

Lendlease Finance Limited

Half Year Financial Report

31 December 2023

Lendlease Finance Limited ABN 49 008 618 380

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Lendlease Finance Limited (the Company) is incorporated and domiciled in Australia. The Company is a for-profit entity. Further information about Lendlease Finance Limited's primary activities is included in the Directors' Report.

The Company's half year financial report was authorised for issue by the Directors on 13 February 2024.

Directors' Report

The Directors of Lendlease Finance Limited (the Company) (ABN 49 008 618 380) present their Report together with the Half Year Financial Report of the Company, for the half year ended 31 December 2023 and the Auditor's Report thereon.

Lendlease Finance Limited is a wholly owned subsidiary of Lendlease Finance Holding Company Pty Limited and forms part of the consolidated Lendlease Group (the Group). The registered office and principal place of business of the Company is Level 14, Tower Three, International Towers Sydney, Exchange Place, 300 Barangaroo Avenue, Barangaroo NSW 2000.

1. Governance

a. Directors

The name of each person who has been a Director of the Company at any time between 1 July 2023 and the date of this Report are:

A W Nieland	Director since July 2022
K Mudeliar	Director since March 2023
K M Wong	Director since March 2023

b. Company Secretary

Ms Susie Ann Westlake was appointed to the position of company secretary in April 2013 and Ms Katrina Beth Smith was appointed to the position of company secretary in July 2015.

2. Principal Activities

The principal activities of the Company are to manage financial risks undertaken through borrowing, lending and investing and hedging the Group's foreign currency exposures and interest rate risks. In relation to these activities, the Company holds foreign exchange and interest rate derivative contracts as part of its role in maintaining the Group's hedged position. There were no significant changes in the nature of this activity during the period.

3. Review and Results of Operations

The Company made a Profit after tax of \$569,000 for the half year ended 31 December 2023 (31 December 2022: \$8,109,000 loss after tax).

4. Events Subsequent to Balance Date

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

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

The Lead Auditor's Independence Declaration is set out at the end of this report and forms part of the Directors' Report for the six months ended 31 December 2023.

Directors' Report continued

6. Rounding Off

Lendlease Finance Limited is a Company of the kind referred to in the Australian Securities and Investments Commission (ASIC) (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with the Instrument, amounts in the financial statements and directors' report have been rounded off to the nearest thousand dollars, or, where the amount is \$500 or less, zero, unless specifically stated otherwise.

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

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Director

Andrew William Nieland

Date 13 February 2024



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

To the Directors of Lendlease Finance Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Lendlease Finance Limited for the half-year ended 31 December 2023 there have been:

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

KPMG

KPMG

Paul Rogers

Paul Rogers

Partner

Sydney

13 February 2024

Financial Statements

Income Statement

Half Year Ended 31 December 2023

	Note	6 months December 2023 \$000s	6 months December 2022 \$000s
Finance revenue	3	80,302	53,227
Finance costs	3	(71,886)	(47,661)
Net finance revenue		8,416	5,566
Other income			
Guarantee fees – related parties		12,362	11,653
Derivative and foreign exchange loss	4	(7,335)	(21,033)
Expenses			
Guarantee fees		(7,641)	(7,706)
Other expenses		(4,989)	(3,206)
Total expenses		(12,630)	(10,912)
Profit/(Loss) before tax		813	(14,726)
Income tax (expense)/benefit	5	(244)	6,617
Profit/(Loss) after tax attributable to members of Lendlease Finance Limited		569	(8,109)

Statement of Comprehensive Income

Half Year Ended 31 December 2023

	6 months December 2023 \$000s	6 months December 2022 \$000s
Profit/(Loss) after tax	569	(8,109)
Other comprehensive (loss)/income after tax		
Items that may be reclassified subsequently to profit or loss:		
Movements in hedging reserve	(10,557)	551
Total comprehensive loss after tax	(9,988)	(7,558)

The accompanying notes form part of these financial statements.

Financial Statements continued

Statement of Financial Position

As at 31 December 2023

	Note	December 2023 \$'000s	June 2023 \$'000s
Current Assets			
Cash and cash equivalents		24,524	25,688
Loans and receivables	6	8,619,029	7,699,500
Derivatives		49,403	35,024
Other assets		1,903	2,731
Total current assets		8,694,859	7,762,943
Non Current Assets			
Loans and receivables	6	1,399,643	1,709,877
Derivatives		96	15,176
Net deferred tax assets		4,374	-
Other assets		13,553	12,971
Total non current assets		1,417,666	1,738,024
Total assets		10,112,525	9,500,967
Current Liabilities			
Trade and other payables	7	7,683,341	7,664,811
Derivatives		35,012	56,551
Total current liabilities		7,718,353	7,721,362
Non Current Liabilities			
Trade and other payables	7	363,159	185,548
Derivatives		64,155	87,181
Net deferred tax liabilities		-	1,718
Borrowings and financing arrangements	8	1,886,889	1,415,201
Total non current liabilities		2,314,203	1,689,648
Total liabilities		10,032,556	9,411,010
Net assets		79,969	89,957
Equity			
Issued capital	9	100,000	100,000
Reserves		32,643	43,200
Accumulated losses		(52,674)	(53,243)
Total equity		79,969	89,957

The accompanying notes form part of these financial statements.

Financial Statements continued

Statement of Changes in Equity

Half Year Ended 31 December 2023

	6 months December 2023 \$000s	6 months December 2022 \$000s
Issued Capital		
Opening balance at beginning of financial period	100,000	100,000
Closing balance at end of financial period	100,000	100,000
Financial Guarantee Contract Reserve		
Opening balance at beginning of financial period	14,941	14,941
Closing balance at end of financial period	14,941	14,941
Hedging Reserve		
Opening balance at beginning of financial period	28,259	30,628
Comprehensive (loss)/income for the period:		
Movements attributable to effective cash flow hedges	(10,557)	551
Closing balance at end of financial period	17,702	31,179
Total reserves	32,643	46,120
Accumulated Losses		
Opening balance at beginning of financial period	(53,243)	(49,816)
Profit/(Loss) attributable to members of Lendlease Finance Limited	569	(8,109)
Closing balance at end of financial period	(52,674)	(57,925)
Total equity	79,969	88,195

Statement of Cash Flows

Half Year Ended 31 December 2023

	6 months December 2023 \$000s	6 months December 2022 \$000s
Cash Flows from Operating Activities		
Cash receipts in the course of operations	6,061,742	4,382,432
Cash payments in the course of operations	(6,100,648)	(4,408,450)
Interest received	86,526	49,106
Interest paid	(84,757)	(46,777)
Net cash used in operating activities	(37,137)	(23,689)
Cash Flows from Financing Activities		
Funding provided from Group entities	1,326,541	1,000,676
Funding provided to Group entities	(1,740,540)	(1,320,130)
Proceeds from borrowings – external	2,200,000	930,000
Repayment of borrowings – external	(1,750,000)	(715,000)
Net cash provided by / (used in) financing activities	36,001	(104,454)
Other Cash Flow Items		
Effect of foreign exchange rate movements on cash and cash equivalents	(28)	(338)
Net decrease in cash and cash equivalents	(1,164)	(128,481)
Cash and cash equivalents at beginning of financial period	25,688	151,173
Cash and cash equivalents at end of financial period	24,524	22,692

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. Basis of Preparation

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

- has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*;
- complies with the recognition and measurement requirements of International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB);
- should be read in conjunction with the 30 June 2023 annual financial report. The half year financial report does not contain all the information required for a full financial report;
- is presented in Australian dollars with all values rounded off to the nearest thousand dollars unless otherwise indicated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191; and
- is prepared under the historical cost basis except for derivative financial instruments which are stated at their fair value.

The preparation of an interim financial report that complies with AASB 134 requires management to make judgements, estimates and assumptions.

- This can affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
- Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.
- The accounting policies have been consistently applied by the Company and are consistent with those applied in the 30 June 2023 annual financial report other than as stated below.

1.1 Impact of New/Revised Accounting Standards

New Accounting Standards and Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the half year ended 31 December 2023 but are available for early adoption and have not been applied in preparing this report. Based on the analysis performed, the new accounting standards and interpretations not yet adopted are not expected to have a material impact to the Company.

Notes to the Financial Statements continued

2. Segment Reporting

Business Segment

The Company is involved in providing financial services to the Lendlease Group through borrowing, lending and investing activities and in hedging foreign currency exposures and interest rate risks.

Geographical Segment

The Company operates solely in Australia in respect of its management and operational activities. Its total assets are held in Australia.

	6 months December 2023 \$000s	6 months December 2022 \$000s
3. Finance Revenue and Finance Costs		
Finance Revenue		
Related parties	78,660	51,596
Other corporations	1,642	1,631
Total finance revenue	80,302	53,227
Finance Costs		
Related parties	(18,931)	(13,646)
Other corporations	(52,955)	(34,015)
Total finance costs	(71,886)	(47,661)
Net finance revenue	8,416	5,566
4. Derivative and Foreign Exchange Loss		
Foreign exchange contracts loss	(3,975)	(11,228)
Foreign exchange (loss)/gain on related party loans	(4,019)	7,054
Foreign exchange loss on external borrowings	-	(17,170)
Foreign exchange gain on other transactions	687	649
Foreign exchange loss on revaluation of foreign currency bank accounts	(28)	(338)
Total derivative and foreign exchange loss	(7,335)	(21,033)
5. Taxation		
Income Tax Benefit		
Recognised in the Income Statement		
Current Tax (Expense)/Benefit		
Current period	(1,813)	(2,137)
	(1,813)	(2,137)
Deferred Tax Benefit/(Expense)		
Origination and reversal of temporary differences	1,569	8,754
	1,569	8,754
Total income tax (expense)/benefit	(244)	6,617
Reconciliation of income tax expense		
Profit/(Loss) before tax	813	(14,726)
Income tax using the domestic corporation tax rate 30%	(244)	4,418
Non allowable expenses	(1,458)	(943)
Foreign tax credits claimable	1,458	3,142
Income tax (expense) / benefit	(244)	6,617

Notes to the Financial Statements continued

	December 2023 \$000s	June 2023 \$000s
6. Loan and Receivables		
Current		
Related party loans and receivables	8,616,700	7,697,234
Other receivables	2,329	2,266
Total current	8,619,029	7,699,500
Non Current		
Related party loans and receivables	1,399,643	1,709,877
Total non current	1,399,643	1,709,877
Total loan and receivables	10,018,672	9,409,377
7. Trade and Other Payables		
Current		
Loans from parent entity	2,066,446	2,012,598
Related party trade payables and loans	5,603,984	5,639,705
Accrued expenses and other payables	12,911	12,508
Total current	7,683,341	7,664,811
Non Current		
Related party trade payables and loans	363,159	185,548
Total non current	363,159	185,548
Total trade and other payables	8,046,500	7,850,359
8. Borrowings and Financing Arrangements		
a. Borrowings – Measured at Amortised Cost		
Non current		
Commercial notes	1,116,889	1,095,201
Bank credit facilities	770,000	320,000
Total non current	1,886,889	1,415,201
Total borrowings and financing arrangements	1,886,889	1,415,201
b. Finance Facilities – Gross Value		
The Company has access to the following lines of credit:		
Commercial notes		
Facility available	1,116,889	1,095,201
Amount of facility used	(1,116,889)	(1,095,201)
Amount of facility unused	-	-
Bank credit facilities		
Facility available	1,400,000	800,000
Amount of facility used	(770,000)	(320,000)
Amount of facility unused	630,000	480,000
Bank overdrafts		
Facility available	115,000	115,000
Amount of facility used	-	-
Amount of facility unused	115,000	115,000

Notes to the Financial Statements continued

8. Borrowings and Financing Arrangements continued

Commercial notes include:

- S\$300 million of guaranteed unsecured senior notes issued in April 2017 in the Singapore bond market with a 3.9% coupon maturing in April 2027;
- \$80 million of guaranteed unsecured senior medium term notes issued as an A\$ private placement in December 2018 with a 5.4% per annum coupon maturing in December 2028;
- \$500 million of guaranteed unsecured Green senior notes issued in October 2020 in the Australian bond market with a 3.4% coupon maturing in October 2027; and
- \$300 million of guaranteed unsecured Green senior notes issued in March 2021 in the Australian bond market with a 3.7% coupon maturing in March 2031.

Bank credit facility include:

- \$800 million sustainability linked loan with Tranche A \$400 million maturing in November 2025, was drawn to \$400 million as at 31 December 2023 and Tranche B \$400 million maturing in November 2026 was drawn to \$285 million as at 31 December 2023.
- \$600 million sustainability linked loan, with Tranche A \$250 million maturing in September 2025, was undrawn as at 31 December 2023, Tranche B \$265 million maturing in September 2026, was undrawn as at 31 December 2023 and Tranche C \$85 million maturing in September 2026, was drawn to \$85 million as at 31 December 2023.

The Company has an uncommitted facility of \$400 million, which was undrawn as at 31 December 2023.

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

The Company has not defaulted on any obligations in relation to its borrowings and finance arrangements.

9. Issued Capital

	December 2023		June 2023	
	No. of Shares	\$000s	No. of Shares	\$000s
Ordinary shares of A\$1 each fully paid	5,000,000	5,000	5,000,000	5,000
Ordinary shares of A\$9,500,000 each fully paid	10	95,000	10	95,000
Issued capital at end of financial period	5,000,010	100,000	5,000,010	100,000

Terms and Conditions

Lendlease Finance Holding Company Pty Limited, as sole shareholder, has the right to receive dividends as declared from the Company from time to time. Ordinary shareholders rank after all creditors in repayment of capital.

10. Contingent Liabilities

The Company 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:

- In certain circumstances, the Company, as part of the Group, guarantees the performance of particular Group entities in respect of their obligations. This includes bonding and bank guarantee facilities used primarily by the Construction business as well as performance guarantees for certain of the Group's subsidiaries.

11. Fair Value Measurement

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

		December 2023		June 2023	
	Note	Carrying Amount \$000s	Fair Value \$000s	Carrying Amount \$000s	Fair Value \$000s
Liabilities					
Non Current					
Commercial notes	8a	1,116,889	1,103,474	1,095,201	1,074,551

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 notes.

Notes to the Financial Statements continued

11. Fair Value Measurement continued

Valuation of Financial Assets and Liabilities

Where financial assets and liabilities are carried at fair value, the fair value is based on assumptions of future events and involves estimates. The basis of valuation is set out below.

Basis of Determining Fair Value

The determination of fair values of financial and non financial assets and liabilities that are not measured at cost or amortised cost in the half year financial report are summarised as follows:

- The fair value of derivative instruments comprises forward foreign exchange contracts, which are valued using forward rates at balance date, and interest rate derivatives 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 counterparty risk adjustments.

Fair Value Measurements

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

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

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

	Level 1 \$000s	Carrying Amount Level 2 \$000s	Level 3 \$000s	Total \$000s
December 2023				
Financial assets				
Derivatives	-	49,499	-	49,499
Financial liabilities				
Derivatives	-	99,167	-	99,167
	Level 1 \$000s	Carrying Amount Level 2 \$000s	Level 3 \$000s	Total \$000s
June 2023				
Financial assets				
Derivatives	-	50,200	-	50,200
Financial liabilities				
Derivatives	-	143,732	-	143,732

12. Events Subsequent to Balance Date

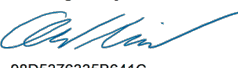
There were no material events subsequent to the end of the financial period.

Directors' Declaration

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

1. The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - a. Giving a true and fair view of the financial position of the Company as at 31 December 2023 and of its performance for the half year ended on that date; and
 - b. Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

DocuSigned by:

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Director
Andrew William Nieland
Sydney, 13 February 2024



Independent Auditor's Review Report

To the shareholders of Lendlease Finance Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying **Half-Year Financial Report** of Lendlease Finance Limited (the Company).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-Year Financial Report of Lendlease Finance Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Company's** financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-Year Financial Report** comprises:

- Statement of Financial Position as at 31 December 2023;
- Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the half-year ended on that date;
- Notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

Basis for Conclusion

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

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Half-Year Financial Report

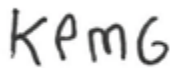
The Directors of the Company are responsible for:

- the preparation of the Half-Year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Half-Year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the Half-Year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-Year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



KPMG



Paul Rogers

Partner

Sydney

13 February 2024