

14 August 2023

## Lendlease Group 2023 Annual Report

Lendlease Group today announced its results for the year ended 30 June 2023. Attached is the 2023 Annual Report, including:

- Directors' Report
- Remuneration Report
- Financial Statements

**ENDS**

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***Authorised for lodgement by the Lendlease Group Disclosure Committee***

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# Create

Lendlease  
Annual Report  
2023

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Front cover:  
**Sydney**  
Barangaroo  
This page:  
**London**  
21 Moorfields  
Artist's impression

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All financial amounts in this report are in Australian dollars unless otherwise specified.

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Incorporated in NSW Australia

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# About this report

The 2023 Lendlease Annual Report has been prepared with reference to the International Integrated Reporting Framework that encourages businesses to consider what creates value for them and how this value contributes to long-term sustainable returns for securityholders.

## Materiality

A matter is considered material if senior management and those charged with governance believe it could significantly impact the value created and delivered in the short, medium and long-term. We identify and capture material matters in the following ways:

- Project Control Groups (PCGs), which include key internal stakeholders and represent the governance structure for overseeing the completion of the Annual Report
- Capturing feedback from key external stakeholders including securityholders, analysts and other relevant groups
- Engagement with the Board
- Confirming the strategy is consistent and relevant

The outcome of these processes are the material issues noted on pages 28 and 29 in Managing and Measuring Value and in Our Business on pages 12 to 15.

## Directors' Report and Operating and Financial Review (OFR)

The required elements of the Directors' Report, including the OFR, are featured on pages 4 to 98 of this Report and include the sections: Year in Review; Our Business; Create; Our Focus Areas; Risk and Climate-related resilience; Performance and Outlook; and Governance.

The OFR is covered specifically on pages 4 to 57. All non-financial metrics included in the Directors' Report on pages 4 to 49 have been verified through Lendlease's internal verification process.

The Remuneration Report on pages 72 to 94 and the Financial Statements on pages 99 to 167 have been audited by KPMG.

## Reporting suite

Our reporting suite provides information about the organisation and its key financial and operational achievements and includes:

- The Annual Report**  
Information about Lendlease, our strategy, integrated financial and operational performance, corporate governance, Directors' Report, Remuneration Report and Financial Statements.
- Biannual Results Presentation**  
The current reporting period's financial results, detailed segment information, investment portfolio, major urban projects and pipeline.
- [www.lendlease.com](http://www.lendlease.com)**  
Additional information on sustainability reporting, corporate governance, tax compliance and historical financial information.

## Our focus areas

Five focus areas underpin our ability to create safe, resilient, economic and sustainable outcomes. Our success is measured by the value we create in these areas. Icons linking our activities to this value creation are used throughout this Report.



### Health and Safety

Everyone has the right to go home safely. We remain committed to the health and safety of our people, and all those who interact with a Lendlease place.



### Financial

A strong balance sheet and access to third-party capital enables us to fund the execution of our pipeline and deliver quality earnings for our securityholders.



### Our Customers

Understanding our customers and their evolving needs is critical as we partner, collaborate and innovate to create places people love.



### Our People

Our people bring Lendlease, our purpose and our culture to life. Creating places where communities thrive.



### Sustainability

Sustainability is core to our planning and clear in our outcomes. We have a proud history of giving emphasis to environmental, social and economic impacts.

## Acknowledgement of Country

We acknowledge the Traditional Custodians of the land and pay our respect to them and their Elders past and present.

As a business that works across many locations, we have a responsibility to listen, learn and walk alongside First Nations peoples so that our activities support their ongoing connection to their lands, waters, cultures, languages and traditions.

We value their custodianship of 65,000 years.

Lendlease's global headquarters are in Australia where our Reconciliation Action Plan (RAP) commits us to Acknowledging Country. The RAP is one way we demonstrate our operational performance on human rights, and specifically the rights of First Nations peoples.

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Kerkar Kus Dance Team of Erub Island perform under Mermer Waiskeder: *Stories of the Moving Tide* in Barangaroo.

# Year in Review

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Sydney  
One Circular Quay  
Artist's impression

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# Chairman's Report

This year we moved into the Create phase of the Group's five-year *Reset, Create, Thrive* strategic roadmap, and I am pleased to report strong progress in our turnaround, which saw Lendlease continue its transition from a Development-led to an Investments-led organisation.

However, a combination of the difficult market environment, provisions relating to activities from prior periods, and the industry-wide retrospective action taken by the UK Government to extend the warranty period for completed residential buildings to 30 years, resulted in a substantial Statutory loss and a modest core operating profit.

A stable full year distribution and dividend payment of 16 cents per security reflects a payout ratio of 43 per cent on core operating earnings.

## Strategic direction

The Board is confident Lendlease now has the right strategy in place to drive future value for our securityholders, via the delivery of sustainable, recurring earnings. This will be achieved through growth in funds management income, leveraging both our development pipeline and our capital transaction capabilities to grow funds under management.

Growing the Investments platform; accelerating the realisation of our development pipeline in a profitable, more capital-efficient manner; and a continued focus on operational efficiency, are key elements of the strategic road map.

Though markets remain challenging given geopolitical events and changed monetary policy settings, much has been achieved, including deployment of funds into new products, continuing to scale our development pipeline with our capital partners through project acquisition, maintaining discipline and execution excellence in our Construction business in the face of inflationary and global supply chain pressures, and continued progress across important sustainability targets.

Under Tony's leadership, the senior executive team has been renewed, and the organisation focused on executing our strategy and business simplification. This includes continuing to pursue capital recycling initiatives to support business growth and maintain prudent gearing.

While market conditions continue to provide headwinds, the Board remains focused on positioning the business to take advantage of opportunities as market conditions improve.

This includes investing in the right capability to drive outcomes in the Investments business; investigating pathways to accelerate the realisation of value and capital in the Development business; and improving risk reward outcomes in the Construction business.

Following material cost reductions delivered in FY22, additional cost initiatives were announced post balance date to further improve efficiency and securityholder returns. The full benefit of these cost savings is expected to be realised in future years and importantly, these cost savings do not impact our ability to deliver the FY26 roadmap, including execution of the development pipeline and growth in Investments.

## Health and Safety

The health and safety of our people, our subcontractors and those who interact with the places we create and manage is our highest priority, with the welfare of our people being one of the founding principles of Lendlease.

Across all our operations where Lendlease was responsible for the operational control of health and safety outcomes, there were no fatalities recorded in FY23. For projects where work was not under our operational control, there was a fatality of a subcontract worker on the 1 Java Street project in New York. We extend our sincerest condolences to the family and colleagues of the man who lost his life.

Incidents such as this are a sombre reminder of the emphasis we must place on safety, as well as the ongoing support we must offer to our supply chain partners to improve safety performance.

Our overall safety performance demonstrated continued improvement across a number of key safety metrics.

Our health and safety focus has also been expanded to incorporate Physical, Product, and Psychological safety at all stages of the property lifecycle, from investment decisions to operations and maintenance.

## Board renewal

We continued to renew the Board with the appointment of Margaret Lui as a Non Executive Director in 2022. Margaret is based in Singapore and brings extensive international investment management experience to the Board, which aligns with the Group's Investments-led strategy.

Margaret will stand for election at the 2023 Annual General Meeting, along with Phil Coffey, Elizabeth Proust and Robert Welanetz, who will each be standing for re-election.



>10%

Compound annual FUM growth since FY21



~\$23b

Work in Progress, accelerating delivery



Though global markets remain challenging, the Board is focused on positioning the business to take advantage of opportunities as market conditions improve.

The Board continues to be actively engaged with each of the business segments and regions, and has met regularly throughout FY23 to refine the Group's strategic direction in light of market developments and to oversee its execution.

The Board remains committed to appointing directors with deep industry experience in our core segments of Investments, Development and Construction and expects to appoint an additional Non Executive Director based in Europe in FY24.

### Sustainability

Our purpose statement, creating places where communities thrive, is core to each business segment and our long-term strategy for shared value creation and sustainable performance.

Living our purpose means we help to create the best places for our customers and the communities we serve, inspire our people, preserve our culture, and deliver sustainable growth for our securityholders.

Our leadership position on environmental sustainability is something we are extremely proud of.

We are striving to eliminate the use of fossil fuels across our business while also

playing a leadership role in transforming the real estate sector.

To that end, we were pleased to receive validation from the Science Based Targets initiative that our carbon reduction targets are aligned with a 1.5 degree trajectory. As we work towards fossil fuel-free construction, we are increasing our use of electric construction equipment and using renewable diesel as a transition fuel where available. Funding support was secured from the New York State Energy Research and Development Authority for the geothermal heat exchange system at 1 Java Street, an all-electric building and the largest geothermal residential system in New York State.

Since launching our \$250m social value target in 2020, we have created more than \$180m of social value through the work of our shared value partnerships. These partnerships focus on creating measurable social value by addressing the needs of communities.

We continued to action commitments to First Nations peoples detailed in our Elevate Reconciliation Action Plan. The prioritisation of First Nations voices, language and culture is redefining our

approach to placemaking and is integral to our purpose.

We support a constitutionally enshrined Voice as we believe this is essential to facilitate genuine reconciliation.

### Looking to the future

While the external market challenges of the past year have tempered performance, the business has continued to execute the elements of the strategy over which it has control and has a clear pathway to achieve its FY26 goals.

The Board will continue to closely monitor external risks, while maintaining focus on further simplification, rebalancing the portfolio toward higher returning investments and generating sustainable earnings for securityholders.

I would like to thank my Board colleagues and the entire Lendlease team for their ongoing dedication to reposition the organisation for sustainable future growth.

*Michael Ullmer*

**M J Ullmer, AO**  
Chairman

# Global Chief Executive Officer's Report

When I took the role as Lendlease CEO two years ago, I accepted the challenge of transforming our company into one that not only delivered outstanding environmental and social outcomes, but sustainable financial returns as well.

Despite a cascade of market challenges, including the recent instability from inflationary and interest rate pressures and the residual impacts of the pandemic on our industry, we have taken steps in the past 12 months to set the company up to deliver more sustainable returns to securityholders.

We made significant strides in delivering against our five-year turnaround plan *Reset, Create, Thrive*. We continued to grow our funds under management (FUM) to generate more reliable and recurring income. We sharpened our focus on development projects in our pipeline that support our FUM growth. And we rightsized our construction workbook around projects that carry less risk and generate more predictable returns.

In parallel, we continued to refine the way we work in order to be more productive as a business and efficient in the way we operate. This 'always on' program is helping us progressively lower our cost base while redirecting our global workforce to those activities that deliver the highest value for securityholders.

However, our financial results for the year were negatively impacted by provisions against prior projects and receivables primarily in our international operations, and this is extremely disappointing. The actions we are taking to transform Lendlease aim to reduce these impacts and instead create earnings certainty for our securityholders.

## Accelerating funds growth

We successfully grew FUM by nine per cent during the period to \$48.3b despite challenging market conditions. Our investment partners remained engaged across our portfolio of opportunities including build-to-rent (BTR) and sustainable office. In addition, we made good progress in building our Investments platform through new hires.

We began to acquire new opportunities in the marketplace including 21 Moorfields in London, and acquired assets for our

recently created value-add Real Estate Partners 4 fund.

Our global BTR funds under management grew to more than \$3b. We also launched our first BTR projects in Australia. Given our strong international capability in this asset class, which is set to experience sustained growth given housing shortages in many of the cities in which we operate, we're ideally positioned to maximise the value of the \$28b of BTR product in our global development pipeline.

## Scaling development

Our development pipeline is \$124b. Translating this pipeline into active projects provides earnings visibility into future years. This drives our strategic focus to only commence projects with an appropriate risk profile.

We commenced \$7.7b of projects alongside our investment partners, including large superannuation funds. These commencements take our work in progress to \$22.9b at year end and provide the ideal platform as markets recover.

During the year we completed \$3.6b of projects, including Salesforce Tower at Circular Quay, and Blue and William at North Sydney, to meet continued demand for well appointed, sustainable offices – a key asset class where customers demand best in class.

Significant work was done to replenish our development pipeline in Australia where we won the privilege to create the iconic \$3.1b Sydney Harbour project, One Circular Quay. We were also announced as preferred developer for the historic and much-loved Queen Victoria Market precinct on behalf of the City of Melbourne.

## Executing with excellence

In FY22 we simplified our operating model and management structure, removing more than \$170m in operating expense in the *Reset* phase of our turnaround plan. This disciplined cost reduction approach was sustained through FY23. We are undertaking additional operational changes to further focus resources behind activities which generate the highest sustainable returns. We expect our current actions will generate cost savings pre tax of more

than \$150m per annum, with c.\$60m expected to be realised in FY24.

A disciplined approach to cost management is especially important in the Construction segment where a recent spate of insolvencies demonstrates the risk inherent in this traditionally low margin segment. To improve profitability and reduce future risk, we've made the decision to no longer undertake certain types of work, for example residential build to sell, and remain selective in our customer portfolio.

Our Construction business has a product-focused backlog of c.\$8.7b and is well positioned for FY24 with a renewed focus on risk adjusted returns. The business remains a key component and differentiator of our integrated model, contributing to the origination and delivery of our urban projects.

## Investing in our people

We commenced a reduction of our global workforce to better reflect the resources required for the work we do. But we haven't reduced our focus on developing our people, significantly investing in their career development and learning, and backing our leaders to be more impactful and inclusive. Pleasingly, our employee engagement increased versus a declining global average. In more than half of our operating locations, our teams recorded engagement levels above external country benchmarks.

Driving further engagement is a key operating principle across my leadership team. While we still have more to do, I'm confident the engagement of our people will continue to build during the *Create* phase of our turnaround and as we move towards *Thrive*.

## Progressing our Sustainability targets

Operating sustainably forms a core part of our DNA. It's also fundamental to how we do business – whether investing, developing or building. Further, our global sustainability leadership helps us attract investment partners and tenants, contributes to our investment performance, provides a competitive advantage, and helps us attract and retain talent.



I firmly believe we have the right strategy in place to deliver on our purpose and provide a sustainable improvement in returns to securityholders.

Our industry-leading Mission Zero targets aim to lead the transformation of the sectors in which we operate. To that end, we are firmly on track to achieve our Net Zero carbon by 2025 target for Scope 1 and 2 emissions.

And we have increased our engagement with industry associations and our supply chain, advocating for rapid decarbonisation, as we know industry collaboration will be crucial if we're to achieve our absolute zero carbon by 2040 target for Scope 1, 2 and 3 emissions.

#### Financial and operating performance

Disappointingly, Lendlease reported a Statutory Loss after Tax of \$232m, driven by non-cash losses in relation to industry-wide retrospective UK Government action on UK residential buildings and lower property valuations in the Investments segment.

Core operating profit of \$257m was down from \$276m in the prior year with improved Development earnings more than offset by lower contributions from Investments and Construction.

Consistent with our ongoing focus to maintain balance sheet flexibility, we completed several transactions including further monetising our US Military

Housing Asset Management income stream, completing \$0.6b in PLLACes transactions on residential towers at Barangaroo, conducting a partial bond buyback and introducing a majority capital partner for the One Circular Quay development.

In addition, a number of capital recycling initiatives are currently being explored, including the potential introduction of a capital partner for our Australian Communities and China senior living businesses, as well as the divestment of our remaining 25.1 per cent interest in the Australian retirement living business.

#### Outlook

I firmly believe we have the right strategy in place to deliver on our purpose and provide a sustainable improvement in returns to securityholders.

I'm confident we are on track to achieve our core FY24 target of an 8–10 per cent Return on Equity, albeit at the low end of the range. We're also committed to targeting annual completions of \$8b and growing FUM to \$70b by FY26, providing it remains prudent to do so.

In closing, I'd like to thank our securityholders for their insight, feedback and understanding throughout the year as we executed our plan to transform

Lendlease. I extend my sincere thanks to our investment and project partners for choosing to invest and work alongside Lendlease. I also recognise the critical role our supply chain partners have played, and continue to play, in the cost efficient delivery of our projects.

We are a business that is absolutely responding; in our transformation to be a sustainable and high-performing company for our securityholders, to the opportunities presented in the real estate sector for our partners and customers, and to the state of our planet and climate change.

This is only possible because we have an enthusiastic global team of people who are highly knowledgeable and rising to the challenges we are facing, and have consistently strived during the past 12 months to create an improved Lendlease.

**Tony Lombardo**  
Global Chief Executive Officer

# FY23 Snapshot

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Sydney  
Salesforce Tower,  
Sydney Place



(\$232m)

Statutory  
loss after tax



\$257m

Core operating profit  
after tax



Stable

financial position,  
gearing 14.8%



\$48.3b

Funds  
under management  
(up 9%)<sup>1</sup>



\$22.9b

Development Work  
in Progress  
(up 24%)<sup>1</sup>



\$8.7b

External construction  
backlog revenue  
(down 17%)<sup>1</sup>



Three funds

ranked in the GRESB<sup>2</sup>  
Global Top 10



>190m

customer  
interactions



Continued focus

on key safety metrics



\$1.3b

Portfolio divestments  
since FY22



>\$60b

Investment grade pipeline



Increase

in global  
people engagement

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1. Comparative period the year ended 30 June 2022.  
2. Global Real Estate Sustainability Benchmark 2022.

# Our Business

Lendlease is transitioning to be an Investments-led real estate group, leveraging market-leading investment management and asset creation skills with proven expertise in shaping cities and creating strong and connected communities.

We manage funds and assets for some of the world's largest real estate investors, and for more than 60 years, we have created thriving places. We work with purpose to design, build and curate places that people care about and want to be in.

Our vision for the future of the urban landscape is tied to our purpose as an organisation: *We create places where communities thrive.*

In partnership with stakeholders, we aim to create social, environmental, and economic value for cities and their communities. We have a proud legacy of creating award-winning urban precincts as well as being entrusted with delivering essential civic and social infrastructure.

Guiding our behaviours and underpinning our Code of Conduct are our core values.

Respect  
Innovation  
Excellence

Integrity  
Collaboration  
Trust





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# Operating segments



We leverage our integrated business model of Investments, Development and Construction, to manage and create mixed-use precincts, communities, civic and social infrastructure.

## Investments

The segment comprises investment and asset management platforms and the Group's real estate investment portfolio.

### Capability

For decades we have managed funds and assets for some of the world's largest real estate investors.

Our expertise spans unlisted and listed property funds and mandates. We offer investment capability supported by active asset management and leadership in sustainability. Our competitive edge lies in the opportunities we provide to investment partners in accessing the diverse, high-quality product created through our integrated model and our capacity to assess on-market opportunities at any stage of a project lifecycle.

Our development pipeline will provide a key source of growth for the Investments segment. This will be supplemented by pursuing other market opportunities with our investment partners.

### Platform

- \$48.3b funds under management
- \$32.8b assets under management
- \$3.9b investment portfolio

## Development

The segment is predominantly focused on the creation of mixed-use precincts comprising build-to-rent and for-sale apartments and sustainable workplaces. The Group also develops outer suburban masterplanned communities.

### Capability

We manage the entire development process – from securing land or management rights, achieving entitlements through planning approvals, creating masterplans and consulting with communities and authorities, through to project management, sales and leasing.

Placemaking is core to our strategy and competitive position. We create places that resonate with people and contribute to the quality and liveability of our cities by working in partnership with governments, institutions, landowners, investors and the community.

### Platform

- \$124.3b development pipeline
- 21 major urban projects in nine global gateway cities
- 16 Communities projects in Australia

## Construction

The segment provides project management, design and construction services, predominantly in the commercial, defence and social infrastructure sectors.

### Capability

Our capability is showcased in the places and structures we create, including workplaces for some of the world's largest organisations, hospitals and other buildings of civic and social importance.

Ongoing investment in innovation and technology aims to improve our safety, sustainability and efficiency.

Our Construction business also typically designs and delivers the built form for our urban projects which is captured within our Development segment earnings.

### Platform

- \$8.7b external backlog revenue
- Key sectors: defence; commercial; social infrastructure
- 62 per cent of backlog revenue for government clients
- \$4.3b internal backlog revenue supporting Development

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## Investments



\$48b

Funds  
under management  
(up 9%)



\$33b

Assets  
under management  
(up 9%)



\$3.9b

Investment portfolio  
(up 13%)

## Development



\$23b

Work in progress  
(up 24%)



\$3.6b

Completions  
(up 44%)



\$124b

Development pipeline  
(up 6%)

## Construction



\$7.2b

Revenue  
(up 9%)



\$4.7b

New work secured  
(down 11%)



\$8.7b

Backlog revenue  
(down 17%)

# Create

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Sydney  
Powerhouse Parramatta  
Artist's impression



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# Transition to an Investments-led business

Our strategy is to become an Investments-led business, leveraging a deep development pipeline and exploring new investment products that meet our customers' investment needs.

## Building scale in funds under management (FUM)

Our Investments platform, which currently sits at \$48.3b of FUM, provides a strong foundation to build global scale. We have decades of experience managing real estate assets, with our expertise spanning multiple asset classes and geographies.

We have a target of growing FUM to more than \$70b by FY26, and in doing so, moving towards a higher proportion of recurring and annuity earnings.

Our \$124b development pipeline will continue to deliver seed assets to grow the Investments business, supplemented by expansion into new products, such as value-add strategies.

Our direct Investments portfolio is currently valued at \$3.9b and includes co-investment positions in our managed funds and equity interests in our Retirement Living and Military Housing businesses. The portfolio is diversified across the workplace, residential, retail, retirement and industrial sectors.

We have invested meaningfully in our Investments team and platform and are in the process of scaling up the business in offshore jurisdictions, particularly in the UK and the Americas.

We remain focused on driving best-in-class performance for our investment partners globally. This includes accessing compelling investment opportunities, producing leading ESG performance and optimising investment returns.



## Asset creation opportunities

Our develop to core products, derived from our development pipeline, are expected to be a key source of FUM growth. More than 50 per cent of the development pipeline comprises investment yielding assets, including build-to-rent (residential) and A-grade workplaces, which we anticipate will be key future growth sectors.

### Workplace (including Life Sciences and Innovation Districts)

Our global workplace portfolio is our largest contributor to FUM, comprising approximately \$27b in largely established assets that are 94 per cent leased.

We believe there is opportunity for FUM growth in this sector across our target gateway cities. The workplace is essential for businesses to continue to build and create culture and identity and remains fundamental to collaboration and business success. The past year has seen an increase in employees returning to workplaces and we expect this trend to continue given the benefits of working in amenity rich environments which drive productivity, collaboration and innovation.

Our \$124b development pipeline includes approximately \$28b in workplace assets, with more than \$4b of future secured workplace FUM currently in delivery.

This includes:

- Melbourne Quarter Tower
- Victoria Cross Over Station development, North Sydney
- 60 Guest Street, Boston

During the year, two workplace developments were completed and are now contributing to FUM, and will continue to mature as they become established assets.

- Salesforce Tower, Sydney Place
- Blue and William, North Sydney

**Build-to-rent (residential)**

The build-to-rent residential asset class has strong growth potential. Institutional capital has significant interest in this product, driven by housing affordability constraints, an undersupply of affordable housing, strong migration tailwinds and supportive government initiatives.

We completed our first build-to-rent development in 2019 and now have more than \$3b in FUM across the Americas and the UK. Our development pipeline includes a further c.23,000 apartments for rent, from \$28b of potential institutional product.

We are now applying our strong integrated offshore capabilities to Australia, this year launching two projects in Brisbane and Melbourne.

In Brisbane we partnered with QuadReal to deliver 443 apartments at the Brisbane Showgrounds precinct, while in Melbourne we partnered with Daiwa House to develop 797 apartments at our Melbourne Quarter precinct. Both projects are set to provide residents with a high-quality, long-term alternative to the traditional apartment rental market and will include premium amenities and communal spaces.

**Retail**

Retail is presently our second largest asset class representing approximately 25 per cent of FUM, with an established capability of developing and managing retail assets. Our current portfolio is geographically skewed to the Asia Pacific region, with growth in recent years across Singapore and Malaysia.

Going forward, retail is expected to represent a smaller proportion of our portfolio given the growth we are targeting in other asset classes.

**Data Centres and Industrial**

We see data centres as a key growth area, particularly across Asia, which is well supported by institutional capital partners. Phase One of our data centre in Tokyo, which is 100 per cent pre-leased, with an end value of \$0.4b, is due to complete in FY24.

**Social Infrastructure and Other**

We have a strong track record in Social Infrastructure development through our integrated business model and strong financing capability, leveraged through our established public private partnership (PPP) business, Capella. Through this and other channels, we expect to source further opportunities in this sector.



**\$48.3b**

Funds  
under management  
up 9%

**On-market opportunities**

Against a challenging market and macro environment, progress was made in growing FUM via external opportunities through the launch of new partnerships and the acquisition of new products.

**21 Moorfields**

With the support of two investment partners, including NSW TCorp and a key Asian institutional investor, we acquired 21 Moorfields in London. The A-grade workplace development, located above Moorgate Station, is 100 per cent leased on a 25-year term to Deutsche Bank. It is now contributing \$1.4b in FUM and assets under management (AUM), which will become fully established and yielding in FY24.

**Real Estate Partners 4**

Our value-add Real Estate Partners 4 fund, which was launched in FY22, acquired four commercial assets in Melbourne, Brisbane and Perth, with Lendlease co-investing. Utilising our deep office sector expertise, this fund aims to reposition older assets for future tenant demand. This includes refurbishment to increase sustainability performance and rating and improving the tenant mix.

**Appetite for global real estate**

The top 100 global real estate investors control approximately \$1.7t in real estate assets.<sup>1</sup> We have relationships with a large number of them and continue to build out access to European, North American and Asian capital pools which have historically been underrepresented on our Investments platform. While capital partners remain cautious with respect to new investments and markets, given the uncertain market backdrop for rates and global growth, capital remains active in certain sectors, such as build-to-rent and life sciences, where global appetite is driven by strong underlying fundamentals.

Lendlease's integrated capability, track record and extensive development pipeline in these areas should support growth in capital partnering.

Our focus on safety and creating innovative and sustainable product, whilst driving investment returns, is also a key differentiator.

**Assets under management**

Our asset management business has more than \$32b under management across the key asset classes of retail (\$11.7b), residential (\$15.9b) and workplace (\$5.2b). This business is complementary to FUM earnings, also deriving an annuity-style income stream from the management of real assets for our capital partners.

During FY23, we took steps to rebalance the residential portfolio, with further sales of 34 per cent of the Military Housing asset management income stream to an existing financial partner. The sales realised proceeds of \$0.2b and allow for the redeployment of capital into higher growth opportunities, with Lendlease retaining 38 per cent ownership of the income stream and 100 per cent ownership of development and construction management rights.

**Leading sustainability targets and credentials**

Sustainable real estate attracts capital partners and quality tenants, as well as contributing to investment performance and our competitive edge.

Our industry-leading Mission Zero targets aim to lead the transformation of the real estate industry, focusing on the elimination of carbon emissions, not just reduction or offsetting.

We maintain a leading position across ESG assessments and benchmarks, including GRESB<sup>2</sup> and WELL<sup>3</sup> certifications. Our recent achievements are highlighted on page 39 of this Report.



1. PERE: Global Investor 100, 2022: The full ranking.

2. Global Real Estate Sustainability Benchmark.

3. Third-party, performance-based rating system that measures the impact of the built environment on human health and wellbeing.

# Accelerating development

Accelerating our global development pipeline in a profitable and more capital efficient manner.

## A compelling product offering

Lendlease is a globally significant developer, with a pipeline of \$124b end value across selected international gateway cities. Our development capability is world-leading and enables us to realise our vision to create places where communities thrive.

Through the developments we design, build and manage, we create quality assets for our investors – delivering improved liveability and amenity, environmental sustainability, inclusion, affordability, connectedness, wellbeing and a sense of community.

Our development pipeline includes:

- **Build-to-rent (residential) \$28b:** helping to address housing affordability and supply constraints in key cities.
- **Build-to-sell (residential apartments) \$46b:** providing housing supply, including luxury waterfront.
- **Sustainable workplace and mixed use \$34b:** including innovation districts, life science, and select industrial and data centre developments.
- **Communities \$16b:** residential land development, supporting key population growth corridors in Australia.

## Delivering the pipeline

Our strategy includes the accelerated delivery of our large development pipeline, alongside our investment partners. The pipeline is categorised into three phases:

- **In Conversion:** earliest stage of development; initial planning phase (predominantly undertaken prior to land acquisition; capital light)
- **Master planned:** security of overall entitlements, development approvals obtained. This phase includes preparing individual construction approvals, and focuses on introducing capital partners, pre-leasing or pre-sales, design and procurement, as applicable
- **Work in Progress:** building and execution phase; undertaken alongside capital partners/investors.



Our focus on execution will see an acceleration of completed product, from \$3.6b in FY23 up to a target of more than \$8b per annum by FY24, subject to market conditions. This is expected to contribute to more consistent development fee earnings, improved return on invested capital (ROIC) and accelerated FUM growth for our Investments business.

### In Conversion

Close to half of the urban development pipeline, or \$50b, is In Conversion, with limited capital investment of \$0.3b.

Once master planning approval is received for a development, it progresses to the Master planned phase where final building approvals and co-investment are sought before progressing to WIP.

The timeframe to achieve master planning is typically up to three years from the date a project is secured. On smaller projects, the conversion period may be shorter.

### Master planned

Approximately \$51b of the pipeline has master plan approval, supported by total invested capital of \$2.3b<sup>1</sup>.

Achieving master planning provides Lendlease with an entitlement to develop, invest, sell down or proceed in phases, accelerate or pause development, or introduce co-investors/partners depending on prevailing market conditions and commercial priorities.

The ability to control the development pipeline and recycle capital provides balance sheet flexibility and optionality.

Excluding the Australian Communities business, the focus for this phase is on obtaining individual building consents, launching products to market via pre-sales or pre-leasing to de-risk execution, and working with our partners/investors to secure capital on specific projects or stages.

### Work in Progress (WIP)

Once a project begins construction, known as Commencement, it moves into active delivery, progressing to the WIP phase and through to completion. There is currently \$23b of WIP with \$3.5b of capital employed.

The Group is targeting through-the-cycle completions of \$8b annually and maintaining WIP at c.\$20b.

In FY23, 75 per cent of completions represented investment yielding assets.

Our development pipeline will continue to focus on delivery of investment yielding assets, supporting our FUM target of \$70b by FY26.

1. Includes c.\$0.9b of Lendlease capital to support the Communities business in Australia.

### Commencements

\$7.7b of product commenced, including:

- One Circular Quay, Sydney
- Habitat, Los Angeles (formerly La Cienega)
- Hayes Point, San Francisco

### Completions

\$3.6b of workplace and residential product was completed, including:

- Salesforce Tower, Sydney
- Blue and William, North Sydney
- City Lights Point, London
- Communities settlements

### Replenishing the pipeline

More than \$85b, or two-thirds of our pipeline is comprised of projects in Europe and the Americas.

Given the current weighting offshore, Lendlease is focused on execution of these projects, with origination focused on Australia and select Asian markets.

New origination will also seek to supplement the existing pipeline, through shorter-dated projects that complement the completions profile of the business.

#### One Circular Quay

During the year, we added One Circular Quay to our pipeline in Australia, a landmark, luxury development at the heart of Sydney's Circular Quay. The project comprises two towers including luxury residential apartments and a luxury hotel, expected to complete in FY27. For more information on One Circular Quay, please refer to page 24 of this Report.

#### Queen Victoria Market

We were announced as preferred developer for the Queen Victoria Market in Melbourne. The project has an estimated end development value of \$1.7b and, subject to approvals, will comprise a new landmark development of a sustainable workplace; build-to-rent apartments; student accommodation (alongside student accommodation partner Scape); and a large public park.



### Capital efficient, partnership approach

Our strategy to develop at scale will be facilitated by a more capital efficient development model. Invested capital of \$6.1b is targeted to reduce by FY26 through capital recycling initiatives, however, Lendlease's capital will work harder, across more projects, by introducing early-stage capital partners to share equity and debt commitments. Over time, this is expected to smooth development fee earnings and ROIC, by increasing the number and frequency of project completions, with a greater proportion of our development capital in production.

This will include a greater emphasis on joint venture partnerships and the early introduction of co investors, targeting a Lendlease economic interest of less than 50 per cent per project and providing opportunities for origination, development, performance and long-term funds management fees.

Commencements in FY23 alongside joint venture capital partners were:

- One Circular Quay, Sydney: 33% Lendlease
- Habitat, Los Angeles: 50% Lendlease



### Build-to-rent (BTR)

BTR assets are a highly sought after, investment-grade, asset class, supported by industry fundamentals of housing shortages, government policy, demographic change, city migration trends and investor appetite.

We have a long history of constructing these assets for clients in the Americas and completed our first BTR development in 2019. We now have more than \$3b in FUM across the UK and the Americas in BTR. Our development pipeline includes c.23,000 apartments, representing c.\$28b of potential product for our funds and asset management businesses.

We are now applying our strong offshore experience and capabilities to Australia, this year launching two projects in Brisbane and Melbourne. In Brisbane we are partnering with QuadReal to deliver 443 apartments, while in Melbourne we are partnering with Daiwa House to develop 797 apartments at our Melbourne Quarter precinct.

Opposite: **Los Angeles:** Habitat.  
Artist's impression.  
Above: **Sydney:** One Sydney Harbour

# Disciplined construction capability

Our construction capability plays an important role in our integrated model and in the delivery of superior outcomes for our customers.



We have a rich heritage of project management, design and construction excellence with leading risk, safety and sustainability credentials.

Our Construction strategy is to provide delivery excellence in support of our integrated development model and for our external government and corporate clients across target sectors.

A significant proportion of our customer base is repeat business which is a testament to being a trusted and strategic partner.

## More focused

Our strategy to become an Investments-led business, does not diminish the importance of Construction within our integrated model, although the growth of the Investments and Development segments is expected to see the target earnings contribution for Construction being reduced to approximately 10 per cent over time.

Our objective is to focus on risk-adjusted returns, maintain strong market knowledge and capability, and to maintain a steady external construction backlog of approximately \$10b. We will also continue to provide execution excellence and support through internal construction work and services of

c.\$4b, contributing to both Development earnings and execution.

We are targeting a more focused external portfolio which comprises:

- Government: with strong capability and track record in the defence sector
- Social infrastructure: including hospitals and key public assets
- Corporate: select projects such as workplace and life science

We are no longer originating residential work for external parties, as we pursue better risk adjusted opportunities in our external book. Also, only projects above \$150m in value will be originated, with limited exceptions.

Continuing our longstanding relationship with the Australian Department of Defence, we were chosen to build Canberra's National Security Office precinct. The precinct will provide permanent accommodation for up to 5,000 workers in national security and other Commonwealth agencies.

In Europe, we were awarded a place on the Ministry of Defence's Strategic Alliance Contract which will carry out improvements to the Defence Estate. Our first major project will be the construction of living and training facilities at the Imjin Barracks near Gloucester.

## Strategically significant

Our Construction capability remains a key component and differentiator of our integrated model and the delivery of major urban projects. Our experience in delivering large integrated global precincts such as Barangaroo South, Sydney, Elephant Park, London and Paya Lebar Quarter, Singapore, establishes Lendlease as a partner of choice.

This capability is also a key strategic advantage that is leveraged in origination, demonstrated by the Comcentre project win in Singapore, which was secured in FY22, and more recently the acquisition of 21 Moorfields in London and One Circular Quay in Sydney.

## Comcentre, Singapore

Responding to a highly competitive tender process from Singtel to transform its Comcentre headquarters into a \$3.3b sustainable workplace, Lendlease was the only non-Singaporean company in the process with four other parties.

Drawing on our integrated construction capabilities, including expertise in digital and ESG, we put forward a compelling proposal which incorporated a 'faster and smarter' buildable scheme. Consequently, we were awarded the project which, on completion in FY28, is anticipated to be a world-class sustainable workplace.

## 21 Moorfields, London

Our construction team was invaluable in supporting the recent acquisition of 21 Moorfields, a c.52,000sqm commercial office building in London. The asset, which was only part built by a third-party, was acquired by our Investments team, in conjunction with two capital partners.

The Construction business provided its expert opinion and risk assessment on the quality of the build, the general contractor and the subcontractors, as well as its view on the potential of the asset performance when completed. Our ability to draw on this expertise was critical in helping us execute this significant transaction alongside our capital partners.



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### One Circular Quay

For information about our One Circular Quay project, please refer to page 24 of this Report.

### Risk management

Our risk management starts with disciplined origination that incorporates thorough market assessments. Leveraging our market knowledge acquired through customer, contract and sector diversity, forms part of this origination strategy.

Prior to the commencement of construction, detailed project management plans are formed and a team with the optimal skill set for the project is chosen. Depending on the contract type, we then go into product design and cost planning.

The delivery phase comprises construction management, production and program controls, functional reviews and reporting. Post construction, a rigorous commissioning process is undertaken ahead of transitioning to the customer.

The approach for pricing and managing contract risk varies by jurisdiction. At face value, contracts are largely fixed price with the risk profile dependant on the quality of design resolution and the level of market coverage on the cost. In Australia, our high design management capability, and deep supplier relationships and buying power across the supply chain, provide high confidence in the price-setting process. In the UK and the Americas, contracts are typically more than 80 per cent procured before pricing contracts, providing high visibility on costs, while in Asia, projects are generally set on a cost-plus basis, with negligible pricing risk.



Our construction capability plays a critical role in the delivery of our urban projects.

### Partnership approach

Working collaboratively with our partners has been essential in mitigating supply chain risk and achieving our sustainability targets.

### Supply chain

The continued disruption caused by geopolitical uncertainty highlights the importance of the supply chain in the successful delivery of our projects.

Counteracting disruption by working directly with manufacturers and implementing agreements with strategic partners remains a key focus for the business.

Key areas include:

- Maintaining deep relationships with our suppliers to proactively manage risk
- Establishing the right trading partnerships to introduce low embodied carbon materials
- Building a more connected supply chain via the use of digital technologies

### Fossil fuel-free construction

In 2022, in collaboration with the University of Queensland, we published research into how to decarbonise the construction industry. The industry accounts for 23 per cent of global greenhouse gas emissions, with approximately 5.5 per cent directly caused by powering construction machinery, primarily through fossil fuels such as mineral diesel.

The research found that Australia must accelerate the electrification of construction machinery, as well as support the creation of a local renewable diesel market. Renewable diesel offers a transition fuel to the industry while it works on converting to electrification of construction equipment.

In collaboration with our partners, we've introduced the first renewable diesel to Australia and onto our project sites, which includes the NSW Government's Powerhouse Parramatta project.

All three cranes at the site are among the first in Australia to be powered by 100 per cent renewable diesel, reducing greenhouse gas emissions from the crane operations by up to 90 per cent, when compared with mineral diesel.

Opposite: **Kuala Lumpur:** TRX  
Above: Renewable diesel cranes, Powerhouse Parramatta

# One Circular Quay, Sydney

Harnessing the power of our integrated business model.



In combination, our three operating segments become powerful and, in our view, provide a sustainable competitive advantage

The competitive edge generated by our integrated business model of Investments, Development and Construction is realised in many ways, including:

- Deep expertise across every component of the real estate value chain
- Strong origination capability, leveraging urban regeneration credentials
- Access to third-party capital to fund development and improve returns
- Execution excellence through project management and delivery

During the first half of the financial year, an opportunity arose to acquire a development project at one of the world's most iconic locations, Sydney's Circular Quay.

With initial planning approval issued and basement construction already underway for the project's two towers – the first comprising luxury residential apartments and the second a luxury hotel – the original developer elected to exit the project via an accelerated six-week competitive sale process.

## Three disciplines, one team

Drawing on Lendlease's integrated capability, a project team was quickly mobilised to review, assess and ultimately convert the opportunity.

## Performance at pace

Key to the success of this fast-tracked process was the team's collective experience and ability to work within the constraints of an already approved planning application, ensuring One Circular Quay would be economically attractive, the apartments saleable and the development of the highest quality. A premium offering in a premium location.

Working to minimise the impacts on the already approved planning application, our development and construction teams refined the project design to ensure the viability of the commerce. This included carrying out all necessary due diligence, refining the apartment layouts, revising the building engineering solutions and developing a new construction plan and schedule all within a six-week period of becoming exclusive with the vendor.

Critical to securing the transaction was the ability to offer a firm price in a highly accelerated process.

With excellent market knowledge, construction expertise and long-term supply chain relationships, our Construction business was capable of providing a detailed assessment of cost, within the desired design parameters, that gave confidence to the business to execute the transaction. The experience of the Construction team also allowed for risks to be properly assessed, including evaluating the quality of the commenced basement works.

## Partnership funding

In line with our capital-efficient development strategy and acknowledging more than \$800m of capital was needed to acquire the land for the \$3.1b<sup>1</sup> project, we introduced one of our trusted partners, Mitsubishi Estate Asia (MEA), to the project.

With an already deep relationship stretching across several projects, including Salesforce Tower and One Sydney Harbour, MEA recognised One Circular Quay's unique potential and ultimately acquired a 67 per cent interest in the project, with Lendlease retaining 33 per cent.

The hotel component of the project was forward sold in early 2023 with the majority of the cash consideration paid upfront, de-risking the project. This provided further pricing certainty, as well as locking in development and construction management fees over the life of the development.

Top and opposite: **Sydney:** Artist's impression of One Circular Quay.

1. Estimated development end value for the residential tower and hotel.



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### The power of brand

Our strong track record of delivering quality residential apartments for our customers around the world means the Lendlease brand is synonymous with excellence.

This strong brand allows us to significantly de-risk our residential projects via the achievement of pre-sales targets prior to vertical delivery.

At One Circular Quay, the project was first offered to an exclusive database of potential customers in November 2022, leveraging the success of our luxury One Sydney Harbour development. Just a month later the project was 30 per cent pre-sold, despite no significant sales collateral or display gallery.

This is a testament to the quality of our product and the trust placed in our brand.

The project has now reached almost \$1.3b in pre-sales which represents approximately 50 per cent of the building by value.

### One Circular Quay is set to become one of the world's most desired places to live and stay.

Located between the Sydney Harbour Bridge and the Opera House, One Circular Quay comprises a freehold, luxury residential tower and luxury hotel.

The 58-storey residential tower includes a collection of two, three and four-bedroom residences, six sub-penthouses and a three-level penthouse with panoramic views of Sydney Harbour.

The 20-storey hotel will be managed by Hilton Hotels under the Waldorf Astoria brand, the first for the brand in Australia.

Guests will have access to an array of amenities including restaurants, spa and wellness facilities, and an indoor pool.

Once realised, the project will complement Lendlease's Sydney Place precinct and build on the diverse range of retail and commercial tenants we have attracted to the adjacent Salesforce Tower.

Construction of the development is anticipated to complete in FY27.



## The Project

### Details

- Mixed-use urban regeneration scheme comprising two luxury towers:
  - 158 freehold residential apartments
  - 220-room hotel and associated retail
- Targeting 5 Star Green Star Design & As Built ratings for both towers
- Development Joint Venture with Mitsubishi Estate Asia
- \$3.1b total estimated development end value
- Project secured and commenced in FY2023; expected completion FY2027

# Our Focus Areas

We measure our success by the positive outcomes we generate over the long-term through five focus areas.

They underpin our ability to create safe, sustainable and economic outcomes for our customers, partners, securityholders and the community.

While we approach these focus areas with an innovative mindset, our decisions are supported by disciplined governance and risk management.

## Our five focus areas are:



Health and Safety



Financial



Our Customers



Our People



Sustainability



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# Managing and measuring value

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| Area of focus                                                                       | Material issues                                                                                                                                                                                                                                                                                                                  | How we deliver value                                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    | <b>Health and Safety</b><br>Operating safely across our operations and projects. Maintaining the health and wellbeing of our employees and those who engage with our assets and sites.                                                                                                                                           | We are committed to the safety of our people and those who interact with our assets and sites. Through our Global Minimum Requirements (GMRs) we apply a consistent standard across all operations. These GMRs extend to physical safety and people's mental health and wellbeing. |
|  | <b>Financial</b><br>Delivering securityholder returns. Maintaining a strong financial position to support ongoing investment in our future pipeline.                                                                                                                                                                             | We deliver returns to our securityholders and adopt a prudent approach to capital management, with a view to maintaining a strong balance sheet throughout market cycles.                                                                                                          |
|  | <b>Our Customers</b><br>Understanding our customers and responding to changes in the market. Designing and delivering innovative, customer-driven solutions to win the projects we want to win and ultimately deliver the best places.                                                                                           | Embedding a process of continuous improvement based on customer insights and actions identified through market research. This approach also consistently measures customer satisfaction and advocacy.                                                                              |
|  | <b>Our People</b><br>Attracting, developing and retaining diverse talent. Ensuring we have the right capability across the organisation to deliver results for all stakeholders.                                                                                                                                                 | We attract, develop and retain diverse talent by building an inclusive culture and enabling continuous learning, where successes are recognised and people are rewarded. We invest in developing inclusive leaders and capabilities to drive our success.                          |
|  | <b>Sustainability</b><br>Designing, delivering and operating buildings and precincts that respond to the immediate challenge of reducing carbon emissions while creating social value. Meeting the increasing expectations of key stakeholders for climate resilient assets that support human health and value natural capital. | As a signatory to the United Nations Global Compact, we are committed to the continuous improvement of our operations. We integrate strategies to mitigate the impact of climate change.                                                                                           |

| Value created                                                                                                                                                                                                                                                            | How we measure value                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operating safely helps people feel valued and cared for and fundamentally makes us more consistent, reliable and efficient in everything we do.                                                                                                                          | <p>Percentage of projects with no critical incidents: a critical incident is an event that has the potential to cause death or permanent disability. This is an indicator unique to Lendlease.</p> <p>Critical Incident Frequency Rate: a Lendlease indicator measuring the rate of critical incidents.</p> <p>Lost Time Injury Frequency Rate: an indicator and industry standard measuring a workplace injury which prevents a worker from returning to duties the next day.</p>                                                                                                          |
| Margins, fees and equity returns across Investments, Development and Construction. Our Portfolio Management Framework sets target guidelines for how we manage our portfolio.                                                                                            | <p>Core Operating Return on Equity: the annual Core Operating Profit after Tax attributable to average securityholders' equity throughout the year.</p> <p>Core Operating Earnings per Security: Core Operating Profit after Tax attributable to securityholders divided by the average number of securities on issue during the year.</p>                                                                                                                                                                                                                                                  |
| Evolves our ability to improve the customer experience, building our brand and reputation, enabling us to win more work and grow our business. Customer feedback also provides greater insight into product development and innovation opportunities.                    | Customer satisfaction and advocacy tracked: measured at the regional and business unit level and reported regularly to our Global Leadership Team and the Board. Action plans are developed to drive continuous improvement in the customer experience, supporting the delivery and growth of FUM, our development pipeline and construction backlog.                                                                                                                                                                                                                                       |
| Capable and motivated people committed to the long-term success of our business. Effective succession planning and leadership transitions support business continuity and can reduce risks. Diversity supports innovation, knowledge sharing and better decision making. | <p>Retention of key talent: the organisation benefits from its investment in leaders and key workforce capabilities.</p> <p>Succession strength: demonstrates the depth of capable talent ready to progress into leadership roles.</p> <p>Leadership positions held by diverse talent: demonstrates our broader commitment to diversity and inclusion and our objective of increasing diverse representation across our business.</p> <p>Employee engagement: provides the organisation with insights to help provide the right environment for our employees to perform at their best.</p> |
| Recognised leadership in sustainability enhances our brand and is a competitive differentiator. It also provides more opportunities to partner with governments, investors and the private sector who are placing increasing importance around ESG matters.              | <p>Measurement of, and reporting on our progress towards our sustainability targets and tangible examples of the way we are addressing our sustainability imperatives.</p> <p>Carbon Target: we are a 1.5°C aligned company:</p> <ul style="list-style-type: none"> <li>• Net Zero Carbon by 2025 (Scope 1 and 2)</li> <li>• Absolute Zero Carbon by 2040 (Scopes 1, 2 and 3, no offsets)</li> </ul> <p>Social Target: create \$250m of social value by 2025</p>                                                                                                                            |

# Health and Safety

The health, safety and wellbeing of our people is our highest priority.

### Safety strategy

As our health and safety focus has historically been on the prevention of incidents that can cause injury and harm to people, property and the environment, we have further investigated the risks to our people, the supply chain, and the community, and have expanded the focus of Health and Safety.

Our revised Health and Safety strategy covers what we have summarised as the '3Ps':

- Physical Safety: Risk of incidents from the work activities we oversee
- Product Safety: Risk of failure from the products we provide
- Psychological Safety: Risk of a culture that inhibits respect for all.

This expanded remit continues the focus on preventing physical injuries, while also acknowledging the risks of product failures in the built environment, and looks to better understand the risk of psychological impacts from the potential stress of the workplace.

Our expanded approach seeks to address these risks at all stages of the property lifecycle, from investment decisions through to the operations and maintenance of the places we create.

To deliver on our Safety strategy, we will continue to explore technology solutions to mitigate risk wherever possible. For example, on some projects we have begun trialling the use of technology applications such as CCTV with an overlay of AI or daily reviews to identify or alert teams to at-risk situations.

### Safety performance

Our approach to health and safety reporting is inclusive of our people, our subcontractors and those who interact with the places we create and manage. During the 93.1 million hours worked across our operations in FY23, we continued to improve our performance against a number of key safety metrics. Our Critical Incident Frequency Rate (CIFR) and Lost Time Injury Frequency Rate (LTIFR) further improved on the high benchmark set in FY22.

In instances of a fatal incident being reported, we defer to the findings of an independent investigation to determine Lendlease's degree of operational control.

Across all our operations in FY23, for locations where Lendlease was responsible for the operational control of health and safety outcomes, there are no fatalities to report for FY23. For projects outside our operational control, we report the fatality of a subcontract worker on the 1 Java Street project in New York. Our thoughts continue to be with the family and colleagues of this worker and those impacted by this event.

For future periods, we are undertaking a review of our approach to safety reporting to ensure alignment with our Investments-led strategy.



Continued focus

Strong performance against key safety metrics

### Excellence in innovation

Within the 17-acre Tun Razak Exchange (TRX) integrated development in Malaysia, the TRX Residences offer premier urban homes in an experience-led lifestyle precinct.

Two towers, each more than fifty storeys in height, are being built with 896 apartments, cantilevered sky decks, and an interconnecting bridge.

These impressive buildings require highly complex and challenging safety considerations that have required bold thinking, highly committed planning, and an exceptional commitment to execution.

To overcome the risks associated with the close proximity to other structures, the overall height of the buildings, and the duration of construction with a transient migrant workforce, the team has implemented several safety initiatives. These include:

- An innovative jump form system (eliminating 300,000 hours of work at height)

- Installation of the façade behind perimeter screens (eliminating 300,000 hours of work at height)
- Utilising stair form for the fire stairs (allowing for in situ access to the floors under construction).

This is the first time these initiatives have been used in Malaysia, with the TRX Residences team receiving the Gold Award from the Malaysian Occupational Safety and Health Professional Association (MOSHPA) at the National Excellence Awards in 2022.

### Percentage of operations without a critical incident<sup>1</sup>



1. An event that caused or had the potential to cause death or permanent disability. This is an indicator unique to Lendlease.

### Critical Incident Frequency Rate<sup>1</sup>



1. Calculated to provide a rate of instances per 1,000,000 hours worked.

### Lost Time Injury Frequency Rate<sup>1</sup>



1. Calculated to provide a rate of instances per 1,000,000 hours worked.



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# Financial

## Refining our Portfolio Management Framework to provide improved risk adjusted returns.

### Detailed financial performance

For detailed information on our FY23 financial performance, as measured under the Portfolio Management Framework, refer to the Performance and Outlook section and the Financial Statements.

### Financial strategy

The Portfolio Management Framework (the Framework) sets out various financial targets for our business and provides a framework to guide the decisions we make. It is designed to:

- Maximise long-term securityholder value through a diversified, risk adjusted portfolio
- Leverage the competitive advantage of our integrated model
- Optimise our business performance relative to the outlook for our markets on a long-term basis
- Provide financial strength to execute our strategy, maintain an investment grade credit rating and sustain capacity to both absorb and respond to market volatility.

This year, the Group completed the second year of a five-year plan to deliver long-term sustainable performance.

Progress against the five-year plan is outlined in the Performance and Outlook on page 50.

### Measuring financial performance

Reflecting the evolution of the Group's strategy, evolving market conditions and a continued focus on securityholder returns, external market guidance will solely focus on Group Return on Equity from FY24, which continues to be the Group's measure of return for securityholders.

The structure of the Framework, and its through-the-cycle targets (not guidance), will continue to support internal capital, investment, and portfolio decisions.

We have a Group Core Operating Return on Equity target within the 8-10 per cent range. Core Operating Earnings per Security forms the basis for securityholder distributions within the payout ratio of 30-50 per cent.

See Note 1 'Segment Reporting' in the Financial Statements for more details on Operating profit.

### Portfolio Management Framework

#### 1. Invested capital mix

|                                    |        |
|------------------------------------|--------|
| Investments                        | 50-70% |
| Development                        | 30-50% |
| Australia                          | 40-60% |
| International regions <sup>1</sup> | 10-25% |

#### 2. Core business EBITDA mix<sup>2</sup>

|              |        |
|--------------|--------|
| Investments  | 40-50% |
| Development  | 40-50% |
| Construction | 10%    |

#### 3. Target returns

|                               |        |
|-------------------------------|--------|
| Core Operating ROE            | 8-10%  |
| Investments ROIC <sup>3</sup> | 6-9%   |
| Development ROIC <sup>3</sup> | 10-13% |
| Construction EBITDA margin    | 2-3%   |

#### 4. Capital structure

|                                |        |
|--------------------------------|--------|
| Gearing <sup>4</sup>           | 10-20% |
| Investment grade credit rating |        |

#### 5. Distribution policy<sup>2</sup>

|                           |        |
|---------------------------|--------|
| Distribution payout ratio | 30-50% |
|---------------------------|--------|

1. Per region.  
2. Core operating profit based measure.  
3. Through-cycle target based on rolling three to five-year timelines.  
4. Net debt to total tangible assets, less cash.

### Sustainable financing

Lendlease is one of the leaders in sustainable financing in Australia. Of the Group's total financing facilities, 73 per cent, or \$3.7b are green or sustainability-linked.



73%

of the Group's total financing facilities are green or sustainability-linked

Accessing green and sustainability-linked borrowings has allowed us to facilitate the following outcomes:

- Lengthen the maturity profile
- Diversify funding
- Support the execution of the Group's sustainability strategy
- Improve lender engagement
- Provide good access to markets whilst achieving competitive funding costs.



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# Our customers

From visiting our Singapore shopping malls, working from a sustainable office building in Melbourne, seeking a more affordable home in London, or looking to invest in a life sciences precinct in Boston, we strive to deliver outstanding customer experiences in every place we operate.



24,702

Customers surveyed  
in FY23

In the past 12 months, we had more than 190,794,000 opportunities to meet and exceed our customers' expectations.

That's the total number of customer interactions recorded across our urban development projects, office and retail assets, master planned, military and senior living communities, and real estate investments in Australia, China, Japan, Italy, Malaysia, Singapore, the United Kingdom and the United States.

We track customer satisfaction via two globally recognised metrics, CSAT (customer satisfaction) and NPS (net promoter score).

In FY23 we achieved an uplift in NPS while our CSAT score held steady, reflecting the value we continue to deliver for our customers across our Investments, Development and Construction segments.

This leasing success is the result of putting customers at the centre of all operations. In addition to a best-in-class product, new initiatives include a unique virtual tour booking function as well as the ability to complete the entire leasing process online. The initiatives have ultimately delivered favourable returns to our investment partners.

## Business

We partner with business customers around the world to deliver to them, and their stakeholders, outstanding real estate outcomes.

From commercial office tenants, some 12,350 suppliers, to global and local investment partners. And the best place to start? Truly understanding what makes our customers tick.

In Australia, we conducted extensive research to better understand the nation's commercial office market. The local office market continues to evolve as companies, and the talent that makes them a success, continue to demand more from the spaces in which they work.

In response, our teams conducted extensive deep dive interviews with current and prospective tenants as well as a range of academics and HR experts.

Key takeouts from this research are helping inform our office product as we deliver premium-grade workplaces that prioritise sustainability, flexibility and amenity which are critically important in the race to attract and retain the best talent.



62%

of major construction  
backlog in public  
sector projects

## Consumer

We're continuing to embrace innovation, guided by quality research, to enhance the experience of our largest customer groups – visitors to our retail centres and residents who call our places home.

In Singapore, Lendlease and Accenture delivered an innovative experience across four Lendlease shopping malls throughout the Lion City in celebration of Chinese New Year.

Using artificial intelligence, augmented reality and virtual reality, customers accessed in-store offers, digital tokens and NFTs, allowing our retailers to blur the line between online and in-store experiences. Over the four-week trial, 10,000 wallets were created via a mobile app and 29,000 offers were collected and viewed across 50 participating tenant stores.

In London, our build-to-rent product at Elephant Park continues to gain momentum, with a stable average 97 per cent lease up of our first two buildings, Park Central East and Park Central West. Our third building, City Lights Point, was launched in January 2023 and is already 71 per cent leased.



41

Funds and Mandates

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### Government

Trust. It's what our long-standing and deep relationships with local, state and national governments are built on.

We're a partner of choice for critical health and defence infrastructure, as well as hubs for sporting and cultural pursuits.

In the US, our Military Housing portfolio continues to garner accolades for customer service, with our property management partner, WinnResidential Military Housing Services, being recognised as a National SatisFacts Resident Satisfaction Company Award winner for 2022. Ninety-six neighbourhoods, more than 92 per cent of the portfolio, attracted high resident satisfaction scores.

In Australia, Canberra's National Security Office Precinct will be built by Lendlease, continuing our longstanding relationship with the Department of Defence. The Precinct will provide permanent accommodation for up to 5,000 workers in national security and other Commonwealth agencies. Construction is proposed to commence in early 2025.

In Europe we were awarded a place on the Ministry of Defence's Strategic Alliance Contract which will carry out improvements to the Defence Estate. Our work will include the construction of live, work and train facilities at the Imjin Barracks near Gloucester.



>190 million

Interactions with customers across Australia, Asia, Europe and the Americas

# Our people

Elevating the capabilities of our people and the impact of our leaders to enable our strategy.



Following a focus on engagement, five of our office locations are at or above country benchmark.

Our people strategy continues to bring our purpose-led business strategy and culture to life. We continue to invest in learning and careers, especially for key talent in the Investments, Development, and Construction segments, as well as our leaders.

We remain committed to growing and retaining our diverse talent, and developing inclusive leaders, while creating a performance culture that is caring and trusting, where people feel valued, belong, and have an opportunity to thrive.

Our focus areas continue to be:

- Learning
- Careers
- Leadership
- Culture

The principles we will never compromise on are:

- A physically safe workplace
- A psychologically safe workplace
- Prioritising the wellbeing of our people and their families.

## Leadership

Our strategy is focused on attracting, developing, retaining, and investing in our people. Succession planning is a continuous focus and all key leadership roles have one or more identified successors. Sixty-seven per cent of those identified successors are ready to move into the leadership roles in the near term.

Key to this is prioritising the development of our top talent through the delivery of flagship leadership programs.

We remain committed to enhancing gender diversity within our leadership cohort, with women currently occupying 27 per cent of leadership positions.

We have also been investing in our Investment Management business to execute on our global Investments-led strategy, including the appointment of a new Managing Director of Investment Management in Australia.

## Careers

We have had a strong focus on modernising how we manage talent at Lendlease, with a focus on attraction and retention. We have increased the transparency of internal career opportunities, utilising modern technology to go beyond advertising roles internally to proactively alerting our talent at junior levels of career opportunities that are available. We are showcasing roles that match our employees' skills via Opportunity Emails and making it easier for them to apply through a streamlined application process.

Retention of key talent remains challenging in the current operating environment. While we achieved a retention rate of 88 per cent, this was below our target of 90 per cent.

Our talent pipeline greatly depends on the acquisition of early career talent. We have hired more than 300 current graduates globally and following a key focus on their engagement and experience we have seen the engagement scores increase to 76 per cent in FY23, up from 71 per cent in FY22.

## Learning

We remain committed to investing in learning and development opportunities for our people. Our global leadership programs, in collaboration with INSEAD, have been successfully implemented across all regions, with 342 participants globally. These programs aim to develop leaders who are contemporary and inclusive, at every level and region.

Furthermore, our Ignite and Mosaic programs, which foster sponsorship of diverse talent by senior leaders to mitigate obstacles that impede the progress of underrepresented talent, have been launched globally, with 126 participants to date.

These programs are aligned with regional initiatives to enhance representation and foster inclusion throughout our organisation.

## Culture

We continue to be proud of our culture and our values. They drive the way we interact, which creates a sense of belonging and an environment for our people to thrive as part of a team, grow with the organisation, and to deliver for our customers and communities.

We have focused on continuing to build a performance culture where our people understand our three pillars of performance, which are financial, social and environmental. Through our key senior leaders across the globe, we have focused on the transparency of current performance against all three pillars and clarity of the work to be done to deliver to all stakeholders. People want to work on our projects because of their impact on communities and our culture of care.



We continue to invest in listening to our employees, formally through our employee engagement survey as well as informally.

Our Global Engagement Score increased four points to 62 per cent over the last 12 months. Over the same time period, global benchmarks declined. Our most noticeable returns are in the areas we have had increased focus, including career development, learning, and manager effectiveness.

Our guiding principles of Safety and Sustainability continue to resonate with our people and remain among our top performing areas. Our senior leaders continue to have high engagement collectively and we have seen notable year on year increases in the engagement of our people managers.

While we have seen meaningful positive increases in Engagement taking us to industry average in most of our cities, this is still below our expectation of upper quartile engagement. Our focus in FY24 will be to implement actions that will continue to improve the employee experience for all Lendlease employees.

### Wellbeing

Prioritising our people's health and wellbeing is fundamental to Lendlease's culture and purpose. We are committed to promoting and supporting the health, wellbeing and psychological safety of our people.

Our Health and Wellbeing Framework promotes healthier minds, bodies, places and cultures through a variety of programs and initiatives to support our people. Our commitment to this has extended our certification of a Global Healthy Workplace until 2024.



## Initiatives that support Mental Health and Wellbeing

### Mental Health First Aid

- 890 employees became Mental Health First Aiders.
- Provides mental health awareness skills and knowledge and assists in a mental health crisis.

### Introduction to Mental Health

- Provides an understanding of what mental health is, why it's important and how to support yourself or someone else who may be struggling.
- 503 employees from Lendlease and our supply chain have completed the Introduction to Mental Health Learning.

### Frankie Health

- Frankie Health is a holistic mental fitness platform and counselling service; our new mental fitness platform helps develop resilience using preventative exercises that provide the tools to handle difficult situations when they arise, and therapy is recommended when times are challenging. Frankie Health is available to Lendlease employees and family members.
- In six months, there have been 1,562 practitioner sessions and 2,617 mental health clinical assessments completed.

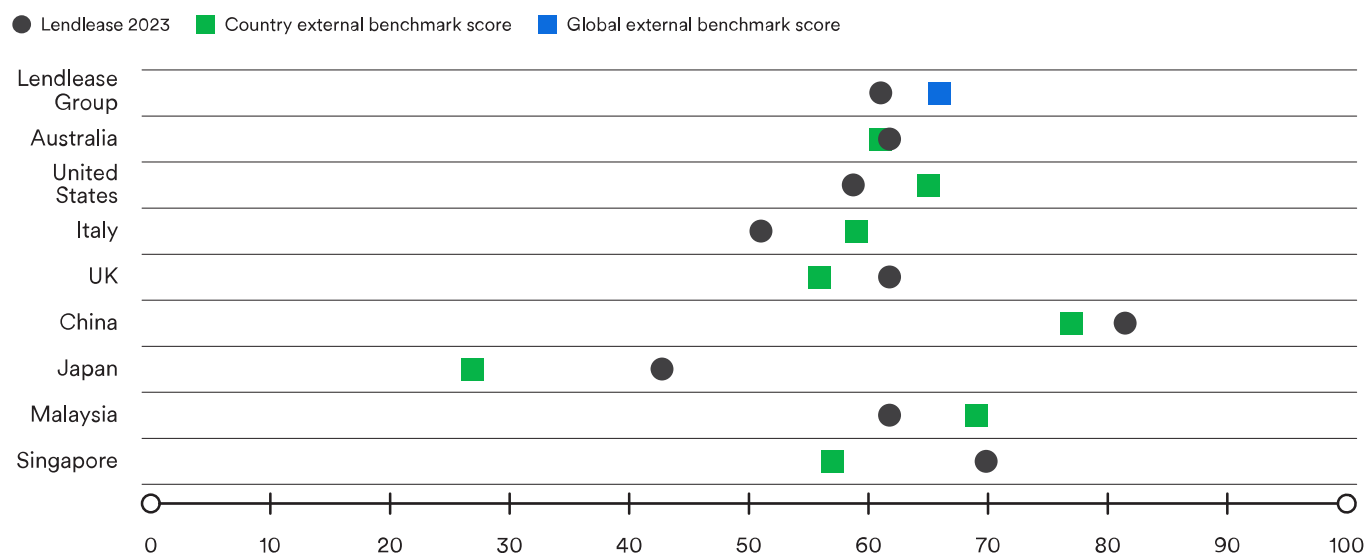
### Headspace

- 1,289 employees have accessed Headspace.
- A meditation app that has shown to help people stress less, have better focus and improved sleep.
- 112 Lendlease family members have accessed Headspace.

### Heart on My Sleeve - Real Conversations

- A leadership program that helps create a positive mental health culture and improves psychological safety.
- 102 Leaders have completed the Real Conversations Training.

## Engagement scores compared with benchmarks



# Sustainability

Our sustainability targets and aspirations provide a leadership platform for our core business segments, as we continue to decarbonise our operations and create measurable social value.

## 1.5 degree aligned

### Our progress

Scope 1 and 2 gross emissions continue to track well below our 1.5 degree aligned target, resulting in an 18 per cent reduction against FY22. These emission reductions are underpinned by our global decarbonisation mandates, the delivery of Mission Zero Regional Roadmaps, and increasing renewable electricity and renewable diesel purchase. Globally, 63 per cent of our electricity use is from renewable sources, and we are well positioned to achieve our target of 100 per cent renewable electricity by 2030. We continued our purchase of carbon offsets for unavoidable emissions. In FY23, we offset 28 per cent of our remaining Scope 1 and 2 emissions of 81 ktCO<sub>2</sub>-eq, taking our net position to 58 ktCO<sub>2</sub>-eq.



18%

Reduction in gross Scope 1 and 2 emissions<sup>1</sup> against FY22



63%

Global electricity use from renewable<sup>2</sup> sources, up from 42% in FY22 and targeting 100% renewables by 2030



### Building momentum

We received validation from the Science Based Targets initiative that our carbon reduction targets are 1.5 degree aligned.

We have progressed our global Carbon Offset Procurement Strategy and are engaging with potential partners to support our ability to access high quality carbon offsets to meet our Net Zero by 2025 target. We are now developing our global Renewable Energy Procurement Guidance and Criteria to outline how we intend to source alternative fuels, including renewable diesel, hydrogen and biogas.

To position our business to achieve our Absolute Zero by 2040 target, we have developed the Lendlease Scope 3 Emissions Protocol V.1, which outlines our current view on our Scope 3 emissions reporting boundary. The Protocol is available on our website and is intended to contribute to a broader global conversation on a consistent and comparable approach to the measurement and reporting of Scope 3 emissions across real estate investments, development and construction business activities.

We continue to build momentum for the decarbonisation of the real estate sector, including working with Concrete Zero in Europe to advocate for lower carbon concrete and contributing to the Green Building Council of Australia's Low Carbon Design Guide.

We joined the Global Cooksafe Coalition, committing to phase out gas from kitchens in our new developments by 2030 and delivering all-electric retrofits of existing properties by 2040, helping our residents and tenants transition to fossil fuel-free cooking powered by renewable electricity.

We expanded our ESG Databook to provide a more complete view of how we manage our environmental, social and governance topics. The ESG Databook includes links to policies, governing committees, and other related information such as our new Human Rights Position Statement.

1. Scope 2 emissions calculated using the market-based method, which includes the use of renewable energy certificates, power purchase agreements, and renewable tariffs.  
2. Includes renewable energy certificates, power purchase agreements, renewable tariffs and the benefit of inherent grid renewable electricity where we have evidence that there is no claim by another entity.

## Sustainability leadership across real estate

## Investments

"We are providing our partners with high-performing, sustainable real estate investment opportunities and healthy buildings for residents and tenants."

Penny Ransom, Group Head of Investments



49%

of electricity used by Investments is renewably sourced.

We continue to focus on improving operational energy efficiency while increasing the generation and purchase of renewable electricity and trialling battery storage. We continue to maintain leading positions across ESG benchmarks.

## Regional examples

In the 2022 GRESB Assessment, three Lendlease funds ranked in the global top 10. Lendlease One International Towers Sydney Trust was named #1 Office globally, and we achieved five #1 ranked regional funds.

The Australian Investment Management business received five International WELL Building Institute 2022 Awards and all three commercial office towers at Paya Lebar Quarter achieved WELL Core & Shell Gold, the first commercial property in Singapore to achieve a WELL certification.

For the second year running, Barangaroo International Towers was named Australia's most sustainable commercial property collection, according to NABERS's 2023 Sustainable Portfolios Index.

Opposite: **Sydney:** Electric concrete pump, One Sydney Harbour

## Development

"We are creating world-leading, climate-resilient, precincts and buildings across our gateway cities, designed and managed to sustain thriving communities."

David Hutton, Group Head of Development



46%

of our \$21.9b urban development work in progress are all-electric buildings.<sup>1</sup>

We are increasing the number of new all-electric developments, an important decarbonisation strategy to maintain our 1.5 degree aligned trajectory. We are creating inclusive and climate-resilient buildings and precincts, targeting top tier sustainability ratings.

## Regional examples

We secured US\$4m in funding support from the New York State Energy Research and Development Authority for the geothermal heat exchange system at 1 Java Street, an all-electric building and the largest geothermal residential system in New York State. The geothermal system will reduce annual carbon emissions from heating and cooling by 53 per cent compared with typical residential systems.

At MIND in Milan, we completed a six-month collaborative research project to identify pathways to adopt mass timber construction in Italy which included creating a physical and digital prototype timber building.

At our Habitat project in Culver City in Los Angeles, we are installing a distributed 100kW rooftop solar system.

## Construction

"We are challenging onsite traditions, from the types of products and machinery we use to the methods of construction, solving challenges for the industry and the planet."

Toby Matthews, Group Head of Construction



9%

of fuel used by Construction is renewably sourced.

We are looking to use alternative fuels, increasing the use of electric construction equipment, and trialling battery storage and charging infrastructure. We are collaborating with our suppliers to progressively source and procure low embodied carbon materials.

## Regional examples

In Australia, we are trialling renewable diesel in cranes at Powerhouse Parramatta and the Queensland Performing Arts Venue.

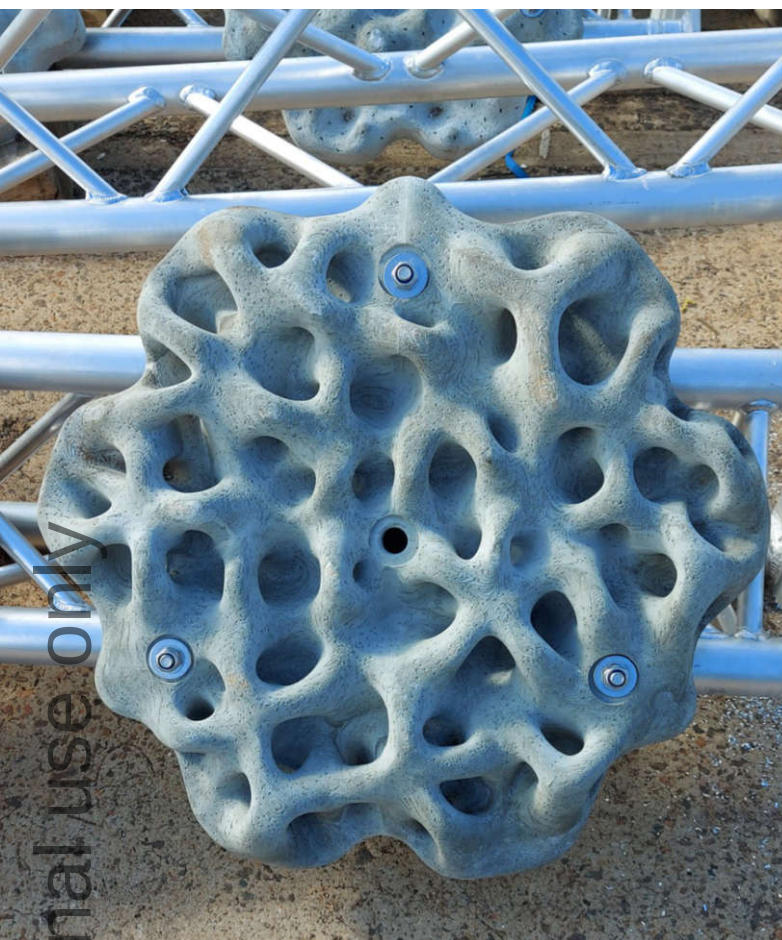
At One Sydney Harbour, we are using an electric concrete pump powered by renewable electricity.

On 555 Collins Street in Melbourne, we collaborated with project partners to reduce the concrete structure's overall embodied carbon by approximately 30 per cent, at no cost to the client.

At 2 Aldermanbury Square in London, we are supporting our client GPE in implementing opportunities to reduce the project's embodied carbon by 36 per cent from the initial design.

On the Shaw Tower and Paya Lebar Green redevelopments in Singapore, we are trialling biodiesel to power onsite plant and equipment, and battery storage to replace diesel generators.

1. All-electric refers to base building only.



### Decarbonisation challenges and insights

To achieve Absolute Zero Carbon by 2040 we will be reliant on sector transformation at scale and pace. However, we recognise there are challenges ahead and that key to finding solutions is sharing insights we have gained.

#### Limited availability of renewable diesel

As we work towards fossil fuel-free construction, renewable diesel is an important transition fuel for our sector, but its availability varies across our regions of operation. In Europe, where renewable fuels are more readily accessible, renewable fuels represent 96 per cent of fuel purchased.

In Australia, we have procured and imported renewable diesel as part of a cross-industry collaboration to demonstrate its viability as a low carbon solution for the construction industry. Trials have been successful however implementation at scale is challenging given limited existing supply.

We continue to advocate for the local manufacture of renewable diesel in Australia and we are exploring options to increase the supply of renewable diesel in all regions where we operate.

#### Eliminating Scope 3 emissions

Our Absolute Zero by 2040 target includes eliminating Scope 3 emissions within the boundaries we have defined as being relevant to our value chain. As Scope 3 emissions are the Scope 1 and 2 emissions of third parties, they present a unique challenge because they are not within our direct control.

Eliminating Scope 3 emissions in the real estate sector will require collaboration along the building value chain to accelerate the decarbonisation of carbon intensive materials such as steel, cement, aluminium and glass. Detailed tracking of Scope 3 emissions via the digitisation, collection and reporting of Scope 3 emission data across our vast supply chains will also be required.

Despite these challenges, we see opportunities for partnerships between like-minded organisations to spark the investment and innovation needed for industry transformation. We will also continue to advocate for a data-sharing ecosystem to facilitate the secure exchange of product-level emissions performance data.

#### Increasing biodiversity

The Waterman's Cove Living Seawall at Barangaroo is nearly 2.5 years old.

Designed by the Living Seawalls team to create 96sqm of habitat for marine organisms, the panels are now home to hundreds of fish, native oysters, seaweed and invertebrates.

Bespoke for Barangaroo, the panels add intertidal complexity and aim to enhance native species over non-indigenous species.

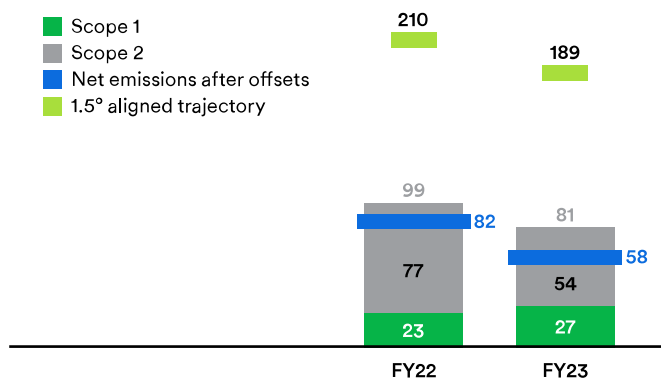
Above: Living Seawall panels at Barangaroo, Sydney, before and after installation.  
Photo credit: Sian Liddy.

## Environmental performance

Our environmental performance data<sup>1</sup> disclosure is in line with our financial reporting program and provides 12 months of data to 30 June 2023, which includes actual data for Q1–Q3 and partially estimated Q4 data.

Our full year environmental performance data will be available on the Lendlease website in the ESG Databook once Q4 data has been gathered and the limited assurance engagement completed.

### Scope 1 and 2 carbon target performance ktCO<sub>2</sub>-eq



In FY23, we offset 28 per cent of our remaining Scope 1 and 2 emissions, taking our net position to 58 ktCO<sub>2</sub>-eq.

Scope 2 emissions have been calculated using the market-based method, which includes the use of renewable energy certificates, power purchase agreements, renewable tariffs and the benefit of inherent grid renewable electricity where we have evidence that there is no claim by another entity.

### FY23 Scope 1 and 2 emissions by segment



Electricity used by the Investments business is the largest contributor to our combined Scope 1 and 2 emissions. Our plans to increase the purchase of renewable electricity to achieve our target of 100 per cent renewable electricity by 2030 should significantly reduce the Scope 2 carbon emissions associated with this line of business.

### FY23 energy use by segment (GWh)

|                                                    | FY22       | FY23       |
|----------------------------------------------------|------------|------------|
| Investments                                        | 174        | 180        |
| Development                                        | 7          | 3          |
| Construction                                       | 98         | 140        |
| Non-Core                                           | 19         | -          |
| Lendlease tenancies                                | 6          | 5          |
| <b>Total</b>                                       | <b>304</b> | <b>328</b> |
| <b>% of electricity use from renewable sources</b> | <b>42%</b> | <b>63%</b> |

Total energy consumption in FY23 increased by 8 per cent compared with FY22. The overall increase in energy use was primarily due to an increase in construction activity in Australia. Globally, 63 per cent of our electricity use is from renewable sources, up from 42 per cent in FY22. This includes renewable energy certificates, power purchase agreements, renewable tariffs and the benefit of inherent grid renewable electricity where we have evidence that there is no claim by another entity.

### FY23 waste diverted and disposed (kTonnes)

|                                       | FY22       | FY23       |
|---------------------------------------|------------|------------|
| Waste disposed                        | 30         | 31         |
| Waste diverted                        | 196        | 204        |
| <b>% waste diverted from landfill</b> | <b>87%</b> | <b>87%</b> |

Waste rates remained relatively stable in FY23 with a small increase in waste diverted and waste disposed related to construction work phasing and delivery.

### FY23 water consumption by segment (MLitres)

|                          | FY22         | FY23         |
|--------------------------|--------------|--------------|
| Investments              | 4,143        | 4,465        |
| Development              | 115          | 45           |
| Construction             | 377          | 394          |
| Engineering and Services | 6            | -            |
| Lendlease tenancies      | 30           | 38           |
| <b>Total</b>             | <b>4,671</b> | <b>4,942</b> |

FY23 saw an increase of water use across our operations. There was some reduction due to the sell down of the Australian Retirement Living business, but this was offset by an increase of water use in the Investments business in the Americas.

1. Some charts and tables may not sum due to rounding.

## Creating social value

### On track to reach our target

Since launching our social value target in 2020, we have created \$186m of social value through the work of our shared value partnerships, supported by Lendlease Foundation.

We are well on track to achieve our target of \$250m by 2025, with 74.4 per cent achieved at the end of year three in a five-year journey.



\$186m

of social value created,  
which equates to 74.4%  
of our \$250m by  
2025 target



### Shared value partnerships

Our shared value partnerships are assessed using a methodology guided by the principles of Social Return on Investment (SROI). Social value is accounted for through a calculation placing a financial value on the quantified change people experience across a series of social outcomes.

For every dollar invested we aim for an average return on social value of five dollars. Each year we use third-party social impact measurement consultants to assess the social value created through our shared value partnerships and verify progress towards our social value target.

More than 40 partnerships have now been assessed. A sample of assessment outcomes of our regional partnerships is shown below.

#### Chicago Women in Trades, US

- Supporting women in construction by providing work readiness, training and job placement opportunities
- \$1.6 million social value created from FY21–23

#### Hide Out Youth Zone, Manchester, UK

- Providing young people with something to do, somewhere to go, and someone to talk to
- \$932,000 of social value created from FY22–23

#### Landcare Australia

- Providing grants to schools to support environmental education activities and resources for students
- \$1.5 million of social value created from FY21–23

### Social impact on projects and assets

Our social value target and reporting does not capture social impact activities across our projects and assets. We have developed a tool to help us track our social impact efforts on projects and assets across three social metrics: skilling and training; employment, and volunteering.

#### Skilling and Training

- Manchester Town Hall Restoration, UK
- As at end FY23, we've created more than 100 apprenticeships, helping local people to access careers focused on heritage and conservation in the built environment.

#### Employment

- Jordan Springs and Ropes Crossing, Western Sydney
- Since 2005, the St Mary's Skilling & Employment Hub has placed more than 4,500 people in jobs.

#### Volunteering

- From FY21–23 our annual, global Lendlease Community Day, together with our Community Grants program in Australia and Asia has created \$5.7m of social value.

Above: Community Day in Singapore

# Elevate Reconciliation Action Plan (RAP)

This year we have continued to build upon the strategy and targets outlined in our Elevate RAP: Country, Truth and our Shared Story.



Lendlease is one of only 18 organisations with an Elevate RAP<sup>1</sup> which includes accountabilities to advance the national reconciliation conversation, advocate for systemic and structural reform within our institutions, drive equity and equality and support self-determination principles for First Nations people.

To this end, our purpose remains to create places where communities thrive and to lift the industry standard in placemaking led by the voices of First Nations people. Our FY23 focus has been to:

Drive a consistent approach to delivering **Country Centred Design and First Nations city-shaping** by the incorporation of First Nations thinking and design concepts into the built form, showcasing storytelling, cultural connections and caring for Country. This year we created two new senior First Nations identified positions to provide increased strategic input and governance oversight into internal project origination and operations forums and business processes.

**Increase shared value** by using our capacity and reach to influence investor, tenant and customer audiences to contribute to the national reconciliation conversation and enhance the tangible social impact and value to communities. We have achieved this through support

for the *Uluru Statement from the Heart* across our assets and projects; and through collaborations with investors, businesses and First Nations communities such as the *Dhawura Ngilan Business and Investor Initiative*<sup>2</sup> which aims to provide best practice standards and practical guidance to improve the protection of First Nations' cultural heritage.

**Ensure shared prosperity** with First Nations communities, First Nations businesses and Lendlease's businesses by supporting self-determination through employment and procurement opportunities.

This year, we acknowledged the proposed Constitutional Recognition and Voice to Parliament referendum as an important step towards advancing the *Voice, Treaty, Truth* objectives of the *Uluru Statement from the Heart*. We will continue to work within our sphere of influence to educate, engage and encourage eligible Australian people to enrol and exercise their democratic vote. We have made a public statement of our support of the Yes campaign.<sup>3</sup>



| FY23 RAP Goals                                                      | Actions                                                                                                                                                                  | Outcome                                                                                                                                                                                                                 |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Providing cultural engagement and learning for all employees</b> | 86% of Lendlease's Australian workforce have completed at least one cultural learning activity. (Data since FY2012 for salaried employees.)                              | Understanding that recognition of Country and the story of place is core to our placemaking activity.                                                                                                                   |
| <b>Embedding First Nations businesses in our supply chain</b>       | 120 Supply Nation businesses engaged (registered and certified First Nations businesses). \$136.6m spent in FY23 with registered and certified First Nations businesses. | Our procurement goal aligns with the national Raising the Bar initiative, which sets annual targets to embed First Nations owned businesses in our supply chain. We have exceeded our year four Raising the Bar target. |
| <b>Supporting First Nations voices within Lendlease</b>             | 1.4% per cent of Lendlease employees in Australia identify as First Nations Australians.                                                                                 | We have increased support for First Nations employees through monthly Mob meetings, and an annual multi-day in-person gathering.                                                                                        |

Above: Lendlease Mob, gathering on Gadigal Country

1. Who has a RAP: Reconciliation Australia (30 June 2023), out of a total of 2,450 Reconciliation Australia endorsed RAPs.

2. <https://culturalheritage.org.au/dhawura-ngilan-business-investor-initiative-2023/>

3. Lendlease joins more than 70 organisations in the Reconciliation Australia network in support of a "yes" vote in the Voice Referendum. <https://www.reconciliation.org.au/large-diverse-support-for-the-voice-to-parliament/>

# Risk and Climate- Related Resilience

Our approach recognises the nature and level of risk we are willing to accept to achieve our strategic goals and targets in order to create securityholder value.



# Risk governance and management

A strong governance framework that embeds a risk-focused culture, aligns to strategy and creates value through risk-based decision making.

The Risk Management Framework outlines the governance, risk appetite and accountability for our risk management and operational resilience program.

## Risk framework

Our risk framework, underpinned by a 'Three Lines of Defence' model, remains unchanged from a governance perspective. The model continues to provide a structured approach to risk management by defining clear roles and responsibilities across the organisation.

The framework embeds risk management into day-to-day operations and helps to drive a consistent risk management culture across our operating platform.

This enables the risk function to be proactive and forward-looking to inform and support strategy across the business.



## Risk Management Framework

### Three Lines of Defence

1

#### Business Operations

Identify, manage and own risks relevant to the project / investment

#### Regional Leadership Team

Accountable for achieving regional objectives

2

#### Group Functions

Outline assurance measures to enable appropriate identification and management of risks

3

#### Internal and External Audit

Provide assurance independently from the first and second lines of defence

Global Leadership Team

Board and Committees

### Risk Ecosystem





### Risk Appetite Framework

The Risk Appetite Framework sets the risk management guardrails for the business as well as the extent and nature of risks that the Board is willing to accept in pursuit of its strategic objectives.

The Framework works in harmony with the Limits of Authority and the Operating Rhythm of the business.

The Risk Appetite Framework and Limits of Authority were both updated in the period.

The underpinning enterprise risks in the Risk Appetite Framework have been consolidated into the six categories shown in the diagram.

### Global market risks across the business

#### Geopolitical

The geopolitical risk landscape continues to evolve at a rapid pace, weighing on economies and financial markets.

We continue to navigate the landscape at a time of heightened tensions, ensuring our risk appetite and resilience framework remain agile and fit for purpose to support the business as well as understand our potential exposures and mitigation strategies.

#### Supply chain

Global supply chain disruption linked to the pandemic and, more recently, geopolitical conflict is closely managed across our business, with mitigation strategies in place to manage risk across our procurement activities. We are also progressing our efforts to mitigate modern slavery risk.

Globally we continue to harness and grow our global and regional supply partnerships, supporting the delivery of our strategy to create and thrive.

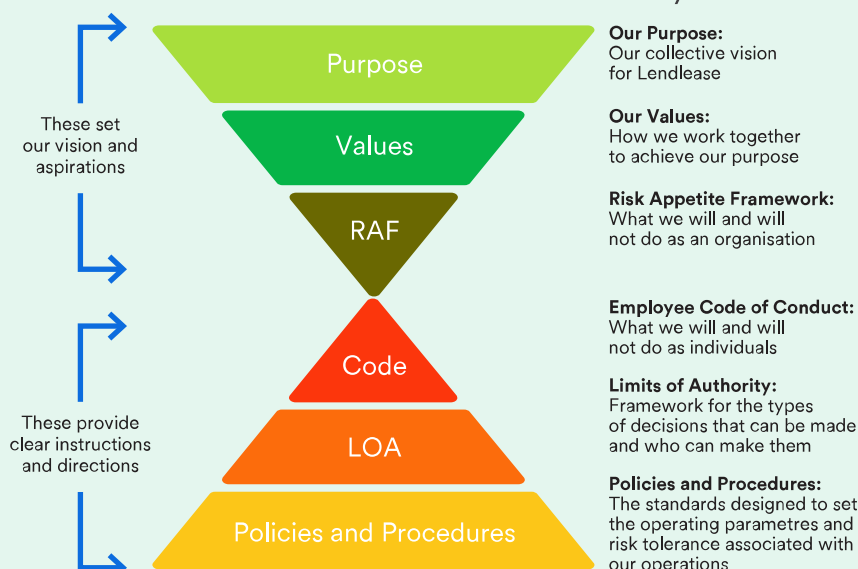
#### Inflation

Inflation and rising interest rates continue to create a challenging environment across our business.

Our business actively manages this exposure by working closely with our supply chain to lock in trades and pricing during the early stages of a project.

We also undertake regular scenario planning which helps understand the potential impacts and mitigation strategies across a range of potential scenarios.

### Risk framework hierarchy



### Enterprise risks

Business Strategy

People, Corporate Culture and Customer

Performance and Capital

EHS and Assurance

Sustainability

Technology and data security

# Climate-related strategic resilience

Lendlease supports the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD) and in 2018 committed to producing annual disclosures that consider these recommendations.



We have a phased approach to integrating the recommendations of TCFD over time, and this is our fifth annual TCFD disclosure. Our disclosure continues to evolve as we enhance our management of climate-related risks and as advancements are made in the maturity of climate-related financial disclosures.

## Building strategic resilience

Lendlease has previously identified 10 Climate-Related Impacts (CRIs) associated with our three potential climate scenarios: Polarisation (a 3 degree scenario), Paris Alignment (a 2–3 degree scenario) and Transformation (a well below 2 degree scenario). In FY23, Lendlease senior leaders met to review the CRIs for continued relevance. The CRIs were assessed for their ongoing likelihood over the next 10 years and updated accordingly – focusing on five key CRIs under each scenario. The residual sensitivity under each CRI, by reference to potential impact to revenue, remains unchanged from prior periods including the assessed level of action required to achieve the residual sensitivity.

Initial work was also undertaken on the identification of financial and non-financial metrics to measure and/or monitor the emergence of the updated CRIs. These metrics span both physical and transition risks and opportunities across all three scenarios.

With the refresh of the identified CRIs now complete across the three scenarios, Lendlease will continue to monitor the identified climate-related risks and opportunities for signs of the CRIs emerging. This includes expanding the scope of our data capture and analysis to assess the materiality of any potential future impacts to the business.

While every effort has been taken to engage in a robust scenario analysis process with input from experienced senior leaders in each business around the globe, scenario planning is, by its nature, subjective and may be subject to change as key considerations evolve. When reviewing the disclosures below, please consider the above factors.

## Emerging Climate-Related Reporting Requirements

In June 2023, the International Sustainability Standards Board (ISSB) released its global sustainability

disclosure standards, IFRS S1 and IFRS S2. IFRS S1 provides a set of disclosure requirements designed to enable companies to communicate to investors about the sustainability-related risks and opportunities they face over the short, medium and long-term. IFRS S2 sets out specific climate-related disclosures.

The Australian government has also confirmed they intend to introduce standardised, climate-related reporting requirements for businesses, through proposed amendments to the *Corporations Act 2001*, aligned to the ISSB standards.

The new reporting requirements are expected to be aligned to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which Lendlease has been following. As a result, it is anticipated that Lendlease will be able to meet the new Australian standard requirements when they are introduced.

Top Left: **Manchester:** Potato Wharf.

Top Right: **London:** Elephant Park.

| Scenario                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Climate-Related Impact                                                                                     | Residual Sensitivity & Action to Achieve |             |              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|------------------------------------------|-------------|--------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                            | Investments                              | Development | Construction |
| <b>Polarisation Scenario (&gt;3°C)</b><br>Our Polarisation Scenario sees a world where climate action is delayed by the polarisation of climate action. This delay results in a world where physical climate changes are the greatest across our three scenarios, resulting in significant disruption. <ul style="list-style-type: none"> <li>Under the higher physical impacts of this scenario, Lendlease recognises a transformation of our strategy is needed in all businesses to manage global supply chains and labour sourcing risks. Even so this would still incur moderate negative sensitivities.</li> <li>The integration of 'Leadership in Sustainability' as a strategic priority and our Net and Absolute Zero Carbon targets sees higher residual positive sensitivities without any further action taken beyond our current strategy.</li> </ul> | Impact of climate change on assets, communities, and cities                                                | Transform                                | Adapt       | Adapt        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Access and cost of capital                                                                                 | Transform                                | Adapt       | Adapt        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Availability of international products, materials, and resources                                           | Transform                                | Transform   | Transform    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Availability and cost of labour                                                                            | Adapt                                    | Adapt       | Adapt        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Industry leadership in decarbonisation valued                                                              | Adapt                                    | Absorb      | Absorb       |
| <b>Paris Alignment Scenario (2-3°C)</b><br>Our Paris Alignment Scenario sees a market led transition to a lower carbon future through global government commitments to the Paris Agreement, resulting in higher regulation to climate action and with lower physical impacts of climate change compared to our Polarisation scenario. <ul style="list-style-type: none"> <li>Our leadership in sustainability and Mission Zero targets creates positive sensitivities to an increased cost of both carbon and the cost to comply with sustainability / climate legislation and regulation.</li> <li>While there are many 'difficult to decarbonise' products and materials in our supply chain, including cement, steel, and aluminium, achieving this goal would result in significant positive sensitivity to Lendlease.</li> </ul>                              | Cost to comply with sustainability/ climate legislation and regulation                                     | Absorb                                   | Absorb      | Absorb       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Increased cost of carbon                                                                                   | Adapt                                    | Transform   | Transform    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Changing preferences away from new build development                                                       | Transform                                | Transform   | Transform    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Demand for decarbonisation of supply chain                                                                 | Adapt                                    | Transform   | Transform    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Increased scrutiny of actions vs branding resulting in industry leadership in decarbonisation valued       | Transform                                | Adapt       | Adapt        |
| <b>Transformation Scenario (&lt;2°C)</b><br>Our Transformation Scenario sees a rapid decarbonisation pathway, where global emissions are close to zero in 2040, driven by society. <ul style="list-style-type: none"> <li>The speed of change that is needed to limit global warming to 1.5 degrees is likely to create some negative sensitivities in our supply chain as preferences shift towards localisation and would require transformational and adaptive practices to mitigate the impact.</li> <li>Our leadership in sustainability and Mission Zero targets create positive sensitivities to shifting "social license to operate" expectations and would result in positive sensitivities to Lendlease if we adapt our strategy by accelerating our decarbonisation pathway.</li> </ul>                                                                 | Increase speed of change in climate related impacts                                                        | Transform                                | Adapt       | Adapt        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Local companies and products preferred over global ones                                                    | Transform                                | Adapt       | Adapt        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Shifting social license to operate expectations resulting in industry leadership in decarbonisation valued | Transform                                | Adapt       | Adapt        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Expectation of R&D investment for decarbonisation                                                          | Transform                                | Adapt       | Adapt        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Shifting consumer preferences towards lower impact living                                                  | Transform                                | Transform   | Adapt        |

#### Level of Action Required to Achieve Residual Sensitivity

**Absorb:** Current strategy absorbs the impact of the CRI

**Adapt:** Changes required to current strategy to respond to the CRI

**Transform:** New strategy or significantly altered strategy required to respond to the CRI

#### Residual Sensitivity

Higher negative sensitivity

Higher positive sensitivity



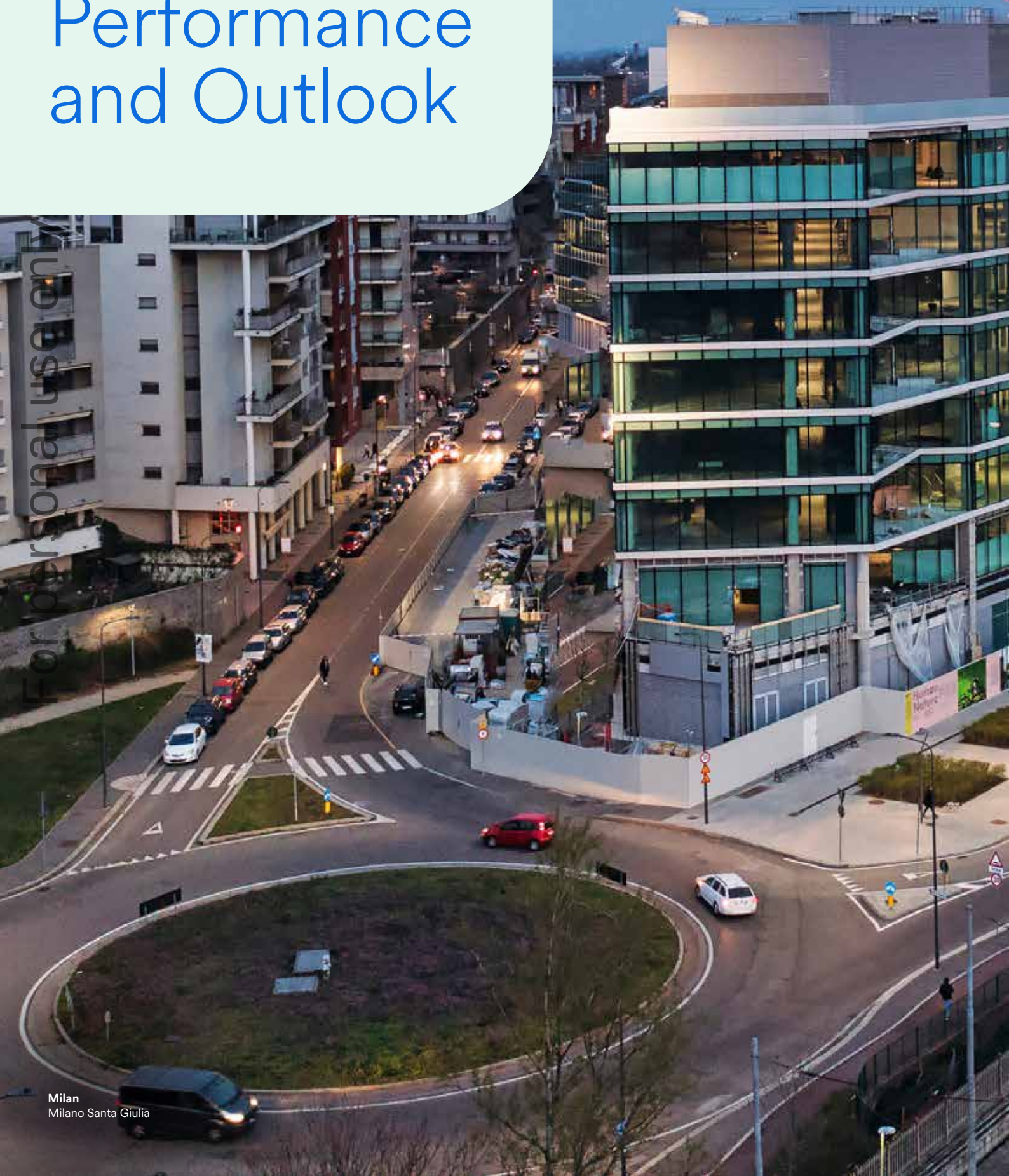
#### More information

For more information about our TCFD disclosures, please refer to our [ESG Databook](#).

For further information about our decarbonisation strategy, please visit [Mission Zero](#).

# Performance and Outlook

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# Group performance

## Key Financials<sup>1</sup>

|                                                            | \$m          | FY22          | FY23          | Var.         |
|------------------------------------------------------------|--------------|---------------|---------------|--------------|
| <b>Core Business</b>                                       |              |               |               |              |
| Investments                                                |              | 497           | 332           | (33%)        |
| Development                                                |              | 181           | 283           | 56%          |
| Construction                                               |              | 131           | 90            | (31%)        |
| <b>Segment EBITDA</b>                                      |              | <b>809</b>    | <b>705</b>    | <b>(13%)</b> |
| Corporate Costs                                            |              | (180)         | (161)         | 11%          |
| <b>Operating EBITDA</b>                                    |              | <b>629</b>    | <b>544</b>    | <b>(14%)</b> |
| Depreciation & Amortisation                                |              | (146)         | (140)         | 4%           |
| Net Finance Costs                                          |              | (116)         | (88)          | 24%          |
| <b>Operating Profit before Tax</b>                         |              | <b>367</b>    | <b>316</b>    | <b>(14%)</b> |
| Income tax expense                                         |              | (91)          | (59)          | 35%          |
| <b>Core Operating Profit after Tax</b>                     |              | <b>276</b>    | <b>257</b>    | <b>(7%)</b>  |
| <b>Reconciliation to Statutory Profit/(Loss) after Tax</b> |              |               |               |              |
| Non Core                                                   |              | (42)          | (19)          | 55%          |
| Non Operating Items <sup>2</sup>                           |              | (333)         | (470)         | (41%)        |
| <b>Statutory Loss after Tax</b>                            |              | <b>(99)</b>   | <b>(232)</b>  | <b>NA</b>    |
| <b>Group</b>                                               |              |               |               |              |
| <b>Core Operating EPS</b>                                  | <b>cents</b> | <b>40.1</b>   | <b>37.3</b>   | <b>(7%)</b>  |
| <b>Distribution per Security</b>                           | <b>cents</b> | <b>16.0</b>   | <b>16.0</b>   | <b>-</b>     |
| <b>Total Group Statutory EPS</b>                           | <b>cents</b> | <b>(14.4)</b> | <b>(33.7)</b> | <b>NA</b>    |
| <b>Total Group Statutory ROE<sup>3</sup></b>               | <b>%</b>     | <b>(1.4%)</b> | <b>(3.4%)</b> | <b>NA</b>    |

<sup>1</sup> Operating earnings presented reflects Statutory profit adjusted for Investment property revaluations (including in Other financial assets and Equity accounted investments) that are classified in the Investment segment, and material one-off items that could not reasonably have been expected to arise from normal operations.

<sup>2</sup> Non operating items after tax for the period ending 30 June 2023 includes a provision in relation to UK building remediation of \$295m and Investment segment valuation decreases of \$175m. Prior period includes Investment segment revaluation increases of \$70m, offset by impairment relating to intangibles \$61m, restructuring costs \$119m, development impairment costs \$223m.

<sup>3</sup> Return on Equity is calculated using annualised Profit after Tax divided by the arithmetic average of beginning, half and year end securityholders' equity.

## Performance<sup>1</sup>

The Group's Statutory Loss after Tax for the year was \$232m, after recording a provision of \$295m due to retrospective UK Government action, a revaluation loss of \$175m relating to property revaluations in the Investments segment, and a Non core segment loss of \$19m.

The provision is a consequence of industry-wide action by the UK Government. This action has retrospective effect by extending the period for defects liability from six years to 30 years and updating building safety regulations for completed UK residential buildings. The liability primarily relates to buildings developed by Crosby entities, acquired by Lendlease in 2005. This estimate does not include anticipated recoveries from third parties, including insurances and supply chain. For further details refer to Note 23 in the financial statements.

The Group's core Operating Profit after Tax (OPAT) fell by 7 per cent to \$257m. Core Operating Earnings per Security of 37.3 cents represents a Return on Equity of 3.8 per cent. Distributions per Security totalled 16.0 cents, unchanged from FY22. This represents a payout ratio of 43 per cent of OPAT.

Core Segment EBITDA fell by 13 per cent to \$705m. Improved Development earnings from Communities and increased completions were offset by lower contributions from Investments and Construction. Lower earnings from the Investments segment were due to loss of earnings from current and prior year asset

sales and higher platform costs, as the business continues the pivot to be Investments-led. Construction earnings were lower, with margin pressure amidst difficult industry conditions despite a robust performance in Australia.

The Group's performance was also impacted by provisioning in relation to a divestment and prior projects in the offshore businesses. An additional \$110m of post-tax provisions has been booked in relation to claim settlements, remediation obligations and impairment of receivables. This was partially offset by a \$50m post-tax gain on the partial repurchase of the Group's Sterling bonds which were trading at a discount to book value.

Corporate costs decreased by 11 per cent to \$161m, reflective of the recent focus on a leaner head office function and lower bonuses.

Adjusted for the gain on repurchase of the Sterling bonds, net finance costs were 30 per cent higher, with higher average net debt during the year and an increase in the average cost of debt to 4.3 per cent, reflecting base rate increases mitigated by a well-positioned hedging strategy.

A Non core loss of \$19m primarily reflects overhead costs associated with the retained elements of the Engineering and Services businesses. We continue to maintain provisions we consider to be appropriate to complete our share of the retained Melbourne Metro project, and for potential warranties associated with the exited Engineering and Services businesses.

The Group has reached the mid-point of the two-year Create phase of the five-year Reset, Create, Thrive strategic roadmap to deliver sustained, improved performance. The key elements of the Create phase involve continued growth in funds under management (FUM); achieving scale in development; and maintaining execution excellence in construction.

Progress was made during the year to grow FUM by nine per cent to \$48.3b. This included \$5.3b of new additions, partially offset by divestments and negative valuation movements. Key activities contributing to growth include the 21 Moorfields acquisition in London, deployment of investment mandate capital, and investment into new products across build to rent, sustainable office, value add and life sciences assets.

Development progress was also evident with the acceleration of Work in Progress. There were \$7.7b of commencements in the year, including One Circular Quay in Sydney, a \$3.1b residential-led project in joint venture with Mitsubishi Estate (67 per cent), as well as Habitat (formerly La Cienega), a \$1.1b mixed-use, build to rent/office project in Los Angeles, with joint venture partner Aware Super (50 per cent). Progress was made with the launch of build to rent projects in Australia, including Melbourne Quarter West and Brisbane Showgrounds, introducing the Group's international capabilities to the Australian market. Build to rent is a key growth product for both the Development and Investments segments.

The Construction segment continued to pursue execution excellence during the year, with an improved focus on transitioning its portfolio to better risk reward outcomes. The business will no longer bid for third-party residential build to sell projects and, separately, will only bid on external construction projects with a value of more than \$150m. These changes should deliver an improved earnings profile for securityholders over time given increasing long tail risks across the residential building sector.

## Group performance continued

The Group's balance sheet remains strong with gearing at 14.8 per cent, at the mid-point of the target range. The business continues to actively manage its capital and liquidity position, while funding growth opportunities. There is \$2.6b of liquidity at year end. With a strong FY24 completions profile, and operational and strategic levers to access additional capital pools, the Group remains confident it has the financial flexibility to execute its strategy while remaining within the target gearing range of 10–20 per cent.

### Portfolio Management Framework

|                                        | Target              | FY22 | FY23  |
|----------------------------------------|---------------------|------|-------|
| <b>Total Group Metrics</b>             |                     |      |       |
| Core Operating ROE                     | 8-10%               | 4.0% | 3.8%  |
| Distribution payout ratio <sup>1</sup> | 30-50%              | 40%  | 43%   |
| Gearing                                | 10-20%              | 7.3% | 14.8% |
| <b>Core Business</b>                   |                     |      |       |
| <b>EBITDA Mix</b>                      |                     |      |       |
| Investments                            | 40-50%              | 61%  | 47%   |
| Development                            | 40-50%              | 23%  | 40%   |
| Construction                           | 10%                 | 16%  | 13%   |
| <b>Core Business Segment Returns</b>   |                     |      |       |
| Investments ROIC <sup>2</sup>          | 6-9% <sup>3</sup>   | 9.7% | 6.1%  |
| Development ROIC <sup>2</sup>          | 10-13% <sup>3</sup> | 2.2% | 3.3%  |
| Construction EBITDA margin             | 2-3%                | 2.0% | 1.2%  |
| <b>Segment Invested Capital Mix</b>    |                     |      |       |
| Investments                            | 50-70%              | 40%  | 40%   |
| Development                            | 30-50%              | 60%  | 60%   |
| <b>Regional Invested Capital Mix</b>   |                     |      |       |
| Australia                              | 40-60%              | 33%  | 31%   |
| Asia                                   | 10-25%              | 22%  | 23%   |
| Europe                                 | 10-25%              | 25%  | 24%   |
| Americas                               | 10-25%              | 20%  | 22%   |

1. Distribution payout ratio has been calculated on Core Operating Earnings.

2. Return on Invested Capital (ROIC) is calculated using the annualised Operating Profit after Tax divided by the arithmetic average of beginning, half and year end invested capital.

3. Through-cycle target based on rolling three to five year timeline.

### Portfolio Management Framework

The Portfolio Management Framework (PMF) sets out various financial targets for our business and provides a framework to guide the decisions we make. It is designed to maximise long-term securityholder value via a diversified risk adjusted portfolio, leveraging the integrated model and the Group's financial strength. This includes maintaining an investment grade credit rating.

It provides the structure for both capital allocation and generating through-the-cycle returns across the three operating segments of Investments, Development and Construction.

Reflecting the evolution of the Group's strategy, evolving market conditions and a continued focus on securityholder returns, external market guidance will focus on Group Return on Equity from FY24, which continues to be the Group's key measure of return for securityholders. The structure of the PMF, and its through-the-cycle targets (not guidance), will continue to support internal capital, investment, and portfolio decisions.

### Outlook

The Group remains focused on further executing its Investments-led strategy, with the aim of delivering a higher proportion of stable and recurring earnings to the Group and its securityholders. Since FY21, more than 10 per cent compound growth per annum in FUM has been achieved, with further double-digit growth required to meet our goal.

Investments is targeting an increase in FUM growth from \$48b in FY23 to \$70b by FY26. In part, this will be achieved through the growth of our co-investments portfolio, alongside investment partners. This should see capital in Investments increase towards 60 per cent of total Investment and Development capital from 40 per cent today. To help fund this growth and re-weight our Development portfolio, Development capital is planned to be recycled from offshore over time and redeployed into the Investments business, as well as replenishing the Australian Development pipeline.

The Development pipeline is pivotal to achieving our overall strategy, with currently more than \$60b of investment yielding assets to be delivered across attractive asset classes, including build to rent and sustainable office. The Group's objective is to accelerate delivery of the pipeline in a capital-efficient manner alongside investment partners, prioritising completion and delivery of investment products to the funds management platform.

The journey to become an Investments-led business has begun, with solid progress made against a challenging backdrop. The Group is confident it has the right strategy, capital resources and teams in place to deliver for securityholders.

# Investments segment

## Key financial and operational metrics

|                                            | FY22 | FY23 |
|--------------------------------------------|------|------|
| Management EBITDA (\$m) <sup>1</sup>       | 141  | 104  |
| Ownership EBITDA (\$m) <sup>2</sup>        | 356  | 228  |
| Operating EBITDA (\$m) <sup>2</sup>        | 497  | 332  |
| Operating Profit after Tax (\$m)           | 361  | 245  |
| Invested Capital (\$b) <sup>3</sup>        | 3.7  | 4.0  |
| Funds Under Management (\$b) <sup>4</sup>  | 44.4 | 48.3 |
| Assets Under Management (\$b) <sup>4</sup> | 30.0 | 32.8 |
| Investment Portfolio (\$b) <sup>5</sup>    | 3.5  | 3.9  |

1. Earnings primarily derived from the investment management platform and the management of US residential housing operations.

2. Returns excluding non-cash backed property related revaluation movements of Investment Property, Other Financial Assets, and Equity Accounted Investments in the Investments segment.

3. Securityholder equity plus gross debt less cash on balance sheet.

4. The Group's assessment of market value.

5. The Group's assessment of market value of ownership interests.

## Performance<sup>1</sup>

The Investments segment delivered EBITDA of \$332m, down 33 per cent from \$497m. The decline in earnings reflects the reduction in investment portfolio earnings from last year's sale of 24.9 per cent of Keyton (formerly Retirement Living), reduced contributions from funds and asset management, and provisioning against a receivable from the disposal of the Americas Telecommunications business, partially offset by a further 34 per cent sell-down of the Military Housing Asset Management income stream.

OPAT for Investments of \$245m was down 32 per cent from \$361m, representing a Return on Invested Capital (ROIC) of 6.1 per cent. The impact to ROIC of the provision was 1.2 percentage points.

Management EBITDA, derived from funds management and asset management activities across the Group's Investments platform, was down 27 per cent to \$104m.

Funds management EBITDA was \$82m, down from \$94m, primarily due to higher costs from building out the offshore investment management platforms. Revenue increased to \$177m from \$172m, supported by growth in funds under management, although the full year impact of FUM earnings growth has not been fully reflected due to the timing of asset completions and FUM addition.

Asset management EBITDA reduced to \$22m, down from \$47m. The change reflects the loss of income from the partial sale of Military Housing Asset Management income streams.

Investment portfolio EBITDA was \$228m, down from \$356m. Portfolio earnings were impacted by the Americas Telecommunications receivable provision and a reduction of portfolio assets from the 24.9 per cent disposal of Keyton in FY22, partially offset by a gain on sale of Parkway Parade to Lendlease Global Commercial REIT (LREIT).

Investment distribution yield was lower against the prior year at 3.0 per cent, down from 4.7 per cent. FY23 yields were impacted by deployment of capital into new products that are yet to stabilise (e.g., Real Estate Partners (REP) 4, which targets capital gains in addition to income, and 21 Moorfields, which is expected to begin generating a yield in 1Q24 following practical

completion). Rising interest rates also impacted investment distributions and returns for the year.

The Group's investment portfolio is valued at \$3.9b at FY23, up from \$3.5b, an increase of 12.9 per cent. The increase was due to the co-investment in 21 Moorfields, assets acquired through REP 4 and the transfer of assets from Development including build to rent products, Cascade and City Lights Point.

## Operations

FUM increased nine per cent to \$48.3b. The movement was comprised of \$5.3b of new FUM, offset by \$1.0b of divestments, valuation, and market-related impacts. New FUM contributions were from 21 Moorfields, MSG North, REP 4 and deployment of investment mandates. In addition to current FUM, there is more than \$6b of future secured FUM in delivery from development projects that is planned to move into funds or mandates.

The Group's develop to core products, derived from its urban development pipeline, are expected to be the primary source of growth for the Investments platform. More than 50 per cent of the urban development pipeline comprises investment yielding assets, derived mostly from build to rent and sustainable office assets.

Assets under management increased nine per cent to \$32.8b. The increase was driven by new AUM of \$1.9b, from 21 Moorfields and Cascade, as well as market-related gains, partially offset by \$0.8b of retail asset sales.

The Group's investment portfolio of \$3.9b is well diversified with \$1.4b in residential, \$1.2b in workplace; \$0.9b in retail and the balance in data centres, industrial and other assets.

# Development segment

## Key financial and operational metrics

|                                     | FY22  | FY23  |
|-------------------------------------|-------|-------|
| Operating EBITDA (\$m)              | 181   | 283   |
| Operating Profit after Tax (\$m)    | 111   | 192   |
| Invested Capital (\$b) <sup>1</sup> | 5.4   | 6.1   |
| Work in Progress (\$b)              | 18.4  | 22.9  |
| Commencements (\$b) <sup>2</sup>    | 5.9   | 7.7   |
| Completions(\$b) <sup>3</sup>       | 2.5   | 3.6   |
| Pipeline (\$b) <sup>4</sup>         | 117.0 | 124.3 |

1. Securityholder equity plus gross debt less cash on balance sheet.
2. Project end value on product commenced during a financial period (representing 100% of project value). Subject to changes in delivery program.
3. Project end value on product completed during a financial period (representing 100% of project value).
4. Total estimated end value (representing 100% of project value).

## Performance<sup>1</sup>

The Development segment delivered EBITDA of \$283m, up 56 per cent from \$181m. The result was driven by the Australian region, with Asia also contributing an improved result. Europe's performance was negatively impacted by weak economic conditions and a prior project provision, while the Americas also remains challenged due to market conditions. OPAT of \$192m was up from \$111m, or 73 per cent. The FY23 ROIC of 3.3 per cent was higher than the 2.2 per cent on the prior year.

The Australian Communities business underpinned the result, generating \$142m of EBITDA, up from \$16m, with FY22 impacted by planning and weather delays. There were 2,253 lot settlements, up from 1,478, and 1,765 lot sales, down from 3,114. Settlements were lower than anticipated due to delays in obtaining authority approvals for lot registrations, whilst the impact of continued upward pressure on interest rates tempered sales volumes, albeit with sentiment improving in the last few months of the year.

The Exchange TRX (Retail) in Kuala Lumpur, which is now 87 per cent leased, recorded a gain as it nears completion this year. A joint venture partnership with Daiwa House to develop build to rent apartments at Melbourne Quarter also contributed.

There were \$3.6b of completions for the year, comprised of \$2.8b urban projects and \$0.8b of Communities development, noting the urban delivery pipeline is still working through pandemic-related delays to completions. Sydney Place, which was divested in FY22, was the key contributor to urban completions, followed by Blue & William, a 14,000sqm workplace project in North Sydney. City Lights Point, London, also delivered 118 build to rent units and 104 apartments for sale.

There were \$7.7b of commencements during the year. One Circular Quay, a \$3.1b project in joint venture with Mitsubishi Estate, commenced in Sydney. The project comprises 158 luxury apartments and a luxury hotel that was forward sold, de-risking the project at inception.

In Los Angeles, a \$1.1b mixed-use, build to rent/office project, Habitat, commenced. The project is in partnership with Aware Super and will provide investment grade product to the funds management platform.

In Melbourne, a \$0.6b build to rent joint venture project commenced alongside Daiwa House, leveraging the Group's existing offshore build to rent capabilities.

Hayes Point, a \$1.9b mixed-use project comprising apartments for sale, as well as boutique office space, commenced in San Francisco during 1H23. Following completion of key sub-structure works, the project was recently paused pending further de-risking through either tenancy pre-commitments or the introduction of a capital partner.

## Operations

The Development pipeline rose from \$117b to \$124b, underpinned by the addition of One Circular Quay, Sydney. Excluding Communities, the urban development pipeline was \$108b. The Group was announced as preferred developer of the Queen Victoria Market in Melbourne. The project has an estimated end development value of \$1.7b and, subject to approvals, will comprise a new landmark of sustainable workplace; build to rent apartments; student accommodation alongside student accommodation partner Scape; and a large public park.

Invested capital rose from \$5.4b to \$6.1b during the year, which includes \$1.0b of Australian Communities developments. Key urban projects utilising capital include: One Sydney Harbour; One Circular Quay; The Exchange TRX; Victoria Cross Over Station development; 60 Guest Street; Habitat and Hayes Point. Over time, invested capital in Development is expected to trend down towards 40 per cent of capital invested across Investments and Development.

As part of the Group's capital management approach, \$0.6b was raised from the forward sale of apartment pre-sale contracts (PLLACes) on Residences Two (R2) and Waterman's Residence (R3) at One Sydney Harbour.

The pipeline in Conversion of \$50b is controlled by \$0.3b of invested capital with the more capital intense Master planned phase holding \$1.4b of capital (ex Communities), with a \$51b development pipeline. The Work in Progress (WIP) phase, with projects moving from commencement through to completion, employs \$3.5b of capital.

Development WIP, the lead indicator for future completions, was \$22.9b, up from \$18.4b in the prior year. The business is seeking to maintain WIP above \$20b with a focus on accelerating execution.

1. Comparative period the year ended 30 June 2022.

# Construction segment

## Key financial and operational metrics

|                                     | FY22  | FY23  |
|-------------------------------------|-------|-------|
| Revenue (\$m) <sup>1</sup>          | 6,579 | 7,203 |
| Operating EBITDA (\$m)              | 131   | 90    |
| Operating Profit after Tax (\$m)    | 68    | 32    |
| New Work Secured (\$b) <sup>2</sup> | 5.3   | 4.7   |
| Backlog (\$b) <sup>2</sup>          | 10.5  | 8.7   |

1. Construction revenue earned in period (excludes internal projects).

2. Construction revenue to be earned in future periods (excludes internal projects).

## Performance<sup>1</sup>

The Construction segment booked revenue of \$7.2b for the year, up nine per cent, despite a decline in European activity.

EBITDA of \$90m was down 31 per cent, while OPAT of \$32m was down 53 per cent, delivering a subdued outcome in the context of industry challenges, including high inflationary pressures, ongoing supply chain challenges and sub-contractor collapses. EBITDA was also impacted by \$53m from provisions relating to prior projects in the Americas and Europe.

While inflationary headwinds remain, they have shown signs of moderating.

EBITDA margin for the segment was 1.2 per cent for the year, down from 2.0 per cent, impacted by provisions which reduced the EBITDA margin by 0.8 percentage points.

The Australian business remained the largest contributor to earnings, delivering \$3.7b of revenue, \$105m of EBITDA and \$58m of OPAT. Margins at 2.8 per cent were down from 3.8 per cent in FY22 due to industry headwinds. A continued focus on defence and social infrastructure projects supported external revenues for the year.

The Americas business remains a large revenue contributor, delivering \$2.5b, an increase of 10 per cent. However, earnings were negatively impacted by low margins and provisions, leading to a loss after tax of \$25m.

Across other offshore markets, activity slowed in Europe to deliver revenue of \$0.7b, down 17 per cent, while Asian activity increased 13 per cent with a revenue contribution of \$0.3b. Europe contributed modestly to EBITDA and core OPAT for the year.

Construction contributed 13 per cent to Group EBITDA, down from 16 per cent in FY22. The contribution to Group EBITDA will trend towards a target of 10 per cent as Investments and Development are expected to increase their proportionate contributions over time.

New work secured for the segment was \$4.7b, down from \$5.3b. Australia remained the largest contributor with \$2.4b, while the Americas business saw the largest growth in new work to \$2.1b. Social infrastructure projects remain the key sector for new work secured, with office and life science projects also contributing to growth.

## Operations

Backlog revenue remains solid at \$8.7b, declining compared to last year due to the fall in new work secured relative to revenue. The workbook is diversified by client and sector, although is concentrated within Australia and the Americas.

The Australian region has the largest backlog revenue, at \$5.7b, with key projects including RAAF Tindal Stage 6 and USFPI Airfield Works, Frankston Hospital Redevelopment, Powerhouse Parramatta and Liverpool Health and Academic Precinct.

The Americas has backlog revenue of \$2.5b across the key sectors of defence and sustainable office. Backlog revenue remains below historical levels, due to lower project activity post-pandemic and a more selective approach to origination of new work.

The Construction business is preferred for \$9.9b in new projects, including \$4.3b of social infrastructure and \$3.7b of office, providing confidence that the backlog revenue can be increased to the target ~\$10b.

1. Comparative period the year ended 30 June 2022.

# Financial position and cash flow movements

## Financial position (\$m)

|                                                           | FY22         | FY23         | Var.        |
|-----------------------------------------------------------|--------------|--------------|-------------|
| <b>Investment assets</b>                                  |              |              |             |
| Other financial assets                                    | 1,149        | 1,124        | (2%)        |
| Equity accounted investments                              | 2,128        | 2,611        | 23%         |
| Investment properties                                     | 216          | 223          | 3%          |
| <b>Development assets</b>                                 |              |              |             |
| Inventories                                               | 3,110        | 3,649        | 17%         |
| Equity accounted investments                              | 2,246        | 3,031        | 35%         |
| Investment properties                                     | 266          | 316          | 19%         |
| <b>Other assets and liabilities (including financial)</b> |              |              |             |
| Cash and cash equivalents                                 | 1,297        | 900          | (31%)       |
| Borrowing and financing arrangements                      | (2,357)      | (3,281)      | (39%)       |
| Other net assets and liabilities                          | (1,085)      | (1,929)      | (78%)       |
| <b>Net assets</b>                                         | <b>6,970</b> | <b>6,644</b> | <b>(5%)</b> |

### Investment Assets

Other financial assets were lower due to revaluation movements and the sale of Parkway Parade to LREIT, partially offset by the acquisition of industrial assets.

Growth in Equity accounted investments resulted from co-investments in 21 Moorfields, REP 4 and Lendlease Datacentre Partners, as well as capital transferred to Investments on completed trading assets, MSG South and Cascade, partially offset by the divestment of industrial assets.

Investment properties increased with the transfer of the Darling Square retail asset, partially offset by the sale of Craigieburn.

### Development Assets

Development assets increased in line with delivery of key projects. Inventory increased by 17 per cent with key contributors including production expenditure on Australian Communities, Hayes Point and the third residential tower at One Sydney Harbour.

Equity accounted investments assets increased by 35 per cent with material contributions to development projects in delivery including One Sydney Harbour, The Exchange TRX and One Circular Quay.

The increase in Investment properties under Development includes build to rent apartments at Melbourne Quarter alongside partner Daiwa House.

### Other assets and liabilities

The increase in Other net assets and liabilities predominantly reflects PLLACes liabilities within Trade and Other Payables, along with the impact of the provision in relation to UK building remediation.

### Cash flow and treasury management

The Group commenced the year with cash and cash equivalents of \$1.3b. Movements during the year comprised Operating cash outflows of \$486m, Investing cash outflows of \$758m and

Financing cash inflows of \$723m. The Group closed the year with cash and cash equivalents of \$900m.

Core operating cash outflows include production spend on majority controlled development projects including Waterman's Residence, being the third residential tower at One Sydney Harbour; Australian Communities; Hayes Point; and Lakeshore East. This was offset by PLLACes proceeds on the second and third residential towers at One Sydney Harbour.

Investing cash outflows during the year included the acquisition of 21 Moorfields, asset acquisitions in REP 4 and APPF Industrial and production spend on jointly controlled development projects including the first and second residential towers on One Sydney Harbour, The Exchange TRX, Victoria Cross Over Station Development, and the acquisition of One Circular Quay.

The PLLACes transactions were part of the Group's capital management program, bringing forward cash proceeds from future apartment settlements to fund ongoing project development. The PLLACes product is an established capital management tool that has been deployed across the Group's residential build to sell developments since 2014. There are now four outstanding instruments with a face value of approximately \$1.7b, secured against One Sydney Harbour apartment settlements.

The Group remains in a strong financial position with \$2.6b of liquidity comprised of \$0.9b of cash and cash equivalents and \$1.7b in available undrawn debt. The debt hedging strategy remains well-positioned, with fixed debt of 64 per cent and an average drawn debt maturity of 4.4 years, decreasing due to the further utilisation of floating rate facilities in the year and the partial buy back of long-dated Sterling bonds.

Gearing of 14.8 per cent at year end is within the target range of 10-20 per cent. The Group employs capital management initiatives to support growth and expenditure on key Development projects while prioritising maintaining gearing within target levels.

## Treasury management

|                                 |       | FY22  | FY23  | Var.  |
|---------------------------------|-------|-------|-------|-------|
| Net debt                        | \$m   | 1,060 | 2,381 | NA    |
| Gearing <sup>1</sup>            | %     | 7.3   | 14.8  | NA    |
| Interest cover <sup>2</sup>     | times | 5.6   | 3.0   | (46%) |
| Average cost of debt            | %     | 3.6   | 4.3   | 19%   |
| Average drawn debt maturity     | years | 6.6   | 4.4   | (33%) |
| Available liquidity             | \$m   | 3,944 | 2,581 | (35%) |
| Average debt mix fixed:floating | \$m   | 88:12 | 64:36 |       |

1. Net debt to total tangible assets, less cash.

2. EBITDA has been adjusted to exclude Non Operating Items.

### Credit ratings<sup>1</sup>

|         |                     |
|---------|---------------------|
| 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.

# Governance

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# Board of Directors' information and profiles



**Michael J Ullmer, AO**

Chairman  
(Independent Non Executive Director)

## Term of Office

Mr Ullmer joined the Board in December 2011 and was appointed Chairman in November 2018.

## Skills, Experience and Qualifications

Mr Ullmer brings to the Board extensive strategic, financial and management experience accumulated over his career in international banking, finance and professional services. He was the Deputy Group Chief Executive Officer of the National Australia Bank (NAB) from 2007 until he retired from the Bank in August 2011. He joined NAB in 2004 as Finance Director and held a number of key positions including Chairman of the subsidiaries Great Western Bank (US) and JB Were. Prior to NAB, Mr Ullmer was at Commonwealth Bank of Australia, initially as Group Chief Financial Officer and then Group Executive with responsibility for Institutional and Business Banking. Before that, he was a Partner at accounting firms KPMG (1982 to 1992) and Coopers & Lybrand (1992 to 1997).

Mr Ullmer has a degree in mathematics from the University of Sussex. He is a Fellow of the Institute of Chartered Accountants, a Senior Fellow of the Financial Services Institute of Australia, and a Fellow of the Australian Institute of Company Directors.

## Listed Company Directorships (held within the last three years)

Non Executive Director of Westpac (appointed April 2023)

Non Executive Director of Woolworths Limited (appointed January 2012) (retired November 2021)

## Other Current Appointments

Nil

## Board Committee Memberships

Member of the Audit Committee

Member of the Nomination Committee

Member of the People & Culture Committee

Member of the Risk Committee

Member of the Sustainability Committee



**Anthony P Lombardo**

Global Chief Executive Officer of the Group  
(Executive Director)

## Term of Office

Anthony (Tony) was appointed Managing Director on 3 September 2021 and also appointed Global Chief Executive Officer in June 2021.

## Skills, Experience and Qualifications

Tony Lombardo has more than 25 years' experience working across real estate development, investment management, finance, mergers and acquisitions (M&A) and strategy in Australia and internationally.

Tony joined Lendlease in 2007 as Group Head of Strategy and M&A where he led a number of initiatives including refocusing the Group's overall business strategy. In 2011, he was appointed Group Chief Financial Officer and played a key role in enhancing the flexibility of the Group's capital structure via a stapled structure as well as significantly broadening its funding and banking relationships. He also implemented a range of people focused initiatives including creation of the Young Indigenous Pathways program, which provides mentoring opportunities for young Indigenous students.

In 2016, Tony was appointed Chief Executive Officer Asia based in Singapore. As part of resetting Lendlease Asia's growth strategy, Tony spearheaded a number of major initiatives to drive future growth. Recent successes include the completion of Singapore's S\$3.7 billion Paya Lebar Quarter mixed use development, establishment of a US\$1 billion data centres joint venture with a large institutional investor and the successful listing of S\$1 billion global LREIT on the Singapore Exchange.

Prior to joining Lendlease, Tony spent almost 10 years at GE with responsibilities across a number of functional disciplines including strategy, M&A and finance for both GE Capital and GE Corporate. Tony commenced his career at KPMG where he worked for more than four years.

Tony holds a degree in Accounting and Finance from RMIT University and is a member of the Institute of Chartered Accountants in Australia.



## Nicola M Wakefield Evans, AM

(Independent Non Executive Director)

### Term of Office

Ms Wakefield Evans joined the Board in September 2013.

### Skills, Experience and Qualifications

Ms Wakefield Evans is an experienced business leader and Non Executive Director with broad ranging commercial, business management, strategy and legal experience gained over a 30 year international career.

Ms Wakefield Evans has had a diverse career as one of Australasia's leading corporate finance lawyers and held several senior key management and leadership positions at King & Wood Mallesons (KWM), including Managing Partner International in Hong Kong, where she was responsible for the overall governance and strategic positioning of the business in the Asia region. She has extensive experience in the financial services, resources and energy and infrastructure sectors. She also has extensive international experience working in Australia, New York and Hong Kong.

Ms Wakefield Evans holds a Bachelor of Jurisprudence and a Bachelor of Laws from the University of New South Wales and is a qualified lawyer in Australia, Hong Kong and the United Kingdom. She is a member of Chief Executive Women.

### Listed Company Directorships (held within the last three years)

Non Executive Director of Macquarie Group Limited (appointed February 2014)

Non Executive Director of Viva Energy Group Limited (appointed August 2021)

### Other Current Appointments

Chair of 30% Club, Australia

Director of the Clean Energy Finance Corporation

Director of Metlife Insurance Limited

Director of UNSW Foundation Limited

Director of the Goodes O'Loughlin (GO) Foundation Limited

Member of the Takeovers Panel

### Board Committee Memberships

Chair of the Sustainability Committee

Member of the Nomination Committee

Member of the Audit Committee

Member of the Risk Committee



## David P Craig

(Independent Non Executive Director)

### Term of Office

Mr Craig joined the Board in March 2016

### Skills, Experience and Qualifications

Mr Craig is a business leader with a successful international career spanning over 40 years in finance, accounting, audit, risk management, strategy and mergers and acquisitions in the banking, property and professional services industries. He was the Chief Financial Officer (CFO) of Commonwealth Bank of Australia from 2006 through the GFC, until he retired in June 2017. At Commonwealth Bank, he was responsible for leading the finance, treasury, property, security, audit and investor relations teams.

Mr Craig's previous leadership roles have included CFO for Australand Property Group, Global CFO for PwC Consulting and a Partner at PwC (17 years).

As well as his role as CFO of Australand Property Group (now Frasers), Mr Craig was responsible for Property for the last 22 years of his executive career, including overseeing three significant property transformations at CBA.

Mr Craig holds a Bachelor of Economics from the University of Sydney. He is a Fellow of the Institute of Chartered Accountants, ANZ and a Fellow of the Australian Institute of Company Directors.

### Listed Company Directorships (held within the last three years)

Nil

### Other Current Appointments

President of the Financial Executives Institute of Australia

Deputy Chairman of the Victor Chang Cardiac Research Institute

Director of Sydney Theatre Company

### Board Committee Memberships

Chair of the Audit Committee

Member of the Nomination Committee

Member of the People and Culture Committee

Member of the Risk Committee



**Philip M Coffey**  
(Independent Non Executive Director)

**Term of Office**

Mr Coffey joined the Board in January 2017

**Skills, Experience and Qualifications**

Mr Coffey served as the Deputy Chief Executive Officer (CEO) of Westpac Banking Corporation from April 2014 until his retirement in May 2017. As the Deputy CEO, Mr Coffey had the responsibility of overseeing and supporting relationships with key stakeholders of Westpac including industry groups, regulators, customers and government. He was also responsible for the Group's Mergers & Acquisitions function. Prior to this role, Mr Coffey held a number of executive positions at Westpac including Chief Financial Officer and Group Executive, Westpac Institutional Bank. He has successfully led operations based in Australia, New Zealand, the United States, the United Kingdom and Asia and has extensive experience in financial markets, funds management, balance sheet management and risk management. He began his career at the Reserve Bank of Australia and has also held executive positions at Citibank.

Mr Coffey holds a Bachelor of Economics (Hons) from the University of Adelaide and has completed the Executive Program at Stanford University Business School. He is a graduate member of the Australian Institute of Company Directors and Senior Fellow of the Financial Services Institute of Australasia.

**Listed Company Directorships (held within the last three years)**

Non Executive Director of Macquarie Group Limited (appointed August 2018)

**Other Current Appointments**

Director of Goodstart Early Learning

**Board Committee Memberships**

Chair of the Risk Committee

Member of the Sustainability Committee

Member of the Nomination Committee



**Elizabeth M Proust, AO**  
(Independent Non Executive Director)

**Term of Office**

Ms Proust joined the Board in February 2018.

**Skills, Experience and Qualifications**

Ms Proust is one of Australia's leading business figures and has had a diverse career holding leadership roles in the public and private sectors for over 30 years. Ms Proust spent eight years at ANZ Group including four years as Managing Director of Esanda, Managing Director of Metrobanking and Group General Manager, Human Resources, Corporate Affairs and Management Services. Before joining ANZ, Ms Proust was Secretary (CEO) of the Department of Premier and Cabinet (Victoria) and Chief Executive of the City of Melbourne.

Ms Proust has extensive board experience in listed and private companies, subsidiaries and joint ventures, as well as government and not for profits. She was made an Officer of the Order of Australia in 2010 for distinguished service to public administration and to business, through leadership roles in government and private enterprise, as a mentor to women, and to the community through contributions to arts, charitable and educational bodies. She is a Life Fellow of the Australian Institute of Company Directors.

Ms Proust holds a Bachelor of Arts (Hons) from La Trobe University and a Bachelor of Laws from the University of Melbourne.

**Listed Company Directorships (held within the last three years)**

Lead Independent Director GQG Partners (appointed October 2021)

**Other Current Appointments**

Chair of Cuscal Limited

Member of the Fujitsu Advisory Board

**Board Committee Memberships**

Chair of the People and Culture Committee

Member of the Nomination Committee

Member of the Risk Committee

Member of the Sustainability Committee



## Robert F Welanetz

(Independent Non Executive Director)

### Term of Office

Mr Welanetz joined the Board in March 2020.

### Skills, Experience and Qualifications

Mr Welanetz is based in the US and has significant executive, advisory, strategic and operational experience in the property and construction sectors gained over an international career spanning over 40 years.

In his most recent role, Mr Welanetz served as Chief Executive Officer in the property division of Majid Al Futtaim (MAF), based in Dubai, where he had overall responsibility for managing MAF's property portfolio and development pipeline. Mr Welanetz retired from that position in 2018. Prior to joining MAF, Mr Welanetz spent over seven years in a global role in Blackstone's Real Estate Group advising and identifying acquisition opportunities in retail real estate and providing strategic guidance for Blackstone's portfolio of retail assets and retail operating companies.

Mr Welanetz also served as Chief Executive Officer of Shanghai Kinghill Ltd, based in China, with responsibility for the operations and delivery of retail and development projects in mainland China. Prior to this, Mr Welanetz was President and Chief Executive Officer, Retail, at Jones Lang LaSalle Inc Americas.

Mr Welanetz holds a Bachelor of Science degree from Colorado State University. He is a former Chairman of the International Council of Shopping Centres and served on the board of the Galileo Property Trust, an Australian shopping centre investor.

### Listed Company Directorships (held within the last three years)

Nil

### Other Current Appointments

Non Executive Director of Qiddiya Coast Saudi Arabia

Non Executive Director of Stone Mountain Industrial Property Company, USA

### Board Committee Memberships

Chair of the Nomination Committee

Member of the Risk Committee

Member of the People & Culture Committee

Member of the Sustainability Committee



## Nicholas R Collishaw

(Independent Non Executive Director)

### Term of Office

Nicholas Collishaw was appointed to the Board as an independent Non Executive Director, effective 1 December 2021.

### Skills, Experience and Qualifications

Based in Sydney, Mr Collishaw is an experienced property executive and non executive director with more than 40 years' expertise gained across Lendlease's core segments of Development, Construction and Investments. During his career he has overseen the development and delivery of a number of significant and ground-breaking projects across the commercial, industrial and retail sectors. Mr Collishaw currently serves as the joint Chief Executive Officer of Lincoln Place Pty Ltd, a boutique funds management entity focused on affordable retirement accommodation, and is Chairman of hospitality group, Redcape Hotel Group. Until his recent retirement, he was a non-executive director of ASX-listed investment manager, Centuria Capital. Mr Collishaw's executive career comprised a number of high-profile roles including Centuria Capital's Chief Executive Officer of Listed Property. Prior to this role, Mr Collishaw spent eight years at Mirvac Group serving as the Chief Executive Officer and Managing Director between 2008 and 2012. He also held senior leadership positions at James Fielding Group where he was Executive Director and Head of Property, Deutsche Industrial Trust and Paladin Commercial Trust.

### Listed Company Directorships (held within the last three years)

Non Executive Director of Centuria Capital Group (appointed May 2013, retired August 2021)

### Other Current Appointments

Chair of Redcape Hotel Group (delisted 2021)

### Board Committee Memberships

Member of the Audit Committee

Member of the People and Culture Committee

Member of the Risk Committee

Member of the Nomination Committee



## Ann Soo Chan ("Margaret Lui")

(Independent Non Executive Director)

### Term of Office

Ms Lui joined the Board in December 2022.

### Skills, Experience and Qualifications

Based in Singapore, Ms Lui is currently the Chief Executive Officer and Executive Director of Azalea Asset Management, which she helped to found in 2015. At Azalea, Ms Lui leads an experienced team of investment managers, overseeing a portfolio valued at US\$10 billion.

Ms Lui was previously a member of the investment team at Temasek Holdings and involved in direct investments across a variety of sectors including transportation, industrial, real estate investments, and major redevelopment projects in Asia. She has a track record in restructuring, transforming and creating new Temasek businesses and led the startup of several business joint ventures including Tiger Airways and Jetstar Asia, and the creation of Cityspring Infrastructure, the first infrastructure business trust listed on the Singapore Exchange. As a senior executive at Temasek, she was a director of numerous subsidiaries and JV entities and listed companies including Sembcorp Industries, a leading energy and urban development company.

Ms Lui holds a Bachelor of Accountancy from The National University of Singapore and has attended the Advanced Management Development Program at the Wharton School, University of Pennsylvania.

### Listed Company Directorships (held within the last three years)

None

### Other Current Appointments

Chair of the Marine Services Supervisory Committee of PSA International (Singapore)

Director of the Board of Trustees and Member of the Investment and Finance Committees of the Singapore Institute of Technology

Member of the Singapore Exchange's Listing Advisory Committee

### Board Committee Memberships

Member of the Nomination Committee

Member of the People & Culture Committee

Member of the Risk Committee

Member of the Sustainability Committee

## Previous Board Members During Period

### Jane S Hemstritch

(Retired 18 November 2022)

Ms Hemstritch joined the Board in September 2011 and retired in November 2022.

## General Counsel and Company Secretary qualifications and experience



### Karen Pedersen

Ms Pedersen was appointed Group General Counsel in January 2013. Prior to this she was General Counsel and Company Secretary for other large property and construction companies. Ms Pedersen has a Masters of Law from the University of Technology, Sydney and a Bachelor of Commerce/Bachelor of Laws from the University of New South Wales.



### Wendy Lee

Ms Lee joined Lendlease in September 2009 and was appointed Company Secretary in January 2010. Prior to her appointment, Ms Lee was a Company Secretary for several subsidiaries of a large financial institution listed on the Australian Securities Exchange. She has over 15 years of company secretarial experience. Ms Lee has a Bachelor of Arts and a Bachelor of Laws from the University of Sydney, a Graduate Diploma in Applied Corporate Governance, and is a Fellow of the Governance Institute Australia.

## Board skills and experience

The Directors have a mix of Australian and international experience and expertise, as well as specialised skills to assist with decision making to effectively govern and direct the organisation for the benefit of securityholders. The skills matrix assists the Board with succession planning and professional development initiatives for Directors.

The target of 40 per cent female Board members aims to improve gender diversity and focus the Board's attention on achieving this objective. Current female Directors represent 33 per cent of the Board.

The table below sets out the skills and experience considered by the Board to be important for its Directors to have collectively. The Board considers that Governance, Strategy, People & Culture, Financial Acumen, Risk Management are core skills which all Directors have self-assessed as being within their core competencies.

| Skills/<br>Experience               | Michael<br>Ullmer                                                                                                                                                                                                                   | Nicola<br>Wakefield<br>Evans | David<br>Craig | Phil Coffey | Elizabeth<br>Proust | Robert<br>Welanetz | Anthony<br>Lombardo | Nicholas<br>Collishaw | Margaret<br>Lui | Total |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------|-------------|---------------------|--------------------|---------------------|-----------------------|-----------------|-------|
| <b>Governance</b>                   | Commitment to and experience in setting exceptional corporate governance policies, practices and standards.                                                                                                                         |                              |                |             |                     |                    |                     |                       |                 |       |
|                                     | ✓                                                                                                                                                                                                                                   | ✓                            | ✓              | ✓           | ✓                   | ✓                  | ✓                   | ✓                     | ✓               | 9     |
| <b>Industry<br/>experience</b>      | Possessing industry knowledge, exposure and experience gained in one or more of the core Lendlease operating segments of Investments, Development and/or Construction. This includes acting in advisory roles for these industries. |                              |                |             |                     |                    |                     |                       |                 |       |
|                                     | ✓                                                                                                                                                                                                                                   | ✓                            | ✓              | ✓           | ✓                   | ✓                  | ✓                   | ✓                     | ✓               | 9     |
| <b>International<br/>Operations</b> | Exposure to international regions either through experience gained directly in the region or through the management of regional clients and other stakeholder relationships.                                                        |                              |                |             |                     |                    |                     |                       |                 |       |
|                                     | ✓                                                                                                                                                                                                                                   | ✓                            | ✓              | ✓           | ✓                   | ✓                  | ✓                   | ✓                     | ✓               | 9     |
| <b>Health and<br/>Safety</b>        | Experience in programs implementing safety, mental health and physical wellbeing on site and within the business. Monitoring the proactive management of workplace health and safety practices.                                     |                              |                |             |                     |                    |                     |                       |                 |       |
|                                     | ✓                                                                                                                                                                                                                                   | ✓                            | ✓              | ✓           | ✓                   | ✓                  | ✓                   | ✓                     | -               | 8     |
| <b>ESG</b>                          | Experience in assessment strategy and performance against environmental, social and governance criteria.                                                                                                                            |                              |                |             |                     |                    |                     |                       |                 |       |
|                                     | ✓                                                                                                                                                                                                                                   | ✓                            | ✓              | ✓           | ✓                   | ✓                  | ✓                   | -                     | -               | 7     |
| <b>Strategy</b>                     | Developing, setting and executing strategic direction. Experience in driving growth and executing against a clear strategy.                                                                                                         |                              |                |             |                     |                    |                     |                       |                 |       |
|                                     | ✓                                                                                                                                                                                                                                   | ✓                            | ✓              | ✓           | ✓                   | ✓                  | ✓                   | ✓                     | ✓               | 9     |
| <b>Risk<br/>Management</b>          | Experience in anticipating and evaluating risks that could impact business. Recognising and managing these risks by developing sound risk governance policies and frameworks.                                                       |                              |                |             |                     |                    |                     |                       |                 |       |
|                                     | ✓                                                                                                                                                                                                                                   | ✓                            | ✓              | ✓           | ✓                   | ✓                  | ✓                   | ✓                     | ✓               | 9     |
| <b>Legal</b>                        | Identifying and resolving legal and regulatory issues, and advising the Board on these matters.                                                                                                                                     |                              |                |             |                     |                    |                     |                       |                 |       |
|                                     | ✓                                                                                                                                                                                                                                   | ✓                            | -              | -           | ✓                   | -                  | -                   | -                     | -               | 3     |
| <b>People and<br/>Culture</b>       | Experience in building workforce capability, setting a remuneration framework which attracts and retains a high calibre of executives, promoting workplace culture, diversity and inclusion.                                        |                              |                |             |                     |                    |                     |                       |                 |       |
|                                     | ✓                                                                                                                                                                                                                                   | ✓                            | ✓              | ✓           | ✓                   | ✓                  | ✓                   | ✓                     | ✓               | 9     |
| <b>Executive<br/>Leadership</b>     | Skills gained while performing at a senior executive level for a considerable length of time including delivering superior results, dealing with complex business models, projects, and issues and change management.               |                              |                |             |                     |                    |                     |                       |                 |       |
|                                     | ✓                                                                                                                                                                                                                                   | ✓                            | ✓              | ✓           | ✓                   | ✓                  | ✓                   | ✓                     | ✓               | 9     |
| <b>Financial<br/>Acumen</b>         | Understanding of the financial drivers of a business. Experience in financial reporting and corporate financial management.                                                                                                         |                              |                |             |                     |                    |                     |                       |                 |       |
|                                     | ✓                                                                                                                                                                                                                                   | ✓                            | ✓              | ✓           | ✓                   | ✓                  | ✓                   | ✓                     | ✓               | 9     |
| <b>Technology</b>                   | Experience via direct line accountability for managing significant technology functions or major project implementations.                                                                                                           |                              |                |             |                     |                    |                     |                       |                 |       |
|                                     | -                                                                                                                                                                                                                                   | ✓                            | ✓              | ✓           | -                   | ✓                  | ✓                   | -                     | -               | 5     |

# Engagement

As an international company and having regard to the material scale of projects, the Board program is formulated to reflect the geographic spread of Lendlease businesses.

## Board regional program FY23

The Board program typically comprises formal meetings and additional business briefings, presentations from internal and external sources, project site visits, employee events and meetings with key stakeholders. These are scheduled in each of the regions where Lendlease operates on a rotational basis.

The Board views that these program activities – in addition to the formal, scheduled Board and Committee meetings – are important for Board members to receive a greater understanding of our people and our business and a deep understanding of the activities and operations. The Chair works with the Company Secretary to plan the yearly program. Depending on the time of year, the program runs for a minimum of two days and up to five days where more detailed project reviews are required.

### Program for the reporting period between 1 July 2022 and 30 June 2023.

Board program activities undertaken during the reporting period are listed below.

#### Asia

- Site visit of Tun Razak Exchange (TRX) Malaysia (Retail and Residences). (March 2023)
- Received a briefing from an external speaker on the economic landscape in Asia including sovereign risk and trade issues. (March 2023)
- Engagement with Asia Regional Leadership Team. (March 2023)
- Town Hall with Asia regional staff. (March 2023)

#### Australia

- Engagement with regional business leaders to provide updates and overview of key regional business issues.
- Review of the Victoria Cross Project followed by a site visit. (May 2023)

- Engagement with Australia Regional Leadership Team. (June 2023)
- Town Hall with Australia regional staff. (August 2022)

#### Americas

- Review and site visit of the 1 Java, Claremont Hall and 4 Hudson Square projects. Interaction with senior project leaders and area site viewings. (October 2022)
- Review and site visit of Southbank (The Reed) and Lakeshore East (Porte) Chicago Projects. (October 2022)
- Engagement with Americas Regional Leadership team in New York and Chicago offices. (October 2022)
- Town Hall with Americas regional staff. (October 2022)

#### Europe

- Review and site visit of The Elephant, International Quarter London and KGX projects. (July 2022)
- Review and site visit of MIND and Milano Santa Giulia North projects. Client meetings held during site visits. (July 2022)
- Presentation from local expert on Europe, and Italy, and insights into the local market and political agenda. (July 2022)
- Engagement with Europe Regional Leadership Team. (July 2022)
- Town Hall with Europe regional staff. (July 2022)

## Stakeholder engagement

The Board members, led by the Chairman, maintain an active and extensive engagement program to represent the interests of the Group. The Chairman acts as a spokesperson and regularly meets with customers, investors, governments and media. In February 2022, the Board endorsed a refreshed investor engagement program to encourage two way communications with the investment community. As part of this, a presentation detailing the scope of the Board activities and focus areas for the Board Committees was made available on the ASX announcements platform and on the Lendlease [website](#) in June 2023.

The Annual General Meeting (AGM) has always been an important date in our calendar and provides our securityholders with a valuable opportunity to communicate with the Board. In 2023, Lendlease will continue to hold the AGM in a hybrid format. This will provide both an 'in-person' and virtual component which will allow greater access to our securityholders to participate, ask questions and vote on all resolutions.

## Board engagement with our people

The Board members have approved a code of conduct which articulates the standards of behaviour expected of all our people. The tone is 'set at the top' and Board members believe that meeting with our people, in addition to information received in formal meetings on the organisation's culture, is an important element of reinforcing the Lendlease values. The Board members meet regularly with local Lendlease management and employees. These events typically take the form of employee 'town hall' style events. The Board members encourage employees to ask questions at these sessions which provide the opportunity for open and honest debate on organisational culture. In FY23, these events occurred in all Lendlease regions.



## Board Project Assessments

A key responsibility of the Board is to approve and oversee the implementation of the strategy so that the Group can pursue its integrated business model in targeted global gateway cities around the world

Site visits allow the Board to speak to project teams about the challenges and opportunities in the delivery of a project, enabling these to be appreciated in a fuller geographic and strategic context.

These activities undertaken by the Board are examples of how the Board oversees management and delivering projects in accordance with the Group's strategy.

### Tun Razak Exchange, Malaysia (The Exchange, TRX)

The Exchange TRX project in Malaysia is presented as a case study of the activities that the Board undertakes in reviewing and assessing strategic opportunities and sustains competitive advantage of the integrated model to originate, fund and deliver major urban projects.

The Exchange TRX is Lendlease's largest integrated development in Asia. It is located in the heart of Kuala Lumpur, Malaysia and was identified by the Malaysian Government to transform the broader TRX precinct into a world-class business and financial hub. The project

will encompass a new international financial district underpinned by a world-class residential, retail, leisure and cultural offering.

Commencing in 2015, the Board was introduced to the opportunity to deliver a landmark, mixed-use development at The Exchange, Malaysia. The project is delivered through Lendlease's integrated business model, allowing the project team to respond to the needs of all stakeholders throughout entire property value chain. After careful consideration, approval was provided to bid for the project. Due to the project's size and significance, the Board has continued to receive updates on the progress of The Exchange and initially visited the project in 2018, prior to commencement of construction. Throughout 2020 and 2021 when travel restrictions were in place, the Board visited the site virtually, where an aerial flythrough of the project was provided to show the pace of construction since the Board's last in-person visit. Updates on the project were also provided

at regular intervals throughout this period. These updates have centred on financial and commercial assessments, key risks, safety and sustainability issues and macro economic indicators. Whilst not exhaustive, these factors were indicative of the issues considered during Boardroom discussions. In March 2023, the Board returned in person to see the progress of the retail centre and the residences. In visiting the site over a longer time frame, the Board's discussions on the project's risks and opportunities were appreciated in a fuller geographic context.

The Board's interactions with The Exchange team, before, during and after completion of delivery, including visits, tours, presentations and project team interactions are indicative of the scrutiny and governance undertaken by the Board to oversee the delivery of projects in accordance with the Group's strategy.

Top: **Kuala Lumpur**, Board Visit to TRX Exchange

## Supporting value creation

The Board recognises that the five focus areas of value creation, supported by disciplined governance and risk management, contribute to performance and drive the long-term value of our business.

During the year, in addition to the responsibilities and tasks set out in the charter documents, the Board and Board Committees deliberated on the following specific matters and undertook a number of activities to support value creation. While these do not represent the full scope of Board activities, they highlight some of the areas of focus by the Board.



### Health and Safety

#### Material Issue:

Operating safely across our operations and projects. Maintaining the health and wellbeing of our employees and those who engage with our assets and sites.

The Board, Risk and Sustainability Committees undertook the following activities as part of their continued review of the Lendlease Health and Safety Framework and the unwavering commitment to the safety of our people and those who interact with Lendlease assets and sites.

#### Activities and actions:

- Received an independent report on and discussed the measures and actions taken in response to the supply chain fatality that occurred on our operations in FY23. No employee fatalities were reported in FY23.
- Assessed the remuneration adjustments to be made following the supply chain fatality, using a safety decision tree.
- Continued to receive reports from management on the steps taken to reduce incidents through continuous improvement measures, and by advocating for industry change.
- Oversighted the development of a revised health and safety strategy which addresses the '3Ps', being Physical Safety, Product Safety and Psychological Safety.
- Received reports on the significant EH&S focus given during the investment, design and procurement phase of a project.
- Continued to oversight improvements to reporting noting a shift from compliance checks to forward focused risk management.
- Continued to receive quarterly updates on project metrics which are treated as a leading indicator of safety risk.
- Received deep dive presentations from the CEOs and Safety leads in each region showing the progress of the '3Ps' strategy and EH&S innovation.



### Financial

#### Material Issue:

Delivering securityholder returns. Maintaining strong capital management to enable investment in our future pipeline.

The Board, Audit and Risk Committees undertook the following activities to help fulfil the Board's oversight responsibilities in delivering returns to securityholders and by adopting a prudent approach to capital management with a view to maintaining a strong balance sheet throughout market cycles.

#### Activities and actions:

- Ongoing monitoring and review of Treasury management was a key focus area to ensure that Lendlease remains within the target gearing ranges and maintains investment grade credit ratings.
- Continued to consider project approvals in the context of the Portfolio Management Framework, with the object to maximising long-term securityholder value.
- Reviewed and approved the revised Limits of Authority for the Group in conjunction with the revised Risk Appetite Framework to further enhance risk maturity and ensure that they remained fit-for-purpose within the organisation.
- Commenced an audit tender process during FY23, which remains under consideration.
- Reviewed and approved the implementation of a simplified Operating Profit metric in order to provide a more transparent assessment of financial performance, with only material one-off items taken below the line outside of Core Operating Profit.
- Received a report following completion of an external assurance review of the Internal Audit function, which concluded that the function was operating to the highest rating available in relation to Standard compliance.



## Our Customers

### Material Issue:

Understanding our customers and responding to changes in the market. Designing and delivering innovative, customer-driven solutions to win the projects we want to win and ultimately deliver the best places.

The Board and its committees undertook the following activities as part of its support of the Group's customer focused approach and to embed a process of continuous improvement based on customer insights and actions.

### Activities and actions:

- Continued to engage with clients, investors and other stakeholders at various industry functions, site visits, events and meetings.
- Continued to receive reports on customer engagement, types of complaints and resolution timeframes for every region, under the Group Customer Complaint Handling & Feedback Policy.
- Continued to receive reports on the progress against prescribed metrics for the Australian Government Payment Times Reporting Scheme for small business suppliers.
- Engaged with securityholders through meetings and events including the Annual General Meeting (AGM) and webcasts.
- Provided access to a greater number of securityholders at the AGM, by facilitating attendance via a hybrid meeting.
- Released on the ASX a presentation of the Board Committee areas of focus for FY23 to engage with a wide audience on matters discussed during Chair-led investor meetings.



## Our People

### Material Issue:

Attracting, developing and retaining diverse talent. Ensuring we have the right capability across the organisation to deliver results for all stakeholders.

The Board, People and Culture Committee and Nomination Committee undertook the following activities to help attract, develop and retain diverse talent and to monitor the investment in developing leaders and capabilities.

### Activities and actions:

- Continued to refine remuneration policies to align with market practice, for example, revising the Executive MSH policy to include all equity awards subject to a time-based hurdle.
- Continued the program of Board refreshment by actively reviewing Board composition against the skills matrix. Appointed Margaret Lui to the Board effective December 2022.
- Continued to oversee the implementation of the human capital strategy, review mission critical capabilities and endorsed refreshed global leadership programs.
- Continued to receive reports on building a more inclusive culture and supported the introduction of a flagship program focused on acceleration of under-represented female and racial minority talent.
- Received a report on the global roadmap to Wellbeing program, supported the "You Can't Ask That" series promoting employee engagement.
- Received reports on the recalibration of globally consistent gender pay reporting.
- Supported the introduction of an enhanced and market-leading parental leave benefit in Australia.



## Sustainability

### Material Issue:

Managing and optimising our performance in the context of challenges facing the built environment, including climate change and social pressures such as population growth and housing affordability.

The Board and the Sustainability Committee engaged in the following activities to help deliver inclusive, healthy and adaptable places that can thrive through change.

### Activities and actions:

- Received quarterly reports tracking progress against the Group's two sustainability targets to reflect the Group's commitment to:
  - A 'Net Zero Carbon' for Scope 1 and 2 emissions by 2025, and 'Absolute Zero Carbon' by 2040
  - Delivering \$250m of measured social value by 2025.
- Received regular reports on ethical supply chain within the Group to ameliorate the risk of material substitution and modern slavery.
- Continued to receive reports at every meeting on the progress against the Task Force on Climate-Related Financial Disclosures risk assessment and reporting framework.
- Received reports on the progress of the initiatives outlined in the Group's second Elevate RAP.
- In tandem with the Audit Committee, received a report on Lendlease's readiness for adoption of enhanced climate and sustainability reporting under the proposed International Sustainability Standards Board exposure drafts. The report concluded that Lendlease is well placed given it has already adopted Task Force on Climate-Related Financial Disclosures ("TCFD") reporting since FY19.
- Launched the #MissionZero and #ALittleHelpToThrive campaigns to support our the 2025 Carbon and Social Value targets.
- Received validation from the Science Based Target initiatives ("SBTi") on our Mission Zero targets.

# Board of Directors' information

## Interests in Capital

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

| Directors                              | Securities held directly 2023 | Securities held beneficially/ indirectly 2023 | Total 2023 | Securities held directly 2022 | Securities held beneficially/ indirectly 2022 | Total 2022 |
|----------------------------------------|-------------------------------|-----------------------------------------------|------------|-------------------------------|-----------------------------------------------|------------|
| M J Ullmer                             | -                             | 175,000                                       | 175,000    | -                             | 125,000                                       | 125,000    |
| A P Lombardo                           |                               |                                               | 9,764      | 9,764                         | -                                             | 9,764      |
| P M Coffey                             | -                             | 51,216                                        | 51,216     | -                             | 21,216                                        | 21,216     |
| N R Collishaw                          | -                             | 25,000                                        | 25,000     | -                             | 14,500                                        | 14,500     |
| D P Craig                              | -                             | 106,000                                       | 106,000    | -                             | 73,061                                        | 73,061     |
| E M Proust <sup>1</sup>                | -                             | 83,061                                        | 83,061     | -                             | 68,061                                        | 68,061     |
| N M Wakefield Evans                    | -                             | 38,000                                        | 38,000     | -                             | 34,379                                        | 34,379     |
| R F Welanetz                           | 20,000                        | -                                             | 20,000     | 7,000                         | -                                             | 7,000      |
| A S Chan ("Margaret Lui") <sup>2</sup> |                               | 3,000                                         | 3,000      |                               | -                                             | -          |
| <b>Former Directors</b>                |                               |                                               |            |                               |                                               |            |
| J S Hemstritch                         |                               |                                               |            |                               | 33,061                                        | 33,061     |

1. As at 30 June 2023 E M Proust holds through her super fund, \$500,000 face value of Lendlease Green Bonds.

2. As A S Chan was appointed to the Board on 1 December 2022, a nil balance is shown at the beginning of the financial year.

## Directors' Meetings

### Board meetings

The Board meets as often as necessary to fulfil its role. Directors are required to allocate sufficient time to the Group to perform their responsibilities effectively, including adequate time to prepare for Board meetings. During the financial year ended 30 June 2023, 11 Board meetings were held. Five face to face meetings were held in Australia and one each in the UK, Asia and the Americas. Three meetings were held virtually. From time to time, special subcommittees are also constituted to deal with specific matters. During the reporting period, two such subcommittee meetings were held. Matters were also dealt with as required by circular resolution.

### Overview of Board Committees

The Board recognises the essential role of Committees in guiding the Company on specific issues. There are five standing Board Committees to assist, advise and make recommendations to the Board on matters falling within their areas of responsibility. Each Committee consists of independent, Non Executive Directors. The Chair of each Committee is not a Chair of other Committees, or Chair of the Board. Each Committee is governed by a formal Charter setting out its objectives, roles and responsibilities, composition, structure, membership requirements and operation. During the reporting period a review of the accompanying Charters and

Workplans for each of the Committees was undertaken.

The five permanent Committees of the Board are:

### Audit Committee

The Audit Committee assists the Board with its oversight responsibilities in relation to accounting policies and practices, tax matters, treasury reporting, monitoring of internal financial controls, internal and external audit functions and financial reporting of the Group.

### People and Culture Committee

The People and Culture Committee assists the Board with its oversight responsibilities in relation to establishing people management, diversity and inclusion, talent and remuneration/ compensation policies for the Group.

### Risk Committee

The Risk Committee assists the Board with its oversight responsibilities in relation to risk management and internal control systems, risk policies and practices and compliance. The Risk Committee also has the role of considering, and if approved, recommending to the Board for approval major transactions as referred to the Committee by the Global Investment Committee.

### Sustainability Committee

The Sustainability Committee assists the Board in monitoring the decisions and actions of management in achieving Lendlease's aspiration to be a sustainable organisation. The Committee has oversight of health and safety, ESG matters, the Lendlease Foundation, modern slavery and the Group's Elevate RAP.

### Nomination Committee

The Nomination Committee has responsibility for Board renewal, composition and Director development and oversees the reviews of Board, Committee and Director performance.

## Attendance at Meetings of Directors 1 July 2022 to 30 June 2023

The number of Board and Board Committee meetings held, and the number of meetings attended by each Director during the 2022/23 financial year, are set out in the tables below.

(MH) Number of meetings held. (MA) Number of meetings attended.

| Membership                             | Board<br>(Chair M J Ullmer) |    | Board Subcommittee <sup>1</sup> |    | Nomination<br>Committee <sup>2</sup> (Chair R<br>F Welanetz) |    | Audit Committee<br>(Chair D P Craig) |    |
|----------------------------------------|-----------------------------|----|---------------------------------|----|--------------------------------------------------------------|----|--------------------------------------|----|
|                                        | MH <sup>3</sup>             | MA | MH                              | MA | MH                                                           | MA | MH                                   | MA |
| M J Ullmer                             | 11                          | 11 | 1                               | 1  | 8                                                            | 8  | 4                                    | 4  |
| A P Lombardo <sup>4</sup>              | 11                          | 11 | 1                               | 1  | 8                                                            | 8  | 4                                    | 4  |
| N M Wakefield Evans                    | 11                          | 11 | 2                               | 2  | 8                                                            | 8  | 4                                    | 4  |
| D P Craig                              | 11                          | 11 | 1                               | 1  | 8                                                            | 8  | 4                                    | 4  |
| P M Coffey                             | 11                          | 11 | 2                               | 2  | 8                                                            | 8  | 2 <sup>5</sup>                       | 2  |
| E M Proust                             | 11                          | 11 | -                               | -  | 8                                                            | 8  | 2 <sup>5</sup>                       | 2  |
| R F Welanetz                           | 11                          | 11 | -                               | -  | 8                                                            | 8  | 2 <sup>5</sup>                       | 2  |
| N R Collishaw                          | 11                          | 11 | 2                               | 2  | 8                                                            | 8  | 4                                    | 4  |
| A S Chan ("Margaret Lui") <sup>6</sup> | 6                           | 6  | -                               | -  | 4                                                            | 4  | 1                                    | 1  |
| <b>Former Member</b>                   |                             |    |                                 |    |                                                              |    |                                      |    |
| J S Hemstritch <sup>7</sup>            | 5                           | 5  | -                               | -  | 4                                                            | 4  | 1                                    | 1  |

1. These subcommittee meetings of the Board or its Committees were convened during the reporting period to address specific issues. Only the subcommittee members attended the relevant meeting.
2. Meetings are held in conjunction with a Board meeting.
3. Reflects the number of meetings held during the time the Director held office during the year. 1 out of 11 meetings were out of schedule Board teleconferences constituted to address specific issues.
4. A P Lombardo is not a member of the Board Subcommittee or any of the five standing Board Committees, but as the Global CEO and Managing Director, has a standing invitation to all these meetings, where deemed appropriate.
5. P M Coffey, E M Proust and R F Welanetz are not members of the Audit Committee but attend the meeting at the half and full year financial statements review.
6. A S Chan was appointed to the Board on 1 December 2022. The number of meetings attended reflects the number of meetings since Ms Chan's appointment.
7. J S Hemstritch retired from the Board on 18 November 2022.

| Membership                             | Risk Committee<br>(Chair P M Coffey) |    | Sustainability<br>Committee(Chair N M<br>Wakefield Evans) |    | People and Culture<br>(Chair E M Proust) |    |
|----------------------------------------|--------------------------------------|----|-----------------------------------------------------------|----|------------------------------------------|----|
|                                        | MH                                   | MA | MH                                                        | MA | MH                                       | MA |
| M J Ullmer                             | 7                                    | 7  | 4                                                         | 4  | 6                                        | 6  |
| A P Lombardo <sup>1</sup>              | 7                                    | 7  | 4                                                         | 4  | 6                                        | 6  |
| N M Wakefield Evans                    | 7                                    | 7  | 4                                                         | 4  | 3 <sup>2</sup>                           | 3  |
| D P Craig                              | 7                                    | 7  | -                                                         | -  | 6                                        | 6  |
| P M Coffey                             | 7                                    | 7  | 4                                                         | 4  | 4 <sup>2</sup>                           | 4  |
| E M Proust                             | 7                                    | 7  | 4                                                         | 4  | 6                                        | 6  |
| R F Welanetz                           | 7                                    | 7  | 4                                                         | 4  | 6                                        | 6  |
| N R Collishaw                          | 7                                    | 7  | -                                                         | -  | 6                                        | 6  |
| <sup>3</sup> A S Chan ("Margaret Lui") | 3                                    | 3  | 1                                                         | 1  | 2                                        | 2  |
| <b>Former Member</b>                   |                                      |    |                                                           |    |                                          |    |
| J S Hemstritch <sup>4</sup>            | 4                                    | 4  | -                                                         | -  | 2                                        | 2  |

1. A P Lombardo is not a member of any of the five standing Board Committees, but as the Global CEO and Managing Director, has a standing invitation to all of these meetings, where deemed appropriate.
2. P M Coffey and N M Wakefield Evans are not members of the People & Culture Committee but attended to consider matters relevant to annual executive performance, talent management and remuneration.
3. A S Chan was appointed to the Board on 1 December 2022. The number of meetings attended reflects the number of meetings since Ms Chan's appointment.
4. J S Hemstritch retired from the Board on 18 November 2022.

# Remuneration Report

## Message from the Board

During FY23 the Group faced challenging external market conditions, fuelled by significant inflationary pressures, aggressive increases in official interest rates, supply chain disruption and geopolitical uncertainty. The Group's Statutory Loss after Tax for the year was \$232m, after recording a provision of \$295m due to retrospective UK Government action, a revaluation loss of \$175m relating to property revaluations in the Investments segment, and a Non core segment loss of \$19m.

Notwithstanding these external challenges, the Group made significant progress on our strategic objectives as part of the 'Create' phase of our five-year Reset, Create, Thrive business strategy. This includes progress towards our Investments led business model, leveraging our development pipeline and our construction capability, as well as continued progress in achieving our ESG targets. The Group's core Operating Profit after Tax fell by 7 per cent to \$257m. Core Operating Earnings per Security of 37.3 cents represents a Return on Equity of 3.8 per cent. Distributions per Security totalled 16.0 cents, unchanged from FY22. This represents a payout ratio of 43 per cent of OPAT.

The safety of our people and those working with us is our highest priority and a core focus for the Committee during the year. Whilst recognising the Group's success in achieving a record low Critical Injury Frequency Rate, we were saddened during the year with the loss of one of our sub-contractor's worker. While the work was not under the operational control of Lendlease, we nevertheless paused site operations and undertook a global safety review. The safety review enabled us time to reflect on the learnings from this incident and reinforced our commitment to advocacy for industry change to meet the safety standards expected by Lendlease.

## FY23 Executive Reward Strategy and outcomes

Significant changes to the Executive Reward Strategy were made in FY22 following securityholder engagement to enhance the structure of our remuneration framework. As a result, minimal changes were required to the Executive Reward Strategy during FY23.

The Group did not meet our performance targets for Operating Profit, Completions and Construction EBITDA margin. However, there was on or above target performance across Investments EBITDA,

Safety, Sustainability, Customer and People KPIs.

Given the Group's financial performance and a fatality of a sub-contractor, the Board exercised downward discretion to STA scorecard outcomes, resulting in reduced bonus awards to the Global Leadership Team. The STA payment for the CEO reflects 32% of maximum, and for the other KMP ranged between 25% and 46% of maximum.

There was no vesting of the 2021 LTA given the performance hurdles were not met.

We believe that the remuneration outcomes for executives appropriately reflect the performance of the Group and are aligned to the experience of our securityholders.

## Non-Executive Director fees

The fees for the Chairman and Non-Executive Directors are reviewed and benchmarked annually against relevant comparators.

No increases to Non-Executive Directors fees were made in FY23.

## Looking ahead

The Group enters FY24 having made significant progress against our strategic objectives. We are excited with the opportunities presented by our record development pipeline, which supports the delivery of our Portfolio Management Framework return targets.

At the same time, we acknowledge the impact the challenging market environment has had on our financial performance, and hence on returns to securityholders. Accordingly, in FY24 the Group will continue to focus on improving our financial performance. As part of this we continue to seek opportunities to improve the efficiency of our operations, and recently announced the difficult decision to reduce our workforce by a further 10%.

The STA scorecard has been refined to provide greater emphasis on financial return and to focus on fewer measures. In addition, the LTA framework has been amended to replace the FUM growth measure with Investments ROIC, providing closer alignment to securityholder outcomes.

The Group will build on the significant improvement in employee engagement achieved in FY23. The Committee will introduce an all-employee equity plan to further align the interests of all employees across the globe with the performance of the Group and our securityholders.

We invite you to read the remuneration report outlining the outcomes for key management personnel during the year.

*Michael Ullmer*

**M J Ullmer, AO**

Chairman

*Elizabeth Proust*

**Elizabeth Proust, AO**

Chairman, People & Culture Committee

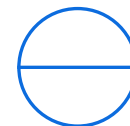
## FY23 Remuneration Report Snapshot



**76%**  
of Global CEO  
Total Maximum  
Remuneration  
is performance  
based



**32%**  
of Maximum  
STA awarded to  
Global CEO  
(KMP STA outcomes  
range from 25% to 46%  
of Maximum STA  
opportunity)



**Nil**  
LTA awards  
vested  
Long Term  
Performance targets  
(relative TSR, ROE and  
FUM) failed to meet  
challenging thresholds

## FY24 Changes



**STA  
change**

Increase  
Financial KPI  
weighting to 70%  
and reduce  
Non-Financial KPI  
weighting to 30%



**LTA  
change**

Replace CAGR %  
in FUM performance  
hurdle with an  
Investments Return  
on Invested Capital  
(IM ROIC) measure



**New global  
employee  
equity plan**

Plan to be  
introduced  
in FY24

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## Abbreviations

|             |                                    |             |                                   |
|-------------|------------------------------------|-------------|-----------------------------------|
| <b>AGM</b>  | Annual General Meeting             | <b>LTA</b>  | Long Term Award                   |
| <b>CAGR</b> | Compound Annual Growth Rate        | <b>LTI</b>  | Long Term Incentive               |
| <b>CIFR</b> | Critical Incident Frequency Rate   | <b>PMF</b>  | Portfolio Management Framework    |
| <b>CSAT</b> | Customer Satisfaction              | <b>ROE</b>  | Return on Equity                  |
| <b>FUM</b>  | Funds Under Management             | <b>ROIC</b> | Return on Invested Capital        |
| <b>FY22</b> | Financial year ending 30 June 2022 | <b>RSA</b>  | Restricted Securities Award       |
| <b>FY23</b> | Financial year ending 30 June 2023 | <b>RTSR</b> | Relative Total Shareholder Return |
| <b>GDV</b>  | Google Development Ventures        | <b>SBP</b>  | Security Based Payment            |
| <b>GLT</b>  | Global Leadership Team             | <b>STA</b>  | Short Term Award                  |
| <b>GMR</b>  | Global Minimum Requirements        | <b>STI</b>  | Short Term Incentive              |
| <b>KMP</b>  | Key Management Personnel           | <b>TPV</b>  | Total Package Value               |
| <b>KPI</b>  | Key Performance Indicator          | <b>VWAP</b> | Volume Weighted Average Price     |

## KMPs covered by this report

| Name                             | Position                                         | Term as KMP | People & Culture Committee |
|----------------------------------|--------------------------------------------------|-------------|----------------------------|
| <b>Non Executive KMP</b>         |                                                  |             |                            |
| Michael Ullmer                   | Independent Non Executive Chairman               | Full Year   | X                          |
| Philip Coffey                    | Independent Non Executive Director               | Full Year   |                            |
| Nicholas Collishaw               | Independent Non Executive Director               | Full Year   | X                          |
| David Craig                      | Independent Non Executive Director               | Full Year   | X                          |
| Jane Hemstritch <sup>1</sup>     | Independent Non Executive Director               | Part Year   |                            |
| Elizabeth Proust                 | Independent Non Executive Director               | Full Year   | Chair                      |
| Nicola Wakefield Evans           | Independent Non Executive Director               | Full Year   |                            |
| Robert Welanetz                  | Independent Non Executive Director               | Full Year   | X                          |
| Margaret Lui <sup>2</sup>        | Independent Non Executive Director               | Part Year   | X                          |
| <b>Executive KMP<sup>3</sup></b> |                                                  |             |                            |
| Anthony Lombardo                 | Global CEO                                       | Full Year   |                            |
| Dale Connor                      | CEO, Australia                                   | Full Year   |                            |
| Simon Dixon                      | Group Chief Financial Officer                    | Full Year   |                            |
| Justin Gabbani                   | CEO, Asia                                        | Full Year   |                            |
| Claire Johnston <sup>4</sup>     | CEO, Americas                                    | Part Year   |                            |
| Frank Krile                      | Group Chief Risk Officer                         | Full Year   |                            |
| Neil Martin <sup>5</sup>         | CEO, Europe                                      | Full Year   |                            |
| <b>Former Executive KMP</b>      |                                                  |             |                            |
| Denis Hickey <sup>6</sup>        | CEO, Americas and Global Chief Operating Officer | Part Year   |                            |

1. Ceased as NED on 18 November 2022.

2. Appointed 1 December 2022.

3. Whilst the majority of Executive KMP are male, 36% of the Lendlease Global Leadership Team are female.

4. Appointed 1 November 2022.

5. Neil ceased as KMP on 30 June 2023, and was replaced by Andrea Ruckstuhl in the role of CEO, Europe commencing 3 July 2023.

6. Ceased as KMP on 31 October 2022.

Note: The term 'Executives' used throughout this Remuneration Report refers to the Executive KMP listed above, unless stated otherwise.

# Executive Reward Strategy

Our remuneration framework is designed to support our strategy and reinforce our culture and values.

### Our Purpose

We create places where communities thrive.

### Our Strategy

Employ our placemaking expertise and integrated business model in global gateway cities to deliver urban projects and investments that generate social, environmental and economic value.

### Remuneration Principles

Remuneration at Lendlease should be:

For personal use only



Aligned with securityholder interests



Transparent and easy to communicate



Aligned with team behaviours and enterprise leadership



Market competitive to retain highly capable executives



Balanced with a significant portion of remuneration at risk, which is only earned for outstanding performance



Longer dated and aligned to our earnings profile, reflecting the importance of urbanisation projects



Risk management focused with clear practices that minimise potential conflicts of interest and enable effective and aligned decision making

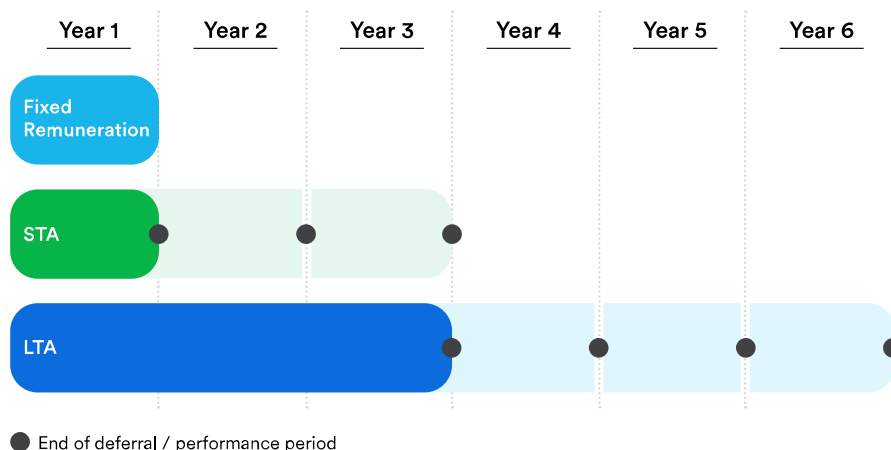
## Our Remuneration Framework

|                            | Fixed Remuneration                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Short Term Award (STA)                                                                                                                                                                                                                                                         | Long Term Award (LTA)                                                                                                                                                                                                                                                                                                    |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Purpose</b>             | To attract and retain highly capable executive talent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | To provide focus on key strategic priorities in the relevant financial year.                                                                                                                                                                                                   | To reward for delivering sustained long term securityholder value.                                                                                                                                                                                                                                                       |
| <b>Approach</b>            | Fixed remuneration is benchmarked against relevant comparator companies to assess market competitiveness.<br>Considers the relative size, scale and complexity of roles to enable a fair comparison.                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | STA is linked to a balanced scorecard representing key strategic priorities aligned to delivering the Group Strategy and securityholder returns.<br><br>Delivered as 50% cash and 50% deferred as Lendlease securities released in two equal tranches after one and two years. | LTA provides an annual grant of 'at-risk' equity to reward for delivering the Group Strategy, aligned with long term securityholder returns.<br><br>Delivered as rights to Lendlease securities which are released in four equal tranches at the end of Y3, Y4, Y5 and Y6.                                               |
| <b>Link to Performance</b> | Sustained performance and leadership as an Executive.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | STA scorecards are designed to include a mix of financial and non-financial performance targets for the relevant financial year: <ul style="list-style-type: none"> <li>• Financial (65%)</li> <li>• Non-Financial (35%).</li> </ul>                                           | LTA is linked to forward-looking, three-year performance under: <ul style="list-style-type: none"> <li>• Relative TSR (1/3)</li> <li>• Return on Equity (1/3)</li> <li>• Growth in Funds Under Management<sup>1</sup> (FUM) (1/3).</li> </ul> Award value is linked to security price movements over three to six years. |
| <b>Governance</b>          | The People & Culture Committee and the Board review our remuneration principles and remuneration framework as well as determine the STA and LTA outcomes for Executive KMP, which remain subject to the Board's discretion to reduce or forfeit any unvested awards. The Board retains the discretion to reduce or forfeit any unvested awards if it considers that vesting of such awards will result in the participant receiving a benefit that would be unwarranted or inappropriate. Additionally, the Global CEO LTA is submitted for securityholder approval at the AGM.<br><br>For more information, refer to the 'Remuneration Governance and Risk Management' section. |                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                          |

1. Growth in FUM will be replaced with an Investments Return on Invested Capital (IM ROIC) measure from FY24 onwards.

### Executive Reward Strategy Structure

The following diagram illustrates the structure of the Executive Reward Strategy:



### Remuneration Mix

Maximum remuneration mix for the Global CEO and Executives (excluding the Group Chief Risk Officer<sup>1</sup>) is as follows:

| Fixed Remuneration | Performance Based     |                   |
|--------------------|-----------------------|-------------------|
|                    | Maximum STA           | Maximum LTA       |
| <b>24%</b>         | <b>33%</b>            | <b>43%</b>        |
|                    | Cash<br>16.5%         | Deferred<br>16.5% |
|                    | Relative TSR<br>14.3% | ROE<br>14.3%      |
|                    |                       | FUM<br>14.3%      |

<sup>1</sup>The remuneration mix for the Group Chief Risk Officer is: 28% Fixed Remuneration, 31% Maximum STA and 41% Maximum LTA.

## Fixed Remuneration

This section presents our approach to setting Fixed Remuneration.

| Design                       | How Fixed Remuneration Works                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Benchmarking Approach</b> | <ul style="list-style-type: none"> <li>Quantum and remuneration mix are benchmarked to test that total remuneration remains market competitive.</li> <li>Reviewed periodically as part of the Group's Annual Compensation Review process.</li> <li>Considers the relative size, scale and complexity of roles to enable a fair comparison.</li> <li>Benchmarking considers fixed and total remuneration with reference to the market median and 75th percentile.</li> <li>Primary market benchmarking compares companies with relative revenue and market capitalisation.</li> <li>To supplement the above, companies operating in similar industries and those that Lendlease compete for talent are also considered, such as Charter Hall Group, Dexu, Goodman Group, GPT Group, Mirvac Group, Scentre Group, Stockland and Vicinity Centres.</li> </ul> |

## Short Term Award (STA)

This section presents the key features of the STA plan.

| STA Design                        | How the STA Works                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Eligibility</b>                | <ul style="list-style-type: none"> <li>Global CEO and Executives.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Quantum</b>                    | <ul style="list-style-type: none"> <li>For FY23, target STA opportunity was as follows:               <ul style="list-style-type: none"> <li>Global CEO: 100% of Fixed Remuneration</li> <li>Executives (excluding Group Chief Risk Officer): 100% of Fixed Remuneration</li> <li>Group Chief Risk Officer: 80% of Fixed Remuneration.</li> </ul> </li> <li>The minimum possible STA outcome is zero.</li> <li>The maximum STA outcome is limited to 139% of target STA opportunity for the Global CEO and 140% of target STA opportunity for other Executives.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Funding</b>                    | <ul style="list-style-type: none"> <li>The Board determines the pool of funds to be made available to reward Executives, with reference to Group financial and non financial performance.</li> <li>The Board examines safety performance and the overall health of the business (including a broader set of metrics around origination, sustainability and how we have managed risk).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Key Performance Indicators</b> | <ul style="list-style-type: none"> <li>Global CEO and Executive scorecards, including:               <ul style="list-style-type: none"> <li>65% Financial Performance (Group Operating Profit After Tax, Development - Completions, Construction - EBITDA margin, Investment Management - EBITDA margin)</li> <li>35% Non Financial Performance (safety, sustainability, customer and people).</li> </ul> </li> <li>Refer to page 81 for a summary of the FY23 Global CEO scorecard.</li> <li>Lendlease is committed to the safety and wellbeing of all of its employees. Whilst the assessment is not structured formulaically or as a 'gateway' measure, health and safety outcomes are taken into consideration by the Board in assessing the appropriateness of STA outcomes.</li> <li>The People &amp; Culture Committee considers feedback from multiple sources to consider 'how' performance outcomes are achieved:               <ul style="list-style-type: none"> <li>Executive input: Group Chief Financial Officer and Group Chief Risk Officer</li> <li>Board committees: the Audit Committee, Risk Committee, and Sustainability Committee.</li> </ul> </li> </ul> |
| <b>Delivery</b>                   | <ul style="list-style-type: none"> <li>50% paid as cash in September following the assessment of performance.</li> <li>50% deferred as Lendlease securities released in two equal tranches after one and two years.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

### FY24 STA Changes

The STA scorecards provide a metricated approach to determining the annual incentive outcomes based on key financial and non-financial measures. Since the introduction in FY22, the scorecard design has undergone an annual review to ensure it continues to drive organisational performance and deliver the Group Strategy.

In FY24, the STA Scorecard will increase the Financial KPI weighting from 65% to 70%, and reduce the Non-Financial KPI weighting from 35% to 30%. This change reflects the importance of improving the financial performance of the business in FY24.

## Long Term Award (LTA)

This section presents the key features of the 2023 LTA (granted in September 2022).

| LTA Design                                   | How the LTA Works                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                     |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Eligibility                                  | <ul style="list-style-type: none"> <li>Global CEO and Executives.</li> </ul>                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                     |
| Quantum                                      | <ul style="list-style-type: none"> <li>The maximum face value of the 2023 LTA award granted in September 2022 is as follows:               <ul style="list-style-type: none"> <li>Global CEO: 178% of Fixed Remuneration</li> <li>Executives (excluding Group Chief Risk Officer): 180% of Fixed Remuneration</li> <li>Group Chief Risk Officer: 144% of Fixed Remuneration.</li> </ul> </li> </ul> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                     |
| Delivery                                     | <ul style="list-style-type: none"> <li>Rights to acquire securities, subject to specific performance conditions and continued tenure.</li> <li>The number of performance rights is adjusted up or down at vesting based on performance over the assessment period.</li> <li>The award may be settled in cash or other means at the Board's discretion.</li> </ul>                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                     |
| Determining the Number of Performance Rights | <ul style="list-style-type: none"> <li>Face value - VWAP of stapled securities traded on the ASX over the 20 trading days prior to the release of the full year results preceding the grant date.</li> </ul>                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                     |
| Performance Period                           | <ul style="list-style-type: none"> <li>Three years.</li> </ul>                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                     |
| Deferral                                     | <ul style="list-style-type: none"> <li>Released in four equal tranches at the end of Y3, Y4, Y5 and Y6.</li> <li>The timeframe reflects a balance between reward that motivates Executives while reflecting the 'long tail' of profitability and risk associated with 'today's decisions'.</li> </ul>                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                     |
| Performance Hurdles                          | <ul style="list-style-type: none"> <li>The Board believes that these measures provide a suitable link to long term securityholder value creation.</li> <li>While the Board appreciates that there are, at times, differing views held by stakeholders, we believe that these measures provide the appropriate balance between market and non-market measures.</li> </ul>                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                     |
|                                              | Market Measure                                                                                                                                                                                                                                                                                                                                                                                      | Non Market Measures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                     |
|                                              | Relative Total Securityholder (RTSR) – 1/3                                                                                                                                                                                                                                                                                                                                                          | Average Operating Return on Equity (ROE) – 1/3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | CAGR % in FUM – 1/3 |
|                                              | Rationale                                                                                                                                                                                                                                                                                                                                                                                           | <ul style="list-style-type: none"> <li>Operating ROE reflects the capital intensive nature of Lendlease's activities and is an important long term measure of how well the management team generates acceptable earnings from capital invested and rewards decisions in respect of developing, managing, acquiring and disposing of assets.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                     |
|                                              | Definition                                                                                                                                                                                                                                                                                                                                                                                          | <ul style="list-style-type: none"> <li>CAGR % in FUM reflects our key strategic objective of increasing our Investments platform globally, achieved through our internal development pipeline, creating new products, using value-add strategies and through external market acquisitions.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                     |
| Performance Hurdles                          | Definition                                                                                                                                                                                                                                                                                                                                                                                          | <ul style="list-style-type: none"> <li>TSR is measured by the growth in security price and any dividends/distributions paid during the performance period.</li> <li>Operating ROE is calculated as the Group's Operating Profit After Tax divided by the arithmetic average of beginning, half and year end securityholders' equity.</li> <li>Performance is based on the average Operating ROE results over the three year performance period.</li> <li>CAGR % in FUM is calculated as the compounded annual growth rate of Lendlease's funds under management over the three year performance period.</li> </ul>                                                                                                                                                                                                                                                                                                                                      |                     |
|                                              | Target Setting                                                                                                                                                                                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>TSR is measured against companies that comprise the Standard &amp; Poor's (S&amp;P)/ Australian Securities Exchange (ASX) 100 index.</li> <li>Operating ROE target is reviewed annually and is set within the published range of the Group's Portfolio Management Framework which is currently between 8% and 10%.</li> <li>Operating ROE target aims to drive outperformance without incentivising excessive risk taking.</li> <li>The Board believes that the vesting range provides a realistic goal at the lower end (in the context of risk free rates of return, cost of capital and market consensus) and a stretch at the upper end.</li> <li>The Board is conscious of the impact that debt can have on the Operating ROE result and has governance protocols in place to monitor this.</li> <li>FUM hurdles are reviewed annually and are set with reference to the Group's operating plan.</li> </ul> |                     |

| LTA Design                             | How the LTA Works                                                                                                                                               |                                            |                               |                                           |                               |                                           |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------------------|-------------------------------------------|-------------------------------|-------------------------------------------|
|                                        | RTSR Percentile Ranking                                                                                                                                         | % of Maximum LTA                           | Average Operating ROE         | % of Maximum LTA                          | CAGR % in FUM                 | % of Maximum LTA                          |
| Vesting Schedule (as % of Maximum LTA) | Below 50th                                                                                                                                                      | Nil                                        | Below threshold               | Nil                                       | Below threshold               | Nil                                       |
|                                        | At the 50th                                                                                                                                                     | 40%                                        | At threshold                  | 0%                                        | At threshold                  | 0%                                        |
|                                        | At or above the 50th and below the 75th                                                                                                                         | Straight line vesting between 40% and 100% | Between threshold and maximum | Straight line vesting between 0% and 100% | Between threshold and maximum | Straight line vesting between 0% and 100% |
|                                        | 75 <sup>th</sup> or greater                                                                                                                                     | 100%                                       | At or above maximum           | 100%                                      | At or above maximum           | 100%                                      |
| Retesting                              | <ul style="list-style-type: none"> <li>No retesting.</li> <li>If the performance hurdle is not met at the time of testing, the awards are forfeited.</li> </ul> |                                            |                               |                                           |                               |                                           |
| Distribution                           | <ul style="list-style-type: none"> <li>Distributions are not paid, unless and until vesting conditions are met.</li> </ul>                                      |                                            |                               |                                           |                               |                                           |

#### FY24 LTA Changes

##### *Replacing CAGR % in FUM with Investments Return on Invested Capital (IM ROIC)*

In 2020, growth in FUM was added to the LTA as a third measure to support the key strategic objective of increasing Lendlease's Investments platform globally.

Given the Group's strategic focus to become Investments led, retention of an Investments performance metric is an important component of our reward framework. To encourage a disciplined growth profile, and reinforce alignment to the Group's stated Portfolio Management Framework (PMF), IM ROIC will be introduced into the LTA metric assessment from FY24, replacing the FUM growth element as an equally weighted measure. This long term measure reflects the segment's capital intensive nature and will assess the ability to generate acceptable earnings, which further aligns with the securityholder experience and a greater mix of stable recurring earnings.

The FY24 IM ROIC target will be set within the range provided under the Group's Portfolio Management Framework which is currently between 6% and 9%. The performance measurement will be based on the average IM ROIC results over the relevant performance period.

## FY23 Global CEO STA Scorecard

The Board in assessing STA outcomes for the CEO and the executive team have given consideration to both financial outcomes and strategic progress.

| KPI                   | Weighting                                            |      | FY23 Result                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------|------------------------------------------------------|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financials<br>65%     | Operating Profit After Tax (\$m)                     | 35%  |  <p>OPAT of \$257m fell from FY22. This reflects sustained challenging economic conditions and investment for future growth together with the impact of prior projects.</p>                                                                                                                                                                 |
|                       | Development – Completions (\$b)                      | 10%  |  <p>There were \$3.6b of completions for the year, comprised of \$2.8b urban projects and \$0.8b of Communities development, noting the delivery pipeline is still digesting pandemic related delays, reflected by lower volumes.</p>                                                                                                       |
|                       | Construction – EBITDA margin (%)                     | 10%  |  <p>Construction EBITDA margin was 1.2% for the period, impacted by provisions which lowered the segment margin by 0.8 percentage points.</p>                                                                                                                                                                                               |
|                       | Investments – Management EBITDA margin (%)           | 10%  |  <p>37.5% result is above target and has been delivered during a period of upfront investment to build out the international funds management platform. Board discretion to cap outcome at target as detailed below.</p>                                                                                                                    |
| Non Financials<br>35% | Safety – Critical Incident Frequency Rate (CIFR) (%) | 10%  |  <p>FY23 CIFR result achieved above maximum (represented by grey dot). Despite CIFR achieving above maximum, the Board has reduced the outcome under the safety metric to target (represented by black dot) after considering the subcontractor employee fatality which occurred during the year as discussed in the following section.</p> |
|                       | Sustainability - carbon emission (000's tonnes)      | 7.5% |  <p>Continued significant progress made on delivering long term goals, achieving carbon emissions of 109k tonnes beating the target of &lt;135k tonnes.</p>                                                                                                                                                                               |
|                       | Customer Satisfaction (CSAT score)                   | 7.5% |  <p>Customer satisfaction of 7.9 is in line with FY22 results and has achieved target outcome.</p>                                                                                                                                                                                                                                        |
|                       | People - Employee Engagement (%)                     | 10%  |  <p>Employee engagement of 62% has achieved target outcome and an increase of 4 percentage points from FY22.</p>                                                                                                                                                                                                                          |

### Adjusted Global CEO STA outcome

In reviewing the performance of the Global CEO against his STA scorecard, in addition to outcomes against the specific KPIs, the Board also took into account a range of factors such as progress on the strategic agenda, the overall financial result, and safety.

The organisation has continued to make significant progress on its strategic agenda, which will support delivery of financial returns within the PMF in future years.

Clearly the operating environment has had a significant negative effect on the return to securityholders in the current year, and it is important to align STA outcomes to this – to a degree the scorecard mechanism delivers this. However, the Board exercised its discretion to make a further downward adjustment in respect of the overall financial result.

The Board also took into account the impact of safety incidents – refer further to discussion in the section following.

Accordingly, the Board have exercised discretion to reduce the outcome on both the financial and non-financial KPIs.

- A total downwards adjustment of **15%** has been applied to the metricated scorecard outcome for the Global CEO.
- The final adjusted Global CEO STA outcome is **32%** of maximum opportunity.

## Impact of Safety Incidents on FY23 STA Outcomes

Although no fatalities occurred on works under Lendlease operational control in FY23, we are deeply saddened by a fatal incident involving a subcontractor worker that occurred on one of our project sites under the operational control of a supply chain partner.

We go beyond regulatory reporting requirements and report all incidents, working hours and fatalities on our sites as we do not consider the lives of contractors, subcontractors, consultants and community members are any different to our employees. In assessing potential remuneration adjustments in response to a fatality, we review the findings of an independent incident investigation. The

investigation includes an assessment of the degree of operational control for any associated work activities or hazards attributable to Lendlease.

In line with the guiding principles for determining remuneration adjustments arising from safety incidents set out on page 81, the Board considered the following key factors in assessing adjustments for FY23 along with CIFR performance globally:

|                              |                                                                                                                                                                                                                                                                                                   |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 Java Street, New York, USA | <ul style="list-style-type: none"> <li>The Board is satisfied, based on material from internal and independent external sources currently available, that this incident is not a result of a failure of Lendlease supervision as the relevant area was under subcontractor management.</li> </ul> |
|                              | <ul style="list-style-type: none"> <li>Lendlease is not subject to any prosecution from regulatory authorities, and it was confirmed the work site was under the operational control of a supply chain partner.</li> </ul>                                                                        |
|                              | <ul style="list-style-type: none"> <li>The region met its other EHS metrics targets for FY23.</li> </ul>                                                                                                                                                                                          |

Notwithstanding the above, the board recognises that there is an opportunity for management to continue to proactively manage inconsistencies between local market custom, practices and application of our GMRs. Accordingly, the board has determined to exercise discretion to adjust the former CEO, Americas and Global Chief Operating Officer's deferred STA on foot by 5%. Similarly, FY23 bonus outcomes for other associated management roles have been reduced in accordance with the Board approved adjustment range.

There are no material updates in relation to any ongoing investigations into past fatalities.

## FY23 Short Term Performance Outcomes

The following table outlines the FY23 STA opportunity and outcomes for each Executive.

| A\$'000 <sup>1</sup>         | Target STA opportunity | Maximum STA opportunity | Total STA awarded | STA awarded - cash <sup>2</sup> | STA awarded - deferred <sup>3</sup> | Total STA awarded as % of Maximum STA <sup>4</sup> | Total STA forfeited as % of Maximum STA <sup>4</sup> |
|------------------------------|------------------------|-------------------------|-------------------|---------------------------------|-------------------------------------|----------------------------------------------------|------------------------------------------------------|
| Anthony Lombardo             | 1,800                  | 2,500                   | 810               | 405                             | 405                                 | 32%                                                | 68%                                                  |
| Dale Connor                  | 1,200                  | 1,680                   | 658               | 329                             | 329                                 | 39%                                                | 61%                                                  |
| Simon Dixon                  | 1,000                  | 1,400                   | 500               | 250                             | 250                                 | 36%                                                | 64%                                                  |
| Justin Gabbani               | 919                    | 1,286                   | 597               | 299                             | 299                                 | 46%                                                | 54%                                                  |
| Claire Johnston <sup>5</sup> | 824                    | 1,154                   | 330               | 165                             | 165                                 | 29%                                                | 71%                                                  |
| Frank Krile                  | 800                    | 1,120                   | 400               | 200                             | 200                                 | 36%                                                | 64%                                                  |
| Neil Martin                  | 1,263                  | 1,768                   | 442               | 221                             | 221                                 | 25%                                                | 75%                                                  |

1. Remuneration is reported in AUD based on the 12 month average historic foreign exchange rates for FY23 (rounded to two decimal places): SGD 0.91 (applied to Justin Gabbani), USD 0.67 (applied to Claire Johnston) and GBP 0.55 (applied to Neil Martin).

2. 50% of the FY23 STA is paid as cash in September 2023.

3. 50% of the FY23 STA is granted as Deferred Securities that will be released in two equal tranches after one and two years.

4. Rounded to the nearest decimal place

5. The FY23 STA for Claire Johnston reflects time as KMP (1 November 2022 to 30 June 2023).

## FY23 Long Term Performance Outcomes

The table below presents the performance and vesting outcomes for awards that were tested in FY23. The Board sets challenging LTA targets. The 2021 LTA was tested following the end of the financial year, resulting in nil vesting for FY23.

| LTA¹     | Performance Period                       | Performance Hurdle² | Performance Outcome         | Vesting Outcome | Overall Vesting Outcome (% Maximum LTA) | % Maximum LTA forfeited |
|----------|------------------------------------------|---------------------|-----------------------------|-----------------|-----------------------------------------|-------------------------|
| 2021 LTA | 1 July 2020 to 30 June 2023<br>(3 years) | RTSR                | Below Threshold             | 0%              | 0%                                      | 0%                      |
|          |                                          | ROE                 | Below Threshold             | 0%              |                                         |                         |
|          |                                          | FUM                 | Below Threshold             | 0%              |                                         |                         |
| 2022 LTA | 1 July 2021 to 30 June 2024<br>(3 years) | RTSR                | Performance period on going |                 |                                         |                         |
|          |                                          | ROE                 |                             |                 |                                         |                         |
|          |                                          | FUM                 |                             |                 |                                         |                         |
| 2023 LTA | 1 July 2022 to 30 June 2025<br>(3 years) | RTSR                | Performance period on going |                 |                                         |                         |
|          |                                          | ROE                 |                             |                 |                                         |                         |
|          |                                          | FUM                 |                             |                 |                                         |                         |

1. Refer Note 35 of the Notes to Consolidated Financial Statements for details of LTI / LTA Awards granted in prior financial years.

2. As noted in the FY24 LTA Changes section, Growth in FUM will be replaced with an Investments Return on Invested Capital (IM ROIC) measure from FY24 onwards.

ROE and FUM targets are set within the Group's Portfolio Management Framework. As these targets are considered commercially sensitive, they are published following the end of the performance period. The ROE target for the 2021 LTA was 8.4%. The FUM target for the 2021 LTA was 16% CAGR.

## Alignment Between Remuneration Outcomes and Securityholder Experience

### STA outcomes and securityholder experience

In the August 2021 Strategy Briefing<sup>1</sup>, the Global CEO set out the five year roadmap for delivering sustainable performance. At the end of FY23, the Group reached the mid-point of the two-year Create phase of the five-year Reset; Create; Thrive roadmap to deliver sustained, improved performance. The key elements of the Create phase involve continued growth in funds under management (FUM); achieving scale in development; and maintaining execution excellence in construction.

Key outcomes delivered in FY23 against the strategic roadmap are:

- Growth in funds under management of 9% to \$48.3bn.
- Development Work in Progress of \$22.9bn providing continuing strong momentum as we enter FY24, on the pathway to delivering annual completions in excess of \$8bn by FY24.
- Secured One Circular Quay with an estimated end value of \$3.1bn to support replenishing the Australian Development pipeline, along with being announced as preferred developer for the Queen Victoria Market, with an estimated end value of \$1.7bn.
- Delivering a resilient Construction result in the context of industry challenges.
- Refining the Construction platform's target portfolio to reflect a lower risk book going forward.

In applying the discretion embedded in the Executive Reward Strategy, the Board had regard to these and other factors when assessing the appropriate balance between pay for performance in the form of STA and securityholder outcomes for FY23. Refer also to the assessment of performance against the Global CEO STA scorecard set out on page 81.

<sup>1</sup>Refer to the ASX Announcement "Lendlease Strategy briefing" released on 30 August 2021.

|                                                                                     | FY19      | FY20      | FY21             | FY22      | FY23      |
|-------------------------------------------------------------------------------------|-----------|-----------|------------------|-----------|-----------|
| Statutory Profit after Tax (PAT) Attributable to Securityholders (\$m)              | 467       | (310)     | 222              | (99)      | (232)     |
| Core Operating Profit After Tax (PAT) Attributable to Securityholders (\$m)         | 632       | 206       | 377              | 276       | 257       |
| Total Dividends / Distributions (\$m)                                               | 237       | 191       | 186              | 110       | 110       |
| Statutory Earnings per Stapled Security (EPS) (cents) excluding treasury securities | 80        | (51.8)    | 32.5             | (14.5)    | (34.0)    |
| Core Operating Earnings per Stapled Security (EPS) (cents)                          | 111.5     | 34.2      | 54.8             | 40.1      | 37.3      |
| Annual Total Securityholder Return (%)                                              | (33)      | (2)       | (6)              | (19)      | (13)      |
| Statutory Return on Equity (ROE) (%) <sup>1</sup>                                   | 7.4       | (4.7)     | 3.2              | (1.4)     | (3.4)     |
| Core Operating Return on Equity (ROE) (%) <sup>2</sup>                              | 10.1      | 3.1       | 5.4              | 4.0       | 3.8       |
| Closing Security Price as at 30 June (\$) <sup>3</sup>                              | 13.00     | 12.37     | 11.50            | 9.11      | 7.75      |
| CEO STA outcome (% maximum opportunity)                                             | 0%        | 23%       | 30% <sup>4</sup> | 48%       | 32%       |
| Executive STA outcomes (% maximum opportunity)                                      | 17% - 33% | 17% - 27% | 17% - 40%        | 55% - 61% | 25% - 46% |
| LTI / LTA vesting outcome <sup>5</sup>                                              | 5.80%     | 0%        | 0%               | 0%        | 0%        |

1. Statutory ROE is calculated as the annual Statutory Profit after Tax attributable to securityholders divided by the arithmetic average of beginning, half year and year end securityholders' equity.

2. Core Operating ROE is calculated as annual Core Operating Profit after Tax attributable to securityholders divided by the arithmetic average of beginning half year and year end securityholders' equity. Core Operating ROE replaces Statutory ROE as an LTA hurdle from FY21 onwards as it better reflects the impact management have in creating value for securityholders.

3. FY19 reflects 28 June 2019 closing security price.

4. Reflects STA outcome for the current Global CEO for the period 1 June 2021 to 30 June 2021. The STA outcome for the Former Group CEO was 0% for the period from 1 July 2020 to 31 May 2021.

5. Relating to the LTA grant where the performance period ends in the relevant financial year. The FY19 result relates to the 2017 LTI award.

## Adjustments to Denis Hickey's incentive awards

### GDV performance adjustment

In FY22, Denis Hickey was issued a one-off incentive aligned to key delivery milestones under the Google Development Ventures (GDV) project over a 3 year performance period from 1 July 2021 to 30 June 2024. At the time of grant, this incentive reflected the criticality and scope of the GDV project. The award is structured as follows:

- 70% of Performance Rights is subject to the achievement of the key milestones for GDV during the performance period, including the securing of entitlements and capital plans and the commencement of construction for each project.
- 30% of Performance Rights is subject to customer satisfaction feedback from the client and internal stakeholders at key touchpoints in the project life cycle, so that GDV milestones are not only delivered within the required timeframes but also to an exceptional standard.
- There is no retesting on any portion of the GDV award that does not vest.

The Board retains an overarching discretion to reduce or forfeit any unvested awards if it considers that the vesting of the awards would result in receipt of a benefit that was unwarranted or inappropriate.

For full details of the key terms of the incentive, refer to the Appendix 3G lodged with the ASX on 1 April 2022.

As Denis Hickey's role was made redundant, under the terms of the award any unvested portion remains on foot.

In FY23, the Board exercised discretion to carry out an interim assessment on the 70% performance milestones component of the GDV. As a result, it was determined that 51% of the total award will lapse based on past milestone outcomes during FY22 and FY23. The balance of the grant remains subject to testing against key milestones and performance goals.

### STA adjustment

In addition to the partial lapsing of the GDV award, the Board exercised further discretion to adjust down Denis Hickey's deferred STA on foot by 5%. This adjustment relates directly to the FY23 fatality. Refer to the section 'Impact of Safety Incidents on FY23 STA Outcomes' for more information.

## Total Remuneration Realised

The table below presents the remuneration paid to, or vested for, Executives in respect of FY23.

| A\$'000'                     | Fixed<br>Remuneration <sup>2</sup> | Previous<br>years' RSA | Previous<br>years' deferred<br>securities<br>vested | FY23 STA<br>awarded<br>(cash<br>component) | Previous<br>years' LTA<br>awards | FY23 Total<br>Remuneration<br>Realised | Awards<br>forfeited or<br>lapsed |
|------------------------------|------------------------------------|------------------------|-----------------------------------------------------|--------------------------------------------|----------------------------------|----------------------------------------|----------------------------------|
| <b>Current Executives</b>    |                                    |                        |                                                     |                                            |                                  |                                        |                                  |
| Anthony Lombardo             | 1,800                              | 353                    | 67                                                  | 405                                        | -                                | 2,625                                  | (2,790)                          |
| Dale Connor                  | 1,200                              | 352                    | 71                                                  | 329                                        | -                                | 1,952                                  | (2,122)                          |
| Simon Dixon                  | 1,000                              | -                      | 171                                                 | 250                                        | -                                | 1,421                                  | (900)                            |
| Justin Gabbani               | 912                                | -                      | 284                                                 | 299                                        | -                                | 1,495                                  | (689)                            |
| Frank Krile                  | 1,000                              | -                      | 298                                                 | 200                                        | -                                | 1,498                                  | (720)                            |
| Neil Martin                  | 1,254                              | 349                    | 197                                                 | 221                                        | -                                | 2,021                                  | (2,426)                          |
| Claire Johnston <sup>3</sup> | 805                                | -                      | 360                                                 | 165                                        | -                                | 1,330                                  | (824)                            |
| <b>Former Executives</b>     |                                    |                        |                                                     |                                            |                                  |                                        |                                  |
| Denis Hickey <sup>4</sup>    | 569                                | 349                    | 110                                                 | -                                          | -                                | 1,028                                  | (1,100)                          |

1. Remuneration is reported in AUD based on the 12 month average historic foreign exchange rates for FY23 (rounded to two decimal places): SGD 0.91 (applied to Justin Gabbani), USD 0.67 (applied to Claire Johnston) and GBP 0.55 (applied to Neil Martin).

2. Fixed remuneration increases in FY23 applied to Justin Gabbani and Neil Martin.

3. Claire Johnston was appointed to the CEO, Americas role on 1 November 2022 and remuneration reflects time as KMP.

4. Denis Hickey ceased as KMP on 31 October 2022 and remuneration reflects time as KMP.

### Definitions

|                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Fixed Remuneration</b>                                      | Includes the TPV / Base Salary plus superannuation (where applicable) received during FY23.                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Previous years' RSA and security price growth / decline</b> | Includes the RSA that was granted in September 2020 and reached the end of the deferral period on 30 June 2023. The value reflects the number of securities multiplied by the security price at the end of the deferral period. 25 per cent of this award value will be released in September 2023 and the remaining 75 per cent will be released in three equal tranches in September 2024, 2025 and 2026, subject to malus provisions.<br><br>Also includes the value of the distribution equivalent amounts paid as cash on the RSA. |
| <b>Previous years' deferred securities vested</b>              | Includes previously granted deferred securities that are not subject to hurdles such as Deferred STA, Deferred Equity Awards, and sign-on awards. The value reflects the number of securities that vested in FY23 multiplied by the security price at vesting, and includes the value of any distribution equivalent amounts received at vesting.                                                                                                                                                                                       |
| <b>FY23 STA awarded (cash component)</b>                       | Reflects the 50% cash portion of the STA awarded in relation to FY23 performance to be paid in September 2023.                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Previous years' LTA awards</b>                              | Includes the 2021 LTA that reached the end of the performance period on 30 June 2023, vesting in September 2023. The value reflects the number of securities scheduled to vest multiplied by the grant price.                                                                                                                                                                                                                                                                                                                           |
| <b>Awards forfeited or lapsed</b>                              | The value reflects the maximum number of securities that were forfeited / lapsed in respect of FY23 multiplied by the grant price plus the value of the forfeited portion of the maximum FY23 STA.                                                                                                                                                                                                                                                                                                                                      |

## Executive Service Agreements

An overview of key terms of employment for current Executives is provided below:

| Contract Term                                                                                                                                                                                                                                                                                                                                                    | Global CEO                                                                                                                                                                                                                                                                                                                                                                                                                     | Other Executives |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Contract type                                                                                                                                                                                                                                                                                                                                                    | Permanent                                                                                                                                                                                                                                                                                                                                                                                                                      | Permanent        |
| Notice period by Lendlease                                                                                                                                                                                                                                                                                                                                       | 12 months                                                                                                                                                                                                                                                                                                                                                                                                                      | 6 months         |
| Notice period by executive                                                                                                                                                                                                                                                                                                                                       | 12 months                                                                                                                                                                                                                                                                                                                                                                                                                      | 6 months         |
| <p>All Executives have termination benefits that are within the limit allowed by the Corporations Act 2001 without securityholder approval. Specifically, in the case where the Executive is not employed for the full period of notice, a payment in lieu of notice may be made.</p> <p>Treatment of unvested awards depends on the reason for termination:</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                |                  |
| Termination Payment                                                                                                                                                                                                                                                                                                                                              | <ul style="list-style-type: none"> <li>Terminated for cause: Awards lapse.</li> <li>Terminated for poor performance: Board discretion.</li> <li>Resignation (engaged in activities that are competitive with the Group): Awards lapse.</li> <li>'Good leavers': Awards remain on foot subject to the original vesting conditions. LTA granted from FY23 onwards are prorated for good leavers based on time served.</li> </ul> |                  |

# Non Executive Director Fee Policy

## Non Executive Directors' fees

The maximum aggregate remuneration payable to Non Executive Directors is \$3.5 million per year, as approved at the 2015 Annual General Meeting.

## Board and Committee Fees

Non Executive Directors receive a Board fee and fees for chairing or participating on Board committees:

| A\$'000    | Board            | Nominations Committee | People & Culture Committee | Risk Committee | Audit Committee | Sustainability Committee |
|------------|------------------|-----------------------|----------------------------|----------------|-----------------|--------------------------|
| Chair Fee  | 640 <sup>1</sup> | 36                    | 48                         | 48             | 48              | 48                       |
| Member Fee | 160              | Nil                   | 36                         | Nil            | 36              | 36                       |

1. The Chairman does not receive extra fees for participating on committees

Board and committee fees are paid as cash. Superannuation contributions are paid in addition to the Board and committee fees outlined above in accordance with superannuation legislation and are capped at the Maximum Superannuation Contribution Base.

Non Executive Directors are not entitled to retirement benefits other than superannuation.

There were no increases to Non Executive Director fees during FY23.

## Travel Fees

Board meetings are scheduled in Australia and in each of the regions where Lendlease operates. As an international company, the Board program is formulated to reflect the geographic spread of the Lendlease businesses. Generally, the program runs over three to five days and includes a number of activities outside the formal meeting. These include business briefings, presentations from external sources, project site visits, client meetings, and networking events with employees and key stakeholders. Where deeper project reviews are required, the program may take up to five days.

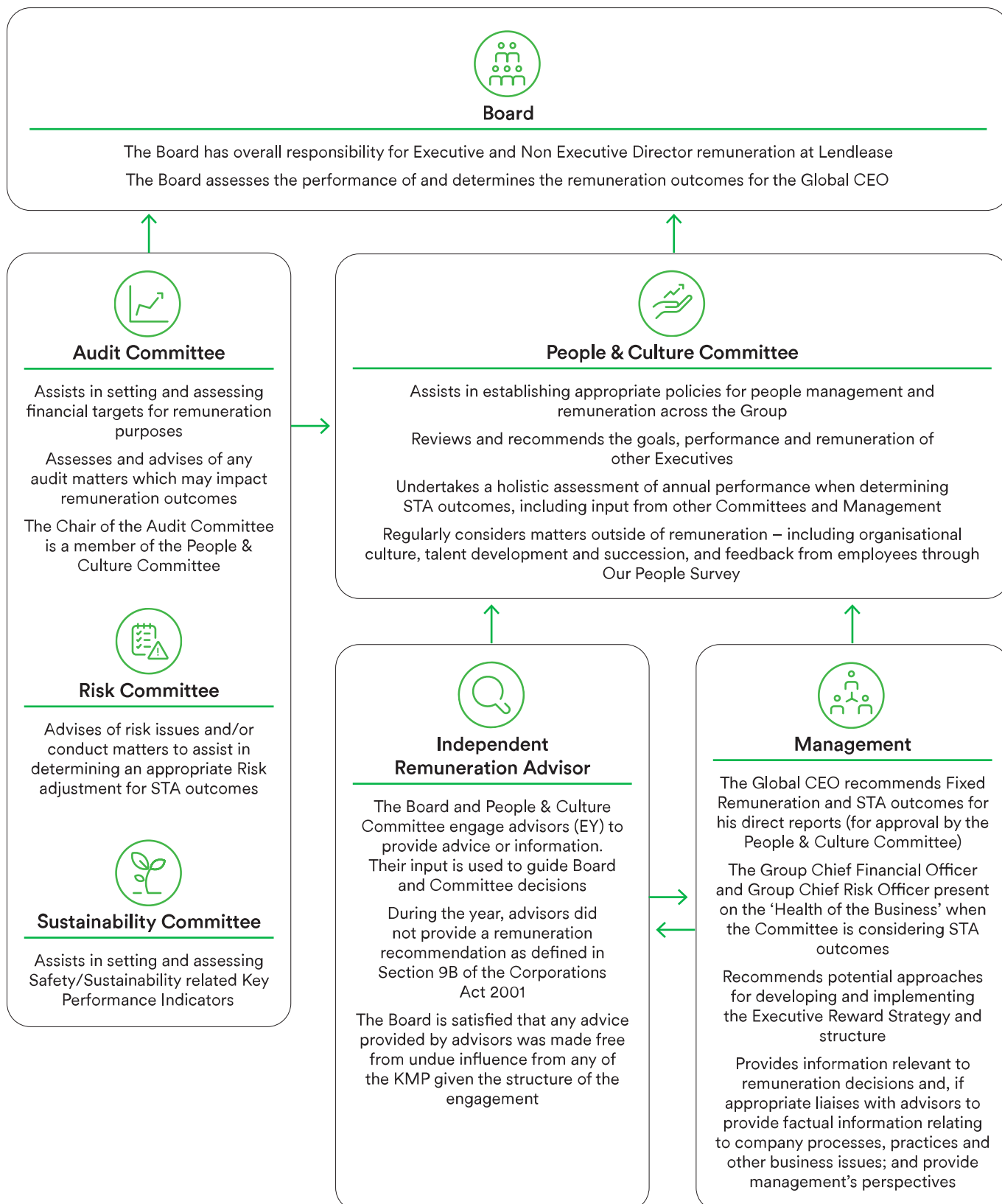
The program is an important element of the Board's activities to enable the Non Executive Directors to obtain the required deep understanding of operations across the Group.

Where significant additional time has been spent travelling to fulfil the requirements of the program, fees are paid to compensate Non Executive Directors for the extra time commitment:

| A\$                           | Fee (each way) |
|-------------------------------|----------------|
| Travel less than 4 hours      | Nil            |
| Travel between 4 and 10 hours | 2,800          |
| Travel over 10 hours          | 6,000          |

# Remuneration Governance and Risk Management

Robust governance is a critical part of Lendlease's approach to executive remuneration. The diagram below illustrates the roles various stakeholders play in making remuneration decisions at Lendlease:



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Risk management and governance processes apply across remuneration timelines, aligned with our business cycle. We have short term, long term and ongoing mechanisms:

|                                                                                           | Year 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Year 2                                                                                                                                                                                                                                                                                                        | Year 3 | Year 4                                                                                                                                                                                                           | Year 5 | Year 6 |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------|
| Short term                                                                                | <ul style="list-style-type: none"><li>• Significant portion of annual opportunity at risk and subject to performance</li><li>• Holistic assessment of annual performance</li><li>• Input from Risk committee</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                               |        |                                                                                                                                                                                                                  |        |        |
|                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                               |        |                                                                                                                                                                                                                  |        |        |
| Long term                                                                                 | <ul style="list-style-type: none"><li>• Long dated performance periods (up to 3 years)</li><li>• Significant portion of remuneration delivered in equity</li><li>• Remuneration deferral (up to 6 years)</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                               |        |                                                                                                                                                                                                                  |        |        |
|                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                               |        |                                                                                                                                                                                                                  |        |        |
| Ongoing                                                                                   | <ul style="list-style-type: none"><li>• Board discretion</li><li>• Malus</li><li>• Guiding principles (remuneration adjustments arising from safety incidents)</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                               |        | <ul style="list-style-type: none"><li>• Change of control</li><li>• Mandatory securityholding</li><li>• Securities trading policy</li><li>• Hedging</li><li>• Independent advisor governance protocols</li></ul> |        |        |
|                                                                                           | See below for details of ongoing Risk Management and Governance Mechanisms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                               |        |                                                                                                                                                                                                                  |        |        |
| Overall Board Discretion                                                                  | <ul style="list-style-type: none"><li>• The Board makes, reviews and approves decisions concerning executive remuneration throughout the year. The Board uses its discretion to influence individual outcomes or to steer management towards appropriate outcomes.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                               |        |                                                                                                                                                                                                                  |        |        |
| Malus                                                                                     | <ul style="list-style-type: none"><li>• The Board retains an overarching discretion to reduce or forfeit any unvested awards (during the deferral period beyond the performance testing period) if it considers that vesting of such awards would result in participant receiving a benefit that was unwarranted or inappropriate.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                               |        |                                                                                                                                                                                                                  |        |        |
| Guiding principles for determining remuneration adjustments arising from safety incidents | <ul style="list-style-type: none"><li>• To inform robust decision making in relation to remuneration adjustments arising from safety incidents, the Board formalised a set of guiding principles and relevant factors in FY22. The key guiding principles are as follows:<ul style="list-style-type: none"><li>– Our objective is to learn from incidents and to reinforce an open dialogue and safety culture. Our people must have confidence that sharing safety related information supports this objective and helps to identify how we will adapt in the future.</li><li>– As the facts and circumstances surrounding each incident are unique, decision making is not prescriptive formulaic and requires the application of judgement.</li><li>– To facilitate a consistent approach to decision making, rather than the application of a consistent outcome, the following set of relevant factors are used by the Board to evaluate the application of any remuneration adjustments to be made arising from safety incidents:</li></ul></li></ul> |                                                                                                                                                                                                                                                                                                               |        |                                                                                                                                                                                                                  |        |        |
|                                                                                           | Safety Leadership                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | How is safety leadership demonstrated in the relevant business / project?                                                                                                                                                                                                                                     |        |                                                                                                                                                                                                                  |        |        |
|                                                                                           | Safety Performance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | How has the relevant business / project performed against safety performance indicators?                                                                                                                                                                                                                      |        |                                                                                                                                                                                                                  |        |        |
|                                                                                           | Findings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | In the event of a fatality, what was Lendlease's role based on internal investigations?                                                                                                                                                                                                                       |        |                                                                                                                                                                                                                  |        |        |
|                                                                                           | Availability of new information                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | As events unfold over time, has new and pertinent information emerged from external investigations?                                                                                                                                                                                                           |        |                                                                                                                                                                                                                  |        |        |
|                                                                                           | Change of Control                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <ul style="list-style-type: none"><li>• The early vesting of any unvested awards may be permitted by the Board in other limited circumstances such as a change in control of Lendlease. In these circumstances the Board will determine the timing and proportion of any unvested awards that vest.</li></ul> |        |                                                                                                                                                                                                                  |        |        |

|                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Mandatory Securityholding</b>                | <ul style="list-style-type: none"> <li>Following investor feedback relating to current KMP securityholding levels, the Mandatory Securityholding Policy has been reviewed and updated in February 2023 to standardise one globally consistent approach.</li> <li>The Global CEO and Executives are required to accumulate and maintain a significant personal investment in Lendlease securities. This policy encourages Executives to consider long term securityholder value when making decisions.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|                                                 | <b>What is the Mandatory Securityholding requirement?</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                                                 | <b>Mandatory Securityholding Requirement</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                 | Global CEO 150% of TPV                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                                                 | Executives (Australia) 100% of TPV                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                                                 | Executives (International) 100% of Base Salary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                                 | <b>What is counted towards the Mandatory Securityholding requirement?</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                                                 | <b>Included</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|                                                 | Personally held securities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|                                                 | Vested or unvested securities subject to a time-based hurdle only (i.e., RSA, LTA Minimum and Deferred STI/STA)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Securities Trading Policy</b>                | <ul style="list-style-type: none"> <li>The Mandatory Securityholding requirement is a set number of securities based on the 20-day VWAP on the date of appointment to the Global Leadership Team.<br/>Until the Mandatory Securityholding requirement is reached, 50 per cent of any vested equity awards (e.g. Deferred STI, Deferred STA, RSA, LTI or LTA) will be subject to a disposal restriction.</li> <li>Executives are required to achieve the Mandatory Securityholding requirement within five years of their appointment to a KMP role.</li> <li>The Board may review the number of mandatory securities to be held to account for movements in security price using 20-day VWAP leading up to 30 June financial year end and movements in salary. As a general rule, if the change is less than 15% from when the requirement was last set, no adjustment will be made to the number of securities required.</li> <li>Progress toward the minimum requirement is outlined in the Executive Equity Holdings table on page 91.</li> </ul> |
|                                                 | <ul style="list-style-type: none"> <li>The Lendlease Securities Trading Policy applies to all employees of the Lendlease Group. In accordance with the policy, Directors and Executives may only deal in Lendlease securities during designated periods.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Hedging</b>                                  | <ul style="list-style-type: none"> <li>Directors and Executives must not enter into transactions or arrangements that operate to limit the economic risk of unvested entitlements to Lendlease securities. No Director or Executive may enter into a margin loan arrangement in respect of unvested Lendlease securities.</li> <li>Deferred STI, Deferred STA, RSA, LTI and LTA awards are subject to the Securities Trading Policy, which prohibits Executives from entering into any type of 'protection arrangements' (including hedging, derivatives and warrants) in respect of those awards before vesting.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Independent Advisor Governance Protocols</b> | <ul style="list-style-type: none"> <li>Strict governance protocols are observed to so that advisors' advice to the Committee is made free from undue influence by Executive KMP: <ul style="list-style-type: none"> <li>Advisors are engaged by, and report directly to, the Chair of the People &amp; Culture Committee</li> <li>The agreement for the provision of any remuneration consulting services is executed by the Chair of the People &amp; Culture Committee on behalf of the Board</li> <li>Any reports delivered by advisors were provided directly to the Chair of the People &amp; Culture Committee; and</li> <li>Advisors are permitted, where approved by the People &amp; Culture Committee Chair, to speak to management to understand company processes, practices and other business issues and obtain management's perspectives.</li> </ul> </li> </ul>                                                                                                                                                                      |

# Other Statutory Disclosures

## FY23 Executive Statutory Remuneration

| A\$'000 <sup>1</sup>          |      | Short term benefits      |                       |                                    | Post-employment benefits     | Security Based Payments <sup>2</sup>  |           |         |              |                      |        |
|-------------------------------|------|--------------------------|-----------------------|------------------------------------|------------------------------|---------------------------------------|-----------|---------|--------------|----------------------|--------|
| Name                          | Year | Cash salary <sup>3</sup> | STA cash <sup>4</sup> | Non monetary benefits <sup>5</sup> | Super-annuation <sup>6</sup> | Other long term benefits <sup>7</sup> | Sub-Total | LTI/LTA | Deferred STI | Termination benefits | Total  |
| Current Executives            |      |                          |                       |                                    |                              |                                       |           |         |              |                      |        |
| Anthony Lombardo              | 2023 | 1,788                    | 405                   | 111 <sup>8</sup>                   | 33                           | 29                                    | 2,366     | 952     | 450          | -                    | 3,768  |
|                               | 2022 | 1,867                    | 600                   | 156                                | 29                           | 29                                    | 2,681     | 1,109   | 39           | -                    | 3,829  |
| Dale Connor                   | 2023 | 1,187                    | 329                   | 25 <sup>9</sup>                    | 31                           | 19                                    | 1,591     | 918     | 380          | -                    | 2,889  |
|                               | 2022 | 1,181                    | 507                   | 5                                  | 29                           | 19                                    | 1,740     | 986     | 43           | -                    | 2,769  |
| Simon Dixon                   | 2023 | 975                      | 250                   | 22                                 | 25                           | 16                                    | 1,288     | 422     | 279          | -                    | 1,989  |
|                               | 2022 | 732                      | 319                   | 26                                 | 18                           | 12                                    | 1,109     | 307     | 160          | -                    | 1,576  |
| Justin Gabbani                | 2023 | 912                      | 299                   | 23                                 | -                            | -                                     | 1,234     | 361     | 306          | -                    | 1,901  |
|                               | 2022 | 814                      | 346                   | 74                                 | -                            | -                                     | 1,234     | 282     | 188          | -                    | 1,704  |
| Claire Johnston <sup>10</sup> | 2023 | 805                      | 165                   | 173                                | -                            | -                                     | 1,143     | 378     | 271          | -                    | 1,792  |
| Frank Krile                   | 2023 | 975                      | 200                   | -36 <sup>11</sup>                  | 28                           | 16                                    | 1,183     | 294     | 305          | -                    | 1,782  |
|                               | 2022 | 976                      | 340                   | -                                  | 26                           | 16                                    | 1,358     | 271     | 253          | -                    | 1,882  |
| Neil Martin                   | 2023 | 1,374                    | 221                   | 35                                 | -                            | -                                     | 1,630     | 774     | 360          | -                    | 2,764  |
|                               | 2022 | 1,334                    | 500                   | 38                                 | -                            | -                                     | 1,872     | 822     | 111          | -                    | 2,805  |
| Former Executives             |      |                          |                       |                                    |                              |                                       |           |         |              |                      |        |
| Denis Hickey <sup>12,13</sup> | 2023 | 578                      | 0                     | 69                                 | -                            | 271 <sup>14</sup>                     | 918       | 4,265   | 594          | 277 <sup>15</sup>    | 6,054  |
|                               | 2022 | 1,533                    | 588                   | 247                                | -                            | -                                     | 2,368     | 2,058   | 63           | -                    | 4,489  |
| Total                         | 2023 | 8,594                    | 1,869                 | 422                                | 117                          | 351                                   | 11,353    | 8,364   | 2,944        | 277                  | 22,939 |
|                               | 2022 | 8,438                    | 3,200                 | 546                                | 102                          | 77                                    | 12,363    | 5,835   | 856          | -                    | 19,055 |

1. 2023 remuneration is reported in AUD based on the 12 month average historic foreign exchange rates for FY23 (rounded to two decimal places): SGD 0.91 (applied to Justin Gabbani), USD 0.67 (applied to Claire Johnston) and GBP 0.55 (applied to Neil Martin). 2022 remuneration is reported in AUD based on the 12 month average historic foreign exchange rates for FY22 (rounded to two decimal places): SGD 0.98 (applied to Justin Gabbani), USD 0.72 (applied to Denis Hickey) and GBP 0.55 (applied to Neil Martin).

2. Security based payments reflect the accounting expense on a fair value basis. Security based payments are issued either as indeterminate rights and performance rights or as deferred securities. LTI/LTA includes the accounting expense for the RSA. For Denis Hickey, this also includes the accounting expense for his GDV award.

3. Includes the payment of cash allowances such as motor vehicle allowance and the value of the distribution amounts paid as cash on the RSA. For Neil Martin this also includes cash allowances paid in lieu of pension contributions.

4. Reflects 50 per cent of the FY23 STA that is paid as cash in September 2023.

5. Non monetary benefits may include items such as car parking, relocation and expatriate benefits (such as house rental, health insurance, shipping of goods and tax return preparation), motor vehicle costs, travel benefits and annual leave.

6. Superannuation includes the value of insurance premiums funded by Lendlease for Australian Executives who are members of the Lendlease default superannuation fund.

7. Other Long Term Benefits represents the accrual of long term leave entitlements (e.g. long service leave).

8. Includes a grossed-up reportable fringe benefit amount of \$18,160 for the year ended 31 March 2023 which primarily relates to the ongoing storage of goods following Anthony Lombardo's relocation to Australia in 2021.

9. Includes a grossed-up reportable fringe benefit amount of \$33,877 for the year ended 31 March 2023 which primarily relates to professional services rendered for assistance with Dale Connor's US tax affairs.

10. Claire Johnston was appointed to the CEO, Americas role on 1 November 2022 and remuneration reflects time as KMP.

11. Frank Krile's annual leave taken exceeded his accrued leave for the year.

12. Denis Hickey ceased as KMP on 31 October 2022 and remuneration reflects time as KMP.

13. As Denis Hickey's role was made redundant and considered a 'Good Leaver', unvested equity awards remain on foot and subject to the original vesting conditions. The security based payment accounting expense for FY23 therefore includes unvested award expenses that have been accelerated and disclosed in total for FY23, including those amounts which would otherwise have been included in future year disclosures. All unvested equity awards that remain on foot following departure are still subject to the original performance conditions and will be tested at the relevant testing date. Depending on performance, these awards may have nil value. To the extent these awards do not vest when tested, the accounting expense that has been previously booked will be reversed. Please also refer to the section "Adjustments to Denis Hickey's Incentive Awards" for more detail.

14. Denis Hickey's long term benefits comprises of a contractually agreed long service leave payment.

15. Denis Hickey's termination benefits relate to the settling of a contractual obligation.

## FY23 Non Executive Director Statutory Remuneration

| A\$'000                         |      | Short term benefits |                      |                           |             | Post-employment benefits    |       |
|---------------------------------|------|---------------------|----------------------|---------------------------|-------------|-----------------------------|-------|
|                                 |      |                     |                      | Committee membership fees |             |                             |       |
| Name                            | Year | Base fees           | Committee chair fees |                           | Travel fees | Superannuation <sup>1</sup> | Total |
| Current Non Executive Directors |      |                     |                      |                           |             |                             |       |
| Michael Ullmer <sup>2</sup>     | 2023 | 640                 | -                    | -                         | 30          | 25                          | 695   |
|                                 | 2022 | 512                 | -                    | -                         | 6           | 24                          | 542   |
| Philip Coffey                   | 2023 | 160                 | 48                   | 36                        | 30          | 25                          | 299   |
|                                 | 2022 | 160                 | 48                   | 60                        | -           | 24                          | 292   |
| Nicholas Collishaw              | 2023 | 160                 | -                    | 72                        | 30          | 25                          | 287   |
|                                 | 2022 | 93                  | -                    | 24                        | 6           | 12                          | 135   |
| David Craig                     | 2023 | 160                 | 48                   | 36                        | 30          | 25                          | 299   |
|                                 | 2022 | 160                 | 48                   | 36                        | 6           | 24                          | 274   |
| Margaret Lui <sup>3</sup>       | 2023 | 93                  | -                    | 18                        | 11          | 9                           | 131   |
| Elizabeth Proust                | 2023 | 160                 | 48                   | 36                        | 30          | 25                          | 299   |
|                                 | 2022 | 160                 | 48                   | 36                        | 6           | 24                          | 274   |
| Nicola Wakefield Evans          | 2023 | 160                 | 48                   | 36                        | 30          | 25                          | 299   |
|                                 | 2022 | 160                 | 48                   | 36                        | 6           | 24                          | 274   |
| Robert Welanetz                 | 2023 | 160                 | 24                   | 72                        | 81          | 25                          | 362   |
|                                 | 2022 | 160                 | -                    | 72                        | 36          | 24                          | 292   |
| Former Non Executive Directors  |      |                     |                      |                           |             |                             |       |
| Jane Hemstritch <sup>4</sup>    | 2023 | 67                  | 15                   | 15                        | 24          | 11                          | 132   |
|                                 | 2022 | 160                 | 36                   | 60                        | 6           | 24                          | 286   |
| Total                           | 2023 | 1,760               | 231                  | 321                       | 296         | 195                         | 2,803 |
|                                 | 2022 | 1,565               | 228                  | 324                       | 72          | 180                         | 2,369 |

1. Directors have superannuation contributions paid on their behalf in accordance with superannuation legislation.
2. To reflect accountability in the 2021 financial year for further provisions relating to the legacy Engineering business and the business review preliminary findings that were announced in relation to the Development portfolio, on behalf of the Board, the Chairman took a 20 per cent reduction in base fees for the 2022 financial year. This reverted to the standard base fee in FY23.
3. Margaret Lui was appointed as a Non Executive Director on 1 December 2022.
4. Jane Hemstritch ceased to be a Non Executive Director on 18 November 2022.

## FY23 Executive Equity Holdings

| Name                         | Number of securities required under the mandatory securityholding at period end <sup>1</sup> | Securities held at beginning of financial year | Securities received during the financial year <sup>2</sup> | Other net changes to securities | Securities held at end of financial year | Unvested unhurdled deferred securities / securityrights <sup>3</sup> | Total securities / performance rights that count towards the mandatory securityholding requirement |
|------------------------------|----------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------------------|---------------------------------|------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| <b>Current Executives</b>    |                                                                                              |                                                |                                                            |                                 |                                          |                                                                      |                                                                                                    |
| Anthony Lombardo             | 280,000                                                                                      | 9,764                                          | 16,631                                                     | 60,500                          | 86,895                                   | 141,144                                                              | 228,039                                                                                            |
| Dale Connor                  | 124,000                                                                                      | 34,344                                         | 19,428                                                     | -                               | 53,772                                   | 127,394                                                              | 181,166                                                                                            |
| Simon Dixon <sup>4</sup>     | 104,000                                                                                      | -                                              | 16,889                                                     | 50,000                          | 66,889                                   | 31,472                                                               | 98,361                                                                                             |
| Justin Gabbani               | 82,000                                                                                       | 14,010                                         | 27,947                                                     | -                               | 41,957                                   | 40,263                                                               | 82,220                                                                                             |
| Frank Krile                  | 98,000                                                                                       | 433,389                                        | 29,333                                                     | -                               | 462,722                                  | 40,373                                                               | 503,095                                                                                            |
| Neil Martin                  | 127,000                                                                                      | 4,211                                          | 12,857                                                     | -                               | 17,068                                   | 106,086                                                              | 123,154                                                                                            |
| Claire Johnston <sup>5</sup> | 125,000                                                                                      | 46,599                                         | 23,459                                                     | -                               | 70,058                                   | 44,573                                                               | 114,631                                                                                            |
| <b>Former Executives</b>     |                                                                                              |                                                |                                                            |                                 |                                          |                                                                      |                                                                                                    |
| Denis Hickey <sup>6</sup>    | n/a                                                                                          | 25,989                                         | 15,232                                                     | (15,232)                        | 25,989                                   | 143,682                                                              | 169,671                                                                                            |
| <b>Total</b>                 |                                                                                              | <b>568,306</b>                                 | <b>161,776</b>                                             | <b>95,268</b>                   | <b>825,350</b>                           | <b>674,987</b>                                                       | <b>1,500,337</b>                                                                                   |

1. Mandatory securityholding requirements are reviewed in August each year.
2. For Executives, securities received relate to security entitlements under employee benefit vehicles.
3. Under the updated policy, unvested deferred securities and performance rights which are only subject to a time-based vesting hurdle count towards mandatory securityholding requirements.
4. Simon joined Lendlease and was appointed Group Chief Financial Officer as of October 2021.
5. Claire Johnston was appointed to the CEO, Americas role on 1 November 2022.
6. Denis Hickey ceased as KMP on 31 October 2022.

## Executive Equity Based Remuneration – Deferred Securities

| Name                      | Plan                          | Performance Year | Grant date | Vesting date   | Number granted | Fair value per security \$ <sup>1</sup> | Total fair value at grant date \$ <sup>1</sup> | Expense for the year ended 30 June 2023 \$ |
|---------------------------|-------------------------------|------------------|------------|----------------|----------------|-----------------------------------------|------------------------------------------------|--------------------------------------------|
| <b>Current Executives</b> |                               |                  |            |                |                |                                         |                                                |                                            |
| Anthony Lombardo          | Deferred STA                  | 2022             | Sept 2022  | Sept 2023-2024 | 59,242         | 10.13                                   | 600,008                                        | 450,006                                    |
|                           | <b>Total</b>                  |                  |            |                | <b>59,242</b>  |                                         | <b>600,008</b>                                 | <b>450,006</b>                             |
| Dale Connor               | Deferred STA                  | 2022             | Sept 2022  | Sept 2023-2024 | 50,000         | 10.13                                   | 506,406                                        | 379,804                                    |
|                           | <b>Total</b>                  |                  |            |                | <b>50,000</b>  |                                         | <b>506,406</b>                                 | <b>379,804</b>                             |
| Simon Dixon               | Sign-On Award                 | n/a              | Nov 2021   | Sept 2022      | 16,889         | 11.84                                   | 199,966                                        | 39,993                                     |
|                           | Deferred STA                  | 2022             | Sept 2022  | Sept 2023-2024 | 31,472         | 10.13                                   | 318,752                                        | 239,064                                    |
|                           | <b>Total</b>                  |                  |            |                | <b>48,361</b>  |                                         | <b>518,718</b>                                 | <b>279,057</b>                             |
| Justin Gabbani            | Executive Deferred Award      | 2019             | Sept 2019  | Sept 2022      | 8,807          | 16.86                                   | 148,486                                        | 8,249                                      |
|                           | Deferred STI                  | 2021             | Sept 2021  | Sept 2023      | 5,051          | 11.84                                   | 59,804                                         | 29,902                                     |
|                           | Deferred STA                  | 2022             | Sept 2022  | Sept 2023-2024 | 35,212         | 10.13                                   | 356,630                                        | 267,473                                    |
|                           | <b>Total</b>                  |                  |            |                | <b>49,070</b>  |                                         | <b>564,920</b>                                 | <b>305,624</b>                             |
| Frank Krile               | Executive Deferred Award      | 2019             | Sept 2019  | Sept 2022      | 9,887          | 16.86                                   | 166,695                                        | 9,261                                      |
|                           | Deferred STI                  | 2021             | Sept 2021  | Sept 2023      | 6,803          | 11.84                                   | 80,548                                         | 40,274                                     |
|                           | Deferred STA                  | 2022             | Sept 2022  | Sept 2023-2024 | 33,570         | 10.13                                   | 340,000                                        | 255,000                                    |
|                           | <b>Total</b>                  |                  |            |                | <b>50,260</b>  |                                         | <b>587,243</b>                                 | <b>304,535</b>                             |
| Neil Martin               | Executive Deferred Award      | 2019             | Sept 2019  | Sept 2022      | 11,329         | 16.86                                   | 191,007                                        | 10,611                                     |
|                           | Deferred STA                  | 2022             | Sept 2022  | Sept 2023-2024 | 45,976         | 10.13                                   | 465,650                                        | 349,237                                    |
|                           | <b>Total</b>                  |                  |            |                | <b>57,305</b>  |                                         | <b>656,657</b>                                 | <b>359,848</b>                             |
| Claire Johnston           | Deferred STI                  | 2021             | Sept 2021  | Sept 2023      | 6,143          | 11.84                                   | 72,733                                         | 36,367                                     |
|                           | Deferred STI                  | 2022             | Sept 2022  | Sept 2023-2024 | 24,270         | 10.13                                   | 245,808                                        | 184,356                                    |
|                           | Operational Leaders Incentive | 2022             | Sept 2022  | Sept 2024-2025 | 14,160         | 10.13                                   | 143,440                                        | 49,796                                     |
|                           | <b>Total</b>                  |                  |            |                | <b>44,573</b>  |                                         | <b>461,981</b>                                 | <b>270,519</b>                             |
| <b>Former Executives</b>  |                               |                  |            |                |                |                                         |                                                |                                            |
| Denis Hickey <sup>2</sup> | Deferred STA                  | 2022             | Sept 2022  | Sept 2023-2024 | 61,780         | 10.13                                   | 625,714                                        | 594,428                                    |
|                           | <b>Total</b>                  |                  |            |                | <b>61,780</b>  |                                         | <b>625,714</b>                                 | <b>594,428</b>                             |

1. The fair value at grant date is the value of the deferred short term award (as advised to the executive).

2. A 10% reduction has been applied by the Board to the first tranche of Denis Hickey's September 2022 STA grant (i.e. 5% of the overall grant) in relation to the fatality that occurred in FY23.

## Executive Equity Based Remuneration – Long Term Awards

| Name                      | Plan (for the year ended) | Grant Date | Vesting date   | Number granted <sup>1</sup> | Fair value per security \$ <sup>2</sup> | Total fair value at grant date \$ <sup>2</sup> | Expense for the year ended 30 June 2023 \$ |
|---------------------------|---------------------------|------------|----------------|-----------------------------|-----------------------------------------|------------------------------------------------|--------------------------------------------|
| <b>Current Executives</b> |                           |            |                |                             |                                         |                                                |                                            |
| Anthony Lombardo          | June 2019 LTA             | Sept 2018  | Sept 2022-2024 | 57,702                      | 11.49                                   | 662,997                                        | 65,268                                     |
|                           | June 2020 LTA             | Sept 2019  | Sept 2022-2025 | 111,120                     | 22.08                                   | 2,453,528                                      | 302,819                                    |
|                           | June 2021 LTA             | Sept 2020  | Sept 2023-2026 | 96,432                      | 12.92                                   | 1,245,900                                      | -51,672                                    |
|                           | June 2021 LTA Prorata CEO | Sept 2020  | Sept 2023-2026 | 5,124                       | 12.92                                   | 66,204                                         | -2,746                                     |
|                           | June 2021 RSA             | Sept 2020  | Sept 2023-2026 | 43,832                      | 11.41                                   | 500,124                                        | 118,752                                    |
|                           | June 2022 LTA             | Sept 2021  | Sept 2024-2027 | 265,416                     | 8.42                                    | 2,234,804                                      | 129,908                                    |
|                           | June 2023 LTA             | Sept 2022  | Sept 2025-2028 | 314,928                     | 6.25                                    | 1,968,300                                      | 389,560                                    |
|                           | <b>Total</b>              |            |                | <b>894,554</b>              |                                         | <b>9,131,857</b>                               | <b>951,889</b>                             |
| Dale Connor               | June 2019 LTA             | Sept 2018  | Sept 2022-2024 | 36,066                      | 11.49                                   | 414,399                                        | 40,795                                     |
|                           | June 2020 LTA             | Sept 2019  | Sept 2022-2025 | 111,120                     | 22.08                                   | 2,453,528                                      | 302,819                                    |
|                           | June 2021 LTA             | Sept 2020  | Sept 2023-2026 | 96,432                      | 12.92                                   | 1,245,900                                      | -51,672                                    |
|                           | June 2021 RSA             | Sept 2020  | Sept 2023-2026 | 43,832                      | 11.41                                   | 500,124                                        | 118,752                                    |
|                           | June 2022 LTA             | Sept 2021  | Sept 2024-2027 | 179,160                     | 10.40                                   | 1,863,264                                      | 127,788                                    |
|                           | June 2023 LTA             | Sept 2022  | Sept 2025-2028 | 212,580                     | 9.01                                    | 1,915,344                                      | 379,080                                    |
|                           | <b>Total</b>              |            |                | <b>679,190</b>              |                                         | <b>8,392,559</b>                               | <b>917,562</b>                             |
| Simon Dixon               | June 2022 LTA             | Sept 2021  | Sept 2024-2027 | 149,304                     | 10.40                                   | 1,552,760                                      | 106,492                                    |
|                           | June 2023 LTA             | Sept 2022  | Sept 2025-2028 | 177,144                     | 9.01                                    | 1,596,068                                      | 315,888                                    |
|                           | <b>Total</b>              |            |                | <b>326,448</b>              |                                         | <b>3,148,828</b>                               | <b>422,380</b>                             |
| Justin Gabbani            | June 2022 LTA             | Sept 2021  | Sept 2024-2027 | 119,532                     | 10.40                                   | 1,243,132                                      | 85,256                                     |
|                           | June 2023 LTA             | Sept 2022  | Sept 2025-2028 | 154,440                     | 9.01                                    | 1,391,504                                      | 275,400                                    |
|                           | <b>Total</b>              |            |                | <b>273,972</b>              |                                         | <b>2,634,636</b>                               | <b>360,656</b>                             |
| Frank Krile               | June 2021 LTI             | Sept 2020  | Sept 2023      | 26,301                      | 10.15                                   | 266,955                                        | -44,098                                    |
|                           | June 2022 LTA             | Sept 2021  | Sept 2024-2027 | 119,436                     | 10.40                                   | 1,242,136                                      | 85,188                                     |
|                           | June 2023 LTA             | Sept 2022  | Sept 2025-2028 | 141,720                     | 9.01                                    | 1,276,896                                      | 252,720                                    |
|                           | <b>Total</b>              |            |                | <b>287,457</b>              |                                         | <b>2,785,987</b>                               | <b>293,810</b>                             |
| Neil Martin               | June 2020 LTA             | Sept 2019  | Sept 2022-2025 | 69,448                      | 22.08                                   | 1,533,412                                      | 189,257                                    |
|                           | June 2021 LTA             | Sept 2020  | Sept 2023-2026 | 96,432                      | 12.92                                   | 1,245,900                                      | -51,672                                    |
|                           | June 2021 RSA             | Sept 2020  | Sept 2023-2026 | 43,832                      | 11.41                                   | 500,124                                        | 118,752                                    |
|                           | June 2022 LTA             | Sept 2021  | Sept 2024-2027 | 187,980                     | 10.40                                   | 1,954,992                                      | 134,076                                    |
|                           | June 2023 LTA             | Sept 2022  | Sept 2025-2028 | 214,944                     | 9.01                                    | 1,936,644                                      | 383,296                                    |
|                           | <b>Total</b>              |            |                | <b>612,636</b>              |                                         | <b>7,171,072</b>                               | <b>773,709</b>                             |
| Claire Johnston           | June 2023 LTA             | Sept 2022  | Sept 2025-2028 | 211,944                     | 9.01                                    | 1,909,616                                      | 377,944                                    |
|                           | <b>Total</b>              |            |                | <b>211,944</b>              |                                         | <b>1,909,616</b>                               | <b>377,944</b>                             |
| <b>Former Executives</b>  |                           |            |                |                             |                                         |                                                |                                            |
| Denis Hickey <sup>3</sup> | June 2019 LTA             | Sept 2018  | Sept 2022-2024 | 57,702                      | 11.49                                   | 662,997                                        | 107,167                                    |
|                           | June 2020 LTA             | Sept 2019  | Sept 2022-2025 | 111,120                     | 22.08                                   | 2,453,528                                      | 589,373                                    |
|                           | June 2021 LTA             | Sept 2020  | Sept 2023-2026 | 96,432                      | 12.92                                   | 1,245,900                                      | 106,100                                    |
|                           | June 2021 RSA             | Sept 2020  | Sept 2023-2026 | 43,832                      | 11.41                                   | 500,124                                        | 282,300                                    |
|                           | GDV Incentive             | Jan 2022   | Sept 2024      | 469,572                     | 10.65                                   | 5,000,942                                      | 1,512,500                                  |
|                           | June 2022 LTA             | Sept 2021  | Sept 2024-2027 | 224,076                     | 10.40                                   | 2,330,392                                      | 965,104                                    |
|                           | June 2023 LTA             | Sept 2022  | Sept 2025-2028 | 77,916                      | 9.01                                    | 702,024                                        | 702,024                                    |
|                           | <b>Total</b>              |            |                | <b>1,080,650</b>            |                                         | <b>12,895,907</b>                              | <b>4,264,568</b>                           |

- For LTA awards granted from September 2021 and for LTI and other long term awards, the number granted reflects maximum opportunity. For all prior awards, the number granted reflects target opportunity.
- The fair value at grant date represents an actuarial valuation of the award, including the RSA (LTA Minimum), using assumptions underlying the Black-Scholes methodology to produce a Monte-Carlo simulation model in accordance with Australian Accounting Standards rounded to two decimal places.
- As a 'Good Leaver', unvested equity awards remain on foot and subject to the original vesting conditions. The security based payment accounting expense for FY23 therefore includes all remaining unvested award expense that has been accelerated and disclosed in total for FY23, including those amounts which would otherwise have been included in future year disclosures. All unvested equity awards that remain on foot following departure are still subject to the original performance conditions and will be tested at the relevant testing date. Depending on performance, these awards may have nil value. To the extent these awards do not vest when tested, the accounting expense that has been previously booked will be reversed. Please also refer to the section "Adjustments to Denis Hickey's Incentive Awards" for more detail on the forfeiture of a portion of the GDV award that has not met relevant performance conditions to date.

## FY23 Non Executive Director Equity Holdings

| Name                                  | Securities held at beginning of financial year | Other net changes to securities | Securities held at end of financial year |
|---------------------------------------|------------------------------------------------|---------------------------------|------------------------------------------|
| <b>Non Executive Directors</b>        |                                                |                                 |                                          |
| Michael Ullmer                        | 125,000                                        | 50,000                          | 175,000                                  |
| Philip Coffey                         | 21,216                                         | 30,000                          | 51,216                                   |
| Nicholas Collishaw                    | 14,500                                         | 10,500                          | 25,000                                   |
| David Craig                           | 73,061                                         | 32,939                          | 106,000                                  |
| Elizabeth Proust <sup>1</sup>         | 68,061                                         | 15,000                          | 83,061                                   |
| Nicola Wakefield Evans                | 34,379                                         | 3,621                           | 38,000                                   |
| Margaret Lui <sup>2</sup>             | -                                              | 3,000                           | 3,000                                    |
| Robert Welanetz                       | 7,000                                          | 20,000                          | 27,000                                   |
| <b>Former Non Executive Directors</b> |                                                |                                 |                                          |
| Jane Hemstritch <sup>3</sup>          | 33,061                                         | -                               | 33,061                                   |
| <b>Total</b>                          | <b>376,278</b>                                 | <b>165,060</b>                  | <b>541,338</b>                           |

<sup>1</sup> As at 30 June 2023 Elizabeth Proust also holds \$500,000 of green bonds.

<sup>2</sup> As Margaret Lui was appointed as a Non Executive Director on 1 December 2022 a nil balance is shown at the beginning of the financial year.

<sup>3</sup> Jane Hemstritch ceased as Non Executive Director on 18 November 2022.

### Purchase of Lendlease securities by Non Executive Directors

The current Non Executive Directors acquired Lendlease securities using their own funds.

### Loans to KMP

No loans were made to KMP or their related parties during the current year or prior year.

### Other transactions with KMP

From time to time, Directors and Executives of Lendlease or its consolidated entities, or parties related to them, may purchase goods from the Consolidated Entity. These purchases are on terms and conditions no more favourable than those entered into by unrelated customers.

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# Directors' Report

The Directors' Report for the financial year ended 30 June 2023 has been prepared in accordance with the requirements of the *Corporations Act 2001*.

The information below forms part of the Directors' Report:

- Principal activities on page 12
- Operating and Financial Review on pages 4 to 57 incorporating the Performance and Outlook on pages 50 to 57
- Biographical information for the Directors and Company Secretary on pages 60 to 64
- Officers who were previously partners of the audit firm on page 60
- Directors' interests in capital on page 70
- Board and committee meetings and attendance on pages 70 and 71
- Remuneration Report on pages 72 to 94
- Lead Auditor's Independence Declaration on page 98

## a. Dividends/Distributions

The 2022 final dividend/distribution of \$75 million (comprised of a dividend component franked to 75 per cent of 5.7 cents per share to be paid by the Company and an unfranked trust distribution of 5.3 cents per unit to be paid by Lendlease Trust) referred to in the Directors' Report dated 22 August 2022 was paid on 15 September 2022 and 22 September 2022 respectively. Details of dividends/distributions in respect of the current year are as follows:

|                                                                                                                                | \$m        |
|--------------------------------------------------------------------------------------------------------------------------------|------------|
| Interim distribution of 4.9 cents per security (unfranked) paid on 8 March 2023 <sup>1</sup>                                   | 34         |
| Final dividends/distributions of 11.1 cents per security declared by Directors to be payable on 13 September 2023 <sup>2</sup> | 76         |
| <b>Total dividends/distributions</b>                                                                                           | <b>110</b> |

<sup>1</sup> Comprised of an unfranked trust distribution of 4.9 cents per unit paid by Lendlease Trust.

<sup>2</sup> Comprised of a dividend component fully franked of 4.7 cents per share to be paid by the Company and an unfranked trust distribution of 6.4 cents per unit to be paid by Lendlease Trust.

## b. Significant Changes in State of Affairs

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

## c. Events Subsequent to Balance Date

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

## d. Security Options

No security options were issued during the year by the Company or any of its controlled entities, and there are no such options on issue.

## e. Indemnification and Insurance of Directors and Officers

Rule 12 of the Company's Constitution provides for indemnification in favour of each of the Directors named on pages 60 to 64 of this report and the officers of the Company or of wholly owned subsidiaries or related entities of the Company (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.

In conformity with Rule 12 of the Company's Constitution, the Company has entered into Deeds of Indemnity, Insurance and Access with each of the Directors named on pages 60 to 64 of this report and for officers of the Company and Directors of related entities of the Company. The indemnities operate to the full extent permitted by law and are not subject to a monetary limit. The Company is not aware of any liability having arisen, and no claims have been made during or since the financial year under the Deeds of Indemnity, Insurance and Access.

For unrelated entities in which the Group has an interest, Deeds of Indemnity may be entered into between Lendlease Corporation Limited and the Director or Officer. Since the date of the last report, the Company has not entered into any separate Deeds of Indemnity with a Director or Officer of an unrelated entity.

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

In accordance with the *Corporations Act 2001*, Rule 12 of the Constitution also permits the Company 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. This may include a liability for reasonable costs and expenses incurred in defending proceedings, whether civil or criminal, regardless of their outcome. Due to confidentiality obligations and undertakings of the policy, no further details in respect of the premium or policy can be disclosed.

## f. 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 Lendlease Group is registered and publicly reports the annual performance of its Australian operations under the requirements of the National Greenhouse and Energy Reporting (NGER) Act 2007 and Energy Efficiency Opportunities (EEO) Act 2006.

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

#### g. Non Audit Services

During the year, KPMG, the Company's auditor, performed certain other services in addition to its statutory duties.

The Board has considered the other services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit Committee, is satisfied that the provision of those services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reason:

- All other services were subject to the corporate governance procedures adopted by the Group and the Audit Committee is satisfied that those services do not impact the integrity and objectivity of the auditor.

The other services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

A copy of the Lead Auditor's Independence Declaration, as required under Section 307C of the *Corporations Act 2001*, is included at the end of the Directors' Report.

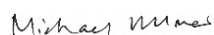
Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and other services provided during the year are set out below:

|                                                            | Consolidated<br>June 2023<br>\$000s | June 2022<br>\$000s |
|------------------------------------------------------------|-------------------------------------|---------------------|
| <b>Audit and Other Assurance Services</b>                  |                                     |                     |
| Audit services                                             | 7,887                               | 7,004               |
| Other assurance services                                   | 985                                 | 822                 |
| <b>Total audit and other assurance services</b>            | <b>8,872</b>                        | <b>7,886</b>        |
| Non audit services                                         | 159                                 | 70                  |
| <b>Total audit, non audit and other assurance services</b> | <b>9,031</b>                        | <b>7,956</b>        |

#### h. Rounding Off

Lendlease Corporation Limited is a company of the kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and, in accordance with that Instrument, amounts in the Consolidated Financial Statements and this report have been rounded off to the nearest million dollars unless specifically stated to be otherwise.

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



**M J Ullmer, AO**

Chairman  
Sydney, 14 August 2023



**A P Lombardo**

Global Chief Executive Officer  
Sydney, 14 August 2023



# 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 audit of Lendlease Corporation Limited for the financial year ended 30 June 2023 there have been:

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

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

KPMG

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

Eileen Hoggett

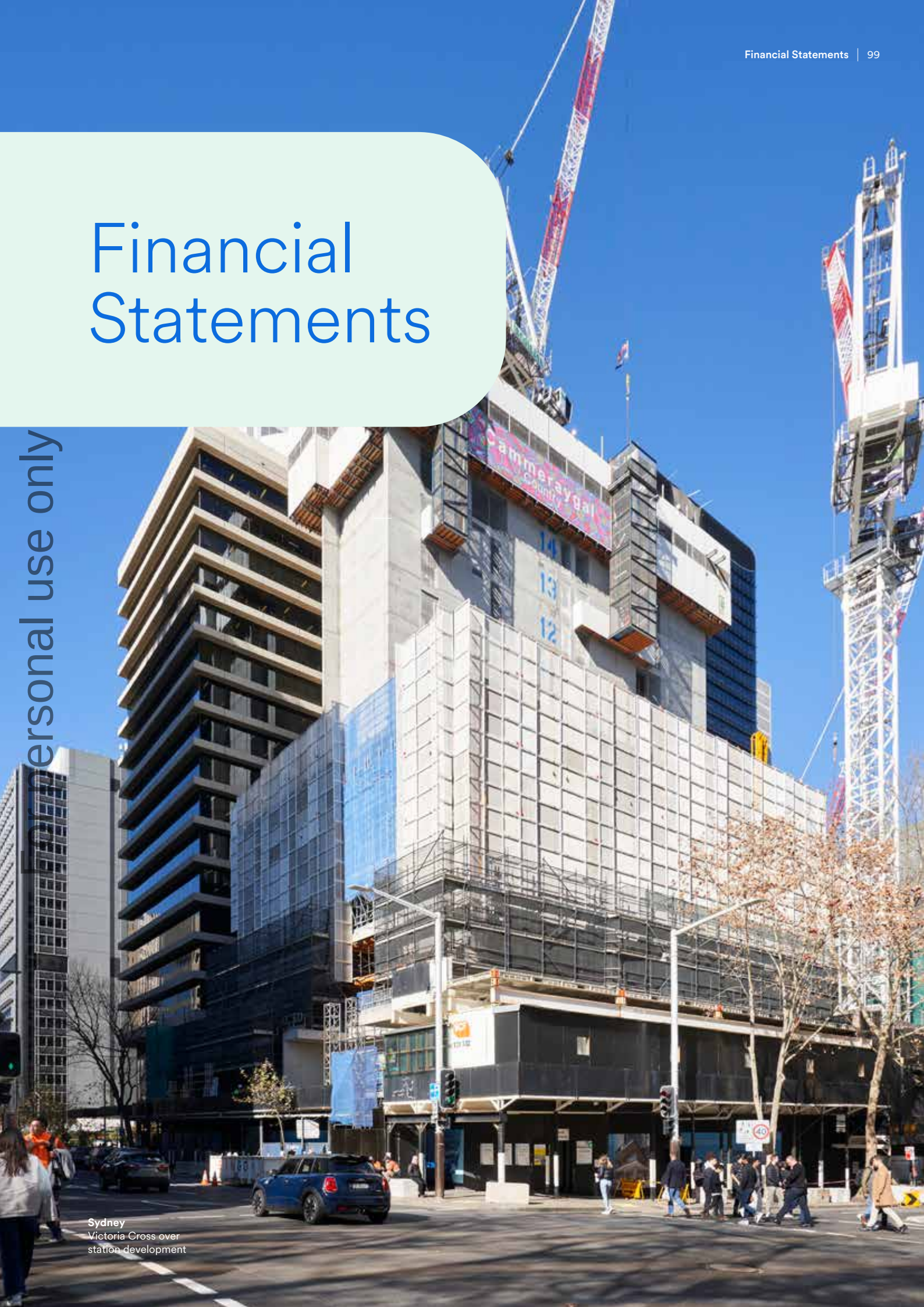
*Partner*

Sydney

14 August 2023

# Financial Statements

For personal use only



Sydney  
Victoria Cross over  
station development

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## Directors' Declaration

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Lendlease Corporation Limited (the Company) is incorporated and domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2023 comprises the Company and its controlled entities including Lendlease Trust (LLT) (together referred to as the Consolidated Entity or the Group). The Group is a for profit entity and is an international property and investments group. 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 14 August 2023.

# Consolidated Financial Statements

## Income Statement

Year Ended 30 June 2023

|                                                                                                      | Note          | June 2023<br>\$m | June 2022<br>\$m |
|------------------------------------------------------------------------------------------------------|---------------|------------------|------------------|
| Revenue from contracts with customers                                                                | 4             | 10,229           | 8,822            |
| Other revenue                                                                                        |               | 144              | 142              |
| Cost of sales                                                                                        |               | (9,642)          | (8,135)          |
| <b>Gross profit</b>                                                                                  |               | <b>731</b>       | <b>829</b>       |
| Share of profit of equity accounted investments                                                      | 5             | 28               | 181              |
| Other income                                                                                         | 6             | 299              | 358              |
| Other expenses                                                                                       | 7             | (1,208)          | (1,429)          |
| <b>Results from operating activities from continuing operations</b>                                  |               | <b>(150)</b>     | <b>(61)</b>      |
| Finance revenue                                                                                      | 8             | 85               | 9                |
| Finance costs                                                                                        | 8             | (173)            | (125)            |
| <b>Net finance costs</b>                                                                             |               | <b>(88)</b>      | <b>(116)</b>     |
| <b>(Loss) before tax from continuing operations</b>                                                  |               | <b>(238)</b>     | <b>(177)</b>     |
| Income tax benefit from continuing operations                                                        | 9.a           | 6                | 51               |
| <b>(Loss) after tax from continuing operations</b>                                                   |               | <b>(232)</b>     | <b>(126)</b>     |
| Profit after tax from discontinued operations                                                        | 33            | -                | 27               |
| <b>(Loss) after tax</b>                                                                              |               | <b>(232)</b>     | <b>(99)</b>      |
| Profit/(Loss) after tax attributable to:                                                             |               |                  |                  |
| Members of Lendlease Corporation Limited                                                             |               | (278)            | (239)            |
| Unitholders of Lendlease Trust                                                                       |               | 46               | 140              |
| <b>(Loss) after tax attributable to securityholders</b>                                              |               | <b>(232)</b>     | <b>(99)</b>      |
| External non controlling interests                                                                   |               | -                | -                |
| <b>(Loss) after tax</b>                                                                              |               | <b>(232)</b>     | <b>(99)</b>      |
| <b>Basic/Diluted Earnings per Lendlease Group Stapled Security (EPSS) from Continuing Operations</b> |               |                  |                  |
| Shares excluding treasury shares                                                                     | (cents) 3, 33 | (34.0)           | (18.4)           |
| Shares on issue                                                                                      | (cents) 3, 33 | (33.7)           | (18.3)           |
| <b>Basic/Diluted Earnings per Lendlease Group Stapled Security (EPSS)</b>                            |               |                  |                  |
| Securities excluding treasury shares                                                                 | (cents) 3     | (34.0)           | (14.5)           |
| Securities on issue                                                                                  | (cents) 3     | (33.7)           | (14.4)           |

The accompanying notes form part of these consolidated financial statements.

# Consolidated Financial Statements continued

## Statement of Comprehensive Income

Year Ended 30 June 2023

|                                                                                         | Note | June 2023<br>\$m | June 2022<br>\$m |
|-----------------------------------------------------------------------------------------|------|------------------|------------------|
| (Loss) after Tax                                                                        |      | (232)            | (99)             |
| Other Comprehensive Income/(Loss) after Tax                                             |      |                  |                  |
| Items that may be reclassified subsequently to profit or loss:                          |      |                  |                  |
| Movements in hedging reserve                                                            | 9.b  | 1                | 136              |
| Movements in foreign currency translation reserve                                       | 9.b  | 120              | 63               |
| <b>Total items that may be reclassified subsequently to profit or loss<sup>1</sup></b>  |      | <b>121</b>       | <b>199</b>       |
| Items that will not be reclassified to profit or loss:                                  |      |                  |                  |
| Movements in non controlling interest acquisition reserve                               | 9.b  | (4)              | (5)              |
| Movements in defined benefit plans remeasurements                                       | 9.b  | (108)            | 44               |
| <b>Total items that will not be reclassified to profit or loss</b>                      |      | <b>(112)</b>     | <b>39</b>        |
| <b>Total comprehensive (loss)/income after tax</b>                                      |      | <b>(223)</b>     | <b>139</b>       |
| Total comprehensive (loss)/income after tax from continuing operations attributable to: |      |                  |                  |
| Members of Lendlease Corporation Limited                                                |      | (297)            | (40)             |
| Unitholders of Lendlease Trust                                                          |      | 73               | 150              |
| Total comprehensive income after tax from discontinued operations attributable to:      |      |                  |                  |
| Members of Lendlease Corporation Limited                                                |      | -                | 27               |
| <b>Total comprehensive (loss)/income after tax attributable to securityholders</b>      |      | <b>(224)</b>     | <b>137</b>       |
| External non controlling interests                                                      |      | 1                | 2                |
| <b>Total comprehensive (loss)/income after tax</b>                                      |      | <b>(223)</b>     | <b>139</b>       |

<sup>1</sup> Includes Other comprehensive income of \$166 million (June 2022: Other comprehensive income of \$214 million) relating to share of other comprehensive income of equity accounted investments.

## Statement of Financial Position

As at 30 June 2023

|                                                                              | Note | June 2023<br>\$m | June 2022<br>\$m |
|------------------------------------------------------------------------------|------|------------------|------------------|
| <b>Current Assets</b>                                                        |      |                  |                  |
| Cash and cash equivalents                                                    | 14   | 900              | 1,297            |
| Loans and receivables                                                        | 21   | 2,299            | 2,033            |
| Inventories                                                                  | 11   | 1,562            | 1,459            |
| Other financial assets                                                       | 13   | 32               | 24               |
| Other assets                                                                 |      | 57               | 51               |
| <b>Total current assets</b>                                                  |      | <b>4,850</b>     | <b>4,864</b>     |
| <b>Non Current Assets</b>                                                    |      |                  |                  |
| Loans and receivables                                                        | 21   | 1,439            | 1,896            |
| Inventories                                                                  | 11   | 2,681            | 2,320            |
| Equity accounted investments                                                 | 12   | 5,647            | 4,379            |
| Investment properties                                                        |      | 539              | 482              |
| Other financial assets                                                       | 13   | 1,140            | 1,181            |
| Deferred tax assets                                                          | 9.c  | 219              | 144              |
| Property, plant and equipment                                                |      | 247              | 272              |
| Intangible assets                                                            | 32   | 1,236            | 1,225            |
| Defined benefit plan asset                                                   | 34   | 171              | 282              |
| Other assets                                                                 |      | 45               | 56               |
| <b>Total non current assets</b>                                              |      | <b>13,364</b>    | <b>12,237</b>    |
| <b>Total assets</b>                                                          |      | <b>18,214</b>    | <b>17,101</b>    |
| <b>Current Liabilities</b>                                                   |      |                  |                  |
| Trade and other payables                                                     | 22   | 4,646            | 4,557            |
| Provisions                                                                   | 23   | 708              | 720              |
| Borrowings and financing arrangements                                        | 16.a | 19               | -                |
| Other financial liabilities                                                  |      | 53               | 28               |
| Income tax payable                                                           |      | 3                | 49               |
| <b>Total current liabilities</b>                                             |      | <b>5,429</b>     | <b>5,354</b>     |
| <b>Non Current Liabilities</b>                                               |      |                  |                  |
| Trade and other payables                                                     | 22   | 2,333            | 1,988            |
| Provisions                                                                   | 23   | 326              | 68               |
| Borrowings and financing arrangements                                        | 16.a | 3,262            | 2,357            |
| Other financial liabilities                                                  |      | 87               | 102              |
| Deferred tax liabilities                                                     | 9.c  | 133              | 262              |
| <b>Total non current liabilities</b>                                         |      | <b>6,141</b>     | <b>4,777</b>     |
| <b>Total liabilities</b>                                                     |      | <b>11,570</b>    | <b>10,131</b>    |
| <b>Net assets</b>                                                            |      | <b>6,644</b>     | <b>6,970</b>     |
| <b>Equity</b>                                                                |      |                  |                  |
| Issued capital                                                               | 17   | 1,894            | 1,891            |
| Treasury securities                                                          |      | (67)             | (77)             |
| Reserves                                                                     | 36   | 273              | 184              |
| Retained earnings                                                            |      | 2,653            | 3,078            |
| <b>Total equity attributable to members of Lendlease Corporation Limited</b> |      | <b>4,753</b>     | <b>5,076</b>     |
| Total equity attributable to unitholders of Lendlease Trust                  |      | 1,863            | 1,867            |
| <b>Total equity attributable to securityholders</b>                          |      | <b>6,616</b>     | <b>6,943</b>     |
| External non controlling interests                                           |      | 28               | 27               |
| <b>Total equity</b>                                                          |      | <b>6,644</b>     | <b>6,970</b>     |

The accompanying notes form part of these consolidated financial statements.

# Consolidated Financial Statements continued

## Statement of Changes in Equity

Year Ended 30 June 2023

|                                                             | Issued<br>Capital<br>\$m | Treasury<br>Securities <sup>1</sup><br>\$m | Reserves<br>\$m | Retained<br>Earnings<br>\$m | Members of<br>Lendlease<br>Corporation<br>Limited<br>\$m | Unitholders<br>of<br>Lendlease<br>Trust<br>\$m | External<br>Non<br>Controlling<br>Interests<br>\$m | Total<br>Equity<br>\$m |
|-------------------------------------------------------------|--------------------------|--------------------------------------------|-----------------|-----------------------------|----------------------------------------------------------|------------------------------------------------|----------------------------------------------------|------------------------|
| Balance as at 1 July 2021                                   | 1,888                    | (79)                                       | 3               | 3,327                       | 5,139                                                    | 1,788                                          | 24                                                 | 6,951                  |
| <b>Total Comprehensive Income</b>                           |                          |                                            |                 |                             |                                                          |                                                |                                                    |                        |
| Loss for the financial year                                 | -                        | -                                          | -               | (239)                       | (239)                                                    | 140                                            | -                                                  | (99)                   |
| Other comprehensive income (net of tax)                     | -                        | -                                          | 182             | 44                          | 226                                                      | 10                                             | 2                                                  | 238                    |
| <b>Total comprehensive income</b>                           | -                        | -                                          | 182             | (195)                       | (13)                                                     | 150                                            | 2                                                  | 139                    |
| <b>Other Comprehensive Income (Net of tax)</b>              |                          |                                            |                 |                             |                                                          |                                                |                                                    |                        |
| Net investment hedge                                        | -                        | -                                          | (16)            | -                           | (16)                                                     | -                                              | -                                                  | (16)                   |
| Effect of foreign exchange movements                        | -                        | -                                          | 62              | -                           | 62                                                       | 10                                             | 2                                                  | 74                     |
| Effective cash flow hedges                                  | -                        | -                                          | 136             | -                           | 136                                                      | -                                              | -                                                  | 136                    |
| Defined benefit plans remeasurements                        | -                        | -                                          | -               | 44                          | 44                                                       | -                                              | -                                                  | 44                     |
| <b>Other comprehensive income (net of tax)</b>              | -                        | -                                          | 182             | 44                          | 226                                                      | 10                                             | 2                                                  | 238                    |
| <b>Transactions with Owners of the Company</b>              |                          |                                            |                 |                             |                                                          |                                                |                                                    |                        |
| Capital contributed by non controlling interests            | -                        | -                                          | -               | -                           | -                                                        | -                                              | 1                                                  | 1                      |
| Distribution Reinvestment Plan (DRP)                        | 3                        | -                                          | -               | -                           | 3                                                        | 1                                              | -                                                  | 4                      |
| Dividends and distributions                                 | -                        | -                                          | -               | (55)                        | (55)                                                     | (71)                                           | -                                                  | (126)                  |
| Treasury securities acquired                                | -                        | (25)                                       | -               | -                           | (25)                                                     | -                                              | -                                                  | (25)                   |
| Treasury securities vested                                  | -                        | 27                                         | -               | -                           | 27                                                       | -                                              | -                                                  | 27                     |
| Fair value movement on allocation and vesting of securities | -                        | -                                          | 23              | -                           | 23                                                       | -                                              | -                                                  | 23                     |
| Transfer as a result of asset disposal <sup>2</sup>         | -                        | -                                          | (24)            | -                           | (24)                                                     | -                                              | -                                                  | (24)                   |
| Other movements                                             | -                        | -                                          | -               | 1                           | 1                                                        | (1)                                            | -                                                  | -                      |
| <b>Total other movements through reserves</b>               | 3                        | 2                                          | (1)             | (54)                        | (50)                                                     | (71)                                           | 1                                                  | (120)                  |
| <b>Balance as at 30 June 2022</b>                           | 1,891                    | (77)                                       | 184             | 3,078                       | 5,076                                                    | 1,867                                          | 27                                                 | 6,970                  |
| Balance as at 1 July 2022                                   | 1,891                    | (77)                                       | 184             | 3,078                       | 5,076                                                    | 1,867                                          | 27                                                 | 6,970                  |
| <b>Total Comprehensive Income</b>                           |                          |                                            |                 |                             |                                                          |                                                |                                                    |                        |
| Loss for the financial year                                 | -                        | -                                          | -               | (278)                       | (278)                                                    | 46                                             | -                                                  | (232)                  |
| Other comprehensive income (net of tax)                     | -                        | -                                          | 89              | (108)                       | (19)                                                     | 27                                             | 1                                                  | 9                      |
| <b>Total comprehensive income</b>                           | -                        | -                                          | 89              | (386)                       | (297)                                                    | 73                                             | 1                                                  | (223)                  |
| <b>Other Comprehensive Income (Net of tax)</b>              |                          |                                            |                 |                             |                                                          |                                                |                                                    |                        |
| Net investment hedge                                        | -                        | -                                          | (20)            | -                           | (20)                                                     | -                                              | -                                                  | (20)                   |
| Effect of foreign exchange movements                        | -                        | -                                          | 108             | -                           | 108                                                      | 27                                             | 1                                                  | 136                    |
| Effective cash flow hedges                                  | -                        | -                                          | 1               | -                           | 1                                                        | -                                              | -                                                  | 1                      |
| Defined benefit plans remeasurements                        | -                        | -                                          | -               | (108)                       | (108)                                                    | -                                              | -                                                  | (108)                  |
| <b>Other comprehensive income (net of tax)</b>              | -                        | -                                          | 89              | (108)                       | (19)                                                     | 27                                             | 1                                                  | 9                      |
| <b>Transactions with Owners of the Company</b>              |                          |                                            |                 |                             |                                                          |                                                |                                                    |                        |
| Capital contributed by non controlling interests            | -                        | -                                          | -               | -                           | -                                                        | -                                              | -                                                  | -                      |
| Distribution Reinvestment Plan (DRP)                        | 3                        | -                                          | -               | -                           | 3                                                        | 1                                              | -                                                  | 4                      |
| Dividends and distributions                                 | -                        | -                                          | -               | (39)                        | (39)                                                     | (78)                                           | -                                                  | (117)                  |
| Treasury securities acquired                                | -                        | (39)                                       | -               | -                           | (39)                                                     | -                                              | -                                                  | (39)                   |
| Treasury securities vested                                  | -                        | 49                                         | -               | -                           | 49                                                       | -                                              | -                                                  | 49                     |
| <b>Total other movements through reserves</b>               | 3                        | 10                                         | -               | (39)                        | (26)                                                     | (77)                                           | -                                                  | (103)                  |
| <b>Balance as at 30 June 2023</b>                           | 1,894                    | (67)                                       | 273             | 2,653                       | 4,753                                                    | 1,863                                          | 28                                                 | 6,644                  |

1. Opening balance for number of treasury securities 1 July 2022 was 6 million (1 July 2021: 6 million) and closing balance at 30 June 2023 was 6 million.

2. These movements in reserves were transferred to profit and loss in the financial year.

The accompanying notes form part of these consolidated financial statements.

## Statement of Cash Flows

Year Ended 30 June 2023

|                                                                                | Note | June 2023<br>\$m | June 2022 <sup>1</sup><br>\$m |
|--------------------------------------------------------------------------------|------|------------------|-------------------------------|
| <b>Cash Flows from Operating Activities</b>                                    |      |                  |                               |
| Cash receipts in the course of operations                                      |      | 10,801           | 8,893                         |
| Cash payments in the course of operations                                      |      | (11,104)         | (9,606)                       |
| Interest received                                                              |      | 27               | 3                             |
| Interest paid in relation to other corporations                                |      | (192)            | (129)                         |
| Interest paid in relation to lease liabilities                                 |      | (15)             | (17)                          |
| Dividends/distributions received                                               |      | 113              | 109                           |
| Income tax paid in respect of operations                                       |      | (116)            | (88)                          |
| <b>Net cash (used in) operating activities</b>                                 | 15   | <b>(486)</b>     | <b>(835)</b>                  |
| <b>Cash Flows from Investing Activities</b>                                    |      |                  |                               |
| Sale/redemption of investments                                                 |      | 622              | 846                           |
| Acquisition of investments                                                     |      | (1,632)          | (985)                         |
| Sale of investment properties                                                  |      | 84               | 82                            |
| Acquisition of/capital expenditure on investment properties                    |      | (6)              | (71)                          |
| Net loan drawdowns from /(repayment to) associates and joint ventures          |      | 6                | (13)                          |
| Disposal of consolidated entities (net of cash disposed and transaction costs) |      | 247              | 709                           |
| Disposal of property, plant and equipment                                      |      | -                | 69                            |
| Disposal of other financial assets                                             |      | 3                | -                             |
| Acquisition of property, plant and equipment                                   |      | (28)             | (10)                          |
| Acquisition of intangible assets                                               |      | (54)             | (75)                          |
| <b>Net cash (used in)/provided by investing activities</b>                     |      | <b>(758)</b>     | <b>552</b>                    |
| <b>Cash Flows from Financing Activities</b>                                    |      |                  |                               |
| Proceeds from borrowings                                                       |      | 5,235            | 2,457                         |
| Repayment of borrowings                                                        |      | (4,333)          | (2,387)                       |
| Dividends/distributions paid                                                   |      | (105)            | (114)                         |
| Increase in capital of non controlling interests                               |      | -                | 2                             |
| Repayment of lease liabilities                                                 |      | (74)             | (64)                          |
| <b>Net cash provided by/(used in) financing activities</b>                     |      | <b>723</b>       | <b>(106)</b>                  |
| <b>Other Cash Flow Items</b>                                                   |      |                  |                               |
| Effect of foreign exchange rate movements on cash and cash equivalents         |      | 124              | 24                            |
| <b>Net (decrease) in cash and cash equivalents</b>                             |      | <b>(397)</b>     | <b>(365)</b>                  |
| Cash and cash equivalents at beginning of financial year                       |      | 1,297            | 1,662                         |
| <b>Cash and cash equivalents at end of financial year</b>                      | 14   | <b>900</b>       | <b>1,297</b>                  |

1. Balances include cash flows relating to both continuing and discontinued operations. Net cash flows relating to discontinued operations have been disclosed in Note 33 'Discontinued Operations'.

The accompanying notes form part of these consolidated financial statements.

# Notes to Consolidated Financial Statements

## Basis of Preparation

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

- Has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board, and the *Corporations Act 2001*
- Complies with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board
- Is presented in Australian dollars (\$). At June 2023, all values have been 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 Consolidated Financial Statements for the basis of valuation of assets and liabilities measured at fair value.

Significant accounting policies have been:

- Included in the relevant notes to which the policies relate, while other significant accounting policies are discussed in Note 38 'Other Significant Accounting Policies'
- Consistently applied to all financial years presented in the consolidated financial statements and by all entities in the Group, except as explained in Note 37 'Impact of New and Revised Accounting Standards'.

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

- This can affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively

- The significant accounting policies highlight information about accounting judgements in applying accounting policies that have the most significant effects on reported amounts and further information about estimated uncertainties that have a significant risk of resulting in material adjustments within the next financial year

These significant accounting estimates and judgements have been considered in the context of the current economic conditions.

The Group 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 Group's operating cycle or within the next 12 months. 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 Group's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non current.

At 30 June 2023, the Group is in a net current deficit (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:

- \$1,681 million in undrawn facilities. See Note 16 'Borrowings and Financing Arrangements'
- \$900 million in cash and cash equivalents. See Note 14 '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.

## 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 the operational activity and region. 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

The Group's segments are Investments, Development, Construction and Non core. The Group has identified these operating segments based on the distinct products and services provided by each segment, the distinct target return profile and allocation of resources for each segment, and internal reports that are reviewed and used by the Global 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 has presented the segments around business activity due to the Group's business model being broadly consistent in all regions. Additional disclosure has also been included for Operating EBITDA, Operating PAT and Statutory Profit by region.

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 Investment property revaluations (including in Other financial assets and Equity accounted investments) that are classified in the Investment segment, and material one-off items that could not reasonably have been expected to arise from normal operations. Operating EBITDA is before Interest, Tax, Depreciation and Amortisation. Operating EBITDA and Operating PAT includes revaluation increases or decreases of Investment properties under construction that are classified in the Development segment.

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 operating segments are as follows:

#### Investments

Operates across all four geographic regions. Services include owning and/or managing investments. The segment includes an investment management platform and the Group's ownership interests in residential, office, retail, industrial, retirement and infrastructure investment assets.

#### Development

Operates in all four geographic regions. Its products and services include the development of inner city mixed use developments, apartments, communities, retirement, retail, commercial assets and social and economic infrastructure. Construction margin earned on development projects is recognised in this segment.

#### Construction

Operates across all four geographic regions. 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.

#### Non core

Non core includes the provision of project management, design and construction services in the Australian infrastructure sector. These products and services represent the retained Engineering and retained Services projects. The discontinued operations referenced throughout the financial statements are included in this segment. Discontinued operations represent the Engineering and Services businesses sold in previous periods, excluding the projects retained by the Group.

# Notes to Consolidated Financial Statements continued

## Section A. Performance continued

### 1. Segment Reporting continued

#### 1.a. Business Segment Information

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

| 30 June 2023                                                               | TOTAL SEGMENT RESULTS |                                 |                     |                            |
|----------------------------------------------------------------------------|-----------------------|---------------------------------|---------------------|----------------------------|
|                                                                            | Investments<br>\$m    | Development <sup>1</sup><br>\$m | Construction<br>\$m | Total Core Segments<br>\$m |
| <b>Revenue</b>                                                             |                       |                                 |                     |                            |
| Construction services                                                      | -                     | -                               | 7,191               | 7,191                      |
| Investment services                                                        | 261                   | -                               | -                   | 261                        |
| Development services                                                       | -                     | 1,483                           | -                   | 1,483                      |
| Sale of development properties                                             | -                     | 795                             | -                   | 795                        |
| <b>Total revenue from contracts with customers - continuing operations</b> | <b>261</b>            | <b>2,278</b>                    | <b>7,191</b>        | <b>9,730</b>               |
| Other revenue                                                              | 68                    | 47                              | 12                  | 127                        |
| <b>Total revenue from external customers - continuing operations</b>       | <b>329</b>            | <b>2,325</b>                    | <b>7,203</b>        | <b>9,857</b>               |
| Construction services – discontinued operations                            | -                     | -                               | -                   | -                          |
| <b>Total revenue from external customers</b>                               | <b>329</b>            | <b>2,325</b>                    | <b>7,203</b>        | <b>9,857</b>               |
| Cost of sales – continuing operations                                      | (110)                 | (2,036)                         | (6,963)             | (9,109)                    |
| Cost of sales – discontinued operations                                    | -                     | -                               | -                   | -                          |
| <b>Gross profit</b>                                                        | <b>219</b>            | <b>289</b>                      | <b>240</b>          | <b>748</b>                 |
| Share of profit of Equity accounted investments <sup>3</sup>               | 77                    | 78                              | 7                   | 162                        |
| Other income <sup>3</sup>                                                  | 204                   | 84                              | 34                  | 322                        |
| Other expenses <sup>4,3</sup>                                              | (168)                 | (168)                           | (191)               | (527)                      |
| <b>Operating EBITDA</b>                                                    | <b>332</b>            | <b>283</b>                      | <b>90</b>           | <b>705</b>                 |
| <b>Reconciling items</b>                                                   |                       |                                 |                     |                            |
| Finance revenue                                                            | 1                     | 8                               | -                   | 9                          |
| Finance expenses                                                           | (1)                   | (2)                             | (3)                 | (6)                        |
| Depreciation and amortisation                                              | (15)                  | (19)                            | (39)                | (73)                       |
| <b>Operating profit before tax<sup>5</sup></b>                             | <b>317</b>            | <b>270</b>                      | <b>48</b>           | <b>635</b>                 |
| Operating income tax (expenses)/benefit                                    | (72)                  | (78)                            | (16)                | (166)                      |
| <b>Operating profit after tax</b>                                          | <b>245</b>            | <b>192</b>                      | <b>32</b>           | <b>469</b>                 |
| Investments segment revaluations (pre-tax):                                |                       |                                 |                     |                            |
| Investment properties                                                      | (20)                  | -                               | -                   | (20)                       |
| Financial assets                                                           | (76)                  | -                               | -                   | (76)                       |
| Equity accounted investments                                               | (134)                 | -                               | -                   | (134)                      |
| Provision in relation to UK building remediation                           | -                     | (295)                           | -                   | (295)                      |
| <b>Total adjustments<sup>5</sup></b>                                       | <b>(230)</b>          | <b>(295)</b>                    | <b>-</b>            | <b>(525)</b>               |
| Income tax benefit on adjustments                                          | 55                    | -                               | -                   | 55                         |
| <b>Statutory profit/(loss) after tax</b>                                   | <b>70</b>             | <b>(103)</b>                    | <b>32</b>           | <b>(1)</b>                 |

1. The Development segment includes \$87 million (June 2022: \$73 million) of revaluation gains from Equity accounted investments.

2. Includes impact of provisions previously recognised in relation to the sold Engineering business being revised in the current year to include the associated tax benefit, with no impact to total profit after tax. Refer to Note 33 'Discontinued Operations' for more details.

3. Excludes Investments segment revaluations.

4. Excludes depreciation and amortisation.

5. Operating profit before tax of \$211 million (June 2022: profit of \$344 million) plus Investment segment revaluations (pre-tax) of \$(230) million (June 2022: \$74 million), Provision in relation to UK building safety risks legislation of \$(295) million (June 2022: \$nil million) and Restructuring costs (pre tax) of \$nil million (June 2022: \$(484) million) reconciles to Loss before tax from continuing operations of \$(238) million (June 2022: loss of \$(177) million) as disclosed in the Income Statement and Loss before tax for discontinued operations of \$(76) million (June 2022: Profit of \$28 million) as disclosed in Note 33 'Discontinued Operations'.

The Non core segment operating profit after tax includes overhead costs associated with managing the completion of the remaining retained projects from the sale of the Engineering and Services businesses and other residual exit related matters. Corporate Activity costs are not allocated to the Non core segment given these costs relate to supporting the growth and operations of the Core segments.

## RECONCILIATION OF CORE AND NON CORE SEGMENTS TO STATUTORY PROFIT

|  | Non Core<br>\$m | Total Segments<br>\$m | Total Core Segments<br>\$m | Corporate Activities<br>\$m | Total Core<br>\$m | Non Core <sup>2</sup><br>\$m | Total Group<br>\$m |
|--|-----------------|-----------------------|----------------------------|-----------------------------|-------------------|------------------------------|--------------------|
|  | 499             | 7,690                 | 7,191                      | -                           | 7,191             | 499                          | 7,690              |
|  | -               | 261                   | 261                        | -                           | 261               | -                            | 261                |
|  | -               | 1,483                 | 1,483                      | -                           | 1,483             | -                            | 1,483              |
|  | -               | 795                   | 795                        | -                           | 795               | -                            | 795                |
|  | 499             | 10,229                | 9,730                      | -                           | 9,730             | 499                          | 10,229             |
|  | -               | 127                   | 127                        | 17                          | 144               | -                            | 144                |
|  | 499             | 10,356                | 9,857                      | 17                          | 9,874             | 499                          | 10,373             |
|  | -               | -                     | -                          | -                           | -                 | -                            | -                  |
|  | 499             | 10,356                | 9,857                      | 17                          | 9,874             | 499                          | 10,373             |
|  | (517)           | (9,626)               | (9,109)                    | (16)                        | (9,125)           | (517)                        | (9,642)            |
|  | -               | -                     | -                          | -                           | -                 | -                            | -                  |
|  | (18)            | 730                   | 748                        | 1                           | 749               | (18)                         | 731                |
|  | 1               | 163                   | 162                        | (1)                         | 161               | 1                            | 162                |
|  | (5)             | 317                   | 322                        | 2                           | 324               | (5)                          | 319                |
|  | (80)            | (607)                 | (527)                      | (163)                       | (690)             | (80)                         | (770)              |
|  | (102)           | 603                   | 705                        | (161)                       | 544               | (102)                        | 442                |
|  | -               | 9                     | 9                          | 76                          | 85                | -                            | 85                 |
|  | -               | (6)                   | (6)                        | (167)                       | (173)             | -                            | (173)              |
|  | (3)             | (76)                  | (73)                       | (67)                        | (140)             | (3)                          | (143)              |
|  | (105)           | 530                   | 635                        | (319)                       | 316               | (105)                        | 211                |
|  | 86              | (80)                  | (166)                      | 107                         | (59)              | 86                           | 27                 |
|  | (19)            | 450                   | 469                        | (212)                       | 257               | (19)                         | 238                |
|  | -               | (20)                  | (20)                       | -                           | (20)              | -                            | (20)               |
|  | -               | (76)                  | (76)                       | -                           | (76)              | -                            | (76)               |
|  | -               | (134)                 | (134)                      | -                           | (134)             | -                            | (134)              |
|  | -               | (295)                 | (295)                      | -                           | (295)             | -                            | (295)              |
|  | -               | (525)                 | (525)                      | -                           | (525)             | -                            | (525)              |
|  | -               | 55                    | 55                         | -                           | 55                | -                            | 55                 |
|  | (19)            | (20)                  | (1)                        | (212)                       | (213)             | (19)                         | (232)              |

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# Notes to Consolidated Financial Statements continued

## Section A. Performance continued

### 1. Segment Reporting continued

#### 1.a. Business Segment Information continued

| 30 June 2022                                                               | TOTAL SEGMENT RESULTS |                                 |                     |                            |
|----------------------------------------------------------------------------|-----------------------|---------------------------------|---------------------|----------------------------|
|                                                                            | Investments<br>\$m    | Development <sup>1</sup><br>\$m | Construction<br>\$m | Total Core Segments<br>\$m |
| <b>Revenue</b>                                                             |                       |                                 |                     |                            |
| Construction services                                                      | -                     | -                               | 6,572               | 6,572                      |
| Investment services                                                        | 279                   | -                               | -                   | 279                        |
| Development services                                                       | -                     | 928                             | -                   | 928                        |
| Sale of development properties                                             | -                     | 610                             | -                   | 610                        |
| <b>Total revenue from contracts with customers - continuing operations</b> | <b>279</b>            | <b>1,538</b>                    | <b>6,572</b>        | <b>8,389</b>               |
| Other revenue                                                              | 67                    | 35                              | 7                   | 109                        |
| <b>Total revenue from external customers - continuing operations</b>       | <b>346</b>            | <b>1,573</b>                    | <b>6,579</b>        | <b>8,498</b>               |
| Construction services – discontinued operations                            | -                     | -                               | -                   | -                          |
| <b>Total revenue from external customers</b>                               | <b>346</b>            | <b>1,573</b>                    | <b>6,579</b>        | <b>8,498</b>               |
| Cost of sales – continuing operations                                      | (46)                  | (1,328)                         | (6,266)             | (7,640)                    |
| Cost of sales – discontinued operations                                    | -                     | -                               | -                   | -                          |
| <b>Gross profit</b>                                                        | <b>300</b>            | <b>245</b>                      | <b>313</b>          | <b>858</b>                 |
| Share of profit of Equity accounted investments <sup>2</sup>               | 120                   | 42                              | 6                   | 168                        |
| Other income <sup>2</sup>                                                  | 188                   | 85                              | 22                  | 295                        |
| Other expenses <sup>3</sup>                                                | (111)                 | (191)                           | (210)               | (512)                      |
| <b>Operating EBITDA</b>                                                    | <b>497</b>            | <b>181</b>                      | <b>131</b>          | <b>809</b>                 |
| Finance revenue                                                            | 1                     | 6                               | -                   | 7                          |
| Finance expenses                                                           | (1)                   | (5)                             | (4)                 | (10)                       |
| Depreciation and amortisation                                              | (9)                   | (11)                            | (36)                | (56)                       |
| <b>Operating profit before tax<sup>4</sup></b>                             | <b>488</b>            | <b>171</b>                      | <b>91</b>           | <b>750</b>                 |
| Operating income tax (expenses)/benefit                                    | (127)                 | (60)                            | (23)                | (210)                      |
| <b>Operating profit after tax</b>                                          | <b>361</b>            | <b>111</b>                      | <b>68</b>           | <b>540</b>                 |
| Investments segment revaluations (pre-tax):                                |                       |                                 |                     |                            |
| Investment properties                                                      | 4                     | -                               | -                   | 4                          |
| Financial assets                                                           | 59                    | -                               | -                   | 59                         |
| Equity accounted investments                                               | 11                    | -                               | -                   | 11                         |
| Impairment losses relating to intangibles (pre-tax)                        | (6)                   | -                               | -                   | (6)                        |
| Restructuring costs (pre-tax):                                             |                       |                                 |                     |                            |
| Development impairments                                                    | -                     | (289)                           | -                   | (289)                      |
| Tenancy impairments                                                        | -                     | -                               | -                   | -                          |
| Redundancy costs                                                           | -                     | -                               | -                   | -                          |
| Other restructuring costs                                                  | -                     | -                               | -                   | -                          |
| <b>Total adjustments<sup>4</sup></b>                                       | <b>68</b>             | <b>(289)</b>                    | <b>-</b>            | <b>(221)</b>               |
| Income tax (expense)/benefit on adjustments                                | (4)                   | 66                              | -                   | 62                         |
| <b>Statutory profit/(loss) after tax</b>                                   | <b>425</b>            | <b>(112)</b>                    | <b>68</b>           | <b>381</b>                 |

1. The Development segment includes \$73 million of revaluation gains from Equity accounted investments.

2. Excludes Investments segment revaluations.

3. Excludes depreciation and amortisation, Impairment losses relating to intangibles and Restructuring costs.

4. Operating profit before tax of \$344 million plus Investment segment revaluations (pre-tax) of \$74 million, less impairment losses relating to intangibles (pre tax) of \$83 million and restructuring costs (pre tax) of \$484 million, reconciles to loss before tax from continuing operations of \$177 million as disclosed in the Income Statement and Profit before tax for discontinued operations of \$28 million as disclosed in Note 33 'Discontinued Operations'.

## RECONCILIATION OF CORE AND NON CORE SEGMENTS TO STATUTORY PROFIT

| Non Core<br>\$m | Total Segments<br>\$m | Total Core Segments<br>\$m | Corporate Activities<br>\$m | Total Core<br>\$m | Non Core<br>\$m | Total Group<br>\$m |
|-----------------|-----------------------|----------------------------|-----------------------------|-------------------|-----------------|--------------------|
| 433             | 7,005                 | 6,572                      | -                           | 6,572             | 433             | 7,005              |
| -               | 279                   | 279                        | -                           | 279               | -               | 279                |
| -               | 928                   | 928                        | -                           | 928               | -               | 928                |
| -               | 610                   | 610                        | -                           | 610               | -               | 610                |
| 433             | 8,822                 | 8,389                      | -                           | 8,389             | 433             | 8,822              |
| -               | 109                   | 109                        | 33                          | 142               | -               | 142                |
| 433             | 8,931                 | 8,498                      | 33                          | 8,531             | 433             | 8,964              |
| 351             | 351                   | -                          | -                           | -                 | 351             | 351                |
| 784             | 9,282                 | 8,498                      | 33                          | 8,531             | 784             | 9,315              |
| (467)           | (8,107)               | (7,640)                    | (28)                        | (7,668)           | (467)           | (8,135)            |
| (320)           | (320)                 | -                          | -                           | -                 | (320)           | (320)              |
| (3)             | 855                   | 858                        | 5                           | 863               | (3)             | 860                |
| 2               | 170                   | 168                        | -                           | 168               | 2               | 170                |
| 16              | 311                   | 295                        | -                           | 295               | 16              | 311                |
| (21)            | (533)                 | (512)                      | (185)                       | (697)             | (21)            | (718)              |
| (6)             | 803                   | 809                        | (180)                       | 629               | (6)             | 623                |
| -               | 7                     | 7                          | 2                           | 9                 | -               | 9                  |
| -               | (10)                  | (10)                       | (115)                       | (125)             | -               | (125)              |
| (17)            | (73)                  | (56)                       | (90)                        | (146)             | (17)            | (163)              |
| (23)            | 727                   | 750                        | (383)                       | 367               | (23)            | 344                |
| (1)             | (211)                 | (210)                      | 119                         | (91)              | (1)             | (92)               |
| (24)            | 516                   | 540                        | (264)                       | 276               | (24)            | 252                |
| -               | 4                     | 4                          | -                           | 4                 | -               | 4                  |
| -               | 59                    | 59                         | -                           | 59                | -               | 59                 |
| -               | 11                    | 11                         | -                           | 11                | -               | 11                 |
| -               | (6)                   | (6)                        | (77)                        | (83)              | -               | (83)               |
| -               | (289)                 | (289)                      | -                           | (289)             | -               | (289)              |
| (25)            | (25)                  | -                          | (104)                       | (104)             | (25)            | (129)              |
| -               | -                     | -                          | (56)                        | (56)              | -               | (56)               |
| -               | -                     | -                          | (10)                        | (10)              | -               | (10)               |
| (25)            | (246)                 | (221)                      | (247)                       | (468)             | (25)            | (493)              |
| 7               | 69                    | 62                         | 73                          | 135               | 7               | 142                |
| (42)            | 339                   | 381                        | (438)                       | (57)              | (42)            | (99)               |

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# Notes to Consolidated Financial Statements continued

## Section A. Performance continued

### 1. Segment Reporting continued

#### 1.a. Business Segment Information continued

The following table provides information on the Return on invested capital for the Investments and Development segment. Construction is excluded from the table below on the basis that its main operational metric is EBITDA margin.

|                                               | JUNE 2023          |                    |                           |                       | JUNE 2022          |                    |                           |                       |
|-----------------------------------------------|--------------------|--------------------|---------------------------|-----------------------|--------------------|--------------------|---------------------------|-----------------------|
|                                               | Investments<br>\$m | Development<br>\$m | Remaining<br>Group<br>\$m | Total<br>Group<br>\$m | Investments<br>\$m | Development<br>\$m | Remaining<br>Group<br>\$m | Total<br>Group<br>\$m |
| Net assets                                    | 4,065              | 5,949              | (3,370)                   | 6,644                 | 3,789              | 5,262              | (2,081)                   | 6,970                 |
| Less: Cash and cash equivalents               | (33)               | (68)               | (799)                     | (900)                 | (140)              | (91)               | (1,066)                   | (1,297)               |
| Less: Other financial liabilities             | -                  | -                  | 140                       | 140                   | 1                  | -                  | 129                       | 130                   |
| Less: Borrowings and financing arrangements   | -                  | 208                | 3,073                     | 3,281                 | 7                  | 206                | 2,144                     | 2,357                 |
| Invested capital at end of year               | 4,032              | 6,089              |                           |                       | 3,657              | 5,377              |                           |                       |
| Invested capital at half year                 | 4,365              | 5,947              |                           |                       | 3,931              | 5,018              |                           |                       |
| Invested capital at beginning of year         | 3,657              | 5,377              |                           |                       | 3,633              | 4,416              |                           |                       |
| <b>Average invested capital</b>               | <b>4,018</b>       | <b>5,804</b>       |                           |                       | <b>3,740</b>       | <b>4,937</b>       |                           |                       |
| Operating profit after tax                    | 245                | 192                |                           |                       | 361                | 111                |                           |                       |
| <b>Return on invested capital<sup>1</sup></b> | <b>6.1%</b>        | <b>3.3%</b>        |                           |                       | <b>9.7%</b>        | <b>2.2%</b>        |                           |                       |

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

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

|                                                             | June 2023<br>\$m | June 2022<br>\$m |
|-------------------------------------------------------------|------------------|------------------|
| Equity attributable to securityholders at end of year       | 6,616            | 6,943            |
| Equity attributable to securityholders at half year         | 6,766            | 6,654            |
| Equity attributable to securityholders at beginning of year | 6,943            | 6,927            |
| Average equity attributable to securityholders              | 6,775            | 6,841            |
| Core operating profit after tax                             | 257              | 276              |
| <b>Operating return on equity<sup>1</sup></b>               | <b>3.8%</b>      | <b>4.0%</b>      |
| Statutory loss after tax                                    | (232)            | (99)             |
| <b>Statutory return on equity</b>                           | <b>(3.4)%</b>    | <b>(1.4)%</b>    |

1. Return on Equity is calculated using the Core operating Profit after Tax divided by the arithmetic average of beginning, half year and year end securityholders' equity.

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

|                                                                             | Note     | CENTS PER STAPLED SECURITY |               |
|-----------------------------------------------------------------------------|----------|----------------------------|---------------|
|                                                                             |          | June 2023                  | June 2022     |
| Core operating earnings per stapled security                                |          | 37.3                       | 40.1          |
| Non core operating earnings per stapled security                            |          | (2.8)                      | (3.5)         |
| <b>Total Segment operating earnings per stapled security</b>                |          | <b>34.5</b>                | <b>36.6</b>   |
| Total adjustments (after tax) to reconcile to statutory profit <sup>1</sup> |          | (68.2)                     | (51.0)        |
| <b>Total Group statutory earnings per stapled security</b>                  | <b>3</b> | <b>(33.7)</b>              | <b>(14.4)</b> |

1. The total adjustments (after tax) is calculated using the Total adjustments of \$(525) million (June 2022: \$(493) million) and Income tax benefit/(expense) on adjustments of \$55 million (June 2022: \$142 million) divided by weighted average number of stapled securities of issue.

The following tables set out other financial information by reportable segment:

|                            | JUNE 2023                               |                                            |                       | JUNE 2022                               |                                            |                       |
|----------------------------|-----------------------------------------|--------------------------------------------|-----------------------|-----------------------------------------|--------------------------------------------|-----------------------|
|                            | Material Non<br>Cash Items <sup>1</sup> | Non Current<br>Segment Assets <sup>2</sup> | Group Total<br>Assets | Material Non<br>Cash Items <sup>1</sup> | Non Current<br>Segment Assets <sup>2</sup> | Group Total<br>Assets |
|                            | \$m                                     | \$m                                        | \$m                   | \$m                                     | \$m                                        | \$m                   |
| <b>Core</b>                |                                         |                                            |                       |                                         |                                            |                       |
| Investments                | (109)                                   | 2,989                                      | 4,355                 | 57                                      | 2,638                                      | 4,093                 |
| Development                | (271)                                   | 7,170                                      | 9,495                 | (294)                                   | 6,201                                      | 7,940                 |
| Construction               | (1)                                     | 1,375                                      | 3,769                 | (1)                                     | 1,494                                      | 3,847                 |
| <b>Total core segments</b> | <b>(381)</b>                            | <b>11,534</b>                              | <b>17,619</b>         | <b>(238)</b>                            | <b>10,333</b>                              | <b>15,880</b>         |
| Non core                   | (1)                                     | 4                                          | 256                   | (26)                                    | 7                                          | 304                   |
| <b>Total segments</b>      | <b>(382)</b>                            | <b>11,538</b>                              | <b>17,875</b>         | <b>(264)</b>                            | <b>10,340</b>                              | <b>16,184</b>         |
| Corporate activities       | 19                                      | 296                                        | 339                   | (278)                                   | 290                                        | 917                   |
| <b>Total</b>               | <b>(363)</b>                            | <b>11,834</b>                              | <b>18,214</b>         | <b>(542)</b>                            | <b>10,630</b>                              | <b>17,101</b>         |

1. Material Non Cash Items relates to impairments and provisions raised or written back, unrealised foreign exchange movements and fair value gains or losses.  
 2. Excludes deferred tax assets, financial instruments and defined benefit plan assets.

#### 1.b. Geography Segment Information

The following table sets out further information on Operating EBITDA, Operating PAT and Statutory Profit by region:

|                       | OPERATING<br>EBITDA |              | OPERATING<br>PAT |              | TOTAL<br>ADJUSTMENTS |              | TAX ON<br>ADJUSTMENTS |              | STATUTORY<br>PROFIT |              |
|-----------------------|---------------------|--------------|------------------|--------------|----------------------|--------------|-----------------------|--------------|---------------------|--------------|
|                       | June<br>2023        | June<br>2022 | June<br>2023     | June<br>2022 | June<br>2023         | June<br>2022 | June<br>2023          | June<br>2022 | June<br>2023        | June<br>2022 |
|                       | \$m                 | \$m          | \$m              | \$m          | \$m                  | \$m          | \$m                   | \$m          | \$m                 | \$m          |
| Australia             | 499                 | 496          | 348              | 344          | (76)                 | (139)        | 8                     | 58           | 280                 | 263          |
| Asia                  | 100                 | 115          | 78               | 80           | (1)                  | (1)          | 6                     | -            | 83                  | 79           |
| Europe                | 18                  | 26           | (1)              | 13           | (347)                | (78)         | 9                     | 3            | (339)               | (62)         |
| Americas              | 88                  | 172          | 44               | 103          | (101)                | (3)          | 32                    | 1            | (25)                | 101          |
| <b>Total region</b>   | <b>705</b>          | <b>809</b>   | <b>469</b>       | <b>540</b>   | <b>(525)</b>         | <b>(221)</b> | <b>55</b>             | <b>62</b>    | <b>(1)</b>          | <b>381</b>   |
| Corporate activities  | (161)               | (180)        | (212)            | (264)        | -                    | (247)        | -                     | 73           | (212)               | (438)        |
| <b>Total core</b>     | <b>544</b>          | <b>629</b>   | <b>257</b>       | <b>276</b>   | <b>(525)</b>         | <b>(468)</b> | <b>55</b>             | <b>135</b>   | <b>(213)</b>        | <b>(57)</b>  |
| Non core <sup>1</sup> | (102)               | (6)          | (19)             | (24)         | -                    | (25)         | -                     | 7            | (19)                | (42)         |
| <b>Total Group</b>    | <b>442</b>          | <b>623</b>   | <b>238</b>       | <b>252</b>   | <b>(525)</b>         | <b>(493)</b> | <b>55</b>             | <b>142</b>   | <b>(232)</b>        | <b>(99)</b>  |

1. Includes impact of provisions previously recognised in relation to the sold Engineering business being revised in the current year to include the associated tax benefit, with no impact to total profit after tax. Refer to Note 33 'Discontinued Operations' for more details.

The following table sets out Non current assets by region:

|                      | NON CURRENT ASSETS <sup>1</sup> |                  |
|----------------------|---------------------------------|------------------|
|                      | June 2023<br>\$m                | June 2022<br>\$m |
| Australia            | 4,915                           | 4,577            |
| Asia                 | 2,108                           | 1,794            |
| Europe               | 1,996                           | 1,629            |
| Americas             | 2,519                           | 2,340            |
| <b>Total segment</b> | <b>11,538</b>                   | <b>10,340</b>    |
| Corporate activities | 296                             | 290              |
| <b>Total</b>         | <b>11,834</b>                   | <b>10,630</b>    |

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

# Notes to Consolidated Financial Statements continued

## Section A. Performance continued

### 1. Segment Reporting continued

#### 1.b. Geography Segment Information continued

The operating segments generate revenue in the following regions:

| June 2023    | REVENUE <sup>1</sup> |                    |                     |                               |                 |                          |                                |                            |
|--------------|----------------------|--------------------|---------------------|-------------------------------|-----------------|--------------------------|--------------------------------|----------------------------|
|              | Investments<br>\$m   | Development<br>\$m | Construction<br>\$m | Total Core<br>Segments<br>\$m | Non Core<br>\$m | Total<br>Segments<br>\$m | Corporate<br>Activities<br>\$m | Statutory<br>Result<br>\$m |
| Australia    | 189                  | 1,615              | 3,707               | 5,511                         | 499             | 6,010                    | 93                             | 6,103                      |
| Asia         | 86                   | 50                 | 295                 | 431                           | -               | 431                      | -                              | 431                        |
| Europe       | 23                   | 394                | 742                 | 1,159                         | -               | 1,159                    | -                              | 1,159                      |
| Americas     | 32                   | 274                | 2,459               | 2,765                         | -               | 2,765                    | -                              | 2,765                      |
| <b>Total</b> | <b>330</b>           | <b>2,333</b>       | <b>7,203</b>        | <b>9,866</b>                  | <b>499</b>      | <b>10,365</b>            | <b>93</b>                      | <b>10,458</b>              |

|                  |            |              |              |              |            |              |           |              |
|------------------|------------|--------------|--------------|--------------|------------|--------------|-----------|--------------|
| <b>June 2022</b> |            |              |              |              |            |              |           |              |
| Australia        | 193        | 962          | 3,186        | 4,341        | 784        | 5,125        | 35        | 5,160        |
| Asia             | 82         | 31           | 261          | 374          | -          | 374          | -         | 374          |
| Europe           | 18         | 523          | 899          | 1,440        | -          | 1,440        | -         | 1,440        |
| Americas         | 54         | 63           | 2,233        | 2,350        | -          | 2,350        | -         | 2,350        |
| <b>Total</b>     | <b>347</b> | <b>1,579</b> | <b>6,579</b> | <b>8,505</b> | <b>784</b> | <b>9,289</b> | <b>35</b> | <b>9,324</b> |

1. Comprised of Revenue from contracts with customers from continuing operations of \$10,229 million (June 2022: \$8,822 million), Other revenue from continuing operations of \$144 million (June 2022: \$142 million), Finance revenue from continuing operations of \$85 million (June 2022: \$9 million) and Revenue from contracts with customers from discontinued operations of \$nil million (June 2022: \$351 million).

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<br>Per Share/Unit | COMPANY/TRUST¹   |                  |
|--------------------------------------------------------|-------------------------|------------------|------------------|
|                                                        |                         | June 2023<br>\$m | June 2022<br>\$m |
| Parent Company Interim Dividend                        |                         |                  |                  |
| December 2022²                                         | -                       | -                | -                |
| December 2021²                                         | -                       | -                | -                |
| Lendlease Trust Interim Distribution                   |                         |                  |                  |
| December 2022 – paid 8 March 2023                      | 4.9                     | 34               | -                |
| December 2021 – paid 16 March 2022                     | 5.0                     | -                | 35               |
| Parent Company Final Dividend                          |                         |                  |                  |
| June 2023 – declared subsequent to reporting date³     | 4.7                     | 32               | -                |
| June 2022 – paid 15 September 2022                     | 5.7                     | -                | 39               |
| Lendlease Trust Final Distribution                     |                         |                  |                  |
| June 2023 – provided for and payable 13 September 2023 | 6.4                     | 44               | -                |
| June 2022 – paid 21 September 2022                     | 5.3                     | -                | 36               |
| Total                                                  |                         | 110              | 110              |

1. The current year final dividend is fully franked. The prior year final dividend was 75 per cent franked, with the balance sourced from the conduit foreign income account.

2. No interim dividend was declared by the Company for 31 December 2021 and 31 December 2022.

3. No provision for this dividend has been recognised in the Statement of Financial Position at 30 June 2023, as it was declared after the end of the reporting period.

#### Dividend Franking

The amount of franking credits available for use as at 30 June 2023 in subsequent reporting periods is \$99 million (30 June 2022: \$41 million), based on a 30 per cent tax rate.

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

#### Accounting Policies

The Group presents basic and diluted EPS/EPSS in the Income Statement. This is a key performance measure for the Group. Refer to further details in the Managing and Measuring Value - Financial section of this Annual Report.

Basic EPS/EPSS is determined by dividing Profit/(loss) after tax attributable to members of the Company and Group (excluding any costs of servicing equity other than ordinary shares/securities) by the weighted average number of ordinary shares/securities outstanding during the financial year, adjusted for bonus elements in ordinary shares/securities issued during the financial year.

Diluted EPS/EPSS is determined by adjusting the Profit/(loss) after tax attributable to members of the Company and Group, and the weighted average number of ordinary shares/securities outstanding for the effects of all dilutive potential ordinary shares/securities. The Group currently does not have any dilutive potential ordinary shares/securities. Dilution occurs when treasury shares and employee share options are included in outstanding shares.

The issued units of Lendlease Trust (LLT) are presented separately within equity, and therefore the profit attributable to LLT is excluded from the calculation of basic and diluted earnings per Company share presented in the Income Statement.

|                                                                           |              | JUNE 2023                                                    |                                   | JUNE 2022                                                    |                                   |
|---------------------------------------------------------------------------|--------------|--------------------------------------------------------------|-----------------------------------|--------------------------------------------------------------|-----------------------------------|
|                                                                           |              | Shares/<br>Securities<br>Excluding<br>Treasury<br>Securities | Shares/<br>Securities on<br>Issue | Shares/<br>Securities<br>Excluding<br>Treasury<br>Securities | Shares/<br>Securities on<br>Issue |
| <b>Basic/Diluted Earnings Per Share (EPS)<sup>1</sup></b>                 |              |                                                              |                                   |                                                              |                                   |
| (Loss) attributable to members of Lendlease Corporation Limited (Company) | \$m          | (278)                                                        | (278)                             | (239)                                                        | (239)                             |
| Weighted average number of ordinary shares                                | m            | 683                                                          | 689                               | 683                                                          | 689                               |
| <b>Basic/Diluted EPS</b>                                                  | <b>cents</b> | <b>(40.7)</b>                                                | <b>(40.3)</b>                     | <b>(35.0)</b>                                                | <b>(34.7)</b>                     |
| <b>Basic/Diluted Earnings Per Stapled Security (EPSS)<sup>1</sup></b>     |              |                                                              |                                   |                                                              |                                   |
| (Loss) attributable to securityholders of Lendlease Group                 | \$m          | (232)                                                        | (232)                             | (99)                                                         | (99)                              |
| Weighted average number of stapled securities                             | m            | 683                                                          | 689                               | 683                                                          | 689                               |
| <b>Basic/Diluted EPSS<sup>2</sup></b>                                     | <b>cents</b> | <b>(34.0)</b>                                                | <b>(33.7)</b>                     | <b>(14.5)</b>                                                | <b>(14.4)</b>                     |

1. Balances include both continuing and discontinued operations. Earnings per share/stapled security for continuing and discontinued operations have been separately disclosed in Note 33 'Discontinued Operations'.

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

# Notes to Consolidated Financial Statements continued

## Section A. Performance continued

### 4. Revenue from Contracts with Customers

#### Accounting Policies

##### Construction and Development services

Construction services include project management, design and construction services predominantly in the commercial, residential, mixed use, defence and social infrastructure sectors. Development services include development fees earned on development of inner city mixed use developments, retirement, retail, commercial assets and social and economic infrastructure.

Contracts with customers to provide Construction or Development services can include either one performance obligation or multiple performance obligations within each contract. The Group assesses each of its contracts individually and where there are separate performance obligations identified, the transaction price is allocated based on the relative standalone selling prices of the services provided. Typically, the Construction or Development services in contracts are not considered distinct as the services are highly interrelated and an integrated bundle of services and therefore are accounted for as a single performance obligation.

The transaction price for each contract may include variable consideration in the form of contract variations or modifications, and contract claims (collectively, 'Modifications'). Variable consideration may also include performance or other incentive fees. The transaction price is the amount of consideration to which the Group expects to be entitled to receive in exchange for transferring promised goods or services to a customer per the contract.

Variable consideration is only included in the transaction price for a contract to the extent it is highly probable that a significant reversal of that revenue will not occur, which is an area of accounting judgement. Factors considered in assessing whether the estimated revenue associated with Modifications should be recognised include the following:

- i. Status of negotiations with customers
- ii. The contract or other evidence provides a legal basis for the Modifications
- iii. Additional costs incurred were caused by circumstances that were unforeseen at the contract date and for which entitlement contractually exists
- iv. Modification related costs are identifiable, measurable, and considered reasonable in view of the work performed
- v. Evidence supporting the Modification is objective and verifiable, which may include independent third-party advice
- vi. Commercial and market factors specific to the Modifications
- vii. Historical experience in resolving Modifications.

This assessment is reviewed each reporting period or when facts and circumstances change during the reporting period.

Revenue is recognised over time, typically based on an input method using an estimate of costs incurred to date as a percentage of total estimated costs. These contracts are typically executed on the customer's land so they control the assets as they are being built or the customer benefits from the service as the work is performed. Differences between amounts recognised as revenue and amounts billed to customers are recognised as contract assets or liabilities in the Statement of Financial Position.

The measurement of revenue is an area of accounting judgement. Management uses judgement to estimate:

- i. Progress in satisfying the performance obligations within the contract, which includes estimating contract costs expected to be incurred to satisfy performance obligations
- ii. The probability of the amount to be recognised as variable consideration for approved variations and claims where the final price has not been agreed with the customer.

Revenue is invoiced based on the terms of each individual contract, which may include a periodic billing schedule or achievement of specific milestones. Invoices are issued under commercial payment terms which are typically 30 days from when an invoice is issued.

A provision for loss making contracts is recorded for the difference between the expected costs of fulfilling a contract and the expected remaining economic benefits to be received where the forecast remaining costs exceed the forecast remaining benefits.

##### Investment services

Investment services include funds management, asset management, leasing and origination services.

Each contract with a customer to provide Investment services is typically one performance obligation with revenue recognised over time as services are rendered. Typically, our performance obligation is to manage a client's capital and/or property for a specified period of time and is delivered as a series of daily performance obligations over time.

The transaction price for each contract may include variable consideration in the form of performance fees. Variable consideration is only included in the transaction price for a contract to the extent it is highly probable that a significant reversal of that revenue will not occur. The Group assesses probability of receiving variable consideration using a combination of commercial and market factors, and historical experience.

Revenue is invoiced either monthly or quarterly based on the terms of each individual contract. Invoices are issued under commercial payment terms which are typically 30 days from when an invoice is issued.

## Accounting Policies continued

### Sale of Development Properties

The Group develops and sells residential land lots and built form products, including residential apartments, commercial and retail buildings. Sales of residential land lots and apartments typically are recognised at a point in time, with each contract treated as a single performance obligation to transfer control of an asset to a customer. Residential land lots and apartments are recognised on settlement with the customer.

The sale of retail, commercial and mixed use assets may include land, construction, development management and investment service components. Where there are multiple components within one contract, the transaction price is allocated based on the standalone selling prices of each component, typically using the residual approach, and revenue is recognised based on the policies noted above. Sales of commercial and retail buildings are recognised when the customer obtains control of the asset based on the specific terms and conditions of the sales contract.

The Group discounts deferred proceeds to reflect the time value of money where the period between the transfer of control of a development property and receipt of payment from the customer exceeds one year. Deferred proceeds from customers are recognised in trade and other receivables where the right to receive payment is unconditional. Deposits received in advance from customers are recognised as a contract liability until the performance obligation has been met.

The measurement of revenue from the sale of development properties is an area of accounting judgement as it requires management to exercise judgement in valuing the individual components of a development property sale, given the due consideration to cost inputs, market conditions and commercial factors. The recognition and determination of when control passes requires management judgement and is considered an area of accounting judgement.

Proceeds from the sale of residential land lots and apartments are received upon settlement, which typically occurs between 6-12 weeks following practical completion on the asset. Proceeds from the sale of retail, commercial and mixed use assets are received in accordance with the specific terms of each contract.

The Group may enter a PLLACs (Presold Lendlease Apartment Cash Flows) transaction for certain residential apartment buildings from time to time. This involves the Group receiving an upfront cash inflow from third party investors (investors) in exchange for selling the investors the rights to the cash proceeds that are due from customers once the apartments are completed. When customers settle their apartments the Group does not receive any cash proceeds nor does it pay any amounts to the investors as the customers pay the investors directly. On entry into a PLLACs transaction the cash inflow is disclosed as an operating cash inflow in the Statement of Cash Flows which typically occurs over a year in advance of the revenue recognition from the sale of the apartments. At the same time, an Other payables – PLLACs is also recognised within Trade and Other Payables and is derecognised as revenue once settlement of the apartments occurs.

|                                                                | June 2023<br>\$m | June 2022<br>\$m |
|----------------------------------------------------------------|------------------|------------------|
| <b>Revenue from the provision of services</b>                  |                  |                  |
| Core Construction services                                     | 7,191            | 6,572            |
| Non core Construction services                                 | 499              | 433              |
| <b>Construction services</b>                                   | <b>7,690</b>     | <b>7,005</b>     |
| Investment services                                            | 261              | 279              |
| Development services                                           | 1,483            | 928              |
| <b>Total revenue from the provision of services</b>            | <b>9,434</b>     | <b>8,212</b>     |
| Revenue from the sale of development properties                | 795              | 610              |
| <b>Total revenue from contracts with customers<sup>1</sup></b> | <b>10,229</b>    | <b>8,822</b>     |

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

# Notes to Consolidated Financial Statements continued

## Section A. Performance continued

### 5. 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 Group's share of the investment's profit or loss based on ownership interest held. Associates (including partnerships) are entities in which the Group, 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.

|                                                              | Note | June 2023<br>\$m | June 2022<br>\$m |
|--------------------------------------------------------------|------|------------------|------------------|
| <b>Associates<sup>1,2</sup></b>                              |      |                  |                  |
| Share of profit                                              | 12.a | 11               | 54               |
| <b>Joint Ventures<sup>1,2</sup></b>                          |      |                  |                  |
| Share of profit                                              | 12.b | 17               | 127              |
| <b>Total share of profit of equity accounted investments</b> |      | <b>28</b>        | <b>181</b>       |

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 \$(10) million loss (June 2022: \$7 million gain) and \$(124) million loss (June 2022: \$4 million gain), respectively, in revaluation gains and losses recognised in the Investments segment adjustment in Note 1 'Segment Reporting'. Share of profit from Associates and Joint Ventures include \$nil million (June 2022: \$7 million) and \$87 million (June 2022: \$66 million), respectively, in revaluation gains in the Development segment.

### 6. Other Income

#### Accounting Policies

Net gains or losses on sale/transfer of investments, including consolidated entities and Equity Accounted Investments 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 13 'Other Financial Assets'.

|                                                       | June 2023<br>\$m | June 2022<br>\$m |
|-------------------------------------------------------|------------------|------------------|
| <b>Net gain on sale/transfer of investments</b>       |                  |                  |
| Consolidated entities                                 | 30               | 2                |
| Asset management contract sale <sup>1</sup>           | 192              | 167              |
| Equity accounted investments                          | 13               | 86               |
| Investment properties                                 | 1                | 12               |
| Other assets and liabilities                          | 26               | 13               |
| <b>Total net gain on sale/transfer of investments</b> | <b>262</b>       | <b>280</b>       |
| <b>Net gain on fair value measurement</b>             |                  |                  |
| Investment properties <sup>2</sup>                    | 13               | 4                |
| Fair value through profit or loss assets              | -                | 65               |
| <b>Total net gain on fair value measurement</b>       | <b>13</b>        | <b>69</b>        |
| Other                                                 | 24               | 9                |
| <b>Total other income</b>                             | <b>299</b>       | <b>358</b>       |

1. In August 2022, the Group disposed of a 13 per cent interest in the asset management income stream of the Group's Military Housing portfolio, recording a net gain on sale pre-tax of \$78 million. In May 2023, the Group disposed of a further 21 per cent interest, through a sale of a 25% interest in the DoD Asset Management Holdings joint venture to the existing partner, recording a net gain on sale pre-tax of \$114 million. Refer to Note 12 'Equity Accounted Investments' for further details.

2. Net gain on fair value measurements for Investment properties includes \$20 million loss (June 2022: \$4 million gain) recognised in the Investments segment adjustments in Note 1 'Segment Reporting'.

## 7. Other Expenses

### Accounting Policies

Other expenses in general are recognised as incurred.

### Employee Benefit Expenses

Employee benefits are expensed as the related service by the employee is provided and includes both equity and cash based payment transactions. Employee benefits recognised in the Income Statement are net of recoveries.

For cash bonuses, the Group recognises an accrued liability for the amount expected to be paid. This is based on a formula that takes into consideration the profit attributable to the Group's securityholders after certain adjustments. Refer to Note 35a 'Short Term Incentive (STI)' for further detail.

### Share Based Compensation

The Group operates equity settled share based compensation plans that are linked to Lendlease's security price. The fair value of the equity received in exchange for the grant is recognised as an expense and a corresponding increase in equity, in the Equity Compensation Reserve. The total amount to be expensed over the vesting period is determined by reference to the fair value of the securities granted.

The fair value is primarily determined using a Monte-Carlo simulation model. Refer to Note 35h 'Amounts Recognised in the Financial Statements' for further detail. Management considers the fair value assigned to be an area of estimation uncertainty as it requires judgements on Lendlease's security price and whether vesting conditions will be satisfied.

At each balance sheet date, the Group revises its estimates of the entitlement due. It recognises the impact of revision of original estimates on non market conditions, if any, in the Income Statement, and a corresponding adjustment to equity over the remaining vesting period. Changes in entitlement for equity settled share based compensation plans are not recognised if they fail to vest due to market conditions not being met.

### Superannuation Accumulation Plan Expense

All employees in the Australia region are entitled to benefits on retirement, disability or death from the Group's superannuation accumulation plan. The majority of these employees are party to a defined contribution plan and receive fixed contributions from the Group. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. The Group also operates a defined benefit superannuation plan, membership of which is now closed. Refer to Note 34 'Defined Benefit Plans' for further detail.

### Impairment

The carrying amounts of the Group's assets, subject to impairment tests, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The calculation of this recoverable amount is dependent on the type of asset. The material assets' accounting policies will contain further information on these calculations.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

### Reversals of Impairment

Impairment losses on assets can be reversed (other than goodwill) when there is a subsequent increase in the recoverable amount. The increase could be due to a specific event, the indication that impairment may no longer exist or there is a change in estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### Lease Expense

Short term lease and low value lease payments, including outgoings, are recognised in the Income Statement on a straight line basis over the term of the lease.

### Depreciation and Amortisation

Depreciation on owned assets is charged to the Income Statement on a straight line basis over the estimated useful lives of items of property, plant and equipment. Amortisation is provided on leasehold improvements over the remaining term of the lease. Most plant is depreciated over a period not exceeding 20 years, furniture and fittings over three to 15 years, motor vehicles over four to eight years and computer equipment over three years.

Right-of-use assets are depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

# Notes to Consolidated Financial Statements continued

## Section A. Performance continued

### 7. Other Expenses continued

|                                                                                             | June 2023<br>\$m | June 2022<br>\$m |
|---------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Profit before income tax includes the following expense items:</b>                       |                  |                  |
| Total Employee Benefit Expense                                                              | 1,878            | 1,927            |
| Less: Recoveries through projects <sup>1</sup>                                              | (1,570)          | (1,495)          |
| <b>Net employee benefit expense<sup>1</sup></b>                                             | <b>308</b>       | <b>432</b>       |
| Superannuation accumulation plan expense                                                    | 85               | 77               |
| Net defined benefit plans expense                                                           | (9)              | (1)              |
| Restructuring expenses:                                                                     |                  |                  |
| Development impairments                                                                     | -                | 289              |
| Tenancy impairments - Core                                                                  | -                | 104              |
| Tenancy impairments - Non core                                                              | -                | 25               |
| Redundancy costs                                                                            | -                | 56               |
| Other restructuring costs                                                                   | -                | 10               |
| Provision in relation to UK building remediation <sup>2</sup>                               | 295              | -                |
| Provision in relation to Americas Telecommunications receivable <sup>3</sup>                | 74               | -                |
| Expenses include other impairments raised/(reversals) relating to:                          |                  |                  |
| Loans and receivables                                                                       | 20               | 2                |
| Property inventories                                                                        | -                | 12               |
| Equity accounted investments                                                                | 2                | (15)             |
| Intangible assets                                                                           | -                | 83               |
| Net loss on fair value measurement of fair value through profit or loss assets <sup>4</sup> | 76               | -                |
| Lease expense (including outgoings)                                                         | 27               | 30               |
| Depreciation on right-of-use assets                                                         | 51               | 54               |
| Depreciation on owned assets                                                                | 26               | 35               |
| Amortisation                                                                                | 66               | 67               |
| Net foreign exchange loss                                                                   | 6                | 2                |
| Other <sup>1</sup>                                                                          | 181              | 167              |
| <b>Total Other Expenses</b>                                                                 | <b>1,208</b>     | <b>1,429</b>     |

1. This note has been amended in the current year to reconcile to the income statement, with minor presentation adjustments to facilitate this reconciliation. Comparative information has been updated to align to the current year presentation.

2. Expense recorded on recognition of provision in relation to UK building remediation. Refer to Note 23 'Provisions' for further detail.

3. Represents provision raised on future consideration receivable in relation to the sale of the Americas Telecommunication business.

4. Net loss on fair value measurements for Fair value through profit or loss assets reflects \$76 million loss (June 2022: \$59 million gain, included in Other income) recognised in the Investments segment adjustments in Note 1 'Segment Reporting'.

|                                                                                                              | June 2023<br>\$000s | June 2022<br>\$000s |
|--------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>Auditors' Remuneration</b>                                                                                |                     |                     |
| Amounts received or due and receivable by the auditors of Lendlease Group and its consolidated entities for: |                     |                     |
| Audit services                                                                                               | 7,887               | 7,004               |
| Other assurance services                                                                                     | 985                 | 882                 |
| <b>Total audit and other assurance services</b>                                                              | <b>8,872</b>        | <b>7,886</b>        |
| Non audit services <sup>1</sup>                                                                              | 159                 | 70                  |
| <b>Total audit, other assurance and non audit services</b>                                                   | <b>9,031</b>        | <b>7,956</b>        |

1. Non audit services include amounts charged for work relating to financial, regulatory and asset due diligence of the Group and its consolidated entities.

## 8. Finance Revenue and Finance Costs

### 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.

Finance costs include interest, amortisation of discounts or premiums relating to borrowings and amortisation of costs incurred in connection with the arrangement of new borrowings facilities. Costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings. Finance costs are expensed immediately as incurred unless they relate to acquisition and development of qualifying assets. Qualifying assets are assets that take more than six months to prepare for their intended use or sale. Finance costs related to qualifying assets are capitalised.

|                                                       | June 2023<br>\$m | June 2022<br>\$m |
|-------------------------------------------------------|------------------|------------------|
| <b>Finance Revenue</b>                                |                  |                  |
| Other corporations                                    | 13               | 3                |
| Other finance revenue                                 | 8                | 3                |
| <b>Total interest finance revenue</b>                 | <b>21</b>        | <b>6</b>         |
| Interest discounting                                  | 1                | 3                |
| Gain on repurchase of commercial notes <sup>1</sup>   | 63               | -                |
| <b>Total finance revenue</b>                          | <b>85</b>        | <b>9</b>         |
| <b>Finance Costs</b>                                  |                  |                  |
| Interest expense in relation to other corporations    | 174              | 113              |
| Interest expense in relation to lease liabilities     | 15               | 17               |
| Less: Capitalised interest finance costs <sup>2</sup> | (30)             | (25)             |
| <b>Total interest finance costs</b>                   | <b>159</b>       | <b>105</b>       |
| Non interest finance costs                            | 14               | 20               |
| <b>Total finance costs</b>                            | <b>173</b>       | <b>125</b>       |
| <b>Net finance costs</b>                              | <b>(88)</b>      | <b>(116)</b>     |

1. Reflects \$63 million in relation to the repurchase of £125 million of Green senior notes in the Sterling bond market.

2. The weighted average interest rate used to determine the amount of interest finance costs eligible for capitalisation was 4.3 per cent (30 June 2022: 3.6 per cent), which is the effective interest rate.

# Notes to Consolidated Financial Statements continued

## Section A. Performance continued

### 9. Taxation

#### Accounting Policies

**Income tax** on the profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Under current Australian income tax law, LLT is not liable for income tax, including capital gains tax, to the extent that unitholders are attributed the taxable income of LLT.

**Current tax** is the expected tax payable on the taxable income for the financial year, using applicable tax rates (and tax laws) at the balance sheet date in each jurisdiction, and any adjustment to tax payable in respect of previous financial years.

**Deferred tax** is the expected tax payable in future periods as a result of past transactions or events and is calculated by comparing the accounting balance sheet to the tax balance sheet. Temporary differences are provided for any differences in the carrying amounts of assets and liabilities between the accounting and tax balance sheets. The following temporary differences are not provided for:

- The initial recognition of taxable goodwill
- The initial recognition of assets or liabilities that affect neither accounting nor taxable profit
- Differences relating to investments in subsidiaries to the extent that they are not likely to reverse in the foreseeable future.

**Measurement** of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using applicable tax rates (and tax laws) at the balance sheet date. The Company is monitoring the global progress toward the enactment of proposed new Organization of Economic Cooperation and Development (OECD) rules under Pillar 2 on the introduction of a global minimum tax, which the Company will be subject to upon implementation. The Company has applied the exceptions to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes as prescribed in AASB 112 *Income Taxes*.

**Recognition** of deferred tax assets is only to the extent it is probable that future taxable profits will be available so as the related tax asset will be realised. Deferred tax assets may include the following:

- Deductible temporary differences
- Unused tax losses
- Unused tax credits.

Management considers the estimation of future taxable profits to be an area of estimation uncertainty as a change in any of the assumptions used in budgeting and forecasting would have an impact on the future profitability of the Group. The Group prepares financial budgets and forecasts, covering a five year period, which are reviewed on a regular basis. These forecasts and budgets form the basis of future profitability to support the carrying value of the deferred tax assets. The performance of the Group is influenced by a variety of general economic and business conditions, which are outside the control of the Group, including the level of inflation, interest rates, exchange rates, commodity prices, ability to access funding, oversupply and demand conditions and government fiscal, monetary and regulatory policies.

**Presentation** of deferred tax assets and liabilities can be offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but are intended to be settled on a net basis or to be realised simultaneously.

#### Tax Consolidation

The Company is the head entity of the Australian Tax Consolidated Group comprising all the Australian wholly owned subsidiaries, excluding LLT. As a consequence, all members of the Australian Tax Consolidation Group are taxed as a single entity.

## Section A. Performance continued

## 9. Taxation continued

|                                                                          | June 2023<br>\$m | June 2022<br>\$m |
|--------------------------------------------------------------------------|------------------|------------------|
| <b>9.a. Income Tax Expense</b>                                           |                  |                  |
| <b>Recognised in the Income Statement</b>                                |                  |                  |
| <b>Current Tax Expense</b>                                               |                  |                  |
| Current year                                                             | 62               | 200              |
| Adjustments for prior years                                              | (13)             | 3                |
| Current year tax losses not recognised/(recognised)                      | 27               | (51)             |
| <b>Total current tax expense</b>                                         | <b>76</b>        | <b>152</b>       |
| <b>Deferred Tax Expense</b>                                              |                  |                  |
| Origination and reversal of temporary differences                        | (192)            | (222)            |
| Temporary differences recovered/recognised                               | 30               | 17               |
| Recognition of prior year net tax losses                                 | 11               | 19               |
| Change in tax rate                                                       | (7)              | (16)             |
| <b>Total deferred tax benefit</b>                                        | <b>(158)</b>     | <b>(202)</b>     |
| <b>Income Tax Expense</b>                                                |                  |                  |
| Total income tax benefit from continuing operations                      | (6)              | (51)             |
| Total income tax (benefit)/expense from discontinued operations          | (76)             | 1                |
| <b>Total income tax benefit</b>                                          | <b>(82)</b>      | <b>(50)</b>      |
| <b>Reconciliation of Effective Tax Rate</b>                              |                  |                  |
| Loss before tax                                                          | (314)            | (149)            |
| <b>Income tax using domestic corporate tax rate 30%</b>                  | <b>(94)</b>      | <b>(45)</b>      |
| Adjustments for prior year                                               | (13)             | 3                |
| Non assessable and exempt income <sup>1</sup>                            | (29)             | (45)             |
| Non allowable expenses <sup>2</sup>                                      | 16               | 5                |
| Net write off of tax losses through income tax expense                   | -                | 34               |
| Temporary differences recognised through income tax expense <sup>3</sup> | 30               | 17               |
| Utilisation of capital losses on disposal of assets                      | (14)             | (56)             |
| Effect of tax rates in foreign jurisdictions <sup>4</sup>                | 29               | (9)              |
| Other                                                                    | (7)              | 46               |
| <b>Income tax benefit<sup>5</sup></b>                                    | <b>(82)</b>      | <b>(50)</b>      |
| <b>Deferred Tax Recognised Directly in Equity</b>                        |                  |                  |
| Relating to:                                                             |                  |                  |
| Hedging reserve                                                          | 11               | 39               |
| Defined benefit plans remeasurements                                     | (36)             | 6                |
| Foreign currency translation reserve                                     | (7)              | 11               |
| <b>Total deferred tax recognised directly in equity</b>                  | <b>(32)</b>      | <b>56</b>        |

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

4. The Group operates in a number of foreign jurisdictions for trading purposes which have significantly 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. This also includes the effect of changes in tax rates.

5. Represents income tax benefit from continuing operations of \$6 million and income tax benefit from discontinued operations of \$76 million.

|                                                               | JUNE 2023   |                              |            | JUNE 2022  |                              |            |
|---------------------------------------------------------------|-------------|------------------------------|------------|------------|------------------------------|------------|
|                                                               | Before Tax  | Tax<br>(Expense)/<br>Benefit | Net of Tax | Before Tax | Tax<br>(Expense)/<br>Benefit | Net of Tax |
|                                                               | \$m         | \$m                          | \$m        | \$m        | \$m                          | \$m        |
| <b>9.b. Tax Effect Relating to Other Comprehensive Income</b> |             |                              |            |            |                              |            |
| Movements in hedging reserve                                  | 12          | (11)                         | 1          | 175        | (39)                         | 136        |
| Movements in foreign currency translation reserve             | 113         | 7                            | 120        | 74         | (11)                         | 63         |
| Movements in non controlling interest acquisition reserve     | (4)         | -                            | (4)        | (5)        | -                            | (5)        |
| Movements in defined benefit plans remeasurements             | (144)       | 36                           | (108)      | 50         | (6)                          | 44         |
| <b>Total other comprehensive income net of tax</b>            | <b>(23)</b> | <b>32</b>                    | <b>9</b>   | <b>294</b> | <b>(56)</b>                  | <b>238</b> |

# Notes to Consolidated Financial Statements continued

|                                                                        | JUNE 2023     |                    | JUNE 2022     |                    |
|------------------------------------------------------------------------|---------------|--------------------|---------------|--------------------|
|                                                                        | Assets<br>\$m | Liabilities<br>\$m | Assets<br>\$m | Liabilities<br>\$m |
| <b>9.c. Deferred Tax Assets and Liabilities</b>                        |               |                    |               |                    |
| <b>Recognised Deferred Tax Assets and Liabilities</b>                  |               |                    |               |                    |
| Deferred tax assets and liabilities are attributable to the following: |               |                    |               |                    |
| Loans and receivables                                                  | 37            | (32)               | 6             | (74)               |
| Inventories                                                            | 74            | (296)              | 66            | (315)              |
| Other financial assets                                                 | 46            | (87)               | -             | (54)               |
| Other assets                                                           | 3             | (4)                | 68            | (13)               |
| Equity accounted investments                                           | 49            | (375)              | 23            | (363)              |
| Investment properties                                                  | 3             | (10)               | -             | (9)                |
| Property, plant and equipment                                          | 60            | (7)                | 54            | (11)               |
| Intangible assets                                                      | 7             | (11)               | 4             | (11)               |
| Net defined benefit plans                                              | 15            | (43)               | 11            | (68)               |
| Trade and other payables                                               | 152           | (14)               | 159           | (13)               |
| Provisions                                                             | 135           | -                  | 151           | -                  |
| Borrowings and financing arrangements                                  | 77            | (18)               | 94            | (13)               |
| Other financial and non financial liabilities                          | 37            | -                  | 41            | -                  |
| Unused revenue tax losses recognised                                   | 204           | -                  | 134           | -                  |
| Unused capital tax losses recognised                                   | 57            | -                  | -             | -                  |
| Items with a tax base but no carrying value                            | 41            | (14)               | 41            | (26)               |
| <b>Total deferred tax assets/(liabilities)</b>                         | <b>997</b>    | <b>(911)</b>       | <b>852</b>    | <b>(970)</b>       |
| Deferred tax set off                                                   | (778)         | 778                | (708)         | 708                |
| <b>Net deferred tax assets/(liabilities)</b>                           | <b>219</b>    | <b>(133)</b>       | <b>144</b>    | <b>(262)</b>       |

|                                                              | 1 July<br>2022<br>\$m | Recognised<br>in Income<br>\$m | Recognised<br>in Equity<br>\$m | Other/<br>Foreign<br>Exchange<br>\$m | 30 June<br>2023<br>\$m |
|--------------------------------------------------------------|-----------------------|--------------------------------|--------------------------------|--------------------------------------|------------------------|
| <b>June 2023</b>                                             |                       |                                |                                |                                      |                        |
| Movement in temporary differences during the financial year: |                       |                                |                                |                                      |                        |
| Loans and receivables                                        | (68)                  | 73                             | -                              | -                                    | 5                      |
| Inventories                                                  | (249)                 | 37                             | -                              | (10)                                 | (222)                  |
| Other financial assets                                       | (54)                  | (27)                           | -                              | 40                                   | (41)                   |
| Other assets                                                 | 55                    | (12)                           | -                              | (44)                                 | (1)                    |
| Equity accounted investments                                 | (340)                 | 36                             | (11)                           | (11)                                 | (326)                  |
| Investment properties                                        | (9)                   | 2                              | -                              | -                                    | (7)                    |
| Property, plant and equipment                                | 43                    | 2                              | -                              | 8                                    | 53                     |
| Intangible assets                                            | (7)                   | 3                              | -                              | -                                    | (4)                    |
| Net defined benefit plans                                    | (57)                  | (3)                            | 36                             | (4)                                  | (28)                   |
| Trade and other payables                                     | 146                   | (3)                            | -                              | (5)                                  | 138                    |
| Provisions                                                   | 151                   | (4)                            | -                              | (12)                                 | 135                    |
| Borrowings and financing arrangements                        | 81                    | (34)                           | 7                              | 5                                    | 59                     |
| Other financial and non financial liabilities                | 41                    | (4)                            | -                              | -                                    | 37                     |
| Unused revenue tax losses recognised                         | 134                   | 56                             | -                              | 14                                   | 204                    |
| Unused capital tax losses recognised                         | -                     | 57                             | -                              | -                                    | 57                     |
| Items with a tax base but no carrying value                  | 15                    | (21)                           | -                              | 33                                   | 27                     |
| <b>Total deferred tax (liabilities)/assets</b>               | <b>(118)</b>          | <b>158</b>                     | <b>32</b>                      | <b>14</b>                            | <b>86</b>              |

|                                                              | 1 July<br>2021<br>\$m | Recognised<br>in Income<br>\$m | Recognised<br>in Equity<br>\$m | Other/<br>Foreign<br>Exchange<br>\$m | 30 June<br>2022<br>\$m |
|--------------------------------------------------------------|-----------------------|--------------------------------|--------------------------------|--------------------------------------|------------------------|
| <b>9.c. Deferred Tax Assets and Liabilities continued</b>    |                       |                                |                                |                                      |                        |
| <b>June 2022</b>                                             |                       |                                |                                |                                      |                        |
| Movement in temporary differences during the financial year: |                       |                                |                                |                                      |                        |
| Loans and receivables                                        | (90)                  | 22                             | -                              | -                                    | (68)                   |
| Inventories                                                  | (282)                 | 9                              | -                              | 24                                   | (249)                  |
| Other financial assets                                       | (40)                  | (11)                           | -                              | (3)                                  | (54)                   |
| Other assets                                                 | 108                   | (53)                           | -                              | -                                    | 55                     |
| Equity accounted investments                                 | (405)                 | 103                            | (39)                           | 1                                    | (340)                  |
| Investment properties                                        | (17)                  | (1)                            | -                              | 9                                    | (9)                    |
| Property, plant and equipment                                | 28                    | 15                             | -                              | -                                    | 43                     |
| Intangible assets                                            | (18)                  | 11                             | -                              | -                                    | (7)                    |
| Net defined benefit plans                                    | (51)                  | -                              | (9)                            | 3                                    | (57)                   |
| Trade and other payables                                     | 170                   | (26)                           | -                              | 2                                    | 146                    |
| Provisions                                                   | 117                   | 42                             | -                              | (8)                                  | 151                    |
| Borrowings and financing arrangements                        | 54                    | 31                             | (11)                           | 7                                    | 81                     |
| Other financial and non financial liabilities                | 20                    | 21                             | -                              | -                                    | 41                     |
| Unused revenue tax losses recognised                         | 99                    | 36                             | 3                              | (4)                                  | 134                    |
| Unused capital tax losses recognised                         | 9                     | (9)                            | -                              | -                                    | -                      |
| Items with a tax base but no carrying value                  | 12                    | 12                             | -                              | (9)                                  | 15                     |
| <b>Total net deferred tax (liabilities)/assets</b>           | <b>(286)</b>          | <b>202</b>                     | <b>(56)</b>                    | <b>22</b>                            | <b>(118)</b>           |

|                                                                                 | June 2023<br>\$m | June 2022<br>\$m |
|---------------------------------------------------------------------------------|------------------|------------------|
| <b>Unrecognised Deferred Tax Assets</b>                                         |                  |                  |
| Deferred tax assets have not been recognised in respect of the following items: |                  |                  |
| Unused revenue tax losses                                                       | 86               | 74               |
| Unused capital tax losses                                                       | 33               | 102              |
| Net deductible temporary differences                                            | 66               | 69               |
| <b>Total unrecognised deferred tax assets</b>                                   | <b>185</b>       | <b>245</b>       |

Of the unrecognised deferred tax assets of \$185 million, only \$29 million expires between 2025 to 2037. The remainder of the unrecognised deferred tax assets have no expiry date.

## 10. Events Subsequent to Balance Date

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

# 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

#### Accounting Policies

##### Development Properties

Property acquired for development and sale in the ordinary course of business is carried at the lower of cost and Net Realisable Value (NRV).

The cost of development properties includes expenditure incurred in acquiring the property, preparing it for sale and borrowing costs incurred.

The NRV is the estimated selling price, less the estimated costs of completion and selling expenses. Management considers the estimation of both selling prices and costs of completion to be an area of estimation uncertainty, as these estimations take into consideration market conditions affecting each property and the underlying strategy for selling the property.

The recoverable amount of each property is assessed at each balance date and accounting judgement is required to assess whether a provision is raised where cost (including costs to complete) exceeds NRV.

Inventories are expensed as cost of sales in the Income Statement. Management uses accounting judgement in determining the following:

- The apportionment of cost of sales through sales revenue
- The amount of cost of sales, which includes costs incurred to date and final forecast costs
- The nature of the expenditure, which may include acquisition costs, development costs, borrowing costs and those costs incurred in preparing the property for sale.

##### Construction Contract Assets

The gross amount of Construction and Development Work in Progress consists of costs attributable to work performed, including recoverable pre contract and project bidding costs and emerging profit after providing for any foreseeable losses. In applying the accounting policies on providing for these losses, accounting judgement is required.

Construction contract assets are presented as part of inventories for all contracts in which revenue recognised (costs incurred plus recognised profits) exceed progress billings. If progress billings and/or recognised contract losses exceed revenue recognised, then the difference is presented in Trade and other payables as a Construction contract liability.

|                                     | Note | June 2023<br>\$m | June 2022<br>\$m |
|-------------------------------------|------|------------------|------------------|
| <b>Current</b>                      |      |                  |                  |
| Development properties <sup>1</sup> |      | 968              | 792              |
| Construction contract assets        | 21.a | 594              | 664              |
| Other                               |      | -                | 3                |
| <b>Total current</b>                |      | <b>1,562</b>     | <b>1,459</b>     |
| <b>Non Current</b>                  |      |                  |                  |
| Development properties <sup>1</sup> |      | 2,681            | 2,320            |
| <b>Total non current</b>            |      | <b>2,681</b>     | <b>2,320</b>     |
| <b>Total inventories</b>            |      | <b>4,243</b>     | <b>3,779</b>     |

1. The Group has considered the impacts of economic conditions on its recoverability assessment of inventories at 30 June 2023. As part of its semi annual review of development property projects, the Group has considered sales volumes in the short term, production timeframes, and potential increased costs for its projects. The carrying value of the Group's projects has not been materially impacted during the period due to their long dated nature.

## 12. Equity Accounted Investments

### Accounting Policies

#### Equity Accounted Investments (Associates and Joint Ventures)

As outlined in Note 5 '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 Group'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 Group'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 Group has obligations in respect of the associate or joint venture.

Dividends from associates and joint ventures represent a return on the Group'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 Group'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. Other movements in associates' and joint ventures' reserves are recognised directly in the Group's consolidated reserves.

#### 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 segment.

#### Development - Inventory

Investments in this category contain inventory under development and are held at cost. Revenue is recognised once the inventory settles with the customer and is recognised in the Development segment.

#### Service Concession Arrangements (SCAs)

The Group equity accounts its investment in project companies with SCAs through Public Private Partnerships (PPPs). These arrangements provide facilities management and maintenance services with terms generally of 25 to 30 years. They also incorporate contractual obligations to make available the individual assets for their prescribed use and, where necessary, overhaul or replace major items of plant and equipment related to the assets with payment obtained through periodic draw downs from the relevant government authorities.

#### Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement.

Investments in joint operations are accounted for by recognising amounts on a line by line basis in accordance with the accounting standards applicable to the particular assets, liabilities, revenues and expenses in relation to the Group's interest in the joint operation.

|                                           | Note | June 2023<br>\$m | June 2022<br>\$m |
|-------------------------------------------|------|------------------|------------------|
| <b>Associates</b>                         |      |                  |                  |
| Investment in associates                  | 12.a | 713              | 598              |
| Less: Impairment                          | 12.a | -                | -                |
| <b>Total associates</b>                   |      | <b>713</b>       | <b>598</b>       |
| <b>Joint Ventures</b>                     |      |                  |                  |
| Investment in joint ventures              | 12.b | 4,961            | 3,806            |
| Less: Impairment                          | 12.b | (27)             | (25)             |
| <b>Total joint ventures</b>               |      | <b>4,934</b>     | <b>3,781</b>     |
| <b>Total equity accounted investments</b> |      | <b>5,647</b>     | <b>4,379</b>     |

# Notes to Consolidated Financial Statements continued

## Section B. Investment continued

### 12. Equity Accounted Investments continued

|                                                 | INTEREST  |           | SHARE OF PROFIT |           | NET BOOK VALUE |            |
|-------------------------------------------------|-----------|-----------|-----------------|-----------|----------------|------------|
|                                                 | June 2023 | June 2022 | June 2023       | June 2022 | June 2023      | June 2022  |
|                                                 | %         | %         | \$m             | \$m       | \$m            | \$m        |
| <b>12.a. Associates</b>                         |           |           |                 |           |                |            |
| <b>Australia</b>                                |           |           |                 |           |                |            |
| <b>Investments</b>                              |           |           |                 |           |                |            |
| Lendlease Sub Regional Retail Fund <sup>1</sup> | 10.0      | 10.0      | (1)             | 6         | 8              | 25         |
| Lendlease Real Estate Partners 4                | 33.3      | 33.3      | (24)            | 1         | 103            | 34         |
| Other                                           |           |           | (1)             | -         | 4              | 5          |
| <b>Total Australia</b>                          |           |           | <b>(26)</b>     | <b>7</b>  | <b>115</b>     | <b>64</b>  |
| <b>Asia</b>                                     |           |           |                 |           |                |            |
| <b>Investments</b>                              |           |           |                 |           |                |            |
| Lendlease Global Commercial REIT                | 26.9      | 26.2      | 39              | 30        | 552            | 485        |
| Lendlease Asian Retail Investment Fund 1        | 48.7      | 48.7      | -               | -         | 4              | 4          |
| Lendlease Asian Retail Investment Fund 2        | 39.8      | 39.8      | (4)             | 6         | 38             | 41         |
| Lendlease Asian Retail Investment Fund 3        | -         | -         | -               | 8         | -              | -          |
| <b>Total Asia</b>                               |           |           | <b>35</b>       | <b>44</b> | <b>594</b>     | <b>530</b> |
| <b>United States</b>                            |           |           |                 |           |                |            |
| <b>Investments</b>                              |           |           |                 |           |                |            |
| Other                                           |           |           | 2               | 3         | 4              | 4          |
| <b>Total United States</b>                      |           |           | <b>2</b>        | <b>3</b>  | <b>4</b>       | <b>4</b>   |
| <b>Total Group</b>                              |           |           | <b>11</b>       | <b>54</b> | <b>713</b>     | <b>598</b> |
| Less: Impairment                                |           |           | -               | -         | -              | -          |
| <b>Total associates</b>                         |           |           | <b>11</b>       | <b>54</b> | <b>713</b>     | <b>598</b> |

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.

|                                          | INTEREST  |           | SHARE OF PROFIT |           | NET BOOK VALUE |              |
|------------------------------------------|-----------|-----------|-----------------|-----------|----------------|--------------|
|                                          | June 2023 | June 2022 | June 2023       | June 2022 | June 2023      | June 2022    |
|                                          | %         | %         | \$m             | \$m       | \$m            | \$m          |
| <b>12.b. Joint Ventures</b>              |           |           |                 |           |                |              |
| <b>Australia</b>                         |           |           |                 |           |                |              |
| <b>Investments</b>                       |           |           |                 |           |                |              |
| Lendlease Retirement Living Trust        | 25.1      | 25.1      | 26              | 63        | 544            | 526          |
| Lendlease DTC Industrial Trust           | -         | 50.0      | 3               | (6)       | -              | 161          |
| Other                                    |           |           | (1)             | -         | 2              | -            |
| <b>Development</b>                       |           |           |                 |           |                |              |
| <i>Development - Investment Property</i> |           |           |                 |           |                |              |
| Circular Quay Tower                      | -         | -         | -               | 31        | -              | -            |
| Victoria Cross                           | 75.0      | 75.0      | (5)             | -         | 187            | 153          |
| <i>Development - Inventory</i>           |           |           |                 |           |                |              |
| Melbourne Quarter R1                     | 50.0      | 50.0      | 2               | 1         | 2              | 35           |
| North East Link                          | 20.0      | 20.0      | 2               | (1)       | 155            | 153          |
| Frankston Hospital                       | 50.0      | 50.0      | -               | -         | 90             | 88           |
| One Sydney Harbour R1 Trust              | 75.0      | 75.0      | -               | 1         | 396            | 240          |
| One Sydney Harbour R2 Trust              | 75.0      | 75.0      | -               | -         | 413            | 205          |
| One Circular Quay <sup>1</sup>           | 33.3      | -         | 12              | -         | 166            | -            |
| <i>Other Development</i>                 |           |           | 1               | 2         | 21             | 15           |
| <b>Total Australia</b>                   |           |           | <b>40</b>       | <b>91</b> | <b>1,976</b>   | <b>1,576</b> |

|                                                                         | INTEREST  |           | SHARE OF PROFIT |            | NET BOOK VALUE |              |
|-------------------------------------------------------------------------|-----------|-----------|-----------------|------------|----------------|--------------|
|                                                                         | June 2023 | June 2022 | June 2023       | June 2022  | June 2023      | June 2022    |
| 12.b. Joint Ventures                                                    | %         | %         | \$m             | \$m        | \$m            | \$m          |
| <b>Asia</b>                                                             |           |           |                 |            |                |              |
| <b>Investments</b>                                                      |           |           |                 |            |                |              |
| CDR JV Limited                                                          | 25.0      | 25.0      | -               | -          | 3              | 3            |
| Paya Lebar Quarter                                                      | 30.0      | 30.0      | (9)             | 9          | 391            | 392          |
| <b>Development</b>                                                      |           |           |                 |            |                |              |
| <i>Development - Investment Property</i>                                |           |           |                 |            |                |              |
| Certis and Lendlease Property Trust                                     | 49.0      | 49.0      | -               | -          | 54             | 49           |
| The Exchange TRX <sup>1</sup>                                           | 60.0      | 60.0      | 40              | -          | 685            | 501          |
| Lendlease Data Centre Partners                                          | 20.0      | 20.0      | (1)             | -          | 22             | -            |
| Lendlease Life Science and Innovation Partners                          | 15.0      | 15.0      | 2               | -          | 23             | 18           |
| <b>Total Asia</b>                                                       |           |           | <b>32</b>       | <b>9</b>   | <b>1,178</b>   | <b>963</b>   |
| <b>Europe</b>                                                           |           |           |                 |            |                |              |
| <b>Investments</b>                                                      |           |           |                 |            |                |              |
| LRIP LP                                                                 | 20.0      | 20.0      | 1               | 9          | 185            | 173          |
| MSG South <sup>2</sup>                                                  | 50.0      | 50.0      | (7)             | 15         | 139            | 103          |
| 21 Moorfields                                                           | 25.0      | -         | (12)            | -          | 170            | -            |
| LRIP 2 LP <sup>3</sup>                                                  | 50.0      | 50.0      | 2               | 4          | 138            | 78           |
| Other                                                                   |           |           | -               | -          | 15             | 14           |
| <b>Development</b>                                                      |           |           |                 |            |                |              |
| <i>Development - Investment Property</i>                                |           |           |                 |            |                |              |
| IQL Office LP                                                           | 50.0      | 50.0      | -               | -          | 142            | 106          |
| Milano Innovation District                                              | 50.0      | 50.0      | (1)             | (1)        | 112            | 72           |
| Stratford City Business District Limited (International Quarter London) | 50.0      | 50.0      | (2)             | (4)        | 10             | 14           |
| MSG North                                                               | 8.9       | -         | -               | -          | 92             | -            |
| <i>Development - Inventory</i>                                          |           |           |                 |            |                |              |
| Victoria Drive Wandsworth                                               | 50.0      | 50.0      | (3)             | (3)        | 19             | 25           |
| <i>Other Development</i>                                                |           |           | -               | (1)        | 8              | 8            |
| <b>Total Europe</b>                                                     |           |           | <b>(22)</b>     | <b>19</b>  | <b>1,030</b>   | <b>593</b>   |
| <b>United States</b>                                                    |           |           |                 |            |                |              |
| <b>Investments</b>                                                      |           |           |                 |            |                |              |
| 845 Madison                                                             | 37.5      | 37.5      | (14)            | 7          | 80             | 91           |
| Americas Residential Partnership                                        |           |           |                 |            |                |              |
| Clippership Wharf Multifamily Holdings                                  | 50.1      | 50.1      | (16)            | 4          | 75             | 89           |
| 720 S Wells Holdings                                                    | 50.1      | 50.1      | (22)            | -          | 67             | 88           |
| 445 East Waterside <sup>4</sup>                                         | 42.5      | 42.5      | (5)             | 7          | 89             | 93           |
| DoD Asset Management Holdings                                           | 25.0      | 50.0      | 10              | 2          | 8              | 4            |
| Other                                                                   |           |           | -               | -          | 7              | 4            |
| <b>Development</b>                                                      |           |           |                 |            |                |              |
| <i>Development - Investment Property</i>                                |           |           |                 |            |                |              |
| 60 Guest Street                                                         | 25.0      | 25.0      | -               | -          | 63             | 27           |
| Americas Residential Partnership                                        |           |           |                 |            |                |              |
| 211 North Harbor Drive Venture                                          | 42.5      | 42.5      | -               | 5          | 117            | 107          |
| SB Polk Street                                                          | 50.1      | 50.1      | 8               | -          | 81             | 39           |
| 1 Java Holdings                                                         | 25.0      | 25.0      | -               | -          | 58             | 40           |
| La Cienega                                                              | 50.0      | 50.0      | (1)             | 2          | 72             | 35           |
| <i>Development - Inventory</i>                                          |           |           |                 |            |                |              |
| 277 Fifth Avenue                                                        | 40.0      | 40.0      | -               | (25)       | 17             | 14           |
| <i>Other Development</i>                                                |           |           | -               | -          | 38             | 38           |
| <b>Construction</b>                                                     |           |           |                 |            |                |              |
| Lendlease Turner Joint Venture                                          | 50.0      | 50.0      | 7               | 6          | 5              | 5            |
| <b>Total United States</b>                                              |           |           | <b>(33)</b>     | <b>8</b>   | <b>777</b>     | <b>674</b>   |
| <b>Total Group</b>                                                      |           |           | <b>17</b>       | <b>127</b> | <b>4,961</b>   | <b>3,806</b> |
| <i>Less: Impairment</i>                                                 |           |           | -               | -          | (27)           | (25)         |
| <b>Total joint ventures</b>                                             |           |           | <b>17</b>       | <b>127</b> | <b>4,934</b>   | <b>3,781</b> |
| <b>Total associates</b>                                                 |           |           | <b>11</b>       | <b>54</b>  | <b>713</b>     | <b>598</b>   |
| <b>Total equity accounted investments</b>                               |           |           | <b>28</b>       | <b>181</b> | <b>5,647</b>   | <b>4,379</b> |

1. Investment includes both investment property and residential inventory.

2. During the period, MSG South was transferred from Development segment to the Investments segment subsequent to project completion.

3. During the period, LRIP 2 LP was transferred from Development segment to the Investments segment subsequent to project completion.

4. During the period, 445 East Waterside was transferred from Development segment to the Investments segment subsequent to project completion.

# 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

The table below provides summarised financial information for those associates and joint ventures that are material to the Group. Material associates and joint ventures have been determined by comparing individual investment net book value with the total equity accounted investment carrying value and share of profit, along with consideration of relevant qualitative factors. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and associates and, where indicated, the Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and differences in accounting policies. The nature and principal activities of the material associates and joint ventures is investment in property assets.

|                                                   | LENLEASE GLOBAL<br>COMMERCIAL REIT |            | LENLEASE<br>RETIREMENT<br>LIVING TRUST |            | PAYA<br>LEBAR QUARTER |           | THE EXCHANGE<br>TRX |           |
|---------------------------------------------------|------------------------------------|------------|----------------------------------------|------------|-----------------------|-----------|---------------------|-----------|
|                                                   | June 2023                          | June 2022  | June 2023                              | June 2022  | June 2023             | June 2022 | June 2023           | June 2022 |
| Income Statement <sup>1</sup>                     | \$m                                | \$m        | \$m                                    | \$m        | \$m                   | \$m       | \$m                 | \$m       |
| Revenue and other income                          | 233                                | 173        | 301                                    | 240        | 154                   | 193       | 147                 | 56        |
| Cost of sales                                     | (56)                               | (27)       | (53)                                   | (45)       | (33)                  | (41)      | (150)               | (45)      |
| Other expenses                                    | (26)                               | (15)       | (86)                                   | (68)       | (23)                  | (18)      | (4)                 | (4)       |
| Unrealised fair value gains/(losses)              | 45                                 | 52         | (29)                                   | 54         | 4                     | 11        | 18                  | 45        |
| Finance costs                                     | (56)                               | (16)       | (30)                                   | (21)       | (64)                  | (55)      | -                   | (3)       |
| Income tax (benefit)/expense                      | -                                  | -          | (1)                                    | (1)        | (2)                   | (1)       | 3                   | 9         |
| Other                                             | (12)                               | -          | -                                      | -          | -                     | -         | -                   | -         |
| <b>Profit/(loss) for the financial year</b>       | <b>128</b>                         | <b>167</b> | <b>102</b>                             | <b>159</b> | <b>36</b>             | <b>89</b> | <b>14</b>           | <b>58</b> |
| Other comprehensive (expense)/income              | (4)                                | (41)       | (3)                                    | 34         | -                     | -         | (3)                 | 10        |
| <b>Total comprehensive income</b>                 | <b>124</b>                         | <b>126</b> | <b>99</b>                              | <b>193</b> | <b>36</b>             | <b>89</b> | <b>11</b>           | <b>68</b> |
| Group's ownership interest                        | 26.9%                              | 26.2%      | 25.1%                                  | 25.1%      | 30.0%                 | 30.0%     | 60.0%               | 60.0%     |
| <b>Group's total share of:</b>                    |                                    |            |                                        |            |                       |           |                     |           |
| <b>Profit/(loss) for the financial year</b>       | <b>34</b>                          | <b>44</b>  | <b>26</b>                              | <b>63</b>  | <b>11</b>             | <b>27</b> | <b>8</b>            | <b>35</b> |
| Other adjustments                                 | 5                                  | (14)       | -                                      | -          | (20)                  | (18)      | 32                  | (35)      |
| <b>Total profit/(loss) for the financial year</b> | <b>39</b>                          | <b>30</b>  | <b>26</b>                              | <b>63</b>  | <b>(9)</b>            | <b>9</b>  | <b>40</b>           | <b>-</b>  |
| Other comprehensive income/(expenses)             | 29                                 | 11         | (1)                                    | 11         | 40                    | 23        | (3)                 | 18        |
| <b>Total comprehensive income/(expenses)</b>      | <b>68</b>                          | <b>41</b>  | <b>25</b>                              | <b>74</b>  | <b>31</b>             | <b>32</b> | <b>37</b>           | <b>18</b> |

1. The underlying investments in the material associate and joint ventures are office, retail and retirement living investment properties measured at fair value. At 30 June 2023, 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, which have been valued at 30 June 2023.

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

|                                                                                                                                           | ASSOCIATES  |           | JOINT VENTURES |            |
|-------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------|----------------|------------|
|                                                                                                                                           | June 2023   | June 2022 | June 2023      | June 2022  |
| Income Statement                                                                                                                          | \$m         | \$m       | \$m            | \$m        |
| <b>Aggregate amounts of the Group's share of:</b>                                                                                         |             |           |                |            |
| (Loss)/profit from continuing operations                                                                                                  | (28)        | 24        | (40)           | 55         |
| Other comprehensive income/(expense)                                                                                                      | 1           | 6         | 100            | 145        |
| <b>Aggregate amounts of Group's share of total comprehensive income/(expense) of individually immaterial equity accounted investments</b> | <b>(27)</b> | <b>30</b> | <b>60</b>      | <b>200</b> |

|                                                          | LENLEASE GLOBAL<br>COMMERCIAL REIT |              | LENLEASE<br>RETIREMENT<br>LIVING TRUST <sup>1</sup> |              | PAYA<br>LEBAR QUARTER |              | THE EXCHANGE<br>TRX |              |
|----------------------------------------------------------|------------------------------------|--------------|-----------------------------------------------------|--------------|-----------------------|--------------|---------------------|--------------|
|                                                          | June 2023                          | June 2022    | June 2023                                           | June 2022    | June 2023             | June 2022    | June 2023           | June 2022    |
| Statement of Financial Position                          | \$m                                | \$m          | \$m                                                 | \$m          | \$m                   | \$m          | \$m                 | \$m          |
| <b>Current assets</b>                                    |                                    |              |                                                     |              |                       |              |                     |              |
| Cash and cash equivalents                                | 57                                 | 48           | 24                                                  | 41           | 158                   | 122          | 87                  | 63           |
| Other current assets                                     | 18                                 | 23           | 86                                                  | 59           | 8                     | 93           | 19                  | 45           |
| <b>Total current assets</b>                              | <b>75</b>                          | <b>71</b>    | <b>110</b>                                          | <b>100</b>   | <b>166</b>            | <b>215</b>   | <b>106</b>          | <b>108</b>   |
| <b>Non current assets</b>                                |                                    |              |                                                     |              |                       |              |                     |              |
| Investment properties                                    | 4,047                              | 3,754        | 8,310                                               | 7,826        | 3,338                 | 3,129        | 1,840               | 1,522        |
| Equity accounted investments                             | 9                                  | 16           | -                                                   | -            | -                     | -            | -                   | -            |
| Other non current assets                                 | 105                                | 19           | 51                                                  | 38           | 23                    | 3            | 27                  | 20           |
| <b>Total non current assets</b>                          | <b>4,161</b>                       | <b>3,789</b> | <b>8,361</b>                                        | <b>7,864</b> | <b>3,361</b>          | <b>3,132</b> | <b>1,867</b>        | <b>1,542</b> |
| <b>Current liabilities</b>                               |                                    |              |                                                     |              |                       |              |                     |              |
| Resident liabilities                                     | -                                  | -            | 5,349                                               | 5,054        | -                     | -            | -                   | -            |
| Financial liabilities (excluding trade payables)         | 472                                | 312          | 2                                                   | -            | -                     | -            | 28                  | 113          |
| Other current liabilities                                | 60                                 | 44           | 105                                                 | 78           | 77                    | 43           | 94                  | 49           |
| <b>Total current liabilities</b>                         | <b>532</b>                         | <b>356</b>   | <b>5,456</b>                                        | <b>5,132</b> | <b>77</b>             | <b>43</b>    | <b>122</b>          | <b>162</b>   |
| <b>Non current liabilities</b>                           |                                    |              |                                                     |              |                       |              |                     |              |
| Financial liabilities (excluding trade payables)         | 1,200                              | 1,200        | 888                                                 | 777          | 1,938                 | 1,813        | 654                 | 532          |
| Other non current liabilities                            | 29                                 | 19           | -                                                   | -            | 27                    | 33           | -                   | -            |
| <b>Total non current liabilities</b>                     | <b>1,229</b>                       | <b>1,219</b> | <b>888</b>                                          | <b>777</b>   | <b>1,965</b>          | <b>1,846</b> | <b>654</b>          | <b>532</b>   |
| <b>Net assets</b>                                        | <b>2,475</b>                       | <b>2,285</b> | <b>2,127</b>                                        | <b>2,055</b> | <b>1,485</b>          | <b>1,458</b> | <b>1,197</b>        | <b>956</b>   |
| <b>Reconciliation to Carrying Amounts</b>                |                                    |              |                                                     |              |                       |              |                     |              |
| Opening net assets 1 July                                | 2,285                              | 1,144        | 2,055                                               | 1,882        | 1,458                 | 1,292        | 956                 | 658          |
| Total comprehensive income/(loss) for the financial year | 124                                | 126          | 99                                                  | 193          | 36                    | 89           | 11                  | 68           |
| Acquisition/(capital reduction)                          | 40                                 | 1,003        | -                                                   | -            | (105)                 | 6            | 263                 | 172          |
| Distributions                                            | (91)                               | (74)         | (27)                                                | (20)         | -                     | -            | -                   | -            |
| Foreign currency translation for the financial year      | 117                                | 86           | -                                                   | -            | 96                    | 71           | (33)                | 58           |
| <b>Closing net assets</b>                                | <b>2,475</b>                       | <b>2,285</b> | <b>2,127</b>                                        | <b>2,055</b> | <b>1,485</b>          | <b>1,458</b> | <b>1,197</b>        | <b>956</b>   |
| % ownership                                              | 26.9%                              | 26.2%        | 25.1%                                               | 25.1%        | 30.0%                 | 30.0%        | 60.0%               | 60.0%        |
| <b>Group's share of net assets</b>                       | <b>665</b>                         | <b>599</b>   | <b>534</b>                                          | <b>516</b>   | <b>446</b>            | <b>437</b>   | <b>718</b>          | <b>574</b>   |
| Other adjustments                                        | (113)                              | (114)        | (3)                                                 | (3)          | (55)                  | (45)         | (33)                | (73)         |
| <b>Carrying amount at end of the financial year</b>      | <b>552</b>                         | <b>485</b>   | <b>531</b>                                          | <b>513</b>   | <b>391</b>            | <b>392</b>   | <b>685</b>          | <b>501</b>   |

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

Material joint ventures had \$135 million (June 2022: \$154 million) in capital expenditure commitments.

# Notes to Consolidated Financial Statements continued

## Section B. Investment continued

### 12. Equity Accounted Investments continued

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

|                                                                                  | ASSOCIATES |           | JOINT VENTURES |           |
|----------------------------------------------------------------------------------|------------|-----------|----------------|-----------|
|                                                                                  | June 2023  | June 2022 | June 2023      | June 2022 |
| Statement of Financial Position                                                  | \$m        | \$m       | \$m            | \$m       |
| Aggregate carrying value of individually immaterial equity accounted investments | 161        | 113       | 3,341          | 2,387     |

### 13. Other Financial Assets

#### Accounting Policies

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

Financial Assets at amortised cost are presented within Note 21 'Loans and Receivables'.

|                                                                              | Fair Value Level <sup>1</sup> | June 2023 \$m | June 2022 \$m |
|------------------------------------------------------------------------------|-------------------------------|---------------|---------------|
| <b>Current Measured at Fair Value</b>                                        |                               |               |               |
| <b>Fair Value Through Profit or Loss - Designated at Initial Recognition</b> |                               |               |               |
| Derivatives                                                                  | Level 2                       | 32            | 24            |
| <b>Total current</b>                                                         |                               | <b>32</b>     | <b>24</b>     |
| <b>Non Current Measured at Fair Value</b>                                    |                               |               |               |
| <b>Fair Value Through Profit or Loss - Designated at Initial Recognition</b> |                               |               |               |
| Lendlease International Towers Sydney Trust                                  | Level 3                       | 155           | 174           |
| Lendlease One International Towers Sydney Trust                              | Level 3                       | 56            | 62            |
| Australian Prime Property Fund - Industrial                                  | Level 3                       | 276           | 136           |
| Australian Prime Property Fund - Commercial                                  | Level 3                       | 380           | 412           |
| Australian Prime Property Fund - Retail                                      | Level 3                       | 57            | 59            |
| Military Housing Projects Initiative                                         | Level 3                       | 167           | 216           |
| Parkway Parade Partnership Limited                                           | Level 3                       | 2             | 68            |
| Other investments                                                            | Level 3                       | 31            | 22            |
| Derivatives                                                                  | Level 2                       | 16            | 32            |
| <b>Total non current</b>                                                     |                               | <b>1,140</b>  | <b>1,181</b>  |
| <b>Total other financial assets</b>                                          |                               | <b>1,172</b>  | <b>1,205</b>  |

1. Refer to Note 26 'Fair Value Measurement' for details 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:

|                                                   | June 2023 \$m | June 2022 \$m |
|---------------------------------------------------|---------------|---------------|
| Carrying amount at beginning of financial year    | 1,149         | 1,070         |
| Acquisition/(Disposals)                           | 17            | (7)           |
| Net gains/(losses) recognised in Income Statement | (76)          | 65            |
| Other movements                                   | 34            | 21            |
| <b>Carrying amount at end of financial year</b>   | <b>1,124</b>  | <b>1,149</b>  |

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

## Section C. Liquidity and Working Capital

The ability of the Group to fund the continued investment in the development 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. Cash and Cash Equivalents

#### Accounting Policies

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

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

|                                        | June 2023  | June 2022    |
|----------------------------------------|------------|--------------|
|                                        | \$m        | \$m          |
| Cash                                   | 856        | 1,128        |
| Short term investments <sup>1</sup>    | 44         | 169          |
| <b>Total cash and cash equivalents</b> | <b>900</b> | <b>1,297</b> |

1. Short term investments earned variable rates of interest which averaged 2.9 per cent per annum during the financial year (30 June 2022: 0.5 per cent).

# Notes to Consolidated Financial Statements continued

## Section C. Liquidity and Working Capital continued

### 15. Notes to Statement of Cash Flows

|                                                                                                                                                          | June 2023<br>\$m | June 2022<br>\$m |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Reconciliation of (Loss) after Tax to Net Cash Used in Operating Activities</b>                                                                       |                  |                  |
| Loss after tax (including external non controlling interests)                                                                                            | (232)            | (99)             |
| Amortisation and depreciation                                                                                                                            | 143              | 163              |
| Net gain on sale of investments, plant and equipment                                                                                                     | (232)            | (280)            |
| Impairment/(reversal) of equity accounted investments                                                                                                    | 2                | (15)             |
| Impairment of inventories                                                                                                                                | -                | 294              |
| Impairment of loan and receivables                                                                                                                       | 20               | 2                |
| Impairment of intangible assets                                                                                                                          | -                | 83               |
| Tenancy impairments                                                                                                                                      | -                | 129              |
| Net unrealised foreign exchange loss and currency hedging costs                                                                                          | 4                | 31               |
| Net fair value loss/(gain) on investments                                                                                                                | 76               | (65)             |
| Share of profit of equity accounted investments                                                                                                          | (28)             | (181)            |
| Dividends/distributions from equity accounted investments                                                                                                | 126              | 68               |
| Fair value gain on investment properties                                                                                                                 | (13)             | (4)              |
| Gain on repurchase of commercial notes                                                                                                                   | (63)             | -                |
| Other                                                                                                                                                    | (24)             | (58)             |
| <b>Net cash (used in)/provided by operating activities before changes in assets and liabilities</b>                                                      | <b>(221)</b>     | <b>68</b>        |
| <b>Changes in Assets and Liabilities Adjusted for Effects of Purchase and Disposal of Consolidated Entities and Operations During the Financial Year</b> |                  |                  |
| Decrease in receivables                                                                                                                                  | 199              | 11               |
| Increase in inventories                                                                                                                                  | (342)            | (426)            |
| Decrease in other assets                                                                                                                                 | 7                | 17               |
| Decrease/(increase) in net defined benefit plans/assets                                                                                                  | 12               | (54)             |
| Increase/(decrease) in payables                                                                                                                          | 118              | (514)            |
| Decrease in operating derivatives assets/liabilities                                                                                                     | 18               | 53               |
| Increase in deferred tax items                                                                                                                           | (343)            | (203)            |
| (Increase)/decrease in current tax                                                                                                                       | (42)             | 58               |
| Increase in other provisions                                                                                                                             | 108              | 155              |
| <b>Net cash (used in) operating activities<sup>1</sup></b>                                                                                               | <b>(486)</b>     | <b>(835)</b>     |

1. Prior year balances include cash flows relating to both continuing and discontinued operations.

### 16. 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.

|                                                      | June 2023<br>\$m | June 2022<br>\$m |
|------------------------------------------------------|------------------|------------------|
| <b>16.a. Borrowings – Measured at Amortised Cost</b> |                  |                  |
| <b>Current</b>                                       |                  |                  |
| Bank credit facilities                               | 19               | -                |
| <b>Total current</b>                                 | <b>19</b>        | <b>-</b>         |
| <b>Non Current</b>                                   |                  |                  |
| Commercial notes                                     | 1,928            | 2,082            |
| Bank credit facilities                               | 1,334            | 275              |
| <b>Total non current</b>                             | <b>3,262</b>     | <b>2,357</b>     |
| <b>Total borrowings</b>                              | <b>3,281</b>     | <b>2,357</b>     |

The Group has net debt of \$2,381 million (30 June 2022: \$1,060 million) and is 14.8 per cent (30 June 2022: 7.3 per cent) geared at the balance sheet date. The Group's gearing is calculated as net debt to total tangible assets, less cash.

|                                                        | June 2023<br>\$m | June 2022<br>\$m |
|--------------------------------------------------------|------------------|------------------|
| <b>16.b. Finance Facilities</b>                        |                  |                  |
| The Group has access to the following lines of credit: |                  |                  |
| <b>Commercial Notes</b>                                |                  |                  |
| Facility available                                     | 1,928            | 2,082            |
| Amount of facility used                                | (1,928)          | (2,082)          |
| <b>Amount of facility unused</b>                       | <b>-</b>         | <b>-</b>         |
| <b>Bank Credit Facilities</b>                          |                  |                  |
| Facility available                                     | 2,910            | 2,798            |
| Amount of facility used                                | (1,353)          | (275)            |
| <b>Amount of facility unused</b>                       | <b>1,557</b>     | <b>2,523</b>     |
| <b>Bank Overdrafts</b>                                 |                  |                  |
| Facility available and amount unused                   | 124              | 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
- £125 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, maturing in October 2027 was drawn to \$192 million as at 30 June 2023
- US\$300 million sustainability linked loan, maturing in July 2025 was drawn to \$172 million as at 30 June 2023
- CNY928 million bank facility, maturing in January 2025 was drawn to \$189 million as at 30 June 2023
- S\$300 million sustainability linked loan, maturing in February 2025 was drawn to \$133 million as at 30 June 2023
- \$800 million sustainability linked loan, with Tranche A \$400 million maturing in November 2025, was drawn to \$300 million as at 30 June 2023 and Tranche B \$400 million maturing in November 2026 was drawn to \$20 million as at 30 June 2023
- €200 million sustainability linked loan, maturing in July 2027 was drawn to \$328 million as at 30 June 2023.

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.

# Notes to Consolidated Financial Statements continued

## Section C. Liquidity and Working Capital continued

### 16. Borrowings and Financing Arrangements continued

|                            | INTEREST EXPOSURE |                 |              | CURRENCY   |             |          |          |            |            |              |
|----------------------------|-------------------|-----------------|--------------|------------|-------------|----------|----------|------------|------------|--------------|
|                            | Fixed<br>\$m      | Floating<br>\$m | Total<br>\$m | A\$<br>\$m | US\$<br>\$m | £<br>\$m | €<br>\$m | CNY<br>\$m | S\$<br>\$m | Total<br>\$m |
| June 2023                  |                   |                 |              |            |             |          |          |            |            |              |
| Within one year            | 19                | -               | 19           | -          | -           | 19       | -        | -          | -          | 19           |
| Between one and five years | 1,542             | 1,145           | 2,687        | 745        | 767         | 192      | 328      | 189        | 466        | 2,687        |
| More than five years       | 575               | -               | 575          | 337        | -           | 238      | -        | -          | -          | 575          |
| Total                      | 2,136             | 1,145           | 3,281        | 1,082      | 767         | 449      | 328      | 189        | 466        | 3,281        |
| June 2022                  |                   |                 |              |            |             |          |          |            |            |              |
| Within one year            | -                 | -               | -            | -          | -           | -        | -        | -          | -          | -            |
| Between one and five years | 1,097             | 63              | 1,160        | -          | 580         | 17       | -        | 188        | 375        | 1,160        |
| More than five years       | 1,190             | 7               | 1,197        | 756        | -           | 441      | -        | -          | -          | 1,197        |
| Total                      | 2,287             | 70              | 2,357        | 756        | 580         | 458      | -        | 188        | 375        | 2,357        |

|                                                                | Note        | June 2023<br>\$m | June 2022<br>\$m |
|----------------------------------------------------------------|-------------|------------------|------------------|
| <b>16.c. Movement in Borrowings and Financing Arrangements</b> |             |                  |                  |
| Balance at beginning of financial year                         | 16.a        | 2,357            | 2,357            |
| Net proceeds from borrowings                                   |             | 902              | 70               |
| Effect of foreign exchange rate movements                      |             | 80               | 24               |
| Other movements                                                |             | (58)             | (94)             |
| <b>Balance at end of financial year</b>                        | <b>16.a</b> | <b>3,281</b>     | <b>2,357</b>     |

### 17. Issued Capital

#### Accounting Policies

#### Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are typically classified as treasury shares and are recognised as a deduction from equity.

|                                                                                  | LENLEASE CORPORATION LIMITED |              |                         |              | LENLEASE TRUST      |              |                     |              |
|----------------------------------------------------------------------------------|------------------------------|--------------|-------------------------|--------------|---------------------|--------------|---------------------|--------------|
|                                                                                  | June 2023                    |              | June 2022               |              | June 2023           |              | June 2022           |              |
|                                                                                  | No. of<br>Shares<br>(m)      | \$m          | No. of<br>Shares<br>(m) | \$m          | No. of Units<br>(m) | \$m          | No. of Units<br>(m) | \$m          |
| Issued capital at beginning of financial year, net of prior period share buyback | 689                          | 1,891        | 689                     | 1,888        | 689                 | 1,538        | 689                 | 1,537        |
| Distribution Reinvestment Plan (DRP)                                             | -                            | 3            | -                       | 3            | -                   | 1            | -                   | 1            |
| <b>Issued capital at end of financial period</b>                                 | <b>689</b>                   | <b>1,894</b> | <b>689</b>              | <b>1,891</b> | <b>689</b>          | <b>1,539</b> | <b>689</b>          | <b>1,538</b> |

#### 17.a. Issuance of Securities

As at 30 June 2023, the Group had 689 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.

### 17.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 22 August 2023. 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 22 August 2023, for determining entitlements to distribution. If that price is less than 50 cents, the issue price will be 50 cents. Stapled securities issued under the DRP rank equally with all other stapled securities on issue.

### 17.c. Terms and Conditions

Issued capital for Lendlease Corporation Limited comprises 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.

## 18. Capital Management

The Group assesses capital management as part of its broader strategic plan. The Group focuses on interrelated financial parameters, including Return on Equity, earnings growth and borrowing capacity. The Group also monitors its gearing ratio, leverage ratio, interest coverage ratio and weighted average cost of debt and maturity profile. These are all taken into account when the Group makes decisions on how to invest its capital and evaluate its existing investments.

The Group's capital includes total equity, borrowings and other interest bearing liabilities. When investing capital, the Group's objective is to deliver strong total securityholder returns and to maintain an investment grade credit rating by maintaining an appropriate financial profile. The Moody's/Fitch long term credit ratings at 30 June 2023 are Baa3/BBB- respectively (June 2022: Baa3/BBB-).

The capital structure of the Group can be changed by equity issuance, paying distributions to securityholders, the Distribution Reinvestment Plan and changing the level of debt. For further information on how the Group allocates and manages capital, refer to details of the Portfolio Management Framework in the Managing and Measuring Value - Financial section and Performance and Outlook section of this Annual Report.

## 19. Liquidity Risk Exposure

Further information on liquidity risk is disclosed in Note 24 'Financial Risk Management'. As disclosed in Note 27 'Contingent Liabilities', in certain circumstances, the Company guarantees the performance of particular Group entities in respect of their obligations including bonding and bank guarantees. Issued bank guarantees have cash collateralisation requirements if the bank guarantee facility is not renewed by the provider.

At 30 June 2023, the Group does not anticipate a significant liquidity risk in relation to the following financial liabilities. This is due to the Group's strong financial profile, as supported by the significant committed undrawn facilities and low gearing ratio. Refer to Note 14 'Cash and Cash Equivalents' and Note 16 'Borrowings and Financing Arrangements'.

The Group has provided collateral of \$nil (June 2022: \$nil) against letter of credit facilities.

# Notes to Consolidated Financial Statements continued

## Section C. Liquidity and Working Capital continued

### 19. Liquidity Risk Exposure continued

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

|                                             | Note | Carrying Amount<br>\$m | Contractual Cash Flows<br>\$m | Less Than One Year<br>\$m | One to Two Years<br>\$m | Two to Five Years<br>\$m | More Than Five Years<br>\$m |
|---------------------------------------------|------|------------------------|-------------------------------|---------------------------|-------------------------|--------------------------|-----------------------------|
| <b>June 2023</b>                            |      |                        |                               |                           |                         |                          |                             |
| <b>Non Derivative Financial Liabilities</b> |      |                        |                               |                           |                         |                          |                             |
| Trade and other payables <sup>1</sup>       | 22   | 4,996                  | 5,502                         | 3,572                     | 801                     | 1,103                    | 26                          |
| Lease liabilities                           | 22   | 384                    | 425                           | 89                        | 93                      | 220                      | 23                          |
| Borrowings and financing arrangements       | 16.a | 3,281                  | 3,746                         | 135                       | 314                     | 2,174                    | 1,123                       |
| <b>Total</b>                                |      | <b>8,661</b>           | <b>9,673</b>                  | <b>3,796</b>              | <b>1,208</b>            | <b>3,497</b>             | <b>1,172</b>                |
| <b>Derivative Financial Liabilities</b>     |      |                        |                               |                           |                         |                          |                             |
| (Outflow)                                   |      | -                      | (2,041)                       | (1,940)                   | (24)                    | (58)                     | (19)                        |
| Inflow                                      |      | 140                    | 2,181                         | 1,993                     | 48                      | 109                      | 31                          |
| <b>Total</b>                                |      | <b>140</b>             | <b>140</b>                    | <b>53</b>                 | <b>24</b>               | <b>51</b>                | <b>12</b>                   |
| <b>June 2022</b>                            |      |                        |                               |                           |                         |                          |                             |
| <b>Non Derivative Financial Liabilities</b> |      |                        |                               |                           |                         |                          |                             |
| Trade and other payables <sup>1</sup>       | 22   | 5,101                  | 5,117                         | 3,549                     | 914                     | 637                      | 17                          |
| Lease liabilities                           | 22   | 408                    | 450                           | 86                        | 92                      | 204                      | 68                          |
| Borrowings and financing arrangements       | 16.a | 2,357                  | 2,878                         | 140                       | 197                     | 913                      | 1,628                       |
| <b>Total</b>                                |      | <b>7,866</b>           | <b>8,445</b>                  | <b>3,775</b>              | <b>1,203</b>            | <b>1,754</b>             | <b>1,713</b>                |
| <b>Derivative Financial Liabilities</b>     |      |                        |                               |                           |                         |                          |                             |
| (Outflow)                                   |      | -                      | (1,286)                       | (1,163)                   | (24)                    | (67)                     | (32)                        |
| Inflow                                      |      | 130                    | 1,415                         | 1,190                     | 45                      | 124                      | 56                          |
| <b>Total</b>                                |      | <b>130</b>             | <b>129</b>                    | <b>27</b>                 | <b>21</b>               | <b>57</b>                | <b>24</b>                   |

Trade and other payables are presented excluding lease liabilities. The carrying amount of trade and other payables excludes \$971 million of current and \$628 million of non current amounts (June 2022: \$958 million of current and \$78 million of non current) in relation to items where there is no future cash outflow or liquidity risk.

Other contractually committed cash flows the Group is exposed to are detailed in Note 20 'Commitments'.

### 20. Commitments

|                                                                                                                                                                                                         | June 2023<br>\$m | June 2022<br>\$m |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>20.a. Capital Expenditure</b>                                                                                                                                                                        |                  |                  |
| At balance date, capital expenditure commitments agreed or contracted but not provided for in the financial statements are as follows:                                                                  |                  |                  |
| Due within one year                                                                                                                                                                                     | -                | -                |
| Due between one and five years                                                                                                                                                                          | -                | -                |
| Due later than five years                                                                                                                                                                               | -                | -                |
| <b>Total</b>                                                                                                                                                                                            | <b>-</b>         | <b>-</b>         |
| <b>20.b. Investments</b>                                                                                                                                                                                |                  |                  |
| At balance date, capital commitments existing in respect of interests in equity accounted investments and other investments contracted but not provided for in the financial statements are as follows: |                  |                  |
| Due within one year                                                                                                                                                                                     | 1,853            | 1,131            |
| Due between one and five years                                                                                                                                                                          | 1,381            | 1,222            |
| Due later than five years                                                                                                                                                                               | 16               | 8                |
| <b>Total</b>                                                                                                                                                                                            | <b>3,250</b>     | <b>2,361</b>     |

|                                                                                                                                                                                                              | June 2023  | June 2022  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
|                                                                                                                                                                                                              | \$m        | \$m        |
| <b>20.c. Investment Properties</b>                                                                                                                                                                           |            |            |
| At balance date, capital commitments existing in respect of the purchase, construction or development of investment properties, contracted but not provided for in the financial statements, are as follows: |            |            |
| Due within one year                                                                                                                                                                                          | 108        | 76         |
| Due between one and five years                                                                                                                                                                               | 108        | 162        |
| Due later than five years                                                                                                                                                                                    | -          | -          |
| <b>Total</b>                                                                                                                                                                                                 | <b>216</b> | <b>238</b> |

## 21. Loans and Receivables

### Accounting Policies

Loans and receivables, which include **trade and other receivables**, are non derivative financial assets with fixed or determinable payments that are not equity securities. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. **Contract debtors** represent receivables where the right to receive payment from customers remains conditional. Other receivables include receivables related to investment management, property development and miscellaneous items.

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

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

**Retentions** receivable on construction contracts represent deposits held by the Group until the satisfaction of conditions specified in the contract are met.

|                                    | Note | June 2023    | June 2022    |
|------------------------------------|------|--------------|--------------|
|                                    |      | \$m          | \$m          |
| <b>Current</b>                     |      |              |              |
| Trade receivables                  |      | 651          | 726          |
| Less: Impairment                   |      | (29)         | (13)         |
|                                    |      | <b>622</b>   | <b>713</b>   |
| Related parties                    |      | 339          | 208          |
| Retentions                         |      | 282          | 259          |
| Contract debtors                   | 21.a | 250          | 291          |
| Accrued income                     | 21.a | 114          | 82           |
| Other receivables                  |      | 692          | 480          |
| <b>Total Current</b>               |      | <b>2,299</b> | <b>2,033</b> |
| <b>Non Current</b>                 |      |              |              |
| Trade receivables                  |      | 2            | 2            |
| Related parties                    |      | 485          | 589          |
| Less: Impairment                   |      | (10)         | (5)          |
|                                    |      | <b>477</b>   | <b>586</b>   |
| Retentions                         |      | 70           | 71           |
| Other receivables                  |      | 892          | 1,239        |
| <b>Total non current</b>           |      | <b>1,439</b> | <b>1,896</b> |
| <b>Total loans and receivables</b> |      | <b>3,738</b> | <b>3,929</b> |

As at the reporting date, \$514 million of the trade receivables were current (30 June 2022: \$603 million) and \$137 million were past due (30 June 2022: \$123 million). Of the past due amount, \$108 million was not impaired (30 June 2022: \$110 million). 'Past due' is defined under accounting standards to mean any amount outstanding for one or more days after the contractual due date. Of the total trade debtors, 7.7 per cent (30 June 2022: 7.7 per cent) are aged greater than 90 days. Other than trade debtors, no other loans and receivables are considered past due at 30 June 2023 (30 June 2022: \$nil).

# Notes to Consolidated Financial Statements continued

## Section C. Liquidity and Working Capital continued

### 21. Loans and Receivables continued

|                                                                        | June 2023<br>\$m | June 2022<br>\$m |
|------------------------------------------------------------------------|------------------|------------------|
| <b>Provision for Impairment</b>                                        |                  |                  |
| Carrying amount at beginning of financial year                         | 18               | 16               |
| Bad and doubtful debts impairment loss net of provisions written back  | 20               | 3                |
| Utilised bad and doubtful debts impairment provision                   | -                | -                |
| Other movements (including foreign exchange rate movements)            | 1                | (1)              |
| <b>Carrying amount at end of financial year</b>                        | <b>39</b>        | <b>18</b>        |
| <b>Total impairment as a percentage of total loans and receivables</b> | <b>1.0%</b>      | <b>0.5%</b>      |

The credit quality of all loans and receivables, including those neither past due nor impaired, is assessed and monitored on an ongoing basis. Impairment as noted above was immaterial at 30 June 2023, though in view of prevailing market conditions there exists a heightened level of credit risk associated with counterparties. The impairment provision relates to specific loans and receivables that have been identified as being impaired, including related party loans where the Group's interest in a development was via an equity accounted investment. A substantial portion of the Group's loans and receivables balances are unsecured.

|                                           | Note | June 2023<br>\$m | June 2022<br>\$m |
|-------------------------------------------|------|------------------|------------------|
| <b>21.a. Contract Assets</b>              |      |                  |                  |
| <b>Current</b>                            |      |                  |                  |
| Contract debtors <sup>1</sup>             |      | 250              | 291              |
| Construction contract assets <sup>2</sup> | 11   | 594              | 664              |
| Accrued income                            |      | 114              | 82               |
| <b>Total contract assets</b>              |      | <b>958</b>       | <b>1,037</b>     |

<sup>1</sup> Movements in contract debtors during the financial year relate primarily to amounts transferred into Trade receivables as the right to receive payment from the customer has become unconditional.

<sup>2</sup> Movements in construction contract assets during the financial year related primarily to billings raised on construction contracts with customers in excess of revenue recognised during the financial year.

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

##### Construction Contract Liabilities

Construction contracts where the total progress billings issued to clients (together with foreseeable losses, if applicable) on a project exceed the revenue recognised (costs incurred to date plus recognised profit) on the contract are recognised as a liability.

##### Retentions

Retentions are amounts payable for the purpose of security and for the provision of defects in accordance with contract terms. Release of retention amounts are in accordance with contractual terms.

##### Unearned Income

Primarily relates to unearned income and deposits received in advance on presold apartments. These amounts will be recognised as income in line with the 'Sale of development properties' accounting policy in Note 4 'Revenue from Contracts with Customers'.

##### Lease Liabilities

Lease liabilities are measured at the present value of the lease payments discounted using the interest rate implicit in the lease. The Group uses its incremental borrowing rate as the discount rate.

|                                   | Note | June 2023<br>\$m | June 2022<br>\$m |
|-----------------------------------|------|------------------|------------------|
| <b>Current</b>                    |      |                  |                  |
| Trade and accrued creditors       |      | 2,616            | 2,316            |
| Construction contract liabilities | 22.a | 1,148            | 1,327            |
| Related parties                   |      | 145              | 197              |
| Retentions                        |      | 379              | 344              |
| Deferred land payments            |      | 16               | 126              |
| Unearned income                   | 22.a | 85               | 38               |
| Lease liabilities                 |      | 79               | 77               |
| Other                             |      | 178              | 132              |
| <b>Total current</b>              |      | <b>4,646</b>     | <b>4,557</b>     |

|                                       | Note | June 2023<br>\$m | June 2022<br>\$m |
|---------------------------------------|------|------------------|------------------|
| <b>Non Current</b>                    |      |                  |                  |
| Trade and accrued creditors           |      | 306              | 366              |
| Retentions                            |      | 74               | 51               |
| Deferred land payments                |      | 337              | 330              |
| Unearned income                       | 22.a | 66               | 77               |
| Lease liabilities                     |      | 305              | 331              |
| Other payables - PLLACes <sup>1</sup> |      | 562              | -                |
| Other                                 |      | 683              | 833              |
| <b>Total non current</b>              |      | <b>2,333</b>     | <b>1,988</b>     |
| <b>Total trade and other payables</b> |      | <b>6,979</b>     | <b>6,545</b>     |

1. PLLACes transactions involve selling the presold apartment cash flows for a specific development project to a third party for cash consideration. This amount relates to \$457 million of proceeds received from PLLACes transactions for One Sydney Harbour R2 Trust and \$105 million in relation to PLLACes transactions for the One Sydney Harbour R3 project. Refer to Note 4 'Revenue from Contracts with Customers' for further details.

As at 30 June 2023, the Group recognised right-of-use assets of \$161 million (30 June 2022: \$188 million) within Property, Plant and Equipment.

|                                                | June 2023<br>\$m | June 2022<br>\$m |
|------------------------------------------------|------------------|------------------|
| <b>22.a. Contract Liabilities</b>              |                  |                  |
| <b>Current</b>                                 |                  |                  |
| Unearned income <sup>1</sup>                   | 85               | 38               |
| Construction contract liabilities <sup>2</sup> | 1,148            | 1,327            |
| <b>Total current</b>                           | <b>1,233</b>     | <b>1,365</b>     |
| <b>Non Current</b>                             |                  |                  |
| Unearned income <sup>1</sup>                   | 66               | 77               |
| <b>Total non current</b>                       | <b>66</b>        | <b>77</b>        |
| <b>Total contract liabilities</b>              | <b>1,299</b>     | <b>1,442</b>     |

1. Movements in Unearned income relates primarily to residential presales settled during the financial year and deposits received for development properties.

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

During the year, the Group recognised \$616 million in revenue from contracts that held a contract liability balance at the beginning of the financial year. The total transaction price relating to the Group's Unearned income on the Group's development contracts at June 2023 is \$509 million relating primarily to various UK and Australian projects. The difference between the Unearned income amount noted in the table above and this amount primarily relates to the remaining development value of apartments versus the deposit amount received. Revenue from these contracts is expected to be realised as control over each asset is transferred to the customer.

The total transaction price allocated to unsatisfied performance obligations on the Group's construction contracts as at June 2023 is \$13.5 billion. This includes new work secured during the financial year. Of the total construction backlog, 55 per cent is expected to be realised within the next 12 months to June 2024 (June 2022: 54 per cent to June 2023), 30 per cent to June 2025 (June 2022: 30 per cent to June 2024) and the remaining 15 per cent realised post June 2025 (June 2022: 16 per cent post June 2024).

# Notes to Consolidated Financial Statements continued

## Section C. Liquidity and Working Capital continued

### 23. Provisions

#### Accounting Policies

##### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Management considers this is an area of estimation uncertainty as these calculations involve a number of key assumptions including the expected future cash outflow and the timing of the outflow to determine the provision.

##### Employee Benefits

Includes amounts for employee annual leave and long service leave entitlements.

##### Development Projects

Includes amounts for costs to close out development projects, including defects and residual guarantees. The timing of any expected outflows of economic benefits is dependent on market factors, such as lease up rates in specific markets, and negotiations with customers.

##### Construction Projects

Includes amounts for claims and litigation related to legacy construction projects. The timing of any expected outflows of economic benefits is dependent on the progression of negotiations and litigation with claimants, which are ongoing at period end.

##### Other

Includes amounts related to various litigation and commercial matters, and the provision in relation to UK building remediation.

|                                     | Employee<br>Benefits | Development<br>Projects | Construction<br>Projects | Other      | Total        |
|-------------------------------------|----------------------|-------------------------|--------------------------|------------|--------------|
|                                     | \$m                  | \$m                     | \$m                      | \$m        | \$m          |
| <b>Balance as at 1 July 2022</b>    | <b>164</b>           | <b>130</b>              | <b>384</b>               | <b>110</b> | <b>788</b>   |
| Provisions made during the year     | 61                   | 20                      | 131                      | 323        | 535          |
| Provisions used during the year     | (66)                 | (9)                     | (126)                    | (15)       | (216)        |
| Provisions reversed during the year | 7                    | (26)                    | (19)                     | (35)       | (73)         |
| <b>Balance as at 30 June 2023</b>   | <b>166</b>           | <b>115</b>              | <b>370</b>               | <b>383</b> | <b>1,034</b> |
| Current provisions                  | 144                  | 79                      | 364                      | 121        | 708          |
| Non current provisions              | 22                   | 36                      | 6                        | 262        | 326          |
| <b>Total provisions</b>             | <b>166</b>           | <b>115</b>              | <b>370</b>               | <b>383</b> | <b>1,034</b> |

#### 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 listed 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 a detailed review into this matter, however timing and access to information is limited. Lendlease believes that the liability currently relates to 59 buildings, of which 58 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.

The government department responsible for this legislation has provided a schedule listing buildings in the portfolio and, in some cases, their assessment or estimate of the cost to remediate. Furthermore, Lendlease has now been in initial contact with some of the building owners to gather more information on the cost of remediation. This information is currently under evaluation and has been used to extrapolate across the rest of the portfolio to estimate the required provision.

At 31 December 2022, Lendlease recognised a provision in respect of this matter of \$200 million (pre-tax), as a gross amount. At 30 June 2023 an additional provision of \$95 million (pre-tax) has been recognised to account for market cost increases and updated information received in respect of the portfolio. The cash expenditure by Lendlease is expected to be spread over a period of at least

seven years. This expense has been excluded from Core Operating Profit given it is a consequence of retrospective government action, which could not reasonably have been expected from normal operations.

We have included in the provision amounts for buildings where we have cost estimates provided by third parties or building owners. There are a number of buildings for which we do not have documentation and are not able to establish whether remediation work is required. Given we are at the early stages of this process, there are 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. Further, this provision does not include anticipated recoveries 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 incomplete 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.

# Notes to Consolidated Financial Statements continued

## Section D. Risk Management

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

### 24. Financial Risk Management

The Group operates across numerous jurisdictions and markets. The Lendlease Asset and Liability Committee oversees the management of the Group's treasury 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                                                                                                                                                                                                                                                                                                             |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Foreign Currency</b> | The risk in local currency terms that the value of a financial commitment or a recognised asset or liability will fluctuate due to changes in foreign currency exchange rates                     | <ul style="list-style-type: none"> <li>Foreign currency earnings</li> <li>Net investments in foreign operations</li> <li>Transactions settled in foreign currency</li> <li>Further information on exposures is detailed in Note 24a 'Foreign Currency Risk Exposure'</li> </ul> | <ul style="list-style-type: none"> <li>Physical financial instruments, including natural hedges from matching foreign assets and liabilities</li> <li>Derivative financial instruments, mainly foreign exchange contracts</li> <li>Contracting out</li> <li>Speculative trading is not permitted</li> </ul>                         |
| <b>Credit</b>           | 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 Group                                            | <ul style="list-style-type: none"> <li>Recoverability of loans and receivables</li> <li>Recoverability of other financial assets and cash deposits</li> <li>Further information on exposures is detailed in Note 24b 'Credit Risk Exposure'</li> </ul>                          | <ul style="list-style-type: none"> <li>Policies in place so that customers and suppliers are appropriately credit assessed</li> <li>Treasury Policy sets out credit limits for each counterparty based on minimum investment grade ratings</li> </ul>                                                                               |
| <b>Liquidity</b>        | The risk of having insufficient funds to settle financial liabilities as and when they fall due                                                                                                   | <ul style="list-style-type: none"> <li>Insufficient levels of committed credit facilities</li> <li>Settlement of financial liabilities</li> <li>Further information on exposures is detailed in Note 19 'Liquidity Risk Exposure'</li> </ul>                                    | <ul style="list-style-type: none"> <li>Maintaining sufficient levels of cash and committed credit facilities to meet financial commitments and working capital requirements</li> <li>Managing to funding portfolio benchmarks as outlined in the Treasury Policy</li> <li>Timely review and renewal of credit facilities</li> </ul> |
| <b>Interest Rate</b>    | The risk that the value of a financial instrument or cash flow associated with the instrument will fluctuate due to changes in market interest rates                                              | <ul style="list-style-type: none"> <li>Financial assets, mainly cash at bank</li> <li>Financial liabilities, mainly borrowings and financing arrangements</li> <li>Further information on exposures is detailed in Note 24c 'Interest Rate Risk Exposure'</li> </ul>            | <ul style="list-style-type: none"> <li>Physical financial instruments</li> <li>Derivative financial instruments, mainly interest rate swaps</li> <li>Managing to hedging limits in respect of recourse funding as outlined in the Treasury Policy</li> <li>Speculative trading is not permitted</li> </ul>                          |
| <b>Equity Price</b>     | The risk that the fair value of either a traded or non traded equity investment, derivative equity instrument, or a portfolio of such financial instruments, increases or decreases in the future | <ul style="list-style-type: none"> <li>All traded and/or non traded financial instruments measured at fair value</li> </ul>                                                                                                                                                     | <ul style="list-style-type: none"> <li>Material investments within the portfolio are managed on an individual basis. The Group's portfolio is monitored closely as part of capital recycling initiatives</li> </ul>                                                                                                                 |

## Section D. Risk Management continued

### 24. Financial Risk Management continued

#### 24.a. Foreign Currency Risk Exposure

The net asset exposure by currency is detailed below.

|                                     | A\$m  | US\$m | £m  | S\$m | €m  | CNYm | MYRm  | Other m <sup>1</sup> |
|-------------------------------------|-------|-------|-----|------|-----|------|-------|----------------------|
| <b>June 2023</b>                    |       |       |     |      |     |      |       |                      |
| Net asset exposure (local currency) | 1,842 | 1,008 | 803 | 662  | 115 | 638  | 2,096 | 23                   |
| <b>June 2022</b>                    |       |       |     |      |     |      |       |                      |
| Net asset exposure (local currency) | 2,456 | 876   | 699 | 740  | 378 | 628  | 1,499 | 45                   |

1. Other currency is translated and disclosed in AUD.

#### Sensitivity Analysis

The sensitivity analysis of the Group's Australian dollar denominated Income Statement and Statement of Financial Position to foreign currency movements is based on a 10 per cent fluctuation (June 2022: 10 per cent fluctuation) on the average rates during the financial year and the spot rate at balance date, respectively. This analysis assumes that all other variables, in particular interest rates, remain constant, and excludes the effects of the foreign exchange contracts.

A 10 per cent movement in the average foreign exchange rates would have impacted the Group's Profit after tax as follows:

|     | 10% WEAKENING LEADS TO INCREASE/<br>(DECREASE) IN PROFIT AFTER TAX |           | 10% STRENGTHENING LEADS TO INCREASE/<br>(DECREASE) IN PROFIT AFTER TAX |           |
|-----|--------------------------------------------------------------------|-----------|------------------------------------------------------------------------|-----------|
|     | June 2023                                                          | June 2022 | June 2023                                                              | June 2022 |
|     | \$m                                                                | \$m       | \$m                                                                    | \$m       |
| USD | (4)                                                                | 9         | 4                                                                      | (8)       |
| GBP | (32)                                                               | (7)       | 32                                                                     | 8         |
| SGD | 7                                                                  | 4         | (6)                                                                    | (4)       |
| EUR | 1                                                                  | (1)       | (2)                                                                    | -         |
| CNY | (2)                                                                | (1)       | 2                                                                      | 1         |
| MYR | 5                                                                  | -         | (4)                                                                    | 1         |
|     | (25)                                                               | 4         | 26                                                                     | (2)       |

A 10 per cent movement in the foreign exchange spot rates at balance date would have impacted the Group's net assets as follows:

|     | 10% WEAKENING LEADS TO INCREASE/<br>(DECREASE) IN NET ASSETS |           | 10% STRENGTHENING LEADS TO INCREASE/<br>(DECREASE) IN NET ASSETS |           |
|-----|--------------------------------------------------------------|-----------|------------------------------------------------------------------|-----------|
|     | June 2023                                                    | June 2022 | June 2023                                                        | June 2022 |
|     | \$m                                                          | \$m       | \$m                                                              | \$m       |
| USD | 175                                                          | 143       | (143)                                                            | (117)     |
| GBP | 164                                                          | 145       | (136)                                                            | (116)     |
| SGD | 81                                                           | 89        | (67)                                                             | (73)      |
| EUR | 21                                                           | 68        | (16)                                                             | (55)      |
| CNY | 15                                                           | 15        | (12)                                                             | (12)      |
| MYR | 75                                                           | 54        | (61)                                                             | (44)      |
|     | 531                                                          | 514       | (435)                                                            | (417)     |

# Notes to Consolidated Financial Statements continued

## 24.b. 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 Group) equals the carrying amount, net of any impairment
- The Group is not exposed to any significant concentrations of credit risk on either a geographic or industry specific basis
- Credit risk on financial instruments is managed under a Board approved credit policy that determines acceptable counterparties. Derivative counterparties and cash deposits are limited to recognised financial intermediaries with a minimum investment grade credit rating as determined by a recognised rating agency
- Refer to Note 21 'Loans and Receivables' for information relating to impairment on loans and receivables
- In certain circumstances, the Group will hold either financial or non financial assets as collateral to further mitigate the potential credit risk on selected transactions. During the current and prior year, the Group did not hold financial or non financial assets as collateral. At any point in time, the Group will hold other collateral such as bank guarantees and performance bonds to mitigate potential credit risk as a result of default by a counterparty or otherwise.

## 24.c. Interest Rate Risk Exposure

The Group's exposure to interest rate risk on its financial assets and liabilities is set out as follows:

|                       | CARRYING AMOUNT  |                  |
|-----------------------|------------------|------------------|
|                       | June 2023<br>\$m | June 2022<br>\$m |
| <b>Fixed Rate</b>     |                  |                  |
| Financial assets      | 201              | 172              |
| Financial liabilities | (2,375)          | (2,547)          |
|                       | <b>(2,174)</b>   | <b>(2,375)</b>   |
| <b>Variable Rate</b>  |                  |                  |
| Financial assets      | 783              | 1,266            |
| Financial liabilities | (2,544)          | (1,352)          |
|                       | <b>(1,761)</b>   | <b>(86)</b>      |

## Sensitivity Analysis

At 30 June 2023, it is estimated that an increase of one percentage point in interest rates would have decreased the Group's equity and Profit after tax by \$2 million (June 2022: \$6 million increase in the Group's equity and Profit after tax). A one percentage point decrease in interest rates would have increased the Group's equity and Profit after tax by \$2 million (June 2022: \$6 million decrease in the Group's equity and Profit after tax). The increase or decrease in interest income/(expense) is proportional to the increase or decrease in interest rates. Interest rate derivatives have been included in this calculation.

## 25. Hedging

### Accounting Policies

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operating, financing and investing activities. Derivative financial instruments are recognised initially at fair value on the date a derivative contract is entered into and subsequently remeasured at fair value. Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair value of the derivative financial instruments and the hedged item. The accounting for hedges that meet the criteria for hedge accounting are classified as either fair value hedges, cash flow hedges or investment hedges.

The Group has minimal hedges designated at fair value. The Group primarily uses forward foreign exchange contracts as cash flow hedges for highly probable sale, purchase and dividend transactions. The Group also uses forward foreign exchange contracts to hedge cross border intercompany loans and transactions which mainly net off in the Income Statement. Interest rate swaps and interest rate options are used to manage the Group's exposure to interest rates arising from borrowings. These are primarily treated as cash flow hedges and are mainly on borrowings within equity accounted investments.

The Group has foreign exchange derivative contracts primarily held in GBP, USD, EUR, SGD and CNY at reporting date to hedge specific foreign currency exposures. The total gross payable exposure is \$1,595 million (June 2022: payable \$1,663 million).

There are 12 foreign currency contracts that will mature in more than one year (June 2022: 31 foreign currency contracts).

## Section D. Risk Management continued

### 26. Fair Value Measurement

#### Accounting Policies

The accounting policies for financial instruments held at fair value are included in Note 13 'Other Financial Assets' and Note 25 'Hedging'.

Management considers the valuation of assets at fair value including 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 or foreign exchange rates in future periods.

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 | JUNE 2023       |            | JUNE 2022       |            |
|--------------------|------|-----------------|------------|-----------------|------------|
|                    |      | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
|                    |      | \$m             | \$m        | \$m             | \$m        |
| <b>Liabilities</b> |      |                 |            |                 |            |
| <b>Current</b>     |      |                 |            |                 |            |
| Commercial notes   | 16.a | -               | -          | -               | -          |
| <b>Non Current</b> |      |                 |            |                 |            |
| Commercial notes   | 16.a | 1,928           | 1,780      | 2,082           | 1,996      |

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.

#### 26.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 net assets, which may include periodic independent and Directors' valuations, future maintainable earnings and any special circumstances pertaining to the particular investment. Fair value of unlisted equity investments has also taken the economic conditions into consideration to determine fair value at 30 June 2023. 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 swap contracts, 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 include consideration of counterparty risk adjustments.

#### 26.b. Fair Value Measurements

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

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

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

# Notes to Consolidated Financial Statements continued

## 27. 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 (including under both contract and legislation), 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.

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. This includes bonding and bank guarantee facilities used primarily by the Construction business as well as performance guarantees for certain of the Company's subsidiaries.

### Securities Class Action

Lendlease Corporation Limited and Lendlease Responsible Entity Limited (together the 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 Group was 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. 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.

## Section E. Basis of Consolidation

This section provides information on how the Group structure affects the financial position and performance of the Group as a whole. The disclosures detail the types of entities and transactions included in the consolidation and those excluded.

### 28. Consolidated Entities

#### Accounting Policies

The Group consolidation comprises all subsidiaries controlled by the Company. Control exists when the Company:

- Has the power to direct the relevant activities such as key operating, financial and investing decisions
- Has exposure or rights to variable returns from its involvement with the investee such as dividends, loans and fees
- Has the ability to use its power over the investee to affect the amount of returns.

In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. Management uses accounting judgement in determining whether the Group controls an entity by applying the above control criteria and reviewing the substance of its relationship with the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies with adjustments made to bring into line any dissimilar accounting policies that may exist.

External non controlling interests are allocated their share of total comprehensive income and are presented within equity in the consolidated Statement of Financial Position, separately from the equity of securityholders.

The material consolidated entities of the Group listed below were wholly owned during the current and prior year. Refer to the following section for details on the disposal of entities.

#### Parent Entity

Lendlease Corporation Limited

#### Australia

Capella Capital Lendlease Pty Limited

Capella Capital Partnership

Lendlease Construction Pty Limited<sup>1</sup>

Lendlease Construction (Southern) Pty Limited<sup>2</sup>

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 Trust<sup>3</sup>

#### 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. Formerly Lendlease Building Pty Limited.

2. Formerly Lendlease Building Contractors Pty Limited.

3. 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.

During the current and prior year, there were no **acquisitions** of material consolidated entities.

# Notes to Consolidated Financial Statements continued

During the current and prior year, the following material consolidated entities were disposed:

|                                     | Ownership<br>Interest Disposed<br>% | Date Disposed   | Consideration<br>Received/Receivable<br>\$m |
|-------------------------------------|-------------------------------------|-----------------|---------------------------------------------|
| <b>June 2023</b>                    |                                     |                 |                                             |
| AHFH Managing Member LLC            | 100.0                               | 9 August 2022   | 93                                          |
| <b>June 2022</b>                    |                                     |                 |                                             |
| Lendlease (US) Asset Management LLC | 100.0                               | 20 April 2022   | 173                                         |
| Lendlease Services Pty Limited      | 100.0                               | 1 November 2021 | 331                                         |

## 29. Employee Benefit Vehicles

The Company sponsors a number of employee benefit vehicles, including employee security plans and employee security ownership vehicles. These vehicles, while not legally controlled, are currently required to be consolidated for accounting purposes.

### 29.a. Employee Security Plans

As at 30 June 2023, employees own approximately 0.9 per cent (June 2022: 0.9 per cent) of the issued capital of the Group through various active Lendlease employee security plans and ownership vehicles, details of which are outlined below:

- Australia: Employee Share Acquisition Plan (ESAP): ESAP was established in December 1988 for the purpose of employees acquiring securities in the Group and is funded by Lendlease subscriptions, and employee salary sacrifice contributions
- Americas: US Rabbi Trust (Rabbi Trust) was established in 2004 and updated in 2005 for the acceptance of employee profit share contributions used to acquire Group securities for US based employees. This part of the plan is not currently accepting new contributions
- Employee Share Acquisition Plan (STI) (ESAP STI): ESAP STI was established in July 2014 for the purpose of acquiring and allocating securities granted as the deferred component of Short Term Incentive (STI) awards, which are funded by Lendlease subscriptions. Securities are currently allocated to employees across Australia, Singapore, Malaysia, the United Kingdom and the United States.

#### Eligibility

The eligibility rules for each plan are determined by reference to the regulatory, legal and tax rules of each country in which the Group operates.

#### Distributions and/or Voting Rights

Generally, employees in the various operating security plans are entitled to distributions and voting rights for allocated securities. The plans reflect this intention subject to regulatory, legal and tax constraints. The trustee may exercise these rights in accordance with any fiduciary or governance rules pertaining to the deed or trust laws in the legal and tax jurisdiction within which the trust operates.

### 29.b. Employee Security Ownership Vehicles

In addition to the plans discussed above, Lendlease has an employee security ownership vehicle, Lendlease Retirement Benefit Fund (RBF):

- RBF was established in 1984 with shareholder approval for the benefit of employees. RBF holds Lendlease securities. The Lendlease securities in RBF are not available for allocation to employees other than in the event of a change of control of the Group and, in accordance with RBF's trust deed, the capital of the trust is not available to the Group. The RBF trustee has discretion as to the distribution of the RBF funds. In 1992, a deed poll was executed which allows for the distribution of the income of RBF to the Company to fund employee benefit activities through the Lendlease Foundation. As a result of changes to the constitution and governance structure of the RBF trustee on 22 June 2017, Lendlease currently does not have control of RBF and therefore RBF is currently not required to be consolidated for accounting purposes
- The RBF arrangement is subject to periodic review to assess its ongoing role and operation.

## Section E. Basis of Consolidation continued

### 30. Parent Entity Disclosures

The following summarises the financial information of the Group's parent entity, Lendlease Corporation Limited (the Company), as at and for the financial year ended 30 June 2023.

|                                                    | COMPANY          |                  |
|----------------------------------------------------|------------------|------------------|
|                                                    | June 2023<br>\$m | June 2022<br>\$m |
| <b>Results</b>                                     |                  |                  |
| Profit after tax                                   | 192              | 111              |
| Other comprehensive income after tax               | -                | -                |
| <b>Total comprehensive income/(loss) after tax</b> | <b>192</b>       | <b>111</b>       |
| <b>Financial Position</b>                          |                  |                  |
| Current assets                                     | 2,150            | 1,790            |
| Non current assets                                 | 2,904            | 2,934            |
| <b>Total assets</b>                                | <b>5,054</b>     | <b>4,724</b>     |
| Current liabilities                                | 1,256            | 1,092            |
| Non current liabilities                            | -                | -                |
| <b>Total liabilities</b>                           | <b>1,256</b>     | <b>1,092</b>     |
| <b>Net assets</b>                                  | <b>3,798</b>     | <b>3,632</b>     |
| Issued capital                                     | 1,894            | 1,891            |
| Treasury securities                                | (67)             | (77)             |
| Reserves                                           | 222              | 222              |
| Retained earnings                                  | 1,749            | 1,596            |
| <b>Total equity</b>                                | <b>3,798</b>     | <b>3,632</b>     |

In respect of the contingent liabilities of the Group disclosed in Note 27 'Contingent Liabilities', the Company participates in the provision of guarantees to Group entities.

### 31. Related Party Information

#### 31.a. Consolidated Entities

Intragroup balances and transactions, and any unrealised gains or losses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Investments in subsidiaries are carried at their cost of acquisition less impairments in the Company's financial statements.

Lendlease Corporation Limited provides financing and treasury services, which includes working capital facilities and long term financing to certain subsidiaries. Interest is earned or incurred only on long term loans provided to or drawn with subsidiaries based on project specific risks and returns. Outstanding balances arising from working capital facilities and long term financing are typically unsecured and repayable on demand.

In addition, guarantees are provided to particular Group entities in respect of their obligations. These include bonding and bank guarantee facilities used primarily by the Construction business as well as performance guarantees for certain Development business commercial built form developments. Guarantee fees are charged under normal terms and conditions.

The following represents the transactions that occurred during the financial year and the balances outstanding at year end between Lendlease Corporation Limited and its consolidated entities:

|                                                        | COMPANY             |                     |
|--------------------------------------------------------|---------------------|---------------------|
|                                                        | June 2023<br>\$000s | June 2022<br>\$000s |
| <b>Transactions</b>                                    |                     |                     |
| Guarantee fees                                         | 28,130              | 29,240              |
| Dividend income                                        | 158,740             | 209,601             |
| Interest income                                        | 9,889               | 7,938               |
| Interest expense                                       | 45,434              | 42,969              |
| <b>Outstanding Balances (Net of Provisions Raised)</b> |                     |                     |
| Receivables                                            | 1,925,210           | 664,196             |
| Payables                                               | 1,172,590           | 905,198             |

## Notes to Consolidated Financial Statements continued

Transactions that occurred during the financial year between entities in the Lendlease Group included:

- Provision of project management, design services, construction management services to development projects
- Provision of development management services
- Provision of investment management services
- Provision of payroll, transaction and management services
- Receipt and payment of superannuation contributions
- Reimbursement of expenses made on behalf of subsidiaries
- Loan advances and repayments between subsidiaries
- Premium payments and receipts for the Group's insurance policies
- Dividends received or due and receivable from subsidiaries.

### 31.b. Associates and Joint Ventures

Interests held in associates and joint ventures by the Group are set out in Note 12 'Equity Accounted Investments'.

Transactions between the Group and its associates and joint ventures principally relate to:

- Investments: provision of property and infrastructure investment management, property management and asset management services
- Development: development management services, infrastructure bid and advisory services and the sale and purchase of development properties with Lendlease managed funds
- Construction: provision of project management, building and construction services.

There were \$nil non interest bearing loans provided to joint ventures at 30 June 2023 (June 2022: \$nil).

Except as noted above, transactions and outstanding balances are typically on normal terms and conditions.

Revenue earned by the Group during the financial year as a result of transactions with its associates and joint ventures is as follows:

|                | June 2023<br>\$000s | June 2022<br>\$000s |
|----------------|---------------------|---------------------|
| <b>Revenue</b> |                     |                     |
| Associates     | 42,783              | 55,635              |
| Joint ventures | 1,237,258           | 1,333,517           |
| <b>Total</b>   | <b>1,280,041</b>    | <b>1,389,152</b>    |

Other transactions and outstanding balances with associates, joint ventures and other related parties have been disclosed in Note 4 'Revenue from Contracts with Customers', Note 6 'Other Income', Note 7 'Other Expenses', Note 8 'Finance Revenue and Finance Costs', Note 12 'Equity Accounted Investments', Note 13 'Other Financial Assets', Note 21 'Loans and Receivables' and Note 22 'Trade and Other Payables'. Transactions with joint operations are included in the consolidated Income Statement and Statement of Financial Position.

### 31.c. Key Management Personnel

The key management personnel compensation is as follows:

|                              | June 2023<br>\$000s | June 2022<br>\$000s |
|------------------------------|---------------------|---------------------|
| Short term employee benefits | 13,493              | 14,376              |
| Post employment benefits     | 312                 | 282                 |
| Security based payments      | 11,308              | 6,691               |
| Other long term benefits     | 628                 | 77                  |
| <b>Total</b>                 | <b>25,741</b>       | <b>21,426</b>       |

Information regarding Directors' and senior executives' remuneration is provided in the Remuneration Report within the Directors' Report.

## Section F. Other Notes

### 32. Intangible Assets

#### Accounting Policies

**Goodwill** represents the excess of the purchase price over the fair value of the Group's share of the net identifiable assets and contingent liabilities of the acquired business at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets as goodwill. Goodwill on acquisition of associates is included in the carrying value of investments in associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is not amortised. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purposes of impairment testing, goodwill is allocated to cash generating units (CGUs) (or groups of CGUs) that are expected to benefit from the business combination in which the goodwill arose. CGUs are an identifiable group of assets that generate cash associated with the goodwill. Management considers this is an area of estimation uncertainty as these calculations involve an estimation of the recoverable amount of the CGU to which the goodwill is allocated. The Construction CGUs use the value in use basis, which requires the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the recoverable amounts.

**Management agreements and other intangible assets** acquired by the Group are stated at cost less accumulated amortisation and impairment losses (see Note 7 'Other Expenses'). Amortisation is charged to the Income Statement on a straight line basis over the estimated useful lives of the intangible assets, ranging from three to 20 years.

|                                | Note | June 2023<br>\$m | June 2022<br>\$m |
|--------------------------------|------|------------------|------------------|
| Goodwill                       | 32.a | 1,085            | 1,056            |
| Management agreements          |      | 16               | 24               |
| Other intangibles              |      | 135              | 145              |
| <b>Total intangible assets</b> |      | <b>1,236</b>     | <b>1,225</b>     |

#### 32.a. Goodwill

|                                                                                       | Note | June 2023<br>\$m | June 2022<br>\$m |
|---------------------------------------------------------------------------------------|------|------------------|------------------|
| Development                                                                           |      | 34               | 33               |
| Construction                                                                          |      | 1,051            | 1,023            |
| <b>Total goodwill</b>                                                                 |      | <b>1,085</b>     | <b>1,056</b>     |
| Reconciliations of the carrying amounts for each category of goodwill are as follows: |      |                  |                  |
| <b>Development</b>                                                                    |      |                  |                  |
| Carrying amount at beginning of financial year                                        |      | 33               | 30               |
| Effect of foreign exchange rate movements                                             |      | 1                | 3                |
| <b>Carrying amount at end of financial year</b>                                       |      | <b>34</b>        | <b>33</b>        |
| <b>Construction</b>                                                                   |      |                  |                  |
| Carrying amount at beginning of financial year                                        |      | 1,023            | 1,170            |
| Disposals                                                                             |      | -                | (151)            |
| Effect of foreign exchange rate/other movements                                       |      | 28               | 4                |
| <b>Carrying amount at end of financial year</b>                                       | 32.b | <b>1,051</b>     | <b>1,023</b>     |

# Notes to Consolidated Financial Statements continued

## 32.b. Goodwill Allocation

Goodwill relating to the Construction business is allocated to CGUs identified as set out below.

|                                    | June 2023<br>\$m | June 2022<br>\$m |
|------------------------------------|------------------|------------------|
| <b>Construction</b>                |                  |                  |
| Australia Core                     | 573              | 573              |
| Europe                             | 260              | 238              |
| Americas                           | 210              | 204              |
| Asia                               | 8                | 8                |
| <b>Total construction goodwill</b> | <b>1,051</b>     | <b>1,023</b>     |

## 32.c. Impairment Tests and Key Assumptions Used – Construction

The recoverable amount of the Construction CGUs is determined based on value in use (VIU) calculations. For the Construction CGUs, the assumptions used for determining the recoverable amount of each CGU are based on past experience and expectations for the future, utilising both internal and external sources of data and relevant industry trends.

No impairment arose as a result of the review of goodwill for the Construction CGUs for the financial year ended 30 June 2023. Based on information available and market conditions at 30 June 2023, a reasonably foreseeable change in the assumptions made in this assessment would not result in impairment of Construction goodwill. The foreseeable change in the assumptions took the economic conditions into consideration.

The following describes the key assumptions on which management has based its cash flow projections when determining VIU relating to the Construction CGUs:

### Cash Flows

The VIU calculations use pre tax cash flow projections based on actual operating results, and financial forecasts covering a five year period which have been approved by management. These forecasts are based on management estimates to determine income, expenses, capital expenditure and cash flows for each CGU.

### Growth Rate

The terminal value growth rate used to extrapolate the cash flows beyond the five year period is 3.0 per cent (June 2022: 3.0 per cent). The growth rate reflects the forecast long term average growth rate for each CGU and the countries in which they operate.

### Discount Rate

The discount rates applied to the cash flow projections vary between 10.3 per cent and 12.0 per cent (June 2022: between 9.2 per cent and 11.0 per cent). The Group's weighted average cost of capital is used as a starting point for determining the discount rate, with appropriate adjustments for the risk profile relating to the relevant CGUs and the countries in which they operate. The discount rates used are pre tax.

## 33. Discontinued Operations

### Accounting Policies

Discontinued operations relate to a component of the Group including its corresponding assets and liabilities that have been classified as held for sale and represent a separate major line of business or geographical area of operation.

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. The results of discontinued operations are presented separately in the Income Statement and Statement of Comprehensive Income.

## Section F. Other Notes continued

### 33. Discontinued Operations continued

On 25 February 2019, the Group announced that its Engineering and Services businesses are no longer a required part of the Group's strategy. Management at that time committed to a plan to exit from Non core operations of Engineering and Services.

On 19 December 2019, the Group entered into an agreement with Acciona to sell its Engineering business and on 9 September 2020 the Group completed the sale.

On 21 July 2021, the Group entered into an agreement with Service Stream to sell the Services business and on 1 November 2021 the Group completed the sale. The agreed purchase price for the sale of the Services business was \$310 million which was adjusted by \$19 million at completion, resulting in total estimated proceeds of \$329 million. \$317 million has been received by 31 December 2022, and the remaining balance was received in January 2023.

Provisions previously recognised in relation to the sold Engineering business have been revised in the current year to include the associated tax benefit. There is no impact to total profit after tax.

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

|                                        | SERVICES<br>1 November<br>2021<br>\$m |
|----------------------------------------|---------------------------------------|
| <b>Assets and Liabilities Sold</b>     |                                       |
| Cash and cash equivalents              | 3                                     |
| Loans and receivables                  | 84                                    |
| Inventories                            | 145                                   |
| Other assets                           | 276                                   |
| <b>Total assets sold</b>               | <b>508</b>                            |
| Trade and other payables               | 121                                   |
| Other liabilities                      | 97                                    |
| <b>Total liabilities sold</b>          | <b>218</b>                            |
| <b>Net assets and liabilities sold</b> | <b>290</b>                            |
| Net proceeds from sale                 | 331                                   |
| Transaction and separation costs       | (25)                                  |
| <b>Gain on sale</b>                    | <b>16</b>                             |

The results of the discontinued operations representing the Engineering business during the current year and the Services business for the prior period are as follows:

|                                                                                                | ENGINEERING<br>June 2023<br>\$m | SERVICES<br>1 July to<br>1 November<br>2021<br>\$m |
|------------------------------------------------------------------------------------------------|---------------------------------|----------------------------------------------------|
| <b>Results from Discontinued Operations</b>                                                    |                                 |                                                    |
| Revenue from contracts with customers                                                          | -                               | 351                                                |
| Cost of sales                                                                                  | -                               | (320)                                              |
| <b>Gross profit</b>                                                                            | <b>-</b>                        | <b>31</b>                                          |
| Other income                                                                                   | -                               | -                                                  |
| Gain on sale                                                                                   | -                               | 16                                                 |
| Other expenses                                                                                 | (76)                            | (19)                                               |
| <b>(Loss)/Profit before tax for discontinued operations</b>                                    | <b>(76)</b>                     | <b>28</b>                                          |
| Income tax benefit/(expense)                                                                   | 76                              | (1)                                                |
| <b>Total profit after tax for discontinued operations as presented in the Income Statement</b> | <b>-</b>                        | <b>27</b>                                          |

# Notes to Consolidated Financial Statements continued

|                                                                                                        |              | Shares/<br>Securities<br>Excluding<br>Treasury<br>Securities | Shares/<br>Securities on<br>Issue |
|--------------------------------------------------------------------------------------------------------|--------------|--------------------------------------------------------------|-----------------------------------|
|                                                                                                        |              | June 2022                                                    | June 2022                         |
| <b>Basic/Diluted Earnings Per Share (EPS) from Continuing Operations</b>                               |              |                                                              |                                   |
| (Loss) from continuing operations attributable to members of Lendlease Corporation Limited (Company)   | \$m          | (266)                                                        | (266)                             |
| Weighted average number of ordinary shares                                                             | m            | 683                                                          | 689                               |
| <b>Basic/Diluted EPS from continuing operations</b>                                                    | <b>cents</b> | <b>(38.9)</b>                                                | <b>(38.6)</b>                     |
| <b>Basic/Diluted Earnings Per Share (EPS) from Discontinued Operations</b>                             |              |                                                              |                                   |
| Profit from discontinued operations attributable to members of Lendlease Corporation Limited (Company) | \$m          | 27                                                           | 27                                |
| Weighted average number of ordinary shares                                                             | m            | 683                                                          | 689                               |
| <b>Basic/Diluted EPS from discontinued operations</b>                                                  | <b>cents</b> | <b>3.9</b>                                                   | <b>3.9</b>                        |
| <b>Basic/Diluted Earnings Per Security (EPSS) from Continuing Operations</b>                           |              |                                                              |                                   |
| (Loss) from continuing operations attributable to securityholders of Lendlease Group                   | \$m          | (126)                                                        | (126)                             |
| Weighted average number of stapled securities                                                          | m            | 683                                                          | 689                               |
| <b>Basic/Diluted EPSS from continuing operations</b>                                                   | <b>cents</b> | <b>(18.4)</b>                                                | <b>(18.3)</b>                     |
| <b>Basic/Diluted Earnings Per Security (EPSS) from Discontinued Operations</b>                         |              |                                                              |                                   |
| Profit from discontinued operations attributable to securityholders of Lendlease Group                 | \$m          | 27                                                           | 27                                |
| Weighted average number of stapled securities                                                          | m            | 683                                                          | 689                               |
| <b>Basic/Diluted EPSS from discontinued operations</b>                                                 | <b>cents</b> | <b>3.9</b>                                                   | <b>3.9</b>                        |

The net cash flows for discontinued operations, representing the Engineering and Services business for the current year and the Services business for the prior period are as follows:

|                                                  | June 2023 <sup>1</sup> | June 2022 <sup>2</sup> |
|--------------------------------------------------|------------------------|------------------------|
|                                                  | \$m                    | \$m                    |
| <b>Cash Flows from Discontinued Operations</b>   |                        |                        |
| Net cash inflow from operating activities        | -                      | 16                     |
| Net cash inflow from investing activities        | 24                     | 4                      |
| Net cash outflow from financing activities       | -                      | (2)                    |
| <b>Net increase in cash and cash equivalents</b> | <b>24</b>              | <b>18</b>              |

<sup>1</sup> Balance represents \$11 million and \$13 million, attributable to the Engineering and Services businesses respectively.

<sup>2</sup> Balance represents the Services business, from 1 July 2022 to 1 November 2022, being the period that the Group controlled the business.

## Section F. Other Notes continued

### 34. Defined Benefit Plans

#### Accounting Policies

Group companies operate pension plans. The plans are generally funded through payments to insurance companies or trustee administered funds as determined by periodic actuarial calculations.

A defined benefit plan is a pension plan that defines the amount of pension benefit an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset or liability recognised in the Statement of Financial Position in respect of defined benefit plans is the present value of the defined benefit obligation i.e. 'the pension liability' at the balance sheet date less the fair value of plan assets. The present value of the pension liability is determined by discounting the estimated future cash outflows using interest rates of high quality corporate or government bonds, that:

- Are denominated in the currency in which the benefits will be paid
- Have terms to maturity approximating the terms of the related pension liability.

The defined benefit obligation is calculated at least annually by independent actuaries using the projected unit credit method, which in simplistic terms proportions the benefit based on service. Management considers the valuation of defined benefit plans undertaken by the actuaries to be an area of estimation uncertainty as a number of key assumptions must be adopted to determine the valuation.

Actuarial losses/(gains) will arise where there is a difference between previous estimates and actual experience, or a change to assumptions in relation to demographic and financial trends. These actuarial losses/(gains) are recognised in the period they occur, directly in other comprehensive income as remeasurements. They are included in retained earnings in the Statement of Changes in Equity and in the Statement of Financial Position.

Past service costs are recognised immediately in the Income Statement.

|                                             | Note | June 2023<br>\$m | June 2022<br>\$m |
|---------------------------------------------|------|------------------|------------------|
| Lendlease Superannuation Plan               |      | -                | -                |
| Lendlease UK Pension Scheme                 | 34.a | 171              | 282              |
| <b>Total net defined benefit plan asset</b> |      | <b>171</b>       | <b>282</b>       |

#### 34.a. Lendlease UK Pension Scheme

Lendlease Construction Holdings (Europe) Limited (UK Construction) sponsors a funded defined benefit pension scheme (the Scheme) for qualifying UK employees. The Scheme is administered by a separate board of Trustees which is legally separate from UK Construction. The Scheme's Trustees are composed of representatives of both the employer and employees. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day to day administration of the benefits.

The Scheme is a funded defined benefit scheme, with the final salary section providing retirement benefits based on final salary and the index linked section providing retirement benefits based on career average salary. A separate section, the Personal Investment Section, provides retirement benefits on a defined contribution basis. The UK Construction's contributions to members' Personal Investment Fund accounts are not included in these disclosures.

The final salary section closed to future accruals on 31 August 2008 and the index linked section closed to future accruals on 31 January 2012. There were no Scheme amendments affecting defined benefits payable, curtailments or settlements during the year. UK Construction pays four per cent of members' basic salaries to cover the Scheme's expected administration costs and costs of benefits payable on death in service. Following the triennial valuation for 31 March 2020, deficit repair contributions are not required to be paid as the scheme is in an actuarial surplus.

The defined benefit plan is exposed to actuarial risk and market (investment) risk. The following information provides additional detail on risk:

|                                                                                          | June 2023<br>\$m | June 2022<br>\$m |
|------------------------------------------------------------------------------------------|------------------|------------------|
| <b>i. Statement of Financial Position Amounts</b>                                        |                  |                  |
| The amounts recognised in the Statement of Financial Position are determined as follows: |                  |                  |
| Defined benefit obligations                                                              | (795)            | (902)            |
| Fair value of plan assets                                                                | 966              | 1,184            |
| <b>Net defined benefit plan asset</b>                                                    | <b>171</b>       | <b>282</b>       |

# Notes to Consolidated Financial Statements continued

|                                                              | June 2023<br>\$m | June 2022<br>\$m |
|--------------------------------------------------------------|------------------|------------------|
| <b>ii. Reconciliation of Defined Benefit Obligations</b>     |                  |                  |
| Defined benefit obligations at beginning of financial year   | 902              | 1,272            |
| <b>Included in Income Statement</b>                          |                  |                  |
| Interest cost                                                | 35               | 24               |
| <b>Remeasurements Included in Other Comprehensive Income</b> |                  |                  |
| Actuarial loss/(gain) arising from:                          |                  |                  |
| Financial assumptions                                        | (172)            | (332)            |
| Experience adjustments                                       | 68               | 15               |
| Demographic assumptions                                      | (22)             | 14               |
| <b>Other</b>                                                 |                  |                  |
| Benefits paid                                                | (39)             | (34)             |
| Effect of foreign exchange rate movements                    | 23               | (57)             |
| <b>Defined benefit obligations at end of financial year</b>  | <b>795</b>       | <b>902</b>       |
| <b>iii. Reconciliation of the Fair Value of Plan Assets</b>  |                  |                  |
| Fair value of plan assets at beginning of financial year     | 1,184            | 1,515            |
| <b>Included in Income Statement</b>                          |                  |                  |
| Interest income                                              | 46               | 28               |
| Administration costs                                         | (3)              | (3)              |
| <b>Remeasurements Included in Other Comprehensive Income</b> |                  |                  |
| Actuarial return on plan assets excluding interest income    | (270)            | (254)            |
| <b>Other</b>                                                 |                  |                  |
| Contributions by Group companies                             | 5                | 5                |
| Benefits paid                                                | (39)             | (36)             |
| Effect of foreign exchange rate movements                    | 43               | (71)             |
| <b>Fair value of plan assets at end of financial year</b>    | <b>966</b>       | <b>1,184</b>     |
| <b>iv. Expense Recognised in the Income Statement</b>        |                  |                  |
| Net interest cost                                            | (11)             | (4)              |
| Administration costs                                         | 3                | 3                |
| <b>Net defined benefit plan income</b>                       | <b>(8)</b>       | <b>(1)</b>       |
| <b>v. Fair Value of Plan Assets</b>                          |                  |                  |
| Plan assets comprise:                                        |                  |                  |
| Investment funds                                             | 10               | 430              |
| Infrastructure                                               | -                | 107              |
| Government index linked bonds                                | 918              | 608              |
| Other assets                                                 | 38               | 39               |
| <b>Fair value of plan assets at end of financial year</b>    | <b>966</b>       | <b>1,184</b>     |

The investment funds target an absolute level of return. The plan assets can be categorised as Level 1, where the fair value is determined using an unadjusted quoted price for an identical asset, or Level 2, where the fair value is derived either directly or indirectly from observable inputs, or Level 3, where inputs are unobservable (i.e. for which market data is unavailable). At year end, \$966 million (June 2022: \$1,077 million) and \$nil (June 2022: \$107 million) of total plan assets were categorised as Level 2 and Level 3, respectively. UK Construction and Trustees have agreed to a long term strategy for reducing investment risk as and when appropriate. This includes an asset–liability matching policy which aims to reduce the volatility of the funding level of the pension plan by investing in assets that perform in line with the liabilities of the plan so as to protect against inflation being higher than expected. The current targeted benchmark allocation is 22.5 per cent growth assets and 77.5 per cent matching assets (June 2022: 22.5 per cent growth assets and 77.5 per cent matching assets).

|                                            | June 2023 | June 2022 |
|--------------------------------------------|-----------|-----------|
| <b>vi. Principal Actuarial Assumptions</b> |           |           |
| Discount rate (%)                          | 5.2       | 3.8       |
| RPI inflation (%)                          | 3.6       | 3.5       |
| Average pension increase in payments (%)   | 3.1       | 2.7       |
| Future mortality (years):                  |           |           |
| Male                                       | 25.5      | 25.3      |
| Female                                     | 26.8      | 26.8      |

## Section F. Other Notes continued

### 34. Defined Benefit Plans continued

The liabilities are calculated using a discount rate set with reference to corporate bond yield. If assets underperform this yield, this will create a deficit.

A decrease in corporate bond yield will increase the value placed on the Scheme's liabilities, although this will be partially offset by an increase in the value of the Scheme's corporate bond holdings. The majority of the Scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities, although in most cases this will be capped to protect against extreme inflation. The majority of the assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit. The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities. The mortality assumptions are based on standard mortality tables which allow for expected future mortality improvements. The assumption is that a member aged 63 will live for a further 25.5 years (June 2022: 25.3 years) if they are male and 26.8 years if they are female (June 2022: 26.8 years).

At 30 June 2023, the weighted average duration of the defined benefit obligation was 14 years (June 2022: 16 years).

#### vii. Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

|                             | 0.1%<br>Increase in<br>Discount Rate<br>\$m | 0.1%<br>Decrease in<br>Discount Rate<br>\$m | 0.1%<br>Increase<br>RPI Inflation<br>and Pension<br>Payment<br>\$m | 0.1%<br>Decrease<br>RPI Inflation<br>and Pension<br>Payment<br>\$m | 1 Year<br>Increase in<br>Future Mortality<br>\$m | 1 Year<br>Decrease in<br>Future<br>Mortality<br>\$m |
|-----------------------------|---------------------------------------------|---------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------|
| <b>June 2023</b>            |                                             |                                             |                                                                    |                                                                    |                                                  |                                                     |
| Defined benefit obligations | (11)                                        | 12                                          | 7                                                                  | (7)                                                                | 27                                               | (22)                                                |
| <b>June 2022</b>            |                                             |                                             |                                                                    |                                                                    |                                                  |                                                     |
| Defined benefit obligations | (14)                                        | 14                                          | 11                                                                 | (11)                                                               | 22                                               | (21)                                                |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Non pensioner benefits are linked to RPI in the period up to retirement. Once in payment, pension increases are linked to RPI but with a zero per cent floor and different caps applying to different periods of pensionable service. The inflation sensitivity reflects a change in RPI inflation and the associated increases in payment.

### 35. Employee Benefits

Detailed information regarding the Group's Executive Reward strategy is provided in the Remuneration Report within the Directors' Report. The key incentive plans are as follows:

- Short Term Incentive (STI)
- Short Term Award (STA)
- Long Term Incentive (LTI)
- Long Term Award (LTA)
- Restricted Securities Award (RSA)
- Pro Rata CEO Grant
- Google Development Ventures (GDV) Incentive.

#### 35.a. Short Term Incentive (STI)

The STI plan is an annual incentive plan whereby a number of employees receive benefits which are dependent upon the achievement of both Lendlease financial and non financial targets, and individual goals. The total value of the potential benefit varies by individual and is tested against relevant market levels for each role.

- The STI plan typically comprises a cash component, which is paid in September following year end. For more senior employees, where the potential benefit is typically higher, the plan also includes a deferred component
- Deferral periods are generally for one or two years. The deferred component is normally awarded as Lendlease securities and in some instances as cash. Securities are held in Lendlease employee security plan trusts on behalf of employees for the deferral period (refer to Note 29a 'Employee Security Plans'). For employees to receive the deferred component in full, they must generally be employed by the Group at the time of vesting.

# Notes to Consolidated Financial Statements continued

## 35.b. Short Term Award (STA)

The STA plan is an annual incentive plan which replaced the STI for a limited number of senior executives from 2019. It is designed to focus senior executives on priority areas for delivery in the current financial year, including key Group and regional financial targets, safety and other non financial targets aligned to the Group's areas of focus.

Whilst performance is assessed against a set of Group metrics when determining awards, the Board will assess the overall performance and contribution of individual senior executives, with a particular focus on safety.

The total value of the potential benefit varies by individual and is set with reference to both internal peers and external market levels. For FY20 and FY21, the STA plan has been awarded as cash in September following year end. From FY22 onwards, 50 per cent of awarded STA will be a deferred grant of Lendlease securities. The deferred portion will be released in two equal tranches after one and two years.

## 35.c. Long Term Incentive (LTI)

The LTI plan is designed to:

- Motivate executives to achieve the Group's long term strategic goals and provide reward where the Group delivers better value to securityholders than its peers
- Align the interests of executives and securityholders, given that the reward received is linked to the Group's security price and average Return on Equity performance.

### Arrangements for LTI Awards

| LTI Design                                                    | How the LTI Works                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                       |
|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Performance Securities                                        | <ul style="list-style-type: none"> <li>• An annual grant of 'performance securities' is made to a limited number of executives</li> <li>• The Board intends that the awards be settled in Lendlease securities, although the award may be settled in cash or other means at the Board's discretion</li> <li>• On vesting, each performance security entitles executives to one Lendlease stapled security, or at the Board's discretion, cash or other instruments of equivalent value</li> <li>• In the event of a change in control of the Group, the Board has the discretion to determine whether the vesting of some or all performance securities should be accelerated.</li> </ul> |                                                                                       |
| Performance Period (applicable to FY21, FY22 and FY23 Grants) | <ul style="list-style-type: none"> <li>• 100 per cent of the performance securities are assessed over a three year period. If the performance hurdle is not fully achieved at this time, those performance securities that have not vested will lapse</li> <li>• If the performance hurdle is not met, the awards are forfeited</li> <li>• There is no retesting on any portion of the LTI grant.</li> </ul>                                                                                                                                                                                                                                                                              |                                                                                       |
| Termination of Employment                                     | <ul style="list-style-type: none"> <li>• If the executive resigns or is terminated for cause, the unvested LTI is forfeited</li> <li>• If the executive is terminated and if the Board considers vesting would provide a benefit that was unwarranted or inappropriate, the Board can adjust unvested LTI prior to the vesting date</li> <li>• For 'good leavers', the LTI grant may remain on foot, subject to the original terms</li> <li>• In exceptional circumstances (such as death or total and permanent disability), the Board may exercise discretion and settle the award at the time of termination of employment.</li> </ul>                                                 |                                                                                       |
| Performance Hurdles                                           | <ul style="list-style-type: none"> <li>• One third subject to Lendlease's Total Securityholder Return (TSR) compared to the companies in the S&amp;P/ASX 100 index. The S&amp;P/ASX 100 companies are determined at the start of the performance period</li> <li>• One third subject to Average Operating Return on Equity (Operating ROE) hurdle</li> <li>• One third subject to compound annual growth rate (CAGR) % in funds under management.</li> </ul>                                                                                                                                                                                                                              |                                                                                       |
| Vesting Schedule – Relative TSR (FY21)                        | Measure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Percentage of performance securities that vest as a proportion of maximum opportunity |
|                                                               | Below the 50th percentile                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | No vesting                                                                            |
|                                                               | At the 50th percentile                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 50 per cent vesting                                                                   |
|                                                               | Between the 50th percentile and 75th percentile                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Pro rata vesting on a straight line basis between 52 per cent and 98 per cent         |
|                                                               | At or above the 75th percentile                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 100 per cent vesting                                                                  |
| Vesting Schedule – Relative TSR (FY22 and FY23)               | Below the 50th percentile                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | No vesting                                                                            |
|                                                               | At the 50th percentile                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 40 per cent vesting                                                                   |
|                                                               | Between the 50th percentile and 75th percentile                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Pro rata vesting on a straight line basis between 40 per cent and 100 per cent        |
|                                                               | At or above the 75th percentile                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 100 per cent vesting                                                                  |

## Section F. Other Notes continued

### 35. Employee Benefits continued

| LTI Design                                                    | How the LTI Works                                                                           |                                                                                                    |
|---------------------------------------------------------------|---------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| Vesting Schedule - Average Operating ROE (FY21)               | Measure                                                                                     | Percentage of performance securities that vest as a proportion of maximum opportunity              |
|                                                               | Less than 8 per cent                                                                        | No vesting                                                                                         |
|                                                               | Between 8 per cent and target Operating ROE set by the Board                                | Pro rata vesting on a straight line basis between 20 per cent and 50 per cent vesting              |
|                                                               | At target Operating ROE set by the Board                                                    | 50 per cent vesting                                                                                |
|                                                               | Between target Operating ROE set by the Board and 11 per cent                               | Pro rata vesting on a straight line basis between 50 per cent and 100 per cent vesting             |
|                                                               | At or above 11 per cent                                                                     | 100 per cent vesting                                                                               |
| Vesting Schedule - Average Core Operating ROE (FY22 and FY23) | Below threshold                                                                             | No vesting                                                                                         |
|                                                               | At Core Operating ROE for threshold vesting                                                 | 0 per cent vesting                                                                                 |
|                                                               | Between Core Operating ROE for threshold vesting and Core Operating ROE for maximum vesting | Pro rata vesting on a straight line basis between 0 per cent and 100 per cent vesting <sup>1</sup> |
|                                                               | At or above Core Operating ROE for maximum vesting                                          | 100 per cent vesting                                                                               |
| Vesting Schedule - CAGR % FUM (FY21)                          | Below CAGR for threshold vesting                                                            | No vesting                                                                                         |
|                                                               | Between CAGR for threshold vesting and CAGR for target vesting                              | Pro rata vesting on a straight line basis between 20 per cent and 50 per cent vesting              |
|                                                               | At CAGR for target vesting                                                                  | 50 per cent vesting                                                                                |
|                                                               | Between CAGR for target vesting and CAGR for maximum vesting                                | Pro rata vesting on a straight line basis between 50 per cent and 100 per cent vesting             |
|                                                               | At CAGR for maximum vesting                                                                 | 100 per cent vesting                                                                               |
| Vesting Schedule - CAGR % FUM (FY22 and FY23)                 | Below threshold                                                                             | No vesting                                                                                         |
|                                                               | At CAGR % for threshold vesting                                                             | 0 per cent vesting                                                                                 |
|                                                               | Between CAGR % for threshold vesting and CAGR % for maximum vesting                         | Pro rata vesting on a straight line basis between 0 per cent and 100 per cent vesting              |
|                                                               | At or above CAGR % for maximum vesting                                                      | 100 per cent vesting                                                                               |

1. Subject to the 3 year Average Annual Core Operating ROE being above a vesting floor based on the cost of equity and the Portfolio Management Framework as determined by the Board.

#### 35.d. Long Term Award (LTA)

The LTA plan replaced the LTI for a limited number of executives from 2019. It was designed to motivate and reward key executives to deliver on the Group's long term strategy and to allow them to share in the value created for securityholders. Specifically, the objectives are to:

- Create rewards that are aligned to earnings
- Align the interests of securityholders and our most senior executives
- Promote team behaviours and an enterprise leadership mindset
- Retain the senior executive team.

The intended outcome is that reward and strategy are better aligned.

# Notes to Consolidated Financial Statements continued

## Arrangements for LTA Awards

| LTA Design                                                           | How the LTA Works                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Performance Rights</b>                                            | <ul style="list-style-type: none"> <li>An annual grant of 'performance rights' is made to a limited number of executives on the Global Leadership Team</li> <li>The Board intends that the awards be settled in Lendlease securities, although some or all of the award may be settled in cash at the Board's discretion</li> <li>Performance rights are rights to receive a variable number of Lendlease securities or at the discretion of the Board, cash with an equivalent value, upon vesting</li> <li>Outcomes against performance hurdles will determine how many Lendlease securities will be received following vesting between nil and a maximum number</li> <li>In the event of a change in control of the Group, the Board has the discretion to determine whether the vesting of some or all performance rights should be accelerated.</li> </ul> |
| <b>Performance Period (applicable to FY21, FY21 and FY23 Grants)</b> | <ul style="list-style-type: none"> <li>100 per cent of the performance rights are assessed over a three year period and the number of Lendlease securities that may be delivered on vesting is determined. The first tranche will vest immediately thereafter, and the second, third and fourth tranches will be deferred and will vest progressively four, five and six years after the grant date</li> <li>If the performance hurdle is not met, the awards are forfeited</li> <li>There is no retesting of the LTA grant.</li> </ul>                                                                                                                                                                                                                                                                                                                         |
| <b>Termination of Employment</b>                                     | <ul style="list-style-type: none"> <li>If the executive resigns and becomes engaged in activities that are competitive with the Group or is terminated for cause, the unvested LTA is forfeited</li> <li>If the executive is terminated and if the Board considers vesting would provide a benefit that was unwarranted or inappropriate, the Board has the discretion to lapse some or all performance rights prior to the vesting date</li> <li>For 'good leavers', the LTA grant may remain on foot, subject to the original terms.</li> </ul>                                                                                                                                                                                                                                                                                                               |
| <b>Performance Hurdles</b>                                           | <ul style="list-style-type: none"> <li>One third subject to Lendlease's Total Securityholder Return (TSR) compared to the companies in the S&amp;P/ASX 100 Index. The S&amp;P/ASX 100 companies are determined at the start of the performance period</li> <li>One third subject to Average Operating Return on Equity (Operating ROE) hurdle</li> <li>One third subject to compound annual growth rate (CAGR) % in funds under management.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                          |

|                                                        | Measure                                                      | Percentage of performance securities that vest as a proportion of maximum opportunity |
|--------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------------------------------|
|                                                        |                                                              | Senior Executive                                                                      |
| <b>Vesting Schedule - Relative TSR (FY21)</b>          | Below the 50th percentile                                    | No Vesting                                                                            |
|                                                        | At the 50th percentile                                       | 11 per cent vesting                                                                   |
|                                                        | Between the 50th percentile and 75th percentile              | Pro rata vesting on a straight line basis between 11 per cent and 100 per cent        |
|                                                        | At or above the 75th percentile                              | 100 per cent vesting                                                                  |
| <b>Vesting Schedule - Relative TSR (FY22 and FY23)</b> | Below the 50th percentile                                    | No Vesting                                                                            |
|                                                        | At the 50th percentile                                       | 40 per cent vesting                                                                   |
|                                                        | Between the 50th percentile and 75th percentile              | Pro rata vesting on a straight line basis between 40 per cent and 100 per cent        |
|                                                        | At or above the 75th percentile                              | 100 per cent vesting                                                                  |
| <b>Vesting Schedule - Average Operating ROE (FY21)</b> | Less than 8 per cent                                         | No Vesting                                                                            |
|                                                        | Between 8 per cent and target Operating ROE set by the Board | Pro rata vesting on a straight line basis between 8 per cent and 41 per cent          |
|                                                        | At target Operating ROE set by the Board                     | 41 per cent vesting                                                                   |
|                                                        | Between target set by the Board and 11 per cent              | Pro rata vesting on a straight line basis between 41 per cent and 100 per cent        |
|                                                        | At or above 11 per cent                                      | 100 per cent vesting                                                                  |

## Section F. Other Notes continued

### 35. Employee Benefits continued

|                                                               | Measure                                                                                     | Percentage of performance securities that vest as a proportion of maximum opportunity      |
|---------------------------------------------------------------|---------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
|                                                               |                                                                                             | Senior Executive                                                                           |
| Vesting Schedule - Average Core Operating ROE (FY22 and FY23) | Below threshold                                                                             | No vesting                                                                                 |
|                                                               | At Core Operating ROE for threshold vesting                                                 | 0 per cent vesting                                                                         |
|                                                               | Between Core Operating ROE for threshold vesting and Core Operating ROE for maximum vesting | Pro rata vesting on a straight line basis between 0 per cent and 100 per cent <sup>1</sup> |
|                                                               | At or above Core Operating ROE for maximum vesting                                          | 100 per cent vesting                                                                       |
| Vesting Schedule - CAGR % FUM (FY21)                          | Below CAGR for threshold vesting                                                            | No Vesting                                                                                 |
|                                                               | Between CAGR for threshold vesting and CAGR for target vesting                              | Pro rata vesting on a straight line basis between 8 per cent and 41 per cent               |
|                                                               | At CAGR for target vesting                                                                  | 41 per cent vesting                                                                        |
|                                                               | Between CAGR for target vesting and CAGR for maximum vesting                                | Pro rata vesting on a straight line basis between 41 per cent and 100 per cent             |
|                                                               | At CAGR for maximum vesting                                                                 | 100 per cent vesting                                                                       |
| Vesting Schedule - CAGR % in FUM (FY22 and FY23)              | Below threshold                                                                             | No Vesting                                                                                 |
|                                                               | At CAGR % for threshold vesting                                                             | 0 per cent vesting                                                                         |
|                                                               | Between CAGR % for threshold vesting and CAGR % for maximum vesting                         | Pro rata vesting on a straight line basis between 0 per cent and 100 per cent              |
|                                                               | At or above CAGR % for maximum vesting                                                      | 100 per cent vesting                                                                       |

1. Subject to 3 Year Average Annual Core Operating ROE being above the cost of equity determined by the Board.

#### 35.e. Restricted Securities Award (RSA)

The Restricted Securities Award (RSA), previously referred to as the LTA Minimum, is similar to fixed remuneration as it is not subject to performance conditions. It is designed to motivate and reward a limited number of key executives to deliver on the Group's long term strategy and to allow them to have a sense of ownership and share in the value created for securityholders. The RSA (and previously referred to LTA Minimum) was discontinued from FY22 under the revised Executive Reward Strategy.

#### Arrangements for RSA Awards

| RSA Design                | How the RSA Works                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Performance Rights        | <ul style="list-style-type: none"> <li>An annual grant of 'performance rights' is made to a limited number of executives on the Global Leadership Team</li> <li>However, following feedback from proxy-holders and other stakeholders, the RSA has no longer been offered from FY22</li> <li>The Board intends that the awards be settled in Lendlease securities, although some or all of the award may be settled in cash at the Board's discretion</li> <li>Performance rights are rights to receive one Lendlease stapled security, or at the Board's discretion, cash or other instruments of equivalent value</li> <li>In the event of a change in control of the Group, the Board has the discretion to determine whether the vesting of some or all performance rights should be accelerated.</li> </ul> |
| Vesting Period            | <ul style="list-style-type: none"> <li>The first tranche (i.e. 25%) will vest after three years and the second, third and fourth tranches will vest progressively four, five and six years after the grant date.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Termination of Employment | <ul style="list-style-type: none"> <li>If the executive resigns and becomes engaged in activities that are competitive with the Group or is terminated for cause, the unvested RSA is forfeited</li> <li>If the executive is terminated and if the Board considers vesting would provide a benefit that was unwarranted or inappropriate, the Board has the discretion to lapse some or all performance rights prior to the vesting date</li> <li>For 'good leavers', the RSA grant may remain on foot, subject to the original terms.</li> </ul>                                                                                                                                                                                                                                                                |

#### 35.f. Pro Rata CEO Grant

The pro rata CEO Grant is designed to recognise the period served as Global CEO (one month) in FY21 for Anthony Lombardo.

# Notes to Consolidated Financial Statements continued

## Arrangements for the Pro Rata CEO Grant

| Pro Rata CEO Grant | How the Pro Rata CEO Grant Works                                                                                                                                                                                                                                                                                                |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Performance Rights | <p>A one-off grant of 'performance rights' to reflect time served as Global CEO in FY21 reduced to reflect the length of the period and value already granted for FY21</p> <p>All other terms, including the performance period, performance hurdles, termination rules remain as per the FY21 LTA Grant referred to above.</p> |

## 35.g. Google Development Ventures (GDV) Incentive

| Incentive Design          | How the Incentive Works                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Performance Rights        | <ul style="list-style-type: none"> <li>A one-off grant of 'performance rights' to Denis Hickey to reward the successful delivery of GDV</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Performance Period        | <ul style="list-style-type: none"> <li>3 years from 1 July 2021 to 30 June 2024</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Performance Hurdles       | <ul style="list-style-type: none"> <li>70% of Performance Rights will vest based on the achievement of the key milestones for GDV during the performance period, including the securing of entitlements and capital plans and the commencement of construction for each project</li> <li>30% of Performance Rights will vest based on customer satisfaction feedback from the client and internal stakeholders at key touchpoints in the project life cycle, so that GDV milestones are not only delivered within the required timeframes but also to an exceptional standard</li> </ul> |
| Termination of Employment | <ul style="list-style-type: none"> <li>In the event of resignation or termination for cause, unvested rights are forfeited</li> <li>In all other circumstances, the portion of the award that reflects milestones that are already tested and achieved during the performance period will remain on foot. The untested portion is forfeited (except in the case of redundancy, whereby the untested portion will be continue to be tested against plan milestones and vest if applicable following the end of the performance period)</li> </ul>                                         |

## 35.h. Amounts Recognised in the Financial Statements

LTI and LTA awards are valued using Monte-Carlo simulation methodology where the security price can be projected based on the assumptions underlying the Black-Scholes formula. Retention awards are valued by discounting the security price by the expected dividends assumed to be paid from the valuation date until the vesting date (if applicable). The model inputs include the Lendlease Group security price, a risk free interest rate, expected volatility and dividend yield. During the financial year ended 30 June 2023, a \$49 million expense was recognised in the Income Statement in relation to equity settled security based payment awards (June 2022: \$51 million).

## Section F. Other Notes continued

### 36. Reserves

|                                                             | Hedging<br>Reserve<br>\$m | Foreign<br>Currency<br>Translation<br>Reserve<br>\$m | Non<br>Controlling<br>Interest<br>Acquisition<br>Reserve<br>\$m | Other<br>Reserve<br>\$m | Equity<br>Compensation<br>Reserve<br>\$m | Total<br>Reserve<br>\$m |
|-------------------------------------------------------------|---------------------------|------------------------------------------------------|-----------------------------------------------------------------|-------------------------|------------------------------------------|-------------------------|
| Balance as at 1 July 2021                                   | (79)                      | (63)                                                 | (92)                                                            | 106                     | 131                                      | 3                       |
| Net investment hedge                                        | -                         | (16)                                                 | -                                                               | -                       | -                                        | (16)                    |
| Effect of foreign exchange movements                        | -                         | 67                                                   | (5)                                                             | -                       | -                                        | 62                      |
| Effective cash flow hedges                                  | 136                       | -                                                    | -                                                               | -                       | -                                        | 136                     |
| <b>Total comprehensive income</b>                           | <b>136</b>                | <b>51</b>                                            | <b>(5)</b>                                                      | <b>-</b>                | <b>-</b>                                 | <b>182</b>              |
| Fair value movement on allocation and vesting of securities | -                         | -                                                    | -                                                               | -                       | 23                                       | 23                      |
| Transfer as a result of asset disposal <sup>1</sup>         | (9)                       | (15)                                                 | -                                                               | -                       | -                                        | (24)                    |
| <b>Total other movements through reserves</b>               | <b>(9)</b>                | <b>(15)</b>                                          | <b>-</b>                                                        | <b>-</b>                | <b>23</b>                                | <b>(1)</b>              |
| <b>Balance at 30 June 2022</b>                              | <b>48</b>                 | <b>(27)</b>                                          | <b>(97)</b>                                                     | <b>106</b>              | <b>154</b>                               | <b>184</b>              |
| Balance at 1 July 2022                                      | 48                        | (27)                                                 | (97)                                                            | 106                     | 154                                      | 184                     |
| Net investment hedge                                        | -                         | (20)                                                 | -                                                               | -                       | -                                        | (20)                    |
| Effect of foreign exchange movements                        | -                         | 112                                                  | (4)                                                             | -                       | -                                        | 108                     |
| Effective cash flow hedges                                  | 1                         | -                                                    | -                                                               | -                       | -                                        | 1                       |
| <b>Total comprehensive income</b>                           | <b>1</b>                  | <b>92</b>                                            | <b>(4)</b>                                                      | <b>-</b>                | <b>-</b>                                 | <b>89</b>               |
| Fair value movement on allocation and vesting of securities | -                         | -                                                    | -                                                               | -                       | -                                        | -                       |
| Transfer as a result of asset disposal <sup>1</sup>         | -                         | -                                                    | -                                                               | -                       | -                                        | -                       |
| Other movements                                             | -                         | -                                                    | -                                                               | -                       | -                                        | -                       |
| <b>Total other movements through reserves</b>               | <b>-</b>                  | <b>-</b>                                             | <b>-</b>                                                        | <b>-</b>                | <b>-</b>                                 | <b>-</b>                |
| <b>Balance at 30 June 2023</b>                              | <b>49</b>                 | <b>65</b>                                            | <b>(101)</b>                                                    | <b>106</b>              | <b>154</b>                               | <b>273</b>              |

1. These movements in reserves were transferred to profit and loss in the year.

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

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

| Accounting Standard                                                                                                                                                                        | Requirement                                                                                                                                                                                                                                                                              | Impact on Financial Statements                                                                                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| AASB 2014-10<br><i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> and consequential amendments. | AASB 2014-10 amends AASB 10 and AASB 128 to clarify the requirements for recording the sale or contribution of assets between an investor and its associate or joint venture.<br><br>The amendment becomes mandatory for the June 2026 financial year and will be applied prospectively. | Based on preliminary analysis performed, the amendments are not expected to have a material impact on the Group.  |
| AASB 17 <i>Insurance Contracts</i>                                                                                                                                                         | AASB 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes AASB 4 <i>Insurance Contracts</i> . The standard becomes mandatory for the June 2024 financial year and will be applied retrospectively.          | Based on the preliminary analysis performed, the standard is not expected to have a material impact on the Group. |

### 38. Other Significant Accounting Policies

#### 38.a. Foreign Currency Translation

##### Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial report is presented in Australian dollars, which is the Company's functional and presentation currency.

# Notes to Consolidated Financial Statements continued

## Transactions and Balances

Foreign currency transactions are translated into Australian dollars using the exchange rate on the date of the transactions. Assets and liabilities denominated in foreign currencies are translated to Australian dollars at balance date.

Foreign exchange gains or losses are recognised in the Income Statement for monetary assets and liabilities such as receivables and payables, except for qualifying cash flow hedges and qualifying net investment hedges in foreign operations, which are recognised in other comprehensive income. Refer to Note 25 'Hedging' for further detail.

Translation differences on non monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

## Group Entities

The results and Statement of Financial Position of all Group entities that are not presented in Australian dollars (none of which has the currency of a hyperinflationary economy) are translated as follows:

- Revenue and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the transaction rate, in which case revenue and expenses are translated at the date of the transactions)
- Assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at balance date
- All resulting exchange differences are recognised in other comprehensive income, in the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

## 38.b. Goods and Services Tax

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

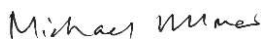
Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on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

## Directors' Declaration

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

1. The financial statements and notes and the remuneration disclosures contained in the Remuneration Report in the Directors' Report are in accordance with the *Corporations Act 2001*, including:
  - a. Giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2023 and of its performance for the financial year ended on that date; and
  - b. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. The 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 Company will be able to pay its debts as and when they become due and payable.
4. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Global Chief Executive Officer and Group Chief Financial Officer for the financial year ended 30 June 2023.

Signed in accordance with a resolution of the Directors:



**M J Ullmer, AO**

Chairman



**A P Lombardo**

Global Chief Executive Officer and Managing Director

Sydney, 14 August 2023

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# Independent Auditor's Report

To the members of Lendlease Corporation Limited

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report** of Lendlease Corporation Limited as the deemed parent presenting the stapled security arrangement of **Lendlease Group** (the Financial Report).

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

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

The **Financial Report of Lendlease Group** comprises:

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

The **Lendlease Group** consists of Lendlease Corporation Limited and the entities it controlled at the year-end or from time to time during the financial 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 opinion

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

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

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



## Key Audit Matters

The **Key Audit Matters** we identified for Lendlease Group are:

- Construction Revenue Recognition;
- Sale of Development Properties;
- Recoverability of Development Property Inventory;
- Asset Valuation; and
- UK Building Safety Provision

**Key Audit Matters** are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Construction Revenue Recognition (A\$7,690m)

Refer to Note 4 'Revenue from Contracts with Customers' to the Financial Report

#### The key audit matter

The Group performs various building, engineering and services construction contract works (projects) for a wide range of customers. The Group contracts in a variety of ways. Each project has a different risk profile based on its individual contractual and delivery characteristics.

Currently, global market conditions are uncertain with disruption to supply chains and inflationary pressures. These conditions continue to create a challenging operating environment impacting productivity, expected timing of completion and expected costs to complete.

Construction revenue recognition is a key audit matter as judgement is required to assess the timing of recognition determined by the Group. Revenue on construction contracts is earned over time, typically using costs incurred as a proportion of total forecast costs as the measure of progress.

Estimating total forecast costs to complete during project life is complex and requires judgement. Typical cost estimates include labour, subcontractors, equipment, materials, and project overheads. Changes to these cost estimates could give rise to variances in the amount of revenue recognized.

The revenue on construction contracts may also include variations and claims, which fall under either the variable consideration or contract modification requirements of AASB 15. These

#### How the matter was addressed in our audit

Our procedures included:

- Evaluating and testing the Group's review and approval of revenue and cost forecasting;
- Selecting a sample of contracts for testing using:
  - Data Analytic routines based on a number of quantitative and qualitative factors, related to size and risk of projects; and
  - the Group's project reporting tool.
- For the sample selected, we:
  - conducted visits to a selection of project sites to evidence physical progress;
  - inquired with key project personnel to assess the project schedule, forecast costs, risks and opportunities, with involvement from KPMG engineering specialists where appropriate;
  - read relevant contract terms and conditions to evaluate the inclusion of individual characteristics and project risks in the Group's estimates;
  - tested a sample of incurred costs to supplier invoices or other underlying documentation;
  - tested forecast costs for labour, subcontractors, equipment, materials, and project overheads by comparing to actual incurred spend, committed future contracts and current market quotes, with specific consideration of inflation in our assessment of contingency;
  - tested the variations and claims recognised within revenue against the criteria for



are recognised on a contract-by-contract basis when evidence supports that it is highly probable that a significant reversal in the amount of revenue recognised will not occur.

The assessment of revenue on construction contracts resulting from variations and claims was a focus of our audit due to the audit effort in assessing this across bespoke projects and contracting arrangements.

recognition in the accounting standards via inspection and assessment of:

- correspondence between the Group and the customer;
- the Group's legal basis for the variations and claims, including, where necessary, external legal opinions; and
- the Group's analysis of the amounts they consider meet the recognition requirement of highly probable, using our knowledge of the Group's historical experience in resolving variations and claims, and considering the commercial factors specific to each variation or claim and quality of information underpinning the amounts recognised.

#### Sale of Development Properties (A\$795m)

Refer to Note 4 'Revenue from Contracts with Customers' to the Financial Report

##### The key audit matter

The Group develops for sale both built form products (for example residential apartments and mixed-use buildings which incorporate commercial and retail) and residential land lots. It is the Group's policy for development revenue to be recognised when control transfers to the purchaser, based on an assessment of the contractual terms of sale.

This was a key audit matter due to the volume of transactions that occur across multiple jurisdictions. In addition, the assessment of cost of sales includes judgement as cost allocation for site infrastructure costs is typically based on the proportion of revenue for each unit, lot or building as compared to total forecast project revenue.

The assessment of profit recognition requires judgment as cost allocation is typically a function of total forecast project profit based on either revenue or area estimation.

##### How the matter was addressed in our audit

Our procedures included:

- Evaluating and testing the Group's review and approval of development revenue and cost forecasting;
- Selecting a sample of settlements, across multiple jurisdictions, during the year. For the sample selected we:
  - compared revenue recognised to contractual terms of sale and cash settlements;
  - assessed the Group's determination of when control transfers by a detailed analysis of the contractual terms of sale against the criteria in the accounting standards;
  - assessed the Group's cost allocation methodology against the requirements of the accounting standards;
  - tested the application of the cost allocation methodology by comparing allocated costs to revenue recognised in the year relative to the total project revenue; and
  - assessed total project revenue by comparing expected sales prices to published industry forecasts and comparable sales prices achieved in the year, being alert to the impacts of current challenging market conditions.



### Recoverability of Development Property Inventory (A\$3,649m)

Refer to Note 11 'Inventories' to the Financial Report

#### The key audit matter

It is the Group's policy to capitalise development costs into inventory over the life of its projects. Development costs include the purchase of land, site infrastructure costs, construction costs for built form products and borrowing costs.

It is the Group's policy to carry inventory at the lower of cost and net realisable value. The recoverability therefore of these capitalised development costs is a significant judgement made by the Group, and their assessment is based on forecasts of:

- sales prices; and
- construction and infrastructure costs to complete the development.

Where a development is forecast to be loss making and the inventory is no longer considered to be recoverable, the Group considers it to be impaired and it is their policy for an expense to be recognised.

This was a key audit matter for us due to many developments being long term which increases the level of forecasting judgement and audit complexity in assessing estimated sales prices and future costs to complete the development. We considered the heightened risk in estimating future sales prices, the timing of sales, and future costs as a result of current economic conditions.

#### How the matter was addressed in our audit

Our procedures included:

- Selecting a sample of projects for testing using:
  - Data Analytic routines based on a number of quantitative and qualitative factors, related to size, duration and risk of projects; and
  - the Group's project reporting tool.
- For the sample selected, we:
  - compared expected sales prices to published industry forecasts and comparable sales prices achieved in the year, being alert to the impacts of current challenging market conditions;
  - tested a sample of forecast construction and infrastructure costs to underlying supplier contracts, historical experience of similar costs, and our industry expectation of cost contingency levels and cost escalation assumptions; and
  - assessed expected sales prices, the volumes of sales expected each period and holding costs in light of current challenging market conditions, using our industry knowledge;
- Assessing disclosures included in the financial report highlighting the key factors in determining recoverability of development property inventory, using our understanding obtained from our testing and against the requirements of the accounting standards.



## Asset Valuation

Refer to Note 12 'Equity Accounted Investments' (A\$5,647m), Note 13 'Other Financial Assets' (A\$1,172m) and Note 26 'Fair Value Measurement' to the Financial Report

### The key audit matter

The Group is required to assess the value of equity accounted investments and other financial assets at each reporting date. Within these investments are a significant number of investment properties measured at fair value. These properties include commercial, retail, industrial, life sciences and residential (build to rent) assets. The fair value of these properties directly impacts the Group's interests in its equity accounted investments and other financial assets.

Valuations of assets are generally performed by the Group using internal valuation methodologies (discounted cash flow or capitalised income approach) or through the use of external valuation experts. External valuations are obtained on a routine basis by the Group each year, with the remaining investments being valued internally.

The Group's key valuation assumptions are predominantly:

- capitalisation of earnings rates
- market rent
- leasing incentives
- discount rates
- rental growth rates

Given the current market conditions real estate valuations have been subject to fluctuation. The assessment of the valuations of these assets is a key audit matter as they:

- contain certain forward-looking assumptions, with higher estimation uncertainty given current economic conditions, which are inherently challenging to audit; and
- lead to additional audit effort, often due to the high number of differing assumptions and models, across varying asset classes.

### How the matter was addressed in our audit

Our procedures included:

- Selecting a sample of valuations performed by the Group, based on the significance of the asset to the Group's financial position and performance;
- For the sample selected:
  - Worked with our real estate valuation specialists, we compare key assumptions with market data published by commercial real estate agents, previous external valuations, our knowledge of the industry, and/or our knowledge of the asset and its historical performance. Key assumptions include:
    - capitalisation of earnings rates
    - market rent
    - leasing incentives
    - discount rates
    - rental growth rates
  - Assessed the scope, competence and objectivity of external valuation experts engaged by the Group for assets valued by external valuation experts;
  - Assessed the valuation methodology for consistency with accounting standards and industry practice for the asset's class; and
  - Evaluated and tested the Group's review and approval of internal valuations based on the Group's policies for internally valued assets;
- Assessing disclosures included in the financial report highlighting the estimates and judgements in determining fair values of the Group's equity accounted investments and other financial assets. We used our understanding obtained from our testing against the requirements of the accounting standards.



## UK Building Safety Expense (A\$295m)

Refer to Note 22 'Provisions'.

### The key audit matter

In January 2022 the UK Government set out its roadmap to resetting building safety in the UK. Since then, the UK Government has introduced the Building Safety Act which requires developers to remediate fire-safety issues on all buildings of 11 metres and above.

In March 2023, the Group signed the UK Government's Developer Remediation Contract, requiring the Group to remediate buildings which they developed within the last 30 years where there are life critical fire-safety issues identified.

Estimation of the provision requires identification of which buildings will, more likely than not, require remediation based on information currently available. The Group's assessment process is ongoing as information continues to be obtained from a range of parties in respect of each building. A full intrusive building inspection against the required safety standards will determine whether remediation is required or not. However, these assessments take time to complete resulting in the Group using judgement to determine whether a provision is required for each building before the formal inspection process is complete.

The estimate also requires an assessment of the likely cost and timing of these future works. This was a key audit matter for us due to the high degree of estimation uncertainty and subjectivity in determining the likely cost of future works. The key assumptions giving rise to this estimation uncertainty are:

- the number of buildings requiring remediation;
- remediation cost per building;
- expected period over which the portfolio of buildings will be remediated; and
- the appropriateness of the discount rate applied to the estimate.

### How the matter was addressed in our audit

Our procedures included:

- Performing a walkthrough to understand the Group's process for identifying which buildings, will more likely than not, require remediation based on the information available.
- Assessing the completeness of buildings included in the Group's assessment with reference to publicly available information on buildings developed by the Group.
- For each building identified by the Group, assessing the recognition of a provision with reference to information provided by the UK Government (Building Safety Fund), building owners and the Group's internal investigations.
- Working with our major projects advisory specialists, we compared the methodology applied and key assumptions selected by the Group in developing the estimate with our knowledge of the industry. We challenged key assumptions by:
  - Inspecting individual building information from the UK Government (Building Safety Fund) and building owners compared to the provision recognised along with obtaining evidence for any adjustments;
  - Benchmarking the cost of remediation of the Group's portfolio of buildings based on size and number of apartments, as well as comparing individual building costs where there are multiple buildings in the same development; and
  - Benchmarking the discount rate and period of remediation adopted by the Group to other developers within the industry.
- Assessing disclosures included in the financial report highlighting the estimates and judgements in determining the provision. We used our understanding obtained from our testing against the requirements of the accounting standards.



The Group's estimated provision may be subject to further refinement as detailed building inspections are completed and the extent of building remediation, and the cost of that remediation work becomes clearer.

## Other Information

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

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

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

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

## Responsibilities of the Directors for the Financial Report

The Directors of Lendlease Corporation are responsible for:

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

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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



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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf) This description forms part of our Auditor's Report.

## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Lendlease Corporation Limited for the year ended 30 June 2023, complies with *Section 300A* of the *Corporations Act 2001*.

### Directors' responsibilities

The Directors of Lendlease Corporation Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

### Our responsibilities

We have audited the Remuneration Report included in pages 72 to 94 of the Directors' report for the year ended 30 June 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Eileen Hoggett

Partner

Sydney

14 August 2023

Paul Rogers

Partner

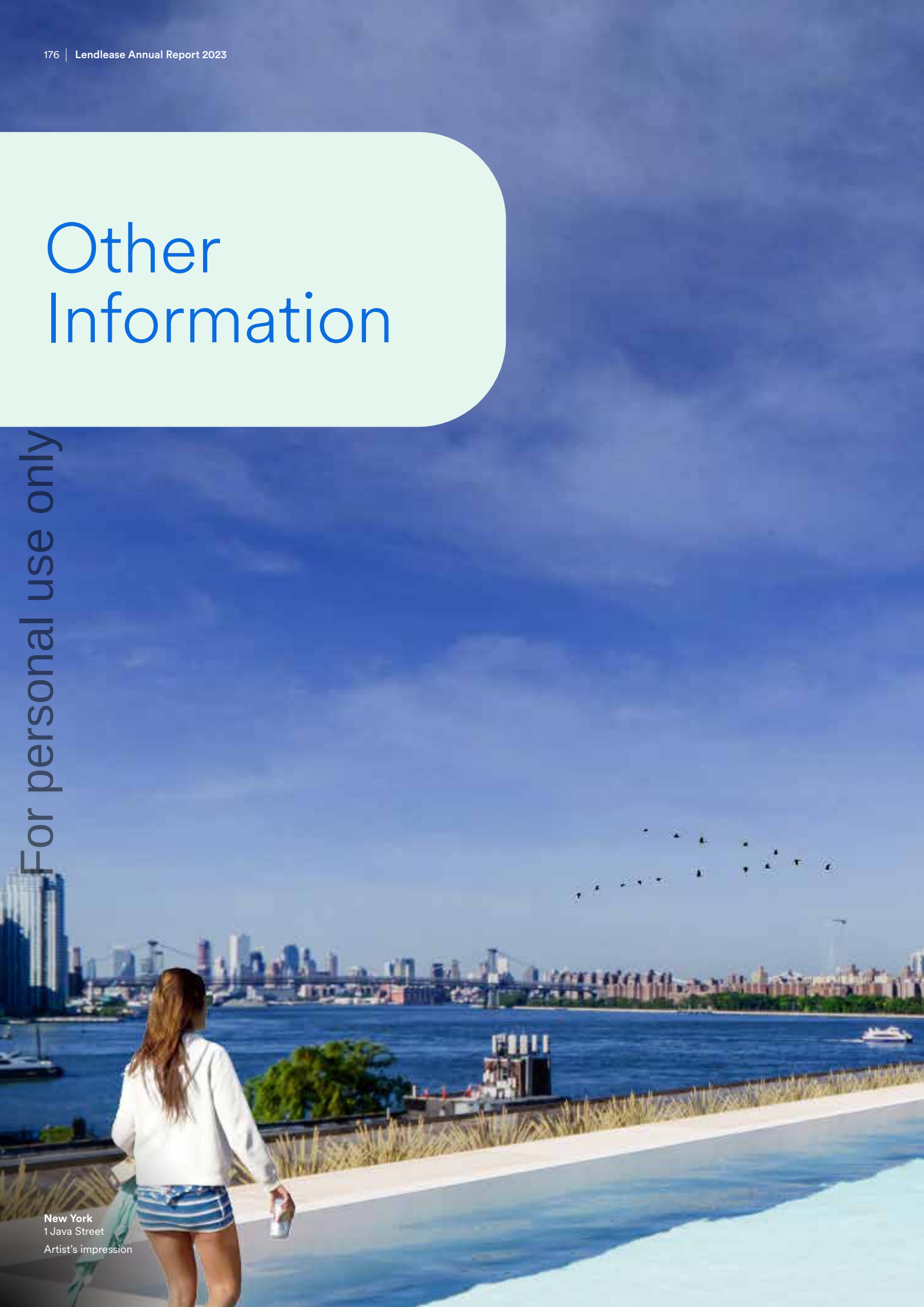
Sydney

14 August 2023

# Other Information

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New York  
1 Java Street  
Artist's impression



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# Corporate directory

### Annual General Meeting 2023 (AGM)

The Annual General Meeting (AGM) of shareholders of Lendlease Corporation Limited and the general meeting of unitholders of Lendlease Trust (together, Lendlease Group) will be held at 10am on Friday 17 November 2023 in the Fitzroy Ballroom at the Sofitel Hotel, 25 Collins Street, Melbourne, NSW. As the meeting will be a hybrid AGM, securityholders who are not able to physically attend the AGM will be able to participate and vote at the meeting using technology. We will provide securityholders with full details of participation in the Notice of Meetings. Lendlease advises that the date of close of Director nominations for election at the AGM is Friday 29 September 2023.

### Important dates

|                   |                                  |
|-------------------|----------------------------------|
| 14 August 2023    | Full Year results announced      |
| 18 August 2023    | Security price ex distribution   |
| 21 August 2023    | Final distribution record date   |
| 13 September 2023 | Final distribution payable       |
| 17 November 2023  | Annual General Meeting           |
| 19 February 2024  | Half Year results announced      |
| 23 February 2024  | Security price ex distribution   |
| 26 February 2024  | Interim distribution record date |
| 13 March 2024     | Interim distribution payable     |

Please note that the timing of events can be subject to change. A current calendar is available online at [www.lendlease.com](http://www.lendlease.com)

### Entity Details

Lendlease Corporation Limited ABN 32 000 226 228  
Incorporated in NSW Australia

Lendlease Responsible Entity Limited ABN 72 122 883 185 AFS  
Licence 308983 as responsible entity for Lendlease Trust ABN 39 944 184 773 ARSN 128 052 595

### Registered Office

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

### Contact

T: +61 2 9236 6111  
F: +61 2 9252 2192

[www.lendlease.com](http://www.lendlease.com)

### Share Registry Information

Computershare Investor Services Pty Limited ABN 48 078 279  
277 GPO Box 242, Melbourne Victoria 3000 Australia

T: 1800 230 300 (within Australia)  
T: +61 3 9946 4460 (outside Australia)

[www.computershare.com.au](http://www.computershare.com.au)

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# Securityholder information

## Securities exchange listing and code

Lendlease Group is listed on the Australian Securities Exchange and trades under the code LLC.

In the United States, Lendlease securities are traded on the 'over the counter' market in the form of sponsored American Depositary Receipts (ADRs) under the symbol LLESY. Each ADR represents one ordinary security. Information about ADRs is available from the depositary, The Bank of New York Mellon [www.adrbny.com](http://www.adrbny.com)

## Voting rights

Each stapled security in Lendlease Group and each ADR entitles the holder to one vote. Rights to Lendlease Group securities granted under Lendlease Group's employee equity incentive plans do not carry voting rights.

## Share Accumulation Plan

The Share Accumulation Plan is designed to be a convenient way for securityholders with a registered address in Australia or New Zealand to build their securityholdings without incurring transaction costs. The laws of other countries make it difficult for us to offer securities in this way. Lendlease securityholders are able to reinvest their distributions to acquire more Lendlease securities through the Distribution Reinvestment Plan (DRP) or the Share Election Plan (SEP). Securityholders may also make contributions of between \$500 and \$2,500 to acquire new Lendlease securities under the Share Purchase Plan (SPP). Together the DRP, SEP and SPP constitute the Share Accumulation Plan.

The rules of each of these plans are set out in the Share Accumulation Plan Information Sheet. Copies are available on the Lendlease website. Please note that the Share Election Plan and the Share Purchase Plan are currently suspended.

## Key sources of information for securityholders

We report the following to securityholders each year:

- Annual Report
- Half Year Financial Report
- March and September distribution statements.

## Electronic communications

Securityholders have the option of receiving the following communications and all other Company related information electronically:

- Annual Report
- Distribution statements
- Notice of Annual General Meetings.

Lendlease makes the Annual Report available in an online version. A hard copy of the Annual Report will only be sent to those securityholders who elect to receive it in that form. In addition, securityholders may elect to receive notification when the Annual Report is available online.

Securityholders who wish to register their email address should go to the website of the Lendlease share registry [www.investorcentre.com/ecomms](http://www.investorcentre.com/ecomms)

For registry contact details, see page 178.

## Privacy legislation

Under Chapter 2C of the Corporations Act 2001, a securityholder's information (including their name, address and details of securities held) is required to be included in Lendlease's public register. This information must continue to be included in Lendlease's public register for seven years after a person ceases to be a securityholder. These statutory obligations are not altered by the Privacy Amendment (Private Sector) Act 2000. Information is collected to administer the securityholder's holding and if some or all of the information is not collected, then it may not be possible to administer the holding. Lendlease's privacy policy is available on its website.

## Dispute resolution

There is a dispute resolution mechanism that covers complaints by securityholders. For more information, please contact Lendlease Investor Relations at +61 2 9236 6111 or email [us.investorrelations@lendlease.com](mailto:us.investorrelations@lendlease.com)

## Distribution and Share Accumulation Plan issue price history

For historical distribution and Share Accumulation Plan Issue Price information, please see the below link to our website [www.lendlease.com/au/investor-centre/distribution-and-tax](http://www.lendlease.com/au/investor-centre/distribution-and-tax)

**Security information at a glance at 1 August 2023 (comparative 1 August 2022)**

|                                                | 2023                    | 2022                    |
|------------------------------------------------|-------------------------|-------------------------|
| Number of securityholders                      | 61,036                  | 65,909                  |
| Units issued                                   | 688,322,065             | 688,906,938             |
| Percentage owned by 20 largest securityholders | 77.28%                  | 77.03%                  |
| Interim dividend/distribution                  | 4.9 cents per security  | 5.0 cents per security  |
| Total dividend/distribution                    | 16.0 cents per security | 16.0 cents per security |
| Dividend payout ratio                          | 43%                     | 40%                     |

**Spread of securityholdings as at 1 August 2023 (comparative 1 August 2022)**

|                                                    | 2023                                    | 2022                                   |
|----------------------------------------------------|-----------------------------------------|----------------------------------------|
| 1 to 1,000 securities                              | 32,110                                  | 37,814                                 |
| 1,001 to 5,000                                     | 22,743                                  | 25,683                                 |
| 5,001 to 10,000                                    | 3,991                                   | 4,318                                  |
| 10,001 to 100,000                                  | 2,109                                   | 2,235                                  |
| 100,001 securities and over                        | 83                                      | 98                                     |
| Total number of securityholders                    | 61,036                                  | 70,148                                 |
| Securityholders with less than a marketable parcel | 4,496 (representing 112,604 securities) | 3,158 (representing 50,236 securities) |

**Securities purchased on market**

The following securities were purchased on market during the financial year for the purpose of funding employee incentive awards through Lendlease securities.

|                    | Number of Securities Purchased | Average Price Paid Per Security |
|--------------------|--------------------------------|---------------------------------|
| Stapled Securities | 3,006,856                      | \$9.98                          |

## Top 20 securityholders as at 1 August 2023

| Rank                                                      | Name                                                                   | Units              | % of Units   |
|-----------------------------------------------------------|------------------------------------------------------------------------|--------------------|--------------|
| 1                                                         | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                              | 252,158,265        | 36.58        |
| 2                                                         | CITICORP NOMINEES PTY LIMITED                                          | 86,987,290         | 12.62        |
| 3                                                         | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED                              | 80,892,032         | 11.74        |
| 4                                                         | BNP PARIBAS NOMS PTY LTD <DRP>                                         | 30,937,471         | 4.49         |
| 5                                                         | NATIONAL NOMINEES LIMITED                                              | 26,810,628         | 3.89         |
| 6                                                         | LL EMPLOYEE HOLDINGS CUSTODIAN PTY LIMITED <CASTLE ACCOUNT A/C>        | 14,075,522         | 2.04         |
| 7                                                         | ARGO INVESTMENTS LIMITED                                               | 6,980,092          | 1.01         |
| 8                                                         | LL EMPLOYEE HOLDINGS CUSTODIAN PTY LIMITED <ESAP STI A/C>              | 5,854,261          | 0.85         |
| 9                                                         | BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>        | 3,733,977          | 0.54         |
| 10                                                        | HMC CAPITAL PARTNERS HOLDINGS PTY LTD <HMC CAP PRTNS HLDS A/C>         | 3,500,000          | 0.51         |
| 11                                                        | NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>                      | 3,494,129          | 0.51         |
| 12                                                        | BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>                  | 2,333,705          | 0.34         |
| 13                                                        | HOME CONSORTIUM LIMITED                                                | 2,306,237          | 0.33         |
| 14                                                        | BUTTONWOOD NOMINEES PTY LTD                                            | 2,160,983          | 0.31         |
| 15                                                        | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C> | 2,042,426          | 0.30         |
| 16                                                        | BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM                           | 2,033,154          | 0.29         |
| 17                                                        | CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>                 | 1,838,191          | 0.27         |
| 18                                                        | CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>           | 1,779,902          | 0.26         |
| 19                                                        | BNP PARIBAS NOMS (NZ) LTD <DRP>                                        | 1,429,578          | 0.21         |
| 20                                                        | SOLIUM NOMINEES (AUSTRALIA) PTY LTD <VSA A/C>                          | 1,374,982          | 0.20         |
| <b>Total Top 20 holders of fully paid ordinary shares</b> |                                                                        | <b>532,722,825</b> | <b>77.28</b> |
| <b>Total Remaining Holders Balance</b>                    |                                                                        | <b>156,599,240</b> | <b>22.72</b> |

## Substantial securityholders as shown in the Company's Register at 1 August 2023

| Name                         | Date of Last Notice Received | No of Units | % of Issued Capital |
|------------------------------|------------------------------|-------------|---------------------|
| Aware Super Pty Limited      | 6/5/2022                     | 58,980,938  | 8.56                |
| State Street Corporation     | 15/12/2022                   | 49,248,365  | 7.15                |
| BlackRock Group              | 13/1/2020                    | 34,049,935  | 6.03                |
| The Vanguard Group           | 3/5/2019                     | 33,903,122  | 6.01                |
| Allan Gray Australia Pty Ltd | 21/12/2022                   | 35,779,122  | 5.19                |

# Glossary

**Co-investment:** The total market value of Lendlease equity invested across Lendlease managed funds as at period end. Represents the Group's assessment of the market value.

**Construction backlog revenue:** Current year Construction backlog revenue is the total revenue to be earned across future periods.

**Core Operating Return on Equity (ROE):** ROE is calculated using annual operating Profit after Tax attributable to securityholders divided by the arithmetic average of beginning, half year and year end securityholders' equity.

**Development pipeline:** Estimated end value of all of the Group's secured development projects based on values as at period end; includes 100 per cent of joint venture projects and therefore will not necessarily correlate with the Group's Profit after Tax.

**Distribution payout ratio:** Distribution divided by Profit after Tax.

**Distribution per security:** Amount of interim and final distribution per stapled security from the Company/Trust.

**Earnings per security:** Profit after Tax divided by the weighted average number of securities on issue during the year (including treasury securities) unless otherwise stated.

**EBITDA:** Earnings Before Interest, Tax, Depreciation and Amortisation.

**Effective tax rate:** Income tax expense as a percentage of Profit before Tax.

**Funds under management (FUM):** The total market value of investments across Lendlease managed funds.

**Gearing:** Net debt to total tangible assets less cash.

**Global Minimum Requirements (GMRs):** GMRs are Lendlease's minimum environment, health and safety standards designed to control the risks across our operations.

**Good leaver:** An employee who is leaving Lendlease for a reason such as retirement or redundancy, and who may remain eligible for part or all of an incentive opportunity.

**Green Star rating:** Green Star is a national voluntary environmental rating system used by the Green Building Council of Australia to evaluate the environmental design and achievements of buildings.

**Investments:** Includes equity invested in Lendlease managed funds and direct investment in property and property related assets. Represents the Group's assessment of market value.

**Investments performance:** The performance of our Investments business which includes our funds under management, assets under management, co-invested equity in Lendlease managed funds and direct investment in property and property related assets.

**Key Management Personnel (KMP):** Those executives who have the authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly (as per Accounting Standard AASB 124 Related Party Disclosures).

**KPIs:** Key Performance Indicators.

**Long Term Incentive (LTI)/Long Term Award (LTA):** An incentive scheme which provides Lendlease equity (or cash, in some circumstances) to participating executives that may vest, in whole or part, if specified performance measures are met over a three year period.

**Lost Time Injury Frequency Rate (LTIFR):** An indicator and industry standard measuring a workplace injury which prevents a worker from returning to duties the next day. LTIFR refers to the number of lost time injuries within a year, relative to the total number of hours worked in the financial year.

**Market capitalisation:** The number of securities on issue multiplied by the security price at year end.

**Net debt:** Borrowings, including certain other financial liabilities, less cash.

**New work secured revenue:** Estimated revenue to be earned from construction contracts secured during the period. New work is secured and forms part of backlog revenue when formal contracts are signed.

**People and Culture Committee:** The Board subcommittee that helps the Board fulfil its responsibilities in people management and reward policies. It is made up entirely of independent Non Executive Directors.

**PLLACes:** Pre-sold Lendlease Apartment Cashflows.

**Profit after Tax (PAT):** Profit after Tax attributable to securityholders, determined in accordance with Australian Accounting Standards.

**Public Private Partnerships (PPP):** A joint procurement arrangement for infrastructure development contracts between the public and private sectors.

**Residential build to rent:** Residential apartments, typically in the form of an entire building, that are made available for rent as separate dwellings. Lendlease and its investment partners maintain ownership of these apartments.

**Securityholders:** An individual or entity that owns Lendlease securities.

**Senior executive:** Employees who hold a position at executive level according to the Lendlease Career Job Framework. This generally includes Regional Business Unit Heads, Regional Function Heads and in some cases, direct reports to Group Function Heads.

**Settlements:** Cash settled in the period on completed units/lots in Australia, Europe and Americas, and units which have reached practical completion in Asia.

**Short Term Incentive (STI)/Short Term Award (STA):** Incentives awarded with direct reference to financial and non financial performance over a one year period. Measures are designed to focus individuals on priority areas for the current financial year.

**Total Package Value (TPV):** Salary plus the value of salary package items such as motor vehicles and parking and compulsory superannuation contributions paid on behalf of an employee.

**Total Shareholder Return/Total Securityholder Return (TSR):** The movement in a company's share/security price, dividend yield and any return of capital over a specific period. It is often expressed as a percentage.

**Urban development pipeline:** Estimated end value of all of the Group's secured development projects (excluding Communities projects) based on values as at period end; includes 100 per cent of joint venture projects and therefore will not necessarily correlate with the Group's Profit after Tax.

**Weighted average number of securities:** The time weighted number of securities outstanding during the period.

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