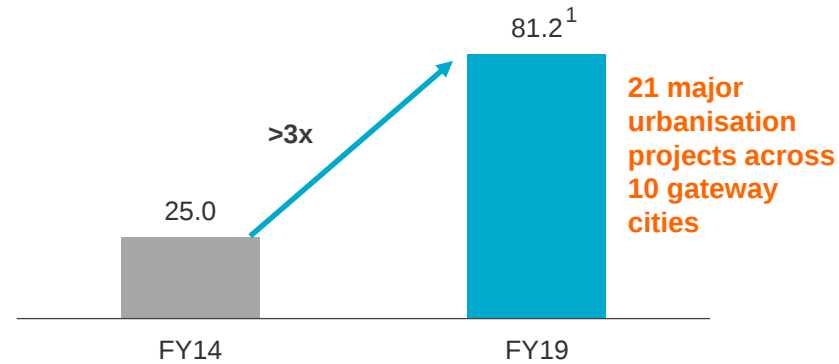
“Elephant Park is what regeneration should be about. People of all backgrounds and incomes living side by side in the highest quality housing.

Leader of Southwark Council
Peter John OBE

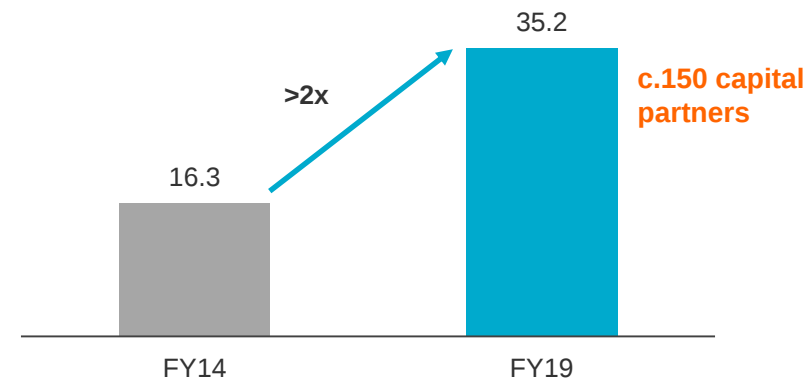
“Buildings account for nearly a quarter of Australia’s carbon emissions. Lendlease and other industry leaders recognise the need to move towards net zero carbon buildings and we’re working together to identify ways in which that can be achieved as early as possible.

CEO, Clean Energy Finance Corporation
Ian Learmonth

Urbanisation pipeline (\$b)



Funds Under Management (\$b)



Sustainability drives origination success

Being chosen as the development partner for transformational projects across targeted gateway cities by both public and private sector clients is a strong endorsement of our urbanisation capabilities, which are increasingly being recognised as world leading.

Consistent feedback that integration of all aspects of sustainability into placemaking resonates strongly with clients.

Shared vision with capital partners

- 2,372 PRI² global investor and manager signatories, up 90% from FY14
- 964 GRESB³ participants up 51% from FY14, representing USD4.1 trillion in FUM
 - APPF Commercial highest ranked property fund, fifth time in six years
 - Three other Lendlease managed funds achieved top 10 global results; our Asian funds were top five in Asia Retail

1. Includes San Francisco Bay Area project secured post 30 June 2019. Total development pipeline is \$96.1b and includes Communities and Infrastructure.

2. Principles of Responsible Investment. 3. Global Real Estate Sustainability Benchmark.

Looking Forward

By 2030, the world will be a very different place; and mega trends such as climate change, polarisation between the haves and have nots, social inclusion, mass migration and finite natural resources will influence how we operate and impact on our business operations, customers, suppliers and employees.

By 2050, two thirds of the world will live in urban areas accelerating social and environmental challenges.

Lendlease, with its DNA of triple bottom line focus and genuine respect for stakeholders, is well positioned to both assist and benefit from urbanisation.

Our sustainability framework

To Create the Best Places

Imperatives



Focus Area: Environmental



Focus Area: Social



Governance



Supporting sustainable economic growth

Our work plays a significant role in supporting sustainable economic growth – growth that recognises the finite nature of our planet and resources, and provides pathways for economic prosperity for everyone.



RESOURCES AND
MATERIALS

Environmental focus

- Conserve natural resources e.g. eliminate waste, conserve water
- Select sustainably sourced materials



Lendlease leadership:

Cross Laminated Timber

- 40% less embodied carbon when compared with traditional construction builds
- Procured from responsibly sourced, certified plantations
- Research indicates increased health benefits for workers in timber buildings
- 30% quicker to construct
- Our portfolio includes commercial, residential and public buildings and spans Australia, UK and the Americas



ECONOMIC
PROSPERITY

Social focus

- Create pathways to employment: learning, skilling, workforce participation
- Support fair and just employment
- Maximise local procurement



Lendlease leadership:

Be Onsite Program

- Not for profit set up by Lendlease in the UK
- Skilling people to move into a sustainable career
- More than 890 people assisted with more than 650 people directly employed on Lendlease projects

Be Onsite
working to change lives

<https://www.beonsite.org.uk/>



Vibrant and resilient communities

Our work plays a significant role in creating vibrant and resilient communities and cities – that are adaptive and resilient to change, socially inclusive and valued by the communities who live, work and play there.



CLIMATE
ACTION

Environmental focus

- Mitigate our climate impacts - energy efficiency, renewable energy, carbon offsets and transport
- Drive embodied carbon reduction
- Create resilient places and buildings

Lendlease leadership:

Australian Property Funds and Australian Building going carbon neutral

- 47 office and industrial assets, representing c.\$12 billion under management have signed commitments to be carbon neutral before or by 2025
- Australian Building business achieved carbon neutrality in FY19



COMMUNITY
INCLUSION

Social focus

- Enable resilient communities.
- Improve affordability
- Facilitate place activation and accessibility
- Respect and engage stakeholders to enhance community

Lendlease leadership:

Lendlease FutureSteps

- Philanthropic initiative to boost community programs that support vulnerable people and families
- Receives 0.1% of residential revenue from our Australian business
- First partner, Platform Youth Services, received funding to assist six students with accommodation and support services





Healthy planet and people

Our work plays a significant role in ensuring a healthy planet and healthy people – where we connect to and respect nature, and facilitate wellbeing.



NATURE AND
POLLUTION

Environmental focus

- Enhance biodiversity – fauna and flora
- Connect people and nature
- Eliminate pollution - air, water, land



Lendlease leadership:

The Great Barrier Reef Foundation and Lendlease

- Progress on the Reef Islands Initiative
- Key partner of Springboard Capricorn Coast
- Connection to larger, global reef network
- Volunteer Experience in 2020 currently under development



WELLBEING

Social focus

- Enhance indoor environment quality e.g. toxicity, daylight
- Creating safe and secure places to live, play and work
- Support mental and physical wellbeing



Lendlease leadership:

Mental Health & Wellbeing

- Key partnerships in all gateway cities in support of mental health e.g. Mates in Construction in Australia and Construction Industry Alliance for Suicide Prevention in the US
- Over 1,500 Mental Health First aiders trained

Strategic deliverables setting up sustainability success

Development of the beyond 2020 metrics and targets for the Sustainability Framework

Integration of Taskforce for Climate-related Financial Disclosure (TCFD) into our business strategy and planning cycles

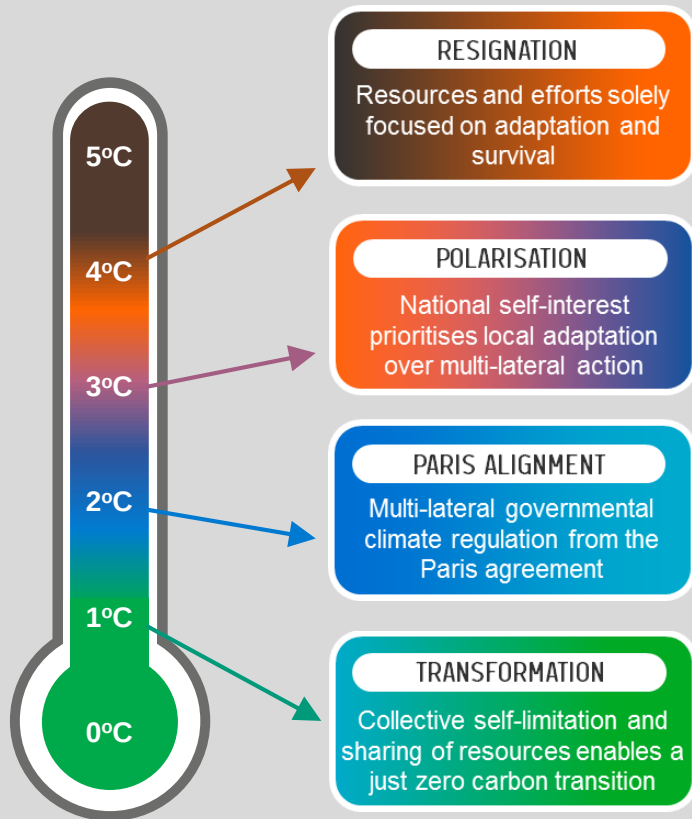
To Create the Best Places



Governance



Building strategic resilience



Lendlease is committed to disclosing under the TCFD framework

The purpose of undertaking climate risk analysis in line with TCFD is to identify climate mitigation and adaptation actions of an organisation to limit the financial exposure to climate related scenarios.

TCFD has four key recommended areas of disclosure:

- Governance
- Strategy
- Risk Management; and
- Metrics & Targets

Our commitment requires us to annually disclose the material financial impacts of risks and opportunities associated with future climate scenarios.

Lendlease has modelled four scenarios:

- Resignation (>4°C)
- Polarisation (3-4°C)
- Paris Alignment (2-3°C); and
- Transformation (<2°C)

These scenarios consider our capability, capacity and influence as a global integrated real estate and infrastructure company.

Scenario planning is used to test and reframe the business strategies to build resilience to climate-related risks and opportunities.

For each imperative under the sustainability framework, the planning will help to identify indicators, metrics and targets that drive change.

Leadership in TCFD

Lendlease is participating in the TCFD Secretariat's Advisory Group

Key risks and opportunities

Top 200 senior Lendlease leaders participated in TCFD workshops

Between 30-40 climate related impact areas identified from 550 risks and opportunities important to Lendlease

Placemaking. The core of our vision and urbanisation strategy

Placemaking is the collaborative process of making physical spaces respond to people's needs and resonate with their aspirations more powerfully, such that they are more meaningful, appealing and enduring to them.

Our core capability is placemaking

We design precincts that are vibrant and authentic. They are crafted and thoughtfully curated to help people feel safe, belong and thrive.

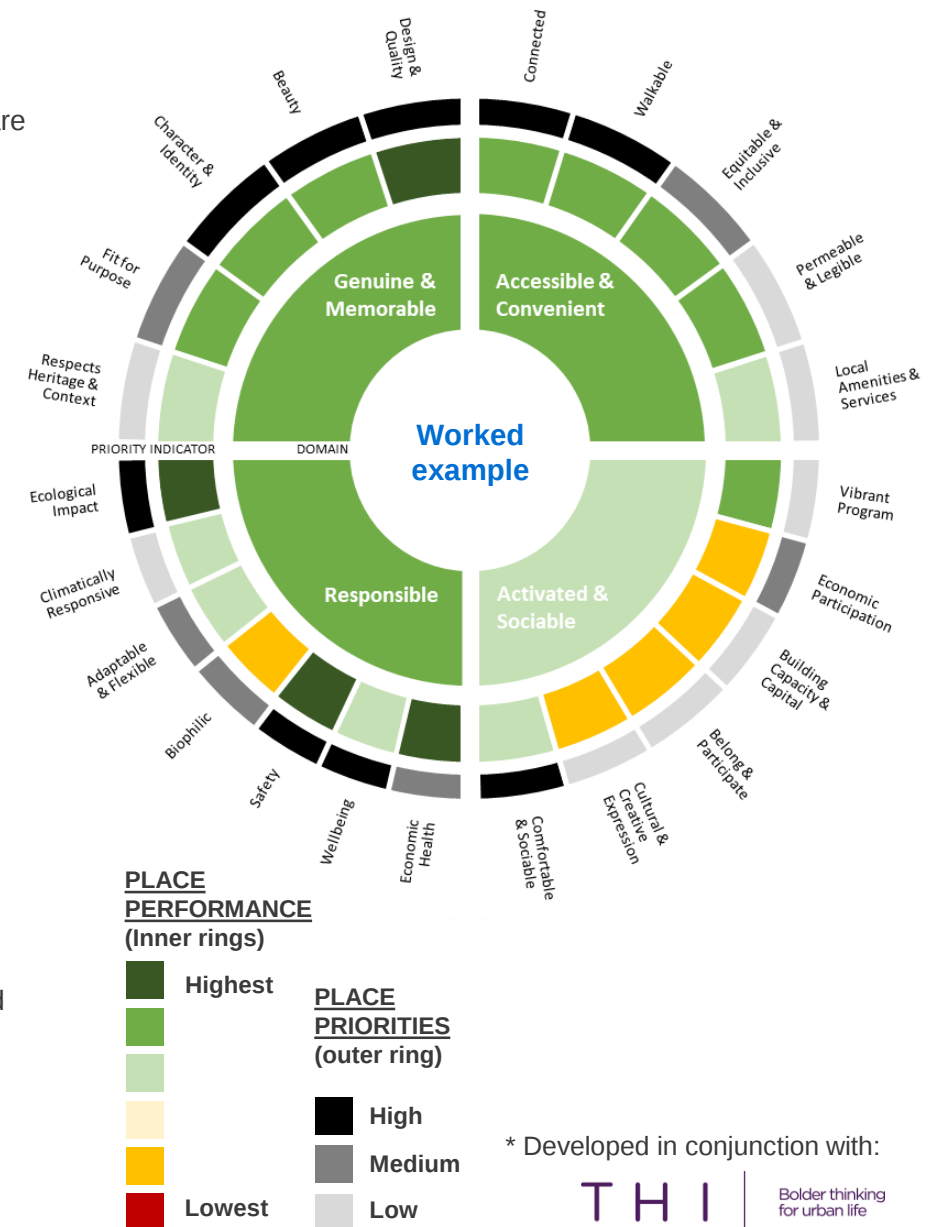
Placemaking creates value for all stakeholders

- Source of competitive advantage and a commercial imperative as a partner of choice:
 - Key to origination success
 - Employer of choice
 - Engagement with local communities
 - Attracts capital partners
- It is our legacy, showcase, brand promise and responsibility

Better Places Index* - our measurement and benchmarking tool for placemaking

- Objective model which brings together “design” and “living” metrics
- Applicable across Lendlease's global footprint
- Identifies priorities and informs investment decisions
- Explicit, actionable and easy to use
- Informs continuous improvement driving excellence and best practice

Better Places Index completed on eight Lendlease urbanisation projects to date



* Developed in conjunction with:

Summary

Our goal is to mitigate our impacts on climate change and build resilience into the places we create for the people and communities who occupy them.

Sustainability is deeply embedded in our business vision, strategy and core processes

Our strong sustainability ethos creates value and drives origination:

- Regarded as the partner of choice by both public and private sector clients
- Shared sustainability vision with capital partners and local communities

New sustainability framework centred around three global imperatives:

- Sustainable economic growth
- Vibrant and resilient communities
- Healthy planet and people

TCFD framework - climate risk analysis to facilitate organisational change to limit financial risk:

- Scenario planning adopted as a means of holistically testing strategic resilience across environmental and social sustainability outcomes, in line with our Sustainability Framework
- To test resiliency we have created our 2050 Future Scenarios, using a range of environmental, social, technological, economic and policy indicators

Placemaking is a core capability of the Group:

- Source of competitive advantage and a commercial imperative
- Better Places Index - Measurement and benchmarking tool that drives continuous improvement

● Artist's impression, Southbank, Chicago

Appendix



Sustainable communities matter. A lot.

The United Nations reports that two out of every three humans are likely to live in urban centres by 2050, and by 2030 the world could have an additional 12 megacities, each with more than 10 million inhabitants.

While city life presents huge possibilities, the stark realities are the impacts on the environment and human wellbeing.

Alongside the notion of sustainability, we aim to achieve resilience; in other words, to minimise the impact of the places we create and look for ways to help communities thrive.



“This is what regeneration should be about. People of all backgrounds and incomes living side by side in the highest quality housing.

**Leader of Southwark Council
Peter John OBE**

● Artist's impression Elephant Park

Elephant & Castle

- The £2.3 billion Elephant & Castle redevelopment features more than 3,000 homes, of which approximately 600 are affordable
- A £300 million investment is being made to improve public transport and infrastructure and new community facilities

The Elephant Park component

- 11 acres of public space including a new park for central London called Elephant Park
- 15 pioneering 'Futurehomes'
- Living Wage accredited

Coming together to tackle loneliness

Research has shown that London is one of the world's loneliest cities.

Parallel to our work at Elephant Park, we're collaborating with Collectively, an innovation and social change organisation, to rethink how places and spaces connect people.

Working with a range of experts and the community through a Loneliness Lab, we're endeavouring to 'design out' loneliness from cities. One idea being explored, through design, is to encourage existing and new residents to talk to each other more.

Connected developments. At scale they address new city living.

Governments are challenged with providing 'liveable' communities in cities that may already feel the pressure of density, social issues or traffic congestion.

Shaping large-scale master-planned projects is key to transforming 21st century cities, solving car-based infrastructure constraints and breathing new life into urban centres.

They are places designed with a pulse. They deliver more new workplaces, housing and play areas and recognise that the space in between all three is just as important, if not more so.



● Darling Square



“There is strong demand for public spaces for collaboration and innovation, and our library at The Exchange will help us expand Sydney's start-up ecosystem.

**Lord Mayor of Sydney
Clover Moore**

Darling Harbour Precinct

- 84,000 sqm of workspace, including Darling Square's Commonwealth Bank of Australia's 6 Star Green Star building
- 2,700 sqm of retail and a 4,000 sqm playground with a 21-metre flying fox and water play
- 35,000 sqm International Convention Centre Sydney

Darling Square component

- A new urban neighbourhood and City of Sydney Library
- Lendlease settled 100 per cent of units across six buildings totalling \$1.3 billion in revenue in FY19

Community services at the heart

Locals told us they wanted to be connected so we designed 2,700 sqm of open space including a new large public square at the precinct's heart. We created The Exchange, a six-story community and retail structure with a market hall and the new home for the City of Sydney's Haymarket Library.

We are also supporting entrepreneurs through community program Bright, providing practical business support.

Sense of Place.

The creation of our sense of place draws on the history of the site, the rich architecture of the buildings, and how we engage with our community.

We reveal the stories of our site. It is about the experience of being at Barangaroo.

The project has four key focuses:

- carbon neutrality in operation
- towards zero waste in operation
- capable of being water positive
- social impact and connection

Barangaroo South



Daramu House

Daramu House demonstrates sustainability initiatives woven through with timber structure, chilled beams, integrated green roof with photovoltaic panels; interpretive elements including artwork and use of Sydney aboriginal language.

Barangaroo South

Environmental

- First 6 Star Green Star Communities rating – the first precinct of its kind to receive this rating
- All commercial buildings 6 Star Green Star rated – highest Australian rating possible
- Targeted reduction in carbon emissions by 75% from building operations, compared to BAU
- Reduction in embodied carbon in buildings by at least 20% from BAU
- Passive design features that support building energy efficiency

Waste

- Centralised waste management facilities with 19 different waste streams
- Approx. 5,400 Tonnes of waste diverted from landfill in the first three years of operation
- On site food waste converted into fertiliser or green energy, ~50 tonnes each month

Beneath the Streets of Barangaroo

Substantial precinct wide infrastructure in the basement including recycled water treatment plant and district cooling plant.



Sense of
Place.



Barangaroo South

Community & Social Connection

Delivery of more than 50 social programs addressing:

- Lifelong learning, onsite skilling and training programs and the Discover Barangaroo Portal for NSW school students
- Art & Culture with over \$40m committed
- Community services, public WIFI, child care and community partnerships
- Healthy and active living including: Green Travel Plan, transport connections, end of trip facilities and a concierge service.

Public Domain

- Over 50% of the site is public space and includes restoration of 2.4kms of waterfront
- Inclusive design principles, Design with Dignity and Crime Prevention through Environmental Design

Training, Skills & Employment

- 20% of construction workforce are apprentices
- 11,493 construction workers received training with 21,111 skills qualifications
- \$78.5m in socio-economic benefits - \$11.76 for each \$1 invested

Global Real Estate Sustainability Benchmark (GRESB)

APPF Commercial ranked first of 964 global participants, the fifth time in six years the Fund has achieved this ranking

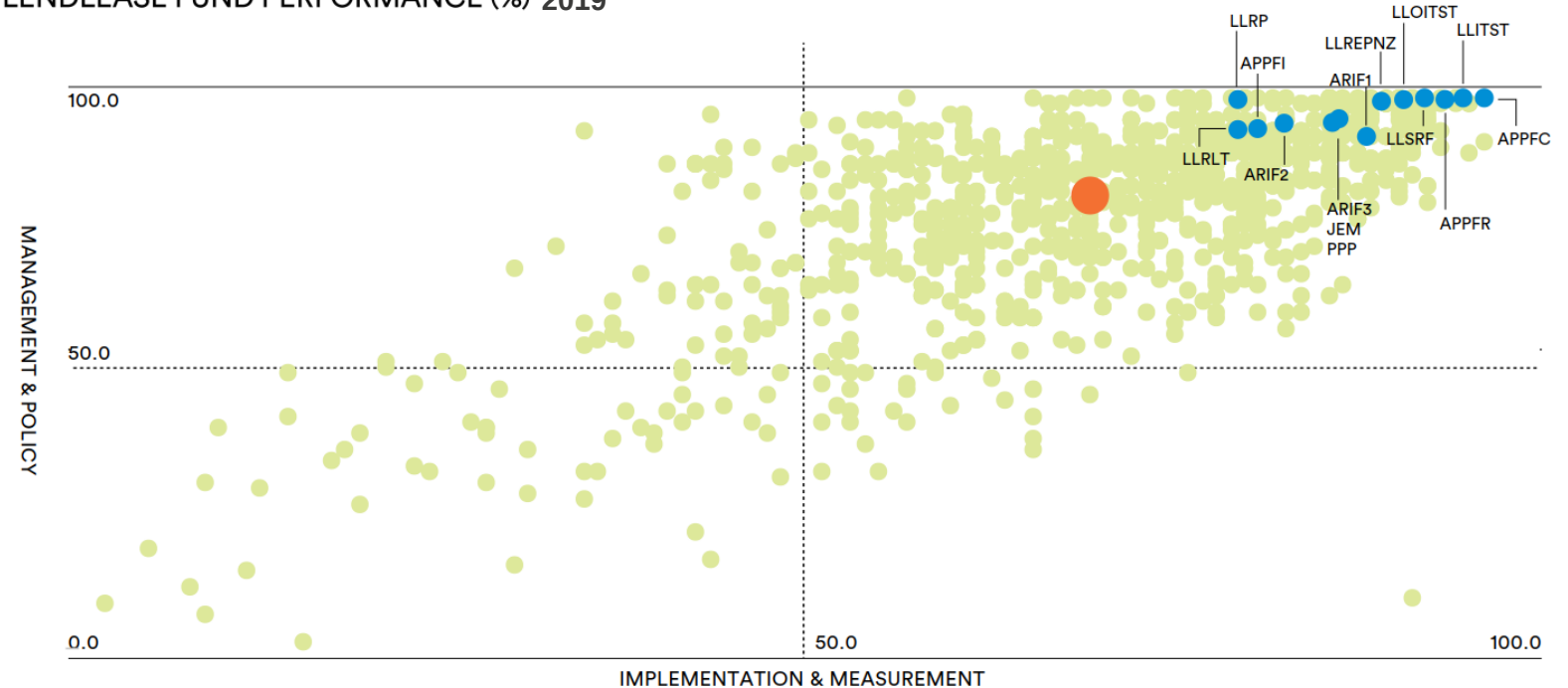
Three other Lendlease managed funds achieved top 10 global results, while our Asian funds were amongst the best performers in Asia

“Lendlease has and continues to be a leader in delivering leading environmental and social outcomes in the places it creates.

Few real estate companies can boast a long-term commitment to integrating sustainability into business operations.

Ruben Langbroek
Head of Asia Pacific, GRESB

LENDELEASE FUND PERFORMANCE (%) 2019



● LENDELEASE MANAGED FUND ● GRESB AVERAGE ● PARTICIPATING FUND

2019 Participation

Lendlease submitted 14 responses

There were 964 participants

Participation increased by 10% compared with 2018

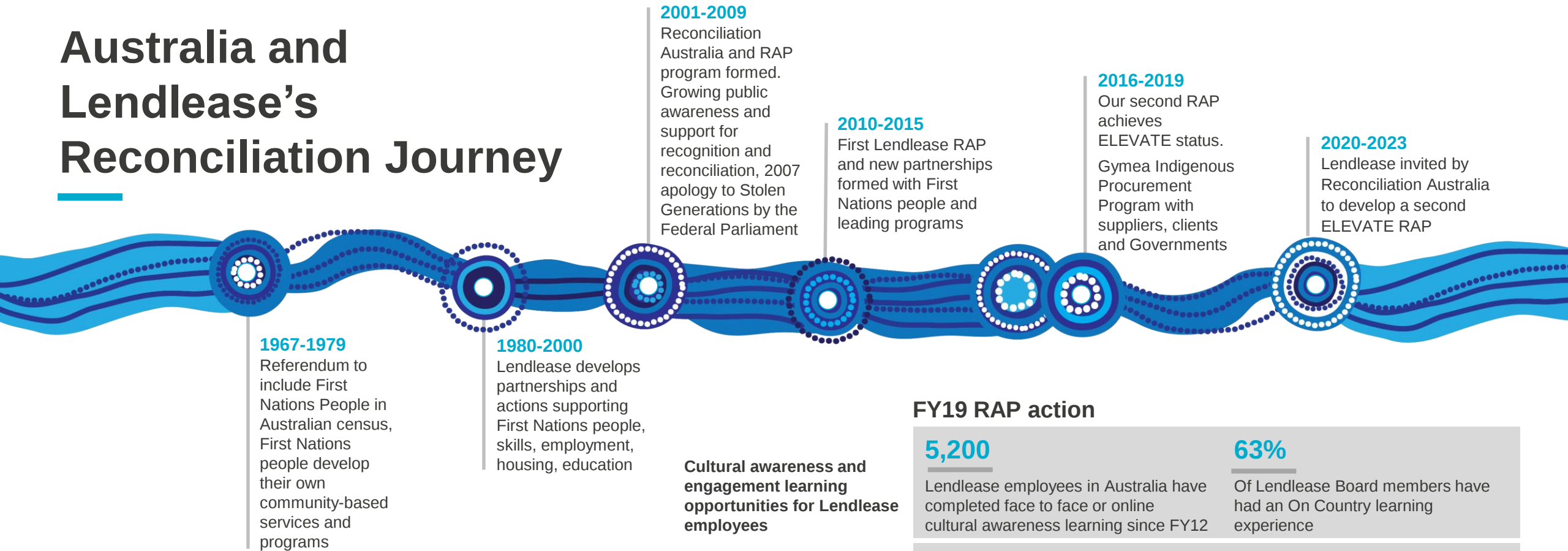
Responses covered over 100,000 assets and represented US\$4.1 trillion in global assets under management

GRESB Assessment 'Aspects' in which Lendlease outperformed

- Management
- Policy & Disclosure
- Risk & Opportunities
- Monitoring & Environmental Management Systems
- Performance Indicators
- Building Certification
- Stakeholder Engagement
- New Construction
- Resilience



Australia and Lendlease's Reconciliation Journey



Cultural awareness and engagement learning opportunities for Lendlease employees

Increasing the number of Aboriginal and Torres Strait Islander people directly employed by Lendlease

Increasing procurement activity with Aboriginal and Torres Strait Islander businesses

FY19 RAP action

5,200

Lendlease employees in Australia have completed face to face or online cultural awareness learning since FY12

63%

Of Lendlease Board members have had an On Country learning experience

c.2%

Of Lendlease employees self identify as Indigenous Australians

112

Indigenous university interns hosted by Lendlease through our partnership with Career Trackers since FY12

110

Supply Nation Businesses engaged (registered and certified Indigenous Businesses)

\$45.3m

Spent in FY19 with registered and certified Indigenous businesses



Human rights and modern slavery

Modern Slavery is a term which describes a range of extreme labour rights abuses and exploitative conduct. As a complex, trans-national and international crime, modern slavery is often hidden in lower tiers of supply chains, with little or no traceability.

To help mitigate modern slavery risk, Lendlease is working to streamline its supply chain systems and processes to enable consistency in risk assessing suppliers and their performance.

Lendlease is about to launch a new global Supplier Code of Conduct

The new Lendlease Supplier Code of Conduct sets out our expectations of our suppliers, consultants and contractors, and explicitly includes our expectations around modern slavery and human rights risks.

Lendlease will be providing its employees with the learning opportunities to equip them in identifying and mitigating modern slavery risks during day to day operations.

Lendlease has also established Modern Slavery Communities of Practice (MS CoPs) in each region. These are represented by a cross-section of risk, legal, sustainability and operations employees, to;

- Examine human rights/ modern slavery challenges, risks and opportunities across Lendlease's local supply chains, and
- Develop and support the implementation of systemic actions and measures for assessing, mitigating and remediating human rights / modern slavery risks across our business units and projects.

Lendlease Foundation



Our Vision

In 1983, Lendlease Founder, Dick Dusseldorp, and the Chairman of our Board, Stuart Hornery, set up the Lendlease Foundation with a long term vision to create a function at Lendlease that would nurture and support its social responsibility both internally to employees as well as to the community.

Since then, the Lendlease Foundation has offered meaningful program and engagement opportunities to our employees and their families as well as to the broader community via Lendlease's annual Community Day and Community Grants program.

In 2017 we reassessed where it can have the most impact internally and externally.

This assessment suggested that organisations are moving towards a shared-value approach to partnerships as a means to create greater overall impact to the community.

Lendlease has moved towards a more 'shared value' model with the Foundation focused on creating measurable economic benefit by addressing social problems that intersect with our business.

This 'shared value' approach is allowing Lendlease employees to give back through volunteering opportunities with recognised partners while leaving room for employees to work and volunteer with organisations close to them via Community Day and to apply for targeted monetary support via our Community Grant efforts.

By leveraging Lendlease's diverse and knowledgeable workforce and the subject matter expertise of community organisations around the world, we feel that we are creating genuine shared value and opportunity to create greater social impact both internally and externally.

Mental Health and Wellbeing



Changing our mindset about safety and mental health

One out of every four people will experience a mental illness at some point in their life.

The issue is even more pressing in construction, an industry which experiences some of the highest rates of suicide.

In Australia, construction workers are six times more likely to die by suicide than from a workplace accident, and in the US, by industry, construction has the highest suicide rate.

In 2014, Lendlease established a Global Health and Wellbeing Framework. We have an Employee Assistance Program in every country we operate and train employees to identify signs of poor mental health and direct people to the right assistance.

Lendlease has a Global Minimum Requirement around mental health and fatigue, and it is part of our Risk Event Mitigating controls. We partner and engage with global experts such as the Construction Industry Alliance for Suicide Prevention in the US and Mates in Construction in Australia.

More than 1,500 of our employees have been trained in the Mental Health First Aid program.

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All figures are in AUD and as at 30 June unless otherwise stated.