

CONSOLIDATED COMMERCIAL LIST STATEMENT

COURT DETAILS

Court	Supreme
Division	Equity
List	Commercial
Registry	Sydney
Case number	2019/122037

TITLE OF PROCEEDINGS

First plaintiff	David William Pallas and Julie Ann Pallas as trustees for the Pallas Family Superannuation Fund ABN 67 014 467 929
Second plaintiff	Martin John Fletcher
First defendant	Lendlease Corporation Limited ACN 000 226 228
Second defendant	Lendlease Responsible Entity Ltd ABN 72 122 883 185 as responsible entity for Lendlease Trust ABN 39 944 184 773 ARSN 128 052 595

FILING DETAILS

Filed for	David William Pallas and Julie Ann Pallas as trustees for the Pallas Family Superannuation Fund and Martin John Fletcher, Plaintiffs
Legal representative	Maurice Blackburn Lawyers
Contact name and telephone	Rebecca Gilsenan, (02) 9261 1488
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Nature of Dispute

1. This is a claim by the Plaintiffs on behalf of persons who acquired an interest in stapled securities each representing one ordinary share in Lendlease Corporation Ltd stapled to one unit in the Lendlease Trust (**Securities**) or American Depositary Receipts representing the Securities (**ADRs**) during the period from 17 October 2017 to 8 November 2018 (**Relevant Period**).
2. The Defendants (**Lendlease**) were at all material times an international property and infrastructure group with operations in Australia, Asia, Europe and the Americas. At all material times, Lendlease had an engineering and service business that was undertaking major infrastructure projects in New South Wales, Victoria and Queensland.

3. It is alleged that during the Relevant Period, Lendlease contravened its continuous disclosure obligations by failing to inform the market about certain matters concerning projects within its engineering and services business and the effect that those projects were having on Lendlease's financial performance and results.
4. It is also alleged that during the Relevant Period, Lendlease made representations in relation to those projects and its engineering and services business that were misleading or deceptive or likely to mislead or deceive.

Issues that the Plaintiffs believe are likely to arise

1. Did Lendlease contravene its continuous disclosure obligations in relation to its engineering and services business and/or projects within its engineering and services business and the impact that they were having on Lendlease's financial performance and results?
2. Did Lendlease engage in conduct that was misleading or deceptive or likely to mislead or deceive in relation to its engineering and services business and/or projects within its engineering and services business and the impact that they were having on Lendlease's financial performance and results?
3. Did Lendlease's contraventions cause the Plaintiffs and Group Members to suffer loss and damage?
4. What is the correct measure of compensation for which Lendlease may be liable to the Plaintiffs and Group Members?

Plaintiffs' contentions

A THE PLAINTIFFS AND GROUP MEMBERS

1. This proceeding is commenced as a representative proceeding pursuant to Part 10 of the *Civil Procedure Act 2005* (NSW) by the Plaintiffs on their own behalf and on behalf of persons who or which:
 - (a) acquired an interest in:
 - (i) stapled securities each representing one ordinary share in Lendlease Corporation Ltd stapled to one unit in the Lendlease Trust (**Securities**) during the period from 17 October 2017 to 8 November 2018 (**Relevant Period**); or

- (ii) American Depositary Receipts that represent the Securities (**ADRs**) during the Relevant Period; and
- (b) have suffered loss or damage by reason of the conduct of the Defendants (together referred to as **Lendlease**) pleaded in this Consolidated Commercial List Statement; and
- (c) are not any of the following:
 - (i) a related party (as defined by the *Corporations Act 2001* (Cth) (**Corporations Act**)) of Lendlease;
 - (ii) a related body corporate (as defined by section 50 of the Corporations Act) of Lendlease;
 - (iii) an associated entity (as defined by section 50AAA of the Corporations Act) of Lendlease;
 - (iv) an officer or close associate (as defined by section 9 of the Corporations Act) of Lendlease;
 - (v) the Chief Justice, or a Justice of the Supreme Court of New South Wales, or the Chief Justice or a Justice of the High Court of Australia

(collectively, **Group Members**).

2. As at the commencement of this proceeding, seven or more Group Members have claims against Lendlease.
3. On or about 6 September 2018, the First Plaintiff acquired 4,300 Securities on the financial market operated by the Australian Securities Exchange (**ASX**) at a cost of \$19.52 per Security plus brokerage of \$100.73.
4. On or about 27 September 2018, the Second Plaintiff acquired 1,000 Securities on the financial market operated by the ASX at a cost of \$19.78 per Security.

B DEFENDANTS

B.1 Compliance and reporting requirements

5. Each of the Defendants comprising Lendlease is and at all material times was:

- (a) a company registered pursuant to the Corporations Act and capable of being sued;
- (b) a person within the meaning of s 1041H of the Corporations Act;
- (c) a person within the meaning of s 12DA of the *Australian Securities and Investments Commission Act 2001* (Cth) (**ASIC Act**);
- (d) a person within the meaning of s 18 of the Australian Consumer Law set out in Sch 2 to the *Competition and Consumer Act 2010* (Cth) (**Australian Consumer Law**).

6. At all material times:

- (a) each of the Defendants comprising Lendlease was included in the official list of the financial market operated by the ASX;
- (b) in the case of:
 - (i) the First Defendant, an entity, the shares in which are ED securities for the purpose of s 111AE of the Corporations Act; and
 - (ii) the Second Defendant, an entity in respect of which units in the LendLease Trust of which it is the responsible entity are ED securities issued by it for the purpose of s 111AE of the Corporations Act,

such shares and units being “stapled” to each other on a 1:1 ratio, such that one may not be dealt with without the other, and being at all times traded together as one security on the ASX under the ticker “LLC”;
- (c) the Defendants have had an arrangement with Bank of New York Mellon Corporation pursuant to which the latter institution issues Lendlease ADRs (at a ratio of 1 Lendlease ADR to 1 Lendlease Security) which are traded on the OTC market in the United States of America under the ticker “LLESY”;
- (d) each of the Defendants comprising Lendlease was a listed disclosing entity within the meaning of s 111AL(1) of the Corporations Act;
- (e) each of the Defendants comprising Lendlease was subject to and bound by the List Rules of the ASX (**ASX Listing Rules**); and

- (f) each of the Defendants comprising Lendlease was obliged by ss 111AP(1) and/or 674(1) of Corporations Act and/or ASX Listing Rule 3.1 to, once it is, or becomes, aware of any information concerning Lendlease that a reasonable person would expect to have a material effect on the price or value of the Securities, tell the ASX that information immediately (unless the exceptions in the ASX Listing Rule 3.1A apply).
7. At all material times, each of the Defendants comprising Lendlease was prohibited pursuant to:
- (a) s 1041H of the Corporations Act and s 12DA of the ASIC Act, from engaging in conduct in relation to the Securities (being a financial product within the meaning of the Corporations Act and ASIC Act); and
- (b) s 18 of the Australian Consumer Law, from engaging in conduct in trade or commerce,
- that was misleading or deceptive or likely to mislead or deceive.

B.2 Relevant Lendlease personnel

8. At all material times, David Crawford (**Crawford**) was the LendLease Group Chairman, acting in that capacity in respect of both the Defendants comprising LendLease.
9. At all material times, Stephen McCann (**McCann**) was the Lendlease Group Chief Executive Officer and Managing Director, acting in that capacity in respect of both the Defendants comprising Lendlease.
10. At all material times, Tarun Gupta (**Gupta**) was the Lendlease Group Chief Financial Officer, acting in that capacity in respect of both the Defendants comprising Lendlease.
11. On and from 15 January 2018, David Andrew Wilson (**Wilson**) was the Lendlease Group Chief Commercial and Risk Officer, acting in that capacity in respect of both Defendants comprising Lendlease.
12. On and from about March 2015, Dale Connor (**Connor**) was the Lendlease Managing Director of Building Australia.
13. On and from 1 May 2018, Johannes Dekker (**Dekker**) was the Lendlease Group Head of Engineering and Building.

14. At all material times, Craig Laslett (**Laslett**) was the Lendlease Chief Executive Officer of Engineering and Services Australia.
15. On and from about September 2017, Michelle Letton (**Letton**) was the Lendlease Chief Financial Officer of Engineering and Services Australia.
16. By reason of the matters pleaded at paragraphs 8 to 14 above, information of which any of Crawford, McCann, Gupta, Wilson, Connor, Dekker, Laslett and Letton (each **Lendlease Officers**) became aware, or which ought reasonably to have come into their possession in the course of the performance of their respective duties as an officer of Lendlease was information of which each of the Defendants comprising Lendlease was aware (within the meaning of “aware” in ASX Listing Rules 19.12).

B.3 Lendlease’s business

17. At all material times, Lendlease was an international property and infrastructure group with operations in Australia, Asia, Europe and the Americas.
18. At all material times, the business operations and financial affairs of Lendlease were operated by reference to three segments being the:
 - (a) development segment;
 - (b) construction segment (**Construction Segment**); and
 - (c) investments segment.
19. At all material times, Lendlease’s Construction Segment comprised the building division (**Building Division**) and engineering and services business (**Engineering Business**).
20. At all material times, Lendlease’s Engineering Business was undertaking the design and/or construction of major infrastructure projects, including projects known as:
 - (a) NorthConnex being a nine kilometre tunnel connecting the M1 Pacific Motorway to the M2 Hills Motorway in northern Sydney, New South Wales (**NorthConnex**);
 - (b) the Gateway Upgrade North being the widening of, and improvements to, the Gateway Motorway North in Brisbane, Queensland (**Gateway Upgrade North**);
 - (c) the Kingsford Smith Drive upgrade being the widening of, and improvements to, Kingsford Smith Drive in Brisbane, Queensland (**Kingsford Smith Drive Upgrade**); and

- (d) the Melbourne Metro Tunnel being a nine kilometre twin rail tunnel and five new underground stations in Melbourne, Victoria (**Melbourne Metro**),

(together, **the Projects**).

21. At all material times, Lendlease conducted regular reviews on the cost to complete and provisions for its major infrastructure projects including the Projects (**Regular Project Reviews**).

Particulars

The transcript of the 21 February 2018 Call (as defined at paragraph 26(c) below) at p 4.

The transcript of the 22 August 2018 Call (as defined at paragraph 28(c) below) at p 10.

The transcript of the 9 November 2018 Call (as defined at paragraph 30(b) below) at p 3.

22. The Construction Segment:

- (a) in the period FY15 to FY18 was reported to have achieved the following financial performance:

Financial Year	Revenue	EBITDA
FY15	10,937M	279M
FY16	12,032M	288.1M
FY17	12,645M	338.3M
FY18	12,940M	78.2M

Particulars

- i) *'LendLease 2016 Full Year Results' presentation published and lodged by LendLease to the ASX on 19 August 2016, p. 8.*
- ii) *'LendLease 2017 Full Year Results' presentation published and lodged by LendLease to the ASX on 28 August 2017, pp. 9 and 11.*
- iii) *'LendLease 2018 Full Year Results' presentation published and lodged by LendLease to the ASX on 22 August 2018, pp. 10 and 14.*
- (b) by reason of the matters pleaded in sub-paragraph (a) above, LendLease's Construction Segment contributed the following portion of Lendlease's reported revenue and EBITDA:

Financial Year	Revenue	EBITDA
FY15	82.35%	24.41%
FY16	79.66%	27.31%
FY17	75.85%	28.15%
FY18	78.1%	6.28%

Particulars

i) The particulars to subparagraph (a) are repeated.

- (c) any significant increase in the cost to complete Lendlease's major infrastructure projects, including the Projects, was capable of having a material adverse impact on the Construction Segment and Lendlease's profitability.

C RELEVANT PUBLICATIONS, ANNOUNCEMENTS AND DISCLOSURES

C.1 17 October 2017

23. On 17 October 2017, Lendlease made an announcement to the ASX entitled "Lendlease Retirement Living transaction and market update" (**17 October 2017 Announcement**).

24. In the 17 October 2017 Announcement, Lendlease made the following statements:

- (a) the composition of the FY18 result is expected to be impacted by underperformance in Lendlease's Australian construction business which relates to a small number of engineering projects;
- (b) as a result, the FY18 EBITDA contribution from the Australian construction business is expected to be lower than the prior corresponding period; and
- (c) Lendlease expects this underperformance to be offset by outperformance in other parts of the business

(together, **17 October 2017 Statements**).

Particulars

The 17 October 2017 Statements were express and were made in writing in the 17 October 2017 Announcement.

C.2 17 November 2017

25. On 17 November 2017, Lendlease convened an annual general meeting of holders of its Securities (**2017 AGM**).
26. At the 2017 AGM, Lendlease made the following statements:
- (a) Lendlease recently announced that there were some challenges in a small number of engineering projects that will impact the earnings contribution from Lendlease's construction segment in FY18;
 - (b) Lendlease expects that that underperformance will be offset by outperformance in other parts of the business;
 - (c) the projects that have underperformed are a combination of projects and factors that have impacted Lendlease's mispricing the risk issues that emerged during the delivery of those projects during that year; and
 - (d) Lendlease's intention and securityholder's expectations should be for improved performance in the engineering business going forward
- (together, **17 November 2017 Statements**).

Particulars

The 17 November 2017 Statements were express and were made by McCann during the 2017 AGM:

- *Statement (a), refer to the transcript of the 2017 AGM at p 6.*
- *Statements (b) to (d), refer to the transcript of the 2017 AGM at p 9.*

C.3 21 February 2018

27. On 21 February 2018, Lendlease:
- (a) published and released to the ASX its Appendix 4D and half year consolidated financial report for the six months ended 31 December 2017 (**1H18 Financial Report**);
 - (b) made an announcement to the ASX entitled "Lendlease Group Half Year 2017 Results Announcement, Presentation and Appendix" (**21 February 2018 Announcement**); and

- (c) convened a “Half Year 2018 LendLease Group Earnings Presentation” (**21 February 2018 Call**), in a manner likely to bring things said during it to the attention of the market of investors and potential investors in the Securities and/or ADRs.

Particulars

The 21 February 2018 Call was transcribed and published by Thomson Reuters.

The participants in the 21 February 2018 Call included senior managers of Lendlease, and analysts who followed and reported on Lendlease Securities:

- *Daniel Labbad, McCann and Gupta of Lendlease;*
- *Benjamin Brayshaw (JP Morgan);*
- *David Lloyd (Citigroup);*
- *Grant Mccasker (UBS);*
- *Rob Freeman (Macquarie);*
- *Sameer Chopra (Bank of America Merrill Lynch);*
- *Sholto Maconochie (CLSA);*
- *Stuart McLean (Macquarie).*

28. In the 1H18 Financial Report, 21 February 2018 Announcement and 21 February 2018 Call, Lendlease made the following statements:
- (a) the construction segment delivered an EBITDA loss of \$26.1 million, compared to an EBITDA profit of \$170.2 million in the prior corresponding period;
 - (b) that result was impacted by the underperformance of a small number of engineering projects in Australia;
 - (c) that EBITDA outcome was below the target EBITDA margin range of three to four per cent;
 - (d) the Australian construction segment generated an EBITDA loss of \$66.1 million impacted by the performance of the engineering business;
 - (e) performance issues across a small number of engineering projects were identified during the period;

- (f) the small number of underperforming engineering projects are all at least 50 per cent complete;
- (g) the impact of expected losses on these projects has been recognised in the result for the period, including the reversal of previously booked margin;
- (h) these projects will not contribute to margin for the remaining lives of the projects and will therefore impact the overall EBITDA margin of the segment until they complete;
- (i) Lendlease's review of engineering portfolio confirmed that the problems were isolated and project specific and not more widespread;
- (j) Lendlease has allowed for prudent contingencies for the remaining lives of these underperforming projects;
- (k) group profit after tax was \$425.7M (\$425.6M attributable to security holders);
- (l) group total assets was \$15,792M;
- (m) group total liabilities was \$9,362.9M;
- (n) the 1H18 Financial Report gave a true and fair view of LendLease's financial position and financial performance in FY18; and
- (o) the 1H18 Financial Report was prepared in compliance with Australian Accounting Standards, including Australian Accounting Standard 101 (*"Presentation of Financial Statements"*) (**AASB101**); Australian Accounting Standard 110 (*"Events after the Reporting Period"*) (**AASB110**), Australian Accounting Standard 111 (*"Construction Contracts"*) (**AASB111**) and Australian Accounting Standard 136 (*"Impairment of Assets"*) (**AASB136**),

(together, **21 February 2018 Statements**).

Particulars

The 21 February 2018 Statements were partly express, and were made in writing in the 1H18 Financial Report, 21 February 2018 Announcement and by McCann and Gupta in the 21 February 2018 Call, and partly implied:

- *Statement (a), refer to the 1H18 Financial Report at p 9, the 21 February 2018 announcement at p 38 of “Lendlease 2018 Half Year Results”, the transcript of the 21 February 2018 Call at p 5.*
- *Statement (b), refer to the 1H18 Financial Report at p 9, the 21 February 2018 Announcement at pp 18 and 38 of “Lendlease 2018 Half Year Results”, the transcript of the 21 February 2018 Call at p 5.*
- *Statement (c), refer to the 1H18 Financial Report at p 9, the transcript of the 21 February 2018 Call at pp 4-5.*
- *Statement (d), refer to the 21 February 2018 Announcement at p 38 of “Lendlease 2018 Half Year Results”, the transcript of the 21 February 2018 call at p 7.*
- *Statement (e), refer to the 1H18 Financial Report at p 9, the transcript of the 21 February 2018 Announcement at p 4.*
- *Statement (f), refer to the 1H18 Financial Report at p 9, the 21 February 2018 Announcement at pp 8 and 18 of “Lendlease 2018 Half Year Results”, the transcript of the 21 February 2018 Call at pp 4, 9.*
- *Statement (g), refer to the 1H18 Financial Report at p 9, the 21 February 2018 Announcement at p 38 of “Lendlease 2018 Half Year Results”, the transcript of the 21 February 2018 Call at pp 4-5, 9.*
- *Statement (h), refer to the 1H18 Financial Report at p 9, the transcript of the 21 February 2018 Call at p 4.*
- *Statement (i), refer to the transcript of the 21 February 2018 Call at p 4.*
- *Statement (j), refer to the transcript of the 21 February 2018 Call at pp 4, 9.*
- *Statement (k), refer to the 1H18 Financial Report at p 1 of Appendix 4D and pp 1, 2, 7 and 8 of the financial report component.*
- *Statement (l), refer to the 1H18 Financial Report at p 3 of the financial report component.*

- *Statement (m), refer to the 1H18 Financial Report at p 3 of the financial report component.*
- *Statement (n), refer to the 1H18 Financial Report at pp 6 and 25 of the financial report component. Moreover, it was implied by reason of the statutory requirements under ss.302, 303 and 305 of the Corporations Act 2001 and the publication by LendLease during the Relevant Period of the 1H18 Financial Report.*
- *Statement (o), refer to the 1H18 Financial Report at pp 6 and 25 of the financial report component. Moreover, it was implied by reason of the statutory requirements under ss.302, 303 and 304 of the Corporations Act 2001 and the publication by LendLease during the Relevant Period of the 1H18 Financial Report.*

C.4 22 August 2018

29. On 22 August 2018, Lendlease:

- published and released to the ASX its annual report for the year ended 30 June 2018 (**FY18 Annual Report**);
- made an announcement to the ASX entitled “Lendlease Group 2018 Full Year Results Announcement, Presentation and Appendix” (**22 August 2018 Announcement**); and
- convened a “Full Year 2018 LendLease Group Earnings Presentation” (**22 August 2018 Call**), in a manner likely to bring things said during it to the attention of the market of investors and potential investors in the Securities and/or ADRs.

Particulars

The 22 August 2018 Call was transcribed and published by Thomson Reuters.

The participants in the 22 August 2018 Call included senior managers of Lendlease, and analysts who followed and reported on Lendlease Securities:

- *McCann and Gupta of Lendlease;*
- *Benjamin Brayshaw (JP Morgan);*

- *David Lloyd (Citigroup);*
- *Grant Mccasker (UBS);*
- *Rob Freeman (Macquarie);*
- *Sameer Chopra (Bank of America Merrill Lynch);*
- *Sholto Maconochie (CLSA).*

30. In the FY18 Annual Report, 22 August 2018 Announcement and 22 August 2018 Call, Lendlease made the following statements:

- (a) the construction segment delivered EBITDA of \$78.2 million compared to \$338.3 million in the prior year;
- (b) the Australian construction segment delivered an EBITDA loss of \$23.1 million, impacted by weak performance in the engineering business;
- (c) there was an EBITDA loss of \$218 million for the financial year ended 30 June 2018 in the engineering and services business;
- (d) the financial results recognised the impact of expected losses, including the reversal of previously booked profit;
- (e) there were performance issues across a small number of engineering projects which included NorthConnex;
- (f) the issues on the underperforming projects included logistical and geotechnical challenges;
- (g) there was also a negative outcome of litigation in relation to a project completed in 2014;
- (h) the underperforming engineering projects are not expected to contribute to margin for their remaining lives and will impact the overall construction segment margin until they are complete;
- (i) the financial results of the engineering and services business anticipates the cost to complete NorthConnex and the other underperforming engineering projects;
- (j) the anticipated cost for completing NorthConnex are broadly in line with the assessment as at 21 February 2018;

- (k) the underperformance in the Engineering and Services Business would suppress the FY19 EBITDA margin of the Construction Segment, and not cause the FY19 EBITDA margin of the Construction Segment to be negative;
- (l) the target FY19 EBITDA Margin for the Construction Segment was 3-4%;
- (m) the FY19 Construction EBITDA Target Margin was based on reasonable grounds;
- (n) the EBITDA margin of the Construction Segment for FY19 and FY20 would be earnings accretive;
- (o) profit after tax was \$793.6M;
- (p) had total assets was \$16,963.60M;
- (q) had total liabilities was \$10,549.40M;
- (r) the FY18 Annual Report gave a true and fair view of LendLease's financial position and financial performance in FY18; and
- (s) the FY18 Annual Report was prepared in compliance with Australian Accounting Standards, including AASB101, AASB110, AASB111 and AASB136,

(together, **22 August 2018 Statements**).

Particulars

The 22 August 2018 Statements were partly express, and were made in writing in the FY18 Annual Report, 22 August 2018 Announcement and by McCann and Gupta in the 22 August 2018 Call, and partly implied:

- *Statement (a), refer to the FY18 Annual Report at p 78.*
- *Statement (b), refer to the FY18 Annual Report at p 78*
- *Statement (c), refer to the 22 August 2018 Announcement at p 10 of "Lendlease 2018 Full Year Results", the transcript of the 22 August 2018 Call at p 5.*
- *Statement (d), refer to the 22 August 2018 Announcement at pp 10 and 41 of "Lendlease 2018 Full Year Results".*

- *Statement (e), refer to the transcript of the 22 August 2018 Call at pp 3, 8.*
- *Statement (f), refer to the transcript of the 22 August 2018 Call at p 8.*
- *Statement (g), refer to refer to the 22 August 2018 Announcement at p 41 of “Lendlease 2018 Full Year Results”, the transcript of the 22 August 2018 Call at pp 5, 10.*
- *Statement (h), refer to the 22 August 2018 Announcement at p 18 of “Lendlease 2018 Full Year Results”, transcript of the 22 August 2018 Call at p 10.*
- *Statement (i), refer to the 22 August 2018 Call at p 10.*
- *Statement (j), refer to the 22 August 2018 Announcement at p 8.*
- *Statement (k), refer to the 22 August 2018 Announcement at p 18 of “Lendlease 2018 Full Year Results” and 22 August 2018 Call at pp 5 and 10.*
- *Statement (l), refer to the 22 August 2018 Announcement at p 6 of “Lendlease 2018 Full Year Results Appendix”.*
- *Statement (m) was implied by reason of the express statements in (c) to (l).*
- *Statement (n) was implied by reason of the express statements in (c) to (k) and the implied statements in (l) and (m).*
- *Statement (o), refer to the FY18 Annual Report at pp 141 and 142.*
- *Statement (p), refer to the FY18 Annual Report at p 143.*
- *Statement (q), refer to the FY18 Annual Report at p 143.*
- *Statement (r), refer to the FY18 Annual Report at p 196. Moreover, it was implied by reason of the statutory requirements under ss.292, 295, 297 and 299A of the Corporations Act 2001 and the publication by LendLease during the Relevant Period of the FY18 Annual Report.*
- *Statement (s), refer to the FY18 Annual Report at p 196. Moreover, it was implied by reason of the statutory requirements under ss.292, 295 and 296 of the Corporations Act 2001 and the*

publication by LendLease during the Relevant Period of the FY18 Annual Report.

C.5 9 November 2018

31. On 9 November 2018, Lendlease:

- (a) made an announcement to the ASX entitled “Australian Engineering and Services Business Update” (**9 November 2018 Announcement**); and
- (b) convened a “LendLease Group Australian Engineering and Services Business Update Call” (**9 November 2018 Call**), in a manner likely to bring things said during it to the attention of the market of investors and potential investors in the Securities and/or ADRs.

Particulars

The 9 November 2018 Call was transcribed and published by Thomson Reuters.

The participants in the 9 November 2018 Call included senior managers of Lendlease, and analysts who followed and reported on Lendlease Securities:

- *McCann, Gupta and Dekker of Lendlease;*
- *David Lloyd (Citigroup);*
- *John Lee (Morgan Stanley);*
- *Paul Butler (Credit Suisse);*
- *Rob Freeman (Macquarie);*
- *Sameer Chopra (Bank of American Merrill Lynch);*
- *Sholto Maconochie (CLSA);*
- *Toney Sherlock (Morningstar).*

32. In the 9 November 2018 Announcement and the 9 November 2018 Call, Lendlease made the following statements:

- (a) Lendlease has identified further underperformance in the financial position of its engineering and services business;

- (b) it is anticipated Lendlease will take a provision in the order of \$350 million after tax for the six months ending 31 December 2018;
- (c) the underperformance predominantly relates to further deterioration in the small number of engineering projects previously identified;
- (d) the underperformance is attributed to a number of issues including lower productivity in the post tunnelling phases of NorthConnex, excessive wet weather, access issues and remedial work arising from defective design on other projects;
- (e) Lendlease is undertaking a comprehensive review of its engineering and services business;
- (f) Lendlease has made significant changes to the engineering and services business including strengthening the leadership with the appointment of Dekker in May 2018 as the Group Head of Building and Engineering;
- (g) Dekker is identifying processes to reset and strengthen the operations in order to reduce the risk profile, and evaluate alternatives to reduce volatility of earnings in the business;
- (h) Lendlease conducts reviews of projects on a very regular basis; and
- (i) Lendlease has a rigorous risk management process and oversight of projects
(together, **9 November 2018 Statements**).

Particulars

The 9 November 2018 Statements were express, and were expressed in writing in the 9 November 2018 Announcement and by McCann during the 9 November 2018 Call:

- *Statement (a), refer to 9 November 2018 Announcement, the transcript of the 9 November 2018 Call at p 2.*
- *Statement (b), refer to 9 November 2018 Announcement, the transcript of the 9 November 2018 Call at p 2.*
- *Statement (c), refer to 9 November 2018 Announcement, the transcript of the 9 November 2018 Call at p 2.*

- *Statement (d), refer to 9 November 2018 Announcement, the transcript of the 9 November 2018 call at p 2.*
- *Statement (e), refer to the 9 November 2018 Announcement.*
- *Statement (f), refer to the 9 November 2018 Announcement.*
- *Statement (g), refer to the 9 November 2018 Announcement.*
- *Statement (h), refer to the transcript of the 9 November 2018 call at pp 3, 7.*
- *Statement (i), refer to the transcript of the 9 November 2018 call at p 3.*

C.6 Price effect of the 9 November 2018 Announcement and/or 9 November 2018 Call

33. Following the release of the 9 November 2018 Announcement and/or the convening of the 9 November 2018 Call the price of the Securities and ADRs fell materially.

Particulars

1. *The price of the Securities fell:*
 - a. *from a closing price of \$17.45 on 8 November 2018 to a closing price of \$14.25 on 9 November 2018 with a daily volume of 11,718,662 on 9 November 2018;*
 - b. *from a closing price of \$14.25 on 9 November 2018 to a closing price of \$13.35 on 12 November 2018 with a daily volume of 11,633,462 on 12 November 2018; and*
 - c. *from a closing price of \$13.35 on 12 November 2018 to a closing price of \$12.72 on 13 November 2018 with a daily volume of 24,213,640 on 13 November 2018.*
2. *The price of the ADRs fell:*
 - a. *from a closing price of \$12.60 on 8 November 2018 to a closing price of \$10.34 on 9 November 2018 with a daily volume of 7,600 on 9 November 2018;*
 - b. *from a closing price of \$10.34 on 9 November 2018 to a closing price of \$9.48 on 12 November 2018 with a daily volume of 8,000 on 12 November 2018; and*
 - c. *from a closing price of \$9.48 on 12 November 2018 to a closing price of \$9.26 on 13 November 2018 with a daily volume of 15,100 on 13 November 2018.*

3. *Further particulars may be provided of further price declines in the Securities and ADRs on and after 13 November 2018, up to and including 25 February 2019.*

C.7 16 November 2018

34. On 16 November 2018, Lendlease convened an annual general meeting of holders of its Securities (**2018 AGM**) and published and released to the ASX documents entitled “2018 Annual General Meeting – Chairman and Chief Executive Officer & Managing Director Addresses” (**2018 AGM Addresses**).
35. At the 2018 AGM, Lendlease made the following statements:
 - (a) approximately 90 per cent of the \$350 million post tax provision relates to three projects which also impacted the financial results for the year ended 30 June 2018;
 - (b) the first project is NorthConnex and productivity rates and costs on recently commenced phases of work on that project have not achieved Lendlease’s estimates and those costs have been reforecast as well as reforecasted costs arising from an acceleration of the mechanical and electrical works;
 - (c) the second project has experienced access issues resulting in Lendlease not being able to work the number of hours per month required to finish the project within the forecast program and associated delays including inclement weather have resulted in higher estimated costs to complete; and
 - (d) the third project has had a recently identified defect in the design undertaken by external consultants and the design defect has meant the work is outside the required tolerances and requires rectification which has also resulted in increased provisions for delay and other ancillary costs

(each being **2018 AGM Statements**).

Particulars

The 2018 AGM Statements were express and made by Crawford and McCann during the 2018 AGM:

- *Statement (a), refer to transcript of the 2018 AGM at pp 5.*
- *Statement (b), refer to the transcript of the 2018 AGM at p 5.*

- *Statement (c), refer to the transcript of the 2018 AGM at p 5.*
- *Statement (d), refer to the transcript of the 2018 AGM at p 5.*

C.8 26 November 2018

36. On 26 November 2018, Lendlease convened a call with market analysts (**26 November 2018 Call**), in a manner likely to bring things said during it to the attention of the market of investors and potential investors in the Securities and/or ADRs.

Particulars

The 26 November 2018 Call was transcribed and published by West.

The participants in the 26 November 2018 Call included senior managers of Lendlease, and analysts who followed and reported on Lendlease Securities:

- *McCann and Gupta and Dekker of Lendlease;*
- *Benjamin Brayshaw (JP Morgan);*
- *Rob Freeman (Macquarie);*
- *David Lloyd (Citigroup);*
- *Michelle Wrigglesworth (Milton Corporation);*
- *Tony Sherlock (Morningstar);*
- *Paul Butler (Credit Suisse);*
- *Guy Robinson (ACC);*
- *Lou Capparelli (UniSuper);*
- *David Pace (Greencape);*
- *John Lee (Morgan Stanley).*

37. During the 26 November 2018 Call, Lendlease made the following statements:
- the three underperforming engineering projects identified in the 2018 AGM were NorthConnex, the Gateway Upgrade North and the Kingsford Smith Drive Upgrade;
 - the Gateway Upgrade North has been impacted by labour productivity issues and weather related costs; and

- (c) the Kingsford Smith Drive Upgrade has a defect in the design that requires rectification which had led to provisions for delay and other costs

(together, **26 November 2018 Statements**).

Particulars

The 26 November 2018 Statements were express and made by McCann during the 26 November 2018 Call: refer to the transcript of the 26 November 2018 Call at p 3.

C.9 24 and 25 February 2019

38. On 24 February 2019, Lendlease convened a call with market analysts (**24 February 2019 Call**).

Particulars

The 24 February 2019 Call was transcribed and published by Thomson Reuters.

The participants in the 24 February 2019 Call included senior managers of Lendlease, and analysts who followed and reported on Lendlease Securities:

- *McCann and Gupta of Lendlease;*
- *Benjamin Brayshaw (JP Morgan);*
- *David Lloyd (Citigroup);*
- *Grant McCasker (UBS);*
- *Paul Butler (Credit Suisse);*
- *Rob Freeman (Macquarie);*
- *Sholto Maconochie (CLSA).*

39. On 25 February 2019, Lendlease:

- (a) made an announcement to the ASX entitled “HY19 Results and Engineering and Services Update” (**25 February 2019 Announcement**);
- (b) published and released to the ASX a presentation entitled “2019 Half Year Results” (**25 February 2019 Presentation**); and

- (c) published and released to the ASX its Appendix 4D and half year consolidated financial report for the six months ended 31 December 2018 (**1H19 Financial Report**).

40. In the 24 February 2019 Call, the 25 February 2019 Announcement, the 25 February 2019 Presentation and the 1H19 Financial Report, Lendlease made the following statements:

- (a) a comprehensive risk review determined that the Engineering Business was non-core and no longer part of the Lendlease Group strategy;
- (b) to allow the Engineering Business to continue to participate in the transport engineering sector while alternatives are considered, Lendlease is implementing a lower risk profile business strategy;
- (c) as Lendlease works through the implications of this decision, Lendlease's preliminary and current estimate is that it may incur pre-tax future restructuring costs of between \$450 million and \$550 million;
- (d) the estimate includes implementation costs, such as technology and systems costs, employee costs and advisor costs and costs to conclude customer contracts;
- (e) the costs of completing the projects included costs of "someone stepping into one or more of [Lendlease's] contracts and [Lendlease] providing whatever assurances that [Lendlease] need to in that process";
- (f) the Engineering Business made a 1H19 EBITDA loss of \$473.7 million including previous announced \$350 million post tax impact from expected losses on underperforming projects; and
- (g) the Construction Segment made a 1H19 EBITDA loss of \$362.3 million, impacted by the Engineering Business Provision

(together, **25 February 2019 Statements**).

Particulars

The 25 February 2019 Statements were express and were made orally or in writing:

- *Statement (a), refer to the 25 February 2019 Announcement, 25 February 2019 Presentation at p 5, 1H19 Financial Report at p 3.*

- *Statement (b), refer to the 25 February 2019 Announcement, 25 February 2019 Presentation at p 5.*
- *Statement (c), refer to the 25 February 2019 Announcement, 25 February 2019 Presentation at p 5.*
- *Statement (d), refer to the 25 February 2019 Announcement, 25 February 2019 Presentation at p 5.*
- *Statement (e), refer to the transcript of the 25 February 2019 Call at p 9.*
- *Statement (f), refer to the 25 February 2019 Presentation at pp 20 and 41, 1H19 Financial Report at 9.*
- *Statement (g), refer to the 25 February 2019 Presentation at p 41, 1H19 Financial Report at p 9.*

D Representations made by Lendlease

D.1 Representations on 17 November 2017

41. By reason of the matters pleaded in paragraphs 25 and 26 above, on 17 November 2017, Lendlease represented to the market of investors and potential investors in the Securities and the ADRs (**Affected Market**) that there would be improved performance in the Engineering Business going forward (**17 November 2017 Representations**).

Particulars

The 17 November 2017 Representations were express and the Plaintiffs refer to the 17 November 2017 Statements.

42. Further, by reason of the matters pleaded in paragraphs 25 and 26 above, on 17 November 2017, Lendlease represented to the Affected Market that:
- (a) Lendlease had a reasonable basis for making the 17 November 2017 Representations; and
 - (b) Lendlease was able, with the information available to it, to make reasonably reliable assessments of the future revenues and costs associated with the projects being undertaken by its Engineering Business
- (together, **17 November 2017 Basis Representations**).

43. From 17 November 2017 until 8 November 2018 inclusive, Lendlease continued to make the 17 November 2017 Representations and 17 November 2018 Basis Representations.

Particulars

The continuing representation is implied by Lendlease not saying anything during that period to modify, qualify or contradict the 17 November 2017 Representations and 17 November 2017 Basis Representations.

D.2 Representations on 21 February 2018

44. By reason of the matters pleaded in paragraphs 27 and 28 above, on 21 February 2018, Lendlease represented to the Affected Market that:

- (a) the provisions it had made for its Engineering Business were prudent;
- (b) the provisions it had made for underperforming engineering projects were for the remaining lives of those projects;
- (c) no further provision for underperforming engineering projects, or its Engineering Business, would be required;

(together, **21 February 2018 Representations**).

Particulars

- 1. *The representations in paragraphs (a) and (b) above were express and the Plaintiffs refer to the 21 February 2018 Statements.*
- 2. *The representation in paragraph (c) above was implied by the express representations in paragraphs (a) and (b) above, and the omission of any information which modified, qualified or contradicted those representations.*

45. Further, by reason of the matters pleaded in paragraphs 27 and 28 above, on 21 February 2018, Lendlease represented to the Affected Market that:

- (a) Lendlease had a reasonable basis for making the 21 February 2018 Representations; and

- (b) Lendlease was able, with the information available to it, to make reasonably reliable assessments of the future revenues and costs associated with the projects being undertaken by its Engineering Business

(together, **21 February 2018 Basis Representations**).

46. From 21 February 2018 until 8 November 2018 inclusive, Lendlease continued to make the 21 February 2018 Representations and 21 February 2018 Basis Representations.

Particulars

The continuing representation is implied by Lendlease not saying anything during that period to modify, qualify or contradict the 21 February 2018 Representations and 21 February 2018 Basis Representations.

D.3 Representations on 22 August 2018

47. By reason of the matters pleaded in paragraphs 29 and 30 above, on 22 August 2018, Lendlease represented to the Affected Market that:

- (a) the financial results that it announced on 22 August 2018 recognised all losses and/or provisions that could be expected on Lendlease's underperforming engineering projects (including NorthConnex);
- (b) the financial results that it announced on 22 August 2018 recognised the cost to complete its underperforming engineering projects (including NorthConnex);
- (c) there would be no further losses and/or provisions in respect of Lendlease's underperforming engineering projects;

(together, **22 August 2018 Representations**).

Particulars

1. *The representations in paragraphs (a) and (b) above were express and the Plaintiffs refer to the 22 August 2018 Statements.*
2. *The representation in paragraph (c) above was implied by the express representations in paragraphs (a) and (b) above, and the omission of any information which modified, qualified or contradicted those representations.*

48. Further, by reason of the matters pleaded in paragraphs 29 and 30 above, on 22 August 2018, Lendlease represented to the Affected Market that:

- (a) Lendlease had a reasonable basis for making the 22 August 2018 Representations; and
- (b) Lendlease was able, with the information available to it, to make reasonably reliable assessments of the future revenues and costs associated with the projects being undertaken by its Engineering Business

(together, **22 August 2018 Basis Representations**).

49. From 22 August 2018 until 8 November 2018 inclusive, Lendlease continued to make the 22 August 2018 Representations and the 22 August 2018 Basis Representations.

Particulars

The continuing representation is implied by Lendlease not saying anything during that period to modify, qualify or contradict the 22 August 2018 Representations and the 22 August 2018 Basis Representations.

E CONTINUOUS DISCLOSURE CONTRAVENTIONS

E.1 Information concerning the Projects

50. By the start of the Relevant Period, Lendlease had (within the meaning of s 674(2) of the Corporations Act) and was aware of (within the meaning of ASX Listing Rule 19.12) information that it was likely, or there was a material risk, that:

- (a) Lendlease's:
 - (i) financial performance; and
 - (ii) financial results,

for FY18 and financial periods after FY18 would continue to be materially adversely affected by the performance of NorthConnex, the Kingsford Smith Drive Upgrade and the Gateway North Upgrade; and/or

- (b) Lendlease's:
 - (i) financial performance; and

(ii) financial results,

for FY18 and financial periods after FY18 would continue to be materially adversely affected by the performance of the Engineering Business; and

(c) by reason of (a) and/or (b), that the Engineering Business would need to be restructured and de-risked in terms of what projects it would take on (if it was retained by Lendlease), such that it could not reliably be expected to positively contribute to Lendlease's future financial performance and financial results,

(each being **Project Information**).

Particulars

1. *Paragraphs 32, 35 and 37 above are repeated.*

NorthConnex

2. *By the start of the Relevant Period at the latest, NorthConnex had experienced significant delays and complications associated with the tunnelling and boring phase of the project including structural issues with the roof of the tunnel, problems associated with the treatment of water and the leakage of water into the tunnel which in turn materially increased the cost and time for Lendlease to complete NorthConnex.*

3. *During the Relevant Period, NorthConnex continued to experience the leakage of water into the tunnel which prevented access for the installation of electrical wiring and lighting, finishes to the roof, roads and other surfaces which in turn materially increased the cost and time for Lendlease to complete NorthConnex.*

4. *Bouygues (LendLease's 50/50 joint venture partner on NorthConnex) booked a provision on NorthConnex for issues arising in calendar year 2018: Macquarie Research analyst report entitled "LendLease Group – NorthConnex provision heading north?" dated 14 August 2018 at p 1.*

5. *As at 7 August 2018, Transurban Corporate Limited (LendLease's client for NorthConnex) had:*

- a. *stated that the project was “under review” and “there is potentially a delay. Obviously [the contractors] are reviewing their delivery schedule”: ASX Announcement published and lodged to the ASX by Transurban Corporation Limited on 7 August 2018 entitled ‘Transurban Investor Presentation’, pp.6 and 25; Macquarie Research analyst report entitled ‘LendLease Group – NorthConnex provision heading north?’ dated 14 August 2018 at p.1; and*
 - b. *“made no secret of the fact that NorthConnex would be late due to what are thought to be geoengineering risks, and the project delivery timetable was currently ‘under review’”: article entitled ‘NorthConnex delays dog LendLease’ dated 14 August 2018 in the Australian.*
6. *In or around late August 2018, LendLease told analysts that it had suffered “logistical and geotechnical challenges” on NorthConnex: article entitled ‘NorthConnex opening date still in doubt as LendLease bulks up engineering’ dated 28 August 2018 in the Australian Financial Review.*
7. *At all material times NorthConnex’s project management, which included representatives of Lendlease, met monthly to discuss the progress of the project including the delays and complications particularised in paragraphs 2 to 6 above.*
8. *By the start of the Relevant Period, alternatively materially before 9 November 2018, Connor, Laslett, Letton and/or (from May 2018) Dekker, who were key personnel in the Engineering Business and Building Division of LendLease’s business, ought to have been aware of the delays and complications particularised in paragraphs 2 to 6 above by reason of the monthly project meetings attended by representatives of Lendlease as particularised in paragraph 7 above.*
9. *By the start of the Relevant Period, alternatively materially before 9 November 2018, McCann, who was Lendlease’s Group Chief Executive Officer and Managing Director at all material times, Wilson, who was LendLease’s Group Chief Commercial*

and Risk Officer, and/or Gupta, who was Lendlease's Chief Financial Officer at all material times, ought to have been aware of the delays and complications particularised in paragraphs 2 to 6 above by reason of the knowledge that Connor, Laslett, Letton and/or (from May 2018) Dekker ought to have had as particularised in paragraph 8 above who should have reported those delays and complications to McCann, Wilson and/or Gupta.

Kingsford Smith Drive Upgrade

10. *The section of the Kingsford Smith Drive Upgrade between Toorak Road and Grays Road required 15 metre anchors to be placed into the bedrock to ensure the structural integrity of the retaining wall in the Brisbane River.*
11. *The initial designs for the Kingsford Smith Drive Upgrade were defective in that it did not make provision for the anchors particularised in paragraph 10 above which materially increased the cost and time required by Lendlease to complete the Kingsford Smith Drive Upgrade.*
12. *Piling and marine based construction in the west zone of the Kingsford Smith Drive Upgrade, which included the section of the Kingsford Smith Drive Upgrade between Toorak Road and Grays Road, commenced by about October 2016.*
13. *By the start of the Relevant Period, alternatively on a date materially before 9 November 2018, Lendlease's project manager responsible for the Kingsford Smith Drive Upgrade ought to have known by reason of the piling and marine based construction that had commenced in October 2016 that the design was defective as particularised in paragraph 11 above.*
14. *By the start of the Relevant Period, alternatively on a date materially before 9 November 2018, Connor, Laslett, Letton and/or (from May 2018) Dekker, who were key personnel in the Engineering Business and Building Division of LendLease's business, ought to have been aware of the design defects as*

particularised in paragraph 11 above by reason of the project manager's knowledge as particularised in paragraph 13 above.

15. *By the start of the Relevant Period, alternatively on a date materially before 9 November 2018, McCann, who was Lendlease's Group Chief Executive Office and Managing Director at all material times, Wilson, who was LendLease's Group Chief Commercial and Risk Officer, and/or Gupta, who was Lendlease's Chief Financial Officer at all material times, ought to have been aware of the design defects particularised in paragraph 9 above by reason of the knowledge that Connor, Laslett, Letton and/or (from May 2018) Dekker ought to have had as particularised in paragraph 14 above who should have reported those design defects to McCann, Wilson and/or Gupta.*

Gateway Upgrade North

16. *Lendlease's ability to access the site in order to undertake work on the Gateway Upgrade North was administered by a third party.*
17. *At a time not presently known to the Plaintiffs but during the Relevant Period and on a date materially before 9 November 2018, the third party providing access to the site was not providing Lendlease sufficient access to the site in order for Lendlease to complete the Gateway Upgrade North within Lendlease's forecast program which materially increased the cost and time for Lendlease to complete the Gateway Upgrade North.*
18. *At a time not presently known to the Plaintiffs but during the Relevant Period and materially before 9 November 2018, Connor, Laslett, Letton and/or (from May 2018) Dekker, who were key personnel in the Engineering Business and Building Division of LendLease's business, ought to have been aware of the site access issues as particularised in paragraph 17 above.*
19. *McCann, who was Lendlease's Group Chief Executive Officer and Managing Director at all material times, Wilson, who was LendLease's Group Chief Commercial and Risk Officer, and/or*

Gupta, who was Lendlease's Chief Financial Officer at all material times, ought to have been aware of the site access issues as particularised in paragraph 17 above by reason of the knowledge that Connor, Laslett, Letton and/or (from May 2018) Dekker ought to have had as particularised in paragraph 18 above who should have report those site access issues to McCann, Wilson and/or Gupta.

Engineering Business

20. *McCann, who was Lendlease's Group Chief Executive Officer and Managing Director at all material times, Wilson, who was LendLease's Group Chief Commercial and Risk Officer, and/or Gupta, who was Lendlease's Chief Financial Officer at all material times, ought to have been aware of the matters pleaded in sub-paragraph (c) above by reason of their knowledge of the underperformance of NorthConnex, the Kingsford Smith Drive Upgrade, and the Gateway North Upgrade as particularised in paragraphs 9, 15 and 19 above which were three large infrastructure projects within the Engineering Business.*

Other

21. *Further, or in the alternative, Lendlease Officers ought to have come into possession of the matters particularised in paragraphs 1 to 18 above during the Relevant Period and materially before 9 November 2018 in the course of their duties as an officer of that entity.*
22. *Further, or in the alternative, Lendlease Officers ought to have come into possession of the matters particularised in paragraphs 1 to 20 above during the Relevant Period and materially before 9 November 2018 by reason of the Regular Project Reviews.*
23. *The quantum of the adverse affectation on Lendlease's financial performance and financial position pleaded in sub-paragraph (a) and (b) is a matter for evidence, but involved the recognition of losses and/or the raising of provisions of at least equal to the amounts recognised and raised on 9 November 2018, and the associated further impacts on forward EBITDA attributable to the*

Projects and/or the Engineering Business of the raising of those provisions;

24. *The degree to which the Engineering Business required restructuring and de-risking as pleaded in sub-paragraph (c) is a matter for evidence, as is the degree by which it would fail to positively contribute to Lendlease's financial performance financial position, but (A) the former would include, at least, not taking on projects with similar (or even less favourable) risk profiles to NorthConnex, the Kingsford Smith Drive Upgrade and Gateway Upgrade North, and (B) the latter would involve, at least, the recognition of losses and/or the raising of provisions of at least equal to the amounts recognised and raised on 9 November 2018, and the associated further impacts on forward EBITDA attributable to the Projects and/or the Engineering Business of the raising of those provisions, as well as the cost of undertaking such restructuring and de-risking (being costs of a kind ultimately announced by Lendlease in its ASX Announcement dated 25 February 2019 entitled "Lendlease Group 2019 Half Year Results Announcement, Presentation and Appendix").*
25. *The Plaintiffs may provide particulars about underperforming projects within the Engineering Business, other than NorthConnex, the Gateway Upgrade North and the Kingsford Smith Drive Upgrade, following completion of Lendlease's discovery.*

E.2 Information concerning Unreliable Performance

51. Further, or alternatively, by the start of the Relevant Period, Lendlease had (within the meaning of s 674(2) of the Corporations Act) and was aware of (within the meaning of ASX Listing Rule 19.12) information that it was likely, or there was a material risk that:
- (a) its costs, financial and/or project reporting systems, including the Regular Project Reviews, were not sufficient to enable it to determine:
 - (i) the cost to complete the Projects; and
 - (ii) the appropriate provision for the Projects; and/or

- (b) Lendlease could not reliably determine:
- (i) the cost to complete of projects being undertaken by the Engineering Business; and
 - (ii) the appropriate provision in respect of the Engineering Business,
 - (iii) by reason of (a) and/or (b), Lendlease could not reliably determine whether or not the Engineering Business would need to be restructured and de-risked in terms of what projects it would take on (if it was retained by Lendlease), such that it could not reliably be expected to positively contribute to Lendlease's future financial performance and financial results,

(each being, **Unreliable Performance Information**).

Particulars

1. *The Plaintiffs repeat the particulars to paragraph 54 above.*
2. *During the Relevant Period and thereafter, LendLease continued to downgrade earnings or report underperformance from the Construction Segment and/or Engineering and Services Business:*
 - c. *17 October 2017 Announcement at p 1;*
 - d. *21 February 2018 Announcement at p 2 of the announcement;*
 - e. *Transcript of 21 February 2018 Call pp 3 and 9;*
 - f. *22 August 2018 Announcement at p 2 of announcement;*
 - g. *Transcript of 22 August 2018 Call at pp.3, 5, 6, and 8;*
 - h. *9 November 2018 Announcement at p 1;*
 - i. *25 February 2019 Announcement at p 3 of the announcement and 25 February 2019 Presentation at p 11; and*
 - j. *Transcript of 25 February 2019 Call at pp 3, 5 and 13.*

3. On 21 February 2018, LendLease:
- a. took an approximately \$190m provision against underperforming projects in the Engineering and Services Business: Macquarie Research analyst report entitled 'Back in 2014' dated 22 February 2018 at pp 1-3;
 - b. stated that it "continued to invest in our capability" and would devote "management focus on underperforming Engineering projects" to improve the performance of the Engineering and Services Business: 21 February 2018 Announcement at p 3 of announcement, and at p 21 of "LendLease 2018 Half Year Results";
 - c. stated that as at 21 February 2018, the underperforming projects were "all at least 50% complete, so obviously we're working on considerable information from performance to date": Transcript of 21 February 2018 Call at p 9;
 - d. stated that the underperforming projects were impacted by "logistics and geotechnical" problems that were "project-specific": 21 February 2018 Announcement at p 8 of presentation;
 - e. stated that "the revenue backlog associated with the underperforming projects accounts for 20% of the total engineering backlog": 21 February 2018 Briefing Transcript, p 4, and 21 February 2018 Presentation at p.8 of "LendLease 2018 Half Year Results";
 - f. stated that the underperforming projects would impact margin until completion: 21 February 2018 Announcement at p 8 of "LendLease 2018 Half Year Results"; and
 - g. stated that "[t]he impact of expected losses has been recognised in the result for the period, including the reversal of previously booked margin. These projects will not contribute margin for the remaining lives of the projects and will therefore impact the overall EBITDA margin of the segment until they complete": 1H18 Financial Report at p 9.

4. *During May 2018, LendLease appointed Dekker to the position of Group Head of Building and Engineering:*
 - a. *in the context of LendLease “making significant changes to [the Engineering and Services Business] including strengthening the leadership”: 9 November 2018 Announcement at p 1; and*
 - b. *“to enable [the Engineering and Services Business] to reach their full potential”: Transcript of 22 August 2018 Call at p 8.*
5. *On 9 November 2018, LendLease announced to the market that:*
 - a. *it “identified further underperformance in the financial position of its Engineering and Services Business. To account for this underperformance it is anticipated LendLease will take a provision in the order of \$350 million after tax for 1H19”; and*
 - b. *“the underperformance predominantly relates to further deterioration in the small number of projects previously identified”;*

(9 November 2018 Announcement at p 1).
6. *On 16 November 2018, LendLease confirmed that the issues with the Engineering and Services Business were not isolated to the projects previously identified. McCann stated:*
 - a. *“Approximately 90 per cent of the \$350 million post tax provision [arising from underperforming projects in the Engineering and Services Business] relates to three projects”;*
 - b. *“Further deterioration on NorthConnex [Project] and two other projects was identified during reviews completed last week”;*
 - c. *in relation to the NorthConnex Project, “productivity rates and costs on recently commenced phases of work have not achieved our estimates and we now have reforecast these*

costs. We have also reforecast costs arising from an acceleration of the mechanical and electrical works, the final major phase of the NorthConnex Project”;

- d. *in relation to Kingsford Smith Drive Upgrade, it had “experienced unforeseen access issues resulting in our team not being able to work the number of hours per month required to finish the project within the forecast program. Associated delays including inclement weather have resulted in higher estimated costs to complete”;* and
- e. *in relation to Gateway Upgrade North, LendLease “recently identified a defect in the design undertaken by external design consultants. This design defect has meant the work is outside the required tolerances and therefore requires rectification. In addition to the costs of rectification work, this has resulted in increased provisions for delay and other ancillary costs.”*

(2018 AGM Addresses at pp 2-3 of McCann Address).

- 7. *On 25 February 2019, LendLease announced to the market that it had identified further deterioration in expected performance on its Engineering and Services Business projects that would require it to provide an “indemnity for future performance” to potential purchasers of the impugned business as part of “restructuring costs”: Transcript of 25 February 2019 Call at p 9; Macquarie Research analyst report entitled ‘Tunnel Vision’ dated 21 May 2019 at p 4.*
- 8. *At a time not presently known to the Plaintiffs but during the Relevant Period and materially before 9 November 2018, Connor, Laslett, Letton and/or (from May 2018) Dekker, who were key personnel in the Engineering Business and Building Division of LendLease’s business, ought to have been aware of the inadequacy of the project cost, financial and/or reporting systems as particularised in paragraphs 1 to 7.*

9. *McCann, who was Lendlease's Group Chief Executive Officer and Managing Director at all material times, Wilson, who was LendLease's Group Chief Commercial and Risk Officer, and/or Gupta, who was Lendlease's Chief Financial Officer at all material times, ought to have been aware of the inadequacy of the project cost, financial and/or reporting systems as particularised in paragraphs 1 to 7 above by reason of the knowledge that Connor, Laslett, Letton and/or (from May 2018) Dekker ought to have had as particularised in paragraph 8 above who should have reported the inadequacy of the project cost, financial and/or reporting systems to McCann, Wilson and/or Gupta.*
10. *McCann, who was Lendlease's Group Chief Executive Officer and Managing Director at all material times, Wilson, who was LendLease's Group Chief Commercial and Risk Officer, and/or Gupta, who was Lendlease's Chief Financial Officer at all material times, ought to have been aware of the matters pleaded in sub-paragraph (c) above by reason of their knowledge of the underperformance of NorthConnex, the Kingsford Smith Drive Upgrade, and the Gateway North Upgrade which were three large infrastructure projects within the Engineering Business.*
11. *Further, or in the alternative, Lendlease Officers ought to have come into possession of the matters particularised in paragraphs 1 to 7 above during the Relevant Period and materially before 9 November 2018 in the course of their duties as an officer of that entity.*
12. *Further, or in the alternative, Lendlease Officers ought to have come into possession of the matters particularised in paragraphs 1 to 7 above during the Relevant Period and materially before 9 November 2018 by reason of the Regular Project Reviews.*
13. *Further and alternatively, it can be inferred that LendLease Officers became actually aware of the matters particularised at 1 to 7 by reference to the following:*

- a. *On 17 October 2017, LendLease announced that “[t]he composition of the FY18 result is expected to be impacted by underperformance in our Australian construction business which relates to a small number of engineering projects. As a result, the HY18 EBITDA contribution from the Australian construction business is expected to be lower than the prior corresponding period”:* 17 October 2017 Announcement at p.2.
- b. *On 21 February 2018, LendLease represented in the context of an approximate \$190m provision against the underperforming projects in the Engineering Business that it “continued to invest in our capability” and would devote “management focus on underperforming Engineering projects” to improve the performance of the Engineering and Services Business:* 21 February 2018 Announcement at p 3 of announcement and p 21 of “LendLease Half Year Results”.
- c. *During May 2018, LendLease appointed Dekker to the position of Group Head of Building and Engineering as particularised in paragraph 4 above.*

E.3 Project Information continuous disclosure contravention

52. The Project Information was information that:
 - (a) was not generally available within the meaning of s 674(2)(c)(i) of the Corporations Act at any time in the Relevant Period; and
 - (b) a reasonable person would expect, if it were generally available, to have a material effect on the price or value of the Securities within the meaning of s 674(2)(c)(ii) of the Corporations Act.
53. Pursuant to ASX Listing Rule 3.1, Lendlease became obliged to tell the ASX the Project Information by the start of the Relevant Period.
54. Lendlease did not communicate the Project Information to the ASX before 9 November 2018.

55. In the circumstances set out in paragraphs 52 to 54 above, Lendlease contravened s 674(2) of the Corporations Act (being a **Continuous Disclosure Contravention**).

E.4 Unreliable Performance Information continuous disclosure contravention

56. The Unreliable Performance Information was information that:

- (a) was not generally available within the meaning of s 674(2)(c)(i) of the Corporations Act at any time in the Relevant Period; and
- (b) a reasonable person would expect, if it were generally available, to have a material effect on the price or value of the Securities within the meaning of s 674(2)(c)(ii) of the Corporations Act.

57. Pursuant to ASX Listing Rule 3.1, Lendlease became obliged to tell the ASX the Unreliable Performance Information by the start of the Relevant Period.

58. Lendlease did not communicate any of the Unreliable Performance Information to the ASX before 9 November 2018.

59. In the circumstances set out in paragraphs 56 to 58 above, Lendlease contravened s 674(2) of the Corporations Act (being a **Continuous Disclosure Contravention**).

F MISLEADING OR DECEPTIVE CONDUCT

F.1 Misleading conduct contraventions from 17 November 2017

60. The making and failing to correct or qualify each of the 17 November 2017 Representations and/or the 17 November 2017 Basis Representations was conduct engaged in by Lendlease:

- (a) in trade or commerce; and
- (b) in relation to the Securities.

61. As at and from 17 November 2017, Lendlease did not have reasonable grounds for making the 17 November 2017 Representations in the circumstances pleaded in paragraphs 31, 32, 34 to 37, 38, 39, 50 and 51 above.

Particulars

To the extent that the 17 November 2017 Representations were representations as to future matters, and the Plaintiffs also rely on s

12BB(1) of the ASIC Act, s 796C of the Corporations Act and/or s 4 of the Australian Consumer Law.

62. As at and from 17 November 2017, by making and/or failing to correct or qualify the 17 November 2017 Representations in the circumstances pleaded in paragraphs 31, 32, 34 to 37, 38, 39, 50 and 51 above, Lendlease engaged in conduct which was misleading or deceptive or was likely to mislead or deceive.
63. Further, or alternatively, by reason of the circumstances pleaded in paragraphs 31, 32, 34 to 37, 38, 39, 50 and 51 above, by making and/or failing to correct or qualify 17 November 2017 Basis Representations Lendlease engaged in conduct which was misleading or deceptive or was likely to mislead or deceive.
64. By reason of the matters pleaded in paragraphs 60 to 63 above, Lendlease contravened s 1041H of the Corporations Act and/or s 12DA of the ASIC Act and/or s 18 of the Australian Consumer Law (each being a **17 November 2017 Misleading Conduct Contravention**).

F.2 Misleading conduct contraventions from 21 February 2018

65. The making and failing to correct or qualify of each of the 21 February 2018 Representations and/or the 21 February 2018 Basis Representations was conducted engaged in by Lendlease:
- (a) in trade or commerce; and
 - (b) in relation to the Securities.
66. As at and from 21 February 2018, Lendlease did not have reasonable grounds for making each of the 21 February 2018 Representations in the circumstances pleaded in paragraphs 31, 32, 34 to 37, 38, 39, 50 and 51 above.

Particulars

To the extent that the 21 February 2018 Representations were representations as to future matters, and the Plaintiffs also rely on s 12BB(1) of the ASIC Act, s 796C of the Corporations Act and/or s 4 of the Australian Consumer Law.

67. As at and from 21 February 2018, by making and/or failing to correct or qualify each of the 21 February 2018 Representations in the circumstances pleaded in paragraphs 31,

32, 34 to 37, 38, 39, 50 and 51 above, Lendlease engaged in conduct which was misleading or deceptive or was likely to mislead or deceive.

68. Further, or alternatively, by reason of the circumstances pleaded in paragraphs 31, 32, 34 to 37, 38, 39, 50 and 51 above, by making and/or failing to correct or qualify each of the 21 February 2018 Basis Representations Lendlease engaged in conduct which was misleading or deceptive or was likely to mislead or deceive.
69. By reason of the matters pleaded in paragraphs 65 to 68 above, Lendlease contravened s 1041H of the Corporations Act and/or s 12DA of the ASIC Act and/or s 18 of the Australian Consumer Law (each being a **21 February 2018 Misleading Conduct Contravention**).

F.3 Misleading conduct contraventions from 22 August 2018

70. The making and failing to correct or qualify of each of the 22 August 2018 Representations and/or the 22 August 2018 Basis Representations was conduct engaged in by Lendlease:
- (a) in trade or commerce; and
 - (b) in relation to the Securities.
71. As at and from 22 August 2018, Lendlease did not have reasonable grounds for making each of the 22 August 2018 Representations in the circumstances pleaded in paragraphs 31, 32, 34 to 37, 38, 39, 50 and 51 above.

Particulars

To the extent that the 22 August 2018 Representations were representations as to future matters, and the Plaintiffs also rely on s 12BB(1) of the ASIC Act, s 796C of the Corporations Act and/or s 4 of the Australian Consumer Law.

72. As at and from 22 August 2018, by making and/or failing to correct or qualify each of the 22 August 2018 Representations in the circumstances pleaded in paragraphs 31, 32, 34 to 37, 38, 39, 50 and 51 above, Lendlease engaged in conduct which was misleading or deceptive or was likely to mislead or deceive.
73. Further, or alternatively, by reason of the circumstances pleaded in paragraphs 31, 32, 34 to 37, 38, 39, 50 and 51 above, by making and/or failing to correct or qualify each of

the 22 August 2018 Basis Representations Lendlease engaged in conduct which was misleading or deceptive or was likely to mislead or deceive.

74. By reason of the matters pleaded in paragraphs 70 to 73 above, Lendlease contravened s 1041H of the Corporations Act and/or s 12DA of the ASIC Act and/or s 18 of the Australian Consumer Law (each being a **22 August 2018 Misleading Conduct Contravention**).

G CONTRAVENING CONDUCT CAUSED GROUP MEMBERS' LOSS

G.1 Acquisition of Securities and ADRs

75. During the Relevant Period, the Plaintiffs and Group Members acquired interests in the Securities.

Particulars

Paragraphs 3 and 4 above in respect of the Plaintiffs are repeated.

76. During the Relevant Period, Group Members acquired interests in ADRs.

Particulars

Particulars of Group Members' holdings of ADRs will be provided prior to the trial of their individual claims following the determination of the common questions.

G.2 Market based causation

77. The Plaintiffs and Group Members acquired their interest in the Securities in a market of investors or potential investors in the Securities:
- (a) operated by the ASX;
 - (b) regulated by, inter alia, the ASX Listing Rules and s 674(2) of the Corporations Act;
 - (c) where Lendlease had the obligations pleaded in paragraphs 6 to 7 above;
 - (d) where the price or value of the Securities would reasonably be expected to have been informed or affected by information disclosed in accordance with the ASX Listing Rules and s 674(2) of the Corporations Act; and
 - (e) where:

- (i) material information had not been disclosed, which a reasonable person would expect, had it been disclosed, would have had a material effect on the price or value of the Securities (namely the Project Information and the Unreliable Performance Information); and
- (ii) misleading or deceptive conduct had been engaged in (namely the conduct the subject of the Misleading Conduct Contraventions) that a reasonable person would expect to have a material effect on the price or value of the Securities, in that if they had not been made no investors or potential investors in the Securities would have been in a position to read or rely upon them.

78. During the Relevant Period, the market for ADRs was a market that was traded on the basis that the market for the Securities had the feature pleaded in paragraph 77 above.

79. In the Relevant Period, the Continuous Disclosure Contraventions and/or the Misleading Conduct Contraventions (and each of them) (**Market Contraventions**) caused the market price for the Securities and ADRs to be, or materially contributed to the market price of the Securities and ADRs being, substantially greater than:

- (a) their true value; and/or
- (b) the market price that would have prevailed but for the Market Contraventions; from the respective dates that those Market Contraventions commenced as pleaded above.

Particulars

The extent to which the Market Contraventions caused the market price for the Securities and ADRs to be substantially greater than their true value and/or the market price that would otherwise had prevailed (that is, inflated) during the Relevant Period will be served immediately following the Plaintiffs filing opinion evidence in the proceeding.

80. The decline in the price of the Securities and ADRs pleaded in paragraph 33 above was caused or materially contributed to by:

- (a) the market's reaction to 9 November 2018 Announcement and/or the 9 November 2018 Call; and
- (b) the Market Contraventions that occurred prior to 9 November 2018.

Particulars

The extent to which the decline in price of the Securities and ADRs was caused or materially contributed to by these matters is a matter for evidence, particulars of which will be served immediately following the Plaintiffs filing opinion evidence as referred to in the particulars to paragraph 79 above.

81. Further, or alternatively, if Lendlease had:
- (a) disclosed to the market the Project Information during the Relevant Period;
 - (b) disclosed the market the Unreliable Performance Information during the Relevant Period; and/or
 - (c) not engaged in the conduct the subject of the Market Contraventions, the price of the Securities and ADRs would have fallen substantially.

Particulars

The extent to which the decline in price of the Securities and ADRs would have fallen at earlier points in time during the Relevant Period, and when it would have so fallen, is a matter for evidence, particulars of which will be served immediately following the Plaintiffs filing opinion evidence as referred to in the particulars to paragraph 79 above.

G.3 Reliance

82. Further, or in the alternative, in the decision to acquire the Securities and/or ADRs:
- (a) the Plaintiffs and some Group Members would not have acquired the Securities at the prices and in the volumes that they were acquired, if the Project Information and/or the Unreliable Performance Information had been disclosed to them and/or the ASX;
 - (b) some Group Members would not have acquired the ADRs at the prices and in the volumes that they were acquired, if the Project Information and/or the Unreliable Performance Information had been disclosed to them and/or the ASX; and
 - (c) some Group Members acquired the Securities and/or ADRs at the prices and in the volumes they were acquired in reliance upon some or all of the following

representations (and/or Lendlease not having corrected or qualified such representations):

- (i) the 17 November 2017 Representations and 17 November 2017 Basis Representations (or any of them);
- (ii) the 21 February 2018 Representations and 21 February 2018 Basis Representations (or any of them); and/or
- (iii) the 22 August 2018 Representations and 22 August 2018 Basis Representations (or any of them).

Particulars

The identity of all those Group Members which or who relied directly on any or all of the representations referred to in sub-paragraph 90(c) above are not within the current state of the Plaintiffs' knowledge and cannot be ascertained unless and until those advising the Plaintiffs take detailed instructions from all Group Members on individual issues relevant to the determination of those individual Group Members' claims. Those instructions will be obtained (and particulars of the identities of those Group Members will be provided) following opt-out, the determination of the Plaintiffs' claim and identification of common issues at an initial trial and if and when it is necessary for a determination to be made of the individual claims of those Group Members.

G.4 Loss and damage

83. The Plaintiffs and Group Members have suffered loss and damage resulting from the Market Contraventions.

Particulars

1. *The loss suffered by the Plaintiffs will be calculated by reference to:*
 - A. *the difference between the price at which the Securities were acquired by the Plaintiffs during the Relevant Period and the true value of that interest; or*
 - B. *the difference between the prices at which the Plaintiffs acquired the Securities and the market price that would*

have prevailed had the Market Contraventions not occurred; or

C. alternatively, the days during the Relevant Period where the traded price of the Securities fell as a result of the disclosure information which had not previously been disclosed because of the Market Contraventions, and the quantum of that fall; or

D. alternatively, the days after the Relevant Period when the traded price of the Securities fell as a result of the disclosure of information which had not previously been disclosed because of the Market Contraventions, and the quantum of that fall;

E. alternatively, the difference between the price at which the Securities were acquired by the Plaintiffs and the price in left in hand.

2. Particulars of the losses of Group Members are not within the current state of the Plaintiffs' knowledge and cannot be ascertained unless and until those advising the Plaintiffs take detailed instructions from all Group Members on individual issues relevant to the determination of those individual Group Member's claims. Those instructions will be obtained (and particulars of the losses of those Group Members will be provided) following opt out, the determination of the Plaintiffs' claim and identified common issues at an initial trial and if and when it is necessary for a determination to be made of the individual claims of those Group Members.

The questions (if any) that the plaintiff considers are appropriate for reference

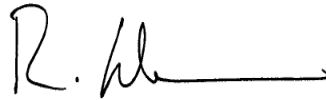
1 None.

Mediation

1 The parties have not participated in a mediation. The Plaintiffs are willing to participate in a mediation at an appropriate time.

SIGNATURE

Signature of legal representative



Capacity

Rebecca Gilsonen, Legal Representative

Date of signature

24 December 2019