

ASX Announcement



14 August 2023

Lendlease Trust 2023 Full Year Consolidated Financial Report

Attached is the Lendlease Trust Consolidated Financial Report for the year ended 30 June 2023.

ENDS

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Authorised for lodgement by the Lendlease Group Disclosure Committee

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

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LENDLEASE TRUST
CONSOLIDATED
FINANCIAL REPORT
JUNE 2023

Lendlease Trust

Consolidated Financial Report

June 2023
ARSN 128 052 595

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Lendlease Responsible Entity Limited ABN 72 122 883 185 AFSL No. 308983 is the responsible entity of the Lendlease Trust ARSN 128 052 595. Lendlease Trust (LLT) is domiciled in Australia. The consolidated financial report of LLT for the year ended 30 June 2023 comprises LLT including its controlled entities (together referred to as the Consolidated Entity). The Consolidated Entity is a for profit entity. Further information about the Consolidated Entity's primary activities is included in the Directors' Report.

Shares in Lendlease Corporation (the Company) and units in LLT are traded as one security under the name of Lendlease Group on the Australian Securities Exchange (ASX).

The consolidated financial report was authorised for issue by the Directors on 14 August 2023.

Directors' Report

The Directors of Lendlease Responsible Entity Limited (ABN 72 122 883 185), the Responsible Entity of Lendlease Trust (the Trust), present their Report together with the Annual Consolidated Financial Report of the Trust, for the year ended 30 June 2023 and the Auditor's Report thereon.

The Responsible Entity is a wholly owned subsidiary of Lendlease Corporation Limited (the Company) and forms part of the consolidated Lendlease Group (the Group). The registered office and principal place of business of the Responsible Entity is Level 14, Tower Three, International Towers Sydney, Exchange Place, 300 Barangaroo Avenue, Barangaroo NSW 2000.

1. Governance

a. Board/Directors

The name of each person who has been a Director of the Responsible Entity between 1 July 2022 and the date of this Report are:

M J Ullmer, AO	Director since 2011 and Chairman since 2018
A P Lombardo	Global Chief Executive Officer since June 2021 and Managing Director since September 2021
P M Coffey	Director since 2017
N R Collishaw	Director since December 2021
D P Craig	Director since 2016
J S Hemstritch	Director since 2011 (retired 18 November 2022)
E M Proust, AO	Director since 2018
N M Wakefield Evans, AM	Director since 2013
R F Welanetz	Director since 2020
A S Chan (M Lui)	Director since December 2022

b. Company Secretary

W Lee Appointed in 2010

The qualifications and experience of each person holding the position of Director and Company Secretary of the Responsible Entity at the date of this Report is detailed in the Lendlease Group Annual Report.

c. Interests in Capital

The interests of each of the Directors in the stapled securities of the Group at 14 August 2023 is set out below. The current Non Executive Directors acquired Lendlease securities using their own funds.

Directors	Securities held directly 2023	Securities held beneficially/ indirectly 2023	Total 2023	Securities held directly 2022	Securities held beneficially/ indirectly 2022	Total 2022
M J Ullmer	-	175,000	175,000	-	125,000	125,000
A P Lombardo ¹	96,659	-	96,659	9,764	-	9,764
P M Coffey	-	51,216	51,216	-	21,216	21,216
N R Collishaw	-	25,000	25,000	-	14,500	14,500
D P Craig	-	106,000	106,000	-	73,061	73,061
J S Hemstritch	-	33,061	33,061	-	33,061	33,061
E M Proust ²	-	83,061	83,061	-	68,061	68,061
N M Wakefield Evans	-	38,000	38,000	-	34,379	34,379
R F Welanetz	-	27,000	27,000	7,000	-	7,000
A S Chan (M Lui)	-	3,000	3,000	-	-	-

1. The Global CEO, Anthony Lombardo is required to accumulate and maintain a minimum holding of 150 per cent of his Total Value Package in Lendlease securities. Awards granted under the Restricted Securities Award and LTA Minimum may count towards this holding requirement. As at 30 June 2023, Anthony Lombardo holds 228,039 Lendlease securities which count towards the mandatory securityholding requirement.

2. E M Proust also holds through her super fund, \$500,000 face value of Lendlease Green Bonds.

Directors' Report continued

2. Operations

a. Principal Activities

The principal activities of the Consolidated Entity include direct and indirect property investments in the Australia region and internationally.

b. Review and Results of Operations

For the year ended 30 June 2023, the Consolidated Entity reported a profit after tax of \$45,993,000 (June 2022: \$139,645,000).

Key transactions during the year include:

- Acquisition of an 8% interest in Australian Prime Property Fund - Industrial for \$129,575,000 and a further investment of \$13,364,000 in the Lendlease Global Commercial REIT ("REIT") by participating in the REIT's dividend reinvestment plan.
- Disposal of the entire interest in Lendlease DTC Industrial Trust for \$19,284,000.
- A final distribution of \$44,418,000 (June 2022: \$36,483,000) has been approved by the Directors and will be paid on 13 September 2023.

c. Distributions

For the year ended 30 June 2023, the Trust declared distributions of \$78,189,000 (June 2022: \$71,077,000). Distributions of \$33,771,000 were paid on 8 March 2023. The remaining distributions of \$44,418,000 (June 2022: \$36,483,000) were provided for as at 30 June 2023 and will be paid on 13 September 2023.

d. Significant Changes in State of Affairs

There have been no significant changes in the Consolidated Entity's state of affairs.

e. Events Subsequent to Balance Date

There were no material events subsequent to the end of the financial year.

f. Likely Developments

Details of likely developments in the operations of the Consolidated Entity in subsequent financial years are contained in the Performance and Outlook section of the Directors' Report in the Lendlease Group Annual Report.

g. Environmental Regulation

The Consolidated Entity is subject to various state and federal environmental regulations in Australia.

The Directors are not aware of any material non compliance with environmental regulations pertaining to the operations or activities during the period covered by this Report. In addition, the Group is registered and publicly reports the annual performance of its Australian operations under the requirements of the *National Greenhouse and Energy Reporting (NGER) Act 2007* and *Energy Efficiency Opportunities (EEO) Act 2006*.

All Lendlease businesses continue to operate an integrated Environment, Health and Safety Management System ensuring that non compliance risks and opportunities for environmental improvement are identified, managed and reported accordingly.

3. Other

a. Security Options

No security options were issued during the year by the Trust, and there are no such options on issue.

b. Indemnification and Insurance of Directors and Officers

Rule 12 of the Trust's Constitution provides for indemnification in favour of each of the Directors named on page 3 of this Report and the officers of the Responsible Entity or of wholly owned subsidiaries or related entities of the Responsible Entity (Officers) to the extent permitted by the *Corporations Act 2001*. Rule 12 does not indemnify a Director, Company Secretary or Officer for any liability involving a lack of good faith.

Each of the Directors is also a Director of the Company and has entered into a Deed of Indemnity, Insurance and Access with the Company. That indemnity extends to indemnify each of the Directors in respect of their roles as officers of the Responsible Entity. The Responsible Entity has not entered into separate deeds of indemnity with the Directors.

No indemnity has been granted to an auditor of the Responsible Entity in their capacity as auditor of the Responsible Entity.

In accordance with the *Corporations Act 2001*, Rule 12 of the Constitution also permits the Responsible Entity to purchase and maintain insurance or pay or agree to pay a premium for insurance for Officers against any liability incurred as an officer of the Company or of a related body corporate. Due to confidentiality obligations and undertakings for the policy, no further details in respect of the premium or policy can be disclosed.

c. Special Rules for Registered Schemes

Fees and other expenses of \$nil were paid or are payable to a related party of the Responsible Entity out of the assets of the Trust for the financial year ended 30 June 2023 (June 2022: \$nil).

No units in the Trust were held by the Responsible Entity at the end of the financial year. Associates of the Responsible Entity held 6,983,838 units (June 2022: 6,966,315 units) as at the end of the financial year.

Details of the units issued in the Trust during the financial year are set out in the Statement of Changes in Equity.

Details of the value of the Trust assets as at the end of the financial year and the basis of the valuation are set out in the Statement of Financial Position and Basis of Preparation.

Details of the number of Units in the Trust as at the end of the financial year are set out in Note 12 'Issued Capital'.

d. Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

The Lead Auditor's Independence Declaration is set out on page 6 and forms part of the Directors' Report for the year ended 30 June 2023.

e. Rounding Off

Lendlease Trust is a Trust of the kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with the Instrument, amounts in the financial statements and directors' report have been rounded off to the nearest thousand dollars, or, where the amount is \$500 or less, zero, unless specifically stated otherwise.



M J Ullmer, AO

Chairman

Sydney, 14 August 2023



A P Lombardo

Global Chief Executive Officer



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Lendlease Responsible Entity Limited (the Responsible Entity of
Lendlease Trust)

I declare that, to the best of my knowledge and belief, in relation to the audit of Lendlease Trust for the financial year ended 30 June 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A stylized, handwritten signature of the KPMG firm, rendered in black ink.

KPMG

A handwritten signature in black ink, which appears to read 'Eileen Hoggett'.

Eileen Hoggett

Partner

Sydney

14 August 2023

Consolidated Financial Statements

Statement of Comprehensive Income

Year ended 30 June 2023

	Note	June 2023 \$'000	June 2022 \$'000
Other income	3	35,957	101,471
Other expenses	5	(49,507)	(2,327)
Results from operating activities		(13,550)	99,144
Finance revenue	4	24,326	13,619
Share of profit of equity accounted investments	8	35,217	26,882
Profit before tax		45,993	139,645
Income tax expense		-	-
Profit after tax		45,993	139,645
Other comprehensive income net of tax		-	-
Items that may be reclassified subsequently to profit			
Movements in foreign currency translation reserve		26,876	10,270
Total items that may be reclassified subsequently to profit		26,876	10,270
Total comprehensive income after tax		72,869	149,915
Basic/diluted earnings per unit (cents)	2	6.67	20.27

Statement of Financial Position

As at 30 June 2023

	Note	June 2023 \$'000	June 2022 \$'000
Current Assets			
Cash and cash equivalents	9	60,216	30,697
Loans and receivables	15	477,420	621,844
Total current assets		537,636	652,541
Non Current Assets			
Equity accounted investments	8	483,623	429,616
Other financial assets	7	886,381	821,847
Total non current assets		1,370,004	1,251,463
Total assets		1,907,640	1,904,004
Current Liabilities			
Trade and other payables	16	65	101
Distributions payable	1	44,418	36,483
Total current liabilities		44,483	36,584
Total liabilities		44,483	36,584
Net assets		1,863,157	1,867,420
Equity			
Issued capital	12	1,539,079	1,538,022
Buyback reserve		(67,149)	(67,149)
Foreign currency transaction reserve		22,332	(4,544)
Retained earnings		368,895	401,091
Total equity attributable to unitholders		1,863,157	1,867,420

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statement of Changes in Equity

Year ended 30 June 2023

	Issued Capital \$'000	Buyback Reserve ¹ \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance as at 1 July 2021	1,537,053	(67,149)	(14,814)	332,523	1,787,613
Total Comprehensive Income					
Profit for the year	-	-	-	139,645	139,645
Other comprehensive income (net of tax)	-	-	-	-	-
Effect of foreign exchange movement	-	-	10,270	-	10,270
Total comprehensive income	-	-	10,270	139,645	149,915
Transactions with Owners of the Trust					
Distribution Reinvestment Plan (DRP)	969	-	-	-	969
Distributions paid and provided for	-	-	-	(71,077)	(71,077)
Total other movements	969	-	-	(71,077)	(70,108)
Balance as at 30 June 2022	1,538,022	(67,149)	(4,544)	401,091	1,867,420
Balance as at 1 July 2022	1,538,022	(67,149)	(4,544)	401,091	1,867,420
Total Comprehensive Income					
Profit for the year	-	-	-	45,993	45,993
Other comprehensive income (net of tax)	-	-	-	-	-
Effect of foreign exchange movement	-	-	26,876	-	26,876
Total comprehensive income	-	-	26,876	45,993	72,869
Transactions with Owners of the Trust					
Distribution Reinvestment Plan (DRP)	1,057	-	-	-	1,057
Distributions paid and provided for	-	-	-	(78,189)	(78,189)
Total other movements	1,057	-	-	(78,189)	(77,132)
Balance as at 30 June 2023	1,539,079	(67,149)	22,332	368,895	1,863,157

1. Stapled securities acquired by the Trust as part of the Group's on market buyback have been recorded in the Buyback Reserve.

Statement of Cash Flows

Year ended 30 June 2023

	Note	June 2023 \$'000	June 2022 \$'000
Cash Flows from Operating Activities			
Cash receipts in the course of operations		5,525	4,387
Cash payments in the course of operations		(1,873)	(1,333)
Interest received		23,221	12,463
Distributions received		38,434	52,048
Net cash provided by operating activities	10	65,307	67,565
Cash Flows from Investing Activities			
Proceeds from sale of other financial assets and return on capital		21,544	253
Acquisition of investments		(131,916)	(194,638)
Net cash used in investing activities		(110,372)	(194,385)
Cash Flows from Financing Activities			
Loan repayment by related party		143,781	192,001
Distributions paid		(69,197)	(61,573)
Net cash provided by financing activities		74,584	130,428
Net increase in cash and cash equivalents		29,519	3,608
Cash and cash equivalents at beginning of financial year		30,697	27,089
Cash and cash equivalents at end of financial year	9	60,216	30,697

The accompanying notes form part of these consolidated financial statements.

Notes to Consolidated Financial Statements

Basis of Preparation

The consolidated financial report is a general purpose financial report which:

- Has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board, and the *Corporations Act 2001*
- Complies with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board
- Is presented in Australian dollars, with all values rounded off to the nearest thousand dollars unless otherwise indicated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191
- Is prepared under the historical cost basis except for the following assets, which are stated at their fair value: fair value through profit or loss investments.

Significant accounting policies have been:

- Included in the relevant notes to which the policies relate, and other significant accounting policies are discussed in Note 23 'Other Significant Accounting Policies'
- Consistently applied to all financial years presented in the financial statements, except as explained in Note 22 'Impact of New and Revised Accounting Standards'.

The preparation of a financial report that complies with AASBs requires management to make judgements, estimates and assumptions.

- This can affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates
- Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively
- The significant accounting policies highlight information about accounting judgements in applying accounting policies that have the most significant effects on reported amounts and further information about estimated uncertainties that have a significant risk of resulting in material adjustments within the next financial year
- These significant accounting estimates and judgements have been considered in the context of the impact of the current economic conditions.

The Consolidated Entity presents assets and liabilities in the Statement of Financial Position as current or non current.

- Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or use in, the course of the Consolidated Entity's operating cycle. All other assets are classified as non current
- Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the Consolidated Entity's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non current liabilities.

Section A. Performance

Profit After Tax (PAT) is the key measure used to assess the Consolidated Entity's performance. This section of the Consolidated Financial Report focuses on disclosure that enhances a user's understanding of PAT. The key line items of the Statement of Comprehensive Income along with their components provide detail behind the reported balances. The Consolidated Entity's performance will also impact the earnings per unit and distribution payout, therefore disclosure on these items have been included in this section. Further information and analysis on performance can be found in the Review and Results of Operations, which forms part of the Directors' Report.

1. Distributions

	Cents Per Unit	June 2023 \$'000	June 2022 \$'000
Lendlease Trust Interim Distribution			
December 2022 – paid 8 March 2023	4.9	33,771	-
December 2021 – paid 16 March 2022	5.0	-	34,594
		33,771	34,594
Lendlease Trust Final Distribution			
June 2023 – provided for (payable 13 September 2023)	6.4	44,418	-
June 2022 – paid 21 September 2022	5.3	-	36,483
		44,418	36,483
		78,189	71,077

Notes to Consolidated Financial Statements continued

Section A. Performance continued

2. Earnings Per Unit (EPU)

Accounting Policies

The Consolidated Entity presents basic and diluted EPU in the Statement of Comprehensive Income.

Basic EPU is determined by dividing profit after income tax attributable to the unitholders of the Trust, excluding any costs of servicing equity other than ordinary units, by the weighted average number of ordinary units outstanding during the financial year, adjusted for bonus elements in ordinary units issued during the financial year.

Diluted EPU is determined by adjusting the profit after tax attributable to the unitholders of the Trust, and the weighted average number of ordinary units outstanding for the effects of all dilutive potential ordinary units. The Trust currently does not have any dilutive potential ordinary units.

		June 2023	June 2022
Basic/Diluted Earnings Per Unit (EPU)			
Profit after tax	\$'000	45,993	139,645
Weighted average number of units	000's	689,171	688,907
Basic/Diluted EPU	cents	6.67	20.27

3. Other Income

Accounting Policies

Distribution income is recognised when the right to receive payment is established, usually on declaration of the distribution.

Net gains or losses on fair value remeasurements are recognised in accordance with the policies stated in Note 7 'Other Financial Assets'.

Net gains or losses on sale of investments, including equity accounted investments and fair value through profit or loss assets are recognised when an unconditional contract is in place and settlement is reasonably certain.

	June 2023 \$'000	June 2022 \$'000
Other Income		
Distribution income	30,314	38,310
Net gain on remeasurement of fair value through profit or loss assets	-	58,774
Gain on disposal of other financial assets	119	-
Other income – related parties	5,524	4,387
Total other income	35,957	101,471

4. Finance Revenue

Accounting Policies

Finance revenue is recognised as it is earned using the effective interest method, which applies the interest rate that discounts estimated future cash receipts over the expected life of the financial instrument. The discount is then recognised as finance revenue over the remaining life of the financial instrument.

	June 2023 \$'000	June 2022 \$'000
Finance Revenue		
External parties	535	18
Related parties	23,791	13,601
Total finance revenue	24,326	13,619

5. Other Expenses

Other expenses includes net loss on fair value remeasurement of fair value through profit or loss assets and Auditor's Remuneration as detailed below:

	June 2023 \$'000	June 2022 \$'000
Other expenses		
Net loss on remeasurement of fair value through profit or loss assets	45,957	-
Auditor's Remuneration		
Amounts received or due and receivable by the auditor of the Consolidated Entity for:		
Audit and Other Assurance Services		
Audit services	50	85
Other assurance services	-	-
Total audit and other assurance services	50	85
Non audit services	-	-
Total audit, other assurance and non audit services	50	85
Other expenses	3,500	2,242
Total other expenses	49,507	2,327

6. Events Subsequent to Balance Date

There were no material events subsequent to the end of the financial year.

Section B. Investment

This section includes disclosures for indirect property assets such as Other Financial Assets and Equity Accounted Investments in associates contained within the Statement of Financial Position. The measurement basis of Other Financial Assets is fair value. Refer to Note 18 'Fair Value Measurement' for details on basis of determining fair value and valuation technique.

7. Other Financial Assets

Accounting Policies

Financial Assets at fair value through profit or loss on initial recognition are measured at fair value (generally transaction price) and subsequently stated at fair value. Transaction costs are recorded as expenses when they are incurred. Any gain or loss arising from a change in fair value is recognised in the Statement of Comprehensive Income.

Financial Assets at amortised cost are presented within Note 15 'Loans and Receivables'.

	Fair Value Level ¹	June 2023 \$'000	June 2022 \$'000
Non Current Measured at Fair Value			
Fair Value Through Profit or Loss – Designated at Initial Recognition			
Lendlease International Towers Sydney Trust	Level 3	154,947	174,050
Lendlease One International Towers Sydney Trust	Level 3	56,448	62,004
Australian Prime Property Fund – Industrial	Level 3	269,720	128,653
Australian Prime Property Fund – Commercial Passive	Level 3	370,920	402,739
Australian Prime Property Fund – Retail	Level 3	21,337	22,218
Carlton Connect Initiative	Level 3	13,009	15,264
Lendlease DTC Industrial Trust ²	Level 3	-	16,919
Total non current other financial assets		886,381	821,847
Total other financial assets		886,381	821,847

1. Refer to Note 18 'Fair Value Measurement' for details on basis of determining fair value and valuation technique.

2. During the year the Trust sold its investment in Lendlease DTC Industrial Trust.

Notes to Consolidated Financial Statements continued

7. Other Financial Assets continued

a. Fair Value Reconciliation

Reconciliation of the carrying amount for Level 3 financial instruments is set out as follows.

	June 2023 Unlisted Equity Investments \$'000	June 2022 Unlisted Equity Investments \$'000
Carrying amount at beginning of financial year	821,847	745,942
Additions	131,916	17,384
Disposals and return on capital	(21,425)	(253)
Net (losses)/gains recognised in Statement of Comprehensive Income	(45,957)	58,774
Carrying amount at end of financial year	886,381	821,847

The potential effect of using reasonably possible alternative assumptions for valuation inputs would not have a material impact on the Consolidated Entity.

8. Equity Accounted Investments

Accounting Policies

Investments in associates are accounted for using the equity method. The share of profit recognised under the equity method is the Consolidated Entity's share of the investment's profit or loss based on ownership interest held. Associates are entities in which the Consolidated Entity, as a result of its voting rights, has significant influence, but not control or joint control, over the financial and operating policies. This applies from the date that significant influence commences until the date that significant influence ceases.

Investments in associates are carried at the lower of the equity accounted carrying amount and the recoverable amount. When the Consolidated Entity's share of losses exceeds the carrying amount of the equity accounted investment (including assets that form part of the net investment in the associate), the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Consolidated Entity has obligations in respect of the associate.

Dividends from associates represent a return on the Consolidated Entity's investment and, as such, are applied as a reduction to the carrying value of the investment. Unrealised gains arising from transactions with equity accounted investments are eliminated against the investment in the associate to the extent of the Consolidated Entity's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Other movements in associates' reserves are recognised directly in the Consolidated Entity's consolidated reserves.

	INTEREST		SHARE OF PROFIT		NET BOOK VALUE	
	June 2023 %	June 2022 %	June 2023 \$'000	June 2022 \$'000	June 2023 \$'000	June 2022 \$'000
a. Associates						
Asia						
Investments						
Lendlease Global Commercial REIT	23.5%	23.2%	35,217	26,882	483,623	429,616
Total Asia			35,217	26,882	483,623	429,616
Total			35,217	26,882	483,623	429,616
Less: Impairment			-	-	-	-
Total associates			35,217	26,882	483,623	429,616

Section B. Investment continued

b. Material Associates Summarised Financial Information

Material associates are determined by comparing individual investment carrying value and share of profit with the total equity accounted investment carrying value and share of profit, along with consideration of relevant qualitative factors.

	LENLEASE GLOBAL COMMERCIAL REIT	
	June 2023	June 2022
Income Statement ¹	\$'000	\$'000
Revenue and other income	233,494	173,113
Cost of sales	(56,008)	(26,580)
Other expense	(25,528)	(14,619)
Unrealised fair value gain	44,813	52,143
Finance costs	(56,008)	(16,050)
Other	(12,569)	-
Profit for the year	128,194	168,007
Other comprehensive loss	(4,236)	(40,790)
Total comprehensive income	123,958	127,217
Consolidated Entity's ownership interest	23.5%	23.2%
Consolidated Entity's total share of:		
Profit for the year	30,126	38,978
Other adjustments ²	5,091	(12,096)
Total profit for the year	35,217	26,882
Other comprehensive income	26,876	10,270
Total comprehensive income	62,093	37,152

1. The underlying investments in the material associate are office and retail investment properties measured at fair value. At 30 June 2023, valuations were undertaken on the underlying assets which take into account the current economic environment. The carrying value of the investments are considered recoverable as they correlate with the net assets of the associates which have been valued at 30 June 2023.

2. The Other adjustments of \$5,091 (June 2022: \$(12,096)) relates to differences between the Group's valuation of underlying investment properties and Lendlease Global Commercial REIT's valuation.

Notes to Consolidated Financial Statements continued

8. Equity Accounted Investments continued

Statement of Financial Position	LENLEASE GLOBAL COMMERCIAL REIT	
	June 2023 \$'000	June 2022 \$'000
Current assets		
Cash and cash equivalents	56,964	47,692
Other current assets	18,395	23,342
Total current assets	75,359	71,034
Non current assets		
Investment properties	4,046,964	3,753,764
Investment in associates	9,346	15,654
Other non current assets	105,361	18,680
Total non current assets	4,161,671	3,788,098
Current liabilities		
Other financial liabilities (excluding trade payables)	472,178	311,931
Other current liabilities	60,050	43,662
Total current liabilities	532,228	355,593
Non current liabilities		
Financial liabilities (excluding trade payables)	1,199,580	1,200,033
Other non current liabilities	28,705	18,576
Total non current liabilities	1,228,285	1,218,609
Net assets	2,476,517	2,284,930
Reconciliation to Carrying Amounts		
Opening net assets 1 July	2,284,930	1,143,090
Acquisition/contributions	40,302	1,003,224
Distributions	(91,268)	(73,655)
Total comprehensive income for the year	123,958	127,217
Foreign currency translation for the year	118,595	85,054
Closing net assets	2,476,517	2,284,930
% ownership	23.5%	23.2%
Group's share of net assets	581,981	530,104
Other adjustments ¹	(98,358)	(100,488)
Carrying amount at end of year	483,623	429,616

1. The Other adjustments of \$(98,358) (June 2022: \$(100,488)) primarily relates to the Perpetual securities issued by the REIT that Lendlease Trust do not participate, as well as the difference between the Trust's valuation of underlying investment properties and the REIT's valuation.

Section C. Liquidity and Working Capital

The ability of the Consolidated Entity to fund the continued investment in new opportunities and meet current commitments is dependent on available cash and access to third party capital. This section contains disclosure on the financial assets, financial liabilities, cash flows and equity that are required to finance the Consolidated Entity's activities, including existing commitments and the liquidity risk exposure associated with financial liabilities. The section also contains disclosures for the Consolidated Entity's trading assets, and the trading liabilities incurred as a result of trading activities used to generate the Consolidated Entity's Performance.

9. Cash and Cash Equivalents

Accounting Policies

Cash and cash equivalents include cash on hand, deposits held at call with banks, bank overdrafts and other short term highly liquid investments that are readily convertible to known amounts of cash within three months and which are subject to an insignificant risk of changes in value.

Bank overdrafts (if applicable) are shown as a current liability on the Statement of Financial Position and are shown as a reduction to the cash balance in the Statement of Cash Flows.

	June 2023 \$'000	June 2022 \$'000
Cash and Cash Equivalents		
Cash	60,216	30,697
Total cash and cash equivalents	60,216	30,697

10. Notes to Statement of Cash Flows

	June 2023 \$'000	June 2022 \$'000
Reconciliation of Profit After Tax to Net Cash Provided by Operating Activities		
Profit after tax	45,993	139,645
Net loss/(gain) on remeasurement of fair value through profit or loss assets	45,957	(58,774)
Gain on disposal of other financial assets	(119)	-
Share of profit of equity accounted investments	(35,217)	(26,882)
Other	8,083	17,088
Net cash provided by operating activities before changes in asset and liabilities	64,697	71,077
Changes in assets and liabilities		
Decrease/(Increase) in receivables	646	(3,485)
Decrease in trade and other payables	(36)	(27)
Net cash provided by operating activities	65,307	67,565

Notes to Consolidated Financial Statements continued

11. Borrowings and Financing Arrangements

Accounting Policies

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Under the amortised cost method the difference between the amount initially recognised and the redemption value is recorded in the Statement of Comprehensive Income over the period of the borrowing on an effective interest basis. Borrowings are referred to in this section using their redemption value when describing the terms and conditions.

Borrowings and Finance Facilities

The Consolidated Entity has access to the following financial facilities:

	June 2023 \$'000	June 2022 \$'000
Related party loan facility		
Facility available	300,000	300,000
Amount of facility used	-	-
Amount of facility unused	300,000	300,000

Consistent with prior years, the Consolidated Entity has not defaulted on any obligations of principal or interest in relation to its borrowings and finance arrangements and other financial liabilities.

12. Issued Capital

Accounting Policies

Issued Capital

Ordinary units are classified as equity. Transaction costs directly attributable to the issue of ordinary units are recognised as a deduction from equity. When issued capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Distributions are recognised as a liability in the financial year in which they are declared.

	June 2023 No of units '000s	June 2023 \$'000	June 2022 No of units '000s	June 2022 \$'000
Issued capital at beginning of financial period, net of prior period share buyback	688,907	1,538,022	688,586	1,537,053
Distribution reinvestment plan (DRP)	415	1,057	321	969
Issued capital at end of financial year	689,322	1,539,079	688,907	1,538,022

a. Issuance of Securities

At 30 June 2023, Lendlease Trust had 689,322,065 units on issue equivalent to the number of Lendlease Corporation shares on issue. The issued units of the Trust and shares on issue by Lendlease Corporation Limited are stapled securities.

b. Security Accumulation Plans

The Distribution Reinvestment Plan (DRP) was reactivated in February 2011. The last date for receipt of an election notice for participation in the DRP is 22 August 2023. The issue price is the arithmetic average of the daily volume weighted average price of Lendlease stapled securities traded (on the Australian Securities Exchange) for the period of five consecutive business days immediately following the record date, commencing on 22 August 2023, for determining entitlements to distribution. If that price is less than 50 cents, the issue price will be 50 cents. Stapled securities issued under the DRP rank equally with all other stapled securities on issue.

c. Terms and Conditions

A stapled security represents one share in the Company stapled to one unit in the Trust.

Stapled securityholders have the right to receive declared dividends from the Company and distributions from the Trust and are entitled to one vote per stapled security at securityholders' meetings. Ordinary stapled securityholders rank after all creditors in repayment of capital.

13. Liquidity Risk Exposure

Further information on Liquidity Risk is disclosed in Note 17 'Financial Risk Management'. As disclosed in Note 19 'Contingent Liabilities' in certain circumstances the Trust guarantees the performance of particular Stapled Group entities in respect of their obligations including bonding and bank guarantees. Issued bank guarantees have cash collateralisation requirements if the bank guarantee facility is not renewed by the provider. At 30 June 2023, the Consolidated Entity does not anticipate a significant liquidity risk in relation to these facilities in the next 12 months.

The following are the contractual cash flow maturities of financial liabilities including estimated interest payments.

	Note	Carrying Amount \$'000	Contractual Cash Flows \$'000	Less than One Year \$'000	One to Two Years \$'000	Two to Five Years \$'000	More than Five Years \$'000
June 2023							
Non Derivative Financial Liabilities							
Trade and other payables	16	65	65	65	-	-	-
Borrowings and financing arrangements	11	-	-	-	-	-	-
Distributions payable	1	44,418	44,418	44,418	-	-	-
Total		44,483	44,483	44,483	-	-	-
June 2022							
Non Derivative Financial Liabilities							
Trade and other payables	16	101	101	101	-	-	-
Borrowings and financing arrangements	11	-	-	-	-	-	-
Distributions payable	1	36,483	36,483	36,483	-	-	-
Total		36,584	36,584	36,584	-	-	-

Other contractually committed cash flows the Consolidated Entity is exposed to are detailed in Note 14 'Commitments'.

14. Commitments

	June 2023 \$'000	June 2022 \$'000
At balance date, capital commitments existing in respect of interests in equity accounted investments and other investments contracted but not provided for in the financial statements are as follows:		
Due within one year	150,000	6,559
Due between one and five years	-	-
Total	150,000	6,559

Notes to Consolidated Financial Statements continued

15. Loans and Receivables

Accounting Policies

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not equity securities. Loans and receivables are carried at amortised cost using the effective interest method, which applies the interest rate that discounts estimated future cash receipts over the term of the loans and receivables. Cash flows relating to short term trade and other receivables are not discounted if the effect of discounting is immaterial. The discount, if material, is then recognised as revenue over the remaining term.

The Consolidated Entity assesses provision for impairment of loans and receivables based on expected loss, if material. The Consolidated Entity considers reasonable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on the Consolidated Entity's historical impairment experience, credit assessment of customers and any relevant forward-looking information. The amount of the provision is recognised in the Statement of Comprehensive Income.

	June 2023 \$'000	June 2022 \$'000
Current		
Other receivables – external parties	7,923	9,608
Loan to related party	469,497	612,236
Total loans and receivables	477,420	621,844

The loan to related party is interest bearing and due within 12 months. The credit quality of all loans and receivables, including those neither past due nor impaired, is assessed and monitored on an ongoing basis. To determine the impairment provision for the financial year, the Consolidated Entity considers how economic and market conditions will affect the creditworthiness of certain entities. There were \$nil past due or impaired receivables for 30 June 2023 (June 2022: \$nil past due and \$nil impaired).

16. Trade and Other Payables

Accounting Policies

Trade Creditors

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Consolidated Entity. Trade and other payables are settled in the normal course of business. Trade and other payables are carried at amortised cost using the effective interest method, which applies the interest rate that discounts estimated future cash outflows over the term of the trade and other payables. Cash flows relating to short term trade and other payables are not discounted if the effect of discounting is immaterial. The discount, if material, is then recognised as an expense over the remaining term.

	June 2023 \$'000	June 2022 \$'000
Current		
Other payables	65	101
Total trade and other payables	65	101

Section D. Risk Management

The Consolidated Entity's activities expose it to a variety of financial risks. The Consolidated Entity's overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimise adverse effects on the Consolidated Entity's performance. Treasury policies have been approved by the Board for managing this risk. This section contains disclosures of financial risks the Consolidated Entity is exposed to and how the Consolidated Entity manages these risks. The impact of contingent liabilities is also considered in this section.

17. Financial Risk Management

The Lendlease Asset and Liability Committee oversees the management of the Consolidated Entity's financial risks, within the parameters of a Board approved Treasury Policy, and maintains a Group-wide framework for financial risk management and reviews issues of material risk exposure within the scope of the Treasury Policy. A summary of key risks identified, exposures and management of exposures is detailed in the table below.

Risks Identified	Definition	Exposures	Management of Exposures
Credit	The risk that a counterparty will not be able to meet its obligations in respect of a financial instrument, resulting in a financial loss to the Consolidated Entity	<ul style="list-style-type: none"> Recoverability of loans and receivables Recoverability of other financial assets and cash deposits Further information on exposures is detailed in Note 17a 'Credit Risk Exposure' 	<ul style="list-style-type: none"> Policies in place so that customers and suppliers are appropriately credit assessed Treasury Policy sets out credit limits for each counterparty based on minimum investment grade ratings
Liquidity	The risk of having insufficient funds to settle financial liabilities as and when they fall due	<ul style="list-style-type: none"> Insufficient levels of committed credit facilities Settlement of financial liabilities Further information on exposures is detailed in Note 13 'Liquidity Risk Exposure' 	<ul style="list-style-type: none"> Maintaining sufficient levels of cash and committed credit facilities to meet financial commitments and working capital requirements Managing to funding portfolio benchmarks as outlined in the Treasury Policy Timely review and renewal of credit facilities
Interest Rate	The risk that the value of a financial instrument or cash flow associated with the instrument will fluctuate due to changes in market interest rates	<ul style="list-style-type: none"> Financial assets, mainly cash at bank Financial liabilities, mainly borrowings and financing arrangements Further information on exposures is detailed in Note 17b 'Interest Rate Risk Exposure' 	<ul style="list-style-type: none"> Physical financial instruments Speculative trading is not permitted
Equity Price	The risk that the fair value of either a traded or non traded equity investment, derivative equity instrument, or a portfolio of such financial instruments, increases or decreases in the future	<ul style="list-style-type: none"> All traded and/or non traded financial instruments measured at fair value 	<ul style="list-style-type: none"> Material investments within the portfolio are managed on an individual basis. The Consolidated Entity's portfolio is monitored closely as part of capital recycling initiatives

Notes to Consolidated Financial Statements continued

17. Financial Risk Management continued

a. Credit Risk Exposure

The maximum exposure to credit risk at balance date on financial instruments recognised in the Statement of Financial Position (excluding investments of the Trust) equals the carrying amount.

Refer to Note 15 'Loans and Receivables' for information relating to impairment on loans and receivables. No provision for doubtful debts has been raised as no impairment has been identified.

b. Interest Rate Risk Exposure

The Consolidated Entity's exposure to interest rate risk on its financial assets and liabilities is set out as follows, the Consolidated Entity has no fixed rate instruments.

	Note	CARRYING AMOUNT	
		June 2023 \$'000	June 2022 \$'000
Variable Rate Instruments			
Cash and cash equivalents	9	60,216	30,697
Loan to related party	15	469,497	612,236
Total Variable Rate Instruments		529,713	642,933

Sensitivity Analysis

At 30 June 2023, it is estimated that an increase of one percentage point in interest rates would have increased the Consolidated Entity's equity and profit after tax by \$5,297,130 (June 2022: \$6,429,330). A one percentage point decrease in interest rates would have an equal opposite effect on equity and profit after tax. The increase or decrease in interest income/expense is proportional to the increase or decrease in interest rates.

18. Fair Value Measurement

Accounting Policies

The accounting policies for financial instruments held at fair value are included in Note 7 'Other Financial Assets'. Management considers the valuation of the financial instruments to be an area of estimation uncertainty. While this represents the best estimation of fair value at the reporting date, the fair values may differ if there is volatility in market prices.

a. Basis of Determining Fair Value

The fair value of unlisted equity investments, including investments in property funds, is determined based on an assessment of the underlying net assets which may include periodic independent and directors' valuations, future maintainable earnings, and any special circumstances pertaining to the particular investment. Fair value of unlisted equity instruments has also taken the economic conditions into consideration to determine fair value at 30 June 2023. This includes valuations of underlying properties at balance date.

b. Fair Value Measurements

The different levels of valuation method have been defined as follows:

- Level 1: The fair value is determined using the unadjusted quoted price for an identical asset or liability in an active market for identical assets or liabilities;
- Level 2: The fair value is calculated using predominantly observable market data other than unadjusted quoted prices for an identical asset or liability; and
- Level 3: The fair value is calculated using inputs that are not based on observable market data.

During the year there were no transfers between Level 1, Level 2 and Level 3 fair value hierarchies.

19. Contingent Liabilities

The Consolidated Entity has identified the following contingent liabilities, being liabilities in respect of which there is the potential for a cash outflow in excess of any provision where the likelihood of payment is not considered probable or cannot be measured reliably at this time:

- In certain circumstances, the Trust, as part of the Group, guarantees the performance of particular Group entities in respect of their obligations. This includes bonding and bank guarantee facilities used primarily by the construction business. These guarantees are provided in respect of activities that occur in the ordinary course of business and any known losses in respect of the relevant contracts have been brought to account.

Section E. Other Notes

20. Related Party Information

Key Management Personnel Disclosures

The Trust does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage its activities. The Responsible Entity is considered to be the Key Management Personnel of the Trust.

Responsible Entity's Remuneration

In accordance with the Trust's Constitution, the Responsible Entity is entitled to receive costs incurred in performance of its duties and expense reimbursements where expenses have been incurred on behalf of the Trust.

As at 30 June 2023, \$nil (June 2022: \$nil) was charged to the Trust. The amount owed to the Responsible Entity at 30 June 2023 was \$nil (June 2022: \$nil).

Other Related Party Transactions

Transactions and outstanding balances with related parties have been disclosed in Note 3 'Other Income', Note 4 'Finance Revenue', Note 11 'Borrowings and Financing Arrangements' and Note 15 'Loans and Receivables'.

21. Consolidated Entities

The material entities of the Consolidated Entity listed below were wholly owned during the current year.

PARENT ENTITY	AUSTRALIA
Lendlease Trust	Lendlease LLT Holdings Sub Trust
	Lendlease SREIT Sub Trust

During the current year, there were no acquisitions or disposals of material consolidated entities.

22. Impact of New and Revised Accounting Standards

New Accounting Standards and Interpretations Not Yet Adopted

Accounting Standard	Requirement	Impact on Financial Statements
AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> and consequential amendments	AASB 2014-10 amends AASB 10 and AASB 128 to clarify the requirements for recording the sale or contribution of assets between an investor and its associate or joint venture. The amendment becomes mandatory for the June 2026 financial year and will be applied prospectively.	Based on preliminary analysis performed, the amendments are not expected to have a material impact on the Consolidated Entity.

23. Other Significant Accounting Policies

a. Income Tax

Under current Australian income tax legislation the Consolidated Entity is not liable for income tax, including capital gains tax, to the extent that unitholders are attributed the taxable income of the Consolidated Entity.

b. Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Directors' Declaration

In the opinion of the Directors of Lendlease Responsible Entity Limited, the responsible entity for the Lendlease Trust (the Trust):

1. The consolidated financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - a. Giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2023 and of its performance for the financial year ended on that date; and
 - b. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. The consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in the Basis of Preparation.
3. There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.
4. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Global Chief Executive Officer and Group Chief Financial Officer for the financial year ended 30 June 2023.

Signed in accordance with a resolution of the Directors:



M J Ullmer, AO

Chairman



A P Lombardo

Global Chief Executive Officer

Sydney, 14 August 2023



Independent Auditor's Report

To the unitholders of Lendlease Trust

Opinion

We have audited the **Financial Report** of Lendlease Trust (the Trust).

In our opinion, the accompanying Financial Report of the Trust is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Consolidated Entity's** financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of Financial Position as at 30 June 2023;
- Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Consolidated Entity** consists of the Trust and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Consolidated Entity and Lendlease Responsible Entity Limited (the Responsible Entity) in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in Lendlease Trust's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of the Responsible Entity are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

For personal use only



In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors of the Responsible Entity are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Consolidated Entity's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Consolidated Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar3_2020.pdf . This description forms part of our Auditor's Report.

KPMG

Eileen Hoggett
Partner
Sydney
14 August 2023