

# ASX ANNOUNCEMENT

22 February 2021

## **Lendlease Trust 2021 Half Year Consolidated Financial Report**

Attached is the Lendlease Trust Half Year Consolidated Financial Report for the half year ended 31 December 2020.

### **ENDS**

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*Authorised for lodgement by the Lendlease Group Disclosure Committee*

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**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 Half Year Consolidated Financial Report

December 2020

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 or the Trust) is domiciled in Australia. The consolidated financial report of LLT for the half year ended 31 December 2020 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 Limited (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 for the half year ended 31 December 2020 was authorised for issue by the Directors on 22 February 2021.

# 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 Consolidated Financial Report of the Trust, for the six months ended 31 December 2020 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 2020 and the date of this Report are:

M J Ullmer, AO	Director since 2011 and Chairman since 2018
S B McCann	Group Chief Executive Officer since 2008 & Managing Director since 2009
P M Coffey	Director since 2017
D P Craig	Director since 2016
J S Hemstritch	Director since 2011
E M Proust, AO	Director since 2018
N M Wakefield Evans	Director since 2013
R F Welanetz	Director since March 2020

The names of Directors of the Responsible Entity who retired between 1 July 2020 and the date of this Report are:

C B Carter, AM	Director since 2012 (retired 20 November 2020)
M A Ford, OBE	Director since March 2020 (retired 18 August 2020)

## 2. Review and Results of Operations

For the six months ended 31 December 2020, the Trust reported a profit after tax of \$24,782,000 (December 2019: \$31,511,000).

Key transactions during the period include:

- Further investment of \$3,200,000 relating to Carlton Connect Initiative.
- An interim distribution of \$26,428,000 (December 2019: \$44,681,000) has been approved by the directors and will be paid on 17 March 2021.

## 3. Events Subsequent to Balance Date

On 10 February 2021, the Group announced that Steve McCann will retire as Group CEO and Managing Director on 31 May 2021. There were no other 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 2020.

## 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 \$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.



**M J Ullmer, AO**  
Chairman  
Sydney, 22 February 2021



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

## Directors' Report continued



### 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 of Lendlease Trust for the half year ended 31 December 2020 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 stylized, handwritten-style signature of the KPMG logo in blue ink.

KPMG

A handwritten signature in blue ink that reads 'D M McLennan'.

D M McLennan

*Partner*

Sydney

22 February 2021

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# Consolidated Financial Statements

## Statement of Comprehensive Income

Half Year Ended 31 December 2020

	Note	6 months December 2020 \$'000	6 months December 2019 <sup>1</sup> \$'000
Other income	3	20,554	37,891
Other expenses		(823)	(1,088)
<b>Results from operating activities</b>		<b>19,731</b>	<b>36,803</b>
Share of loss of equity accounted investments	5	(1,421)	(9,649)
Finance revenue	4	6,472	4,357
<b>Profit before tax</b>		<b>24,782</b>	<b>31,511</b>
Income tax expense		-	-
<b>Profit after tax</b>		<b>24,782</b>	<b>31,511</b>
Other comprehensive income net of tax		-	-
<b>Items that may be reclassified subsequently to profit or loss</b>			
Movements in foreign currency translation reserve		(10,385)	(2,877)
<b>Total items that may be reclassified subsequently to profit or loss</b>		<b>(10,385)</b>	<b>(2,877)</b>
<b>Total comprehensive income after tax</b>		<b>14,397</b>	<b>28,634</b>
<b>Basic/diluted earnings per unit (cents)</b>	2	<b>3.60</b>	<b>5.36</b>

1. As required under AASB 133 *Earnings per Share*, the 31 December 2019 weighted average number of units has been updated to reflect the new stapled securities issued via the institutional placement and Security Purchase Plan during the 30 June 2020 year. The Basic/Diluted EPU has been restated to reflect this change.

## Statement of Financial Position

As at 31 December 2020

	Note	December 2020 \$'000	June 2020 \$'000
<b>Current Assets</b>			
Cash and cash equivalents		18,824	19,475
Loans and receivables		821,838	820,177
<b>Total current assets</b>		<b>840,662</b>	<b>839,652</b>
<b>Non Current Assets</b>			
Equity accounted investments	8	233,296	250,122
Other financial assets	7	697,165	689,168
<b>Total non current assets</b>		<b>930,461</b>	<b>939,290</b>
<b>Total assets</b>		<b>1,771,123</b>	<b>1,778,942</b>
<b>Current Liabilities</b>			
Trade and other payables		59	65
Distributions payable	1	26,428	22,412
<b>Total current liabilities</b>		<b>26,487</b>	<b>22,477</b>
<b>Non Current Liabilities</b>			
Borrowings and financing arrangements		-	-
<b>Total non current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>26,487</b>	<b>22,477</b>
<b>Net assets</b>		<b>1,744,636</b>	<b>1,756,465</b>
<b>Equity</b>			
Issued capital	9	1,536,216	1,536,014
Buyback reserve		(67,149)	(67,149)
Foreign currency translation reserve		(15,406)	(5,021)
Retained Earnings		290,975	292,621
<b>Total equity attributable to unitholders</b>		<b>1,744,636</b>	<b>1,756,465</b>

The accompanying notes form part of these consolidated financial statements.

# Consolidated Financial Statements

## Statement of Changes in Equity

Half Year Ended 31 December 2020

	Issued Capital \$'000	Buyback Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Balance as at 1 July 2019</b>	<b>921,228</b>	<b>(67,149)</b>	<b>-</b>	<b>327,745</b>	<b>1,181,824</b>
<b>Total Comprehensive Income</b>					
Profit for the period	-	-	-	31,511	31,511
Other comprehensive income (net of tax)	-	-	-	-	-
Effect of foreign exchange movement	-	-	(2,877)	-	(2,877)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(2,877)</b>	<b>31,511</b>	<b>28,634</b>
<b>Transactions with Owners of the Trust</b>					
Distribution reinvestment plan (DRP)	1,087	-	-	-	1,087
Distribution provided for	-	-	-	(44,681)	(44,681)
<b>Total other movements</b>	<b>1,087</b>	<b>-</b>	<b>-</b>	<b>(44,681)</b>	<b>(43,594)</b>
<b>Balance as at 31 December 2019</b>	<b>922,315</b>	<b>(67,149)</b>	<b>(2,877)</b>	<b>314,575</b>	<b>1,166,864</b>
<b>Balance as at 1 July 2020</b>	<b>1,536,014</b>	<b>(67,149)</b>	<b>(5,021)</b>	<b>292,621</b>	<b>1,756,465</b>
<b>Total Comprehensive Income</b>					
Profit for the period	-	-	-	24,782	24,782
Other comprehensive income (net of tax)	-	-	-	-	-
Effect of foreign exchange movement	-	-	(10,385)	-	(10,385)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(10,385)</b>	<b>24,782</b>	<b>14,397</b>
<b>Transactions with Owners of the Trust</b>					
Distribution reinvestment plan (DRP)	202	-	-	-	202
Distribution provided for	-	-	-	(26,428)	(26,428)
<b>Total other movements</b>	<b>202</b>	<b>-</b>	<b>-</b>	<b>(26,428)</b>	<b>(26,226)</b>
<b>Balance as at 31 December 2020</b>	<b>1,536,216</b>	<b>(67,149)</b>	<b>(15,406)</b>	<b>290,975</b>	<b>1,744,636</b>

## Statement of Cash Flows

Half Year Ended 31 December 2020

	6 months December 2020 \$'000	6 months December 2019 \$'000
<b>Cash Flows from Operating Activities</b>		
Cash receipts in the course of operations	3,056	1,866
Cash payments in the course of operations	(498)	(2,049)
Interest received	3,052	3,936
Distributions received	19,149	17,444
<b>Net cash provided by operating activities</b>	<b>24,759</b>	<b>21,197</b>
<b>Cash Flows from Investing Activities</b>		
Acquisition of investments	(3,200)	(268,785)
Proceeds from sale of fair value through profit or loss investments	-	89,095
<b>Net cash used in by investing activities</b>	<b>(3,200)</b>	<b>(179,690)</b>
<b>Cash Flows from Financing Activities</b>		
Loan repayment by related party	-	275,915
Distributions paid	(22,210)	(114,536)
<b>Net cash used in financing activities</b>	<b>(22,210)</b>	<b>161,379</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(651)</b>	<b>2,886</b>
Cash and cash equivalents at beginning of financial period	19,475	14,289
<b>Cash and cash equivalents at end of financial period</b>	<b>18,824</b>	<b>17,175</b>

The accompanying notes form part of these consolidated financial statements.

# Notes to the Financial Statements

## Basis of Preparation

The half year consolidated 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 2020 annual financial report and any public announcements by the Consolidated Entity during the half year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*. The half year consolidated 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.
- 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 Consolidated Entity and are consistent with those applied in the 30 June 2020 annual financial statements.
- These significant accounting estimates and judgements have been considered in the context of the COVID-19 pandemic and the impact of the current economic conditions.

## 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 2023 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.

# 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 Statement of Comprehensive Income 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

Lendlease Trust Interim Distribution	Cents Per Unit	6 months December 2020 \$'000	6 months December 2019 \$'000
December 2020 – provided for and payable 17 March 2021	3.8	26,428	-
December 2019 – paid 17 March 2020	7.9	-	44,681
<b>Total</b>		<b>26,428</b>	<b>44,681</b>

  

Lendlease Trust Final Distribution	Cents Per Unit	6 months June 2020 \$'000	6 months June 2019 \$'000
June 2020 – paid 15 September 2020	3.3	22,412	-
June 2019 – paid 16 September 2019	20.5	-	115,623
<b>Total</b>		<b>22,412</b>	<b>115,623</b>

### 2. Earnings per Unit

Basic/Diluted Earnings Per Unit (EPU)		6 months December 2020	6 months December 2019 <sup>1</sup>
Profit after tax	\$'000	24,782	31,511
Weighted average number of units	'000	688,309	587,981
<b>Basic/Diluted EPU</b>	<b>cents</b>	<b>3.60</b>	<b>5.36</b>

1. As required under AASB 133 *Earnings per Share*, the 31 December 2019 weighted average number of units has been updated to reflect the new stapled securities issued via the institutional placement and Security Purchase Plan during the 30 June 2020 year. The Basic/Diluted EPU has been restated to reflect this change.

### 3. Other Income

	6 months December 2020 \$'000	6 months December 2019 \$'000
Distribution income	12,702	13,752
Net gain on fair value remeasurement of fair value through profit or loss assets	4,797	20,335
Net gain on sale of financial assets at fair value	-	1,938
Other income – related parties	3,055	1,866
<b>Total other income</b>	<b>20,544</b>	<b>37,891</b>

### 4. Finance Revenue

Finance Revenue	6 months December 2020 \$'000	6 months December 2019 \$'000
Finance revenue – external parties	-	86
Finance revenue – related parties	6,472	4,271
<b>Total finance revenue</b>	<b>6,472</b>	<b>4,357</b>

## Notes to the Financial Statements continued

### Section A: Performance continued

#### 5. Share of Loss of Equity Accounted Investments

	Note	6 months December 2020 \$'000	6 months December 2019 \$'000
Associates <sup>1</sup>			
Share of loss	8	(1,421)	(9,649)
<b>Total share of loss of equity accounted investments</b>		<b>(1,421)</b>	<b>(9,649)</b>

1. Reflects the contribution to the Consolidated Entity's profit, and is after tax paid by the equity accounted investment vehicles themselves, where relevant.

#### 6. Events Subsequent to Balance Date

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

### Section B: Investment

This section includes disclosures for indirect property assets such as Equity Accounted Investments in associates and Other Financial Assets contained within the Statement of Financial Position. The measurement basis of Other Financial Assets is fair value. Refer to Note 10 'Fair Value Measurement' for details on basis of determining fair value and valuation technique.

#### 7. Other Financial Assets

	Fair Value Level <sup>1</sup>	December 2020 \$'000	June 2020 \$'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	Level 3	154,320	153,022
Lendlease One International Towers Sydney Trust	Level 3	52,961	53,372
Australian Prime Property Fund – Industrial	Level 3	97,533	95,637
Australian Prime Property Fund – Commercial	Level 3	365,858	363,425
Australian Prime Property Fund – Retail	Level 3	21,398	21,534
Carlton Connect Initiative	Level 3	5,095	2,178
<b>Total non current other financial assets</b>		<b>697,165</b>	<b>689,168</b>

1. Refer to Note 10 Fair Value Measurement for details on basis of determining fair value and valuation technique.

##### a. Fair Value Reconciliation

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

	December 2020 Unlisted Equity Investments \$'000	June 2020 Unlisted Equity Investments \$'000
Carrying amount at beginning of financial period	689,168	772,122
Additions	3,200	2,223
Disposals	-	(87,157)
Gains recognised in Statement of Comprehensive Income – other income	4,797	1,980
<b>Carrying amount at end of financial period</b>	<b>697,165</b>	<b>689,168</b>

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

## Notes to the Financial Statements continued

### Section B: Investment continued

#### 8. Equity Accounted Investments

	INTEREST		SHARE OF PROFIT		NET BOOK VALUE	
	December 2020 %	June 2020 %	December 2020 \$'000	December 2019 \$'000	December 2020 \$'000	June 2020 \$'000
<b>a. Associates</b>						
Asia						
<b>Investments</b>						
Lendlease Global Commercial REIT	24.1%	24.2%	(1,421)	(9,649)	233,296	250,122
<b>Total Asia</b>			<b>(1,421)</b>	<b>(9,649)</b>	<b>233,396</b>	<b>250,122</b>
<b>Total</b>			<b>(1,421)</b>	<b>(9,649)</b>	<b>233,296</b>	<b>250,122</b>
Less: Impairment					-	-
<b>Total associates</b>			<b>(1,421)</b>	<b>(9,649)</b>	<b>233,296</b>	<b>250,122</b>

#### 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.

	LENDELEASE GLOBAL COMMERCIAL REIT	
	6 months December 2020 \$'000	2 October to 31 December 2019 \$'000
<b>Income Statement<sup>1</sup></b>		
Other income	42,073	22,792
Cost of sales	(11,327)	(5,565)
Other expenses	(20,219)	2,737
Unrealised fair value losses	-	(52,167)
Finance costs	(5,158)	(2,562)
Income tax expense	-	-
<b>Profit/(loss) for the period</b>	<b>5,369</b>	<b>(34,765)</b>
Other comprehensive income/(loss)	14,950	(5,356)
<b>Total comprehensive income/(loss)</b>	<b>20,319</b>	<b>(40,121)</b>
Consolidated Entity's ownership interest	24.1%	24.3%
<b>Consolidated Entity's total share of:</b>		
<b>Profit/(loss) for the period</b>	<b>1,294</b>	<b>(8,455)</b>
Other adjustments	(2,715)	(1,194)
<b>Total loss for the period</b>	<b>(1,421)</b>	<b>(9,649)</b>
Other comprehensive loss	(10,384)	(2,877)
<b>Total comprehensive loss</b>	<b>(11,805)</b>	<b>(12,526)</b>

1. The presentation of the material associates has been reclassified to separately present Cost of sales, Unrealised fair value gains/(losses) and Finance costs.

## Notes to the Financial Statements continued

### Section B: Investment continued

#### 8. Equity Accounted Investments continued

##### b. Material Associates Summarised Financial Information continued

Statement of Financial Position	LENLEASE GLOBAL COMMERCIAL REIT	
	December 2020 \$'000	June 2020 \$'000
<b>Current assets</b>		
Cash and cash equivalents	45,547	87,309
Other current assets	15,019	13,968
<b>Total current assets</b>	<b>60,566</b>	<b>101,277</b>
<b>Non current assets</b>		
Investment properties	1,429,868	1,506,431
Other non current assets	58,118	15,611
<b>Total non current assets</b>	<b>1,487,986</b>	<b>1,522,042</b>
<b>Current liabilities</b>		
Other current liabilities	22,728	22,197
<b>Total current liabilities</b>	<b>22,728</b>	<b>22,197</b>
<b>Non current liabilities</b>		
Financial liabilities (excluding trade payables)	535,764	551,951
Other non current liabilities	12,761	12,627
<b>Total non current liabilities</b>	<b>548,525</b>	<b>564,578</b>
<b>Net assets</b>	<b>977,299</b>	<b>1,036,544</b>
<b>Reconciliation to Carrying Amounts</b>		
Opening net assets 1 July	1,036,544	-
Acquisition/contributions	91	1,076,828
Distributions	(20,833)	(16,408)
Total comprehensive income for the period	20,319	7,663
Foreign currency translation for the period	(58,822)	(31,539)
<b>Closing net assets</b>	<b>977,299</b>	<b>1,036,544</b>
% ownership	24.1%	24.2%
<b>Consolidated Entity's share of net assets</b>	<b>235,529</b>	<b>250,844</b>
Other adjustments	(2,233)	(722)
<b>Carrying amount at end of period</b>	<b>233,296</b>	<b>250,122</b>

There were no immaterial associates for the period ended 31 December 2020.

## Notes to the Financial Statements continued

### 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. Issued Capital

	December 2020 No of units '000s	December 2020 \$'000	June 2020 No of units '000s	June 2020 \$'000
Issued capital at beginning of financial period, net of prior period share buyback	688,268	1,536,014	564,131	921,228
Distribution reinvestment plan (DRP)	70	202	662	2,080
Share issue via institutional placement (net of transaction costs)	-	-	96,939	478,470
Share issue via Security Purchase Plan (net of transaction costs)	-	-	26,536	134,236
<b>Issued capital at end of financial period</b>	<b>688,338</b>	<b>1,536,216</b>	<b>688,268</b>	<b>1,536,014</b>

##### a. Issuance of Securities

As at 31 December 2020, Lendlease Trust had 688,338,445 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 2 March 2021. 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, commencing on 2 March 2021, 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.

## Notes to the Financial Statements continued

### 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 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 investments has also taken the COVID-19 pandemic into consideration to determine fair value at 31 December 2020. This includes valuations of underlying investment 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 period there were no transfers between Level 1, Level 2 and Level 3 fair value hierarchies.

#### 11. 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.

#### 12. Consolidated Entities

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

##### PARENT ENTITY

Lendlease Trust

##### AUSTRALIA

Lendlease LLT Holdings Sub Trust

Lendlease SREIT Sub Trust

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

## 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 Consolidated Entity as at 31 December 2020 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:



**M J Ullmer, AO**

Chairman

Sydney, 22 February 2021



**S B McCann**

Chief Executive Officer and Managing Director



# Independent Auditor's Review Report

To the unitholders of Lendlease Trust

## Conclusion

We have reviewed the accompanying **Half Year Financial Report** of Lendlease Trust (the Trust).

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 does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Trust's financial position as at 31 December 2020 and of 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*.

The **Half Year Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2020;
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half Year ended on that date;
- Notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

## Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Trust in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

## Responsibilities of the Directors for the Half Year Financial Report

The Directors of the 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
- such internal control as the Directors determine is necessary to enable the preparation of the Half Year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



## Auditor's Responsibilities 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. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half Year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Trust's financial position as at 31 December 2020 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*.

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.

A stylized, handwritten-style signature of the letters 'KPMG' in blue ink.

KPMG

A handwritten signature in blue ink that reads 'D M McLennan'.

D M McLennan

*Partner*

Sydney

22 February 2021

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