# ASX ANNOUNCEMENT

24 August 2015

## 2015 Full Year Financial Report for Lend Lease Trust

Attached is the full year Financial Report for the year ended 30 June 2015 for the Lend Lease Trust.

**ENDS**

For further information, please contact:


**Investors:**
Suzanne Evans
Tel: 02 9236 6464
Mob: 0407 165 254

**Media:**
Nadeena Whitby
Tel: 02 9236 6865
Mob: 0467 773 032

# ANNUAL FINANCIAL REPORT LEND LEASE TRUST 2015

# Lend Lease Trust

ARSN 128 052 595

## Annual Financial Report June 2015

### Table of Contents



### Notes Index



Lend Lease Responsible Entity Limited ABN 72 122 883 185 AFSL No. 308983 is the responsible entity of the Lend Lease Trust ARSN 128 052 595. Lend Lease Trust ('LLT') is domiciled in Australia. LLT is a for-profit entity. Further information about LLT's primary activities is included in the Directors' Report.

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

Following stapled securityholders' approval on 14 November 2014, the Company has reallocated capital to LLT by reducing the Company's share capital by A$400,500,000 and applying that amount as additional capital to LLT. This capital reallocation did not affect the number of shares on issue nor the number of units held by securityholders and did not result in any cash distribution to members.

The financial report was authorised for issue by the Directors on 24 August 2015.

# Directors' Report

The Directors of Lend Lease Responsible Entity Limited (ABN 72 122 883 185), the Responsible Entity of Lend Lease Trust ('the Trust'), present their Report together with the Annual Financial Report of the Trust, for the year ended 30 June 2015 and the Auditor's Report thereon.

The Responsible Entity is a wholly owned subsidiary of Lend Lease Corporation Limited ('the Company') and forms part of the consolidated Lend Lease Group ('the Group'). The registered office and principal place of business of the Responsible Entity is Level 4, 30 The Bond, 30 Hickson Road, Millers Point NSW 2000.

## 1. Governance

### a. Board/Directors

The name of each person who has been a Director of the Responsible Entity between 1 July 2014 and the date of this Report are:

| | |
|---|---|
| D A Crawford, AO | Chairman and Director since 2009 |
| S B McCann | Chief Executive Officer & Managing Director since 2009 |
| C B Carter, AM | Director since 2012 |
| P M Colebatch | Director since 2009 |
| S B Dobbs | Appointed January 2015 |
| P C Goldmark | Retired November 2014 |
| J S Hemstritch | Director since 2011 |
| D J Ryan, AO | Director since 2009 |
| M J Ullmer | Director since 2011 |
| N M Wakefield Evans | Director since 2013 |

### b. Company Secretary

**W Lee**

Ms Lee was appointed in January 2010.

The qualifications and experience of each person holding the position of Director and Company Secretary of the Responsible Entity at the date of this Report is detailed in the 2015 Lend Lease Group Annual Report.

### c. Interest in Capital

The interest of each of the Directors (in office at the date of this Report) in the stapled securities of the Group at 24 August 2015 is set out below.

| Director | Securities Held Directly 2015 | Securities Held Beneficially/ Indirectly 2015[1] | Total 2015 | Securities Held Directly 2014 | Securities Held Beneficially/ Indirectly 2014[1] | Total 2014 |
|---|---|---|---|---|---|---|
| D A Crawford | 850 | 77,008 | 77,858 | 809 | 75,650 | 76,459 |
| S B McCann | 481,864 | 230,623 | 712,487 | 525,784 | 154,443 | 680,227 |
| C B Carter | | 15,000 | 15,000 | | 15,000 | 15,000 |
| P M Colebatch | 5,023 | 13,300 | 18,323 | 5,023 | 13,300 | 18,323 |
| S B Dobbs | | 2,000 | 2,000 | N/A | N/A | N/A |
| P C Goldmark[2] | | | | 8,441 | 16,353 | 24,794 |
| J S Hemstritch | | 20,000 | 20,000 | | 20,000 | 20,000 |
| D J Ryan | | 35,312 | 35,312 | 15,792 | 15,481 | 31,273 |
| M J Ullmer | | 50,000 | 50,000 | | 25,000 | 25,000 |
| N M Wakefield Evans | | 4,000 | 4,000 | | 4,000 | 4,000 |

1 Includes securities in the Retirement Plan beneficially held by Non Executive Directors.
2 PC Goldmark retired in November 2014.

# Directors' Report continued

## 2. Operations

### a. Principal Activities

The principal activities of the Trust include direct and indirect property investments in the Australia region. For the year ended 30 June 2015 the Trust had ownership interests in indirect property investments in the Australia region.

### b. Review and Results of Operations

For the year ended 30 June 2015 the Trust reported a profit after tax of A$88,402,000 (June 2014: A$71,369,000).

Key transactions during the year include:

- The acquisition of further units in Australian Prime Property Fund Commercial ('APPFC') A$37,383,000 and subsequent partial disposal of units in APPFC for proceeds of A$100,001,000.
- Partial disposal of units in Australian Prime Property Fund Industrial ('APPFI') for proceeds of A$180,000,000;
- The acquisition for A$33,860,000 and subsequent sale for A$34,046,000 of units in the Lend Lease Sub Regional Retail Fund;
- Subscriptions for units in Lend Lease One International Towers Sydney Trust with an initial commitment of A$191,250,000 which was paid in July 2015.
- Further investment A$68,850,000 of previously committed spend into Lend Lease International Towers Sydney Trust; and
- Following stapled securityholders' approval on 14 November 2014, the Company has reallocated capital to the Trust by reducing the Company's share capital by A$400,500,000 and applying that amount as additional capital to the Trust. This capital reallocation did not affect the number of shares on issue nor the number of units held by securityholders and did not result in any cash distribution to members.

### c. Distributions

For the year ended 30 June 2015 the Trust declared distributions of A$41,513,000 (June 2014: A$66,644,000). Distributions of A$17,545,000 were paid on 18 March 2015. The remaining distributions of A$23,968,000 were provided for as at 30 June 2015 and will be paid on 18 September 2015.

### d. Significant Changes in State of Affairs

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

### e. Events Subsequent to Balance Date

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

### f. Likely Developments

Details of likely developments in the operations of the Trust in subsequent financial years are contained in the likely developments section of the Directors' Report in the Lend Lease Group Annual Report.

### g. Environmental Regulation

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

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

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

## 3. Other

### a. Security Options

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

# Directors' Report continued

## 3. Other continued

### b. Indemnification and Insurance of Directors and Officers

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

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

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

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

### c. Special rules for Registered Schemes

A$438,000 in fees and other expenses were paid or are payable to Lend Lease Corporation Limited and its associates out of the assets of the Trust for the financial year ended 30 June 2015 (June 2014: A$768,000).

No units in the Trust were held by the Responsible Entity at the end of the financial year. Associates of the Responsible Entity held 32,559,512 units as at the end of the financial year.

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

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

Details of the number of Units in the Trust as at the end of the financial year are set out in Note 13 'Issued Capital'.

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

The Lead Auditor's Independence Declaration is set out on page four and forms part of the Directors' Report for the year ended 30 June 2015.

### e. Rounding Off

Lend Lease Trust is a Trust of the kind referred to in the Australian Securities and Investments Commission Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial statements and directors' report have been rounded off to the nearest thousand dollars, or, where the amount is A$500 or less, zero, unless specifically stated otherwise.

**D A Crawford, AO**
Chairman

**S B McCann**
Group Chief Executive Officer & Managing Director

Sydney, 24 August 2015

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

To: the directors of Lend Lease Responsible Entity Limited (the Responsible Entity of Lend Lease Trust)

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

S J Marshall
*Partner*

Sydney

24 August 2015

# Financial Statements

## Statement of Comprehensive Income

Year ended 30 June 2015

| | Note | June 2015 A$'000 | June 2014 A$'000 |
|---|---|---|---|
| Revenue and other income | 3 | 50,535 | 50,460 |
| Other expenses | | (1,105) | (2,249) |
| **Results from operating activities** | | **49,430** | **48,211** |
| Finance revenue | 4 | 6,360 | 2,561 |
| **Net finance revenue** | | **6,360** | **2,561** |
| Share of profit of equity accounted investments | 6 | 32,612 | 20,597 |
| **Profit before tax** | | **88,402** | **71,369** |
| Income tax expense | | | |
| **Profit after tax** | | **88,402** | **71,369** |
| Other comprehensive income net of tax | | | |
| **Total comprehensive income after tax** | | **88,402** | **71,369** |
| **Basic/diluted earnings per unit (cents)** | 2 | **15.26** | **12.38** |

## Statement of Financial Position

As at 30 June 2015

| | Note | June 2015 A$'000 | June2014 A$'000 |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | 10 | 330,995 | 48,295 |
| Loans and receivables | 16 | 233,627 | 18,643 |
| **Total current assets** | | **564,622** | **66,938** |
| **Non Current Assets** | | | |
| Loans and receivables | 16 | | 11,056 |
| Equity accounted investments | 8 | 372,733 | 80,925 |
| Other financial assets | 9 | 244,921 | 467,555 |
| **Total non current assets** | | **617,654** | **559,536** |
| **Total assets** | | **1,182,276** | **626,474** |
| **Current Liabilities** | | | |
| Trade and other payables | 17 | 191,695 | 508 |
| Distributions payable | 1 | 23,968 | 40,693 |
| Borrowings and financing arrangements | 12 | | 72,000 |
| **Total current liabilities** | | **215,663** | **113,201** |
| **Total liabilities** | | **215,663** | **113,201** |
| **Net assets** | | **966,613** | **513,273** |
| **Equity** | | | |
| Issued capital | 13 | 911,168 | 504,717 |
| Retained earnings | | 55,445 | 8,556 |
| **Total equity attributable to unitholders** | | **966,613** | **513,273** |

# Financial Statements continued

## Statement of Changes in Equity

Year ended 30 June 2015

| | Issued Capital A$'000 | Retained Earnings A$'000 | Total Equity A$'000 |
|---|---|---|---|
| Balance as at 1 July 2013 | 502,322 | 3,831 | 506,153 |
| **Total Comprehensive Income** | | | |
| Profit for the period | | 71,369 | 71,369 |
| Other Comprehensive Income (Net of tax) | | | |
| **Total Comprehensive Income** | **–** | **71,369** | **71,369** |
| Transactions with Owners of the Trust | | | |
| Distribution reinvestment plan (DRP) | 2,395 | | 2,395 |
| Distributions paid and provided for | | (66,644) | (66,644) |
| **Total other movements** | **2,395** | **(66,644)** | **(64,249)** |
| **Balance as at 30 June 2014** | **504,717** | **8,556** | **513,273** |
| Balance as at 1 July 2014 | 504,717 | 8,556 | 513,273 |
| **Total Comprehensive Income** | | | |
| Profit for the period | | 88,402 | 88,402 |
| Other Comprehensive Income (Net of tax) | | | |
| **Total Comprehensive Income** | **–** | **88,402** | **88,402** |
| Recapitalisation of LLT | 400,500 | | 400,500 |
| Transactions with Owners of the Trust | | | |
| Distribution reinvestment plan (DRP) | 5,951 | | 5,951 |
| Distributions paid and provided for | | (41,513) | (41,513) |
| **Total other movements** | **406,451** | **(41,513)** | **364,938** |
| **Balance as at 30 June 2015** | **911,168** | **55,445** | **966,613** |

## Statement of Cash Flows

Year ended 30 June 2015

| | Note | June 2015 A$'000 | June 2014 A$'000 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Cash receipts in the course of operations | | 1,525 | 1,849 |
| Cash payments in the course of operations | | (1,168) | (1,895) |
| Interest received | | 4,208 | 3,506 |
| Distributions received | | 32,968 | 17,899 |
| **Net cash provided by operating activities** | 11 | **37,533** | **21,359** |
| **Cash Flows from Investing Activities** | | | |
| Sale of investment in joint venture | | 34,046 | 45,465 |
| Sale of other financial assets | | 280,001 | |
| Acquisition of investment in joint venture | | (102,710) | (18,250) |
| Acquisition of other financial assets | | (37,383) | (464,059) |
| **Net cash provided by/(used in) investing activities** | | **173,954** | **(436,844)** |
| **Cash Flows from Financing Activities** | | | |
| Recapitalisation | | 400,500 | |
| Proceeds from borrowings | | 75,000 | 72,000 |
| Repayment of borrowings | | (147,000) | |
| Loan to related party | | (205,000) | |
| Distributions paid | | (52,287) | (29,258) |
| **Net cash provided by financing activities** | | **71,213** | **42,742** |
| **Net increase/(decrease) in cash and cash equivalents** | | **282,700** | **(372,743)** |
| **Cash and cash equivalents at beginning of financial year** | | **48,295** | **421,038** |
| **Cash and cash equivalents at end of financial year** | 10 | **330,995** | **48,295** |

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

## Basis of Preparation

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

- has been prepared in accordance with **Australian Accounting Standards** ('AASBs') adopted by the Australian Accounting Standards Board, and the *Corporations Act 2001*;
- complies with **International Financial Reporting Standards** ('IFRSs') adopted by the International Accounting Standards Board;
- is presented in **Australian dollars,** with all values **rounded off to the nearest thousand dollars** unless otherwise indicated, in accordance with Class Order 98/100; and
- is prepared under the historical cost basis except for the following assets, which are stated at their fair value: fair value through profit or loss investments.

**Significant accounting policies** have been:

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

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

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

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

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

# Notes to the Financial Statements continued

## Section A: Performance

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

### 1. Distributions

| | Cents Per Unit | June 2015 A$'000 | June 2014 A$'000 |
|---|---|---|---|
| **Lend Lease Trust Interim Distribution** | | | |
| December 2014 – paid 18 March 2015 | 3.0 | 17,545 | |
| December 2013 – paid 21 March 2014 | 4.5 | | 25,951 |
| | | **17,545** | **25,951** |
| **Lend Lease Trust Final Distribution** | | | |
| June 2015 – provided for (payable 18 September 2015) | 4.1 | 23,968 | |
| June 2014 – paid 22 September 2014 | 7.0 | | 40,693 |
| | | **23,968** | **40,693** |
| | | **41,513** | **66,644** |

### 2. Earnings Per Unit (EPU)

**Accounting Policies**

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

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

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

| Financial Disclosure | | June 2015 | June 2014 |
|---|---|---|---|
| **Basic/Diluted Earnings Per Unit (EPU)** | | | |
| Profit after tax | A$'000 | 88,402 | 71,369 |
| **Weighted average number of units** | (000's) | **579,357** | **576,630** |
| **Basic/diluted EPU** | (cents) | **15.26** | **12.38** |

### 3. Revenue and Other Income

**Accounting Policies**

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

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

**Net gains or losses on fair value remeasurements** are recognised in accordance with the policies stated in Note 9 'Other Financial Assets'.

| **Financial Disclosure** | June 2015 A$'000 | June 2014 A$'000 |
|---|---|---|
| Distribution income | 28,843 | 26,371 |
| Net gain on sale of equity accounted investments | 183 | 19,511 |
| Net gain on sale of fair value through profit or loss assets | 2,995 | |
| Net gain on fair value remeasurement of fair value through profit or loss assets | 16,989 | 3,496 |
| Other income – related parties | 1,525 | 1,082 |
| **Total revenue and other income** | **50,535** | **50,460** |

# Notes to the Financial Statements continued

## Section A: Performance continued

### 4. Finance Revenue

**Accounting Policies**

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

| Financial Disclosure | June 2015 A$'000 | June 2014 A$'000 |
|---|---|---|
| Finance revenue – external parties | 4,761 | 2,561 |
| Interest discounting | 1,599 | |
| **Total revenue and other income** | **6,360** | **2,561** |

### 5. Other Expenses

Other expenses includes Auditors' Remuneration as detailed below:

| | June 2015 A$ | June 2014 A$ |
|---|---|---|
| **Auditors' Remuneration** | | |
| **Amounts received or due and receivable by the auditors of Lend Lease Trust for:** | | |
| **Audit and Other Assurance Services** | | |
| Audit services | 54,000 | 53,000 |
| Other assurance services | 3,162 | 26,000 |
| **Total audit and other assurance services** | **57,162** | **79,000** |
| Non audit services | | |
| **Total audit, other assurance and non audit services** | **57,162** | **79,000** |

### 6. Share of Profit of Equity Accounted Investments

**Accounting Policies**

Investments in associates and joint ventures are accounted for using the equity method. The share of profit recognised under the equity method is the Trust's share of the investment's profit or loss based on ownership interest held. Associates (including partnerships) are entities in which the Trust, as a result of its voting rights, has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

For associates, this is from the date that significant influence commences until the date that significant influence ceases, and for joint ventures, this is from the date joint control commences until the date joint control ceases.

Refer to Note 8 'Equity Accounted Investments' for accounting policy on investments in joint ventures and associates.

| | SHARE OF PROFIT | |
|---|---|---|
| | June 2015 A$'000 | June 2014 A$'000 |
| **a. Associates** | | |
| Lend Lease Sub Regional Retail Fund[1] | 904 | |
| **Total associates** | **904** | **–** |
| **b. Joint Ventures[2]** | | |
| Lend Lease International Towers Sydney Trust | 31,708 | 20,597 |
| **Total joint ventures** | **31,708** | **20,597** |
| **Total equity accounted investments** | **32,612** | **20,597** |

1 Lend Lease sold its interest in Lend Lease Sub Regional Retail Fund subsequent to acquisition in the financial year. This represents the contribution of profit during the period of holding the investment as an associate.
2 Lend Lease One International Towers Sydney Trust did not contribute any profit during the year.

# Notes to the Financial Statements continued

## Section A: Performance continued

### 6. Share of Profit of Equity Accounted Investments continued

**c. Material Associates and Joint Ventures summarised financial information**
The table below and in Note 8b provides summarised financial information for those joint ventures that are material to Lend Lease Trust. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and are not the reporting entities share of those amounts. They have been amended to reflect adjustments made by Lend Lease Trust when using the equity method, including fair value adjustments and differences in accounting policies.

| | LEND LEASE INTERNATIONAL TOWERS SYDNEY TRUST | |
|---|---|---|
| | June 2015 A$'000 | June 2014 A$'000 |
| **Statement of Comprehensive Income** | | |
| Revenue from provision of services | | |
| Interest income | 93 | 52 |
| Depreciation and amortisation | | |
| Fair value revaluations | 217,452 | 112,820 |
| Interest expense | | |
| Other expenses | (6,158) | (3,334) |
| Income tax expense | | |
| **Profit for the period** | **211,387** | **109,538** |
| Other comprehensive income | | |
| **Total comprehensive income** | **211,387** | **109,538** |
| Dividends received from joint ventures | – | – |
| % ownership | 15% | 15%[1] |
| **Lend Lease Trust's share of comprehensive income of joint ventures** | **31,708** | **20,597** |

1 During the prior period, the Group sold 10% of its interest. At 30 June 2014, the Group held a 15% interest.

There were no capital expenditure or lease commitments contracted but not provided for during the current or prior year for the material associates and joint ventures.

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

| | ASSOCIATES | |
|---|---|---|
| | June 2015 A$'000 | June 2014 A$'000 |
| **Aggregate amounts of the Trust's share of:** | | |
| Profit from continuing operations | 904 | |
| Other comprehensive income | | |
| **Aggregate amounts of Trust's share of total comprehensive income of individually immaterial equity accounted investments** | **904**[1] | – |

1 Represents the contribution of profit during the period of holding the investment as an associate.

### 7. Events Subsequent to Balance Date

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

# Notes to the Financial Statements continued

## Section B: Investment

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

### 8. Equity Accounted Investments

**Accounting Policies**

**Equity Accounted Investments (Associates and Joint Ventures)**
As discussed in Note 6 'Share of Profit of Equity Accounted Investments', investments in Associates and Joint Ventures are equity accounted. The share of investment recognised under the equity method is the Trust's share of the investment's net assets based on ownership interest held.

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

Dividends from associates and joint ventures represent a return on the Trust's investment and as such are applied as a reduction to the carrying value of the investment. Unrealised gains arising from transactions with equity accounted investments are eliminated against the investment in the associate or joint venture to the extent of the Trust's interest in the associate or joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

| | INTEREST | | NET BOOK VALUE | |
|---|---|---|---|---|
| **Financial Disclosure** | June 2015 % | June 2014 % | June 2015 A$'000 | June 2014 A$'000 |
| **a. Joint Ventures** | | | | |
| Lend Lease International Towers Sydney Trust | 15.0 | 15.0 | 181,483 | 80,925 |
| Lend Lease One International Towers Sydney Trust | 37.5 | | 191,250 | |
| **Total equity accounted investments** | | | **372,733** | **80,925** |

| | LEND LEASE INTERNATIONAL TOWERS SYDNEY TRUST | | LEND LEASE ONE INTERNATIONAL TOWERS SYDNEY TRUST | |
|---|---|---|---|---|
| | June 2015 A$'000 | June 2014 A$'000 | June 2015 A$'000 | June 2014 A$'000 |
| **b. Material Joint Ventures Summarised Financial Information** | | | | |
| **Statement of Financial Position** | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | 4,212 | 936 | | |
| Other current assets | 10,307 | 2,927 | 598,897 | |
| **Total current assets** | **14,519** | **3,863** | **598,897** | **–** |
| Non current assets | 2,236,248 | 1,233,520 | 883,951 | |
| **Total non current assets** | **2,236,248** | **1,233,520** | **883,951** | **–** |
| Current liabilities | | | | |
| Financial liabilities (excluding trade payables) | 458,491 | 225,788 | 150,000 | |
| Other current liabilities | 275,464 | 138,691 | 650,207 | |
| **Total current liabilities** | **733,955** | **364,479** | **800,207** | **–** |
| Non current liabilities | | | | |
| Financial liabilities (excluding trade payables) | 306,926 | 132,673 | 172,641 | |
| Other non current liabilities | | 200,732 | | |
| **Total non current liabilities** | **306,926** | **333,405** | **172,641** | **–** |
| **Net assets** | **1,209,886** | **539,499** | **510,000** | **–** |
| **Reconciliation to Carrying Amounts** | | | | |
| Opening net assets 1 July | 539,499 | 356,961 | | |
| Profit for the period | 211,387 | 109,538 | | |
| Acquisition/contributions | 459,000 | 73,000 | 510,000 | |
| **Closing net assets** | **1,209,886** | **539,499** | **510,000** | **–** |
| **Lend Lease Trust's share of net assets and carrying amount at end of year** | **181,483** | **80,925** | **191,250** | **–** |

# Notes to the Financial Statements continued

## Section B: Investment continued

### 9. Other Financial Assets

**Accounting Policies**

The following table summarises the accounting policies of investments the Trust classifies as material financial assets, the classification depends on the purpose for which the investments were acquired.

| Investment Category | Classification Criteria | Initial Recognition | Subsequent Measurement | Impairment |
|---|---|---|---|---|
| **Financial assets at fair value through profit or loss** | Designated at Fair Value Through Profit or Loss at initial recognition - either to eliminate a measurement or recognition inconsistency, or where a group of financial assets is managed, and its performance is evaluated, on a fair value basis. | At fair value (generally transaction price).<br>Transaction costs are recorded as expenses when they are incurred. | Fair value, any changes in fair value are reflected in the Income Statement. | Fair value losses are reflected in the Income Statement. |
| **Loans and receivables** | Refer to Note 16 'Loans and Receivables'. | | | |

| Financial Disclosure | June 2015 A$'000 | June 2014 A$'000 |
|---|---|---|
| **Non Current Measured at Fair Value** | | |
| **Fair Value Through Profit or Loss – Designated at Initial Recognition** | | |
| Australian Prime Property Fund – Industrial | 71,304 | 239,318 |
| Australian Prime Property Fund – Commercial | 173,617 | 228,237 |
| **Total other financial assets** | **244,921** | **467,555** |

## Section C: Liquidity and Working Capital

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

### 10. Cash and Cash Equivalents

**Accounting Policies**

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

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

| Financial Disclosure | June 2015 A$'000 | June 2014 A$'000 |
|---|---|---|
| Cash | 102,765 | 94 |
| Short term investments | 228,230 | 48,201 |
| **Total cash and cash equivalents** | **330,995** | **48,295** |

Short term investments earned variable rates of interest which averaged 2.7% per annum during the year ended 30 June 2015 (June 2014: 2.8% per annum).

# Notes to the Financial Statements continued

## Section C: Liquidity and Working Capital continued

### 11. Notes to Statement of Cash Flows

| | June 2015 A$'000 | June 2014 A$'000 |
|---|---|---|
| **Reconciliation of Profit After Tax to Net Cash Provided by Operating Activities** | | |
| **Profit after tax** | **88,402** | **71,369** |
| Profit of equity accounted investment | (32,612) | (20,597) |
| Gain on sale of equity accounted investment | (183) | (19,511) |
| Gain on sale of other financial assets | (2,995) | |
| Distributions of equity accounted investments | 901 | |
| Fair value gain on fair value through profit or loss assets | (16,989) | (3,496) |
| **Changes in assets and liabilities** | | |
| Decrease/(increase) in receivables | 1,072 | (6,760) |
| (Decrease)/increase in payables | (63) | 354 |
| **Net cash provided by operating activities** | **37,533** | **21,359** |

### 12. Borrowings and Financing Arrangements

**Accounting Policies**

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

| Financial Disclosure | June 2015 A$'000 | June 2014 A$'000 |
|---|---|---|
| **Current** | | |
| Loan from related party | | 72,000 |
| **Total borrowings** | – | **72,000** |

In June 2012 the Trust entered into a non interest bearing Revolving Loan Facility with a related party in the Lend Lease Group. The loan was repaid during the year.

**Financial Arrangements**

The Trust has access to the following financial facilities:

| | June 2015 A$'000 | June 2014 A$'000 |
|---|---|---|
| **Related party loan facility** | | |
| Facility available | 300,000 | 300,000 |
| Amount of facility used | | (72,000) |
| **Amount of facility unused** | **300,000** | **228,000** |

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

# Notes to the Financial Statements continued

## Section C: Liquidity and Working Capital continued

### 13. Issued Capital

**Accounting Policies**

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

| Financial Disclosure | JUNE 2015 No of units 000's | JUNE 2015 A$'000 | JUNE 2014 No of units 000's | JUNE 2014 A$'000 |
|---|---|---|---|---|
| **Issued Capital** | | | | |
| Issued capital at beginning of financial year | 577,476 | 504,717 | 575,508 | 502,322 |
| Recapitalisation of Lend Lease Trust | | 400,500 | | |
| Distribution Reinvestment Plan (DRP) | 2,993 | 5,951 | 1,968 | 2,395 |
| **Issued capital at end of financial year** | **580,469** | **911,168** | **577,476** | **504,717** |

**a. Issuance of Securities**

Following stapled securityholders' approval on 14 November 2014, the Company has reallocated capital to LLT by reducing the Company's share capital by A$400,500,000 and applying that amount as additional capital to LLT. This capital reallocation did not affect the number of shares on issue nor the number of units held by securityholders and did not result in any cash distribution to members.

At 30 June 2015 Lend Lease Trust had 580,468,486 units on issue equivalent to the number of Lend Lease Corporation shares on issue. The issued units of the Trust and shares on issue by Lend Lease Corporation Limited are stapled securities.

**b. Security Accumulation Plans**

The Distribution Reinvestment Plan ('DRP') was reactivated in February 2011. The last date for receipt of an election notice for participation in the DRP is 1 September 2015. The issue price is the arithmetic average of the daily volume weighted average price of Lend Lease stapled securities traded (on the Australian Securities Exchange) for the period of five consecutive business days immediately following the record date for determining entitlements to distribution. If that price is less than 50 cents, the issue price will be 50 cents. Stapled securities issued under the DRP rank equally with all other stapled securities on issue.

**c. Terms and Conditions**

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

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

### 14. Liquidity Risk Exposure

Further information on Liquidity Risk is disclosed in Note 18 'Financial Risk Management'. As disclosed in Note 20 'Contingent Liabilities' in certain circumstances the Trust guarantees the performance of particular Stapled Group entities in respect of their obligations including bonding and bank guarantees. Issued bank guarantees have cash collateralisation requirements if the bank guarantee facility is not renewed by the provider. At 30 June 2015, the Group does not anticipate a significant liquidity risk in relation to these facilities in the next 12 months.

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

| | Note | Carrying Amount A$'000 | Contractual Cash Flows A$'000 | Less than One Year A$'000 | One to Two Years A$'000 | Two to Five Years A$'000 | More than Five Years A$'000 |
|---|---|---|---|---|---|---|---|
| **June 2015** | | | | | | | |
| **Non Derivative Financial Liabilities** | | | | | | | |
| Trade and other payables | 17 | 191,695 | 191,695 | 191,695 | | | |
| Distributions payable | 1 | 23,968 | 23,968 | 23,968 | | | |
| **Total** | | **215,663** | **215,663** | **215,663** | – | – | – |
| **June 2014** | | | | | | | |
| **Non Derivative Financial Liabilities** | | | | | | | |
| Trade and other payables | 17 | 508 | 508 | 508 | | | |
| Distributions payable | 1 | 40,693 | 40,693 | 40,693 | | | |
| Borrowings and financing arrangements | 12 | 72,000 | 72,000 | 72,000 | | | |
| **Total** | | **113,201** | **113,201** | **113,201** | – | – | – |

Other contractually committed cash flows the Trust is exposed to are detailed in Note 15 'Commitments'.

# Notes to the Financial Statements continued

## Section C: Liquidity and Working Capital continued

### 15. Commitments[1]

| | June 2015 A$'000 | June 2014 A$'000 |
|---|---|---|
| At balance date, capital commitments existing in respect of interests in equity accounted investments in the financial statements are as follows: | | |
| Due within one year | 266,145 | 141,279 |
| Due between one and five years | 236,655 | 96,621 |
| | **502,800** | **237,900** |

1 The commitments outlined in this note do not include the commitments of the material joint ventures and associates (refer to Note 8 'Equity Accounted Investments')

### 16. Loans and Receivables

**Accounting Policies**

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

| Financial Disclosure | June 2015 A$'000 | June 2014 A$'000 |
|---|---|---|
| **Current** | | |
| Other receivables – external parties | 28,627 | 18,643 |
| Loan to related party | 205,000 | |
| **Total current** | **233,627** | **18,643** |
| **Non Current** | | |
| Other receivables – external parties | | 11,056 |
| **Total non current** | **–** | **11,056** |
| **Total loans and receivables** | **233,627** | **29,699** |

During the current year, a related party in the Lend Lease Group made a drawdown of A$205,000,000 on a non interest bearing Revolving Loan Facility entered into with the Trust. In accordance with the loan agreement, this loan is repayable in full on the maturity date being May 2016 or on such earlier date as the Trust determines.

The credit quality of all loans and receivables, including those neither past due nor impaired, is assessed and monitored on an ongoing basis. To determine the impairment provision for the financial year, the Trust considers how economic and market conditions will affect the creditworthiness of certain entities. There were no past due or impaired receivables for 30 June 2015 (June 2014: A$nil past due and A$nil impaired).

### 17. Trade and Other Payables

**Accounting Policies**

**Trade Creditors**
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group. Trade accounts payable are normally settled within 45 days.

Trade and other payables are carried at amortised cost using the effective interest method, which applies the interest rate that discounts estimated future cash outflows over the term of the trade and other payables. Cash flows relating to short term trade and other payables are not discounted if the effect of discounting is immaterial. The discount, if material, is then recognised as an expense over the remaining term.

| Financial Disclosure | June 2015 A$'000 | June 2014 A$'000 |
|---|---|---|
| **Current** | | |
| Other payables[1] | 191,250 | |
| Related parties | 445 | 508 |
| **Total trade and other payables** | **191,695** | **508** |

1 Represents first equity call for the Trust's investment in Lend Lease One International Towers Sydney Trust. Amount was paid in July 2015.

# Notes to the Financial Statements continued

## Section D: Risk Management

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

### 18. Financial Risk Management

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

| Risks Identified | Definition | Exposures | Management of Exposures |
|---|---|---|---|
| Credit | The risk that a counterparty will not be able to meet its obligations in respect of a financial instrument, resulting in a financial loss to the Trust | • Recoverability of loans and receivables<br>• Recoverability of other financial assets and cash deposits<br>• Further information on exposures is detailed in Note 18a 'Credit Risk Exposure' | • Policies in place so that customers and suppliers are appropriately credit assessed<br>• Treasury Policy sets out credit limits for each counterparty based on minimum investment-grade ratings |
| Liquidity | The risk of having insufficient funds to settle financial liabilities as and when they fall due | • Insufficient levels of committed credit facilities<br>• Settlement of financial liabilities<br>• Further information on exposures is detailed in Note 14 'Liquidity Risk Exposure' | • Maintaining sufficient levels of cash and committed credit facilities to meet financial commitments and working capital requirements<br>• Managing to funding portfolio benchmarks as outlined in the Treasury Policy<br>• Timely review and renewal of credit facilities |
| Interest Rate | The risk that the value of a financial instrument or cash flow associated with the instrument will fluctuate due to changes in market interest rates | • Financial assets, mainly cash at bank<br>• Financial liabilities, mainly borrowings and finance arrangements<br>• Further information on exposures is detailed in Note 18b 'Interest Rate Risk Exposure' | • Physical financial instruments<br>• Speculative trading is not permitted |
| Equity Price | The risk that the fair value of either a traded or non traded equity investment, derivative equity instrument, or a portfolio of such financial instruments, increases or decreases in the future | • All traded and/or non traded financial instruments measured at fair value | • Material investments within the portfolio are managed on an individual basis. The Group's portfolio is monitored closely as part of capital recycling initiatives |

# Notes to the Financial Statements continued

## Section D: Risk Management continued

### 18. Financial Risk Management continued

**a. Credit Risk Exposure**

- The maximum exposure to credit risk at balance date on financial instruments recognised in the Statement of Financial Position (excluding investments of the Trust) equals the carrying amount.
- Refer to Note 16 'Loans and Receivables' for information relating to impairment on loans and receivables. No provision for doubtful debts has been raised as no impairment has been identified.

**b. Interest Rate Risk Exposure**

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

| | | CARRYING AMOUNT | |
|---|---|---|---|
| | Note | June 2015 A$'000 | June 2014 A$'000 |
| **Variable Rate Instruments** | | | |
| Cash and cash equivalents | 10 | **330,995** | **48,295** |

**Sensitivity Analysis**

At 30 June 2015 it is estimated that an increase of one percentage point in interest rates would have increased the Trust's profit after tax by A$3,310,000 (June 2014: A$837,000). A one percentage point decrease in interest rates would have an equal opposite effect on equity and profit after tax. The increase or decrease in interest income/expense is proportional to the increase or decrease in interest rates.

### 19. Fair Value Measurement

**Accounting Policies**

The accounting policies for financial instruments held at fair value are included in Note 9 'Other Financial Assets'.

Management consider the valuation of the financial instruments to be an area of estimation uncertainty. While this represents the best estimation of fair value at the reporting date, the fair values may differ if there is volatility in market prices.

**a. Basis of Determining Fair Value**

The determination of fair values of financial assets and liabilities that are not measured at cost or amortised cost in the annual financial report are summarised as follows.

- The fair value of unlisted investments is determined based on an assessment of the underlying net assets, future maintainable earnings and any special circumstances pertaining to the particular investment; and
- The fair value of unlisted investments in property funds has been determined by reference to the fair value of the underlying properties, which are valued by independent appraisers.

**b. Fair Value Measurements**

The table below analyses financial assets and liabilities carried at fair value, by valuation method. The different levels have been defined as follows:

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

| | | CARRYING AMOUNT | | | |
|---|---|---|---|---|---|
| | Note | Level 1 A$'000 | Level 2 A$'000 | Level 3 A$'000 | Total A$'000 |
| **June 2015** | | | | | |
| **Financial Assets** | | | | | |
| Fair value through profit or loss – unlisted equity investments | 9 | | | 244,921 | 244,921 |
| | | **–** | **–** | **244,921** | **244,921** |

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

# Notes to the Financial Statements continued

## Section D: Risk Management continued

### 19. Fair Value Measurement continued

**b. Fair Value Measurements continued**

| | | CARRYING AMOUNT | | | |
|---|---|---|---|---|---|
| | Note | Level 1 A$'000 | Level 2 A$'000 | Level 3 A$'000 | Total A$'000 |
| **June 2014** | | | | | |
| **Financial Assets** | | | | | |
| Fair value through profit or loss – unlisted equity investments | 9 | | | 467,555 | 467,555 |
| | | – | – | **467,555** | **467,555** |

**c. Fair Value Reconciliation**

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

| | June 2015 Unlisted Equity Investments A$'000 | June 2014 Unlisted Equity Investments A$'000 |
|---|---|---|
| Carrying amount at beginning of financial year | 467,555 | |
| (Disposals)/additions | (239,623) | 464,059 |
| Gains recognised in Statement of Comprehensive Income – revenue and other income | 16,989 | 3,496 |
| **Carrying amount at end of financial year** | **244,921** | **467,555** |

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

### 20. Contingent Liabilities

The Trust has the following contingent liabilities:

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

The Trust does not have any other contingent liabilities at 30 June 2015.

## Section E: Other Notes

### 21. Related Party Information

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

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

As at 30 June 2015, A$438,000 (June 2014: A$768,000) was charged to the Trust, the amount owed to the Responsible Entity was A$nil (June 2014: A$nil).

**Other Related Party Transactions**
The Trust received other income of A$1,525,000 from the Company (June 2014: A$1,082,000).

# Notes to the Financial Statements continued

## Section F: Other Notes continued

### 22. Impact of New and Revised Accounting Standards

**New and Revised Accounting Standards Adopted 1 July 2014**

The table below represents new and revised accounting standards, together with consequential amendments relevant to the Trust's results at 30 June 2015.

| Accounting Standard | Requirement | Impacts for the year ended 30 June 2015 |
|---|---|---|
| *AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities* | AASB 2013-5 provides an exemption from consolidation of subsidiaries under AASB 10 for entities that meet the definition of an 'investment entity', such as certain investment funds. Instead, such entities would measure their investment in particular subsidiaries at fair value through profit or loss.<br>This amendment has been applied with retrospective application. | As a result of adopting the amendments, there has been no impact on the Trust's financial statements. |

**New Accounting Standards and Interpretations Not Yet Adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for the financial year ended 30 June 2015 but are available for early adoption and have not been applied in preparing this report.

| Accounting Standard | Requirement | Impact on Financial Statements |
|---|---|---|
| AASB 9 *Financial Instruments* and consequential amendments | AASB 9 addresses the classification, measurement and derecognition of financial assets, financial liabilities, and hedging.<br>The standard becomes mandatory for the June 2019 financial year, and will be applied prospectively. | Based on the preliminary analysis performed, AASB 9 and consequential amendments are not expected to have a material impact on the Trust. |
| *AASB 15 Revenue from Contracts with Customers* and consequential amendments | AASB 15 provides a new five step model for recognising revenue earned from a contract with a customer and will replace the existing AASB 118 *Revenue*.<br>The standard becomes mandatory for the June 2019 financial year and will be applied retrospectively. | Based on the preliminary analysis performed, AASB 15 and consequential amendments are not expected to have a material impact on the Trust. |

### 23. Other Significant Accounting Policies

**a. Income Tax**

Under current Australian income tax legislation the Trust is not liable for income tax, including capital gains tax, to the extent that unitholders are presently entitled to the taxable income of the Trust.

**b. Goods and Services Tax**

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

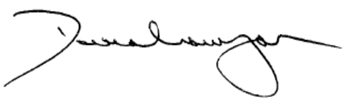
Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office ('ATO') is included as a current asset or liability in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows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

# Directors' Declaration

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

1. The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
   a. Giving a true and fair view of the financial position of the Trust as at 30 June 2015 and of its performance for the financial year ended on that date; and
   b. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in the Basis of Preparation.
3. There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.
4. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2015.

Signed in accordance with a resolution of the Directors:



**D A Crawford, AO**
Chairman

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

Sydney, 24 August 2015

KPMG

## Independent auditor's report to the members of Lend Lease Trust

## Report on the financial report

We have audited the accompanying financial report of Lend Lease Trust (the Trust), which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 23 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

*Directors' responsibility for the financial report*

The directors of Lend Lease Responsible Entity Limited (the Responsible Entity of the Trust) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In the Basis of Preparation, the directors of the Responsible Entity also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

*Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Trust's financial position, and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence*

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

*Auditor's opinion*

In our opinion:

(a) the financial report of Lend Lease Trust is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Trust's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

(b) the financial report also complies with International Financial Reporting Standards as disclosed in the Basis of Preparation.

KPMG

KPMG

S J Marshall
*Partner*

Sydney

24 August 2015