



TRANSCRIPT LENDLEASE 2021 ANNUAL GENERAL MEETINGS

12 NOVEMBER 2021

[Opening video]

MICHAEL ULLMER, CHAIRMAN, LENDLEASE

Good morning, everyone, and a warm welcome to the Lendlease 2021 Annual General Meeting. My name is Michael Ullmer and I'm the Chairman of the Lendlease Group. Due to the ongoing risks of the COVID-19 pandemic, this meeting is being held for the second year in a virtual only format. We hope to return to a physical meeting next year. I would like to assure all securityholders that you will have the same opportunity to participate today as would be the case at an in-person meeting.

I am participating in this meeting from Lendlease's Sydney office at Barangaroo which is located on the land of the Gadigal People of the Eora Nation. The Gadigal People are the traditional custodians of this land and I extend my respect to their Elders past and present. I also acknowledge and pay my respects to any other First Nation's people who are participating in this meeting.

It now gives me great pleasure to introduce your Board of Directors. Joining me in Sydney is Nicola Wakefield-Evans, Chair of our Sustainability Committee. David Craig, Chair of our Audit Committee. Elizabeth Proust, Chair of the People and Culture Committee and like myself, is standing for re-election today. We also have Philip Coffey, Chair of our Risk Committee.

Joining from Melbourne is non-executive Director Jane Hemstrich who chairs our Nominations Committee. Bob Welanetz is joining from his home in Atlanta in the United States.

We also have our global CEO and our Managing Director Tony Lombardo here with me in our Barangaroo office and our Company Secretary, Wendy Lee. Various members of Lendlease's global leadership team are joining the meeting virtually.

Duncan McLennan from KPMG, the Group's auditor, is also available here and is available to answer any questions relating to the audit of the Group's financial statements. Barry Azzopardi from our share registry, Computershare, is in attendance and will act as returning officer.

I now confirm that a quorum is present and formally declare the meeting open. But before we begin, our company secretary, Wendy Lee, will outline the procedure for asking questions and voting.



Wendy Lee: Thank you, Chairman, and good morning, everyone. Today's meeting is being held online via the Lumi platform. All attendees can watch the live webcast but only securityholders and proxy holders have the ability to ask questions and submit votes. Securityholders and proxy holders can ask questions via the Lumi app or telephone. If you've joined the meeting via the Lumi app and would like to ask an online question, click the messaging icon.

In the middle of this screen, there is a section to type your question. Please start your question by stating which item your question relates to. Once you have finished typing, click the arrow symbol to submit your question. The message icon has been enabled and securityholders are encouraged to begin submitting their questions now. You do not need to wait until we get to the relevant item of business to ask a question, however, your question won't be addressed until the appropriate time in the meeting.

Please also note your questions may be moderated or amalgamated if more than one question is received on the same topic. If you've joined the meeting via telephone and would like to ask a question, press star one and wait for your name. If you wish to ask additional questions, you will need to press star one to re-join the queue.

The Chairman will ensure there is a reasonable opportunity for securityholders as a whole to ask questions or make comments but as a guide, we ask that you limit your questions or comments to two at a time so that we have an opportunity to take as many questions from securityholders as we can.

Voting today will be conducted by way of a poll. The Chairman will shortly open voting for all resolutions. If you are eligible to vote at this meeting, a voting icon will appear on your screen. Selecting this icon will bring up a list of the resolutions and present you with voting options. To cast your vote, select one of the options and your vote is automatically recorded. However, if you want to change your vote, simply click on another option. You can change your vote up until the time the poll is closed by the Chairman.

If you have difficulty with the Lumi platform, please refer to the Help Guide on our website or call Computershare on +61 3 9415 4024. In the unlikely event that we do experience any major technical issues, we may adjourn the meeting or take a short break and then return to the meeting. Updates will be provided through our website and the securities exchange.

Finally, we remind securityholders and guests that a recording of the meeting will be available on the Lendlease website following the meeting. I will now hand back to the Chairman.

Michael Ullmer: Thank you, Wendy. I now declare voting open on all items of business. The voting icon will soon appear so please submit your votes at any time.



Now turning to my address. My first three-year term as Chairman has coincided with a difficult period for securityholders, initially driven by the underperformance of the Engineering business and subsequently by the COVID pandemic. However, I am confident the decisions and actions we have taken place the Group in a position to deliver strong securityholder returns as the gateway cities in which we operate recover post-pandemic.

An immediate priority when I took the Chair in October 2018 was to lead the Board in a comprehensive, strategic review of the Engineering and Services business. We advised the market in February 2019 that the Board had determined that the risk profile of Engineering was incompatible with our core operating segments of development, construction and investments and accordingly, it was non-core. The sale of the Engineering business was announced in December 2019 and completed in September 2020.

In late financial year '21, claims emerged relating to historical projects completed prior to the sale of the Engineering business. While these claims are subject to dispute proceedings which will take some time to conclude, a provision of \$168 million after tax was taken. This most recent disappointing outcome reinforces the Board's decision to exit the engineering sector and for the Group to focus on areas of competitive advantage.

On a more positive note, the sale of the Services business completed last week. While this business has been a consistent performer, it also is non-core to the Group and its divestment will facilitate further simplification and focus.

Turning to governance. At the start of my term, the Board also undertook a comprehensive review of its governance practices. A range of opportunities were identified to enhance the effectiveness of our Board processes and the responsibilities specifically reserved for the Board and its committees.

We established a separate risk committee of which all directors are members where the full spectrum of risk is discussed. This includes risk appetite, business integrity and conduct, risk frameworks and policies and major transaction approvals and this change allowed the audit committee to focus on financial reporting, key accounting, treasury and taxation matters and internal and external audit. These changes freed up the Board agenda to increase our focus on strategy, culture, purpose and our people and customers.

It is impossible to reflect on my first term without acknowledging the impact of COVID and what that impact has been on the regions in which we operate including our people, securityholders, our customers and other stakeholders. The Board moved decisively to address COVID related risks including the health and safety of our people, our customers and the communities in which we operate as well as our operations and our balance sheet.



A Board subcommittee, which was formed in March 2020, had primary oversight of the Group's response. The Board is proud of the way the organisation mobilised and responded to the various risks. While the adverse financial impacts were significant and will linger into financial year '22, the Group has displayed resilience.

From its inception, Lendlease has been purpose led. With our founder, Dick Dusseldorp, articulating the broader social and environmental outcomes that must underpin everything we do. His vision for the Company was guided by two simple principles: doing the right thing and leaving a legacy for future generations. Indeed, at our 1973 Annual General Meeting, he said that companies must start justifying their worth to society with greater emphasis placed on their environmental and social impact rather than just straight economics.

Given the integration of ESG factors into the investment decision making process today, his philosophy was decades ahead of its time and this legacy endures at Lendlease today.

In August 2020, following extensive consultation with employees, customers and the leadership team, the Company's purpose statement was refreshed and simply stated as - together, we create value through places where communities thrive. This acknowledges our rich history and leadership in place making but also more broadly encompasses the value we create in partnership with others.

The refreshed purpose anchored the Group's revised strategy which was announced concurrently back in August 2020 and this has been reconfirmed by our new CEO in August of this year. The strategy brings our purpose to life by employing our place making expertise and integrated business model in global gateway cities to deliver urban projects and investments that generate social, environmental and economic value.

Our focus on gateway cities is at the core of our strategy. Through the ages, the value to society of people interacting with each other in close proximity has cemented the dominant role that cities play in the global economy. Think of London and New York's finance sectors, Milan's high-end manufacturing and fashion scene, Silicon Valley's technology focus and Singapore's global trading hub. The extent of social infrastructure and amenities that come with cities make them a compelling proposition.

The past year has reinforced the need, the desire and benefits of social interaction, collaboration and knowledge sharing and the Lendlease Group has unique insights into the likely evolution of the urban landscape given our global reach and capabilities. We intend to lead reinvigoration, renewal and reinvention across urban precincts.

Through the places we design, build and curate, we aim to create destinations where people want to be and our approach is underpinned by leading safety and climate policies, a significant investment in



technology and a desire to help solve urban challenges. We believe our strategy and capability will be even better placed once the pandemic passes as our mixed use capability comes to the fore.

The CEO transition was another priority during my first term. Following an extensive internal and external search, the Board appointed Tony Lombardo as Global Chief Executive from 1 June 2020. Tony has more than 25 years global experience working across real estate development, investment, management, finance and mergers and acquisitions including 14 years at Lendlease.

Tony succeeded Steve McCann who had a 16-year career with the Group including more than 12 years as CEO and I'd like to take this opportunity to acknowledge Steve's contribution. We are now recognised as a global leader in transforming major precincts and Steve's unwavering commitment to operating in a safe and sustainable way has left a powerful legacy.

The Board also had oversight of other executive leadership changes following Tony's appointment including new members to our global leadership team which will add fresh ideas and new perspectives. The Board is confident these appointments along with a revised organisational structure have set Lendlease up for future success.

Turning to health and safety. This remains our number one priority. Keeping people safe takes precedence over everything else. As reported at last year's Annual General Meeting, we had two subcontractor fatalities occur on our sites in financial year '21. One at Setia City Mall in Malaysia and another at Curtin University in Perth. We again extend our sincerest condolences to the family and colleagues of both men.

This provides a strong reminder of why we have such an unrelenting focus on health and safety. We treat the lives of subcontractors and community members no differently to employees and include all fatalities across our operations in our public reporting.

The findings from the external investigation conducted by the Malaysian authorities confirmed that Lendlease is not a party of interest at the Setia Mall fatality. The investigation into the Curtin University fatality remains ongoing. Although the Board is satisfied that, based on material from internal and external sources currently available, our standards as set out in the Global Minimum Requirements - or GMRs - were met.

In the early part of financial year '22, there was a fatal incident involving a subcontractor on a project in New York. We extend our sincerest condolences to his family and colleagues. An independent investigation is currently in progress.

During the year, the Board oversaw the review and subsequent refinement to the Group's GMRs. The Fourth Edition of the GMRs was launched in March 2021 and included a specific focus on the health



and wellbeing of our people. Each member of the Board undertook Lendlease's mandatory EH&S passport training in order to understand firsthand the application of the new GMRs and the role that our people play in safety. The Board also established a formal framework to assess management accountability in the event of a fatality.

The introduction of the GMRs back in 2008 and their ongoing refinement has underpinned a significant improvement in our overall safety performance over an extended period of time. This is reflected for example in the critical incident frequency rate being the number of critical incidents per million hours worked and this has fallen to a record low of 0.66 in financial year '21, just over a quarter of the level first reported in financial year 2014. This is in the context of the Group delivering over 100 million manhours of work on our construction sites every year.

Unfortunately, this provides little consolation when a life is lost. Eliminating incidents and injury remains at the forefront of our strategy and operating philosophy and we will continue to strive for improvement.

Turning to our financial performance. Lendlease reported a statutory profit after tax of \$222 million in financial year '21. This included a loss of \$181 million for the non-core segment driven by additional provisioning relating to claims on historical engineering projects. Core operating profit of \$377 million was up substantially from the \$206 million we reported in financial year 2020.

Full year distributions of \$0.20 per security reflects a payout ratio of 49% which is within the Board's stated target range of 40% to 60% of our core operating earnings.

The Group entered financial year '22 in a strong financial position with a healthy pipeline of work, cash and cash equivalents of \$1.7 billion and gearing of just 5%. The strength of our Lendlease balance sheet positions us strongly as we continue to navigate the COVID impact on our operating environment.

Turning to sustainability and consistent with our heritage, we made a conscious decision to be a leader in driving industry transformation to limit global warming and to create lasting social value.

Our commitment to be a 1.5 degree aligned company is being actioned through our targets of net zero carbon emissions for Scope 1 and 2 by 2025 and absolute zero for Scope 1, 2 and 3 by 2040. We intend to be a leader in the decarbonisation effort across the real estate sector. To increase awareness of our targets, we launched our Mission Zero campaign in financial year '21 and this was highlighted in the video that was played at the commencement of this AGM.

We also committed to the creation of \$250 million of externally validated social value over the five years to 2025. We have shared value partnerships across all regions which are focused on creating measurable social value by addressing the needs of communities and have made meaningful progress toward our target.



The recent commencement of the Milan Innovation District - or MIND - exemplifies how the Group incorporates environmental and social sustainability into key decision making. Created on the 100-hectare site of the Milan Expo, MIND will bring together university facilities, a teaching hospital and commercial research facilities to form an innovation district. The project is targeting to be zero carbon including 100% of renewable energy and 95% onsite recycling. The project is also designed to generate social value for the community exemplified by training and job opportunities for previously incarcerated individuals.

The Board also endorsed the Group's reconciliation plan which achieved elevate status and also our 2020 Modern Slavery Statement and we aim to release our 2021 Modern Slavery Statement in the coming weeks which includes a new risk mitigation effectiveness progress scorecard.

Turning to executive reward. In response to the investor feedback on our financial year '20 executive reward strategy or ERS, our planned review of remuneration arrangements was significantly expanded. The focus was to continue to evolve our ERS with the business so that it supports the future success of Lendlease while also meeting the expectations of our investors.

Immediately following last year's AGM, the Board established a working group to thoroughly assess and examine the views of our securityholders and other external stakeholders. The review also considered market practice, internal perspectives as well as the strategic priorities of the Group. The revisions to our ERS were implemented from 1 July 2021 and incorporated these considerations including increased transparency of Board decision making

The remuneration package for the new CEO has been reduced by 33% for unhurdled remuneration and 21% for total maximum remuneration compared to the former CEO. Other arrangements include rebalancing the remuneration mix with a higher proportion of remuneration subject to performance hurdles. Features that reflect the long-dated nature of the business by delivering a significant proportion of remuneration in equity that vests over an extended period of time have been retained.

Notwithstanding the solid operational and financial results across our core business, the Board recognised the need for accountability in financial year 2021 for the further provisions relating to the legacy engineering business and the expected development impairment in financial year 2022 of its full number of projects arising from the business review conducted by our new CEO.

Accordingly, there are appropriate reductions in the financial year '21 bonus outcomes for accountable executives including nil short term award to the former Group CEO. Further, on behalf of the Board, I have taken a 20% reduction in my Chairman's fee for the current year.



I am confident that the continual evolution of the Board composition is delivering the right mix of skills, experience and diversity to govern Lendlease in the best interests of all our stakeholders.

During the year, we announced the appointment of Nicholas Collishaw to the Board as an independent non-executive director. Nick will join the Board on 1 December 2021. Based in Sydney, Nick is an experienced property executive and non-executive director with more than 40 years' experience across Lendlease's core segments of development, construction and investments.

During his career, he has overseen the development and delivery of a number of significant and ground-breaking projects across the commercial, industrial and retail real estate sectors. Nick's executive career comprised a number of high profile roles including eight years at Mirvac Group where he served as Chief Executive Officer and Managing Director between 2008 and 2012.

I am delighted that Nick is joining the Lendlease Board and his appointment is consistent with our focus in recent appointments on identifying non-executive directors with significant skills in our core operating segments to complement the composition of the existing Board.

Non-executive director Elizabeth Proust and myself are standing for re-election today. We both have the unanimous support of the Board and believe we bring a range of diverse skills and experience which add to the quality of Board deliberations.

Turning to the future. I am optimistic as to the prospects of the organisation over my next term as Chairman of this great company. While we expect financial year 2022 to be another challenging year for all stakeholders as real estate markets continue to be impacted by COVID, we are seeing evidence that positive momentum is beginning to build.

Activity across our northern hemisphere gateway cities following their earlier emergence from COVID restrictions is recovering strongly. This has been most evident in the residential sector, in particular in our rental product. We expect a more broad based recovery into the new calendar year.

We remain confident in our strategy and believe the underlying strength of our business will become apparent as global cities recover further. The Group's end to end capability across real estate and a proven track record is reflected in our \$114 billion development pipeline. The size and diversity of the pipeline is expected to support the acceleration of production to more than \$8 billion per annum by financial year 2024. This will underpin continued strong growth of our investment platform.

Finally, I would like to thank my Board colleagues and the entire Lendlease team for their continued dedication in navigating the challenges of the global pandemic. Throughout much uncertainty, the team has achieved significant milestones and made strategic decisions that position us to create long term value for securityholders. Thank you.



I will now hand over to our new Global CEO, Tony Lombardo. Tony.

Tony Lombardo: Thank you, Michael, and good morning, everyone. Standing here at Barangaroo in Sydney, I acknowledge the Gadigal People of the Eora Nation and pay my respects to their Elders past and present.

It is a great privilege to lead Lendlease. In my first six months in the role, I've spent a considerable time listening to our stakeholders, customers and our people. These discussions only reinforced my belief in Lendlease; the type of company it is today and what it could be tomorrow. To reach that potential, we have a plan underway to simplify the business, adopt a more consistent approach and provide greater transparency.

Our goal is simple - to restore securityholder value without compromising our safety-first approach and our ethos of environmental and social sustainability.

As you heard from the Chairman, we pride ourselves on our sustainability credentials and our environmental targets have set a global benchmark for our sector. It is not only the right thing to do but it is a competitive edge given the rapid increase in investor and client demand for sustainable assets.

At Lendlease, eliminating incident and injury is at the forefront of our operating philosophy. Our updated global minimum requirements provide a consistent standard and operating discipline that defines how Lendlease manages health and safety. However, the improvements made in our safety performance provide no comfort when a human life is lost or impacted by serious injury.

Injuries and fatalities have devastating impacts on the families affected. During FY21, two workers lost their lives on our projects. Sadly, since then, another subcontractor lost his life on one of our construction projects in New York. I add my sincere condolences to the family and friends of these three men. I am determined that we will learn from these tragic events and we'll work to find a better way to prevent them in the future.

So let me turn to our financial results for FY21. As Michael noted, the Group recorded core operating profit after tax of \$377 million, up 83% on the prior year. Core operating earnings per security was \$0.548 with a return on equity of 5.4%, below our target range of 8% to 11%.

The enforced shutdowns and lockdowns from a once in a century pandemic have had significant ramifications for the way societies live, work and play. So unsurprisingly, many of our projects were significantly impacted during FY21 including Elephant Park, International Quarter London and One Sydney Harbour, Barangaroo. Construction revenue also declined, and our investment portfolio and asset management platform were impacted by retail centre shutdowns.



Notwithstanding these COVID headwinds, the Group's core operating metrics were solid across each of the segments. Strong origination contributed to the \$114 billion development pipeline while work in progress - the lead indicator for future development production - rose by more than \$2 billion to \$14.5 billion.

Six geographically diverse urban products with an end value of \$7.4 billion were added to the pipeline including two major urban projects. In construction, \$8.8 billion in new work was secured on the back of increased public sector activity. Investment partnerships worth \$5.1 billion were formed across five projects with four different partners including exposure to rapidly growing sectors of life sciences and data centres. And finally, funds under management grew 10% to \$40 billion.

So, since our full year result and strategy update in August, we're seeing recovery occurring in many of our targeted gateway cities. Our San Francisco Bay Area Project is made up of four distinct precincts. The master plan for the first precinct in San Jose, the downtown West District, has received unanimous approval from authorities. Masterplans have also been submitted for the North Bayshore and the Middlefield Park districts which are undergoing review.

We are targeting commencements prior to the end of FY23. At our High Road West Project in London, a majority of our current residents voted in favour of the regeneration proposal. The project will see the creation of approximately 2500 new homes, a new library, a community hub, cultural buildings, public spaces, shops, cafes and workplaces all sitting alongside the new Tottenham Football Club stadium.

We are increasingly confident of a pathway back to improved profitability across our Australian communities portfolio. Three projects are releasing product to market for the first time that we expect to settle by the end of FY23. In London, leasing on our apartments for rent at Elephant Park is tracking ahead of the revised forecast. In the US, occupancy in rents in our residential for rent product is back to pre-COVID levels. Finally, as noted by the Chairman, we recently completed the sale of the services business.

In addition to engaging stakeholders, since assuming the role, my focus has been on implementing greater discipline to how we operate. A five-year roadmap to deliver sustainable performance was outlined at the briefing held in late August. This is made up of three distinct phases: reset, create and thrive.

As outlined at the FY21 results, statutory profit in FY22 will be impacted by a restructuring charge in the range of \$130 million to \$170 million and an impairment expense in the range of \$230 million to \$290 million. Both are pre-tax and expected to be accounted for in the first half.



Core operating earnings are likely to be skewed towards the second half of FY22 excluding the impact of the restructuring charge and development impairment with segment return expectations unchanged from those provided at the FY21 result. This forms part of what we have termed the reset year for FY22. Our management structure and our operating platforms are being consolidated and our cost base is being resized against the backdrop of near term challenges.

As a result, we remain confident of achieving our targeted savings of greater than \$160 million on an annualised basis.

Despite lingering COVID impacts, we remain very optimistic on the medium to long term outlook. The Group is well positioned to achieve improved returns as the operating conditions recover with our return on equity target range expected to be met by FY24 along with reaching our \$8 billion plus production target in the development segment.

During the create phase between FY23 and '24, we expect to make significant progress on our strategic objectives with execution being a particular focus. Strong growth in development commencements, work in progress and production should result in improved financial performance.

We also expect to upscale the investments platform via the launch of new funds and mandates. Our overriding objective during this phase is to achieve the Group's return on equity target.

By FY26, the organisation should be in thriving mode with sustained financial performance along with development production consistently exceeding \$8 billion, funds under management of more than \$70 billion and best practice delivery and construction. Achieving our key sustainability targets will also be a priority.

Finally, I want to end by thanking you, our securityholders, for your support and to my team for their dedication through a difficult period and I want to restate my commitment and that of my management team to restore securityholder value and establish Lendlease as a global leader in product, quality, innovation and safety. With that, I'll hand it back to the Chairman.

Michael Ullmer: Thank you Tony. Before I commence the formal business, I'd like to provide an update on a project of interest to some of our stakeholders.

The Figtree Hill project in Southwest Sydney, which you see now up on the screen, will play an important role in providing new homes with approximately 1700 in Phase 1 and thereby help to take some of the stress out of the Sydney housing market.

The map on screen is an aerial image taken in February of this year of the Phase 1 program. Located on cleared farmland used for grazing since the 1880s, the site also borders the Campbelltown koala population, one of the few populations expanding in New South Wales.



We recognise the inherent tension between urban development and biodiversity. This is why we have put in place a \$35 million conservation plan, the only fully funded plan that can help support the growth of this koala population. By following the recommendations identified by the New South Wales Chief Scientist, our project can double the koala capacity of the site. This is key to further growing Campbelltown's koala colony, but it's only possible with a real plan for immediate action.

I'm pleased to say the project now has environmental approvals in place from the Local, State and Commonwealth governments. Environmental works are well underway: we've already fenced and registered 20 hectares of new biobanks. The bushland rehabilitation process has begun with the planting of thousands of new trees, which will be future habitat preferred by local koalas. We're looking forward to delivering this community for the Campbelltown region.

There's a second matter that I'd like to touch on and this is in relation to the timing of tax statements, as some securityholders have asked if these can be sent earlier in the year, after the close of the 30 June year end. The Board appreciates the issues faced by our securityholders. However, we are a stapled structure that usually pays the majority of its distributions as corporate dividends. Our reporting and distribution timetable, therefore, follows our corporate calendar.

This means that annual tax statements cannot be issued until after Lendlease reports its full financial results to the market in August of each year.

In response to securityholder feedback, we have provided a tax estimator on our website to assist securityholders with the calculation of the taxable components. The calculator is available the day the results are released so that securityholders can use this to assist in the preparation of their tax returns before the annual tax statements are issued.

I will now turn to the formal business of the meeting. Each resolution and supporting information is outlined in the notice of meeting. As well as consideration of the financial statements, the business before us today includes five ordinary resolutions and one special resolution.

The Board has recommended that securityholders vote in favour of all the resolutions in items 1 to 5 and against the conditional spill meeting resolution in item 6. I intend to vote all undirected proxies that I hold as Chairman in line with the Board's recommendations. As stated in the notice of meeting, I have called a poll on the resolutions. We will work through the resolutions in order, and I will provide you with a summary of the proxies received for the resolutions as we progress.

I'll also invite questions on each item, first through the Lumi app and then from the telephone, before moving to the next item. General questions relating to the management of the Company may be asked during the first item, which is the consideration of the financial statements.



So I'll now turn to that first item of business, which is to receive the financial statements and Directors' and Auditor's Reports for financial year 2021. Duncan McLennan of KPMG conducted the audit for the year ended 30 June 2021 and is in attendance at this meeting to answer questions relating to the audit.

If you have questions about the reports or the management of Lendlease, please ask your questions now. As I said, we will deal with questions via the Lumi app first, before moving to questions from the telephone. So moderator, are there any online questions?

Moderator: Thank you, Chairman. We have a question relating to Resolution 1. The following question is from the Australian Shareholders' Association. Major urbanisation projects are your bread and butter, but you have miscalculated on three of them, which will result in \$210 million to \$260 million impairments. Realistically, how likely are more stumbles in your \$100 billion-plus pipeline?

Michael Ullmer: Thank you to the Australian Shareholders' Association for that question. First, some context. We have approximately 50 projects in our development pipeline and that pipeline, as indicated earlier, totals \$114 billion around the world. That is a long-dated pipeline and it is inevitable from when projects are originally conceived and then approved that there can be a change in the external conditions that impact the way those developments are going to come to fruition.

So if I look back over the last recent times, as I've mentioned, COVID has had a significant impact on real estate operations of all companies around the world, leading to deferred decisions by investors, to slower outcomes on planning and also in some cases to different expectations from our customers.

When Tony took over the role as Global CEO on 1 June, he initiated a business review that went through all aspects of our operations and that included a review of each one of our development projects, those 50 development projects. In the course of that review, there were a small number of projects and three in particular out of the 50 where there have been a change in circumstances such that the best commercial outcome going forward is to reset the original strategies that we had for those development projects.

Now, the implications of that reset are that capital that had been invested in those projects was no longer relevant to the go-forward strategy and therefore, we need to consider writing that investment off and that is something that's being finalised in this first half of the financial year 2022.

So in the context of a massive pipeline with 50 development projects, it's very disappointing that we've had to take these write-offs or considering these write-offs in this half. It represents primarily three out of that 50. There are always lessons to be learned that come out of this, but the important thing was to set these projects up for sensible commercial success going forward. Moderator, are there any more questions online?



Moderator: Chairman, the following question is from the Australian Shareholders' Association. Why are Acciona refusing to pay the last \$47 million of the engineering division purchase?

Michael Ullmer: Thank you for that question, again from the Australian Shareholders' Association. The transition of the Engineering business, when we decided it was no longer core to our operations, occurred last year in 2020 and went very smoothly, when you consider the scale of that operation in terms of the number of people who went to the new owner, Acciona and the engineering projects that were transferred as part of that process.

My understanding is that it's bedded down very well within their organisation. The contract we had with Acciona had a series of payments and as you correctly identify and as we have publicly disclosed, Acciona are challenging the making of that final payment because they believe they have claims on the other side of that equation.

We are confident in our position that those claims are not valid, and we have entered into extensive discussions with Acciona in order to resolve the matter. There is an independent expert involved in making an assessment of the validity of the various claims on either side and we have such confidence in our position that we have initiated court proceedings in order to resolve the matter and on that basis, it's inappropriate for me to say anything further. Are there any other questions online, please?

Moderator: Yes, Chairman, we have another question. Did any of the five main proxy advisors in the Australian market, ACSI, ASA, Ownership Matters, Glass Lewis and ISS, recommend a vote against any of today's resolutions, including the remuneration report? Has there been a material proxy protest vote against any of today's resolutions and will you disclose the proxy votes before the debate on today's resolutions, so shareholders can ask the questions if there have been any protest votes?

Michael Ullmer: Thank you for those two questions. With respect to the first matter, with respect to the proxy advisors, as is normal for all companies we engage in a process of engagement with all key stakeholders throughout the year, including in the run-up to the AGM and that includes meeting with each of the proxy advisors.

For those of you who are not familiar, proxy advisors are independent agencies that provide recommendations to their clients on how they believe investors who obviously are the owners of the organisation should vote on each of the resolutions being proposed by the Board.

In our meetings with proxy advisors this year and in their final reports that were issued in the two weeks leading up to the AGM, I can advise that all proxy advisors recommended to their clients that they vote in favour of the first five resolutions, which are the ones that the Board is recommending that you vote in favour and vote against the spill resolution, which is the sixth resolution that the Board is also saying



that we recommend voting against. So, in that context, there was not a significant - not any recommendation by any of the proxy advisors that there should be a vote against our remuneration report.

With respect to the second matter, it is an interesting philosophical debate that as part of the normal process of AGMs investors in many cases lodge their votes ahead of the meeting, very often based on the recommendations or considerations of the proxy advisors and that they can still vote at the AGM, but by and large the majority of votes come in before the AGM.

Then the philosophical debate is should one make those advance votes available ahead of any discussion, or as is the normal practice and the practice that we, Lendlease, follow after the debate. And I personally believe that it should be after the debate because I don't want to be accused or seen to be trying to influence the debate to have people say it's not worth asking a question because I know how the votes are going to go.

I think it's a very healthy thing to have the debate in the absence of that knowledge and then at the end of the debate, we put up those proxy positions before you vote. I think that is the right balance and that is to my knowledge essentially what all publicly listed companies do here in Australia. Moderator, are there any further online questions?

Moderator: Yes, Chairman, we have another question. We paid \$960 million for Valemus in 2010, picking up the old Abigroup and Baulderstone Hornibrook civil construction and engineering businesses. Given the huge losses we've suffered on civil engineering, can you think of a worse acquisition than this Valemus deal in the long and storied history of Lendlease?

Michael Uilmer: I think the short answer to that very perceptive question is no. The Valemus acquisition which occurred, as you identify, many years ago and in fact before any of the Non-Executive Directors were members of the Board, from my perspective the strategic assessment was a valid assessment, because the engineering sector in Australia has quite simply exploded in the volume of work that's being conducted in infrastructure projects, particularly here in the Eastern Seaboard around Sydney, Melbourne, Brisbane.

The issue was that we collectively failed to manage that acquisition appropriately and did not deliver the promise that it held. And it's interesting to note that, as we've just discussed, another serious player in this market acquired that business because they could see the attraction of it. So it's quite a correct assessment that that has been a very sorry period for Lendlease and one for which the Board and I personally have apologised to securityholders in the past and I apologise again. We can't walk away from our accountability for that.



But I think one thing that's really important to understand is how strongly our development and investment and construction business performed throughout those 10 years and that is what set us up in a great position going forward, where we have a pipeline of \$114 billion of development projects in gateway cities around the world. We have \$40 billion of funds under management and all of that has been developed by the incredible skill and hard work of our people over all of those years to set us up in a great position going forward. Moderator, are there any further questions online?

Moderator: Yes, Chairman. Given the very low net debt, the \$3.5 billion of fund investments on balance sheet and a sensible valuation of the funds management business, it would appear, in my opinion, that the stock market is valuing the development and construction business, including HQ costs, at only around \$1.2 billion, two times the five-year average EBITDA. Why are the Board not authorising a large-scale share buyback at this absurd valuation?

Michael Ullmer: Thank you for that question and I'm very encouraged that there are securityholders out there who recognise the value in this Company, just as the Board and management do. An important thing in looking at how we manage our capital is to look forward and we have forward-looking plans which Tony's alluded to over the next five years. And we have a very clear line of sight on the development pipeline, how we expect that pipeline to emerge into production and then into completed product and then move into, as appropriate, our funds management business and what the capital requirements are in order to drive that whole momentum.

And it's in that context that we make capital decisions and in fact there is a contra-conversation that goes on when you meet with stakeholders, where they want to be assured that we actually have sufficient capital, which we are confident that we do, in order to drive that increase in production through to an average of \$8 billion a year, which will then fuel our funds under management business. So the short answer is that we are not currently contemplating a share buyback. Moderator, are there any further online questions?

Moderator: Yes, Chairman, we have another question. When CEOs move from one public company to another, they often poach a lot of their favourite staff to join them. Could Tony Lombardo comment on how many Lendlease staff have resigned to join Crown Resorts since Steve McCann was announced as the new Crown CEO on 10 May? Also is the new CEO catching up regularly with Steve McCann as he settles into the role?

Michael Ullmer: I will ask Tony to make some comments on that, but I think the bigger strategic question that comes out of that is the identification that Lendlease is a great place for developing talent. When you look at the iconic projects that we have delivered and have in our pipeline around the world, we are an incredibly attractive place for people to join, to build their careers.



And the other side of that coin is it makes Lendlease a happy hunting ground for people wanting great talent. I personally think that's a great reflection of who we are as an organisation and obviously our drive is to retain the very best of that talent to deliver for our securityholders. But you asked some very specific questions there, which I think I'll throw to Tony to respond to.

Tony Lombardo: Thanks for that question. On that question I just want to announce that we did, at our strategy day, say we were restructuring the organisation and part of the restructure was we were taking out \$160 million in cost, of which 70% was going to come through people. And we did flag that that would be some 400 people across our Group and our Australian operations, as we consolidated both our property organisation and our construction business. So, I do know of one individual who was impacted through that restructure who has since gone on to join Steve.

On the second question around catching up with Steve, I have caught up with him a number of times just over the phone to ask certain questions. But what I would say, through the transition period that we had together when I got announced in February to the end of March, we spent significant time just reflecting on some of the things that were successful and some of the things that weren't and we worked through some of those as I started to work through my way on looking at the strategy going forward. Some of that helped on the reset, create and thrive strategy. But I know Steve's always available and he will always take a call, so it's been great to have that contact with him going forward.

Michael Ullmer: If I can just emphasise from a Board perspective, Steve was incredibly professional in the way he handled that transition and gave Tony full support and also allowed him to start setting his mark on the organisation in a very professional way. Moderator, are there any further online questions?

Moderator: Yes, Chairman, we have another question. Was it really the right time to depart the engineering sector when the New South Wales and Victorian Governments have both announced that they are moving to a cost-plus model for major projects, after the various disastrous blowouts at projects like Melbourne's Metro Rail Tunnel project and Transurban's Westgate Tunnel project? Cost-plus is money for jam for contractors, with the Government taking on all risk with blowouts. Also please comment on how exposed we are to future cost blowouts at the Metro Rail Tunnel project, even after this year's \$1.37 billion Victorian Government bailout.

Michael Ullmer: Thank you for that question and it really builds on my response to the earlier question, which is the sector is a greatly expanding sector and globally attractive, the engineering sector. But from the Lendlease perspective, we satisfied ourselves with a very comprehensive strategic review that the risk profile in that sector is incompatible with our core business operations of development, construction and investments.



I suspect that key players in that industry would not agree that it's money for jam and I also would be very, very cautious about assuming governments are going to engage in the sort of risk transfer that may be implied in a short headline. And in fact as a taxpayer personally, I would assume that they would not be doing that.

So my view would be - and I think it's the view of my Board colleagues and management - is that that sector will continue to remain a sector where there is quite a different risk profile to what we as an organisation believe is appropriate, given our core competitive advantage. And that our decision to exit that sector was absolutely the right decision to take.

With respect to your specific questions around say Melbourne Metro, for example, I'll give you a general answer, which is that there is a view emerging globally that there are inflation pressures building up. And the question that's being asked is, is that a transitory thing, as supply chains respond to opening up of economies post-COVID and that this inflation pressure will pass through. And that's certainly the line that is being taken by the central banks around the world.

Or alternatively, is it going to be more systemic and more sustained inflation and it's something that we as a Board and management consider very actively as part of our deliberations with management because we need to understand what is our exposure to future purchases that could be impacted by inflation. We also need to understand, of course, what are the upsides from inflation and so if you look at property valuations, for example, in residential real estate, that is very attractive in say our communities business or our apartments business.

But with respect to our cost purchases, our inputs, the way that is mitigated is by advance purchases of materials, locking in supply onto fixed prices and monitoring things in that way. And then one of the tests you do is to see how much of a project remains where you haven't locked in the prices and you need to, therefore, be exposed to any further changes.

With respect to Melbourne Metro specifically, we are confident based on the information available at this stage that the cost budgets that have now been reset after the commercial negotiation with the Victorian Government by the joint venture are appropriate to allow us to complete that project within the provisions that we have already established. Moderator, are there any further online questions?

Moderator: Yes, Chairman, we have another question. In line with your ESG pronouncements, how much did the Company spend on global diversity and inclusion activities last year? And how much was allocated in the United States?



Michael Ullmer: With respect to our commitment to diversity, for many years and I would believe right from our foundation by Dick Dusseldorp back in the 1950s and the 1960s, diversity and inclusion has been a fundamental thing that we believe is the right thing to do, number 1.

And it's also the sensible thing to do, because diversity and inclusion provides far better outcomes in terms of decision-making, in terms of the environment in which our people work, in terms of the productivity and the service delivery through to our customers. So it's something that we take very seriously through all levels of our organisation and we have very specific policies in place through our people and culture framework that are established at a group level and then also with the appropriate additions applied throughout our regional businesses.

And then periodically, our People and Culture Committee receives reports on how diversity and inclusion is being addressed throughout the organisation and in fact we had a report on that in our most recent People and Culture Committee. And indeed we then look at other aspects through our grievance hotline and the like, to ensure that the things that are coming through that are being dealt with appropriately and if they show any unacceptable trends that steps are being taken to deal with that.

Moderator, are there any further online questions.

Moderator: Yes, Chairman, we have another question. The Melbourne CBD has been hit harder by COVID than any other central business district in Australia, so bringing Melbourne back is vital for the Victorian economy. With all our approvals in place, could the CEO comment on when construction is likely to start on the North Wharf project at Docklands?

Also, please provide an update on whether Melbourne Quarter is still feasible and whether our contract with the Victorian Government requires us to get cracking on construction, according to strict timelines, irrespective of market conditions.

Michael Ullmer: So I will, Tony, throw that question to you in a minute, but given that I'm based in Melbourne I can only reinforce how important it is for the Melbourne city to get back to its amazing vibrant self and in most recent weeks as the COVID restrictions and the lockdown have been eased, it's been fantastic to see how people are coming back to the city. There's still a lot more that needs to be done in terms of getting the business environment firing, but to the point I was making earlier, the social dimensions, whether that's arts, concerts, sporting, et cetera, are beginning to fire again and it's incredible how quickly tickets to all of these events are selling out very, very quickly and restaurants are beginning to get full again.

But with respect to your specific questions, let me throw to Tony to take those.



Tony Lombardo: On your first question, thank you for your question. On the first one on Vic Harbour, what we will do is we're always looking at demand from time to time. In particular, as you would know the apartment market in Melbourne, had slowed down, so we are looking for that market to recover. So, as we start to watch demand and pricing, we will look at when we launch that next phase. It's definitely something the team always are currently assessing and in due course, we'll update the market, if we move forward on the next phase.

On Melbourne Quarter, it's pleasing last year we established the partnership with our capital partner out of South Korea called NPS. They've come into that part of that project where we're delivering the third office tower that we've leased to Medibank, which was a key lease on that project. So, we are constructing and moving forward with that next phase, so it's really pleasing to see the progress of Melbourne Quarter.

Michael Ullmer: Thank you, Tony. Moderator, are there any further online questions?

Moderator: Yes, Chairman, we have another question. Why haven't we made the mandatory ASX JobKeeper Announcement and how did we play JobKeeper? Did we claim any and do we refund any, including within our managed funds operation? What is the Chair's view on whether JobKeeper was a widely rorted scheme, where you didn't actually need to suffer the required revenue drops to claim it?

Michael Ullmer: So with respect to JobKeeper, and there were similar schemes in a number of economies around the world where we operate, I think on reflection, they've proved to be incredibly effective in ameliorating the initial impacts of COVID where many people felt that we were going to go into a situation similar to the GFC, 10 years ago, with a long sustained economic downturn and the massive negative effects that that has on employment. So these schemes, I believe, have been very effective in keeping people in employment, keeping the link with their employer and, as we see, many people I think, including myself, are surprised at how quickly global economies are recovering post this dramatic impact of COVID.

As to how the scheme then, JobKeeper, was applied, all I can say is in a Lendlease context, we claimed JobKeeper for the first 3 months of the scheme, so our claim on JobKeeper ended on 30 June 2020, so over a year ago. We would have been entitled under the scheme, actually to make further claims, but whilst we had suffered significant revenue reductions in the relevant parts of our business in that initial COVID period, it was appropriate for us to make the claim and it did provide support for us to continue to keep people in employment, notwithstanding there was no work for them to do. But as soon as we could see, from our own operations, that the revenue was starting to come back, we voluntarily ceased to make any further claim, as I say, over a year ago.



We fully disclosed in our financial year 2020 results, the amount of JobKeeper we had claimed, which was less than \$10 million. By the way, we also disclosed that over the period to date we have provided in excess of \$40 million of rental relief through to tenants of the retail centres that we are involved with.

With respect to the current financial year, financial year 2021, again, in our annual report, we made it very clear that we made no claim on JobKeeper.

Moderator, are there any further online questions?

Moderator: Yes, Chairman, we have another question. Does diversity and inclusion include black employees and employees of colour, and how much was spent in the US last year?

Michael Ullmer: So, with respect to does diversity and inclusion include all people? Absolutely, that's the very point around diversity, which is in terms of making sure that we are getting the very best from all of our people, that we're creating an environment where they feel that they come to work and do their very best. So there are absolutely no exclusions as in the context of any particular groups with respect to our view on diversity and inclusion. Of course, the nature of how diversity and inclusion plays out will vary by region, given that we operate all around the world, depending on the relevant communities in which we're operating.

With respect to the specific question about how much we spent in the Americas business, I do not have that information to hand and I will speak with the team afterwards, about getting back to you. I believe that you have left your contact details with us and so I will follow that up immediately after this meeting.

Moderator, are there any further online questions?

Moderator: Yes, Chairman, we have another question. Given the interesting discussions across a range of topics today, including this Remuneration Report, could the Chair undertake to make an archived copy of the webcast, plus a full transcript of the proceedings, available on the Company's website? Nine Entertainment Chairman, Peter Costello, who appreciates the benefit of a Parliamentary Hansard transcript, where MPs don't have to scroll through old videos to find out what was said, made this change yesterday, and had a full transcript of yesterday's Nine AGM online before the end of the day.

Michael Ullmer: Well, I have the highest respect for Peter Costello and what I will do is throw to our Company Secretary, Wendy Lee, to talk about what we currently do.

Wendy Lee: Thank you, Chairman. Yes, we do provide a copy of the webcast, which we will be providing on the website and we will provide a copy of the transcript, not by COB today, but certainly within the coming days.



Michael Ullmer: And, Wendy, I believe that's been our normal practice for some time.

Wendy Lee: Yes, certainly we have provided the webcast in the past, yes.

Michael Ullmer: Thank you for that question. Moderator, are there any further online questions?

Moderator: Yes, Chairman, we have another question. When disclosing the outcome of all resolutions, including this Remuneration Report item, will you publicly disclose how many shareholders voted for and against each item, similar to what happens with a Scheme of Arrangement? This will provide a better gauge of retail shareholder sentiment on all resolutions and was a disclosure initiative recently adopted by Metcash and Southern Cross Media, after their AGMs.

Michael Ullmer: Again, I'll throw that question to Wendy.

Wendy Lee: Yes, certainly, Chairman. We will provide the results of the meeting after the AGM and post that on the ASX website.

Michael Ullmer: And, Wendy, does that include the percentages and the numbers?

Wendy Lee: I believe it does include the percentages and the numbers.

Michael Ullmer: So, we will just reflect on that question you've raised and take that into consideration, so thank you.

Moderator, are there any further online questions?

Moderator: Chairman, there are no more online questions at this time.

Michael Ullmer: So, let's move to questions from the telephone. Are there any questions from securityholders who have telephoned into this meeting?

Operator: There are no questions at this time, Chairman.

Michael Ullmer: Thank you. Well, we've had a very wide-ranging discussion there and I sincerely thank our securityholders for the interest that they are taking in our affairs and thank you for that and thank you for the way in which that was conducted.

So, as there are no further questions, I now bring questions on item one to a close. We will now continue with the formal business of the meeting. The first 2 resolutions relate to the re-election of Directors. As one of the resolutions relates to my re-election, Nicola Wakefield Evans will Chair that part of the meeting.

So, turning to the first part, prior to seeking re-election, Elizabeth and I confirmed that we would continue to have sufficient time to properly fulfil our director duties for the Lendlease Group. Agenda item, 2(a) relates to the re-election of Elizabeth Proust as a Director. Elizabeth's experience, skills and



qualifications are outlined in the Notice of Meeting. For our virtual meeting today, we thought it was prudent for our re-election speeches to be pre-recorded to minimise the risk of any technical issues that may disrupt the meeting. So we will now play a short video from Elizabeth.

Elizabeth Proust: Good morning, fellow securityholders. I am speaking to seek your support for my re-election to the Lendlease Board. I have been on the Board since 2018. I am a member of the Risk, Sustainability and Nominations Committees and I chair the People and Culture Committee, and it is about this latter Committee, that I wish to speak to you briefly.

Lendlease is a great place to work with people dedicated to building great spaces. The last 18 months or so have been very challenging and have tested all of us. People are speaking about the great resignation which is expected to see a very large number of people, in Australia and around the world, change their jobs. We are already seeing that happen with some of our people and as they leave us, we wish them well and hope that they remain part of the great Lendlease alumni.

The People and Culture Committee focuses on all of the people issues in our business, on people attraction and retention, on the engagement of our people, on their development and promotion, on their diversity and inclusion, on their health and wellbeing and on their remuneration. It's been a busy year for all of these issues for the Committee and we will continue to develop policies to make Lendlease an even better place to work and to develop careers.

I believe that I have the energy and commitment to continue to contribute to Lendlease. I have a few other commitments. I chair the Payments Company, Cuscal; I chair the not-for-profit organisation, SuperFriend, we work in the mental health space which has been a key issue in the COVID world; and from late October, I became the lead independent director in a newly listed ASX Company, GQG Partners. Each organisation is very different and demands my time and attention, but I am confident that I have more than sufficient time and energy to devote to all that Lendlease requires of me now, and for the next 3 years.

I attended over 60 meetings of Lendlease, in addition to various virtual engagement sessions in the last year, which is a testament, I think, to that commitment. This was in addition to the work that I undertook with our Chairman in response to the strike. As you know, last year, Lendlease suffered a first strike on our Remuneration Report. Together with our Chairman, Michael Ullmer, we have worked hard since the last AGM and listened to the concerns expressed by securityholders and we've changed some of the key elements in our remuneration system. We believe that what we have now is a good balance between something that is fair to our people, and to our securityholders, and provides the right balance and alignment to ensure that our people have the incentives to improve the Company's performance, while exhibiting the right behaviours.



Thank you, and I look forward to your support.

Michael Ullmer: We will now take questions relating to the re-election of Elizabeth as a Director.

Moderator, are there any online questions?

Moderator: Yes, Chairman, we have a question relating to this resolution. Could Elizabeth Proust please comment about her views on tenure limits for Directors, particularly given that Chairs who enjoy the power, pay and prestige of leading a major organisation, arguably have a potential conflict of interest to not bring new talent onto the board who might succeed them? Does Elizabeth believe there are multiple potential Lendlease Chairs currently serving on the Board and, if not, will she undertake to help recruit potential Chairs in the near future?

Michael Ullmer: I will throw that question to Elizabeth in a moment in terms of her general view because that's an appropriate view to have on the matter. With respect to the specific matter of the process by which we go through in order to determine new Directors coming onto our Board, and indeed the process around the Board nominating who the Chair is, that is a process that's actually run through our Nominations Committee, and not through Elizabeth's Committee, and all Directors are members of the Nominations Committee. At Lendlease that Committee is not chaired by me, as Chair of the Board, it's actually chaired by Jane Hemstrich.

As an organisation, we don't have any set tenure limits for Board Directors, but there clearly is the guidelines in the ASX that after a period of 10 years, it's important for boards to be confident that there's no inappropriate weakening of the independence of a non-executive director with respect to management. If we look in the Lendlease situation there has been a significant management change clearly, with Tony being appointed our Global CEO recently.

I should note that the Chair process is one very much run through that Nominations Committee and it's something in which all Directors participate. The conversation around new Directors coming onto the Board is one that is regularly on our Board agenda. All Directors participate in that, all Directors put names forward and we also use an external search firm.

In the last 5 or 6 years from 2015/2016 onwards, we have brought on at least one new Director every year and in the last 3 years, whilst I've been Chair, we've brought on 3 new Directors, if you take into account Nick. Each of those Directors has been very deeply involved in their careers in our core areas of development, construction and investments.

At the end of the day we are looking, as a Board, to having the right mix around the table, the right mix of skills, the right mix of backgrounds, the right mix of thinking, so that we get diversity of thought and



we get good discussion, people considering alternate views so that we try and get the best outcomes we can for securityholders.

But with that I'll throw to Elizabeth. You were asked a specific question there, and I'll be interested in your views.

Elizabeth Proust: Thank you, Chairman. I think you've covered the key issues for that question. Term limits are something that the ASX, Australian Institute of Company Directors and others have views on. To the question that are there people around the Board table who could be Chairman, the answer is obviously, yes. Every one of my colleagues could potentially and actually do Michael's job. Whether any of them want to do that onerous task, of course, is another question, but in the time that I've been on the Board, which is just over 3 years, as Michael has said, 3 people have been added to the Board with a very diverse range of experience and skill sets. So, whenever Michael decides after this 3-year term that he wants to do other things with his life, there will be a range of people willing, hopefully, and certainly able to do that job.

Thank you, Michael.

Michael Ullmer: Thank you, Elizabeth. Moderator, are there any further online questions?

Moderator: Yes, Chairman, we have another question for Elizabeth. I am strong supporter of Elizabeth Proust, whose first board gig was on her local kindergarten committee before she rose up to be an excellent CEO of the City of Melbourne, an excellent Head of Victoria's Premier's Department during the Kennett years and then a professional Director with no major blemishes. Could she comment on whether she has an appetite to be a future Chair of an ASX 50 Company?

Elizabeth Proust: I think that's a very kind question. I think that with the Board responsibilities that I currently have, two ASX companies and my not-for-profit and my public unlisted company, I have a full dance card which also allows me to do other things with my life, and that's not on my list of aspirations.

Michael Ullmer: Thank you, Elizabeth, and I wasn't aware that we had relatives asking questions.

Moderator, are there any further online questions?

Moderator: Yes, Chairman, we have another question for Elizabeth. As Chair of the People and Culture Committee, are you aware that numerous employees of colour in your offices throughout the United States have expressed that they have suffered discrimination at work?

Michael Ullmer: Elizabeth, I'll take that question first but then throw to you. If there is any allegation of discrimination anywhere in our operations, whether it's the United States, United Kingdom, Asia, Australia, as a Board we take that very seriously, and we would get directly involved in being fully



briefed regularly on such matters and ensuring that they are being appropriately dealt with, where necessary bringing in independent, external support in order to assess the validity of the claims and, if there are proof of such claims, then to make sure the appropriate action is taken. Firstly, to do the right thing by the individuals, and, secondly, to ensure that our system and processes are appropriately robust to prevent that happening again.

So, we take this, enormously and extraordinarily seriously and it is very much a matter that falls under the purview of Elizabeth's People and Culture Committee, so I'll just ask you, Elizabeth, to add to that.

Elizabeth Proust: Thank you, Chairman. The only comment to add to that is that we regularly see any complaints, whether it's harassment, bullying, discrimination, we see those at the People and Culture Committee, and as the Chairman has said, any such allegations are dealt with both within People and Culture of Lendlease and, where necessary, with external advice. And if the allegations are proven, then action is taken by Lendlease.

Michael Ullmer: Thank you, Elizabeth. Moderator, are there any further online questions?

Moderator: Chairman, there are no more online questions at this time on this item.

Michael Ullmer: Thank you. If there are no further online questions, can I now turn to the operator? Operator, are there any questions from securityholders on the phone.

Operator: There are no questions at this time, Chairman.

Michael Ullmer: Thank you. Well, again, a very good discussion and thank you for raising that range of issues. As there are no more questions, as I indicated earlier, I will show the proxy position.

So congratulations, Elizabeth, on your re-election. I will now hand the Chair responsibility to Nicola Wakefield Evans. Nicola.

Nicola Wakefield Evans: Thank you, Chair. Turning now to agenda item 2(b) relating to the re-election of Michael Ullmer as a Director. The skills, experience and qualifications of Michael are set out in the Notice of Meeting. A short video message from Michael will now be played.

Michael Ullmer: It is a great honour to serve as your representative on the Board of Lendlease and guide and support the organisation in realising its purpose, to create value through places where communities thrive. I have been the Chairman of the Board for the last 3 years, over which time we have embarked upon a significant strategic reset, disposed of the underperforming engineering business, commenced delivery of bold new sustainability targets and transitioned to a new CEO. Throughout this time the Group has continued to build a significant global development pipeline in targeted gateway



cities and the recent organisational restructure will support the acceleration of production and strong growth of our investments platform.

As we continue to navigate the impacts of COVID-19 and having taken the tough decisions where necessary, I ask for the support of securityholders so that I can continue to lead the Board as we strive to realise the long-term value that is embedded in our business. Thank you.

Nicola Wakefield Evans: Thank you, Michael. We will now take questions relating to the re-election of Michael Ullmer, as a Director. Moderator, are there any online questions.

Moderator: Yes, Chair, we do have a question.

Chairman, the following question is from the Australian Shareholders Association. Excellent job as Chair in difficult circumstances, but all good things must end. Can you confirm that this is your last term on the Board?

Another securityholder has also asked, could Michael Ullmer comment on whether he intends to serve a full 3-year term and confirm that this will be his final term on the Board, given he has served since 2011 and will be 73 when this term expires in 2024? Does he believe that the next Lendlease Chair is currently on the Board?

Nicola Wakefield Evans: Thank you for those questions and I'll hand over to Michael to respond.

Michael Ullmer: Thank you, Nicola and thank you to the Australian Shareholders Association for those questions. I really like the piece about great job and excellent. So, I'll take that, thank you. What I can assure you of is that I am fully committed to serving the full 3-year term which I am standing for. There is an enormous amount to do. Tony has made a fantastic start in his first 5 months as Chief Executive, but there is a really important role in any public company in the relationship between the Chair and the CEO in working together and in doing whatever I can to support Tony to make him the success in leading this company as I know he will be.

As I said in that short video, where you saw the backdrop that my colleagues have seen for the last 18 months as we've been online so much, that there's been an enormous amount of change. I think with the extent of change that we've had it's really important for the organisation, and for securityholders, to have some clear stability so that we can get on with the focus that Tony has talked about in bringing our development pipeline into production, in delivering those completions, in growing the funds under management, and I think at that time as well, it's really important to have stability in the leadership around the Board table.

At the same time, we've already discussed the extent to which we are continually renewing our Board and bringing new Directors on. We have actually a relatively short average tenure of our Board



members. I think the average tenure of our Board members is around about 4 years. So, we've been doing a lot of renewal there and what I can assure you of is that I just reflect on what is my own capacity, my energy, my drive, my determination to make this role a success for Lendlease and I'm fully committed to the next 3 years, and I'm not in any way thinking beyond that, either one way or another. Let's see what we deliver over the next 3 years and then we can have the conversation with you then. Thank you.

Nicola Wakefield Evans: Moderator, are there any further online questions?

Moderator: Yes, Chair, we have another question. Does the Chairman believe that the next Lendlease Chair is currently on the Board?

Nicola Wakefield Evans: I'll hand over to the Chair to respond to that question.

Michael Ullmer: Thank you, Nicola. I think at this point I should ask all the non-executives to leave the room and I can give you some feedback.

But on a serious note we have an incredibly capable group of Directors sitting around the Board table and I personally am very impressed in their different abilities, their commitment, what they bring to the table. I think if you asked our Executive team what it's like coming to a Lendlease Board Meeting, I think what you'll find is that it's challenging, because of the capabilities of everyone sitting around the table and because of their understanding of the business and the insights and the thoughts and the questions they can bring to the table.

But I think they would also say that it's very supportive in terms of the way we conduct our business because at the end of the day, we're trying to get the right outcome here and the best outcome for the organisation, for our Securityholders, but also for our people and for the communities that we serve. So, with a group of people like that, I am absolutely confident that there are a number of people around the table who would have the desire and indeed the ability to take on that role.

Nicola Wakefield: Thank you, Chair. Moderator, are there any further online questions?

Moderator: Yes, Chair, we have another question. It was great to be reminded by the Chair about Dick Dusseldorp's view that companies should focus on doing the right thing and also justify their worth to society. In light of this, how does Mr Ullmer justify Woolworths extracting more than \$12 billion from poker machine gamblers during his decade long stint on the Woolworths Board, when Woolworths was Australia's biggest and most aggressive poker machine operator deluging harm on thousands of vulnerable and addicted citizens by running a 24 hours-a-day gambling operation across Melbourne in particular. What did he personally do to make Woolworths a less irresponsible gambling giant?

Michael Ullmer: Thank you. I shall throw to the Chair.



Nicola Wakefield: Thank you for the question, I was going to ask the Chair to respond.

Michael Ullmer: Thank you, Nicola. It's clearly inappropriate for me to make any detailed comments at a Lendlease AGM about another corporation. As the questioner correctly identified, I recently stepped down from the Board of Woolworths. All I would comment is that as a Director, I fully supported the strategic decision to separate the Endeavour business which contains the hotels business from Woolworth's operation. As I'm sure the questioner would appreciate, that was a massive strategic decision and a decision that would have taken a long time to implement given the scale of the operations and it's one that I fully supported. Thank you.

Nicola Wakefield: Thank you Chair. Moderator, are there any further online questions?

Moderator: Yes Chair, we have another question. A question for Mr Ullmer. In line with impactful and meaningful ESG, has your Board considered adding a Board member of colour?

Nicola Wakefield: Thank you for the question. I'll hand over to the Chair for a response.

Michael Ullmer: Thank you for that question and as I indicated earlier, in terms of the process that we have continually under review for the identification of new directors, we look to what are the skills, experience and capabilities that we are looking for around the board table. That is a process that we take very seriously and so you will see within our disclosures how we see the skill mix of our Board.

We look forward, over a number of years, to anticipate when we can see directors that maybe coming up for retirement and that is something that I, as a Chair, will have one-on-one discussions to understand their intentions. But obviously, it's also for the Board to determine with individual directors what their terms will be as to supporting them for re-election.

Then it's through that process that we identify what are the sort of skills, experience and other capabilities that we believe we need in the next appointment coming along. That's the continual process that we go through. So, through that, that is the key driver. I should emphasise that as the process we're going through now, the Board can appoint a new director, as I've announced that Nick Collishaw will be joining us as a new director in December.

But, then they only serve until the next AGM when, like I am doing now at the end of my three-year term, a new director at their first AGM has to stand in front of the securityholders and offer themselves for election. So, at the end of the day, the securityholders have the final say on who continues as a director of this company and that's something that securityholders have very strong views as do the proxy advisors.

They go through that same process around what are the skills, experience, capabilities that you have on the board currently. What are the new skills you require, and I would say that in engagement that I



regularly have with our stakeholders, this is probably one of the most common questions that comes up which is how we are thinking about that ongoing process of board renewal? Back to you, Chair.

Nicola Wakefield: Moderator, are there any further online questions?

Moderator: Yes Chair, we have another question. Could acting Chair, Nicola Wakefield Evans please advise if there has been a material protest vote of more than 5% against Michael Ullmer's re-election. It is ASA policy that the proxies should be disclosed before the debate on a resolution so that shareholders can ask for any responses or explanations about material protest votes. Why hold back disclosure of the proxies?

Nicola Wakefield: Thank you for the question. The Chair made comments on this approach earlier in the meeting. It would be an unusual approach that risks pre-empting outcomes. We would also be concerned that an approach along the line suggested risk-stifling rather than encouraging shareholder discussion and debate. However, we will consider your approach for the future and, as the Chair has previously noted, the proxy results will be put up on the screen as soon as questions in relation to this resolution are finished. Moderator, are there any further online questions?

Moderator: Chair, there are no more online questions at this time on this item.

Nicola Wakefield Evans: Thank you. If there are no further online questions, can I now turn to the Operator. Operator, are there any questions from securityholders on the phone?

Operator: There are no questions at this time, Chairman.

Nicola Wakefield Evans: Thank you. As there are no more questions, I will now show the proxy position in relation to this resolution. The proxy position is now set out on the screen. Congratulations, Michael, on your re-election. I will now hand the Chair back to you.

Michael Ullmer: Thank you, Nicola, and thank you for taking the Chair for that item. We will now turn to agenda item 3, which relates to the consideration of the 2021 remuneration report. The vote on item 3 is advisory only and it is very important. At last year's AGM, the 2020 remuneration report received what is called a first strike, as more than 25% of the votes were cast against the adoption of that report.

As stated earlier in my address, in response to the first strike where the Board takes very seriously that level of concern from our stakeholders, the Board has worked hard to address those concerns with our securityholders. Today if 25% or more of the votes on item 3 are cast against adopting our 2021 remuneration report, this will constitute what is known as a second strike and we will be required to put the resolution in item 6, which relates to the contingent spill resolution to the meeting.



So, what a contingent spill resolution is about, is notwithstanding the re-election of Elizabeth and myself and all the other directors on the Board, that we will all have to offer ourselves for re-election at that subsequent meeting. So, this is importantly a very serious discussion. I will now move on to questions on this item. Moderator, are there any online questions?

Moderator: Yes, Chairman, we do have a question. Chairman, the following question is from the Australian Shareholders Association. How can a company that has its core business major urban developments that take 10 years or more have an LTI that is only measured over three years? The question is in the short-term nature of the measurement. The number of years it vests over is not the issue.

Michael Ullmer: Thank you for that question from the Australian Shareholders Association. There is a difference in philosophy here. We have one of the longest dated long-term award programs that you will see in the Australian market in terms of the deferral, as you properly point out, the deferral period over which it lapses before our executives are able to receive any shares that vest under our scheme.

So, just to recap that for all securityholders, under our long-term award program, that program is divided into three sections. One where the performance metric is the total shareholder return over a three-year period. The second, which is based on the operating return on equity, the average of that over the three-year performance period. Then the third metric relates to our funds under management where we're looking to what is the rate of growth in that metric over a three-year period.

At the end of the three years, those three metrics are each tested. There is no re-testing so it's just a one-off test. If any component of those metrics is met and the relevant amount of long-time awards vest, then there is a further deferral period before the executives receive any securities that vest. 25% of any securities that vest are released at the end of year 3, 25% at the end of year 4, 25% at the end of year 5 and the final 25% at the end of year 6.

Under the scheme arrangements, the Board has discretion to hold back any delivery of those securities that remain outstanding if information has emerged that suggest that the release of those securities is inappropriate. I can assure you that as a Board we do exercise that discretion seriously in terms of the considerations that we put into it. Where there are events, as we have had in the past which have significant impact, we take those into account in assessing have we dealt with those sufficiently through the application of our short-term award. Have we dealt with them sufficiently in the way the results play out and impact the meeting of those long-term award metrics, or is it something where we should hold back securities that have previously vested, but are still deferred in terms of being released?

The final observation I would make is that if you look at the disclosure we gave in our remuneration report this year in our annual reporting suite, we set out what has been the performance of our long-term



award program over the last 12 to 13 years. What I think is powerfully demonstrated there is that great alignment between when awards vested and when securityholders were rewarded by good outcomes in terms of return on equity and total shareholder return.

It also shows that in a number of years, including the last two years that have been tested, that no long-term awards vested and therefore they have totally lapsed. So, I think, I agree with your point about the long-term nature of our business, but I believe the structure of our award program does in fact account for that and that is demonstrated in the actual performance of those awards over a long period. Thank you. Moderator, are there any further online questions?

Moderator: Yes, Chairman, we have another question. This is a question from Stephen Mayne. Why are you naming the ASA when they ask a question and leaving the rest of us as nameless and anonymous inquisitors? It wasn't a relative of Elizabeth Proust who lobbed that earlier fanboy question, it was Stephen Mayne. Again, please advise the proxy position on REM now and do you also commit to the release of the spill proxies, even if there is no spill vote?

Michael Ullmer: In terms of those, I apologise, Stephen, and I think it would, Wendy, be a good process going forward to actually name the people who have come online. Hopefully, next year we will be having an in-person meeting and I know, Stephen, you are a vigorous participant in AGMs, and I look forward to catching up with you at our next AGM.

By the way, I should add that I think also that the virtual meetings as we're doing now, are very democratic because they allow people not only in other states in Australia, but in fact around the world, to participate in our meetings. So, I am, personally, very much in favour of having a hybrid approach going forward. So, we will pick up on that going forward.

With respect to the position on proxies, I've put my philosophical view on that already Stephen and Nicola has put her view, so I think we are, as a Board, of that view. I've also said, with respect to the reports of the proxy advisors, I did note in that the recommendations from the proxy advisors were to a vote against the spill motion.

So, it would be inappropriate to talk about the position on the spill motion now, before the REM Report. But I will come back after the vote on the REM Report and just then give some comments around the spill motion. Moderator, are there any further online questions?

Moderator: Chairman, there are no more online questions at this time on this item.

Michael Ullmer: Thank you. If there are no further online questions, can I now turn to the operator. Are there any questions from securityholders on the phone?

Operator: There are no questions at this time, Chairman.



Michael Ullmer: Thank you. So, as there are no more questions, I will show the proxy position. Based on the proxy and direct votes received ahead of the meeting and the number of votes that I have been informed are represented at this meeting today, I am very pleased to see that our remuneration report has received greater than the 75% votes required in support and indeed at just under 96%.

I am very pleased with what that suggests in terms of how securityholders have responded to the genuine engagement we had with them since the last AGM. My thanks to the securityholders and others that we met with through this process for being so transparent about your concerns. I can assure you we took them very seriously and believe that we have set up our remuneration scheme in a very robust way that will support driving this organisation forward to realise the value in the business.

It comes then without saying that we have not received a second strike. Therefore, as set out in the Notice of Meeting in relation to that item on the contingent spill resolution, that will not be put to the meeting today as there has been sufficient support to avoid what is called a second strike. My recollection, Wendy, is that there were votes obviously cast ahead of the meeting on that contingent resolution and that they were significantly against the spill and the votes in favour of the spill were less than 5%.

Wendy Lee: Chairman, correct and we will obviously be disclosing the full position including on the contingent spill as we are required to after the meeting on the ASX.

Michael Ullmer: Thank you, Wendy. So, we'll move on to item 4 which relates to the approval of the allocation of performance rights to our Chief Executive, Tony Lombardo under our new reward strategy. Now, we set out in the Notice of Meeting, the details of this resolution and moderator, I will go to any online questions.

Moderator: Chairman, there are no online questions at this time on this item.

Michael Ullmer: Thank you. If there are no online questions, can I now turn to the operator. Operator, are there any questions from securityholders on the phone?

Operator: There are no questions at this time, Chairman.

Michael Ullmer: So as there are no questions on this matter, I will show the proxy position. The proxy position is set out on the screen. I am pleased to note the support for Tony's long-term award which I take as recognition of two things. Firstly, the changes the Board has made to the remuneration structure in response to the feedback we've had from key stakeholders. But also, I take it as a confirmation from our securityholders that they are fully behind Tony Lombardo as our new Global Chief Executive, so well done, Tony.



Before we turn to Resolution 5, I remind securityholders that the poll will close following the conclusion of this item. Now, agenda item 5 relates to a renewal of the takeover provision rules which must be renewed by a vote of security holders every three years. That's a requirement of the legislation. Otherwise, they will cease to be part of the company constitution. Moderator, are there any online questions?

Moderator: No Chairman. There are no online questions at this time on this item.

Michael Ullmer: Thank you. If there are no online questions, can I now turn to the operator. Are there any questions from securityholders on the phone?

Operator: There are no questions at this time, Chairman.

Michael Ullmer: Thank you. Well, as there are no questions on this matter which, frankly, is designed to protect the interests of all securityholders, I will show the proxy position. So, Resolution 5 has passed with a significant majority. Ladies and gentlemen, the poll has now closed and that concludes the formal part of our business. As Wendy indicated earlier, we will announce the results of the poll to the ASX later today.

In closing, let me thank all of you for your commitment and support through this extraordinary year. Your Board and I look forward to welcoming you again, I hope in person, at the 2022 AGM. Thank you.

End of Transcript