

17 February 2025

Lendlease Group Appendix 4D and 2025 Half Year Consolidated Financial Report

Lendlease Group today announced its results for the half year ended 31 December 2024. Attached is the Appendix 4D and Half Year Consolidated Financial Report.

ENDS

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Authorised for lodgement by the Lendlease Group Disclosure Committee



Lendlease Group

Appendix 4D

Lendlease Group (the Group) comprises Lendlease Corporation Limited (the Company) ABN 32 000 226 228 and Lendlease Trust (LLT) ARSN 128 052 595, the responsible entity of which is Lendlease Responsible Entity Limited ABN 72 122 883 185

Half Year Report for the period ended 31 December 2024
(previous corresponding period being the period ended 31 December 2023)

Results for Announcement to the Market

Profit/(loss) After Tax

| | 6 months December 2024 \$m | 6 months December 2023 \$m | % Change |
|---|----------------------------------|----------------------------------|----------------|
| Revenue | 4,527 | 4,915 | (8%) |
| Profit/(loss) after tax attributable to securityholders | 48 | (136) | Not applicable |

Stapling of the Company Shares and LLT Units

Shares in the Company and units in LLT are traded as one security under the name of Lendlease Group on the Australian Securities Exchange (ASX). The Company is deemed to control LLT for accounting purposes and therefore LLT is consolidated into the Group's financial report. The issued units of LLT, however, are not owned by the Company and are therefore presented separately in the consolidated entity Statement of Financial Position within equity, notwithstanding that the unitholders of LLT are also the shareholders of the Company.

Dividends/Distributions

| | Amount per security | Franked amount per security |
|--|------------------------|--------------------------------|
| Interim distribution – payable 12 March 2025 | 6.0 cents | - |

The interim distribution is comprised of a trust distribution of 6.0 cents per unit payable by LLT. No interim dividend has been declared by the Company.

The record date for determining entitlement to the interim distribution is 24 February 2025 (Record Date) and the distribution is payable on 12 March 2025.

The Group's Distribution Reinvestment Plan (DRP) was reactivated in February 2011. The last date for receipt of an election notice for participation in the DRP is 25 February 2025. Subject to the rules of the DRP, 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 25 February 2025. Stapled securities issued under the DRP rank equally with all other stapled securities on issue.

Additional Information

| | December 2024 | June 2024 |
|----------------------------------|---------------|-----------|
| Net tangible assets per security | \$6.38 | \$6.07 |

The remainder of the information requiring disclosure to comply with listing rule 4.2A.3 is contained in the Performance & Outlook section of the December 2024 Directors' Report and the December 2024 Half Year Consolidated Financial Report.

Lendlease Half Year Consolidated Financial Report

December 2024

Melbourne
899 Collins Street
Victoria Harbour
Artist's impression

lendlease

Director's Report

The Directors present their Report together with the Half Year Consolidated Financial Report of the consolidated entity, being Lendlease Corporation Limited (the Company) including its controlled entities and Lendlease Trust (together referred to as the Consolidated Entity or the Group), for the six months ended 31 December 2024 and the Auditor's Report thereon.

1. Directors

The name of each person who has been a Director of the Company at any time between 1 July 2024 and the date of this Report are:

J C Gillam

Director since October 2024 and Chairman since November 2024

A P Lombardo

Group Chief Executive Officer and Managing Director since 2021

A S Chan (M Lui)

Director since 2022

P M Coffey

Director since 2017

N R Collishaw

Director since 2021

D P Craig

Director since 2016

B A Knoflach

Director since 2023

E M Proust, AO

Director since 2018

R F Welanetz

Director since 2020

The names of Directors of the Company who retired between 1 July 2024 and the date of this report are:

M J Ullmer, AO

Director since 2011 and Chairman since 2018 (retired 15 November 2024)

N M Wakefield Evans, AM

Director since 2013 (retired 15 November 2024)

2. Dividends/Distributions

An unfranked interim distribution of \$42 million from the Trust (December 2023: \$45 million unfranked) has been approved by

the Directors. No interim dividend was declared for the Company (December 2023: no interim dividend). The interim distribution comprising of a trust distribution of 6.0 cents per unit from Lendlease Trust will be paid on 12 March 2025 (December 2023: 6.5 cents per share from Lendlease Trust paid on 13 March 2024).

3. Events subsequent to Balance Date

On 31 January 2025 Lendlease announced a binding agreement has been reached with Sojitz Corporation, a diversified Japanese trading company, for the sale of Capella Capital for a consideration of \$235 million (on a 100% ownership basis). The sale is anticipated to contribute approximately \$70 million to FY25 OPAT. The transaction is subject to conditions precedent including Foreign Investment Review Board (FIRB) approval and other third-party consents, with completion targeted by the end of FY25.

On 31 January 2025 Lendlease also announced completion of the \$516 million (US\$320 million) sale of its US Military Housing business to Omaha Beach Investment Holdings, LLC, an entity managed by Guggenheim Partners Investment Management, LLC, following satisfaction of conditions precedent.

There were no other material events subsequent to the end of the financial reporting 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 2024.

5. Rounding off

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and, in accordance with that Instrument, amounts in the Half Year Consolidated Financial Report have been rounded off to the nearest million dollars, unless specifically stated otherwise.

6. Performance and Outlook

The Performance and Outlook on pages 4 to 9 is based on the Half Year Consolidated Financial Statements for the six months ended 31 December 2024 and should be read in conjunction with those financial statements. All currency amounts are expressed in Australian dollars unless otherwise specified. The Performance and Outlook has not been audited or reviewed by our external auditors. The items excluded from Statutory Profit are consistent with the segment note disclosures in the financial statements which have been reviewed by the Group's external auditor.

Performance and Outlook

Group Performance

Key financials¹

| | \$m | HY25 | HY24 ² |
|---|--------------|-------------|-------------------|
| Investments | | 228 | 92 |
| Development | | 138 | (24) |
| Construction | | (25) | 58 |
| Capital Release Unit | | 34 | 143 |
| Segment Operating EBITDA | | 375 | 269 |
| Corporate costs | | (57) | (148) |
| Operating EBITDA | | 318 | 121 |
| Depreciation and amortisation | | (51) | (61) |
| Net finance costs | | (136) | (77) |
| Operating profit/(loss) before tax | | 131 | (17) |
| Income tax (expense)/benefit | | (9) | 6 |
| Operating profit/(loss) after tax | | 122 | (11) |
| Investments and CRU segments revaluations after tax | | (74) | (125) |
| Statutory profit/(loss) after tax | | 48 | (136) |
| Group | | | |
| Distribution per security | cents | 6.0 | 6.5 |
| Group Statutory EPS | cents | 7.0 | (19.7) |
| Group Statutory ROE³ | % | 1.9% | (4.2%) |
| Net tangible asset per security⁴ | cents | 638 | 607 |

- Operating earnings presented reflects Statutory profit adjusted to exclude stabilised Investment Property revaluations (including in Other financial assets and Equity accounted investments) that are classified in the Investments and Capital Release Unit (CRU) segments.
- Comparative balances have been re-presented to align to revised reportable segments and to current period definition of Operating EBITDA and PAT.
- Return on Equity is calculated using annualised Statutory profit after tax divided by the arithmetic average of beginning and half year end securityholders' equity.
- Comparative is FY24.

Performance¹

Financial results for 1H25 have been presented under the Group's new definition of Operating Profit after Tax (OPAT), which now only excludes stabilised investment property revaluations. Further, the Capital Release Unit (CRU) is being disclosed as a reporting segment in 1H25 for the first time, following the Group's strategy update in May 2024. The segment includes Australian Retirement Living, Australian Communities, US Military Housing, international development, international construction and operations previously reported as Non-core.

The Group recorded a Statutory Profit after Tax of \$48m in 1H25, compared with a Statutory Loss after Tax of \$136m in the prior corresponding period. This includes net unrealised property revaluation losses across the Investments and CRU segments of \$74m.

OPAT in 1H25 was \$122m, up \$133m on the prior corresponding period. Operating Earnings per Security of 17.7 cents, equated to a Return on Equity (ROE) of 5.0 per cent. Distributions per Security totalled 6.0 cents, representing a payout ratio of 34 per cent of OPAT.

Segment Operating EBITDA increased by 39 per cent to \$375m. Improved Investment and Development earnings were partially offset by lower contributions from Construction and CRU.

Corporate costs decreased 61 per cent to \$57m, predominantly due to the absence of redundancy related restructuring charges that were incurred in 1H24 and cost savings beginning to be realised as a consequence of actions taken throughout the half.

Net finance costs increased 77 per cent to \$136m due to higher average net debt and a higher average cost of debt for the period, noting a gain in the prior corresponding period recorded from the buy-back of Sterling denominated bonds.

The increase in net debt from \$3.2b at FY24 to \$3.8b at 1H25, representing gearing of 27 per cent, was due to transaction delays, net development production spend in Australia and the unwind of negative working capital in the Australian Construction business, partly offset by receipts from capital recycling.

There is a pathway to de-leverage the balance sheet with cash proceeds of ~\$1.7b anticipated in 2H25 from completed or announced transactions and apartment settlements at One Sydney Harbour. Gearing is expected to materially decrease in 2H25, moving down towards, but remaining above, the top end of the target 5-15 per cent range, and is expected to be within the target range by the end of FY26.

The Group maintains strong liquidity, with total available committed facilities and cash of \$2.6b. This liquidity, together with expected cash inflows from announced and contracted transactions, and a weighted average debt tenor of 3.0 years, provides the Group with flexibility to manage its balance sheet.

Outlook

The Group's operational priorities for FY25 remain progressing capital recycling initiatives, growing the international Investments platform, replenishing the Australian Development pipeline, and furthering cost out initiatives.

Capital recycling transactions of \$2.2b have been completed or announced to date. As we continue to deliver on executing these capital recycling initiatives in FY25 and reduce our gearing we intend to announce a securities buyback, in accordance with the guidelines announced at our May 2024 strategy.

In Investments, increased profitability will be targeted through recycling of assets and redeployment of capital, increasing performance and transaction fees, achieving greater scale in the platform and reducing operating costs.

In Development, approximately \$36b of new development opportunities have been identified in the Australian market, of which \$20b are at an advanced stage, with Lendlease being either one of two parties competing for the project or in exclusive discussions.

In Construction, known loss making projects will be largely complete during 2H25. Project losses have been fully recognised in 1H25, with return to profitability expected in 2H25. While certain lower margin projects may extend into FY26, EBITDA margins are anticipated to improve as impacted projects complete.

The Group has achieved strong progress in the first nine months of its refreshed strategy as it transitions to a higher performing, lower risk business. The focus for the remainder of FY25 remains on execution of the strategy and building on the strong progress achieved to date, as the Group seeks to maximise securityholder returns, continues to simplify its operations and recycle further capital.

1. Comparative period the half year ended 31 December 2023, unless otherwise stated.

Investments Segment

Key financial and operational metrics

| | HY25 | HY24 ¹ |
|--|-------|-------------------|
| Management EBITDA (\$m) ² | 49 | 46 |
| Co-investment EBITDA (\$m) ³ | 49 | 49 |
| Other EBITDA (\$m) ⁴ | 130 | (3) |
| Operating EBITDA (\$m) ⁵ | 228 | 92 |
| Operating profit after tax (\$m) | 203 | 72 |
| Revaluations after tax (\$m) ⁵ | (73) | (127) |
| Statutory profit/(loss) after tax (\$m) | 130 | (55) |
| Invested Capital (\$b) ⁶ | 3.4 | 3.0 |
| Funds Under Management (\$b) ⁷ | 49.6 | 48.2 |
| Management EBITDA margin (%) | 44.1% | 37.1% |
| Co-investment portfolio (\$b) ⁸ | 3.3 | 3.1 |

1. Comparative balances have been re-presented to align to revised reportable segments and to current period definition of Operating EBITDA and PAT.
2. Earnings primarily derived from the investment management platform.
3. Returns excluding non-cash backed property related revaluation movements of Investment Property, Other Financial Assets, and Equity Accounted Investments in the Investments segment.
4. Includes transaction gains and losses.
5. Operating earnings are adjusted for stabilised Investment property revaluations (including in Other financial assets and Equity accounted investments).
6. Invested capital represents Investments segment net assets (excluding the allocation of Corporate net assets) of \$3.4 billion (June 2024: \$3.0 billion). Comparative value is closing FY24 balance.
7. The Group's assessment of market value. Includes previously reported FUM and AUM. Comparative value is closing FY24 balance.
8. The Group's assessment of market value of ownership interests. Comparative value is closing FY24 balance.

Performance¹

The Investments segment generated Operating EBITDA of \$228m, up 148 per cent on the prior corresponding period. The increase included the profit from the sale of the Group's Life Sciences interests in Asia to a new Life Sciences joint venture with Warburg Pincus.

Management EBITDA, derived from funds and asset management fees, was \$49m, up 7 per cent on the prior corresponding period, due to lower expenses from the removal of regional management structures, that more than offset the impact of lower revenue from lower average FUM and reduced fees. Management EBITDA margin increased to 44.1 per cent, up from 37.1 per cent.

Co-investment EBITDA of \$49m was flat on the prior corresponding period. Gross asset yield of 4.4 per cent was recorded for the portfolio, up from 4.2 per cent, with distribution yield of 3.0 per cent decreasing from 3.1 per cent in the prior corresponding period.

The co-investment portfolio remains well diversified, with primary exposures across workplace, retail and residential.

Other EBITDA recorded a gain of \$130m, largely due to the Life Sciences joint venture transaction and subsequent portfolio acquisition.

Total Investment segment capital of \$3.4b increased from \$3.0b at FY24 and primarily relates to co-investments in funds managed by the Group. The co-investment portfolio at HY25 was \$3.3b, up from \$3.1b. Impacts included \$0.1b from the addition of Life Sciences assets, foreign exchange gains and other of \$0.2b and negative revaluation impacts of \$0.1b.

Operations

Investments earnings are comprised of funds and assets under management contributions, co-investment portfolio yield and performance and transactions fees.

Funds under management increased by 3 per cent from \$48.2b at FY24 to \$49.6b. FUM additions of \$0.9b and FX and other gains of \$2.0b were partially offset by divestments of \$0.8b and negative revaluations of \$0.7b.

In addition to current FUM, international development projects with capital partners are expected to add more than \$4b in FUM over coming years.

The Group's co-investment portfolio of \$3.3b is well diversified with \$1.1b in workplace, \$1.0b in retail assets, \$0.7b in residential, and \$0.5b across other asset classes, including industrial and data centres.

The Group intends to continue to grow its investment portfolio while targeting an average co-investment of 5-10 per cent of capital deployed, providing alignment with partners and continued exposure to operating leverage as the platform achieves greater scale.

Development Segment

Key financial and operational metrics

| | HY25 | HY24 ¹ |
|---|-------|-------------------|
| Operating EBITDA (\$m) | 138 | (24) |
| Operating/Statutory profit/(loss) after tax (\$m) | 95 | (29) |
| Invested Capital (\$b) ² | 1.3 | 1.3 |
| Operating ROIC (%) ³ | 14.9% | (3.7%) |
| Work in Progress (\$b) ⁴ | 6.0 | 7.5 |
| Commencements (\$b) ⁵ | 0.6 | - |
| Completions (\$b) ⁶ | 2.3 | - |

1. Comparative balances have been re-presented to align to revised reportable segments and to current period definition of Operating EBITDA and PAT.
2. Invested capital represents Development segment net assets (excluding the allocation of Corporate net assets) of \$1.3 billion (June 2024: \$1.3 billion). Comparative value is closing FY24 balance.
3. Return on Invested Capital (ROIC) is calculated using the annualised Profit after Tax divided by the arithmetic average of beginning and half year end invested capital.
4. Comparative value is closing FY24 balance.
5. Project end value on product commenced during a financial period (representing 100% of project value). Subject to changes in delivery program.
6. Project end value on product completed during a financial period (representing 100% of project value).

Performance¹

Operating EBITDA of \$138m was up from \$(24)m in 1H24.

The Development segment generated a ROIC of 14.9 per cent, up from (3.7) per cent in 1H24.

Key drivers of the result included apartment settlements at Residences Two, One Sydney Harbour (OSH) of \$118m, partly offset by unrealised revaluation losses at Victoria Cross OSD of \$14m.

There were \$2.3b of completions during the period including Residences Two, OSH and Watermans Residences, OSH, with settlement profits from the latter expected in 2H25.

There were \$0.6b of commencements including build-to-rent apartments at Victoria Harbour, Melbourne.

The announced sale of Capella Capital post balance date, subject to certain conditions precedent, further demonstrates steps being taken to simplify the Group's operations, with completion and sale proceeds targeted for 2H25.

Operations

Work in Progress in Australia of \$6.0b decreased from \$7.5b in FY24, due to project completions of \$2.3b partially offset by commencements of \$0.6b.

The 1H25 development pipeline of \$10.0b comprises apartments for sale of \$5.4b, workplace assets of \$3.0b and \$1.6b of build-to-rent assets.

Leasing activity is ongoing with discussions continuing across workplace assets including Victoria Cross, now 25 per cent leased, and Blue & William, also at North Sydney, more than 90 per cent leased.

The Group remains well positioned to further originate development projects across mixed-use, residential and workplace assets, leveraging its market leading placemaking capabilities. There is a current focus on luxury residential developments in Sydney, with multiple opportunities either under exclusivity or short-listed.

Construction Segment

Key financial and operational metrics

| | HY25 | HY24 ¹ |
|---|--------|-------------------|
| Revenue (\$m) | 1,548 | 1,879 |
| Operating EBITDA (\$m) | (25) | 58 |
| Operating/Statutory (loss)/profit after tax (\$m) | (26) | 30 |
| EBITDA margin (%) | (1.6%) | 3.1% |
| | | |
| New Work Secured (\$b) ² | 3.8 | 0.7 |
| Backlog (\$b) ³ | 6.2 | 3.9 |

1. Comparative balances have been re-presented to align to revised reportable segments and to current period definition of Operating EBITDA and PAT.
2. Construction revenue to be earned in future periods (excludes internal projects).
3. Construction revenue to be earned in future periods (excludes internal projects). Comparative value is closing FY24 balance.

Performance¹

Revenues of \$1.5b for the period were down by 18 per cent as a number of large projects were completed in the prior year and various preferred projects have taken longer to commence.

The Construction segment delivered Operating EBITDA of \$(25)m, down \$83m on 1H24. Material construction cost inflation, subcontractor insolvencies and productivity issues, predominantly in relation to two projects, negatively impacted financial performance, with no account taken of recoveries being pursued.

The Operating EBITDA margin was (1.6) per cent, with the two impacted projects lowering the EBITDA margin by approximately 5 percentage points.

New work secured was \$3.8b, up from \$0.7b in the prior corresponding period with a higher weighting to fee-based work reflecting a lower risk profile. Social infrastructure projects remain the key sector for new work secured at \$1.8b, followed by defence at \$1.2b and data centres at \$0.6b.

The Construction business is preferred for \$9.3b in new projects, including \$2.8b of defence and \$4.0b of social infrastructure projects, supporting the future pipeline of new work.

A considerable proportion of the customer base is repeat business from deep and trusted relationships with government and corporate clients.

Operations

Backlog revenue increased 59 per cent on FY24 to \$6.2b, weighted to social infrastructure and defence projects and is supported by a strong preferred book of \$9.3b, providing visibility on future revenues.

Known loss making projects will be largely complete during 2H25. Project losses have been fully recognised in 1H25, with return to profitability expected in 2H25. While certain lower margin projects may extend into FY26, EBITDA margins are anticipated to improve as impacted projects complete.

Capital Release Unit Segment

Key financials and operational Metrics

| | HY25 | HY24 ¹ |
|---|------|-------------------|
| Operating EBITDA (\$m) | 34 | 143 |
| Operating (loss)/profit after tax (\$m) | (8) | 73 |
| Revaluations after tax (\$m) ² | (1) | 2 |
| Statutory (loss)/profit after tax (\$m) | (9) | 75 |
| Invested Capital (\$b) ³ | 4.6 | 4.5 |

1. Comparative balances have been re-presented to align to revised reportable segments and to current period definition of Operating EBITDA and PAT.
2. Operating earnings are adjusted for stabilised Investment property revaluations (including in Other financial assets and Equity accounted investments).
3. Invested capital represents Capital Release Unit segment net assets (excluding the allocation of Corporate net assets) of \$5.0 billion (June 2024: \$4.9 billion) excluding Cash and cash equivalents of \$0.5 billion (June 2024: \$0.6 billion), and Borrowings and financing arrangements of \$(0.1) billion (June 2024: \$(0.2) billion). Comparative value is closing FY24 balance.

Performance¹

CRU is being disclosed as a reporting segment in 1H25 for the first time.

CRU's primary focus is the recycling of capital, balancing speed of execution with value realisation. Capital recycling initiatives within CRU of \$1.9b were announced or completed in the period, including completion of the Communities sale and divestment of Life Sciences assets.

Invested capital within CRU was relatively flat at \$4.6b, with the first receipt from the sale of Australian Communities largely offset by foreign currency translations. Invested capital is expected to materially decline in 2H25 on receipt of proceeds from completed capital recycling initiatives, with \$1.0b of CRU transaction proceeds already received post balance date.

Operating EBITDA of \$34m was recorded, down from \$143m. The key contributor to earnings was Australian Communities, delivering \$142m, up from \$9m in the prior corresponding period. Key negative offsets were from international development (\$41m), impacted by negative unrealised revaluations, and international construction (\$67m), which was impacted by provisions taken in relation to retained risks from completed projects as well as increased costs, including from risk mitigation strategies employed in relation to the sale of the US Construction operations and the UK construction business. Earnings from investments held in CRU and retained Engineering and Services operations were lower for the period.

Operations

The sale of Military Housing was completed on 30 Jan 2025, post-balance date.

Within international development, the first land and asset sales were conducted with divestments at Elephant Park. Further, practical completion was reached at joint venture projects Forum, Turing Building at Stratford Cross, and Park and Sayer (build-to-rent and affordable housing).

On completion of the announced UK construction sale, along with the completed divestment of US construction, Lendlease will have exited its international construction operations.

1. Comparative period the half year ended 31 December 2023, unless otherwise stated.

Financial Position and Cash Flow Movements

Financial position (\$m)

| | HY25 | FY24 |
|---|--------------|--------------|
| Investment assets | | |
| Other financial assets | 953 | 972 |
| Equity accounted investments | 2,886 | 2,567 |
| Investment properties | 31 | 77 |
| Disposal Group net assets held for sale | 247 | 304 |
| Development assets | | |
| Inventories | 2,461 | 2,358 |
| Equity accounted investments | 3,245 | 3,289 |
| Investment properties | 385 | 341 |
| Disposal Group net assets held for sale | - | 989 |
| Other assets and liabilities (including financial) | | |
| Cash and cash equivalents | 749 | 1,000 |
| Borrowing and financing arrangements | (4,548) | (4,176) |
| Other net assets and liabilities | (1,371) | (2,844) |
| Net assets | 5,038 | 4,877 |

Investment Assets

Investment assets increased 5 per cent overall with the main driver being an increase in equity accounted investments driven by the establishment of a new Asia Pacific Life Sciences joint venture, Vita Partners, and foreign exchange movements, partially offset by negative revaluation movements, in particular across the workplace and residential for rent sectors.

Development Assets

Development assets decreased (13) per cent on FY24. Key movements include the disposal of net assets held for sale in the Development segment following the sale of Australia Communities projects during the period, offset partially by increased inventories primarily from retained Communities projects and foreign exchange movements on assets in the United States.

Other assets and liabilities

The movement in Other assets and liabilities includes an increase in borrowings and a reduction in other net assets and liabilities, primarily from reduced trade payables resulting from the sale of the US Construction operations, settlement of One Sydney Harbour PLLACs, and completion of certain large construction projects in Australia.

Cash flow and treasury management

The Group commenced the period with cash and cash equivalents of \$1.0b. Movements during the period comprised Operating cash outflow of \$0.5b and Investing cash inflow of \$0.2b. The Group closed the period with cash and cash equivalents of \$0.7b.

Operating cash outflows included production spend on development projects including Watermans Residences at One Sydney Harbour, One Circular Quay and Communities.

Investing cash inflows included receipts from joint ventures relating to Residences Two, One Sydney Harbour, and disposal of Communities projects and Asia Life Sciences assets. These inflows were partially offset by equity contributions to Australian and international development projects.

The Group remains in a strong position with \$2.6b of committed liquidity comprising \$0.7b of cash and cash equivalents and \$1.8b in available undrawn debt. Average debt maturity of 3.0 years has reduced in line with maturity timing.

Treasury management

| | | HY25 | FY24 |
|---------------------------------|-------|-------|-------|
| Net debt | \$m | 3,799 | 3,176 |
| Gearing ¹ | % | 26.8 | 21.1 |
| Interest cover ² | times | 2.9 | 2.7 |
| Average cost of debt | % | 5.5 | 5.4 |
| Average drawn debt maturity | years | 3.0 | 3.4 |
| Available liquidity | \$m | 2,554 | 2,159 |
| Average debt mix fixed:floating | ratio | 46:54 | 43:57 |

1. Net debt to total tangible assets, less cash.
2. Measured on a 12-month basis.

Credit ratings¹

| | |
|---------|---------------------|
| Moody's | Baa3 stable outlook |
| Fitch | BBB- stable outlook |

1. Credit ratings have been issued by a credit rating agency which holds an Australian Financial Services Licence with an authorisation to issue credit ratings to wholesale clients only and are for the benefit of the Group's debt providers.

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

A handwritten signature in black ink, appearing to be 'J C Gillam', with a small dot at the end.

J C Gillam

Chairman

A handwritten signature in black ink, appearing to be 'A P Lombardo', with a small dot at the end.

A P Lombardo

Group Chief Executive Officer and Managing Director

Sydney, 17 February 2025



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

To the Directors of Lendlease Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Lendlease Corporation Limited for the half-year ended 31 December 2024 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 black ink.

KPMG

A handwritten signature in black ink, appearing to read 'Nigel Virgo'.

Nigel Virgo

Partner

Sydney

17 February 2025

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Financial Statements



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Lendlease Corporation Limited (the Company) is incorporated and domiciled in Australia. The consolidated financial report of the Company for the half year ended 31 December 2024 comprises the Company including its controlled entities and Lendlease Trust (LLT) (together referred to as the Consolidated Entity or the Group). The Group is a for-profit entity and Australia's leading integrated real estate business, with an international investment management capability. Further information about the Group's primary activities is included in Note 1 'Segment Reporting'.

Shares in the Company and units in LLT are traded as one security under the name of Lendlease Group on the Australian Securities Exchange (ASX). The Company is deemed to control LLT for accounting purposes and therefore LLT is consolidated into the Group's financial report. The issued units of LLT, however, are not owned by the Company and are therefore presented separately in the Consolidated Entity Statement of Financial Position within equity, notwithstanding that the unitholders of LLT are also the shareholders of the Company.

The consolidated financial report was authorised for issue by the Directors on 17 February 2025.

Consolidated Financial Statements

Income Statement

Half Year Ended 31 December 2024

| | | 6 months December 2024 | 6 months December 2023 |
|---|-----------|---------------------------|---------------------------|
| | Note | \$m | \$m |
| Revenue from contracts with customers | 4 | 4,464 | 4,844 |
| Other revenue | | 63 | 71 |
| Cost of sales | | (4,257) | (4,501) |
| Gross profit | | 270 | 414 |
| Share of profit/(loss) of equity accounted investments | 6 | 78 | (52) |
| Other income | 5 | 174 | 17 |
| Other expenses | 7 | (347) | (475) |
| Results from operating activities | | 175 | (96) |
| Finance revenue | 8 | 18 | 52 |
| Finance costs | 8 | (154) | (129) |
| Net finance costs | | (136) | (77) |
| Profit/(loss) before tax | | 39 | (173) |
| Income tax benefit | 9 | 9 | 37 |
| Profit/(loss) after tax | | 48 | (136) |
| Profit/(loss) after tax attributable to: | | | |
| Members of Lendlease Corporation Limited | | 28 | (135) |
| Unitholders of Lendlease Trust | | 20 | (1) |
| Profit/(loss) after tax attributable to securityholders | | 48 | (136) |
| External non controlling interests | | - | - |
| Profit/(loss) after tax | | 48 | (136) |
| Basic/Diluted Earnings per Lendlease Group Stapled Security (EPSS) | | | |
| Securities excluding treasury securities | (cents) 3 | 7.0 | (19.9) |
| Securities on issue | (cents) 3 | 7.0 | (19.7) |

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statement of Comprehensive Income

Half Year Ended 31 December 2024

| | 6 months December 2024 \$m | 6 months December 2023 \$m |
|--|----------------------------------|----------------------------------|
| Profit/(Loss) after Tax | 48 | (136) |
| Other Comprehensive Income/(Loss) after Tax | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Movements in hedging reserve | (36) | 18 |
| Movements in foreign currency translation reserve | 246 | (28) |
| Total items that may be reclassified subsequently to profit or loss¹ | 210 | (10) |
| Items that will not be reclassified to profit or loss: | | |
| Movements in non controlling interest acquisition reserve | (8) | 2 |
| Movements in defined benefit plans remeasurements | (6) | (93) |
| Total items that will not be reclassified to profit or loss | (14) | (91) |
| Total comprehensive income/(loss) after tax | 244 | (237) |
| Total comprehensive income/(loss) after tax attributable to: | | |
| Members of Lendlease Corporation Limited | 199 | (238) |
| Unitholders of Lendlease Trust | 42 | 1 |
| Total comprehensive income/(loss) after tax attributable securityholders | 241 | (237) |
| External non controlling interests | 3 | - |
| Total comprehensive income/(loss) after tax | 244 | (237) |

1. Includes Other comprehensive income of \$283 million (December 2023: Other comprehensive income of \$5 million) relating to share of other comprehensive income of equity accounted investments.

Statement of Financial Position

As at 31 December 2024

| | Note | December 2024 \$m | June 2024 \$m |
|--|------|----------------------|------------------|
| Current Assets | | | |
| Cash and cash equivalents | 19 | 749 | 1,000 |
| Loans and receivables | 16 | 2,090 | 2,222 |
| Inventories | 11 | 1,081 | 1,676 |
| Other financial assets | 13 | 6 | 12 |
| Current tax assets | | 69 | - |
| Other assets | | 89 | 76 |
| Disposal Group assets held for sale | 22 | 574 | 1,596 |
| Total current assets | | 4,658 | 6,582 |
| Non Current Assets | | | |
| Loans and receivables | 16 | 477 | 448 |
| Inventories | 11 | 1,755 | 1,342 |
| Equity accounted investments | 12 | 6,179 | 5,859 |
| Investment properties | | 416 | 418 |
| Other financial assets | 13 | 954 | 974 |
| Deferred tax assets | | 236 | 169 |
| Property, plant and equipment | | 121 | 177 |
| Intangible assets | | 635 | 692 |
| Defined benefit plan asset | | 79 | 82 |
| Other assets | | 40 | 29 |
| Total non current assets | | 10,892 | 10,190 |
| Total assets | | 15,550 | 16,772 |
| Current Liabilities | | | |
| Trade and other payables | 17 | 3,572 | 4,869 |
| Provisions | 18 | 874 | 891 |
| Borrowings and financing arrangements | 14.a | 56 | 9 |
| Other financial liabilities | | 60 | 43 |
| Income tax payable | | - | 41 |
| Disposal Group liabilities held for sale | 22 | 371 | 303 |
| Total current liabilities | | 4,933 | 6,156 |
| Non Current Liabilities | | | |
| Trade and other payables | 17 | 766 | 1,151 |
| Provisions | 18 | 238 | 300 |
| Borrowings and financing arrangements | 14.a | 4,492 | 4,167 |
| Other financial liabilities | | 58 | 64 |
| Deferred tax liabilities | | 25 | 57 |
| Total non current liabilities | | 5,579 | 5,739 |
| Total liabilities | | 10,512 | 11,895 |
| Net assets | | 5,038 | 4,877 |
| Equity | | | |
| Issued capital | 15 | 1,897 | 1,896 |
| Treasury securities | | (89) | (67) |
| Reserves | | 392 | 208 |
| Retained earnings | | 1,069 | 1,069 |
| Total equity attributable to members of Lendlease Corporation Limited | | 3,269 | 3,106 |
| Total equity attributable to unitholders of Lendlease Trust | | 1,738 | 1,737 |
| Total equity attributable to securityholders | | 5,007 | 4,843 |
| External non controlling interests | | 31 | 34 |
| Total equity | | 5,038 | 4,877 |

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statement of Changes in Equity

Half Year Ended 31 December 2024

| | Issued Capital \$m | Treasury Securities ¹ \$m | Reserves ² \$m | Retained Earnings \$m | Members of Lendlease Corporation Limited \$m | Unitholders of Lendlease Trust \$m | External Non Controlling Interests \$m | Total Equity \$m |
|---|--------------------------|--|------------------------------|-----------------------------|--|--|--|------------------------|
| Balance as at 1 July 2023 | 1,894 | (67) | 273 | 2,653 | 4,753 | 1,863 | 28 | 6,644 |
| Total Comprehensive Income | | | | | | | | |
| Loss for the period | - | - | - | (135) | (135) | (1) | - | (136) |
| Other comprehensive income (net of tax) | - | - | (10) | (93) | (103) | 2 | - | (101) |
| Total comprehensive (loss)/income | - | - | (10) | (228) | (238) | 1 | - | (237) |
| Transactions with Owners of the Company | | | | | | | | |
| Distribution Reinvestment Plan (DRP) | 1 | - | - | - | 1 | 1 | - | 2 |
| Dividends and distributions | - | - | - | (32) | (32) | (45) | - | (77) |
| Treasury securities acquired | - | (29) | - | - | (29) | - | - | (29) |
| Treasury securities vested | - | 26 | - | - | 26 | - | - | 26 |
| Fair value movement on allocation and vesting of securities | - | - | (8) | - | (8) | - | - | (8) |
| Total other movements through reserves | 1 | (3) | (8) | (32) | (42) | (44) | - | (86) |
| Balance as at 31 December 2023 | 1,895 | (70) | 255 | 2,393 | 4,473 | 1,820 | 28 | 6,321 |
| Balance as at 1 July 2024 | 1,896 | (67) | 208 | 1,069 | 3,106 | 1,737 | 34 | 4,877 |
| Total Comprehensive Income | | | | | | | | |
| Profit for the period | - | - | - | 28 | 28 | 20 | - | 48 |
| Other comprehensive income (net of tax) | - | - | 177 | (6) | 171 | 22 | 3 | 196 |
| Total comprehensive income | - | - | 177 | 22 | 199 | 42 | 3 | 244 |
| Transactions with Owners of the Company | | | | | | | | |
| Distribution Reinvestment Plan (DRP) | 1 | - | - | - | 1 | 1 | - | 2 |
| Dividends and distributions | - | - | - | (22) | (22) | (42) | - | (64) |
| Treasury securities acquired | - | (44) | - | - | (44) | - | - | (44) |
| Treasury securities vested | - | 22 | - | - | 22 | - | - | 22 |
| Fair value movement on allocation and vesting of securities | - | - | (5) | - | (5) | - | - | (5) |
| Transfer as a result of disposal | - | - | 12 | - | 12 | - | - | 12 |
| Other movements | - | - | - | - | - | - | (6) | (6) |
| Total other movements through reserves | 1 | (22) | 7 | (22) | (36) | (41) | (6) | (83) |
| Balance as at 31 December 2024 | 1,897 | (89) | 392 | 1,069 | 3,269 | 1,738 | 31 | 5,038 |

1. Opening balance for number of treasury securities at 1 July 2024 was 6 million (1 July 2023: 6 million) and closing balance at 31 December 2024 was 9 million (31 December 2023: 6 million).

2. Balance and movement in reserves are presented on a combined basis for the half year ended 31 December 2024 and 31 December 2023.

Statement of Cash Flows

Half Year Ended 31 December 2024

| | | 6 months December 2024 | 6 months December 2023 |
|--|------|---------------------------|---------------------------|
| | Note | \$m | \$m |
| Cash Flows from Operating Activities | | | |
| Cash receipts in the course of operations | | 4,297 | 5,312 |
| Cash payments in the course of operations | | (4,778) | (5,871) |
| Interest received | | 12 | 23 |
| Interest paid in relation to other corporations | | (158) | (134) |
| Interest paid in relation to lease liabilities | | (6) | (7) |
| Dividends/distributions received | | 307 | 63 |
| Income tax paid in respect of operations | | (173) | (52) |
| Net cash used in operating activities | | (499) | (666) |
| Cash Flows from Investing Activities | | | |
| Sale/redemption of investments | | 449 | 7 |
| Acquisition of investments | | (383) | (635) |
| Sale of investment properties | | 45 | 108 |
| Capital expenditure on investment properties | | (18) | (12) |
| Loans to associates and joint ventures | | (131) | (34) |
| Disposal of consolidated entities (net of cash disposed and transaction costs) | | 228 | - |
| Acquisition of property, plant and equipment | | (2) | (15) |
| Acquisition of intangible assets | | (2) | (23) |
| Net cash provided by/(used in) investing activities | | 186 | (604) |
| Cash Flows from Financing Activities | | | |
| Proceeds from borrowings | | 4,611 | 2,665 |
| Repayments of borrowings | | (4,456) | (1,552) |
| Dividends/distributions paid | | (64) | (73) |
| Repayments of lease liabilities | | (55) | (40) |
| Net cash provided by financing activities | | 36 | 1,000 |
| Other Cash Flow Items | | | |
| Effect of foreign exchange rate movements on cash and cash equivalents | | 26 | (9) |
| Net decrease in cash and cash equivalents | | (251) | (279) |
| Cash and cash equivalents at beginning of financial period | | 1,000 | 900 |
| Cash and cash equivalents at end of financial period | 19 | 749 | 621 |

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 AASB 134 *Interim Financial Reporting* (AASB 134) and the *Corporations Act 2001*
- Complies with the recognition and measurement requirements of the International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB)
- Should be read in conjunction with the 30 June 2024 annual consolidated financial report and any public announcements made by the Group 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 million 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 and liabilities, which are stated at their fair value: derivative financial instruments, fair value through profit or loss investments, investment properties and liabilities for cash settled share based compensation plans. Recognised assets and liabilities that are hedged are stated at fair value in respect of the risk that is hedged. Refer to the specific accounting policies within the notes to the financial statements for the basis of valuation of assets and liabilities measured at fair value.

The preparation of an interim financial 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 Group and are consistent with those applied in the 30 June 2024 annual consolidated financial report

At 31 December 2024, the Group is in a net current asset deficiency (current liabilities exceeds current assets) but does not anticipate a significant liquidity risk in the next 12 months. This is due to the Group's strong financial profile, which includes significant committed undrawn facilities and low gearing ratios.

The financial statements are prepared on a going concern basis. In preparing the financial statements, including assessing the going concern basis of accounting, the Group has considered the general market conditions.

The Group has:

- \$1,805 million in undrawn committed facilities. See Note 14 'Borrowings and Financing Arrangements'
- \$100 million in undrawn uncommitted facilities. See Note 14 'Borrowings and Financing Arrangements'
- \$749 million in cash and cash equivalents. See Note 19 'Cash and Cash Equivalents'

Following this assessment, the Group is well placed to manage its financing and future commitments over the next 12 months from the date of the financial statements.

Impact of New and Revised Accounting Standards

New Accounting Standards adopted 1 July 2024

From 1 July 2024, the Group adopted AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current and Non-current* and AASB 2022-6 *Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*, which did not have a material impact on the Group.

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 and consequential amendments</i> | 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 2029 financial year and will be applied prospectively. | Based on preliminary analysis performed, the amendments are not expected to have a material impact on the Group. |
| AASB 18 <i>Presentation and Disclosure in Financial Statements</i> | AASB 18 aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information. The Standard will change how the Group presents its results on the face of the income statement and disclose information in the notes to the financial statements. Certain 'non-GAAP' measures (management-defined performance measures) - will now form part of the audited financial statements. There will be three new categories of income and expenses, two defined income statement subtotals and one single note on management-defined performance measures. The Standard is effective for the June 2028 financial year and will be applied retrospectively. | Management is currently undertaking an analysis to determine the impact of the Standards on the Group. |

Section A. Performance

In addition to the statutory result, Operating Earnings before Interest, Tax, Depreciation and Amortisation (Operating EBITDA) and Operating Profit after Tax (Operating PAT) are the key measures used to assess the Group's performance. This section of the Financial Report focuses on disclosure that enhances a user's understanding of Operating EBITDA and Operating PAT. Segment Reporting below provides a breakdown of profit and revenue by reportable segment. The key line items of the Income Statement, along with their components, provide detail behind the reported balances. Group performance will also impact the earnings per stapled security and dividend payout, therefore disclosure on these items has been included in this section. Further information and analysis on performance and allocation of resources can be found in the Performance and Outlook section of the Directors' Report.

1. Segment Reporting

Accounting Policies

As of 1 July 2024, the Group's reportable segments have changed following the May 2024 Strategy update. Related comparative information has been restated accordingly. The Group's segments are now Investments, Development, Construction, and the Capital Release Unit. The Group has identified these operating segments based on the current organisation structure, the distinct target return profile and allocation of resources for each segment, and internal reports that are reviewed and used by the Group Chief Executive Officer and Managing Director (the Chief Operating Decision Maker) in assessing performance, determining the allocation of resources, setting operational targets, and managing the Group.

The Group reports Operating EBITDA and Operating PAT as its primary earnings metrics, in addition to the statutory result. Operating PAT is defined as Statutory profit adjusted for stabilised Investment property revaluations (including in Other financial assets and Equity accounted investments) that are classified in the Investments and Capital Release Unit segments. Operating EBITDA is before Interest, Tax, Depreciation and Amortisation. Operating EBITDA and Operating PAT includes revaluation increases and decreases of Investment properties under construction that are classified in the Development and Capital Release Unit segments.

The Chief Operating Decision Maker receives information and assesses segment performance under these metrics. Operating EBITDA and Operating PAT are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain reportable segments relative to other entities that operate within these industries. The Group does not consider corporate activities to be an operating segment.

The reportable segments are as follows:

Investments

Services include owning and/or managing investments across Australia, Singapore, United Kingdom, Italy, United States, Malaysia, and Japan. The segment includes an investment management platform and the Group's ownership interests in residential, office, retail, industrial, and infrastructure investment assets.

Development

Represents Development projects in Australia only. Its products and services include the development of inner city mixed use developments, apartments, retail, commercial assets and social and economic infrastructure. Construction margin earned on development projects is recognised in this segment.

Construction

Represents the Construction business in Australia only. Its products and services include the provision of project management, design and construction services, predominantly in the commercial, residential, mixed use, defence and social infrastructure sectors.

Capital Release Unit

The Capital Release Unit (CRU) was established as of 1 July 2024 to maximise embedded value from on-market assets, the divestment of overseas Construction operations, and the release of capital from overseas Development. The segment includes overseas Construction operations, overseas Development projects, the Group's residual ownership interest in retirement assets and the US Military Housing business, Australian Communities projects and the retained Engineering and Services projects.

Notes to Consolidated Financial Statements continued

Section A. Performance continued

1. Segment Reporting continued

1.a. Business Segment Information

Financial information of each reportable segment and a reconciliation of the financial performance of these reportable segments to the financial statements are included below:

| 6 months to December 2024 | Investments \$m | Development \$m | Construction \$m | Capital Release Unit \$m | Corporate Activities \$m | Total Group \$m |
|---|--------------------|--------------------|---------------------|--------------------------------|--------------------------------|--------------------|
| Financial Performance | | | | | | |
| Construction services | - | - | 1,548 | 1,191 | - | 2,739 |
| Investment services | 110 | - | - | 6 | - | 116 |
| Development services | - | 395 | - | 246 | - | 641 |
| Sale of development properties | - | 14 | - | 954 | - | 968 |
| Total revenue from contracts with customers | 110 | 409 | 1,548 | 2,397 | - | 4,464 |
| Other revenue | 26 | 12 | - | 19 | 6 | 63 |
| Total revenue from external customers | 136 | 421 | 1,548 | 2,416 | 6 | 4,527 |
| Cost of sales | (44) | (355) | (1,562) | (2,291) | (5) | (4,257) |
| Gross profit | 92 | 66 | (14) | 125 | 1 | 270 |
| Share of profit of equity accounted investments ¹ | 43 | 110 | - | (8) | - | 145 |
| Other income | 117 | - | - | 57 | - | 174 |
| Other expenses ^{1,2} | (24) | (38) | (11) | (140) | (58) | (271) |
| Operating EBITDA | 228 | 138 | (25) | 34 | (57) | 318 |
| Finance revenue | 2 | 1 | - | 7 | 8 | 18 |
| Finance expenses | - | (4) | - | (8) | (142) | (154) |
| Depreciation and amortisation | (4) | (2) | (12) | (20) | (13) | (51) |
| Operating profit/(loss) before tax³ | 226 | 133 | (37) | 13 | (204) | 131 |
| Operating income tax (expense)/benefit | (23) | (38) | 11 | (21) | 62 | (9) |
| Operating profit/(loss) after tax | 203 | 95 | (26) | (8) | (142) | 122 |
| Investments and CRU segments revaluations (pre-tax): | | | | | | |
| Investment properties | (6) | - | - | - | - | (6) |
| Financial assets | (18) | - | - | (1) | - | (19) |
| Equity accounted investments | (67) | - | - | - | - | (67) |
| Total adjustments³ | (91) | - | - | (1) | - | (92) |
| Income tax benefit on adjustments | 18 | - | - | - | - | 18 |
| Statutory profit/(loss) after tax | 130 | 95 | (26) | (9) | (142) | 48 |
| Other Information | | | | | | |
| Material non cash items ⁴ | (24) | - | 6 | 2 | (18) | (34) |

1. Excludes stabilised Investment property revaluations (including in Other financial assets and Equity accounted investments) that are classified in the Investments and Capital Release Unit segments.

2. Excludes depreciation and amortisation.

3. Operating profit/(loss) before tax of \$131 million plus Investments and Capital Release Unit segment revaluations (pre-tax) of \$(92) million, reconciles to Profit before tax as disclosed in the Income Statement.

4. Material Non Cash Items relates to impairments and provisions raised or written back, unrealised foreign exchange movements and fair value gains or losses.

| 6 months to December 2023 ¹ | Investments \$m | Development \$m | Construction \$m | Capital Release Unit \$m | Corporate Activities \$m | Total Group \$m |
|---|--------------------|--------------------|---------------------|--------------------------------|--------------------------------|--------------------|
| Financial Performance | | | | | | |
| Construction services | - | - | 1,879 | 1,395 | - | 3,274 |
| Investment services | 119 | - | - | 13 | - | 132 |
| Development services | - | 483 | - | 515 | - | 998 |
| Sale of development properties | - | 54 | - | 386 | - | 440 |
| Total revenue from contracts with customers | 119 | 537 | 1,879 | 2,309 | - | 4,844 |
| Other revenue | 32 | 10 | - | 21 | 8 | 71 |
| Total revenue from external customers | 151 | 547 | 1,879 | 2,330 | 8 | 4,915 |
| Cost of sales | (45) | (536) | (1,794) | (2,120) | (6) | (4,501) |
| Gross profit | 106 | 11 | 85 | 210 | 2 | 414 |
| Share of profit of equity accounted investments ² | 27 | (26) | - | 39 | - | 40 |
| Other income | - | - | - | 17 | - | 17 |
| Other expenses ^{2,3} | (41) | (9) | (27) | (123) | (150) | (350) |
| Operating EBITDA | 92 | (24) | 58 | 143 | (148) | 121 |
| Finance revenue | - | 3 | - | 3 | 46 | 52 |
| Finance expenses | - | (23) | - | (1) | (105) | (129) |
| Depreciation and amortisation | (3) | (1) | (11) | (22) | (24) | (61) |
| Operating profit/(loss) before tax⁴ | 89 | (45) | 47 | 123 | (231) | (17) |
| Operating income tax (expense)/benefit | (17) | 16 | (17) | (50) | 74 | 6 |
| Operating profit/(loss) after tax | 72 | (29) | 30 | 73 | (157) | (11) |
| Investments and CRU segments revaluations (pre-tax): | | | | | | |
| Investment properties | (25) | - | - | - | - | (25) |
| Financial assets | (42) | - | - | 3 | - | (39) |
| Equity accounted investments | (92) | - | - | - | - | (92) |
| Total adjustments⁴ | (159) | - | - | 3 | - | (156) |
| Income tax benefit on adjustments | 32 | - | - | (1) | - | 31 |
| Statutory (loss)/profit after tax | (55) | (29) | 30 | 75 | (157) | (136) |
| Other Information | | | | | | |
| Material non cash items ⁵ | (67) | - | - | (16) | (97) | (180) |

1. December 2023 balances have been re-presented to align the presentation of reportable segments to those announced in May 2024 as part of the revised strategy, which were effective 1 July 2024, and to align the presentation to current period definition of Operating EBITDA and Operating PAT. The impact to Operating PAT is \$(78) million loss, as items previously excluded from Operating EBITDA and Operating PAT have no longer been adjusted from statutory profit under the new definition.

2. Excludes stabilised Investment property revaluations (including in Other financial assets and Equity accounted investments) that are classified in the Investments and Capital Release Unit segments.

3. Excludes depreciation and amortisation.

4. Operating profit/(loss) before tax of \$(17) million plus Investments and Capital Release Unit segment revaluations (pre-tax) of \$(156) million, reconciles to Loss before tax as disclosed in the Income Statement.

5. Material Non Cash Items relates to impairments and provisions raised or written back, unrealised foreign exchange movements and fair value gains or losses.

Notes to Consolidated Financial Statements continued

Section A. Performance continued

1. Segment Reporting continued

1.a. Business Segment Information continued

The following table provides a reconciliation of Operating earnings per stapled security to the Total Group statutory earnings per stapled security:

| | Note | CENTS PER STAPLED SECURITY | |
|---|----------|----------------------------|----------------------------|
| | | December 2024 | December 2023 ¹ |
| Operating earnings per stapled security | | 17.7 | (1.6) |
| Total adjustments (after tax) to reconcile to statutory profit ² | | (10.7) | (18.1) |
| Total Group statutory earnings per stapled security | 3 | 7.0 | (19.7) |

1. December 2023 balances have been re-presented to align the presentation to current period definition of Operating PAT.

2. The total adjustments (after tax) is calculated using the Total adjustments of \$(92) million (December 2023: \$(156) million) and Income tax benefit on adjustments of \$18 million (December 2023: \$31 million) divided by the weighted average number of stapled securities on issue.

The following table provides information on the Group's Return on equity:

| | December 2024 | December 2023 |
|---|---------------|---------------|
| | \$m | \$m |
| Equity attributable to securityholders at half year | 5,007 | 6,293 |
| Equity attributable to securityholders at beginning of period | 4,843 | 6,616 |
| Average equity attributable to securityholders | 4,925 | 6,455 |
| Operating profit/(loss) after tax ¹ | 122 | (11) |
| Operating return on equity² | 5.0% | (0.3%) |
| Statutory profit/(loss) after tax | 48 | (136) |
| Statutory return on equity³ | 1.9% | (4.2%) |

1. December 2023 balances have been re-presented to align the presentation to current period definition of Operating PAT.

2. Operating Return on Equity is calculated using the annualised operating Profit/(Loss) after Tax divided by the arithmetic average of beginning and half year securityholders' equity.

3. Statutory Return on Equity is calculated using the annualised statutory Profit/(Loss) after Tax divided by the arithmetic average of beginning and half year securityholders' equity.

The following table provides information on the invested capital balance of the reportable segments and the Return on invested capital for the Development segment. Investments, Construction and Capital Release Unit segments are excluded from the Return on invested capital calculation below on the basis that it is not the main operational metric for these three segments.

| | DECEMBER 2024 | | | DECEMBER 2023 ¹ | | |
|---|--------------------|---------------------------|--------------------|----------------------------|---------------------------|--------------------|
| | Development \$m | Remaining Group \$m | Total Group \$m | Development \$m | Remaining Group \$m | Total Group \$m |
| Net assets | 1,317 | 3,721 | 5,038 | 1,812 | 4,509 | 6,321 |
| Less: Cash and cash equivalents | (28) | (721) | (749) | (19) | (602) | (621) |
| Add: Other financial liabilities | - | 118 | 118 | - | 98 | 98 |
| Add: Borrowings and financing arrangements | - | 4,548 | 4,548 | - | 4,365 | 4,365 |
| Invested capital at half year | 1,289 | 7,666 | 8,955 | 1,793 | 8,370 | 10,163 |
| Invested capital at beginning of period | 1,261 | | | 1,336 | | |
| Average invested capital | 1,275 | | | 1,565 | | |
| Operating profit after tax ² | 95 | | | (29) | | |
| Return on invested capital³ | 14.9% | | | (3.7%) | | |

1. December 2023 balances have been re-presented to align the presentation of reportable segments to those announced in May 2024 as part of the revised strategy.

2. December 2023 balances have been re-presented to align the presentation to current period definition of Operating PAT.

3. Return on Invested Capital is calculated using the annualised Operating Profit after Tax divided by the arithmetic average of beginning and half year invested capital.

1.b. Geography Segment Information

The following table sets out Non current assets and Revenue by country:

| | NON CURRENT ASSETS ^{1,2} | | REVENUE ^{1,3} | |
|----------------|-----------------------------------|------------------------|------------------------|----------------------------|
| | December 2024 | June 2024 ⁴ | December 2024 | December 2023 ⁴ |
| | \$m | \$m | \$m | \$m |
| Australia | 3,566 | 3,730 | 2,982 | 3,023 |
| Singapore | 1,242 | 1,015 | 59 | 85 |
| Malaysia | 904 | 787 | 48 | 39 |
| China | 332 | 306 | 9 | 21 |
| Japan | 68 | 61 | 27 | 31 |
| United Kingdom | 1,323 | 1,077 | 578 | 574 |
| Italy | 789 | 776 | 19 | 29 |
| United States | 1,399 | 1,213 | 823 | 1,165 |
| Total | 9,623 | 8,965 | 4,545 | 4,967 |

1. Includes allocation of corporate activities.

2. Excludes deferred tax assets, financial instruments and defined benefit plan assets and is based on the geographical location of assets.

3. Comprised of Revenue from contracts with customers of \$4,464 million (December 2023: \$4,844 million), Other revenue of \$63 million (December 2023: \$71 million), Finance revenue of \$18 million (December 2023: \$52 million).

4. Prior period balances have been re-presented to provide geographic segment information by country, and to include an allocation of corporate activities related balances.

No revenue from transactions with a single external customer amounts to 10 per cent or more of the Group's revenue.

2. Dividends/Distributions

| | Cents Per Share/Unit | COMPANY/TRUST | |
|--|-------------------------|---------------------------|---------------------------|
| | | 6 months December 2024 | 6 months December 2023 |
| | | \$m | \$m |
| Parent Company Interim Dividend | | | |
| December 2024 ¹ | - | - | - |
| December 2023 ¹ | - | - | - |
| Lendlease Trust Interim Distribution | | | |
| December 2024 – provided for and payable 12 March 2025 | 6.0 | 42 | - |
| December 2023 – paid 13 March 2024 | 6.5 | - | 45 |
| Total | | 42 | 45 |

1. No interim dividend was declared by the Company for 31 December 2024 and 31 December 2023.

| | Cents Per Share/Unit | COMPANY/TRUST ¹ | |
|---|-------------------------|----------------------------|-----------------------|
| | | 6 months June 2024 | 6 months June 2023 |
| | | \$m | \$m |
| Parent Company Final Dividend | | | |
| June 2024 – paid 18 September 2024 | 3.2 | 22 | - |
| June 2023 – paid 13 September 2023 | 4.7 | - | 32 |
| Lendlease Trust Final Distribution | | | |
| June 2024 – paid 18 September 2024 | 6.3 | 44 | - |
| June 2023 – paid 13 September 2023 | 6.4 | - | 44 |
| Total | | 66 | 76 |

1. June 2024 and June 2023 final dividends were fully franked.

Notes to Consolidated Financial Statements continued

Section A. Performance continued

3. Earnings Per Share/Stapled Security (EPS/EPSS)

| | | December 2024 | | December 2023 | |
|--|-------|--|-----------------------------------|--|-----------------------------------|
| | | Shares/ Securities Excluding Treasury Securities | Shares/ Securities on Issue | Shares/ Securities Excluding Treasury Securities | Shares/ Securities on Issue |
| Basic/Diluted Earnings Per Share (EPS) | | | | | |
| Profit/(loss) attributable to members of Lendlease Corporation Limited (Company) | \$m | 28 | 28 | (135) | (135) |
| Weighted average number of ordinary shares | m | 682 | 690 | 683 | 690 |
| Basic/Diluted EPS | cents | 4.1 | 4.1 | (19.8) | (19.6) |
| Basic/Diluted Earnings Per Stapled Security (EPSS) | | | | | |
| Profit/(loss) attributable to securityholders of Lendlease Group | \$m | 48 | 48 | (136) | (136) |
| Weighted average number of stapled securities | m | 682 | 690 | 683 | 690 |
| Basic/Diluted EPSS ¹ | cents | 7.0 | 7.0 | (19.9) | (19.7) |

1. Details of the Group's operating earnings per stapled security are disclosed in Note 1a 'Segment Reporting'.

4. Revenue from Contracts with Customers

| | 6 months | |
|--|---------------|---------------|
| | December 2024 | December 2023 |
| | \$m | \$m |
| Revenue from the Provision of Services | | |
| Construction services ¹ | 2,739 | 3,274 |
| Development services | 641 | 998 |
| Investment services | 116 | 132 |
| Total revenue from the provision of services | 3,496 | 4,404 |
| Revenue from the sale of development properties ² | 968 | 440 |
| Total revenue from contracts with customers³ | 4,464 | 4,844 |

1. December 2023 balances have been re-presented to align to the segment revenue presentation included in Note 1a 'Segment Reporting'.

2. December 2024 includes \$757 million in relation to asset sales of Australia Communities projects, which completed on 29 November 2024. Refer to Note 22 'Disposal Group Assets and Liabilities Held for Sale' for further detail.

3. Further information on revenue by segments and by geography is included in Note 1a and 1b 'Segment Reporting'.

5. Other Income

| | 6 months December 2024 \$m | 6 months December 2023 \$m |
|---|----------------------------------|----------------------------------|
| Net Gain on Sale/Transfer of Investments | | |
| Consolidated entities ¹ | 150 | - |
| Investment properties | 3 | - |
| Total net gain on sale/transfer of investments | 153 | - |
| Other | 21 | 17 |
| Total other income | 174 | 17 |

1. During the period, the Group completed the sale of the Asia Pacific Life Sciences platform (Vita Partners) and Australia Communities projects, recording a net gain on sale of consolidated entities of \$112 million (pre-tax) and \$38 million (pre-tax) respectively. Refer to Note 22 'Disposal Group Assets and Liabilities Held for Sale' for further detail.

6. Share of Profit/(Loss) of Equity Accounted Investments

| | | 6 months December 2024 \$m | 6 months December 2023 \$m |
|---|-------------|----------------------------------|----------------------------------|
| Associates^{1,2} | Note | | |
| Share of profit | 12.a | 9 | 6 |
| Joint Ventures^{1,2} | | | |
| Share of profit/(loss) | 12.b | 69 | (58) |
| Total share of profit/(loss) of equity accounted investments | | 78 | (52) |

1. Reflects the contribution to the Group's profit, and is after tax paid by the Equity accounted investment vehicles themselves, where relevant. However, for various Equity accounted investments, the share of tax is paid by the Group and is included in the Group's current tax expense.
2. Share of profit from Associates and Joint Ventures includes a \$(67) million loss (December 2023: \$(92) million loss) in revaluation gains and losses recognised in the Investments segment adjustment in Note 1 'Segment Reporting'. This comprises a \$(2) million loss (December 2023: \$(8) million loss) from Associates and a \$(65) million loss (December 2023: \$(84) million loss) from Joint Ventures. Share of profit from Associates and Joint Ventures also includes a \$(43) million loss (December 2023: \$(2) million loss) in revaluation gains in the Development segment. This comprises a \$nil million impact (December 2023: \$nil million impact) from Associates and a \$(43) million loss (December 2023: \$(2) million loss) from Joint Ventures.

Notes to Consolidated Financial Statements continued

Section A. Performance continued

7. Other Expenses

| | 6 months December 2024 \$m | 6 months December 2023 ¹ \$m |
|--|----------------------------------|---|
| Profit before income tax includes the following expense items: | | |
| Total Employee benefit expense | 680 | 943 |
| Less: Recoveries through projects | (547) | (805) |
| Net employee overhead | 133 | 138 |
| Lease expense (including outgoings) | 11 | 15 |
| IT expense | 57 | 64 |
| Other | 54 | 40 |
| Net overheads | 255 | 257 |
| Loans and receivables impairments | 6 | 2 |
| Net loss on sale of investment property | - | 4 |
| Net defined benefit plan expense | - | (2) |
| Net foreign exchange loss | - | 9 |
| Restructuring expenses ² | 9 | 72 |
| UK building remediation ³ | - | 22 |
| Net gain on fair value measurement of investment properties | - | (4) |
| Other | 1 | (10) |
| Total other expenses per Note 1a 'Segment Reporting' | 271 | 350 |
| Depreciation on right-of-use assets | 23 | 24 |
| Depreciation on owned assets | 9 | 14 |
| Amortisation | 19 | 23 |
| Total depreciation and amortisation | 51 | 61 |
| Net loss on fair value measurement of investment properties | 6 | 25 |
| Net loss on fair value measurement of other financial assets | 19 | 39 |
| Total other expense non-operating items included in Note 1a 'Segment Reporting' | 25 | 64 |
| Total Other Expenses | 347 | 475 |

1. This note has been re-presented in the current year to reconcile to the income statement and Note 1a 'Segment Reporting'. Comparative information has been re-presented to align to the current year presentation.

2. Represents expenses in relation to restructuring in the current period, primarily consisting of transaction costs on capital recycling initiatives, with prior period representing expenses in relation to cost initiatives, mostly consisting of redundancy costs.

3. Represents expenses in relation to UK building remediation. Refer to Note 18 'Provisions' for further detail.

8. Finance Revenue and Finance Costs

| | 6 months December 2024 \$m | 6 months December 2023 \$m |
|--|----------------------------------|----------------------------------|
| Finance Revenue | | |
| Interest income in relation to other corporations | 9 | 6 |
| Other finance revenue | 6 | 5 |
| Total interest finance revenue | 15 | 11 |
| Interest discounting | 3 | 2 |
| Gain on repurchase of commercial notes | - | 39 |
| Total finance revenue | 18 | 52 |
| Finance Costs | | |
| Interest expense in relation to other corporations | 145 | 120 |
| Interest expense in relation to lease liabilities | 6 | 7 |
| Less: Capitalised interest finance costs | (6) | (25) |
| Total interest finance costs | 145 | 102 |
| Non interest finance costs | 9 | 27 |
| Total finance costs | 154 | 129 |
| Net finance costs | (136) | (77) |

9. Taxation

| | 6 months December 2024 | 6 months December 2023 |
|--|---------------------------|---------------------------|
| | \$m | \$m |
| Income Tax Expense | | |
| Recognised in the Income Statement | | |
| Current Tax Expense | | |
| Current period | 69 | 75 |
| Current period tax losses written off | 11 | 14 |
| Adjustments for prior years | (6) | (4) |
| Total current tax expense | 74 | 85 |
| Deferred Tax Expense | | |
| Origination and reversal of temporary differences | (104) | (125) |
| Temporary differences recognised through income tax expense | 25 | 9 |
| Recognition of prior year net tax losses | (4) | (6) |
| Total deferred tax benefit | (83) | (122) |
| Total income tax benefit | (9) | (37) |
| Reconciliation of Effective Tax Rate | | |
| Profit/(loss) before tax | 39 | (173) |
| Income tax using domestic corporate tax rate 30% | 12 | (52) |
| Adjustments for prior year tax claim | (6) | (4) |
| Non assessable and exempt income ¹ | (49) | (7) |
| Non allowable expenses ² | - | 9 |
| Net write off of tax losses through income tax expense | 7 | 9 |
| Temporary differences recognised through income tax expense ³ | 25 | 9 |
| Utilisation of capital losses on disposal of assets | - | (1) |
| Effect of tax rates in foreign jurisdictions ⁴ | (2) | (2) |
| Other | 4 | 2 |
| Income tax benefit | (9) | (37) |

1. Includes Lendlease Trust Group profit.

2. Includes accounting expenses for which a tax deduction is not allowed permanently.

3. Includes temporary differences not recognised in the current period which are written off to income tax expense in the current period and temporary differences that arose in a previous year but were not recognised until the current period.

4. The Group operates in a number of foreign jurisdictions for trading purposes which have lower tax rates than Australia such as the United Kingdom and Singapore and higher tax rates such as the United States of America (blended federal, state and local rate) and Japan.

10. Events Subsequent to Balance Date

On 31 January 2025 Lendlease announced a binding agreement has been reached with Sojitz Corporation, a diversified Japanese trading company, for the sale of Capella Capital for a consideration of \$235 million (on a 100% ownership basis). The sale is anticipated to contribute approximately \$70 million to FY25 OPAT. The transaction is subject to conditions precedent including Foreign Investment Review Board (FIRB) approval and other third-party consents, with completion targeted by the end of FY25.

On 31 January 2025 Lendlease also announced completion of the \$516 million (US\$320 million) sale of its US Military Housing business to Omaha Beach Investment Holdings, LLC, an entity managed by Guggenheim Partners Investment Management, LLC, following satisfaction of conditions precedent. Refer to Note 22 'Disposal Group Assets and Liabilities Held for Sale' for further detail.

Notes to Consolidated Financial Statements continued

Section B. Investment

Investment in the Development pipeline, joint ventures in property projects, the retirement sector, and more passive assets, such as property funds, drive the current and future performance of the Group. This section includes disclosures for property such as Inventories and indirect property assets such as Equity Accounted Investments and Other Financial Assets contained within the Statement of Financial Position.

11. Inventories

| | Note | December 2024 \$m | June 2024 \$m |
|------------------------------|------|----------------------|------------------|
| Current | | | |
| Development properties | | 706 | 1,016 |
| Construction contract assets | 16.a | 375 | 660 |
| Total current | | 1,081 | 1,676 |
| Non Current | | | |
| Development properties | | 1,755 | 1,342 |
| Total non current | | 1,755 | 1,342 |
| Total inventories | | 2,836 | 3,018 |

12. Equity Accounted Investments

Equity Accounted Investments (Associates and Joint Ventures)

Development - Investment Property

Investments in this category hold investment property that is under construction and is subject to periodic revaluations. These revaluations represent development profit earned and are recognised in the Development or Capital Release Unit segments.

Development - Inventory

Investments in this category contain inventory under development and are held at cost. Revenue is recognised once the control of the inventory passes to the customer and is recognised in the Development or Capital Release Unit segments.

| | Note | December 2024 \$m | June 2024 \$m |
|---|------|----------------------|------------------|
| Associates | | | |
| Investment in associates | 12.a | 803 | 740 |
| Less: Impairment | 12.a | - | - |
| Total associates | | 803 | 740 |
| Joint Ventures | | | |
| Investment in joint ventures | 12.b | 5,403 | 5,146 |
| Less: Impairment | 12.b | (27) | (27) |
| Total joint ventures | | 5,376 | 5,119 |
| Total equity accounted investments | | 6,179 | 5,859 |

12.a. Associates

| | | INTEREST | | SHARE OF PROFIT | | NET BOOK VALUE | |
|---|----------------|---------------|-----------|-----------------|---------------|----------------|-----------|
| | | December 2024 | June 2024 | December 2024 | December 2023 | December 2024 | June 2024 |
| | Country | % | % | \$m | \$m | \$m | \$m |
| Investments | | | | | | | |
| Lendlease Real Estate Partners 4 | Australia | 33.3 | 33.3 | (3) | 1 | 97 | 95 |
| Lendlease Sub Regional Retail Fund¹ | Australia | 10.0 | 10.0 | - | - | - | 1 |
| Lendlease Global Commercial REIT | Singapore | 28.7 | 27.9 | 9 | 11 | 628 | 585 |
| Lendlease Asian Retail Investment Fund 2 | Malaysia | 39.8 | 39.8 | - | (8) | 31 | 29 |
| Lendlease Elephant Park Plot H11B - Daiwa House | United Kingdom | 25.0 | 25.0 | - | - | 42 | 25 |
| Other | | | | 3 | 2 | 5 | 5 |
| Total Group | | | | 9 | 6 | 803 | 740 |
| Less: Impairment | | | | - | - | - | - |
| Total associates | | | | 9 | 6 | 803 | 740 |

1. Although the Group has a 10 per cent ownership interest in Lendlease Sub Regional Retail Fund, it holds at least 20 per cent of the voting rights over the fund and has significant influence over the investment. As a result, the Group applies equity accounting for its ownership interest.

12.b. Joint Ventures

| | | INTEREST | | SHARE OF PROFIT | | NET BOOK VALUE | |
|--|----------------|---------------|-----------|-----------------|---------------|----------------|-----------|
| | | December 2024 | June 2024 | December 2024 | December 2023 | December 2024 | June 2024 |
| | Country | % | % | \$m | \$m | \$m | \$m |
| Investments | | | | | | | |
| Paya Lebar Quarter | Singapore | 30.0 | 30.0 | (31) | 3 | 342 | 358 |
| Vita Partners¹ | Singapore | 50.0 | - | 23 | - | 151 | - |
| Lendlease Data Centre Partners | Japan | 20.0 | 20.0 | 2 | 10 | 54 | 47 |
| LRIP LP | United Kingdom | 20.0 | 20.0 | 2 | (16) | 173 | 162 |
| 21 Moorfields | United Kingdom | 25.0 | 25.0 | 3 | (15) | 168 | 155 |
| LRIP 2 LP | United Kingdom | 50.0 | 50.0 | (1) | (22) | 159 | 128 |
| MSG South | Italy | 50.0 | 50.0 | (36) | 3 | 102 | 137 |
| Americas Residential Partnership | | | | | | | |
| Clippership Wharf Multifamily Holdings | United States | 50.1 | 50.1 | 1 | (3) | 78 | 72 |
| 445 East Waterside | United States | 42.5 | 42.5 | 1 | (15) | 76 | 72 |
| 720 S Wells Holdings | United States | 50.1 | 50.1 | (1) | (11) | 57 | 54 |
| SB Polk Street | United States | 50.1 | 50.1 | 4 | 8 | 49 | 39 |
| 845 Madison | United States | 37.5 | 37.5 | (1) | (10) | 57 | 55 |
| Other | | | | - | - | 44 | 37 |
| Total Investments | | | | (34) | (68) | 1,510 | 1,316 |
| Development | | | | | | | |
| Development - Investment Property | | | | | | | |
| Victoria Cross | Australia | 75.0 | 75.0 | (14) | (28) | 307 | 260 |
| 899 Collins Street | Australia | 60.0 | - | - | - | 31 | - |
| Development - Inventory | | | | | | | |
| One Circular Quay² | Australia | 33.3 | 33.3 | 2 | 2 | 268 | 221 |
| North East Link | Australia | 20.0 | 20.0 | 3 | 3 | 171 | 176 |
| One Sydney Harbour R2 Trust | Australia | 75.0 | 75.0 | 119 | - | 109 | 571 |
| Frankston Hospital | Australia | 50.0 | 50.0 | - | - | 102 | 109 |
| Melton Hospital | Australia | 50.0 | - | - | - | 56 | - |
| One Sydney Harbour R1 Trust | Australia | 75.0 | 75.0 | - | - | 28 | 43 |
| 1 Darling Point | Australia | 50.0 | - | - | - | 3 | - |
| Other | | | | - | - | 20 | 20 |
| Total Development | | | | 110 | (23) | 1,095 | 1,400 |

1. In July 2024, the Group completed the sale of its life sciences interests in Asia to Vita Partners, a joint venture with Warburg Pincus. Refer to Note 22 'Disposal Group Assets and Liabilities Held for Sale' for further detail.

2. Investment includes both investment property and residential inventory.

Notes to Consolidated Financial Statements continued

Section B. Investment continued

12. Equity Accounted Investments continued

12.b. Joint Ventures continued

| | | INTEREST | | SHARE OF PROFIT | | NET BOOK VALUE | |
|---|----------------|---------------|-----------|-----------------|---------------|----------------|--------------|
| | | December 2024 | June 2024 | December 2024 | December 2023 | December 2024 | June 2024 |
| | Country | % | % | \$m | \$m | \$m | \$m |
| Capital Release Unit | | | | | | | |
| Development - Investment Property | | | | | | | |
| The Exchange TRX ¹ | Malaysia | 60.0 | 60.0 | 18 | 37 | 859 | 748 |
| Certis and Lendlease Property Trust | Singapore | 49.0 | 49.0 | - | - | 85 | 68 |
| Americas Residential Partnership | | | | | | | |
| La Cienega | United States | 50.0 | 50.0 | - | - | 178 | 168 |
| 1 Java Holdings | United States | 25.0 | 25.0 | - | - | 141 | 90 |
| 211 North Harbor Drive Venture | United States | 42.5 | 42.5 | (2) | (7) | 119 | 110 |
| SB Polk Street | United States | 50.1 | 50.1 | (2) | - | 55 | 53 |
| 60 Guest Street | United States | 25.0 | 25.0 | (29) | - | 60 | 80 |
| IQL Office LP | United Kingdom | 50.0 | 50.0 | (8) | (15) | 207 | 180 |
| Stratford City Business District Limited (International Quarter London) | United Kingdom | 50.0 | 50.0 | (2) | (2) | - | 2 |
| MSG North | Italy | 17.7 | 14.0 | 1 | - | 169 | 149 |
| Milano Innovation District | Italy | 50.0 | 50.0 | - | - | 150 | 128 |
| Development - Inventory | | | | | | | |
| 100 Claremont | United States | 50.0 | 50.0 | (1) | 3 | 99 | 38 |
| 277 Fifth Avenue | United States | 40.0 | 40.0 | - | - | 17 | 17 |
| Victoria Drive Wandsworth | United Kingdom | 50.0 | 50.0 | (2) | (2) | 16 | 16 |
| Other | | | | | | | |
| Keyton Trust (previously Lendlease Retirement Living Trust) | Australia | 25.1 | 25.1 | 17 | 14 | 588 | 573 |
| DoD Asset Management Holdings ² | United States | 25.0 | 25.0 | 3 | 3 | - | - |
| Podium | Singapore | 55.3 | - | - | - | 48 | - |
| Lendlease Turner Joint Venture | United States | 50.0 | 50.0 | - | 1 | - | 3 |
| Other | | | | - | 1 | 7 | 7 |
| Total Capital Release Unit | | | | (7) | 33 | 2,798 | 2,430 |
| Total Group | | | | 69 | (58) | 5,403 | 5,146 |
| <i>Less: Impairment</i> | | | | <i>-</i> | <i>-</i> | <i>(27)</i> | <i>(27)</i> |
| Total joint ventures | | | | 69 | (58) | 5,376 | 5,119 |
| Total associates | | | | 9 | 6 | 803 | 740 |
| Total equity accounted investments | | | | 78 | (52) | 6,179 | 5,859 |

1. Investment includes both investment property and residential inventory.

2. On 1 July 2024 the Group announced it had entered into an agreement, for the sale of US Military Housing Business, including DoD Asset Management Holdings. As a result, the investment was classified as Disposal Group assets held for sale at December 2024. Refer to Note 22 'Disposal Group Assets and Liabilities Held for Sale' for further detail.

12.c. Material Associates and Joint Ventures Summarised Financial Information

Material associates and 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.

| | LENLEASE GLOBAL COMMERCIAL REIT | | KEYTON TRUST | | PAYA LEBAR QUARTER | | THE EXCHANGE TRX | |
|---|------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 6 months December 2024 | 6 months December 2023 | 6 months December 2024 | 6 months December 2023 | 6 months December 2024 | 6 months December 2023 | 6 months December 2024 | 6 months December 2023 |
| Income Statement ¹ | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Revenue and other income | 116 | 128 | 157 | 159 | 56 | 68 | 170 | 143 |
| Cost of sales | (33) | (31) | (28) | (28) | (21) | (23) | (111) | (116) |
| Other expenses | (13) | (12) | (47) | (47) | (10) | (11) | (7) | - |
| Unrealised fair value gains/(losses) | - | - | 11 | (5) | (5) | (2) | (1) | 120 |
| Finance costs | (39) | (37) | (26) | (23) | (47) | (30) | (22) | (26) |
| Income tax expense | - | - | - | - | (1) | (3) | (2) | (25) |
| Other | (1) | (9) | - | - | - | - | - | - |
| Profit/(loss) for the period | 30 | 39 | 67 | 56 | (28) | (1) | 27 | 96 |
| Other comprehensive (loss)/income | (16) | 5 | (10) | (12) | - | - | - | - |
| Total comprehensive income/(loss) | 14 | 44 | 57 | 44 | (28) | (1) | 27 | 96 |
| Group's ownership interest | 28.7% | 27.6% | 25.1% | 25.1% | 30.0% | 30.0% | 60.0% | 60.0% |
| Group's total share of: | | | | | | | | |
| Profit/(loss) for the period | 9 | 11 | 17 | 14 | (8) | - | 16 | 58 |
| Other adjustments | - | - | - | - | (23) | 3 | 2 | (21) |
| Total profit/(loss) for the period | 9 | 11 | 17 | 14 | (31) | 3 | 18 | 37 |
| Other comprehensive (loss)/income | (5) | 2 | (2) | (3) | (4) | (3) | - | (8) |
| Total comprehensive income/(loss) | 4 | 13 | 15 | 11 | (35) | - | 18 | 29 |

1. The underlying investments in the material associate and joint ventures are office, retail and retirement living investment properties measured at fair value. At 31 December 2024, valuations were undertaken on the underlying assets. The carrying value of the investments are considered recoverable as it correlates with the net assets of the associate and joint ventures.

The table below provides summarised financial information for those associates and joint ventures that are individually immaterial to the Group:

| | ASSOCIATES | | JOINT VENTURES | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| | 6 months December 2024 | 6 months December 2023 | 6 months December 2024 | 6 months December 2023 |
| Income Statement | \$m | \$m | \$m | \$m |
| Aggregate amounts of the Group's share of: | | | | |
| Profit/(loss) for the period | - | (5) | 65 | (112) |
| Other comprehensive income/(loss) | 1 | (2) | (20) | 19 |
| Aggregate amounts of Group's share of total comprehensive income/(loss) of individually immaterial equity accounted investments | 1 | (7) | 45 | (93) |

Notes to Consolidated Financial Statements continued

Section B. Investment continued

12. Equity Accounted Investments continued

12.c. Material Associates and Joint Ventures Summarised Financial Information continued

| | LENDLEASE GLOBAL COMMERCIAL REIT | | KEYTON TRUST ¹ | | PAYA LEBAR QUARTER | | THE EXCHANGE TRX | |
|--|-------------------------------------|--------------|---------------------------|--------------|-----------------------|--------------|---------------------|--------------|
| | December 2024 | June 2024 | December 2024 | June 2024 | December 2024 | June 2024 | December 2024 | June 2024 |
| Statement of Financial Position | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Current assets | | | | | | | | |
| Cash and cash equivalents | 50 | 38 | 19 | 27 | 144 | 171 | 194 | 108 |
| Other current assets | 15 | 19 | 66 | 55 | 14 | 12 | 95 | 56 |
| Total current assets | 65 | 57 | 85 | 82 | 158 | 183 | 289 | 164 |
| Non current assets | | | | | | | | |
| Investment properties | 4,323 | 4,092 | 9,186 | 8,868 | 3,359 | 3,174 | 2,238 | 1,976 |
| Equity accounted investments | 5 | 5 | - | - | - | - | - | - |
| Other non current assets | 106 | 108 | 20 | 38 | - | 6 | 28 | 25 |
| Total non current assets | 4,434 | 4,205 | 9,206 | 8,906 | 3,359 | 3,180 | 2,266 | 2,001 |
| Current liabilities | | | | | | | | |
| Resident liabilities | - | - | 5,953 | 5,755 | - | - | - | - |
| Financial liabilities (excluding trade payables) | 563 | 398 | 3 | 2 | - | - | 112 | 67 |
| Other current liabilities | 56 | 57 | 52 | 59 | 49 | 77 | 52 | 76 |
| Total current liabilities | 619 | 455 | 6,008 | 5,816 | 49 | 77 | 164 | 143 |
| Non current liabilities | | | | | | | | |
| Financial liabilities (excluding trade payables) | 1,249 | 1,314 | 989 | 935 | 2,060 | 1,944 | 850 | 669 |
| Other non current liabilities | 42 | 28 | - | - | 52 | 34 | - | - |
| Total non current liabilities | 1,291 | 1,342 | 989 | 935 | 2,112 | 1,978 | 850 | 669 |
| Net assets | 2,589 | 2,465 | 2,294 | 2,237 | 1,356 | 1,308 | 1,541 | 1,353 |
| Reconciliation to Carrying Amounts | | | | | | | | |
| Opening net assets 1 July | 2,465 | 2,475 | 2,237 | 2,127 | 1,308 | 1,485 | 1,353 | 1,197 |
| Total comprehensive income/(loss) for the period | 14 | 87 | 57 | 110 | (28) | (181) | 27 | 144 |
| Acquisition | 65 | 21 | - | - | - | 107 | (19) | 79 |
| Distributions | (48) | (118) | - | - | - | (107) | - | (48) |
| Foreign currency translation for the period | 93 | - | - | - | 76 | 4 | 180 | (19) |
| Closing net assets | 2,589 | 2,465 | 2,294 | 2,237 | 1,356 | 1,308 | 1,541 | 1,353 |
| % ownership | 28.7% | 27.9% | 25.1% | 25.1% | 30.0% | 30.0% | 60.0% | 60.0% |
| Group's share of net assets | 743 | 688 | 576 | 561 | 407 | 392 | 925 | 812 |
| Other adjustments | (115) | (103) | (1) | (1) | (65) | (34) | (66) | (64) |
| Carrying amount at end of the period | 628 | 585 | 575 | 560 | 342 | 358 | 859 | 748 |

1. The carrying amount at the end of the period differs to Note 12b 'Joint Ventures' due to an impairment of \$13 million.

The table below provides summarised financial information for those associates and joint ventures that are individually immaterial to the Group:

| | ASSOCIATES | | JOINT VENTURES | |
|--|---------------|-----------|----------------|-----------|
| | December 2024 | June 2024 | December 2024 | June 2024 |
| Statement of Financial Position | \$m | \$m | \$m | \$m |
| Aggregate carrying value of individually immaterial equity accounted investments | 175 | 155 | 3,614 | 3,467 |

13. Other Financial Assets

| | Fair Value Level ¹ | December 2024 \$m | June 2024 \$m |
|--|----------------------------------|----------------------|------------------|
| Current Measured at Fair Value | | | |
| Fair Value Through Profit or Loss - Designated at Initial Recognition | | | |
| Derivatives | Level 2 | 6 | 12 |
| Total current | | 6 | 12 |
| Non Current Measured at Fair Value | | | |
| Fair Value Through Profit or Loss - Designated at Initial Recognition | | | |
| Lendlease International Towers Sydney Trust | Level 3 | 131 | 140 |
| Lendlease One International Towers Sydney Trust | Level 3 | 47 | 47 |
| Australian Prime Property Fund - Industrial | Level 3 | 256 | 256 |
| Australian Prime Property Fund - Commercial | Level 3 | 294 | 303 |
| Australian Prime Property Fund - Retail | Level 3 | 199 | 200 |
| Other investments | Level 3 | 26 | 26 |
| Derivatives | Level 2 | 1 | 2 |
| Total non current | | 954 | 974 |
| Total other financial assets | | 960 | 986 |

1. Refer to Note 20 'Fair Value Measurement' for detail on basis of determining fair value and valuation technique.

13.a. Fair Value Reconciliation

The reconciliation of the carrying amount for Level 3 financial assets is set out as follows.

| | December 2024 \$m | June 2024 \$m |
|---|----------------------|------------------|
| Carrying amount at beginning of financial period | 972 | 1,124 |
| Acquisitions | - | 151 |
| Net losses recognised in Income statement | (19) | (131) |
| Transfer to Disposal Group assets held for sale | - | (171) |
| Other movements | - | (1) |
| Carrying amount at end of financial period | 953 | 972 |

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

Notes to Consolidated Financial Statements continued

Section C. Liquidity and Working Capital

The ability of the Group to fund the continued investment in the Development and Investments pipeline, invest in new opportunities and meet current commitments is dependent on available cash, undrawn debt facilities and access to third party capital. This section contains disclosures on the financial assets, financial liabilities, cash flows and equity that are required to finance the Group's activities, including existing commitments and the liquidity risk exposure associated with financial liabilities. The section also contains disclosures for the Group's trading assets, excluding inventories, and the trading liabilities incurred as a result of trading activities used to generate the Group's performance.

14. Borrowings and Financing Arrangements

14.a. Borrowings – Measured at Amortised Cost

| | December 2024 \$m | June 2024 \$m |
|--------------------------|----------------------|------------------|
| Current | | |
| Bank credit facilities | 56 | 9 |
| Total current | 56 | 9 |
| Non Current | | |
| Commercial notes | 1,884 | 1,789 |
| Bank credit facilities | 2,608 | 2,378 |
| Total non current | 4,492 | 4,167 |
| Total borrowings | 4,548 | 4,176 |

14.b. Finance Facilities

| | December 2024 \$m | June 2024 \$m |
|--|----------------------|------------------|
| The Group has access to the following lines of credit: | | |
| Commercial Notes | | |
| Facility available | 1,884 | 1,789 |
| Amount of facility used | (1,884) | (1,789) |
| Amount of facility unused | - | - |
| Bank Credit Facilities | | |
| Facility available | 4,344 | 3,422 |
| Amount of facility used | (2,664) | (2,387) |
| Amount of facility unused | 1,680 | 1,035 |
| Bank Overdrafts | | |
| Facility available and amount unused | 125 | 124 |

Commercial notes include:

- US\$400 million of guaranteed unsecured senior notes issued in May 2016 in the US Reg. S market with a 4.5 per cent per annum coupon maturing in May 2026
- S\$300 million of guaranteed unsecured senior notes issued in April 2017 in the Singapore bond market with a 3.9 per cent coupon maturing in April 2027
- \$500 million of guaranteed unsecured Green senior notes issued in October 2020 in the Australian bond market with a 3.4 per cent coupon maturing in October 2027
- \$80 million of guaranteed unsecured senior medium term notes issued as an A\$ private placement in December 2018 with a 5.4 per cent per annum coupon maturing in December 2028
- \$300 million of guaranteed unsecured Green senior notes issued in March 2021 in the Australian bond market with a 3.7 per cent coupon maturing in March 2031
- £42 million of guaranteed unsecured Green senior notes issued in December 2021 in the Sterling bond market with a 3.5 per cent coupon maturing in December 2033.

Bank credit facilities include:

- £400 million sustainability linked loan was drawn to \$684 million as at 31 December 2024, with £57 million maturing in October 2027 and £343 million maturing in October 2028
- US\$300 million sustainability linked loan was drawn to \$339 million as at 31 December 2024, with US\$50 million maturing in July 2025 and US\$250 million maturing in July 2026
- CNY661 million bank facility maturing in January 2034 was drawn to \$146 million as at 31 December 2024
- S\$300 million sustainability linked loan maturing in February 2026 was drawn to \$270 million as at 31 December 2024
- €200 million sustainability linked loan was drawn to \$250 million as at 31 December 2024, with €20 million maturing in July 2027 and €180 million maturing in July 2028
- \$600 million sustainability linked loan with Tranche A \$250 million maturing in September 2026, was drawn to \$250 million as at 31 December 2024, Tranche B \$265 million maturing in September 2026, was drawn to \$180 million as at 31 December 2024 and Tranche C \$85 million maturing in September 2026, was drawn to \$85 million as at 31 December 2024
- \$1,400 million revolving bank facility with Tranche A \$700 million maturing in October 2028, was drawn to \$260 million as at 31 December 2024 and Tranche B \$700 million maturing in October 2029, was undrawn as at 31 December 2024
- \$200 million bank facility maturing in September 2027 was drawn to \$200 million as at 31 December 2024.

The Group has an uncommitted facility of \$100 million, which was undrawn as at 31 December 2024.

The bank overdraft facilities may be drawn at any time and are repayable on demand.

The Group has not defaulted on any obligations in relation to its borrowings and financing arrangements.

15. Issued Capital

| | LENLEASE CORPORATION LIMITED | | | | LENLEASE TRUST | | | |
|--|------------------------------|--------------|----------------------|--------------|---------------------|--------------|---------------------|--------------|
| | December 2024 | | June 2024 | | December 2024 | | June 2024 | |
| | No. of Shares (m) | \$m | No. of Shares (m) | \$m | No. of Units (m) | \$m | No. of Units (m) | \$m |
| Issued capital at beginning of financial period | 690 | 1,896 | 689 | 1,894 | 690 | 1,540 | 689 | 1,539 |
| Distribution Reinvestment Plan (DRP) | - | 1 | 1 | 2 | - | 1 | 1 | 1 |
| Issued capital at end of financial period | 690 | 1,897 | 690 | 1,896 | 690 | 1,541 | 690 | 1,540 |

15.a. Issuance of Securities

As at 31 December 2024, the Group had 690 million stapled securities on issue, equivalent to the number of Lendlease Corporation shares and Lendlease Trust (LLT) units on issue as at that date. The issued units of LLT are not owned by the Company and are therefore presented separately in the Consolidated Statement of Financial Position within equity.

15.b. Security Accumulation Plans

The Group's Distribution Reinvestment Plan (DRP) was reactivated in February 2011. The last date for receipt of an election notice for participation in the DRP is 25 February 2025. 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 25 February 2025 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.

15.c. Terms and Conditions

Issued capital for Lendlease Corporation Limited comprises of ordinary shares fully paid. A stapled security represents one share in the Company stapled to one unit in LLT. Stapled securityholders have the right to receive declared dividends from the Company and distributions from LLT and are entitled to one vote per stapled security at securityholders' meetings. Ordinary stapled securityholders rank after all creditors in repayment of capital.

The Group does not have authorised capital or par value in respect of its issued stapled securities.

Notes to Consolidated Financial Statements continued

Section C. Liquidity and Working Capital continued

16. Loans and Receivables

| | Note | December 2024 \$m | June 2024 \$m |
|---|------|----------------------|------------------|
| Current | | | |
| Trade receivables | | 295 | 561 |
| Less: Impairment | | (32) | (34) |
| | | 263 | 527 |
| Related parties | | 286 | 444 |
| Retentions | | 156 | 293 |
| Contract debtors | 16.a | 151 | 250 |
| Accrued income | 16.a | 114 | 105 |
| Deferred consideration - Communities Projects sale ¹ | | 562 | - |
| Other receivables | | 558 | 603 |
| Total current | | 2,090 | 2,222 |
| Non Current | | | |
| Related parties | | 264 | 301 |
| Less: Impairment | | (77) | (66) |
| | | 187 | 235 |
| Retentions | | 43 | 50 |
| Other receivables | | 247 | 163 |
| Total non current | | 477 | 448 |
| Total loans and receivables | | 2,567 | 2,670 |

1. Balance represents deferred consideration for the sale of 12 Communities projects in Australia. Refer to Note 22 'Disposal Group Assets and Liabilities Held for Sale' for further detail.

16.a. Contract Assets

| | Note | December 2024 \$m | June 2024 \$m |
|---|------|----------------------|------------------|
| Current | | | |
| Contract debtors ¹ | | 151 | 250 |
| Construction contract assets ² | 11 | 375 | 660 |
| Accrued income | | 114 | 105 |
| Total contract assets | | 640 | 1,015 |

1. Movements in contract debtors during the period relate primarily to amounts transferred into Trade receivables as the right to receive payment from the customer has become unconditional.

2. Movements in construction contract assets during the period relate primarily to billings raised on construction contracts with customers in excess of revenue recognised during the period.

17. Trade and Other Payables

| | Note | December 2024 \$m | June 2024 \$m |
|---------------------------------------|------|----------------------|------------------|
| Current | | | |
| Trade and accrued creditors | | 1,837 | 2,436 |
| Construction contract liabilities | 17.a | 687 | 997 |
| Related parties | | 86 | 108 |
| Retentions | | 218 | 344 |
| Deferred land payments | | 389 | 38 |
| Unearned income | 17.a | 136 | 125 |
| Lease liabilities | | 61 | 85 |
| Other payables - PLLACes ¹ | | 119 | 612 |
| Other | | 39 | 124 |
| Total current | | 3,572 | 4,869 |
| Non Current | | | |
| Retentions | | 76 | 53 |
| Deferred land payments | | 10 | 353 |
| Unearned income | 17.a | 12 | 26 |
| Lease liabilities | | 227 | 248 |
| Other | | 441 | 471 |
| Total non current | | 766 | 1,151 |
| Total trade and other payables | | 4,338 | 6,020 |

1. PLLACes transactions involve selling the presold apartment cash flows for a specific development project to a third party for cash consideration. December 2024 amount relates to proceeds received from PLLACes transactions for the One Sydney Harbour R3 project.

17.a. Contract Liabilities

| | December 2024 \$m | June 2024 \$m |
|--|----------------------|------------------|
| Current | | |
| Unearned income ¹ | 136 | 125 |
| Construction contract liabilities ² | 687 | 997 |
| Total current | 823 | 1,122 |
| Non Current | | |
| Unearned income ¹ | 12 | 26 |
| Total non current | 12 | 26 |
| Total contract liabilities | 835 | 1,148 |

1. Movements in Unearned income relate primarily to residential presales settled during the period and deposits received for development properties.

2. Movements in Construction contract liabilities relate primarily to revenue recognised on construction contracts with customers in excess of billings raised during the period. This balance also contains provisions previously incurred on retained Engineering projects that are in progress.

Notes to Consolidated Financial Statements continued

Section C. Liquidity and Working Capital continued

18. Provisions

| | Employee Benefits | Development Projects | Construction Projects | UK Building Remediation | Other ¹ | Total |
|--|-------------------|----------------------|-----------------------|-------------------------|--------------------|--------------|
| | \$m | \$m | \$m | \$m | \$m | \$m |
| Balance as at 1 July 2024 | 147 | 79 | 420 | 365 | 180 | 1,191 |
| Provisions made during the period | 18 | - | 50 | 10 | 9 | 87 |
| Provisions used during the period | (38) | (9) | (54) | (29) | (39) | (169) |
| Provisions reversed during the period | (1) | (3) | (11) | - | (5) | (20) |
| Effect of foreign currency translation and other | 1 | - | 9 | 38 | (25) | 23 |
| Balance as at 31 December 2024 | 127 | 67 | 414 | 384 | 120 | 1,112 |
| Current provisions | 109 | 51 | 410 | 184 | 120 | 874 |
| Non current provisions | 18 | 16 | 4 | 200 | - | 238 |
| Total provisions | 127 | 67 | 414 | 384 | 120 | 1,112 |

1. Includes provisions recognised in relation to the strategy update announced in May 2024.

Provision in relation to UK building remediation

The UK Government has enacted a number of retrospective legislative changes and additional measures to address building safety risks concerning residential buildings with a height of 11 metres and above. As part of this action, the defect liabilities period has been extended from 6 to 30 years, and there have been updates to building safety regulations for completed residential buildings.

So as not to be subject to significant trade restrictions, consistent with other UK developers, Lendlease entered into a contract with the UK Government on 22 March 2023, committing to remediate building safety risks consistent with these legislative changes.

Lendlease has established a dedicated team undertaking the work to address the issues raised on various buildings. Lendlease believes that the liability currently relates to 60 buildings (June 2024: 60 buildings), most of which were developed by Crosby, a company that Lendlease acquired in 2005 to enter the residential development market in the UK. Notably, many of these buildings were completed or had commenced construction prior to Lendlease's acquisition. Lendlease no longer owns any of these buildings.

It is noted that each building completed by a Lendlease entity was certified as complying with applicable building regulations at the time of its completion.

At 31 December 2024, Lendlease holds a provision of \$384 million (June 2024: \$365 million) in respect of this matter. Movements in the provision during the period relate to changes in cost estimates, changes in discount rate, the unwinding of discount due to the passage of time, and the impacts of foreign exchange rate movements. During the period, settlements were reached with two third-party contractors for the recovery of costs in relation to four buildings included in the provision. Half of the settlement payments in relation to these buildings have been received with the remainder to be received in January and June 2025. The income statement presents these settlements net against the increase in the provision estimate during the period, discounting unwind and the administrative costs of managing the remediation program.

On 2 December 2024 the UK government announced a detailed 'Remediation Acceleration Plan'. The cash expenditure by Lendlease was originally expected to be spread over a period of at least six years from 31 December 2024. The acceleration of remedial works required under the Remediation Acceleration Plan is anticipated to result in the cash expended by Lendlease occurring over a shorter timeframe as the intention now is that work be commenced on all buildings by July 2027.

The provision has been determined based on executed remediation contracts, cost estimates provided by third parties and/or estimates based on independent surveys. There continue to be both risks and opportunities to the provision that has been estimated. Key risks include the addition of new buildings or new information in relation to already identified buildings, as well as the rising costs in the local market. Key opportunities include the potential for bulk procurement, re-interrogating scope on tender pricing, and assessing various options in the delivery model.

The provision does not include any further recoveries anticipated from third parties, including insurances and supply chain. Lendlease is actively working to maximise third party recoveries however expects this process will be over an extended period of time.

Determining the liability position for this matter and any estimate is a complex process requiring significant judgement with respect to whether there is an obligating event and the quantum of any liability. The estimate of any potential liability is based on current information and will be updated as work and time progresses. Lendlease will continue to engage with building owners and the UK Government on these industry wide actions and assess additional relevant information on an ongoing basis.

19. Cash and Cash Equivalents

| | December 2024 | June 2024 |
|--|---------------|--------------|
| | \$m | \$m |
| Cash | 746 | 872 |
| Short term investments | 3 | 128 |
| Total cash and cash equivalents | 749 | 1,000 |

Section D. Other Notes

20. Fair Value Measurement

All financial instruments recognised in the Statement of Financial Position, including those instruments carried at amortised cost, are recognised at amounts that represent a reasonable approximation of fair value, with the exception of the following borrowings:

| | Note | December 2024 | | June 2024 | |
|--------------------|------|------------------------|-------------------|------------------------|-------------------|
| | | Carrying Amount \$m | Fair Value \$m | Carrying Amount \$m | Fair Value \$m |
| Liabilities | | | | | |
| Non Current | | | | | |
| Commercial notes | 14.a | 1,884 | 1,858 | 1,789 | 1,737 |

The fair value of commercial notes has been calculated by discounting the expected future cash flows by the appropriate government bond rates and credit margin applicable to the relevant term of the commercial note.

20.a. Basis of Determining Fair Value

The determination of fair values of financial assets and liabilities that are measured at fair value are summarised as follows:

- The fair value of unlisted equity investments, including investments in property funds, is determined based on an assessment of the underlying unadjusted net assets, which may include periodic independent and internal Management valuations, future maintainable earnings and any special circumstances pertaining to the particular investment. Fair value of unlisted equity investments has also taken the economic conditions into consideration to determine the fair value at 31 December 2024. This included valuations of underlying investment properties at balance date
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted valuation techniques; these include the use of recent arm's length transactions, reference to other assets that are substantially the same, and discounted cash flow analysis
- The fair value of derivative instruments comprises forward foreign exchange contracts, which are valued using forward rates at balance date, and interest rate swaps which are measured at the present value of future cash flows estimated and discounted based on applicable yield curves derived from quoted interest rates and includes consideration of counterparty risk adjustments.

20.b. Fair Value Measurements

The valuation methods for each level 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
- Level 3: The fair value is calculated using inputs that are not based on observable market data.

All commercial notes were measured at Level 3 for the periods presented in this consolidated financial statements.

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

21. Contingent Liabilities

The Group has 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:

- There are a number of legal claims and exposures that arise from the normal course of the Group's business. Such claims and exposures largely arise in respect of claims for defects, claims for breach of performance obligations or breach of warranty or claims under indemnities. In some claims:
 - there is uncertainty as to whether a legal obligation exists;
 - there is uncertainty as to whether a future cash outflow will arise in respect to these items; and/or
 - it is not possible to quantify the potential exposure with sufficient reliability.

This particularly applies in larger more complex projects, in claims involving a number of parties or in claims made a number of years after completion of a project or the occurrence of the relevant event.

Where it is probable there will be liabilities from such claims and the potential exposure can be quantified with sufficient reliability, a provision has been made for anticipated losses arising from such claims.

- In certain circumstances, the Company guarantees the performance of particular Group entities in respect of their obligations. These guarantees may take the form of parent company guarantees by different entities in the Group or insurance bond or bank guarantees.

Notes to Consolidated Financial Statements continued

Section D. Other Notes continued

21. Contingent Liabilities continued

Securities Class Action

Lendlease Corporation and Lendlease Responsible Entity (Lendlease Group) were served with a shareholder class action proceeding filed in the Supreme Court of New South Wales on 18 April 2019 by David William Pallas and Julie Ann Pallas as trustees for the Pallas Family Superannuation Fund, represented by Maurice Blackburn. On 7 August 2019, Lendlease Corporation and Lendlease Responsible Entity (Lendlease Group) were served with a shareholder class action proceeding filed in the Supreme Court of New South Wales on 6 August 2019 by Martin John Fletcher, represented by Phi Finney McDonald. On 21 November 2019 the Supreme Court ordered consolidation of the two class actions into a single proceeding. The consolidated proceeding alleges that Lendlease was in breach of its continuous disclosure obligations under the *Corporations Act 2001* and made representations about its Engineering and Services business that were misleading or deceptive or likely to mislead or deceive.

The plaintiffs filed an amended commercial list statement on 23 June 2023. The allegations are now focused on provisioning and allege that additional pre-tax provisions in stated dollar amounts should have been recognised by Lendlease Group at specified dates between October 2017 and August 2018.

It is currently not possible to determine the ultimate impact of these claims, if any, on Lendlease Group. Lendlease Group denies the allegations and intends to vigorously defend this proceeding.

Retirement Living tax matter

The Group was subject to an Australian Tax Office (ATO) audit of the partial sale of its Retirement Living business in the 2018 year. Prior to the commencement of the audit and submitting its 2018 tax return the Group proactively contacted the ATO to review the tax treatment applied to the partial sale and also obtained independent advice. The ATO previously provided written undertakings that no interest or penalties would be applied to the 2018 financial year tax return.

On 10 May 2024, the ATO issued the Group with a statement of audit position and an amended income tax assessment relating to the audit of the 2018 return. The amended assessment for 2018 is for \$112.1 million comprising:

- \$62.4 million capital gains tax arising from the exit of the Retirement Living trust from the Lendlease tax consolidated group which was a one-off event that only applies to the 2018 transaction;
- \$25.2 million additional tax from the sale of 25% of the units in the joint venture trust; and
- \$24.5 million of shortfall interest.

The amended assessment did not include any penalties and on 25 September 2024 the ATO confirmed it would not be imposing penalties in respect of the amended assessment for 2018. The ATO also subsequently reduced the shortfall interest from \$24.5m to \$7.4 million. The Group has formally objected to the amended assessment and has requested a review of the decision not to remit the remaining shortfall interest. The ATO is yet to advise Lendlease its decision on the objection to the 2018 amended assessment. On 9 August 2024, the Group made a payment of \$44 million to the ATO, representing 50% of the shortfall tax currently under dispute to reduce exposure to further general interest accruing. This amount will be refundable if the Group is ultimately successful with the dispute.

Since the partial sale of the Retirement Living business in 2018, Lendlease has sold down two further tranches of the units in the joint venture trust in the 2021 and 2022 financial years, totalling 50%. Based on the ATO's position for the 2018 income year, additional tax of approximately \$50 million could arise in relation to these subsequent sales. The Group has voluntarily disclosed this to the ATO, however the ATO are yet to issue amended assessments. It is estimated there could be an additional financial impact of up to \$8 million in relation to interest, absent any remission of that interest by the ATO. The Group will dispute any amended assessments issued in respect of the subsequent sales.

The Group also retains a 25% interest in the Retirement Living joint venture trust. Should the ATO apply the same treatment to any future gain on sale of this investment, we estimate this may give rise to additional tax of approximately \$25 million.

If the objection is not accepted by the ATO, the timing of resolution of any subsequent dispute cannot be determined.

The Group has received independent legal advice in respect of its position. The Group believes its tax treatment of the partial sale of the Retirement Living business is in accordance with the law and consistent with the ATO's 2002 tax ruling on the taxation of the retirement living industry. The Group lodged its 2018 tax return on that basis and believes that it will be successful in its position. On that basis it is probable that no additional taxes, interest or penalties in respect of these matters will be payable to the ATO. The Group intends to vigorously defend its position in relation to that return and subsequent returns which are impacted by the issue and to contest the matter through litigation, should its objection to the ATO be unsuccessful.

22. Disposal Group Assets and Liabilities Held for Sale

Accounting Policies

The group of assets and their corresponding liabilities (together referred to as a Disposal Group), may only be classified as held for sale once the following criteria are met:

- The carrying amount will be recovered principally through a sale transaction rather than through continuing use; and
- The sale must be highly probable.

A disposal group is measured at the lower of its carrying amount and fair value less costs to sell. Where fair value is lower than the carrying amount, the difference is recognised as an impairment loss within the Income Statement.

Australia Communities projects

On 18 December 2023 Lendlease entered into an agreement with Stockland, and its capital partner Supalai Australia Holdings, for the sale of 12 Communities projects in Australia. The transaction involved divesting three wholly owned balance sheet projects and nine projects under project development agreements and was completed on 29 November 2024. The Group retained four Communities projects post-transaction, which are recognised as part of the Capital Release Unit segment.

The Group remains in discussion with a landowner with respect to certain additional land parcels which no longer form part of the sale as relevant conditions have not been met. Consequently, \$154 million in assets have been reclassified from Disposal Group assets and liabilities held for sale to inventory.

The original transaction price for the sale of the Australia Communities projects was \$1.3 billion, which was adjusted by \$240 million at completion, resulting in final proceeds of \$1,060 million. On completion, cash of \$515 million was received, with a further payment of \$450 million received in January 2025, and the remaining balance to be received by 30 June 2025 subject to completion adjustments. The transaction resulted in a gain on sale pre tax of \$38 million in respect of the wholly owned subsidiaries sale recognised in Other income in the Capital Release Unit segment, and profit of \$48 million in respect of the asset sales recognised in Gross profit in the Capital Release Unit segment.

Asia Pacific Life Sciences Platform

On 17 May 2024, the Group announced it had agreed to sell its Asia Pacific Life Sciences interests, which includes current life sciences construction and development capabilities together with the life sciences investments, to a newly established joint venture with Warburg Pincus, for \$147 million, of which Lendlease's share is \$74 million. The transaction completed in July 2024.

In August 2024, the newly established Vita Partners joint venture acquired a 50% interest in seven assets from Blackstone and Soilbuild Group. The transaction pricing on the establishment of the Vita Partners joint venture included a purchase price adjustment relating to the potential purchase of these assets. Consequently, the total purchase price was adjusted for this and other completion adjustments to \$170 million, of which Lendlease's share is \$85 million. The transaction resulted in a gain on deconsolidation pre tax of \$112 million recognised in the Investment segment, split between gain on sale of \$56 million and a revaluation gain on the remaining interest of \$56 million. Cash consideration of \$75 million was received in July 2024, with the remaining \$10 million expected to be received in the second half of financial year.

US Military Housing

On 1 July 2024, the Group announced it had entered into an agreement with Omaha Beach Investment Holdings, LLC, an entity managed by Guggenheim Partners Investment Management, LLC, for the sale of the US Military Housing business for \$516 million. The US Military Housing Business includes the operating platform of the business along with associated management rights for asset, property, development and construction management.

The sale completed in January 2025 and is expected to result in a gain on sale pre tax of \$258 million to be recognised in Other income in the Capital Release Unit segment in the second half of 2025. Cash consideration of \$516 million was received on 30 January 2025. Exchange rate and completion adjustments remain subject to finalisation.

UK Construction Business

On 2 January 2025 the Group announced it had entered into a binding agreement with Atlas Holdings for the sale of the UK Construction business. Under the terms of the transaction, the Group will receive \$70 million in cash consideration, including \$20 million deferred until 2026, subject to completion adjustments.

The profit outcome from the transaction is expected to be broadly neutral after providing for retained risks in relation to projects that have completed or substantially completed prior to exchange of the sale agreement. The transaction is subject to conditions precedent including regulatory approvals, and is targeted for completion by 30 June 2025.

Notes to Consolidated Financial Statements continued

Section D. Other Notes continued

22. Disposal Group Assets and Liabilities Held for Sale continued

The major classes of assets and liabilities sold during the period are as follows:

| | Australia Communities Projects | Asia Pacific Life Sciences Platform |
|--|--------------------------------------|---|
| Assets and liabilities sold | \$m | \$m |
| Loans and receivables | 67 | 18 |
| Inventories | 1,044 | 7 |
| Other assets | 4 | 34 |
| Total assets sold | 1,115 | 59 |
| Trade and other payables | 35 | 19 |
| Other liabilities | 147 | 3 |
| Total liabilities sold | 182 | 22 |
| Net assets and liabilities sold | 933 | 37 |

The major classes of Disposal Group assets and liabilities held for sale are as below:

| | December 2024 | | |
|--|--------------------------------|------------------------|-------------|
| | UK Construction Business | US Military Housing | Total Group |
| Disposal Group assets and liabilities held for sale | \$m | \$m | \$m |
| Loans and receivables | 142 | 143 | 285 |
| Inventories | 60 | 6 | 66 |
| Other financial assets | - | 155 | 155 |
| Other assets | 34 | 34 | 68 |
| Total Disposal Group assets held for sale | 236 | 338 | 574 |
| Trade and other payables | 253 | 81 | 334 |
| Other liabilities | 27 | 10 | 37 |
| Total Disposal Group liabilities held for sale | 280 | 91 | 371 |
| Net Disposal Group assets and liabilities held for sale | (44) | 247 | 203 |

| | June 2024 | | | |
|--|---|--|------------------------|--------------|
| | Australia Communities Projects ¹ | Asia Pacific Life Sciences Platform ¹ | US Military Housing | Total Group |
| Disposal Group assets and liabilities held for sale | \$m | \$m | \$m | \$m |
| Loans and receivables | 74 | 14 | 153 | 241 |
| Inventories | 1,108 | 6 | 6 | 1,120 |
| Other financial assets | - | - | 171 | 171 |
| Other assets | 7 | 25 | 32 | 64 |
| Total Disposal Group assets held for sale | 1,189 | 45 | 362 | 1,596 |
| Trade and other payables | 63 | 19 | 74 | 156 |
| Other liabilities | 137 | 1 | 9 | 147 |
| Total Disposal Group liabilities held for sale | 200 | 20 | 83 | 303 |
| Net Disposal Group assets and liabilities held for sale | 989 | 25 | 279 | 1,293 |

1. The sale of the Australia Communities projects and Asia Pacific Life Sciences platform completed during the period. Refer to 'Disposal Group assets and liabilities sold' table above for further detail.

Section E. Basis of Consolidation

23. Consolidated Entities

The material consolidated entities of the Group listed below were wholly owned during the current and prior period.

Parent Entity

Lendlease Corporation Limited

Australia

Capella Capital Lendlease Pty Limited

Capella Capital Partnership

Lendlease Construction Pty Limited

Lendlease Construction (Southern) Pty Limited

Lendlease Communities (Australia) Limited

Lendlease Development Pty Limited

Lendlease Finance Limited

Lendlease Infrastructure Investments Pty Limited

Lendlease International Pty Limited

Lendlease Real Estate Investments Limited

Lendlease Responsible Entity Limited

Lendlease Trust¹

Europe

Lendlease Construction (Europe) Limited

Lendlease Construction Holdings (Europe) Limited

Lendlease Europe Finance plc

Asia

Lendlease Japan Inc.

Lendlease Singapore Pte. Limited

Americas

Lendlease (US) Capital Inc.

Lendlease (US) Construction Inc.

Lendlease (US) Construction LMB Inc.

Lendlease (US) Public Partnerships LLC

Lendlease (US) Public Partnerships Holdings LLC

Lendlease Development Inc.

1. Lendlease Trust is a consolidated entity of the Group as the parent entity is deemed to control it. The parent entity has no ownership interest in Lendlease Trust.

Directors' Declaration

In the opinion of the Directors of Lendlease Corporation Limited (the Company):

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 2024 and of its performance for the half year ended on that date; and
 - b. Complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



J C Gillam

Chairman



A P Lombardo

Group Chief Executive Officer and Managing Director

Sydney, 17 February 2025



Independent Auditor's Review Report

To the stapled security holders of Lendlease Group

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Lendlease Group (the Stapled Group Financial Report).

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

- giving a true and fair view of the **Stapled Group's** financial position as at 31 December 2024 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 2024
- Consolidated income statement, 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 23 including selected explanatory notes
- The Directors' Declaration.

The **Stapled Group** comprises Lendlease Corporation Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year and Lendlease Trust.

Shares in Lendlease Corporation Limited and units in Lendlease Trust are jointly traded as a Stapled Security on the Australian Securities Exchange under the name of Lendlease Group.

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 Stapled Group 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 these requirements.



Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company 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*
- 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 Stapled Group's financial position as at 31 December 2024 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.

KPMG

Nigel Virgo

Partner

Sydney

17 February 2025

Paul Rogers

Partner

Sydney

17 February 2025

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