

Lendlease Finance Limited

Half Year Financial Report

31 December 2024

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 11 February 2025.

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 2024 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 2024 and the date of this Report are:

K Mudeliar	Director since March 2023
K M Wong	Director since March 2023
A W Neiland	Director since July 2022 (retired 1 November 2024)
E J Ellett	Appointed on 1 November 2024
M Nastevska	Appointed on 1 November 2024

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. Operations

a. 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.

b. Review and Results of Operations

The Company made a loss after tax of \$20,561,000 for the half year ended 31 December 2024 (31 December 2023: \$569,000 profit after tax).

c. Events Subsequent to Balance Date

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

3. Other

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

The Lead Auditor's Independence Declaration is set out at the end of this report and forms part of the Directors' Report for the six months ended 31 December 2024.

Directors' Report continued

3. Other continued

b. 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.

Signed by:

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Director
Kelly Margaret Wong

Date 11 February 2025



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 2024 there have been:

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

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'Paul Rogers'.

Paul Rogers

Partner

Sydney

11 February 2025

Financial Statements

Income Statement

Half Year Ended 31 December 2024

	Note	6 months December 2024 \$000s	6 months December 2023 \$000s
Finance revenue	3	82,446	80,302
Finance expense	3	(88,939)	(71,886)
Net finance (expense)/revenue		(6,493)	8,416
Other income			
Guarantee fees – related parties		11,275	12,362
Expenses			
Guarantee fees		(7,565)	(7,641)
Other expenses		(2,455)	(4,989)
Derivative and foreign exchange loss	4	(26,430)	(7,335)
Total expenses		(36,450)	(19,965)
(Loss)/profit before tax		(31,668)	813
Income tax benefit/(expense)	5	11,107	(244)
(Loss)/profit after tax attributable to members of Lendlease Finance Limited		(20,561)	569

Statement of Comprehensive Income

Half Year Ended 31 December 2024

	6 months December 2024 \$000s	6 months December 2023 \$000s
(Loss)/profit after tax	(20,561)	569
Other comprehensive loss after tax		
Items that may be reclassified subsequently to profit or loss:		
Movements in hedging reserve	(14,082)	(10,557)
Total comprehensive loss after tax	(34,643)	(9,988)

The accompanying notes form part of these financial statements.

Financial Statements continued

Statement of Financial Position

As at 31 December 2024

	Note	December 2024 \$000s	June 2024 \$000s
Current Assets			
Cash and cash equivalents		7,713	116,685
Loans and receivables	6	7,984,571	8,245,124
Derivatives		6,528	14,106
Other assets		2,032	2,602
Total current assets		8,000,844	8,378,517
Non Current Assets			
Loans and receivables	6	685,474	601,113
Derivatives		437	1,500
Net deferred tax assets		27,093	12,455
Other assets		21,056	10,886
Total non current assets		734,060	625,954
Total assets		8,734,904	9,004,471
Current Liabilities			
Trade and other payables	7	6,151,844	6,820,639
Derivatives		63,622	32,203
Total current liabilities		6,215,466	6,852,842
Non Current Liabilities			
Trade and other payables	7	290,089	336,568
Derivatives		58,444	69,682
Borrowings and financing arrangements	8	2,129,744	1,669,575
Total non current liabilities		2,478,277	2,075,825
Total liabilities		8,693,743	8,928,667
Net assets		41,161	75,804
Equity			
Issued capital	9	100,000	100,000
Reserves		10,703	24,785
Accumulated losses		(69,542)	(48,981)
Total equity		41,161	75,804

The accompanying notes form part of these financial statements.

Financial Statements continued

Statement of Changes in Equity

Half Year Ended 31 December 2024

	6 months December 2024 \$000s	6 months December 2023 \$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	9,844	28,259
Other comprehensive income for the period:		
Movements attributable to effective cash flow hedges	(14,082)	(10,557)
Closing balance at end of financial period	(4,238)	17,702
Total reserves	10,703	32,643
Accumulated Profits/(Losses)		
Opening balance at beginning of financial period	(48,981)	(53,243)
(Loss)/profit attributable to members of Lendlease Finance Limited	(20,561)	569
Closing balance at end of financial period	(69,542)	(52,674)
Total equity	41,161	79,969

Statement of Cash Flows

Half Year Ended 31 December 2024

	6 months December 2024 \$000s	6 months December 2023 \$000s
Cash Flows from Operating Activities		
Cash receipts in the course of operations	2,834,121	6,061,742
Cash payments in the course of operations	(2,840,085)	(6,100,648)
Interest received	34,353	86,526
Interest paid	(103,499)	(84,757)
Net cash used in operating activities	(75,110)	(37,137)
Cash Flows from Financing Activities		
Funding provided from Group entities	522,224	1,326,541
Funding provided to Group entities	(976,492)	(1,740,540)
Proceeds from borrowings – external	3,360,000	2,200,000
Repayment of borrowings – external	(2,940,000)	(1,750,000)
Net cash (used in)/provided by financing activities	(34,268)	36,001
Other Cash Flow Items		
Effect of foreign exchange rate movements on cash and cash equivalents	406	(28)
Net decrease in cash and cash equivalents	(108,972)	(1,164)
Cash and cash equivalents at beginning of financial period	116,685	25,688
Cash and cash equivalents at end of financial period	7,713	24,524

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 2024 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. Recognised assets and liabilities that are hedged are stated at fair value in respect of the risk that is hedged.

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 2024 annual financial report other than as stated below.

1.1 Impact of New/Revised Accounting Standards

New Accounting Standards and Amendments adopted 1 July 2024

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

New Accounting Standards and Interpretations Not Yet Adopted

Accounting Standard	Requirement	Impact on Financial Statements
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and consequential amendments	AASB 2014-10 amends AASB 10 and AASB 128 to clarify the requirements for recording the sale or contribution of assets between an investor and its associate or joint venture. The amendment becomes mandatory for the June 2029 financial year and will be applied prospectively.	Based on preliminary analysis performed, the amendments are not expected to have a material impact on the Company.
AASB 18 Presentation and Disclosure in Financial Statements	AASB 18 aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information. The Standard will change how the Company presents its results on the face of the income statement and disclose information in the notes to the financial statements. Certain 'non-GAAP' measures – management performance measures (MPMs) – will now form part of the audited financial statements. There will be three new categories of income and expenses, two defined income statement subtotals and one single note on management-defined performance measures. The Standard is effective for the June 2028 financial year and will be applied retrospectively.	Management is currently undertaking an analysis to determine the impact of the Standard on the Company.

Notes to the Financial Statements

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. Statutory results are the performance metrics.

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 2024 \$000s	6 months December 2023 \$000s
3. Finance Revenue and Finance Expenses		
Finance Revenue		
Related parties	80,428	78,660
Other corporations	2,018	1,642
Total finance revenue	82,446	80,302
Finance Expense		
Related parties	(15,622)	(18,931)
Other corporations	(73,317)	(52,955)
Total finance expense	(88,939)	(71,886)
Net finance (expense)/revenue	(6,493)	8,416
4. Derivative and Foreign Exchange Loss		
Foreign exchange loss on contracts	(36,209)	(3,975)
Foreign exchange gain/(loss) on related party loans	28,414	(4,019)
Foreign exchange loss on external borrowings	(19,607)	-
Foreign exchange gain on other transactions	566	687
Foreign exchange gain/(loss) on revaluation of foreign currency bank accounts	406	(28)
Total derivative and foreign exchange loss	(26,430)	(7,335)
5. Taxation		
Income Tax Benefit		
Recognised in the Income Statement		
Current tax benefit/(expense)		
Current period	2,505	(1,813)
	2,505	(1,813)
Deferred tax (expense)/benefit		
Origination and reversal of temporary differences	8,602	1,569
	8,602	1,569
Total income tax benefit/(expense)	11,107	(244)
Reconciliation of income tax expense		
(Loss)/profit before tax	(31,668)	813
Income tax using the domestic corporation tax rate 30%	9,500	(244)
Non allowable expenses	(689)	(1,458)
Foreign tax credits claimable	2,296	1,458
Income tax benefit/(expense)	11,107	(244)

Notes to the Financial Statements

	December 2024 \$000s	June 2024 \$000s
6. Loan and Receivables		
Current		
Related party loans and receivables	7,980,564	8,245,054
Other receivables	4,007	70
Total current	7,984,571	8,245,124
Non Current		
Related party loans and receivables	685,474	601,113
Total non current	685,474	601,113
Total loan and receivables	8,670,045	8,846,237
7. Trade and Other Payables		
Current		
Payable to parent entity	442,654	703,821
Trade creditors	-	41
Related party trade payables and loans	5,695,566	6,101,930
Accrued expenses and other payables	13,624	14,847
Total current	6,151,844	6,820,639
Non Current		
Related party trade payables and loans	290,089	336,568
Total non current	290,089	336,568
Total trade and other payables	6,441,933	7,157,207
8. Borrowings and Financing Arrangements		
a. Borrowings – Measured at Amortised Cost		
Non current		
Commercial notes	1,154,744	1,114,575
Bank credit facilities	975,000	555,000
Total non current	2,129,744	1,669,575
Total borrowings	2,129,744	1,669,575
b. Finance Facilities – Gross Value		
The Company has access to the following lines of credit:		
Commercial notes		
Facility available	1,154,744	1,114,575
Amount of facility used	(1,154,744)	(1,114,575)
Amount of facility unused	-	-
Bank credit facilities		
Facility available	2,200,000	1,400,000
Amount of facility used	(975,000)	(555,000)
Amount of facility unused	1,225,000	845,000
Bank overdrafts		
Facility available and amount unused	115,000	115,000

Notes to the Financial Statements

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:

- \$600 million sustainability linked loan with Tranche A \$250 million maturing in September 2026, was drawn to \$250 million as at 31 December 2024, Tranche B \$265 million maturing in September 2026, was drawn to \$180 million as at 31 December 2024 and Tranche C \$85 million maturing in September 2026, was drawn to \$85 million as at 31 December 2024.
- \$1,400 million revolving bank facility with Tranche A \$700 million maturing in October 2028, was drawn to \$260 million as at 31 December 2024 and Tranche B \$700 million maturing in October 2029, was undrawn as at 31 December 2024.
- \$200 million bank facility maturing in September 2027 was drawn to \$200 million as at 31 December 2024.

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

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

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

9. Issued Capital

	December 2024		June 2024	
	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:

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

This particularly applies in larger more complex projects, in claims involving a number of parties or in claims made a number of years after completion of a project or the occurrence of the relevant event. Where it is probable there will be liabilities from such claims and the potential exposure can be quantified with sufficient reliability, a provision has been made for anticipated losses arising from such claims.

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

Notes to the Financial Statements

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.

	Note	December 2024		June 2024	
		Carrying Amount \$000s	Fair Value \$000s	Carrying Amount \$000s	Fair Value \$000s
Liabilities					
Non Current					
Commercial notes	8a	1,154,744	1,159,768	1,114,575	1,111,082

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, and is classified as Level 2 under the fair value hierarchies.

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 consideration of 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		Total \$000s	Level 1 \$000s	Fair Value		Total \$000s
		Level 2 \$000s	Level 3 \$000s			Level 2 \$000s	Level 3 \$000s	
December 2024								
Financial assets								
Derivatives	-	6,965	-	6,965	-	6,965	-	6,965
Financial liabilities								
Derivatives	-	122,066	-	122,066	-	122,066	-	122,066

	Level 1 \$000s	Carrying Amount		Total \$000s	Level 1 \$000s	Fair Value		Total \$000s
		Level 2 \$000s	Level 3 \$000s			Level 2 \$000s	Level 3 \$000s	
June 2024								
Financial assets								
Derivatives	-	15,606	-	15,606	-	15,606	-	15,606
Financial liabilities								
Derivatives	-	101,885	-	101,885	-	101,885	-	101,885

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 2024 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:

Signed by:

8AF8F04C489C428...
Director

Kelly Margaret Wong

Sydney, 11 February 2025



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 2024 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

- Statement of financial position as at 31 December 2024;
- 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 material 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 2024 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



KPMG



Paul Rogers

Partner

Sydney

11 February 2025