

# ASX ANNOUNCEMENT

27 February 2017

## 2017 Half Year Financial Report for Lendlease Trust

Attached is the Half Year Financial Report for the Lendlease Trust, for the half year ended 31 December 2016.

**ENDS**

FOR FURTHER INFORMATION, PLEASE CONTACT:

**Investors:**

Justin McCarthy  
Tel: 02 9236 6464  
Mob: 0422 800 321

**Media:**

Natalie Campbell  
Tel: 02 9236 6865  
Mob: 0410 838 914

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

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

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



Half Year  
Financial Report  
Lendlease Trust  
December  
2016

# Lendlease Trust Half Year Financial Report

December 2016

ARSN 128 052 595

## Table of Contents

<b>Directors' Report</b>	<b>1</b>
Statement of Comprehensive Income	3
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	4
<b>Notes to the Financial Statements</b>	<b>5</b>

## Notes Index

### Section A: Performance

1. Distributions	6
2. Earnings per Unit	6
3. Revenue and Other Income	6
4. Finance Revenue	6
5. Share of Profit of Equity Accounted Investments	7
6. Events Subsequent to Balance Date	7

### Section B: Investment

7. Equity Accounted Investments	8
8. Other Financial Assets	8

### Section C: Liquidity and Working Capital

9. Issued Capital	9
-------------------	---

### Section D: Other Notes

10. Fair Value Measurement	9
11. Contingent Liabilities	9

<b>Directors' Declaration</b>	<b>10</b>
-------------------------------	-----------

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. LLT is a for-profit entity. Further information about LLT'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 financial report for the half year ended 31 December 2016 was authorised for issue by the Directors on 27 February 2017.

# 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 Half Year Financial Report of the Trust, for the six months ended 31 December 2016 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 2016 and the date of this Report are:

D A Crawford, AO	Chairman and Director since 2009
S B McCann	Chief Executive Officer & Managing Director since 2009
C B Carter, AM	Director since 2012
P M Coffey	Appointed January 2017
P M Colebatch	Director since 2009
D P Craig	Director since 2016
S B Dobbs	Director since 2015
J S Hemstritch	Director since 2011
D J Ryan, AO	Director since 2009
M J Ullmer	Director since 2011
N M Wakefield Evans	Director since 2013

## 2. Review and Results of Operations

For the six months ended 31 December 2016, the Trust reported a profit after tax of A\$56,212,000 (December 2015: A\$96,115,000).

Key transactions during the period include:

- Further investment of A\$73,750,000 relating to previously committed spend into Lendlease One International Towers Sydney Trust; and
- An interim distribution of A\$18,875,000 (December 2015: A\$50,274,000) has been approved by the Directors and is payable on 24 March 2017.

## 3. Events Subsequent to Balance Date

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

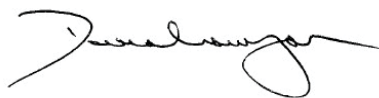
## 4. Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The Lead Auditor's Independence Declaration is set out at the end of this report and forms part of the Directors' Report for the six months ended 31 December 2016.

## 5. 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 A\$500 or less, zero, unless specifically stated otherwise.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.



**D A Crawford, AO**  
Chairman



**S B McCann**  
Chief Executive Officer and Managing Director

Sydney, 27 February 2017



***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 review for the half year ended 31 December 2016 there have been:

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

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

KPMG

A handwritten signature of Duncan McLennan, written in black ink.

Duncan McLennan

*Partner*

Sydney

27 February 2017

# Financial Statements

## Statement of Comprehensive Income

### Half Year Ended 31 December 2016

	Note	6 months December 2016 A\$'000	6 months December 2015 A\$'000
Revenue and other income	3	35,781	62,646
Other expenses		(469)	(1,077)
<b>Results from operating activities</b>		<b>35,312</b>	<b>61,569</b>
Finance revenue	4	3,595	1,364
<b>Net finance revenue</b>		<b>3,595</b>	<b>1,364</b>
Share of profit of equity accounted investments	5	17,305	33,182
<b>Profit before tax</b>		<b>56,212</b>	<b>96,115</b>
Income tax expense			
<b>Profit after tax</b>		<b>56,212</b>	<b>96,115</b>
Other comprehensive income net of tax			
<b>Total comprehensive income after tax</b>		<b>56,212</b>	<b>96,115</b>
<b>Basic/diluted earnings per unit (cents)</b>	2	<b>9.65</b>	<b>16.55</b>

## Statement of Financial Position

### As at 31 December 2016

	Note	December 2016 A\$'000	June 2016 A\$'000
<b>Current Assets</b>			
Cash and cash equivalents		108,357	59,589
Loans and receivables		132,832	249,883
<b>Total current assets</b>		<b>241,189</b>	<b>309,472</b>
<b>Non Current Assets</b>			
Equity accounted investments	7		487,795
Other financial assets	8	863,434	264,712
<b>Total non current assets</b>		<b>863,434</b>	<b>752,507</b>
<b>Total assets</b>		<b>1,104,623</b>	<b>1,061,979</b>
<b>Current Liabilities</b>			
Trade and other payables		27	638
Distributions payable	1	18,875	14,703
<b>Total current liabilities</b>		<b>18,902</b>	<b>15,341</b>
<b>Total liabilities</b>		<b>18,902</b>	<b>15,341</b>
<b>Net assets</b>		<b>1,085,721</b>	<b>1,046,638</b>
<b>Equity</b>			
Issued capital	9	917,566	915,820
Retained earnings		168,155	130,818
<b>Total equity attributable to unitholders</b>		<b>1,085,721</b>	<b>1,046,638</b>

The accompanying notes form part of these financial statements.

# Financial Statements continued

## Statement of Changes in Equity

### Half Year Ended 31 December 2016

	Issued Capital A\$'000	Retained Earnings A\$'000	Total Equity A\$'000
Balance as at 1 July 2015	911,168	55,445	966,613
<b>Total Comprehensive Income</b>			
Profit for the period		96,115	96,115
Other Comprehensive Income (Net of tax)			
<b>Total Comprehensive Income</b>		<b>96,115</b>	<b>96,115</b>
<b>Transactions with owners of the Trust</b>			
Distribution reinvestment plan (DRP)	1,871		1,871
Distributions paid and provided for		(50,274)	(50,274)
<b>Total other movements</b>	<b>1,871</b>	<b>(50,274)</b>	<b>(48,403)</b>
<b>Balance as at 31 December 2015</b>	<b>913,039</b>	<b>101,286</b>	<b>1,014,325</b>
Balance as at 1 July 2016	915,820	130,818	1,046,638
<b>Total Comprehensive Income</b>			
Profit for the period		56,212	56,212
Other Comprehensive Income (Net of tax)			
<b>Total Comprehensive Income</b>		<b>56,212</b>	<b>56,212</b>
<b>Transactions with owners of the Trust</b>			
Distribution reinvestment plan (DRP)	1,746		1,746
Distributions paid and provided for		(18,875)	(18,875)
<b>Total other movements</b>	<b>1,746</b>	<b>(18,875)</b>	<b>(17,129)</b>
<b>Balance as at 31 December 2016</b>	<b>917,566</b>	<b>168,155</b>	<b>1,085,721</b>

## Statement of Cash Flows

### Half Year Ended 31 December 2016

	6 months December 2016 A\$'000	6 months December 2015 A\$'000
<b>Cash Flows from Operating Activities</b>		
Cash receipts in the course of operations	513	551
Cash payments in the course of operations	(754)	(698)
Interest received	3,315	1,755
Distributions received	13,388	9,138
<b>Net cash provided by operating activities</b>	<b>16,462</b>	<b>10,746</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of equity accounted investments	39,013	10,482
Acquisition of investments	(73,750)	(240,135)
<b>Net cash used in investing activities</b>	<b>(34,737)</b>	<b>(229,653)</b>
<b>Cash Flows from Financing Activities</b>		
Loan repayment by related party	80,000	
Distributions paid	(12,957)	(22,097)
<b>Net cash provided by/(used in) financing activities</b>	<b>67,043</b>	<b>(22,097)</b>
Net increase/(decrease) in cash and cash equivalents	48,768	(241,004)
<b>Cash and cash equivalents at beginning of financial period</b>	<b>59,589</b>	<b>330,995</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>108,357</b>	<b>89,991</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

## Basis of Preparation

The half year financial report is a **general purpose** financial report, which:

- has been prepared in accordance with **AASB 134 Interim Financial Reporting**, and the *Corporations Act 2001*;
- complies with the recognition and measurement requirements of the **International Financial Reporting Standards (IFRSs)** and Interpretations adopted by the International Accounting Standards Board;
- should be read in conjunction with the 30 June 2016 annual financial report and any public announcements by the Trust during the half year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*. The half year financial report does not contain all the information required for a full financial report;
- 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; and
- 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.

The preparation of an interim report that complies with AASB 134 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; and
- Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The accounting policies have been consistently applied by the Trust and are consistent with those applied in the 30 June 2016 annual financial statements other than as stated below.

## Impact of New and Revised Accounting Standards

### New and Revised Accounting Standards Adopted 1 July 2016

There were no new accounting standards or amendments with any impacts adopted by the Trust for the half year ended 31 December 2016.

### New Accounting Standards and Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the half year ended 31 December 2016 but are available for early adoption and have not been applied in preparing this report.

Accounting Standard	Requirement	Impact on Financial Statements
AASB 2016-2 <i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i>	The amendment to AASB 107 introduces additional disclosures relating to changes in liabilities arising from financing activities.  The amendment becomes mandatory for the June 2018 financial year and will be applied prospectively.	The amendment will impact the type of information disclosed in relation to financing cash flows.
AASB 9 <i>Financial Instruments</i> and consequential amendments	AASB 9 addresses the classification, measurement and derecognition of financial assets, financial liabilities and hedging. The standard becomes mandatory for the June 2019 financial year, and will be applied retrospectively.	Based on the preliminary analysis performed, AASB 9 and consequential amendments are not expected to have a material impact on the Trust.
AASB 15 <i>Revenue from Contracts with Customers</i> and consequential amendments	AASB 15 provides a new five step model for recognising revenue earned from a contract with a customer and will replace the existing AASB 118 <i>Revenue</i> and AASB 111 <i>Construction Contracts</i> .  The standard becomes mandatory for the June 2019 financial year and will be applied retrospectively.	Based on the preliminary analysis performed, AASB 15 and consequential amendments are not expected to have a material impact on the Trust.
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 2019 financial year and will be applied prospectively.	Based on preliminary analysis performed, the amendments are not expected to have a material impact on the Trust.
AASB 16 <i>Leases</i>	AASB 16 provides a new model for accounting for leases.  The standard becomes mandatory for the June 2020 financial year and will be applied retrospectively.	Based on preliminary analysis performed, AASB 16 is not expected to have a material impact on the Trust.



# Notes to the Financial Statements continued

## Section A: Performance

Profit After Tax (PAT) is the key measure used to assess the Trust's performance. This section of the Financial Report focuses on disclosure that enhances a user's understanding of PAT. The key line items of the Income Statement along with their components provide detail behind the reported balances. The Trust's performance will also impact the earnings per unit and distribution payout, therefore disclosure on these items has 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	6 months December 2016 A\$'000	6 months December 2015 A\$'000
<b>Lendlease Trust Interim Distribution</b>			
December 2016 – provided for (payable 24 March 2017)	3.2	18,875	
December 2015 – paid 15 March 2016	8.6		50,274
		<b>18,875</b>	<b>50,274</b>
<b>Lendlease Trust Final Distribution</b>			
	Cents Per Unit	6 months June 2016 A\$'000	6 months June 2015 A\$'000
June 2016 – paid 14 September 2016	2.5	14,703	
June 2015 – paid 18 September 2015	4.1		23,968
		<b>14,703</b>	<b>23,968</b>

### 2. Earnings per Unit

		6 months December 2016	6 months December 2015
<b>Basic/Diluted Earnings Per Unit (EPU)</b>			
Profit after tax	A\$'000	56,212	96,115
Weighted average number of units	'000	582,704	580,871
<b>Basic/Diluted EPU</b>	<b>cents</b>	<b>9.65</b>	<b>16.55</b>

### 3. Revenue and Other Income

	6 months December 2016 A\$'000	6 months December 2015 A\$'000
Distribution income	6,858	7,250
Net gain on sale of equity accounted investments		40,260
Net gain on fair value remeasurement of fair value through profit or loss assets	27,041	14,585
Other income – related parties	513	551
Other income – external parties	1,369	
<b>Total revenue and other income</b>	<b>35,781</b>	<b>62,646</b>

### 4. Finance Revenue

	6 months December 2016 A\$'000	6 months December 2015 A\$'000
Finance revenue – external parties	543	1,364
Finance revenue – related parties	3,052	
<b>Total finance revenue</b>	<b>3,595</b>	<b>1,364</b>

## 5. Share of Profit of Equity Accounted Investments

	6 months December 2016 A\$'000	6 months December 2015 A\$'000
<b>a. Joint Ventures</b>		
Lendlease International Towers Sydney Trust <sup>1</sup>	17,592	34,098
Lendlease One International Towers Sydney Trust <sup>1</sup>	(287)	(916)
<b>Total share of profit of equity accounted investments</b>	<b>17,305</b>	<b>33,182</b>

1. As a result of reaching the operational phase for the three towers at International Towers Sydney, the governance structures of Lendlease International Towers Sydney Trust and Lendlease One International Towers Sydney Trust changed. Lendlease Trust has reassessed its joint control conclusions, and determined that joint control no longer exists. As a result, these investments have been reclassified from Equity Accounted Investments to Other Financial Assets measured at fair value through profit or loss. Lendlease Trust has recorded its share of comprehensive income in relation to these investments for the period joint control was maintained.

### b. Material Joint Ventures Summarised Financial Information

Material joint ventures 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. At 31 December 2016, there are no individually material joint ventures requiring disclosure of financial information.

## 6. Events Subsequent to Balance Date

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

# Notes to the Financial Statements continued

## Section B: Investment

Investments in associates and joint ventures are in property projects and more passive assets, such as property funds which drive the current and future performance of the Trust. This section includes disclosures for indirect property assets such as Equity Accounted Investments and Other Financial Assets contained within the Statement of Financial Position.

### 7. Equity Accounted Investments

	INTEREST		NET BOOK VALUE	
	December 2016 %	June 2016 %	December 2016 A\$'000	June 2016 A\$'000
<b>Joint Ventures</b>				
Lendlease International Towers Sydney Trust <sup>1</sup>		15.0		380,342
Lendlease One International Towers Sydney Trust <sup>1</sup>		12.5		107,453
<b>Total equity accounted investments</b>			–	<b>487,795</b>

1. As a result of reaching the operational phase for the three towers at International Towers Sydney, the governance structures of Lendlease International Towers Sydney Trust and Lendlease One International Towers Sydney Trust changed. Lendlease Trust reassessed its joint control conclusions, and determined that joint control no longer exists. As a result, these investments have been reclassified from Equity Accounted Investments to Other Financial Assets measured at fair value through profit or loss.

### 8. Other Financial Assets

	Fair Value Level <sup>1</sup>	December 2016 A\$'000	June 2016 A\$'000
<b>Non Current Measured at Fair Value</b>			
<b>Fair Value Through Profit or Loss – Designated at Initial Recognition</b>			
Lendlease International Towers Sydney Trust <sup>2</sup>	Level 3	391,713	
Lendlease One International Towers Sydney Trust <sup>2</sup>	Level 3	195,333	
Australian Prime Property Fund – Industrial	Level 3	74,225	73,277
Australian Prime Property Fund – Commercial	Level 3	202,163	191,435
<b>Total other financial assets</b>		<b>863,434</b>	<b>264,712</b>

1. Refer to Note 10 'Fair Value Measurements' for details on basis of determining fair value and valuation technique.
2. As a result of reaching the operational phase for the three towers at International Towers Sydney, the governance structures of Lendlease International Towers Sydney Trust and Lendlease One International Towers Sydney Trust changed. Lendlease Trust reassessed its joint control conclusions, and determined that joint control no longer exists. As a result, these investments have been reclassified from Equity Accounted Investments to Other Financial Assets measured at fair value through profit or loss.

#### a. Fair Value Reconciliation

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

	December 2016 Unlisted Equity Investments A\$'000	June 2016 Unlisted Equity Investments A\$'000
Carrying amount at beginning of financial period	264,712	244,921
Additions	73,750	
Transfer from equity accounted investments <sup>1</sup>	497,931	
Gains recognised in Statement of Comprehensive Income – revenue and other income	27,041	19,791
<b>Carrying amount at end of financial period</b>	<b>863,434</b>	<b>264,712</b>

1. Includes transfers from Equity Accounted Investments during the period for investments in Lendlease International Towers Sydney Trust and Lendlease One International Towers Sydney Trust.

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

## Section C: Liquidity and Working Capital

The ability of the Trust 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 Trust's activities, including existing commitments and the liquidity risk exposure associated with financial liabilities. The section also contains disclosures for the Trust's trading assets, and the trading liabilities incurred as a result of trading activities used to generate the Trust's performance.

### 9. Issued Capital

	December 2016 No of units '000s	December 2016 A\$'000	June 2016 No of units '000s	June 2016 A\$'000
Beginning of financial period	582,317	915,820	580,469	911,168
Distribution Reinvestment Plan (DRP)	672	1,746	1,848	4,652
<b>End of financial period</b>	<b>582,989</b>	<b>917,566</b>	<b>582,317</b>	<b>915,820</b>

#### a. Issuance of Securities

As at 31 December 2016, Lendlease Trust had 582,989,458 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 6 March 2017. The issue price is the arithmetic average of the daily volume weighted average price of Lendlease Group stapled securities traded (on the Australian Securities Exchange) for the period of five consecutive business days immediately following the record date 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.

## Section D: Other Notes

### 10. Fair Value Measurement

#### 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, future maintainable earnings, and any special circumstances pertaining to the particular investment.

#### 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 period there were no transfers between Level 1, Level 2 and Level 3 fair value hierarchies.

### 11. Contingent Liabilities

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.

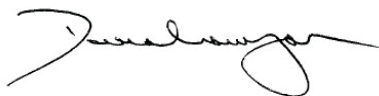
The Trust does not have any other contingent liabilities at 31 December 2016.

## Directors' Declaration

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

1. The 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 Trust as at 31 December 2016 and of its performance for the half year ended on that date; and
  - b. Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
2. There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



**D A Crawford, AO**

Chairman



**S B McCann**

Chief Executive Officer and Managing Director

Sydney, 27 February 2017



## **Independent auditor's review report to the members of Lendlease Trust**

We have reviewed the accompanying half year financial report of Lendlease Trust (the Trust), which comprises the statement of financial position as at 31 December 2016, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

### *Responsibility of the Directors for the half year financial report*

The directors of Lendlease Responsible Entity Limited, the Responsible Entity for Lendlease Trust, are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility for the review of the half year financial report*

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Trust's financial position as at 31 December 2016 and its performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Lendlease Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Lendlease Trust is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Trust's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

A handwritten signature of Duncan McLennan, written in black ink.

Duncan McLennan

*Partner*

Sydney

27 February 2017