

29 April 2024

Dear Tanarra Investors

Many of you have been keenly interested in the letter we released recently on Lendlease, agree with its sentiments, and have expressed interest in further detail.

Our team has prepared an analytical deck covering the company's performance issues. In the interests of transparency and avoiding selective briefings, we are releasing this document publicly.

Although Lendlease's security price performance in recent years has been very poor, the company does have fundamental strengths. It has a "moat" business in Australian construction where there is a shortage of qualified head contractors for major projects; it has a record of excellence in urban regeneration and mixed-use developments in Australia; and it has an emerging opportunity in growth sectors such as build-to-rent.

We believe that refocusing the business on its core strengths should enable substantially better future performance. The era of Lendlease trying to be all things to all people in all parts of the world, with undisciplined capital allocation, must be at an end, now.

Part of the document we are releasing addresses board and executive leadership at Lendlease. We have a lot of respect for Chair Michael Ullmer for his integrity and achievements in a long and very successful business career, but after 13 years on the Lendlease board and six as Chair, we expect and believe it appropriate that he will retire from the board at this year's AGM in November. This presents an appropriate opportunity for a fresh start for Lendlease. There are times in the lives of companies when they benefit from - and need - the introduction of fresh thinking and leadership, and this is clearly one such situation. We want to see a new outside appointment with strong Australian property expertise as Chair to succeed Michael. Given the unsatisfactory security price performance and continuing losses that have resulted from the company's current strategy, good governance demands that an existing member of the board not succeed Michael as Chair.

The intention to bring in an outside Chair should be announced at the forthcoming investor day given the central importance of the Chair role in framing the future strategic direction of the company. The selection process should occur in close consultation with key investors. The new Chair should then be tasked with leading a necessary process of board renewal, to lead and supervise a new direction for the company. We have suggestions to make in respect of both Chair and board roles.

The need for new external leadership, and the cultural change that will flow from that, has been underscored to us by news in recent weeks that the company has retained the services of three investment banks to advise it in relation to the forthcoming investor day. Two and a half years after the company's leadership team launched its Reset Create Thrive strategy, it should have enough of a clear idea of its own business and strategy, and what needs to change, without needing to rely on a whole raft of external advisors to assist it in meeting one of its most basic obligations to the company's owners.

Yours sincerely

A handwritten signature in black ink, appearing to be "John Wylie".

John Wylie AC

A handwritten signature in black ink, appearing to be "Vid Rangaswamy".

Vid Rangaswamy

A handwritten signature in blue ink, appearing to be "Lee Mickelborough".

Lee Mickelborough