

A sense of place

Lendlease
Annual Report
2021



lendlease

About this report

The Lendlease Annual Report 2021 has been prepared with reference to the International Integrated Reporting (IR) 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 through the following processes:

- Project Control Group (PCG) sessions, which include key internal stakeholders and represent the governance structure for overseeing the completion of the Annual Report
- Capturing feedback through engagement and research during the financial year from key external stakeholders including investors, analysts, and other relevant groups
- Engagement with the Board
- Confirming that the strategy is consistent and relevant with the information collected above.

The outcomes of these processes are the material issues noted on page 32 and 33, and in the section Our Business on pages 12 to 19.

Directors' Report and Operating and Financial Review (OFR)

The required elements of the Directors' Report, including the OFR, are featured on pages 4 to 125 of this report and include the sections A Year in Review, Our Business, A Sense of Place, Managing and Measuring Value, Risk and Climate Related Resilience, Performance and Outlook, and Governance.

The OFR is covered specifically on pages 4 to 69. All non financial metrics included in the Directors' Report on pages 4 to 55 have been verified through our internal verification process. The Remuneration Report on pages 84 to 121 and the Financial Statements on pages 126 to 191 have been audited by KPMG.

Reporting suite

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

- The Annual Report
Features 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 and detailed segment information for projects including major urbanisation projects, investments and pipeline
- www.lendlease.com
Includes additional information on sustainability reporting, corporate governance, tax compliance and historical financial information.

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.

Contents

Lendlease presents its sixth integrated Annual Report to communicate how our business operates, our competitive advantage, and our performance and outlook.






The future is now. As the world continues to navigate its way through the impacts of a global pandemic, the way we live, work, shop and interact is changing.

Increasingly, governments and customers are looking to Lendlease to help reshape and innovate places which provide experiences.

As we put our best foot forward to help communities thrive, we do so by

designing, delivering and curating places for generations to come. Suitably, the theme of this year's Annual Report is 'a sense of place'.

At Lendlease, we have five focus areas that contribute to creating long term value for our securityholders and the broader community. Icons are used throughout the report linking our activities to this value creation.

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Front cover:
Sydney: Darling Square on Gadigal Country and Wangal Country

This page:
Sydney: Victoria Cross on Cammeraygal Country

Artist's impression¹

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

1. Artist's impression of Victoria Cross, Level 29 Terrace. Artist's impression and views are indicative only as at June 2021 and subject to planning and other approvals. Prospective lessees should make their own enquiries as to surrounding developments, both current and future, including any impacts they may have on view lines from Victoria Cross.

A Year in Review



Boston:
Clippership Wharf

The uncertainties and impacts of COVID-19 (COVID) left no person, community or country untouched.

Our results tell a story of a Lendlease impacted by the pandemic, and that of an organisation that continued to make a positive contribution to the lives of people across our regions, and to the planet.

These past 12 months were marked by challenges and opportunities to learn. However, we never lost sight of the very reason we exist – our purpose.

We remained committed to finding the best ways to create value and make a difference. We won new projects, secured new partnerships and delivered work across our pipeline.

We took on some bold missions for the sake of the environment and got well underway to achieving our sustainability targets. We also continued to build our digital capability as we work to be the best in the industry.

We did this with an uncompromised approach to the safety, health and wellbeing of our people and all those who interacted with our places.

Chairman's Report

As an international real estate group operating in targeted gateway cities globally, the COVID pandemic continued to significantly impact Lendlease during the past year. And many of the cities in which we operate were forced into extended lockdowns or reentered lockdowns.

These challenging conditions had a negative impact across our core businesses in all regions. We have given specific examples in the Annual Report of how each of Development, Construction and Investments have been impacted. In the context of this environment, it is a testament to both the resilience of the Lendlease business model and the hard work and dedication of our people across the globe that your company achieved solid operational and financial results across its Core business.

Health and Safety

The health and safety of our people, our subcontractors and the communities in which we operate continues to be our number one priority. Tragically, two subcontractor fatalities on our sites occurred during the period. This provides a strong reminder of why we have such an unrelenting focus on this most critical aspect of our business. Our sincerest condolences are extended to the family and colleagues of the two men who lost their lives.

The Board oversaw the ongoing review and subsequent refinement to our Global Minimum Requirements (GMRs). Each member of the Board, as well as our people globally, undertook mandatory training to understand how the updated GMRs support the continual improvement of the safety environment at our workplaces.

Financial Result

Lendlease reported a Statutory Profit after Tax of \$222 million. This included a loss of \$181 million for the Non core segment, driven by additional provisioning relating to claims on historical engineering projects. This disappointing outcome reinforces the decision to exit the engineering sector so Lendlease can focus on areas of competitive strength.

Core operating profit of \$377 million was up substantially from \$206 million in FY20. Full year distributions of 27 cents per security reflects a pay out ratio of 49 per cent, which is within the Board's stated target range of 40 to 60 per cent of core operating earnings.

The Group entered FY21 in a strong financial position with a healthy pipeline of work, cash and cash equivalents of \$1.7 billion and gearing of 5.0 per cent. The strength of our balance sheet positions Lendlease strongly as we continue to navigate the COVID impacted operating environment.

Executive Leadership Transition

A key priority for the Board this year was the selection of a new Chief Executive Officer to succeed Steve McCann after more than 12 years in the role. Following an extensive internal and external search,

The Board's focus has been to guide the organisation through a very uncertain operating environment and assist management to advance the Group's long term strategic objectives.

the Board appointed Tony Lombardo as Global Chief Executive Officer, effective 1 June 2021. Tony has more than 25 years' global experience working across real estate development, investment management, finance and mergers and acquisitions. This experience, including roles at Lendlease as CEO Asia and Group CFO, make him eminently qualified to lead Lendlease into the future.

Tony commenced his new role with the mandate to pursue the Group's strategy of leveraging our competitive advantage in the development and delivery of large-scale, mixed-use urbanisation projects and growing the Investments platform.

Steve retired from the Lendlease Board on May 31, 2021 following a 16 year career with the Group. I'd like to take this opportunity to acknowledge his contribution. We're now recognised as a global leader in transforming major precincts and his unwavering commitment to operating in a safe and sustainable way has left a powerful legacy.

During the period, the Board had oversight of other executive leadership changes. This includes the appointment of new members to our Global Leadership Team, bringing fresh ideas and new perspectives. The Board is confident these appointments, along with a revised organisational structure, set Lendlease up for future success.

Board program

The Board program, in addition to its regular cadence of meetings this year, expanded to reflect the broader range of both operational and strategic issues which required oversight.

The Board continued to maintain its regular cadence of meetings during the year. While some engagement activities were restricted by the pandemic, other parts of the program were able to be maintained through the adoption of technology. This enabled the Board to engage in virtual programs in all four operating regions – including site tours, project reviews, interactive employee roundtables, leadership discussions and engagement with external stakeholders. The Board firmly believes these activities, in addition to our formal meetings, further enhance our understanding of our people, our business and activities and operations within each region.

During the year, we continued to focus on our program of Board renewal – in particular, identifying a new Non Executive Director with deep skills in our core operating segments.

Executive Reward Strategy

In response to investor feedback on our FY20 Executive Reward Strategy (ERS), our planned review of remuneration arrangements was significantly expanded. The focus was to continue to evolve our ERS with the business so that it supports the future success of Lendlease while also meeting the expectations of our investors.

In FY21, the Board established a working group to thoroughly assess and examine views of securityholders and other external stakeholders. The review also considered market practice, internal perspectives as well as the strategic priorities of the Group. The revisions to our ERS were implemented from 1 July 2021 and incorporated these considerations, including increased transparency of Board decision making.

The remuneration package for the new CEO has been reduced by 33 per cent for unhurdled remuneration and 21 per cent for total maximum remuneration opportunity compared to the former CEO. Other key amendments include rebalancing the remuneration mix with a higher proportion of remuneration subject to performance hurdles. Features that reflect the long dated nature of the business, that is delivering a significant proportion of remuneration in equity that vests over an extended period, have been retained. Further detail on the Board's deliberations is provided in the Remuneration Report.

Notwithstanding the solid operational and financial results across our Core business, the Board recognises the need for accountability in FY21 for the further provisions relating to the legacy Engineering business and the potential business review outcomes that have been announced in relation to the Development portfolio that will be considered in FY22. Accordingly, there were appropriate reductions in the FY21 bonus outcomes for accountable Executives, including nil short term award to the former Group CEO. Further, on behalf of the Board, I will be taking a 20 per cent reduction in my Chairman's fee for the current year.

Sustainability

This year Lendlease launched a global campaign, 'Mission Zero' to raise awareness about our ambition to reach Net Zero Carbon by 2025 and Absolute Zero Carbon by 2040. These targets set a global benchmark for our sector and we are making a conscious decision to be a leader in driving industry transformation to limit global warming.

From a social sustainability perspective, the Group also made meaningful progress to achieve our target of creating \$250 million of social value by 2025. We have 'shared value' partnerships across all regions, focused on creating measurable social value by addressing the needs of communities.

The recent commencement of the Milan Innovation District (MIND) project exemplifies how the Group incorporates environment and social sustainability into key decision making. The project is targeting to be a zero carbon precinct including 100 per cent renewable energy and 95 per cent onsite recycling. The project is also designed to generate social value for the community, exemplified by training and job opportunities for previously incarcerated individuals.

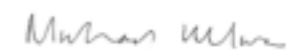
The Board also proudly endorsed the Group's Reconciliation Action Plan which achieved 'Elevate' status, and the 2020 Modern Slavery Statement.

Looking to the Future

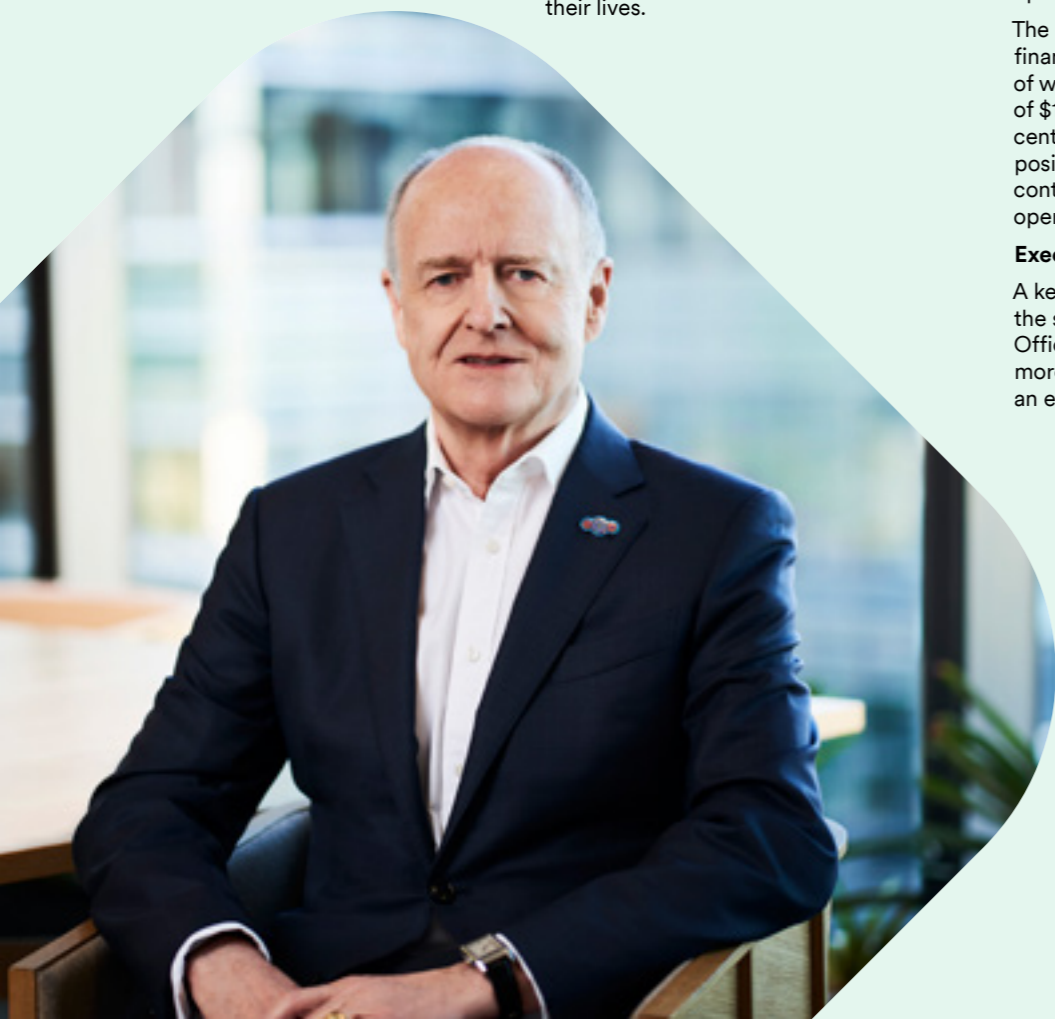
The COVID pandemic has had, and continues to have, significant ramifications for the real estate markets in which the Group operates. As a result, we expect FY22 to be another challenging year for all stakeholders.

We are steadfast in our strategy and confident that as global cities recover, the underlying strength of our business will prevail.

I would like to thank my Board colleagues and the entire Lendlease team for their continued dedication in navigating the challenges of a global pandemic. Throughout much uncertainty, the team has achieved significant milestones that position us to create long term value for securityholders.



M J Ullmer, AO
Chairman



Global Chief Executive Officer's Report

I'm honoured to present my first report as Lendlease's Global CEO. Upon assuming the role, my first task was to listen: to our customers, investors, and our people. Those interactions reinforced my conviction in the fundamental strength and culture of the Group. However, there is more we need to do to unlock our full potential.

My commitment is simple: to create value for all those that interact with us and make a positive contribution to society through the places we create. Our first step is to simplify the business and adopt a more consistent approach across the organisation to provide better transparency. This will help us identify the areas that create the most value, and importantly, those that do not.

This is the key to creating wealth for our securityholders, who have endured a difficult period.

Health and safety

Getting our people home safely each day remains our highest priority. Tragically, two employees of subcontractors lost their lives on Lendlease projects during the financial year. A partial roof collapse at Curtin University in Perth and an accident

during elevator fit out works at the Setia City Mall in Malaysia resulted in a loss of life. We extend our deepest condolences to the loved ones of both men.

For more than 20 years we have transparently reported safety data across any operation where we have a presence around the world, regardless of who has statutory responsibility. Given the nature of recent incidents, we are sharing our learnings and advocating to industry to bring about lasting changes and credible, transparent reporting.

In 2008, we introduced Global Minimum Requirements (GMRs) to define the Lendlease way for managing health and safety. The application of our GMRs has been reflected in an improved safety performance review across the past decade. But there is no room for complacency. This year, we released the fourth edition of our GMRs which incorporates updated work practices, lessons learned over the last five years, and a specific focus on the mental health and wellbeing of our people.

Financial performance

Lendlease reported a Statutory Profit after Tax of \$222 million, including a loss of \$181 million for the Non core segment and \$26 million of property revaluations in the Investments segment.

Lendlease has navigated a challenging year in the face of the COVID pandemic.

Core Operating Profit after Tax rose by 83 per cent to \$377 million while Earnings per Security rose by 60 per cent to 54.8 cents for a Core Operating Return on Equity of 5.4 per cent. While an improved performance compared with the prior year, the Core business continued to be adversely impacted by COVID.

The Development segment experienced production delays, with ongoing impacts on leasing and sales across some of our active projects. The lockdowns in London affected the performance of our recently completed residential for rent buildings at Elephant Park. Nonetheless, several key initiatives were progressed including an investment partner being secured for the first two residential towers at One Sydney Harbour. These initiatives drove an improvement in Development ROIC to 7.2 per cent, although returns remain below target levels.

Construction activity was constrained by delays in the commencement of new projects, site shutdowns and lower productivity. The impact of social distancing protocols across our sites was reflected in a 16 per cent decline in revenue compared to a 9 per cent decline in hours worked. Despite pandemic impacts, we delivered a solid result with the EBITDA margin rising to 2.7 per cent.

The Investments segment generated a return on invested capital of 5.9 per cent, just below the target of 6-9 per cent. Management earnings were resilient, although returns on the Group's investment portfolio were also impacted by disruption across underlying assets.

While our financial performance was below target levels, we achieved substantial progress on our strategic priorities; a number of new development projects and investment partnerships were secured and a number of strategic divestments completed.

Strategy

The cornerstone of our strategy is to create value through the best urban precincts in key global gateway cities. Our strong track record in delivering best in class placemaking and sustainable outcomes has helped us be the global

urbanisation partner of choice and underpins our goal for ongoing strong growth in the Investments platform.

Our gateway cities strategy is simple, the most desirable cities will continue to be the driving force of economic, social and cultural life. We have unique insights into the likely evolution of the urban landscape given our global reach and capabilities.

Through the places we design, build and manage, we aim to create destinations where people want to be and address urban challenges.

Creating value for future generations

A decade from now the world will be a very different place, with the impacts of climate change even more evident. That's why the actions we take now have that future very much in mind. The cities in which most of us now live – including our homes, the places we work and where our children go to school – contribute about 40 per cent of global greenhouse gas emissions. This means our industry has a unique opportunity to act.

To support our industry leading carbon targets, Lendlease is phasing out diesel and gas and increasing our use of renewable energy. Our Australian Building business has provided carbon neutral construction for three consecutive years and 100 per cent of our construction projects in Chicago are powered using renewable electricity.

We are collaborating with supply chain partners, tenants and residents to achieve absolute zero carbon by 2040.

Business review

Shortly after commencing my role, I initiated a wide ranging business review. While it is yet to complete, some preliminary findings have been reached. Importantly, the Group's strategy and strategic priorities have been confirmed.

The work to date has been directed towards the organisation and management structure and a review of the development operations.

The revised organisational structure is designed to derive the full benefit of being a multinational company with a

more consistent operating model across all regions. This will facilitate the Group in achieving its strategic objectives and realise significant cost savings.

The review of the development portfolio reaffirmed its underlying strength, supported by a capital efficient business model. However, a small number of projects have been identified where a material change in strategy is under consideration. We expect both the Group's development production and return targets to be met by FY24.

Outlook

FY22 is a reset year for the Group as we face the future with a more streamlined organisation, focus on our core strengths and address COVID impacts that have temporarily challenged the key tenet of our strategy. As a result, we expect core operating returns for both the Development and Investments segments, along with returns for the Group to be below target.

Despite this, I am incredibly optimistic about the future of the organisation. We are a great company with placemaking and origination capabilities that are world leading. Our success internationally is testament to our strategy and the depth of talent we have developed and attracted. I believe we will create lasting securityholder wealth while delivering on our commitment of leadership in health, safety and sustainability.

On a final note, my thanks to our Board, employees, customers, investment partners, securityholders and financiers for supporting Lendlease throughout the year.



Tony Lombardo
Global Chief Executive Officer



FY21 snapshot



Sydney:
Waterman's Cove,
Barangaroo South
on Gadigal Country



\$14.5 billion
work in progress

\$222 million
statutory
profit after tax

**Strategic
divestments**

including sale of
Engineering, Services¹
and US Telecommunications
and Energy businesses



**Mission Zero
campaign**
raising awareness of our
carbon targets

10% increase
in funds
under management

Strong
financial position
– gearing 5%

**\$3.8 billion
production**

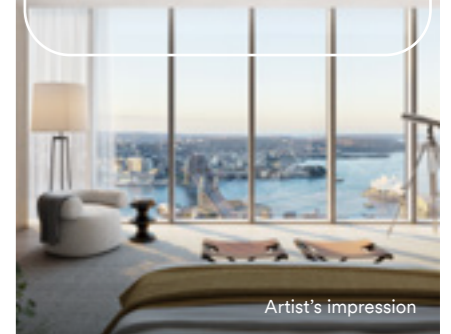
including
Melbourne Quarter;
Elephant Park, London;
845 West Madison,
Chicago. Below medium
term target of more than
\$8 billion per annum.



Artist's impression

\$377 million
core operating
profit after tax

\$3.7 billion
development of luxury
apartments in joint ventures
at One Sydney Harbour



Artist's impression

Record low
critical incident
frequency rate,
sadly two fatalities

\$8.4 billion
additions to pipeline

1. Conditional sales agreement signed on 21 July 2021.

Our Business



Melbourne:
Melbourne Connect
on Wurundjeri Country

Who we are

Lendlease is a globally integrated real estate group with core expertise in shaping cities and creating strong and connected communities.

For more than 60 years, we have created thriving places. Safety is always our first consideration, boldness and innovation characterise our approach and doing what matters defines our intent.

We work with purpose to design, build and curate places where people want to be and care about. In partnership with stakeholders we generate social, environmental and economic value to cities and communities.

We have a proud legacy of creating award winning urban and lifestyle precincts and living options for many stages of life. We have also been entrusted to create essential civic and social infrastructure: hospitals, life sciences centres, and universities that contribute to a more liveable, resilient and sustainable future.

Headquartered in Sydney, our people are located in four operating regions: Australia, Europe, the Americas and Asia.

Guiding our behaviours and underpinning our code of conduct are our core values:

Respect

Collaboration

Integrity

Excellence

Innovation

Trust



Purpose, value creation and global presence

Our purpose

Together we create value through places where communities thrive

Our purpose is focused on forming vibrant and enduring communities which contribute to a more liveable and sustainable future.

We have a proud legacy of creating great places in select global cities. Decades of experience in transforming urban precincts has generated lasting economic, social and environmental benefits.

The positive actions we take are driven from an understanding that every decision

we make has an impact and must be done in collaboration. We embrace a holistic approach, working in partnership with communities, governments and investors to help solve some of the challenges confronting people, cities and the planet.

Our contribution is measured by the value created through safer, more sustainable and profitable outcomes.

Our focus areas

We have five focus areas that create long term value. They underpin our ability to create safe, resilient, economic and sustainable outcomes. Our success is measured by the value we create in these five focus areas and can be found 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 of 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

Our customers love the places we create when we partner effectively, collaborate and innovate. Only through these actions can we respond to a changing world.



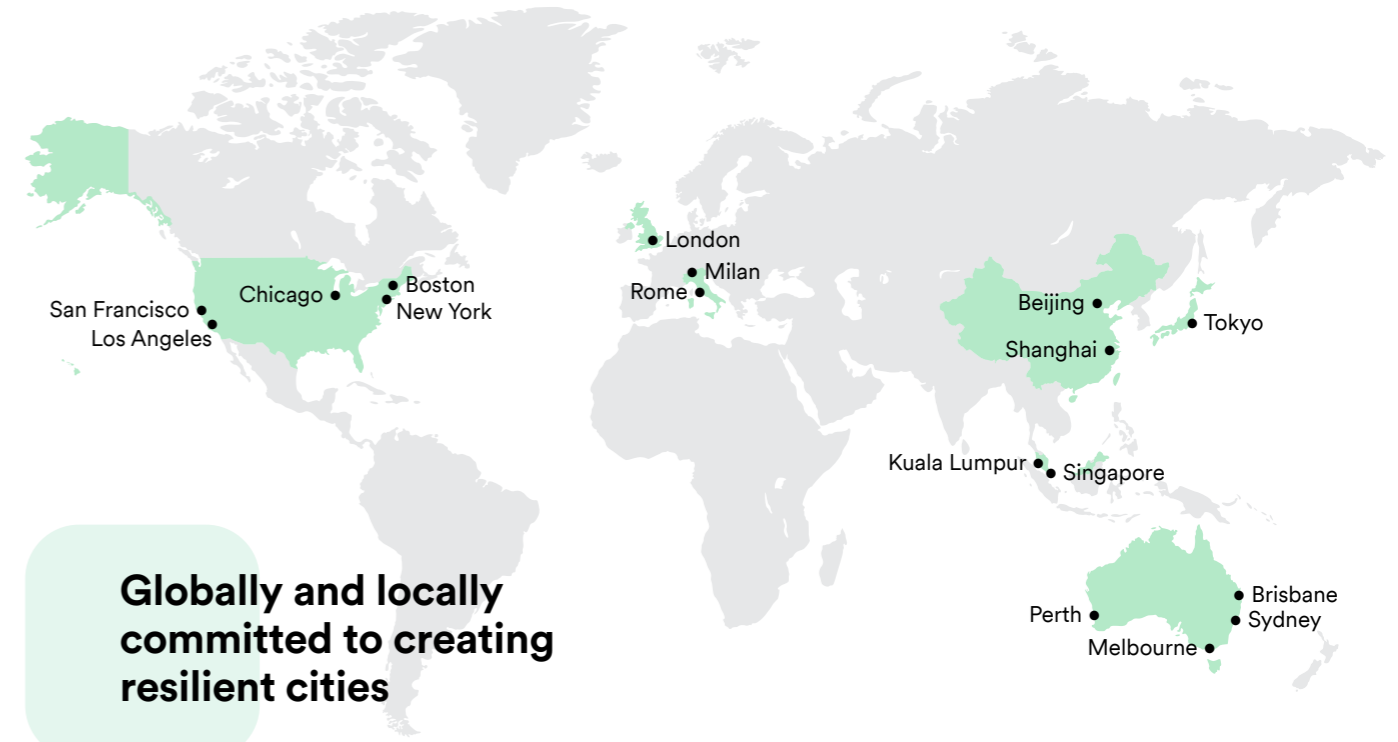
Our People

Our people are the greatest contributors to our success and enable us to fulfil our purpose. Together we create value through places where communities thrive.



Sustainability

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



Globally and locally committed to creating resilient cities

Lendlease’s urbanisation led strategy focuses on targeted major ‘gateway cities’ around the world.

Our urbanisation led strategy focuses on 17 gateway cities around the world. These cities often contain sites well suited for regeneration, playing to the breadth of our skills. They are the locations where we believe we can deliver the most value. Our teams of locally based professionals combine their property expertise and

capability with the scale of our global platform to provide a truly enterprise wide experience for our customers and stakeholders. Following the rapid growth in our pipeline in recent years, we now operate in 15 of these cities, of which 10 feature our major urbanisation projects.

Our major urbanisation pipeline¹



Americas

- Lakeshore East, Chicago
- 30 Van Ness, San Francisco
- Southbank, Chicago
- 1 Java, New York
- San Francisco Bay Area project, San Francisco



Europe

- Euston Station, London
- Silvertown Quays, London
- Milano Santa Giulia
- Milan Innovation District
- Elephant Park, London
- High Road West, London
- Deptford Landings, London
- Smithfield Birmingham
- Thamesmead Waterfront, London
- International Quarter London



Asia

- The Exchange TRX, Kuala Lumpur



Australia

- Victoria Cross, Sydney
- Barangaroo South, Sydney
- Melbourne Quarter
- Brisbane Showgrounds
- Sydney Place
- Waterbank, Perth
- Victoria Harbour, Melbourne

1. Projects with an estimated end development value of more than \$1 billion.



San Francisco: Google, San Francisco Bay Area
Artist's impression

Strategy

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

Placemaking is in our DNA. Place is about people's connection to a physical environment and the experiences that trigger both an emotional attachment and a sense of belonging. The unique places we create are carefully designed and curated to meet the needs and aspirations of the people who live, learn, work and play there.

The cornerstone of the Group's strategy is to create the best urban precincts in key global gateway cities. Our point of difference emanates from our proven expertise in delivering major urbanisation projects through placemaking and our integrated business model, backed by financial strength. This is our competitive edge.

Purpose driven

Our strategy is underpinned by an ethos that long term value creation is maximised by achieving social, environmental and economic outcomes. This involves collaborating with customers, investment partners, governments and the communities within which we operate.

A key differentiator from other industry players is our end to end capability across all aspects of real estate: from concept and planning to design and delivery through to funding and investment management.

A proven track record of more than two decades of creating large scale mixed use urban precincts has enabled the Group to deepen its expertise and sophistication to become in our view, the preeminent urbanisation specialist.

Disciplined origination, accelerated development

The trust placed in us by our customers and partners to evolve the next generation of urban precincts is reflected in our origination success in recent years across targeted international gateway cities. The urbanisation platform has grown substantially to comprise a portfolio of 23 major projects across 10 gateway cities, and our total development pipeline now stands at more than \$110 billion. The Group is targeting more than \$8 billion of annual completions over the medium term – near double the historical completion rate.

The growth in the development pipeline, investment in capability to execute at scale and the resilience of the cities in which we have a presence, provides us with confidence in achieving this outcome. However, while the impacts of the pandemic will prevent this in the short term, we expect the target to be reached by FY24.

Global mindset

An enterprise wide approach will be critical to achieving safe, sustainable and profitable outcomes as production accelerates.

Our global operating model, supported by products and platforms, provides a framework for implementing best practice consistently, while empowering our teams to lead and innovate. We are investing with the longer term in mind by creating digital capabilities to support our strategic objectives.

Our partnership approach has driven significant growth in the Investments platform. Future growth will be

underpinned by the more than \$50 billion of investment grade product that we expect to create from the development pipeline. In addition, we have the appetite and global capability to launch new products alongside our investment partners.

Increased focus

The Group's human and financial capital is increasingly being directed towards leveraging the Group's capabilities across urbanisation projects and the Investments platform. Strategic divestments have supported the Group in redirecting these resources. We have exited the Engineering, Services¹ and US Telecommunications businesses. Capital allocation to the Retirement Living and Communities businesses has also been reduced.

Resilient and flexible

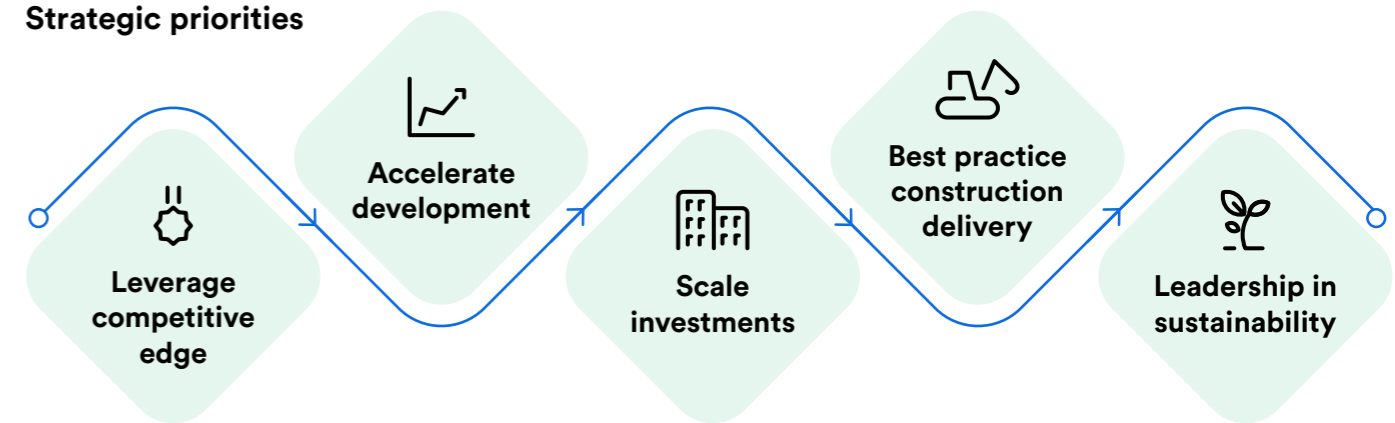
Our strategy has been designed to be resilient to an evolving market environment. The business model, supported by land management structures across most projects, has the agility to ride out market cycles.

We understand cities will need to become more affordable, inclusive and sustainable with a greater focus on transport links, security and workplace flexibility. Our placemaking skills are already adapting to these challenges and the associated changes in consumer, corporate and government behaviour.

Our refreshed strategy focuses on expanding and upweighting our businesses that have the greatest potential to drive securityholder value.

Our refreshed strategy focuses on expanding and upweighting those parts of the Group that have the greatest potential to drive securityholder value.

Strategic priorities



London: International Quarter London Pavilion
Artist's impression

Artist's impression

1. Conditional sales agreement signed on 21 July 2021.

Operating segments

We pursue an integrated business model – where two or more of our operating segments of Development, Construction and Investments engage on the same project – to create new mixed use precincts, communities and important civic and social infrastructure.

As an international real estate Group with a presence in targeted gateway cities, the pandemic had a pervasive impact on operations in FY21. For more information refer to the Performance and Outlook section on pages 56 to 69.

Development

The Development segment is predominantly focused on the creation of mixed use precincts that comprise apartments, workplaces and associated leisure and entertainment amenities. The Group also develops outer suburban masterplanned communities and retirement living villages.

Capability

We manage the entire development process – from securing land, 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 communities and contribute to the quality and liveability of our cities by working in partnership with governments, institutions, landowners, investors and the community.

Platform

\$114 billion development pipeline

23¹ major urbanisation projects located in ten global gateway cities

17¹ masterplanned communities located in Australia and the US

More than **59,000** residential apartments and **57** commercial buildings to be delivered

c.44,000 backlog of communities lots

Construction

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

Capability

Our capability is showcased in the places and structures we create – workplaces for some of the world’s largest organisations and residential apartments, including affordable housing options, hospitals, and other buildings of civic and social importance.

An investment in smart design and advanced manufacturing has improved our safety, sustainability and efficiency, including the ability to simulate all aspects of construction, from design to structural integrity and system performance.

Our Construction segment typically designs and delivers the built form for our urbanisation projects and will be integral for the successful delivery of our \$114 billion urbanisation pipeline.

Platform

\$15 billion construction backlog revenue

Key sectors include commercial, defence, social infrastructure and residential

45 per cent of our larger projects delivered for government clients

31 per cent delivered for corporate clients



Investments

The Investments segment comprises a leading investment and asset management platform and the Group’s investments across the residential, office, retail, industrial and retirement sectors.

Capability

For decades we have managed funds and assets for some of the world’s largest money managers including sovereign wealth funds and large public and private pension funds.

Our expertise spans unlisted and listed property funds and mandates. We offer a research led investment capability supported by active asset management and leadership in sustainability. Our competitive edge lies in the opportunities provided to our investment partners to access the diverse, high quality product created through our integrated model.

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

Platform

\$40 billion funds under management

c.150 institutional investment partners

\$29 billion of commercial and residential assets managed

Significant owner and operator of **75** retirement living villages

Chicago: The Cooper, Southbank

FY21 segment highlights

Development

\$8.4 billion

additions to pipeline including new urbanisation projects secured in New York, Los Angeles, Birmingham, Boston, Greater Tokyo and Singapore

\$5.6 billion

commencements

\$14.5 billion

work in progress

Construction



\$8.8 billion

new work secured

Completed projects

Crown Sydney Hotel, Melbourne Quarter residential and commercial, Elephant Park residential for rent

100%

renewable energy across all Australian building projects

Investments

\$5.1 billion

new investment partnerships to drive funds under management

New partnerships

Aware Super: New York and Los Angeles, Ivanhoé Cambridge: Boston, CPP Investments: Milan, NPS: Melbourne



GRESB

#1 ranked office fund, seven funds ranked in the top 20

1. Total of 49 development projects, comprising a total of 32 urbanisation projects and 17 communities projects.

A Sense of Place



Creating the future

We create places where people want to be and be a part of.

The pandemic has raised questions about the future role of our cities, workplaces and homes, and the way we shop, live and interact. People are more discerning about the experiences they want, and we recognise the best places are created when we take a human centric and holistic approach.

We take the time to explore and understand our projects, their history and what will generate continual attraction. We immerse ourselves in our local environments and communities to best understand their cultures, needs and wants. In doing so, we are better able to design, deliver and curate projects that contribute value to the communities they serve.

Sustainable places are in demand by investors and customers alike, reflected in a growing desire for wellness and connection. The line between one's personal and professional life is blurring.

We create places that provide safe havens rich in culture, inclusivity and innovation that support healthier lifestyles and generate social, environmental and economic benefits. MIND and Melbourne Quarter are two such projects. They cater for the varying facets of life's needs today and into the future with advanced technology, a diverse range of services and integrated experiences for work, living and leisure.

Cities are the future

Cities are destined to remain the centrepiece of modern society.

They have been the lifeblood of innovation and advancement for millennia. The value to society of people interacting in close proximity has cemented the dominant role that cities play in the global economy.

The benefits of agglomeration are as compelling today as they have ever been. Think London and New York’s finance sectors, Milan’s high end manufacturing and fashion scene and Silicon Valley’s technology smarts.

The extensive social infrastructure and amenities that cities offer make them people magnets. Population density enables the best educational institutions and healthcare facilities as well as cultural attractions such as museums, galleries and theatres. The strong desire for social interaction and experience spurs vibrancy across the retail, tourism and hospitality sectors.

Periodic challenges are inevitable

Disease has been the great scourge of city life with terrible death tolls from periodic plagues, influenza and other diseases.

The enforced lockdowns and isolation from the COVID pandemic has thrown the primary purpose of cities – that is, interaction and collaboration – into some disarray. Their very nature is being challenged. COVID is having significant ramifications for the way societies live, work and play. This has been reflected across real estate with workplace occupancy, retail vacancy and, in some cases, population decline.

Despite these and other challenges, including crime, civil unrest and pollution, cities have rebounded with their growth largely unabated.

Resilient cities adapt

To be sustainable and liveable, cities of the future need to provide solutions for numerous challenges. These include: workplace innovation, carbon emissions, climate change adaption, housing affordability, social inclusion and income inequality. To achieve desired outcomes governments, organisations and communities will have to work collaboratively.

The striking difference during the current pandemic has been the ability for large sections of the labour force to work remotely. The attraction of talent will be key to organisational success, and talent will be attracted to the most liveable cities and desirable workplaces.

The past year has reinforced the need, desire and benefits of social interaction, collaboration and knowledge sharing. The yearning for experience and human interaction is clearly evident across communities and workplaces as cities reopen and societies recover. In essence, people want to connect with other people and places.

The future is about **workplace innovation** rather than remote working.



As the powerhouse of the modern economy, cities account for more than 80% of global GDP but only 55% of the world's inhabitants.¹

Thriving communities across gateway cities

Our gateway cities strategy is founded on the premise that the most desirable cities will continue to be the driving force of economic, social and cultural life. We select cities with the most favourable prospects for long term outperformance. Indicators we monitor to assess and rank the performance of cities include economics and demographics, business climate and capital market metrics, real estate fundamentals and policy and planning frameworks.

Our global reach and capabilities, combined with our partnering approach, provide unique insights into the likely evolution of the urban landscape. This offers scope to lead reinvigoration, renewal and reinvention. Placemaking that meets the needs of the local community is our contribution to solving urban challenges.

Our role is to select the cities that outperform and create environments that resonate.

Through the places we design, build and curate, we aim to create destinations where people want to be. Improved liveability, environmental sustainability, inclusion, affordability, connectedness, wellbeing and a sense of community are important elements we incorporate to create Place. Our approach is underpinned by leading safety and climate policies, and the adoption of technology.

Workplace flexibility will be critical to provide a compelling proposition for both employers and employees. We expect requirements for space to be replaced by demands for ‘Place’ where the workplace is centred on collaboration and innovation, and health and wellbeing.

This is the future workplace we are planning for, one that is sustainable, agile, connected, inclusive and digitised.

A greater range of living options are required to enhance dynamism across gateway cities. Higher density, done well, will play a key role in improved liveability, addressing issues including affordability, congestion, sustainability and social isolation. We have the capabilities to offer apartments for sale and rent in amenity rich environments that provide experiences as well as access to employment opportunities.

Our Melbourne Quarter project, the regentrification of a site which sat dormant for decades, is an example of placemaking in action. A new vibrant inner city precinct with a diverse mix of workspaces, living, hospitality, retail and green public realms, is being created. Further detail on this project is provided on page 28 of this report.

Additional insights into our approach to creating Place include:

[Innovation districts and rethinking workplaces³](#)

[Waterfront regeneration⁴](#)

[Transit oriented development⁵](#)



‘What is the city but the people.’²

1. <https://www.worldbank.org/en/topic/urbandevelopment/overview#1>
 2. William Shakespeare (Coriolanus, Act III Scene I).
 3. <https://lendlease.cc/innovationdistricts>
 4. <https://lendlease.cc/waterfrontregeneration>
 5. <https://lendlease.cc/transitorienteddevelopment>



Digitisation



Digitising for a more connected, safer and healthier world

The slow adoption of digitisation in the real estate sector has been a factor in poor efficiency outcomes. During the past 50 years, real estate productivity has declined by 19 per cent compared to average productivity across all other industries rising by 153 per cent.

As digital solutions emerge, Lendlease is forging new design and operational standards, processes and partnerships to simplify the interdependencies in the built environment.

Together with some of the largest and best in class organisations such as Google Cloud, Stora Enso and JCI we aim to transform the property value chain by harnessing collective knowledge through digital technology and data insights.

Our new Product Development Centre in Singapore is part of a wider digital ecosystem of innovation that includes centres in Silicon Valley and Sydney.

The foundations for long term transformation are being assembled. We anticipate this will deliver products to market faster, and more sustainably and safely, thereby creating value for customers and communities.

To deliver on our targeted production of more than **\$8 billion per annum**, Lendlease is sourcing and developing new tech skills, capabilities and digital solutions.

Targeting improved efficiency

Targeting cost reduction in project costs

Accelerating speed to market

We constantly challenge the way we do things in search of a more efficient and consistent approach. The implementation of digital platforms is expected to improve the timeliness and quality of decision making by providing best practice methodologies, frameworks and tools for the entire project lifecycle.

One Lendlease Interactive (OLi), launched into our Construction portfolio this year, helps manage more than 230 projects' and future business opportunities valued at c.\$60 billion. This project management platform provides greater consistency across our operations and the ability to digitise discrete processes, such as our investment risk analysis. It enables data to be utilised more comprehensively and therefore enhances our decision making. Our agile development approach to OLi caters to new functionality added almost weekly.

Additionally, our digital solutions, such as digital twin technology, are set to:

- Simplify and accelerate the built form process
- Reduce project costs
- Enable us to design hundreds of scenarios to develop and assemble a building.



Designing healthier assets for people and the planet

Buildings and construction are responsible for 38 per cent of all carbon emissions in the world, with the operational emissions of buildings accounting for 28 per cent.²

We are investing to create smarter, more highly connected buildings. Digital technology is used to monitor elements such as air quality, waste consumption and energy efficiency. The resulting data insights provide the ability to test designs to improve building performance, including the abundance of natural light and reduced carbon footprints.

At Barangaroo, we are testing innovative and renewable energy resources:

- Solar panels integrated with a green roof to improve energy efficiency and output
- Using maggots to process food waste into animal feed and fertiliser.

At Milan Innovation District, data is being collected on the materials we dismantle and demolish. This enables the monitoring of recycling and the use of the circular economy.

More broadly, the connectivity features of our buildings, combined with customer focused wellness programs, enable the delivery of wellness outcomes to our customers. This year, Lendlease became the **world's first owner of commercial buildings certified with a WELL portfolio rating** from the International WELL Building Institute (IWBI). We achieved this at scale across a portfolio of buildings totalling 569,216 square meters (6.1 million square feet) and benefiting nearly 60,000 people.



Keeping people safe

Data insights allow us to simulate the response of building fabrics to changes in external conditions and identify risks prior to the commencement of construction. Using digital platforms, we model the safe positioning of cranes, and identify hidden risks and opportunities to assemble and operate buildings according to our high safety standards.



1. Includes origination opportunities, projects in bid, conversion and delivery. 2. 2020 Global Status Report for Buildings and Construction.

Milan Innovation District



Artist's impression

The future of placemaking is now

Milan Innovation District (MIND) is a 100 hectare mixed use redevelopment, aiming to become a world leading science, knowledge and technology hub with an estimated development end value of \$3.6 billion.

Housed on Milan's famed Expo 2015 site, the design, construction and delivery brings together the entire breadth of Lendlease's end to end capabilities. It embodies our view on the future of urbanisation: more sustainable, connected and smarter.

Working Together

MIND is a public private partnership (PPP), based on a 99 year concession agreement – a first and major milestone for both Milan and Italy. Together with investment partner Canada Pension Plan (CPP) Investments, the scope of works spans about half of the precinct's area, including offices, laboratories, build to rent living, retail, feature amenities and services, as well as a creative hub.

In addition to the PPP, five public and private institutions are driving the broader precinct's development. They will deliver a new science campus for more than 18,000 students, a hospital with more than 500 beds, research centres, and a network of 68 civil society organisations.

Advancing the future

Our partnerships on the MIND project are helping us realise the vision of establishing an innovation district.

In February 2021, to cocreate discoveries in technology and life sciences, we launched the Federated Innovation™ ecosystem. Including Lendlease, it now comprises 32 partners, more than 100 companies and greater than 100 projects in the pipeline.

Together with other organisations such as universities, research centres and private companies, Federated Innovation™ acts as an innovation developer, accelerating ideas into new products, processes and services available to all partners.



“MIND represents an excellent opportunity for CPP Investments to extend our relationship with an experienced existing global partner.”

Andrea Orlandi, Managing Director, Head of Real Estate Investments – Europe, CPP Investments

Creating Value

Sustainable, innovative and modern design will be major features of MIND, in line with our global target to be a 1.5°C aligned company.

The district will be a city based on people and placemaking

Technology will be present everywhere, but invisible. We are creating buildings that facilitate data driven insights for more intuitive, responsive and consistent experiences without the glare of screens and gadgets. And our design approach uses Design for Manufacture and Assembly (DfMA) methodologies to design and deliver more safely, quickly and efficiently.

Improving the planet and people's health is our goal

MIND aims to be a zero carbon precinct. The project has already made progress to deliver this commitment with the selection of its energy partners who are leaders in their field of competence. A private smart grid, as well as a new generation low temperature and high efficiency district heating and cooling network, are being developed for the site. Renewable electricity will come from a variety of sources, including on site production from solar panels.



Targeting zero carbon precinct



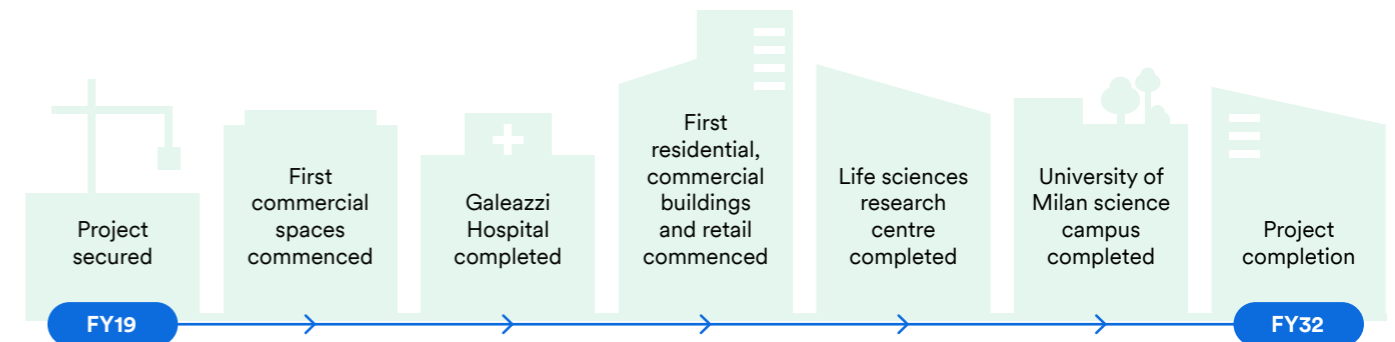
32

Innovation partners



Targeting digital ecosystem of autonomous buildings

Project timeline



Artist's impression



Artist's impression



Artist's impression

MIND will host **60,000 people** living and working, with over 1,000 apartments for rent.

Establishing a thriving community

All buildings targeting minimum LEED Gold

Precinct to be powered by 100 per cent renewable energy

Targeting 95 per cent of construction waste recycled

Existing buildings refurbished where possible

Assessed and adapted for climate change resilience

Training and jobs program established in partnership with the Italian Ministry of Justice to support inmates with opportunities in the real estate sector

Codesigning spaces with local students

Urban Impact Fund created to foster solutions for greener, healthier living



Melbourne Quarter



Melbourne: Melbourne Quarter on Wurundjeri Country

Artist's impression

"Being a health company it's a priority that we support our people in achieving good health and wellbeing. This focus is central to our new office and at the heart of all design elements. It will be a place for concentration, collaboration and connection."

Kylie Bishop, Medibank Group Executive People and Culture



\$3 billion

Total estimated development end value of which 43% is complete

Working together

With our customers in mind – government, investors, tenants, residents, retailers and visitors – Melbourne Quarter is transforming into one of the city's largest mixed use urban regeneration precincts.

Responding to the community

Designing and creating a place requires a close understanding of the people who will want to be there. Melbourne Quarter reflects what our customer's value: culture, convenience and nature.

Drawing on our extensive placemaking capability, we introduced laneways to link the precinct to Southern Cross Station, the city's most connected transport hub; preserved and integrated an 1890 heritage listed wall; and have created green space with a Wi-Fi enabled public sky park suspended above Collins Street.

For greater inclusivity, we partnered with Summer Housing on East Tower, designing ten apartments for people with high physical support needs. A major art program was also introduced, generating c.\$13 million in social value.

Aligning with investment partners

Workplaces and residential buildings within the precinct are being delivered in partnership with investors attracted to sustainable real estate with superior amenities and connectivity. They include: Mitsubishi Estate, Aware Super, National Pension Service of Korea (NPS) and Lendlease's Australian Prime Property Fund Commercial.

Understanding tenant priorities

Blue chip tenants from a range of industries have been enticed by our knowledge and expertise in placemaking. Our offering of premium and A grade office towers, superior transport connectivity, retail and wellbeing amenities has attracted customers such as Arup, AMP, EnergyAustralia, and Medibank across the three towers.

The precinct is set to deliver a diverse range of services including an exclusive commercial tenant experience platform and a boutique wellness hub including childcare and allied health services. Coworking and flexible spaces cater to the aspirations of customers wanting to maximise the health, collaboration, connectivity and creativity of their people.



FY13

Secured

FY26

Expected completion

Melbourne Quarter. Something for everyone.

Designing customer driven solutions provides the opportunity to secure the best projects, deliver on stakeholder needs and ultimately create places where communities thrive.

Melbourne Quarter, once a transport and industrial hub known as Batman's Hill, sat dormant for decades. In partnering with Development Victoria a new, vibrant inner city precinct, with a diverse mix of workspaces, living, hospitality, retail and green public realms, is being created.

Set to house approximately 3,000 residents and 15,000 workers, our vision

is to establish a connected place where innovation and businesses thrive, visitors are welcome and residents feel at home.

Designing and creating such an experience requires a close understanding of all stakeholder needs, responding to them and working together to generate value.

c.150,000sqm of commercial office space across three towers, two residential towers with **c.1,500 apartments** and **40 retail shops** once complete.

Creating value

Melbourne Quarter's centralised location and amenities benefit workers wanting easily accessible public transport and diverse workspaces; residents seeking local cafes and open space at their doorstep; and blue chip tenants attracting employees to a highly connected space.



Strong leasing on completed towers

Tower 1: 99% leased
Tower 2: 97% leased

15,000 construction jobs

Establishing a thriving community

Melbourne Quarter has sustainability and connectivity at its core. It is delivering smart solutions across the built form and operations, positively impacting the health, wellbeing and lifestyles of residents and visitors. The precinct features some of the highest sustainability ratings achievable.

More than 50 per cent of space is green and publicly accessible

Precinct wide flexible coworking workspace

Walk Score rating of 100 per cent, 6 Star Green Star Design & As Built ratings for 1MQ and 2MQ and a 5.5 Star NABERS Energy Base Building rating for 1MQ

6 Star Green Star Communities award



Managing and Measuring Value



Maroochydore, Queensland:
Sunshine Plaza Shopping Centre managed by Lendlease on Kabi Kabi Country
Australia's largest high ropes course

Our five focus areas of value creation.

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

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

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



Health and Safety



Financial



Our Customers







Our People



Sustainability

Our five focus areas of value creation

Area of focus	Material issue	How we deliver value	Value created	How we measure value
 <p>Health and Safety</p>	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 operate to a consistent standard across all operations. These GMRs extend to physical safety and people's mental health and wellbeing	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>
 <p>Financial</p>	Delivering securityholder returns. Maintaining strong capital management 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	Margins, fees and ownership returns across Development, Construction and Investments. 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>
 <p>Our Customers</p>	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	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 our development pipeline, construction backlog and funds under management
 <p>Our People</p>	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 a culture of collaboration and continuous learning where successes are recognised and people are rewarded. We invest in developing leaders and capabilities to drive our success	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 of thought and experience can support 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 depth of capable talent ready to progress into leadership roles</p> <p>Leadership positions held by women: Demonstrates our broader commitment to diversity and inclusion and our objective of increasing female representation across our business</p>
 <p>Sustainability</p>	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. For example, as a developer Lendlease is committed to the creation of independently rated green certified buildings and precincts and climate resilient communities. We aim to deliver inclusive, healthy and adaptable places that can thrive through change	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 Environmental Social Governance (ESG) matters	<p>Measurement of, and reporting on our progress towards our sustainability targets and the tangible examples of the ways in which 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"> • Net Zero Carbon Scope 1 and 2 by 2025 • Absolute Zero Carbon by 2040 <p>Social Target: Create \$250 million of social value by 2025</p>

Health and Safety

A sense of place – a safe one

Our highest priority is ensuring our employees, subcontractors, and all those who interact with our places return home safely each day.

Safety metrics

Lendlease has achieved further improvements against some of our key safety metrics. Despite this, it is with much sadness that we report two fatalities on two of our operations in FY21.

In October 2020, a subcontractor working on our Curtin University project in Western Australia was involved in a partial roof collapse and died from his injuries. In November 2020, an elevator fit out

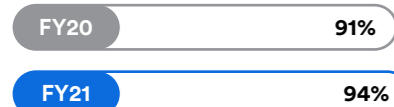
subcontractor was fatally injured within the lift shaft on a Lendlease project in Malaysia.

As is our practice, following both incidents an independent organisation was appointed to conduct an investigation to understand the factors involved and to independently verify the application of our Global Minimum Requirements (GMRs).

Our thoughts continue to be with the families of these two workers and everyone impacted by these tragic events.

Key performance insights

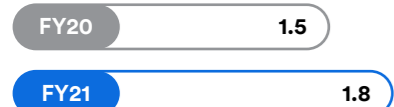
Operations without a Critical Incident¹



Critical Incident Frequency Rate²



Lost Time Injury Frequency Rate³



Learning from incidents

Getting our people home safely each day is our highest priority. Anything less is unacceptable.

To learn from any serious incident and work to prevent any repeats we address the findings and recommendations from any independent incident investigations and work with internal and external designers, engineering consultants and supply chain partners to improve design, to mitigate risk and apply improved quality assurance processes.

The incident in Malaysia occurred when a worker was accessing the external side of an elevator car to install the interior handrail. In response:

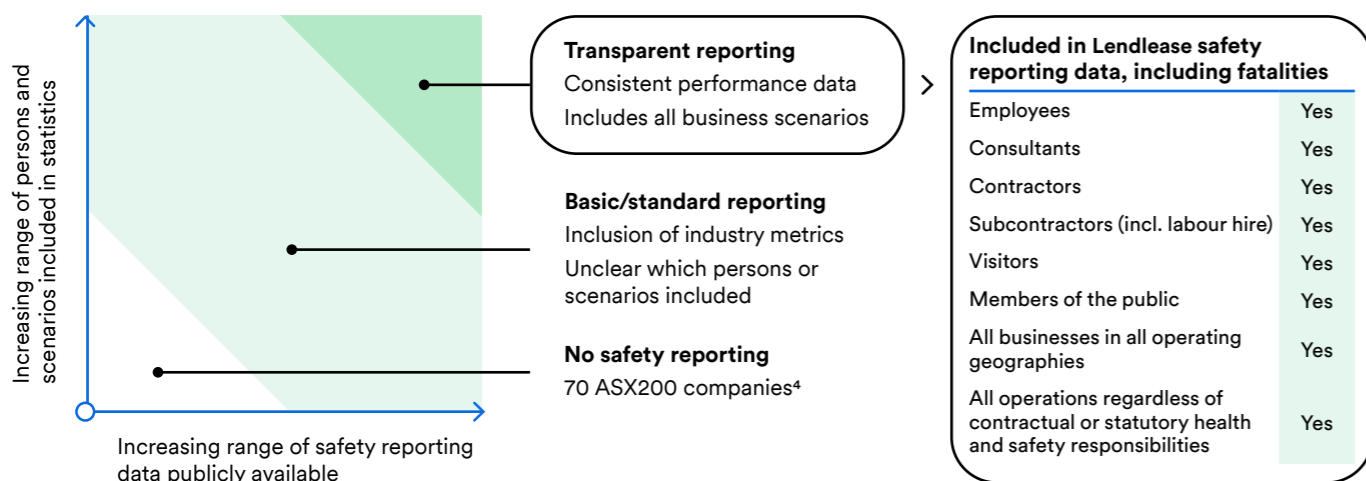
- Lendlease issued a global EH&S alert across all operations to prohibit

the procurement of elevator cars requiring external access for handrail fit out

- Our third party provider now prohibits designs that require external access for lift car handrail fixation. In addition, through our collaboration they will now provide external reporting of workplace fatalities in their annual Sustainability Report
- Lendlease has added 'elevator installation/fit out' to our list of acute high risk activities in the 2021 GMRs that require independent third party review of the proposed work methodology.

We continue to share our learnings with the broader elevator and construction industry to drive improvements in design and installation methods and processes.

Benchmarking industry reporting



1. A Critical Incident is an event that caused or had the potential to cause death or permanent disability. This is an indicator unique to Lendlease. 2. The Critical Incident Frequency Rate (CIFR) is calculated to provide a rate of instances per 1,000,000 hours worked. 3. The Lost Time Injury Frequency Rate (LTIFR) is calculated to provide a rate of instances per 1,000,000 hours worked. 4. Australian Council of Superannuation Investors (ACSI). Safety in Numbers: Safety Reporting by ASX200 Companies (September 2020).



Empowering our people with tools at their fingertips. At Lendlease, when it comes to safety, we're all in.

We have invested in the latest technology to empower our people to make good decisions around safety, in the moment, to prevent incidents from happening.

Safety at Lendlease (S@L)

A 2019 PwC Culture & Climate survey identified the need to find new and interesting ways to engage our people around the GMRs. Utilising the latest in artificial intelligence technology and our existing communications platform of Microsoft Teams, our new chat bot S@L

gives all employees across Lendlease on demand information on how to apply the GMRs to workplace activities across the project lifecycle.

Enablon

First launched in 2016, our Enablon Go mobile app makes it easy for anyone at Lendlease to take safety reporting into their own hands and record safety observations as and when they happen.



In FY21, we passed **1 million** observations via a mobile device.

Showing care through continuous improvement

We believe that a place that cares is a safe place to work and we've gone to great lengths to embed a culture of care across our organisation.

Our 2021 GMRs

Our GMRs are our high standard framework for how we manage environmental, health and safety risk across our business. In FY21 we launched the fourth edition, our 2021 GMRs, which incorporate updated work practices, lessons learned over the last five years and have a greater focus on the health and wellbeing of our people.

We show care through the application of our GMRs from origination, so our people know when they come to an operation they are coming to work at a safe place.

EH&S Passport

To help employees understand how to apply the 2021 GMRs, Lendlease launched new online mandatory training called EH&S Passport. The training reinforces the role we all play in safety, emphasising the everyday decisions we make and how they impact the safety of others.

95 per cent of our global workforce completed the EH&S Passport within 90 days of launch

Supporting our people through COVID and beyond

Recognising the potential impacts of the pandemic on our people, we invested in the development of Mental Health First Aid skills and actively embedded our program into the organisation's culture. One of the ways we did this was by emphasising wellbeing in performance conversations. This investment was particularly important in construction, knowing workers in this segment are six times more likely to have a mental health illness.

800 employees trained as Mental Health First Aiders across our global network

Gold Australia awarded top status as a Skilled Workplace with Mental Health First Aid (MHFA) Australia

Certified as **Global Healthy Workplace** for the third time

Silver Asia received accolade in workplace safety at 2020 Workplace Safety and Health awards

Gold Europe topped the 2020/21 Workplace Wellbeing Index

Lendlease Hardship & Wellbeing Fund

Our Hardship & Wellbeing Fund was created in 2020 to help employees experiencing genuine hardship due to the impacts of COVID or other reasons. To date, around \$4.5 million has been distributed across our regions.

In some areas of Lendlease, the impacts of the pandemic have been particularly hard. In 2021, we utilised the Fund to make a one-off payment to a number of our frontline and customer facing workers who went to great lengths to support our customers during the pandemic.

The Fund addressed the immediate financial need, but we want to set our people up for success in the long term. In FY21 we engaged with our partners to deliver financial wellness education via a series of webinars to equip our people with the tools and knowledge to make informed financial decisions.



Financial

Our approach to financial performance

The Portfolio Management Framework provides structure and financial discipline across the operating segments of Development, Construction and Investments.

In line with our refreshed strategy announced in August 2020, the framework is designed to maximise long term securityholder value via: a diversified risk adjusted portfolio; leveraging the integrated model; and the financial strength to execute the strategy, including an investment grade credit rating.

Financial strategy

The Portfolio Management Framework is the core of our financial strategy. This framework sets target guidelines and is designed to:

- Maximise long term securityholder value through a diversified, risk adjusted portfolio

A sense of place – profitable

- 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.

During FY21, the ongoing impact of COVID has impacted the Group's ability to deliver on certain aspects of its Portfolio Management Framework objectives. For more detailed COVID financial impacts, refer to page 59 of the Performance and Outlook section.



How we measure financial performance

When measuring financial performance, we focus on Return on Equity and Earnings per Security to measure the returns we achieve for securityholders. The Portfolio Management Framework outlines target returns at a segment level. These returns are used to derive a Group Core Operating Return on Equity target within the 8 to 11 per cent range, and Core Operating Earnings per Security is used to make distributions within the 40 to 60 per cent payout ratio target.

The Portfolio Management Framework reflects the revised strategy and the change in primary earnings metric from statutory profit to operating profit. As a result of this change, both the target EBITDA mix and the target distribution payout ratio are based on operating profit. The Investments ROIC target has been revised to 6 to 9 per cent to reflect the adoption of the operating profit metric. See Note 1 'Segment Reporting' in the Financial Statements for more details on Operating profit.

Detailed financial performance and outlook

For detailed information on our FY21 financial performance as measured under the Portfolio Management Framework, refer to the Performance and Outlook section on pages 56 to 69 and the Financial Statements on pages 126 to 191.

Green bonds

In June 2019 we announced our new Sustainability Framework including the Lendlease Sustainability Finance Framework. This framework focuses on efforts to support our ambitious sustainability targets and is aligned to the International Capital Markets Association Green Bond Principles.

To help deliver on our sustainability target, the Group raised a \$500 million seven year fixed rate green bond in October 2020 and a further \$300 million ten year fixed rate green bond in March 2021, to become the largest non bank ASX listed issuer of green bonds.

The proceeds of the bond issuance will be focused on green buildings and earmarked to eligible projects across Lendlease's global portfolio of 23 major urbanisation projects. The delivery of these buildings will drive a number of initiatives, with benefits ranging from the lowering of carbon emissions, reducing the environmental impact of materials and the delivery of health and wellbeing benefits. These benefits will support the Group's two new sustainability targets announced in the prior year and reflects the Group's commitment to:

- Net Zero Carbon for Scope 1 and 2 emissions by 2025, and Absolute Zero Carbon by 2040
- Delivering \$250 million of measured social value by 2025.

Refer to the Sustainability section of Managing and Measuring Values for more details.



Portfolio Management Framework

1. Invested Capital Mix

Development	40-60% (<50%) ¹
Investments	40-60% (>50%) ¹

Australia	40-60%
International regions ²	10-25%

2. Core Business EBITDA Mix³

Development	40-50%
Construction	10-20%
Investments	35-45%

3. Target Returns

Core Operating ROE	8-11%
Development ROIC ⁴	10-13%
Construction EBITDA Margin	2-3%
Investments ROIC ⁴	6-9%

4. Capital Structure

Gearing ⁵	10-20%
Investment grade credit rating	

5. Distribution Policy³

Distribution payout ratio	40-60%
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1. Reflects strategic direction. 2. Per region. 3. Core operating profit based measure. 4. Return on Invested Capital (ROIC) through cycle target based on rolling three to five year timelines. 5. Gearing definition: net debt to total tangible assets less cash.

Our Customers

A sense of place – where customer experiences and relationships matter

Our customers range from individuals to the largest government, investment and corporate organisations.

We have the depth of expertise, opportunity and understanding of our customers to attract new partners and customers and retain those who invest in or visit our places again and again.

B2C: Business to Consumer

23%

of purchasers to date in Residences Two of One Sydney Harbour are repeat Lendlease customers



Increase in customer loyalty

More than 160 million residents and visitors interact with Lendlease every year. We conduct regular research to understand what is important to them to both improve their experience with us and help shape our communities and precincts.

Overall, our loyalty measure, Net Promoter Score (NPS), increased slightly and customer satisfaction, CSAT, was steady this year. EODB (Ease of Doing Business), a new measure introduced, achieved a strong result. We interpret these as positive outcomes given the challenging global environment, including COVID and political uncertainty in some regions. Common themes around people, project/asset quality, the delivery process, safety and sustainability dominated feedback.

We value the impact of our actions at every customer touchpoint. Regardless of

the project, region or stage of customer engagement, we aim to provide best practice solutions, in demand amenities and a consistent, positive experience.

With a pipeline of more than 59,000 apartments in our global residential portfolio¹, repeat purchasers are an indication of success. We recently launched our second residential tower at One Sydney Harbour with 23 per cent of sales to date from existing Lendlease customers. As part of this sales process, we piloted an online reservations¹ platform for customers to directly reserve a selection of apartments.

In response to changing customer expectations, we also extended our digital solutions this year to execute a unique interactive launch for TRX Residences at The Exchange TRX in Kuala Lumpur, offering virtual encounters and viewings.

1. Backlog of residential units across our urbanisation projects.

"High-quality assets that contain strong sustainability aspects is what attracts us to companies such as Lendlease as we seek to diversify our property portfolio globally."

Alek Misev, Portfolio Manager, Aware Super

B2B: Business to Business

2/3

of third party capital is held by our top 10 investors across the funds' platform

\$3.1 billion

committed in third party capital

Our B2B relationships span partnerships with organisations, not for profits, c.16,000 suppliers and a range of institutional investors across funds, mandates and managed assets.

We work with and for businesses across all our operating segments. Within our Investments platform our top 10 investors account for two thirds of third party capital. They consist of some of the world's largest pension and sovereign wealth funds such as **Canada Pension Plan** (CPP Investments), **Mitsubishi Estate**, **GIC**, **APG**, **NPS**, **Aware Super** and **HostPlus**.

In FY21, we introduced Ivanhoe Cambridge to the platform by partnering on a life sciences project in Boston. Additional investments were also secured with Aware Super, CPP Investments, NPS and Mitsubishi Estate.

Expanding existing relationships with established, large partners remains

a priority. Having already founded a residential partnership with Aware Super in the Americas, they recently became our joint venture partner on an additional two development projects in New York and Los Angeles. They also acquired a 25 per cent stake in our Australian Retirement Living business.

Aware Super and Lendlease share a philosophy that those entrusted with creating and managing the built environment have immense capacity, and an obligation, for doing good. Leadership in responsible property investment and creating value for residents and investors was a founding principle on inception of the partnership in 2018. This year, the US residential portfolio in Chicago and Boston was verified net zero carbon and the Retirement Living business ranked first in the Global Real Estate Sustainability Benchmark (GRESB).



B2G: Business to Government

B2G customer relationships connect with all tiers of government to collectively shape cities and places and support economic growth.

Our diverse capabilities cover numerous project types across a diverse range of sectors including education, residential, civil infrastructure and healthcare.

During COVID, we have been applying our award winning expertise in the health sector to help manage health and economic impacts. Working both directly and indirectly with governments, we are constructing or upgrading a mix of hospitals, pharmaceutical labs, vaccination hubs and life sciences and research centres across our operating regions.

In Asia, we are currently engaged in conversations with Singapore authorities to attract new investments into the country's life sciences sector given our expertise in delivering major pharmaceutical manufacturing facilities to the region. In New York, we worked closely with the local government to

complete the Javits Center expansion that operated as a COVID field hospital and the largest vaccination centre in the United States.

In Australia, we have been entrusted to deliver crucial health infrastructure, with state government healthcare projects currently under construction or in planning.

Construction milestones were achieved at the health, research and education precinct at Randwick Campus that has employed a workforce of more than 1,300. The business was awarded the main works contract for Tweed Valley Hospital and the second stage of work for the Caboolture Hospital Redevelopment Project in Queensland.

In addition, we are the preferred builder for 120 new mental health beds across four acute mental health facilities in Victoria. To meet the government's aspirations to deliver these much needed facilities, an expedited modular construction delivery model was developed.



Sydney: Randwick campus on Gadigal Country and Bidjigal Country

45% major construction backlog, representing **\$5.7 billion** with government

Our People

A sense of place – inclusive, diverse and talented


Our people are the greatest contributors to our success and enable us to fulfil our purpose. **Together we create value through places where communities thrive.**

FY21 was a challenging year as we adapted to new ways of working. Supporting our people during the pandemic has been our priority. From enhanced communications and technology enabling remote work to providing additional funding for frontline workers (see Hardship & Wellbeing Fund on page 35), we are invested in the health and wellbeing of our people.

To deliver our refreshed business strategy we need to attract, retain and invest in our people to have the right capabilities to succeed into the future. We aspire to create a work environment that:

- Cares for its people, with safety and wellbeing our priority
- Provides inspirational leadership with a clear direction for the future
- Is team oriented, inclusive and diverse
- Fosters a culture aligned to purpose and values that drives the way we operate with each other and creates a sense of belonging.

To support our aspirations our people strategy has focused on engaging our leaders and developing leadership excellence. We are working to foster an enterprise first mindset and sharing knowledge globally.



10,825
Employees globally¹

Developing and deploying key talent

As we accelerate the delivery of our global pipeline of projects, we continue to invest in the development of our people's capabilities.

This year we launched our Leadership Excellence Program aimed at driving leadership engagement and providing our leaders with the right capabilities to inspire and lead our people. We have continued to invest in the development of key talent through our Construction Director and Project Director talent programs, which shifted to virtual delivery.

In FY21, our pipeline of successors for key leadership roles, along with the number of women in our succession pool, increased. For senior executive positions, we have a target of three unique successors and in our FY21 talent and succession review, 79 per cent of senior executive positions met this target.

Retention of key talent has been challenging in the current operating environment. In FY21, we achieved a retention rate of 87 per cent, slightly below our target of 90 per cent or higher. We see this as an ongoing risk into 2022 as border restrictions continue to impact the mobility of talent.

Succession strength²

FY20 75%

FY21 79%

Leadership positions held by women³

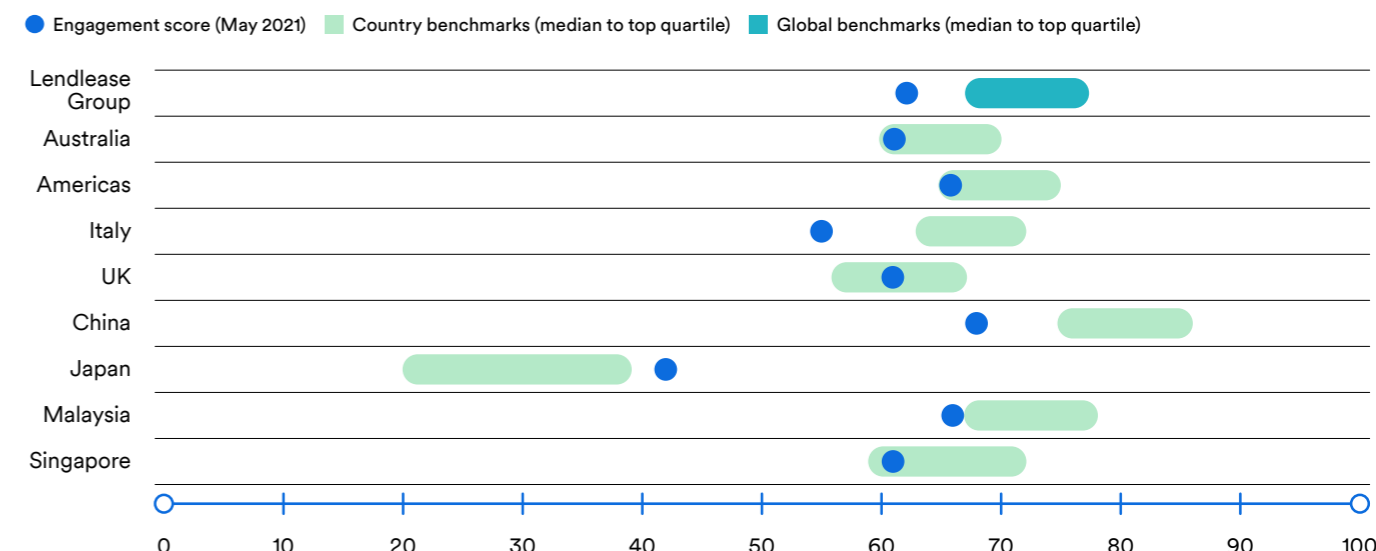
FY20 26.9%

FY21 29.9%

1. As at 30 June 2021. 2. For all senior executive positions, we have a target of three unique successors. We define this as succession strength. 3. Leadership roles include a number of levels in the Lendlease Career Job Framework, including executive level roles.



Engagement scores compared to country benchmarks



Employee experience

Teams are at the heart of our listening strategy and help us to understand the environment and experiences we are providing our employees. These insights help us to be responsive and provide our leaders with key actions to support our employees to thrive.

In our most recent People Survey, we achieved an employee engagement result of 62 per cent. At the global level this falls below the median and top quartile

benchmarks and is a concern for us, however, we see substantial variance between countries and their respective benchmarks. In our four largest operating markets, we are performing above the country median, with the UK towards top quartile scores.

Consistently our highest performing area in the survey is Safety which is pleasing. To improve our engagement result our people have told us we need to provide more visible career development and

pathways. This will form a key part of our People Strategy next year.

Further demonstrating our strong culture of care, our most recent results also showed that employee perceptions of their manager providing support through COVID increased.

Supporting our managers and employees through these challenging times remains a key focus for us as we deliver on our \$114 billion pipeline.

Diversity and inclusion

Lendlease has a diverse global workforce and we have made great progress in improving our diversity areas of focus, but we still have work to do. We are committed to creating a workplace that unites diverse minds, where respect, equal treatment and equal opportunity are the norm. Aligned with our Modern Slavery Statement, this helps us to act with integrity in our business relationships.

In FY21, to strengthen our culture of inclusion, we focused on unwelcomed or intrusive language and behaviours, many of which are influenced outside of the workplace. We understand the importance of psychological safety and have further invested in the ongoing support for employee wellbeing. Our efforts not only provide support for affected individuals, but also educate for social change.



FY21 diversity and inclusion actions

Anti-racism

Lendlease conducted a number of listening sessions in the US and UK to provide a safe space for our people to share their stories, listen and learn. This has led to a number of internal working groups focused on equity at all Lendlease touch points, internally and externally.

The Americas' business established a Diversity, Equity and Inclusion (DEI) Advisory Council with a diverse mix of employees and two external DEI experts to help inform DEI strategic priorities for the region.

In Australia, our Elevate RAP includes a detailed action plan to support career progression for our First Nations' employees (see RAP on page 45).

Eradicating everyday sexism

We created an awareness video and toolkit to bring attention to common language, behaviours and social norms that perpetuate gender stereotypes and assumptions.

Resources were designed to generate self reflection and conversation.

We provided tips on how to identify and address inappropriate behaviour and sent a call to action to all employees.

Supporting flexible working

We prioritise connection to our workplaces and our culture. We remain committed to enabling flexible work options. We established new ways of working through virtual tools, events and communications to share knowledge and connect people, regardless of where they were working.

Our team in Japan were quick to establish new work protocols to accommodate remote working, while maintaining team connections and a core focus on mental health. Initiatives such as using chat bots for enquiries and an online wellbeing community hub influenced our global standard, not only during periods of lockdown, but how we conduct business on an ongoing basis.

LGBTQ+ inclusion and recognition

Our actions add up. We continue to be recognised for our efforts in LGBTQ+ inclusion.

In the Americas, Lendlease scored 100 in the Corporate Equality Index for the fifth consecutive year and achieved 'Best Place to Work for LGBTQ Equality'.

In Australia, we partnered with the University of New South Wales to research barriers to LGBTQ+ inclusion on construction sites and shared insights and recommendations with the industry.



Sustainability

A sense of place – one fit for the future

It has been a year since we launched our ambitious environmental and social sustainability targets and we are pleased to report we have already made meaningful progress. Our journey has given us greater conviction around the importance of our mission and that collaboration is the only way to achieve industry transformation.

1.5°C aligned

Mission Zero

As a 1.5°C aligned company, we have set ourselves ambitious science based emissions reductions targets.

In May 2021, we launched 'Mission Zero', a global campaign to raise awareness about our mission to reach Net Zero Carbon by 2025 and Absolute Zero by 2040.



By 2025, we'll reduce greenhouse gas emissions as far as possible, with the remainder offset in an approved carbon offset scheme. Our Net Zero target applies to Scope 1 and 2 emissions.



By 2040, no greenhouse gas emissions from our business activities. No offsets. Our Absolute Zero target applies to Scope 1, 2 and 3 emissions.¹

Our progress

We have made positive progress in FY21 to reduce our Scope 1 and 2 emissions. The sale of our Engineering business and the ongoing impact of COVID significantly impacted our emissions (see page 55 for our FY21 environmental performance). While Scope 1 and 2 emissions are our immediate focus, we have increased our engagement and collaboration across the real estate sector to also start addressing Scope 3 emissions.

31%
of our Scope 1 and 2 emissions offset in FY21

We are well on our way to offsetting 100% of our residual carbon emissions to achieve Net Zero Carbon by 2025

32%
under our 1.5°C aligned trajectory for Scope 1 and 2 emissions in FY21

We are in a good position to maintain our trajectory to achieve Absolute Zero by 2040

1. Scope 1 emissions are from the fuels we burn, Scope 2 are from the power we consume and Scope 3 are from indirect activities.

The road to Absolute Zero Carbon

Step 1

Create a decarbonisation investment strategy in 2021.

Established a Lendlease Decarbonisation Investment Group (DIG) to identify decarbonisation investment opportunities and strategy

Launched online carbon education tools and resources to help our people understand our targets and what is required to be a 1.5°C aligned business

Step 2

Phase out diesel and gas in our operations.

Implemented successful renewable diesel (HVO) pilots across a number of UK projects

Launched an alternative fuels policy across our UK business, liquid fossil fuels no longer accepted on any new UK construction projects and existing projects have until January 2022 to comply

Saved 9.12 ktCO₂-eq by using one tonne electric excavators on Manchester Town Hall restoration project – the equivalent of around ten passengers flying from London to New York

Trialling a 20 per cent biodiesel blend (B20) at Caboolture Hospital redevelopment and using a 5 per cent biodiesel blend (B5) in cranes, generators, boom lifts and excavators on several other Australian projects

Lendlease are designing and delivering 'all electric' buildings, including Sydney Metro Victoria Cross – Over Station Development, Sherwin Rise Retirement Living Villas and Monash University's Woodside Building for Technology and Design in Australia, MIND in Italy, 30 Van Ness in San Francisco, and our US residential community at Fort Campbell

Step 3

Use 100 per cent renewable electricity before 2030.

Continued to deploy energy efficiency measures and upgrades to plant and equipment

Lendlease Building Australia switched to 100 per cent renewable electricity from January 2021

Through this five step plan we are going to turn our commitments into action. Here are some of the ways we are already implementing change.

Lendlease's Australian Prime Property Fund (APPF) Industrial signed an agreement to deliver a renewable energy program for up to \$20 million

Integrated 2MW of solar power systems across the APPF Commercial portfolio

From FY22 our Australian corporate workplaces will be powered by 100 per cent renewable electricity

All Chicago construction projects are utilising 100 per cent renewable electricity, and Boston's Clippership Wharf development has been procuring renewable electricity for owner controlled spaces since November 2020

MIND will be powered only by renewable energy sources (see page 26)

Step 4

Collaborate with supply chain partners to set pathways to achieve Absolute Zero Carbon by 2040.

Became one of the first companies globally to join SteelZero to drive market demand for net zero carbon steel

Joined as a founding member of the Materials and Embodied Carbon Leaders Alliance (MECLA), a new industry led coalition to decarbonise Australia's building and construction industry

Joined Race to Zero, one of the first companies in the built environment sector to do so

Step 5

Collaborate with our tenants and residents to transition to renewable electricity and achieve Absolute Zero Carbon by 2040.

In partnership with Aware Super, our US residential portfolio of urbanisation projects across Boston and Chicago has been verified net zero carbon

At London's Elephant Park, all residents and tenants are now automatically signed up to a green electricity tariff

Lendlease Funds Management's Australian office portfolio has been officially certified carbon neutral

Alongside our two carbon targets, we are also focused on reducing waste and water consumption, and promoting biodiversity.

Waste

As part of our circular economy ambitions, we are partnering with WWF Singapore on a Waste in Retail Research Initiative. Through this initiative, we are undertaking research into waste management practices including waste generated at malls. The knowledge we develop will be shared with the retail property management industry and key stakeholders.

Water

Total village water consumption across our Australian Retirement Living portfolio decreased by 1.8 per cent in CY2020 compared to CY2019, a significant achievement given residents were spending more time at home during 2020 due to COVID. In our 48 villages with real time water monitoring, water consumption decreased by 4.1 per cent over the same period. These savings have been realised by residents through their village water bills. We are now working to roll out real time water loggers nationally.

Biodiversity

Valuing natural capital continues to be a focus for us globally as we apply nature based solutions to create biodiversity and climate resilient communities. The urban ecosystem at Southbank, Chicago, stands in lush contrast to the site's past history, featuring migratory birdhouses, beehives, a rooftop farm, native grasses to restore the waterways, and a river walk and park for the community. In Malaysia, The Exchange TRX will be delivering a new city park in Kuala Lumpur which will be home to more than 150,000 plantings from close to 150 native plants species, creating a new ecological corridor for urban birds, butterflies and bees.

Social value

\$47.3 million

social value created to date through the work of our shared value partnerships – 18.9% achieved of our \$250 million goal by 2025



8

shared value partnerships assessed



14

additional partnerships to undergo assessment



Progress towards our social value target

Step 1

Implement an industry accepted methodology.

Partnered with the Australian Social Value Bank (ASVB), Australia's largest bank of verifiable social outcomes, to determine a simple yet robust methodology for assessing social value creation across shared value partnerships and social programs within our business, projects and assets

Piloting of this methodology will occur through FY22

Step 2

Benchmark our existing portfolio of partnerships.

Worked with Social Impax and Think Impact to commence assessment of Lendlease Foundation shared value partnerships to evaluate social value created, attributable to our social value target

Financial proxies were used to determine the social value we created across the different countries where the programs took place. This has allowed us to better understand social value creation through a cultural and country specific lens

Step 3

Establish new partnerships and processes to expand our social value creation.

Continued to look for new not for profit and charity organisations, aligned to the Lendlease Foundation Constitution and Sustainability Framework, to partner with in the creation of social value outcomes

Commenced a partnership in China called 'Future Smile', which aims to raise awareness and education for senior citizens around diabetes and Alzheimer's disease

Partnered with Billion Oyster Project to restore oyster reefs, which help to promote biodiversity, protect shorelines, and clean waterways in New York Harbor

Step 4

Expand social evaluation efforts to our projects and assets.

Worked with ASVB to establish relevant social value financial proxies and an assessment methodology suitable for us on our projects and assets

Commenced the design and build of a 'Communities Module' in Footprint, our sustainability database, to assist in the collection of social value metrics across the business



Shoreline Queensland: Yarn on Quandamooka Country and Danggan Balun Country

Elevate Reconciliation Action Plan (RAP)

Our third Reconciliation Action Plan (RAP) and second Elevate RAP titled *Country, Truth and our Shared Story*, launched in October 2020.

This is our second Elevate RAP, and third overall, which builds upon the learning and feedback we have received over the past 10 years from our RAP Expert Panel, First Nations communities, employees, RAP partners and businesses.

The RAP outlines our commitment to Australia's First Nations peoples by acknowledging their unbroken connection to country and creating respectful relationships to provide opportunities for equal social and economic outcomes.

Our leadership commitment is to lift the industry standard of placemaking by incorporating the self determination principles and voices of First Nations peoples in what we do.

Our RAP actions move us closer to the vision of a reconciled nation. They demonstrate how we align our operational performance with our commitment to human rights, specifically the rights of Australia's First Nations peoples.

FY21 Actions

Providing cultural engagement and learning for all employees	5,153 Lendlease employees in Australia have completed face to face or online cultural awareness learning since FY12	Recognition of Country and the story of place is implemented at the beginning of our projects
Making First Nations businesses foundational in our supply chain	155 Supply Nation businesses engaged (registered and certified Indigenous businesses) \$65.4 million spent in FY21 with registered and certified Indigenous 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
Supporting First Nations voices within Lendlease	1 per cent of Lendlease Australian employees identify as First Nations Australians 8 First Nations Australian employees sit in leadership roles	We're focused on bringing First Nations leadership into senior management roles



New York Harbor: Oyster reef restoration

Image credit: John Suhar

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 key performance targets to create securityholder value.

Governance in a rapidly changing environment

Our Business Continuity Enterprise Risk Framework has been exercised beyond the defensive, to add value for our employees, business partners and customers. Our sites have been operating under enhanced COVID measures so that we can continue to deliver our projects safely and in line with expectations.

The impact of COVID from an operational perspective has been felt around the world. Operational Enterprise Risks such as **Execution** and **Commercial** have experienced the greatest impact in the reporting period.

As the Group continues to actively work through understanding and addressing the long term impacts of COVID from an operational and strategic perspective, our risk teams around the world remain active participants in government and industry forums to help reshape the future.

Our areas of focus for business resilience are:

Health, Safety and Wellbeing: The health and safety of our places and people is our priority. The Board and Leadership Teams continue to provide frequent and transparent communications to the business to keep our people well informed and safe.

Operational Risk: Global COVID steering committees are in effect and continue to receive weekly updates and insights relevant to our business. Lendlease is prepared and has clear processes for the management of interruption to our operations and people.

Business Continuity and Crisis Management: During the reporting period Crisis Management Plans were activated and followed in response to COVID impacts. The business was technologically prepared which empowered employees to work remotely. Business continuity plans are reviewed and updated periodically.

Supply Chain Resilience: We recognise that sustainable supply chains strongly align with our strategic priorities, allowing us to minimise risk and maximise opportunities for collective value creation across economic, social and environmental objectives. Supply chain resilience is an important imperative which is supported by our Enterprise Risk Framework through the following relevant Enterprise Risks and our Risk Appetite Statement:

- **Commercial Underperformance:** failure to execute given reliance on supply chain to deliver
- **Regulatory and Counterparty:** supply chain ethics fail to meet our standards
- **Non-scalable Growth:** the need for strong global and regional supply chain partnerships are required to support in a global context or in dynamic supply chains.

Our commitment to the UN Guiding Principles on Business and Human Rights has been memorialised in our Modern Slavery Statement (FY20). Our phased approach scopes potential modern slavery risks that we may either cause, contribute to, or to which our operations may be directly linked. We will continue to evolve and mature as envisaged in our statement.

Responding to climate related impacts

The business also recognises the risks and opportunities associated with climate change.

Lendlease supports the recommendations of the Task Force on Climate-related Financial Disclosures (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 third 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.



Risk

Our approach aims at providing best in class governance, innovation and people to embed a risk intelligent culture that delivers on strategy and produces predictable and repeatable outcomes.

Risk Appetite Framework

Following the Risk Committee’s approval of the Risk Appetite Framework and its subsequent implementation, the Board’s level of oversight across the business has been enhanced.

As Risk Appetite continues to evolve, the risk tolerances and accompanying standards and frameworks are refined to remain fit for purpose.

Of note in the period, the following policies and standards were implemented and will allow the Board to increase its oversight of the business:

- Group Standards on Project Environmental and Social Risk Assessment
- Group Standard on Design Complexity
- Group Policy and Standard on Customer Complaints and Feedback.

Continuous Improvement

The Risk Appetite Framework is reviewed annually by the Group Chief Risk Officer and approved by the Board Risk Committee.

Any changes outside of the annual review cycle that encompass the addition of new statements and tolerances will be reviewed and approved by the Board Risk Committee on a quarterly basis.

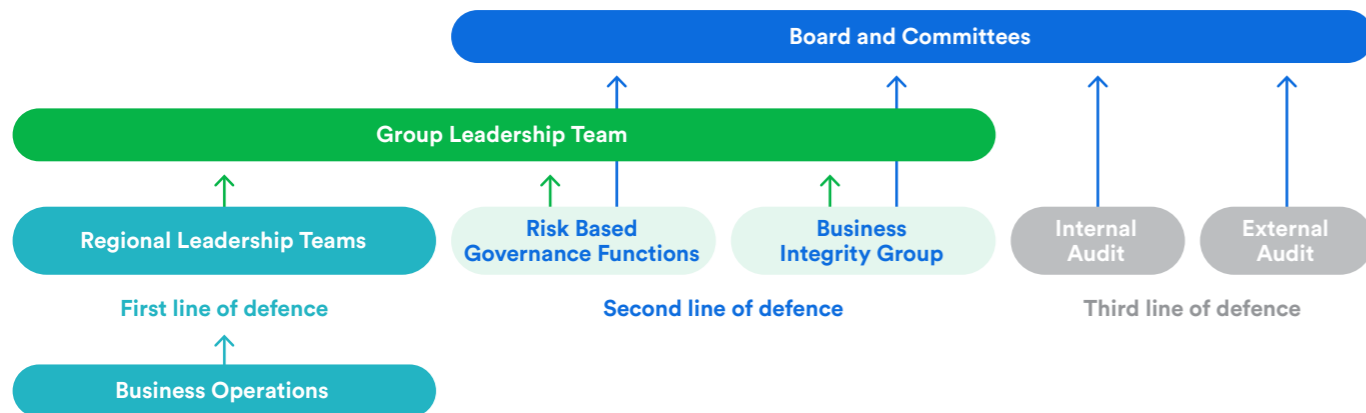
The Board is responsible for ensuring the effectiveness of the risk management framework. The risk management process outlines the governance, risk appetite and accountability for the risk management and operational resilience program.

Risk Governance and Management

Our risk framework remains unchanged from a governance perspective. This continues to become infused into the DNA of our business.

The framework is underpinned by a ‘Three Lines of Defence’ model. The model codifies the defensive aspects of risk and allows for the broader aspects of value creation and organisational success.

Three lines of defence



Risk Appetite Framework deployment



Core operational and market risks

Lendlease has 12 Enterprise Risks. These are stress tested globally on a six month basis. Each one has a cascade of granular risks and opportunities which are operational and market and allows for a true portfolio lens to be placed over the risk profile.

	Description	Mitigation	Value creation
Health, Safety and Wellbeing	Failure to provide an environment which promotes health, safety and wellbeing impacts our ability to achieve our corporate and social responsibilities	We are committed to the health, safety and wellbeing of our people. Through our Global Minimum Requirements, which include both physical safety and health and wellbeing, we empower our people to operate in a consistent standard across all our operations	
Disruption	Responsiveness to disruption, including digital disruption as well as other new methods and materials emerging in the investment, development and construction sectors	With the increasing dependence on technology, our strategic intent aims to turn disruption into an opportunity by creating a culture that fosters innovation and focuses on adopting leading edge technologies to deliver innovative solutions and generate a competitive point of difference	
Commercial	Commercial performance fails to meet our corporate objectives	Our capital deployment guidelines mitigate risk and improve performance. Quarterly business reviews assess business operations against approved strategy to drive consistent, focused and risk assessed investment decisions	
Execution	Failure to execute strategy or projects affects our ability to meet our corporate objectives	Our risk management approach and use of stage gates across our property and construction operations contribute to the mitigation of execution risk. To inform our investment decisions, we use internal research to develop a 'house view' of property cycles in every region and the strength of our gateway cities	
Geopolitical	Global and local events or shifts in government policy occur in the regions in which we operate, adversely impacting our ability to achieve strategic objectives. Failure to adequately understand governments' mandates, expectations and performance standards	We are committed to growing our business in sectors that are supported by positive global trends. We are sensitive to geopolitical shifts and concentration risk and coordinate our approach to government in all regions to mitigate against sovereign risk	
Regulatory and Counterparty	Non-compliance with regulatory and policy requirements by Lendlease or our clients/suppliers Client, investor or supply chain ethics fail to meet our standards Failure to adequately select, govern and drive value from counterparties Failure to comply with government regulations impacts our ability to access government opportunities	To further improve our culture of compliance, we focus on aligning business priorities with the necessary compliance and assurance measures. We are focused on maintaining an ethical and resilient supply chain to ameliorate the risk of material substitution and modern slavery. We have an appetite for relationships with parties who are aligned with our values	
Corporate Culture	Failure to create and maintain culture which supports the Group's core behaviours, principles and values to drive disciplined strategy execution	Our values drive our approach to business and delivery of long term value. We empower our people to make business decisions that are aligned to our core values and behaviours, principles, and five areas of value creation. Additionally, each Region has an appointed Voice of Risk who is part of the Regional Leadership Team and has been appointed as an independent participant to challenge both the business and Risk function on enterprise and operational risk	
Cyber/Data Governance/ Asset Protection	Failure of cyber resilience and defence systems. Leakage, misappropriation or unauthorised storage of data. Unauthorised control of systems and physical asset infrastructure (i.e. lifts, security, air conditioning)	Physical and data security continue to be key focus areas globally. We invest in preventative technology and education of employees to achieve a sustainable security culture	
Customer	Loss of existing client (including government) relationships, or inability to tailor services to future clients' needs, impacting the Group's financial objectives	Bid leadership training of key employees reinforces understanding of customers' requirements. Recurrent client survey feedback informs our business strategy. A single platform assists in customer data security and aligns customer service across all regions	
Non-scalable Growth	People: inability to attract, retain and upskill key talent necessary to deliver strategic objectives Process: lack of scalable processes to support predictable growth	To deliver the desired level of performance, we continue to invest in growing our core capabilities through active talent management and targeted professional employee development to attract, retain and grow the best people. Our processes are designed to be consistent, scalable and effective	
Corporate and Environmental Sustainability	Failure to comply with regulatory, societal and investor expectations of corporate and environmental sustainability such as climate change and social responsibility	We are committed to creating places where communities thrive and optimising our corporate and environmental sustainability performance (including climate change and social responsibility) through our Sustainability Framework and integrating sustainability considerations into our business strategies. We continually increase engagement through training programs to promote sustainable behaviours in the organisation globally. We have endorsed the TCFD recommendations on climate change and have begun reporting Lendlease's resilience to the changes in both policies and the physical environment (as noted in the Climate Related Strategic Resilience section)	
Business Continuity	Failure to properly plan for and/or appropriately respond to events which may disrupt Lendlease's business	To achieve organisational resilience, we are committed to operating in a way that supports our ability to respond to threats and disasters without affecting our core business operations. We continue to invest in the learning and development of our people to better prepare them in the event of disruption through training programs and various threat scenario simulations to stress test the plan	

Climate Related Strategic Resilience



Sydney: Daramu House, Barangaroo South on Gadigal Country

Building strategic resilience

In FY19 we disclosed our three climate scenarios that we would use to build business strategic resilience. The scenarios were Polarisation (a >3°C scenario), Paris Alignment (a 2–3°C scenario) and Transformation (a well below 2°C scenario).

In FY20 the business identified risks and opportunities that might arise over the next 30 years for each of our climate scenarios and identified which of the risks and opportunities were likely to appear in the next 10 years. These risks and opportunities were then synthesised into 10 Climate Related Impacts (CRI) per scenario and disclosed in our FY20 annual report.

Our focus in FY21 has been to leverage this work to further enhance the climate related strategic resilience of our business. To do this, over 100 senior leaders across the global business participated in a series of TCFD Business Impact workshops.

The workshops used the five CRIs that were identified as most likely to appear in the next 10 years from each scenario as the basis of review. Participants were asked to:

- Identify positive and negative sensitivities to each CRI relative to other sectors
- Identify what actions could be taken to reduce sensitivity and either absorb, adapt or transform to the CRIs
- Determine what the residual sensitivities would be if those actions were taken.

Our strategic resilience to climate related impacts

The assessment of the five CRIs per scenario most likely to appear in the medium term has indicated a greater resilience (higher residual positive sensitivity) in our business strategy to our Paris Aligned scenario, a world that sees continued global commitment to the Paris Agreement. Our recent commitment to being a 1.5°C aligned business has created positive sensitivities to our Transformation

scenario. As with all real estate companies, we have negative sensitivities to the physical impact of climate change in a more than 3°C warmed world, our Polarisation scenario. The integration of climate risk assessments into our investment decision making processes has seen reduced residual sensitivities to climate impacts.

Scenario	Climate Related Impact	Residual Sensitivity		
		Development	Construction	Investment
Polarisation scenario (>3°C) 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 change risks are the greatest across our three scenarios. The integration of 'Leadership in Sustainability' as a strategic priority and our Net and Absolute Zero Carbon targets sees high levels of positive sensitivity in both leadership in decarbonisation and a shift in consumer preference to secure and resilient communities. Continued integration of physical climate risk assessments into our investment and business processes is essential to reducing negative sensitivities and building resilience to physical climate change risk.	Impact of climate change on assets and communities	Light Green	Light Blue	Light Green
	Impact of climate change on the way we work	Light Green	Light Blue	Light Blue
	Shift in consumer preference toward secure and resilient communities	Light Blue	Light Blue	Dark Blue
	Industry leadership in decarbonisation valued	Light Blue	Dark Blue	Dark Blue
	Impact of climate change on cities	Light Green	Light Blue	Light Blue
Paris Alignment scenario (2–3°C) 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. There are many 'difficult to decarbonise' products and materials in our supply chain, including cement, steel and aluminium. The cost of decarbonisation in our supply chain creates negative sensitivities for future development opportunities. Our commitment to Absolute Zero Scope 3 emissions will drive action in our supply chain, creating resilience in our strategy. Our leadership in sustainability and carbon targets creates similar positive sensitivities to decarbonisation as per our Polarisation scenario.	Increase speed of change in climate related impacts	Light Blue	Light Blue	Dark Blue
	Increase cost of carbon	Light Green	Dark Blue	Light Blue
	Demand for decarbonisation of supply chain	Light Blue	Dark Blue	Light Blue
	Increased scrutiny over actions versus branding	Light Blue	Dark Blue	Dark Blue
	Industry leadership in decarbonisation valued	Light Blue	Dark Blue	Dark Blue
Transformation scenario (<2°C) Our Transformation Scenario sees a rapid decarbonisation pathway, where global emissions peak in 2020 and are close to zero in 2040. The speed of change that is needed to limit global warming to 1.5°C is likely to create negative sensitivities in our supply chain as suppliers try to keep pace with decarbonisation demands and shifting preferences towards localisation. Our leadership in sustainability and carbon targets create similar positive sensitivities to decarbonisation, as per our Polarisation and Paris Alignment scenarios.	Increase speed of change in climate related impacts	Light Blue	Light Blue	Light Blue
	Local companies preferred over global ones	Light Blue	Light Blue	Light Blue
	Shifting social licence to operate expectations	Light Blue	Light Blue	Dark Blue
	Industry leadership in decarbonisation valued	Light Blue	Dark Blue	Light Blue
	Shifting consumer preferences towards lower impact living	Dark Blue	Dark Blue	Light Blue

Higher negative sensitivity ■ ■ ■ ■ Higher positive sensitivity

Our disclosure progress and next steps

The below table provides a summary of our TCFD disclosure. For further detail related to this and previous disclosure, please visit the Lendlease website (www.lendlease.com).

		Actions	FY19-20	FY21	FY22
Governance	Disclose the organisation's governance around climate related risks and opportunities	Strengthen Board and Management oversight of climate related risks through Board Sustainability Committee	Completed	Ongoing action	
		Establish cross functional TCFD Steering Committee chaired by Chief Commercial Risk Officer	Completed	Ongoing action	
Strategy	Disclose the actual and potential impacts of climate related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material	Identified climate related risks and opportunities for each scenario	Completed		
		Impact of climate related risks and opportunities on the entity		Commenced	Ongoing action
		Assess the effect of climate related risks and opportunities on decisions and plans of the entity		Commenced	Ongoing action
		Resilience of climate related risks and opportunities (see page 53)		Commenced	Ongoing action
Risk Management	Disclose how the organisation identifies, assesses and manages climate related risks	Climate related risk integrated into Risk Committee	Completed		
		Climate related risk assessments integrated into Investment Committee decision making process		Completed	
		Integrated climate related risks into risk management framework	Completed		
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate related risks and opportunities where such information is material	Establish metrics for managing climate related risks and opportunities		Commenced	Ongoing action
		Continued disclosure of Scope 1 and 2 emissions		Commenced	Ongoing action
		Establish Scope 3 emission reporting boundaries and methodologies		Completed	
		Disclose Scope 3 emissions		Commenced	Ongoing action
		Establish targets for managing climate related risks and opportunities		Commenced	Ongoing action

Completed Commenced Ongoing action

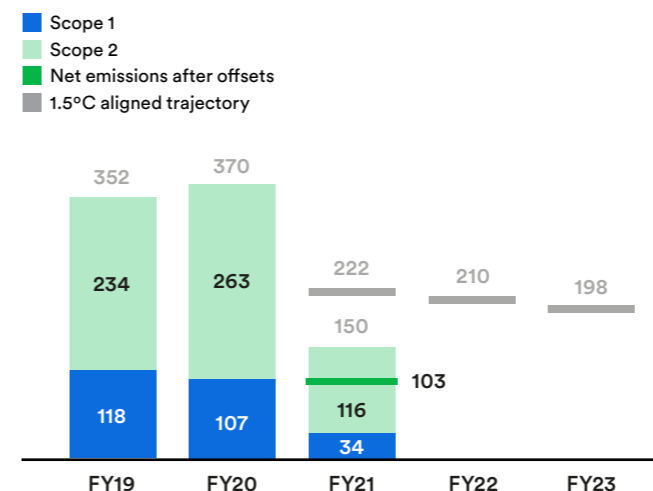
Environmental performance

This financial year we have brought our environmental performance data disclosure in line with our financial reporting program by providing 12 months of data to 30 June 2021, which includes actual data for Q1-Q3 and estimated Q4 data. As per previous years, we will update our full year environmental performance data on the Lendlease website once actual Q4 data has been gathered and the limited assurance engagement completed.

Our environmental performance has seen both energy use and emissions affected by the impact of COVID and the sale of the Engineering business. We have also made significant progress in reducing carbon emissions through business commitments to renewable electricity and renewable diesel (see page 43).

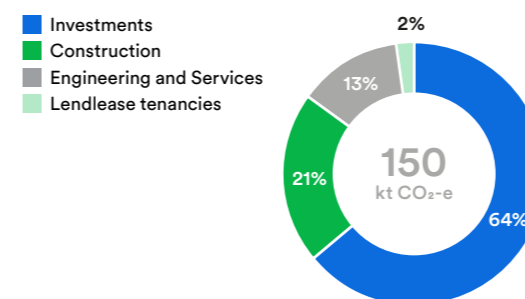
In FY21, the business easily achieved the first year carbon target for our 1.5°C alignment and made significant progress on our 2030 renewable electricity target.

Scope 1 and 2 carbon target performance ktCO2-eq



Scope 2 emissions have been calculated using the market based method. Gross Scope 2 emissions are calculated after the purchase of renewable electricity certificates, power purchase agreements and green power.

Scope 1 and 2 emissions by business line



Electricity used by the Investment Management business is the largest contributor to our 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.

FY21 energy use by business line (GWh)

	FY19	FY20	FY21
Investments ¹	307	319	177
Construction	170	123	123
Engineering and Services	368	406	58
Lendlease tenancies	9	8	4
Total	854	856	362

% of electricity use from renewable sources including grid renewable electricity **31%**

Total energy consumption in FY21 has reduced by 58 per cent compared to FY20 due to the sale of Engineering, ongoing COVID impacts and change in reporting boundaries in the US residential portfolio to bring tenant energy emissions into Scope 3 rather than Scope 2.

FY21 waste diverted and disposed (kTonnes)

	FY19	FY20	FY21
Waste disposed	682	338	59
Waste diverted	705	409	185
% Waste diverted from landfill	51%	55%	76%

In FY21, the reporting boundaries for waste disposed were changed to exclude soils to landfill, in line with other market peer reporting definitions. This change has been a significant contributor to the increased waste diversion rate to 76 per cent. In addition, COVID impacts and the sale of Engineering has seen total waste decrease by approximately 67 per cent this financial year.

FY21 water consumption by business line (MLitres)

	FY19	FY20	FY21
Investments	4,935	4,950	4,527
Construction	600	476	504
Engineering and Services	610	711	27
Lendlease tenancies	52	47	19
Total	6,197	6,184	5,077

The sale of Engineering and COVID impacts has seen water consumption drop by approximately 18 per cent this financial year.

1. Includes Development business line of 2GWh for FY19 and 1GWh for FY20.

Performance and Outlook

Group performance

As an international real estate group with a presence in targeted gateway cities, the pandemic had a pervasive impact on operations in FY21. Statutory Profit after Tax for the year ending 30 June 2021 was \$222 million. This included a loss of \$181 million for the Non core segment, driven by additional provisioning relating to claims on historical engineering projects.

The Performance and Outlook discloses profit after tax on both a statutory and operating basis. The Core Operating profit metrics¹ provide a clear view of the Group's underlying operating result, excluding the impacts of the Non core segment and property revaluations in the Investments segment.

The Group recorded Core Operating Profit after Tax of \$377 million for the year ended 30 June 2021. Core Operating Earnings per Security was 54.8 cents with a Return on Equity of 5.4 per cent, below the target range. Distributions per Security totalled 27 cents, representing a payout ratio of 49 per cent of Core Operating profit.

The Group made significant progress on its strategic priorities. Investment partner initiatives worth \$5.1 billion that will drive future funds under management were progressed. Six new urbanisation projects were secured with a total end value of \$7.4 billion. The sale of the Engineering business was completed and the US Telecommunications and Energy businesses were divested. Post balance date the sale of the Services business was announced with completion expected prior to the end of the calendar year.

Core segment EBITDA of \$918 million increased 27 per cent on the prior year as performance recovered from the worst of the

COVID impacts. However, the pandemic continues to impact the business with ongoing challenging operating conditions affecting each of the segments. Development was adversely impacted by London lockdowns, investment income was suppressed and construction revenue was lower.

The largest contributor to the Development segment was the creation of separate investment partnerships to deliver the first two residential towers at Barangaroo. While the return outcome for the segment was below target, progress continues to be made towards converting the development pipeline, as well as securing additional urbanisation projects.

In the Construction segment, despite revenue being down and a weak second half in the UK, performance across the portfolio was solid, with overall returns at the upper end of the target range. Activity continued to be impacted by delays in the commencement of new projects and ongoing productivity impacts across sites.

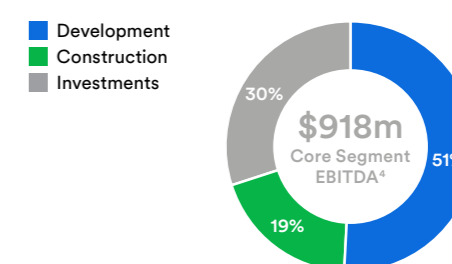
The Investments segment recovered from the worst of the COVID impacts, although returns remained below the target range. Ownership returns across retirement were higher, while asset management fees were impacted by lower activity across the retail sector. Earnings in the prior year were boosted by a substantial performance fee.

Corporate costs of \$161 million comprised Group Services costs of \$128 million, which were stable, and treasury costs of \$33 million. Net finance costs of \$137 million were down 10 per cent² due to lower average net debt.

Key Financials³

	\$m	FY20	FY21	Var.
Core Business				
Development		322	469	46%
Construction		101	173	71%
Investments		300	276	(8%)
Segment EBITDA		723	918	27%
Corporate Costs		(158)	(161)	(2%)
Operating EBITDA		565	757	34%
Depreciation and Amortisation		(160)	(148)	8%
Net Finance Costs		(153)	(137)	10%
Operating Profit before Tax		252	472	87%
Income tax expense		(46)	(95)	(107%)
Operating Profit after Tax		206	377	83%
Non Core				
Operating EBITDA		(495)	(139)	72%
Operating Profit/(Loss) after Tax		(406)	(181)	55%
Total Group				
Operating EBITDA		70	618	>100%
Operating Profit/(Loss) after Tax		(200)	196	>100%
Non Operating Items		(110)	26	>100%
Statutory Profit/(Loss) after Tax		(310)	222	>100%
Total Group				
Core Operating EPS	cents	34.2	54.8	60%
Distribution per Security	cents	33.3	27.0	(19%)
Total Group Statutory EPS	cents	(51.4)	32.3	>100%
Total Group Statutory ROE	%	(4.7)	3.2	n/a

Core Segment EBITDA Mix



Core Operating Profit after Tax

FY20 \$206m FY21 \$377m

Core Operating Return on Equity

FY20 3.1% FY21 5.4%

Core Operating Earnings per Security

FY20 34.2c FY21 54.8c

Distribution Per Security

FY20 33.3c FY21 27.0c⁵

1. Excludes property valuations movements in the Investments segment, impairment losses relating to intangibles and Non core items. 2. Comparative period the year ended 30 June 2020. 3. Operating earnings presented reflects statutory earnings adjusted for non operating items. 4. Excludes Corporate. 5. Final dividend component zero franking. Interim dividend component of 11.2 cents per share 50 per cent franked.

Group performance continued

Portfolio Management Framework

The Portfolio Management Framework is designed to maximise long term securityholder value via a diversified risk adjusted portfolio, leveraging the integrated model and the financial strength to execute the strategy, including an investment grade credit rating.

The framework was revised in August 2020 as part of the Group's strategy update. While the target EBITDA segment earnings mix was maintained, it is now based on operating profit. This implies an approximate ten percentage point higher target contribution from Investments relative to that of recent years. The target capital allocation to Investments moving to the upper end of the range over time is expected to support a larger contribution from Investments over the medium term. The target capital allocation to each of the international regions was raised by five percentage points.

The revised return targets are derived from hurdle rates that have not been adjusted. The changes relate to the adoption of the operating profit metric, combined with the target reweighting to the Investments segment. This has led to a revised Investments ROIC target of 6-9 per cent and a revised Group ROE target of 8-11 per cent. The distribution payout policy is 40-60 per cent of Core Operating profit.

Returns for the Core business were challenged, reflecting difficult operating conditions: Development returns were below the target range; the Construction margin was in the upper half of the target range; and Investments was below the target range.

The balance sheet remains in a strong position with gearing below the target range and total liquidity of \$4.9 billion.

Portfolio Management Framework

	Target ¹	FY20	FY21
Total Group Metrics			
Core Operating ROE	8-11%	3.1%	5.4%
Distribution payout ratio ²	40-60%	n/a	49%
Gearing	10-20%	5.7%	5.0%
Core Business EBITDA Mix			
Development	40-50%	45%	51%
Construction	10-20%	14%	19%
Investments	35-45%	41%	30%
Core Business Segment Returns			
Development ROIC ³	10-13% ⁴	4.7%	7.2%
Construction EBITDA margin	2-3%	1.3%	2.7%
Investments ROIC ³	6-9% ⁴	5.8%	5.9%
Segment Invested Capital Mix			
Development	40-60%	56%	55%
Investments	40-60%	44%	45%
Regional Invested Capital Mix			
Australia	40-60%	42%	39%
Asia	10-25%	17%	19%
Europe	10-25%	22%	23%
Americas	10-25%	19%	19%

1. Targets represent PMF refresh following strategy update in August 2020. 2. Distribution payout ratio for FY21 has been calculated on Core Operating Earnings. 3. Return on Invested Capital (ROIC) is calculated using the annual Profit after Tax divided by the arithmetic average of beginning, half and year end invested capital. 4. Through-cycle target based on rolling three to five year timeline. 5. Total estimated project revenue of all development work secured (representing 100 per cent of project value).

Group outlook

The enforced lockdowns and isolation from the COVID pandemic have had significant ramifications for real estate markets across the gateway cities in which the Group operates. While we are confident these cities will rebound strongly over the medium term, FY22 is expected to be a challenging year, particularly for our Development segment. Core operating return targets for the Development segment and the overall Group are expected to be below target ranges for FY22.

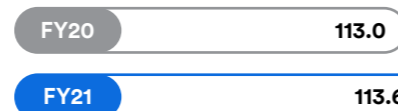
The wide ranging business review that commenced in FY20, is yet to complete, although preliminary findings have been reached. The strategy and strategic priorities have been confirmed. The Group Core Operating ROE target of 8-11 per cent is anticipated to be met by FY24. Statutory profit in H1 FY22 is expected to include a restructuring charge estimate of \$130 to \$170 million and an impairment of \$230 to \$290 million in the Development segment based on outcomes arising from the business review.

The Group's end to end capability across real estate and a proven track record is reflected in the \$114 billion development pipeline, which includes a portfolio of 23 major urbanisation projects across ten gateway cities. The size and diversity of the pipeline is expected to support the acceleration of production to more than \$8 billion per annum by FY24, approximately twelve months later than previous expectations due to ongoing COVID impacts.

The Group expects to create more than \$50 billion of investment grade product from the development pipeline. This provides a significant opportunity to more than double the current \$40 billion of funds under management and expand the Group's \$29 billion of assets under management. The further strengthening of the balance sheet following recent strategic divestments provides the capacity for the Group to pursue new investment opportunities alongside investment partners.

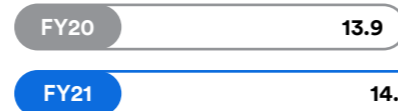
\$114b

Development Pipeline⁵



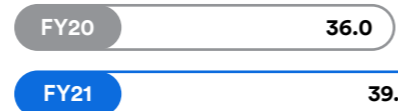
\$15b

Core Business Construction Backlog



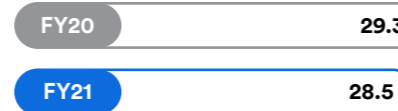
\$40b

Funds Under Management



\$29b

Assets Under Management



COVID impacts across the Group

The Group has incorporated the impacts of the pandemic into its review process in the 30 June 2021 financial statements where applicable. This process has highlighted the below impacts:

Development segment

The Development segment has experienced various COVID related impacts on both historical and projected future year performance. The various impacts are expected to persist into FY22, affecting both activity and the profitability of the Development segment.

Impacts

- Delays in converting opportunities across the Group's urbanisation pipeline:
 - Tenant demand and investment partner appetite in the office sector
 - Weaker demand for new apartment product, especially from the investor segment of the market, impacting new project launches
- Settlement delays have occurred in the apartments for sale product that has completed, with some purchasers requiring more time to settle
- Extended lockdowns across the gateway cities in which the Group operates
- Identified projects that were substantially impacted, but unable to be quantified as solely related to COVID, included:
 - A \$60 million provision recorded against the first two residential for rent buildings at Elephant Park, London where rental demand was severely impacted. The overall project remains profitable
 - c.\$40 million in negative pricing differential between Tower One and Tower Two at One Sydney Harbour on capital solutions achieved, with Tower One pricing occurring during the height of COVID uncertainty, reflected in pricing improvement on Tower Two
 - An investment partner was not secured in FY21 on the next phase of International Quarter London
- There were also some positive impacts for the Development segment:
 - Demand and pricing for luxury apartments at Barangaroo was aided by the strength of established house prices, in part a function of the significant decline in household borrowing costs
 - Government stimulus measures, including first home buyer schemes, have resulted in stronger activity in the new detached housing market in Australia
 - The Group took advantage of the weaker operating environment by securing additional urbanisation projects on attractive terms.

Construction segment

COVID continued to impact on delivery and revenue across the segment during the year. These factors contributed to revenue being down 16 per cent on the prior year.

- Impacts included:
 - Social distancing protocols on productivity across our sites was reflected in a 16 per cent decline in revenue compared to a 9 per cent decline in hours worked
 - Projects being put on hold in some markets, with delays in the securing and commencement of new projects
 - Declining private sector activity, particularly in the US, impacting new work secured
- Cost management measures implemented following the onset of the pandemic cushioned the impact on construction segment margins
- Conversely, public sector activity has increased, with an acceleration of projects being brought to market. This supported strong new work secured outcomes in Australia and a rebound in new work conversions in Europe compared to the prior year.

Investments segment

Performance across asset management and investment income was impacted due to COVID, although there was some recovery from the worst of the impacts that were experienced in the second half of FY20.

- The impact was pronounced in the retail sector:
 - Retail asset management fees were lower than in the prior year
- The Group's investment portfolio was impacted by similar factors:
 - Coinvestment income was impacted with activity disrupted across underlying assets
 - The trading performance of the Retirement Living business remained subdued, although it recovered during the year reflecting the strength of the established housing market
 - Extended stabilisation periods are being experienced on recently completed assets
- Identified projects and assets that were substantially impacted, but unable to be quantified as solely related to COVID, included:
 - Coinvestment yields impacted by c.\$40 million¹ in rental assistance provided to tenants across the portfolio
 - 845 West Madison, Apartment for rent building in Chicago lower than expected occupancy
- While income has been impacted, real estate valuations were resilient in the year with coinvestments appreciating overall, highlighting the ongoing demand for high quality assets by investors.

1. Represents total rental assistance in FY21 across Lendlease managed assets.

Government wage programs

In several countries, governments have established wage programs with the aim of keeping people in employment through the pandemic. The position of the Group in respect of these programs is:

- Australia – No participation in JobKeeper in the year
- UK – Coronavirus Job Retention Scheme – Employees of the Group, who were furloughed during the year, received the benefit of payments under this scheme

• Singapore – Job Support Scheme (JSS) – The JSS provides cofunding for all active employers in Singapore. As an employer in Singapore, the Group received funding under this scheme.

The amounts under these programs, totalling approximately \$10 million, were not material in the year. All benefits were received in the first half of FY21.

Development performance

The Development segment delivered EBITDA of \$469 million, up 46 per cent.¹ While the performance of the business improved from the worst of the COVID impacts, the operating environment remained challenging. Return on Invested Capital of 7.2 per cent was below the bottom end of the target range of 10-13 per cent. Invested capital decreased from \$4.8 billion to \$4.4 billion with a greater proportion of development activity occurring with investment partners and some delays in production activity.

Progress continues to be made on converting the development pipeline. This included creating new investment partnerships, the launch of residential product, achieving planning milestones and securing additional urbanisation projects.

Two residential towers at One Sydney Harbour, Barangaroo, contributed \$325 million to EBITDA. The forward sale of Melbourne Quarter Tower and a new joint venture partnership at Milan Innovation District were other key contributors to the result. The largest contributors to apartments for sale settlements were Melbourne Quarter and Clippership Wharf, Boston. While settlements across the Australian Communities portfolio were up 17 per cent to 2,228 lots, they were well below both target levels and broader performance across the industry.

Delivery commenced on residential product at Residences Two, One Sydney Harbour, TRX in Kuala Lumpur, Ardor Gardens in Shanghai, and 100 Claremont Avenue in New York. Apartments for sale were launched on the next stages at Southbank in Chicago and Elephant Park in London.

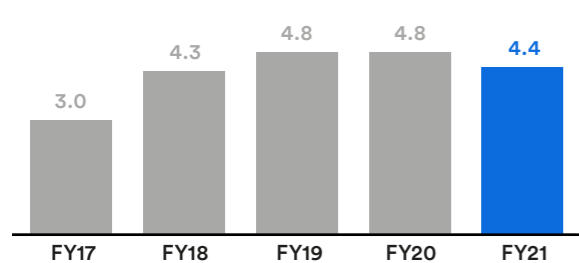
Production of \$3.8 billion included the completion of both commercial and residential buildings at Melbourne Quarter and residential for rent at Elephant Park in London and 845 West Madison in Chicago. Work in progress,² the lead indicator for future production, ended the period at \$14.5 billion. This includes \$6.9 billion of commercial buildings in Melbourne, Milan, Sydney and Kuala Lumpur; \$5.9 billion of apartments for sale in Sydney, Kuala Lumpur, London, Chicago and New York; and \$1.3 billion of apartments for rent in London, Chicago and Shanghai.

Six urbanisation projects were added to the pipeline. In the UK, the c.\$3.5 billion Smithfield project will provide more than 3,000 new homes. In Boston, 60 Guest Street should become a state of the art life sciences building with an estimated end value of \$0.8 billion. In New York, 1 Java Street is planned to transform a city block into apartments for rent with an estimated end value of \$1.0 billion. The Group also secured its first urbanisation project in Los Angeles at La Cienega Boulevard with an estimated end value of \$0.8 billion, which is planned to include apartments for rent and office space.

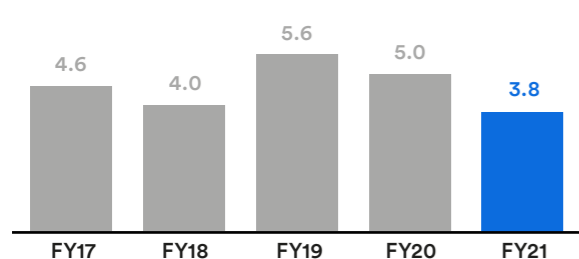
Key Financials and Operational metrics

	FY20	FY21
Operating EBITDA (\$m)	322	469
Operating Profit after Tax (\$m)	233	342
Invested Capital ³ (\$b)	4.8	4.4
Production ⁴ (\$b)	5.0	3.8
Work in Progress ² (\$b)	12.3	14.5
Pipeline (\$b)	113.0	113.6

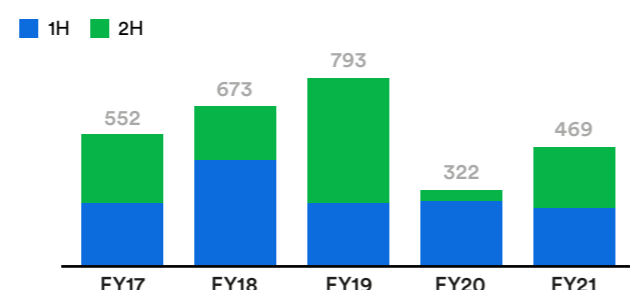
Invested Capital³ (\$b)



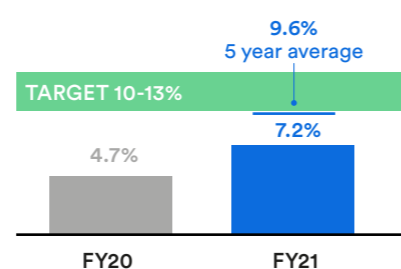
Production⁴ (\$b)



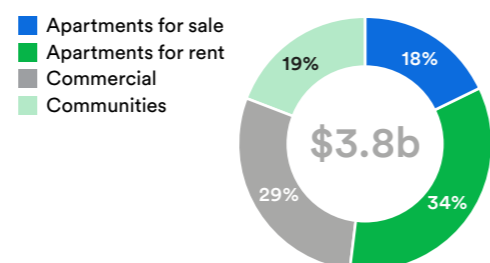
EBITDA (\$m)



Return on Invested Capital



Production⁴ by product (\$b)



Development outlook

The estimated end value of the development pipeline was steady on the prior year at \$114 billion. While origination activity was strong with new projects of \$8 billion secured, it was offset by completions and foreign exchange rate movements. The pipeline comprises \$101 billion of urbanisation projects, including 23 major urbanisation projects across ten gateway cities, and \$13 billion of communities projects.

The size of the development pipeline, as well as its diversity by gateway city and product type, provides scope for a material acceleration in development activity. Our target is to produce greater than \$8 billion of product per annum. While this will not be achievable in the near term, we expect the target to be reached by FY24.

COVID has had a widespread impact on many of the gateway cities in which we operate. The enforced lockdowns and isolation caused by the pandemic have had significant ramifications for real estate markets across these cities.

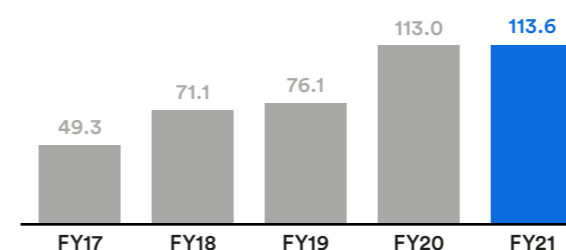
Gateway cities across our platform have been selected based on their resilience and prospects for long term outperformance. While we expect these cities to rebound strongly over time, near term challenges are likely to persist. This will have implications

for both activity and profitability of the Development segment over the next two years. In addition, profit recognition on projects we commence with investment partners is expected to be more closely aligned with the achievement of key delivery milestones and project cash flow outcomes in future periods. This will result in a transition phase in the short term.

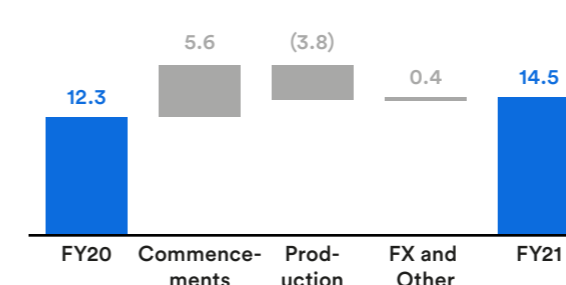
Notwithstanding the impact of the pandemic, there is \$14.5 billion of work in progress, and the Group expects to commence more than \$16 billion of work in FY22-FY23. Important planning milestones have progressed across numerous urbanisation projects that have been secured in recent years. We expect many of these to move into the delivery phase over the next two financial years, although weighted towards FY23. These include the San Francisco Bay Area project, High Road West in London and La Cienega Boulevard in Los Angeles.

The Australian Communities business has not been positioned to take full advantage of the favourable market environment over the last year. We expect sales to accelerate in FY22, boosted by the commencement of new projects. However, with the typical lag between sales and subsequent settlements, volumes are expected to remain below the annual settlement target of 3,000-4,000 lots.

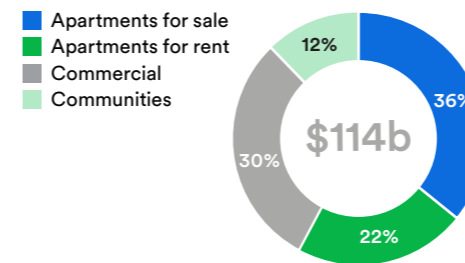
Pipeline¹ (\$b)



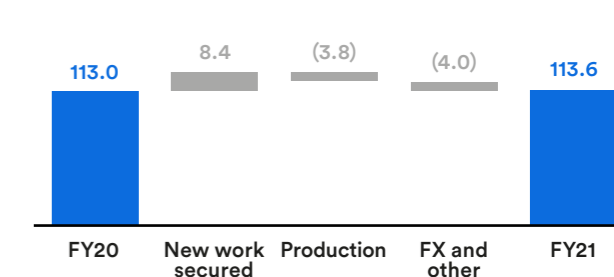
Work in Progress² roll forward (\$b)



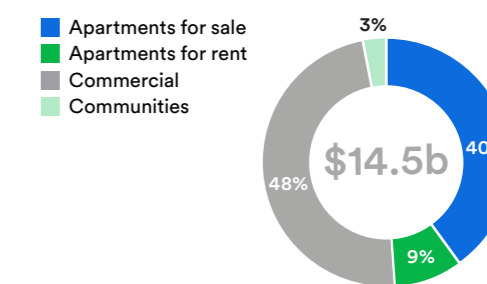
Pipeline¹ by product (\$b)



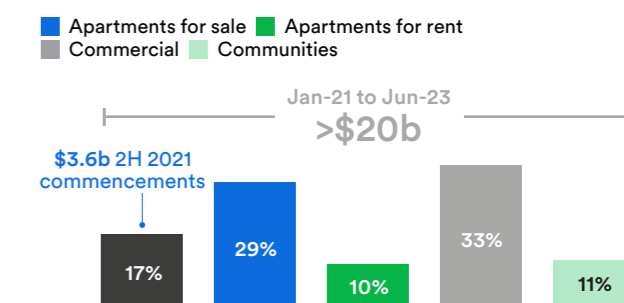
Pipeline¹ roll forward (\$b)



Work in Progress by Product² (\$b)



Indicative commencements (\$b)³



1. Comparative period the year ended 30 June 2020. 2. Represents the end value of buildings in delivery. 3. Securityholder equity plus gross debt less cash on balance sheet. 4. Project end value on product completed during a financial period (representing 100 per cent of project value).

1. Total estimated project revenue of all development work secured (representing 100 per cent of project value). 2. End value of Development Pipeline in delivery as at period end (representing 100 per cent of project value). 3. Subject to changes in delivery program.

Construction performance

The Construction segment delivered a good result, notwithstanding significant COVID disruptions. EBITDA of \$173 million was up from \$101 million in the prior year.

Revenue of \$6.4 billion was down 16 per cent,¹ with activity still impacted by delays in the commencement of new projects and ongoing productivity impacts across sites. Revenue from Australia and the Americas, which accounts for more than 80 per cent of total Construction revenue, declined by 11 per cent¹ and 29 per cent¹ respectively.

The EBITDA margin rose to 2.7 per cent, the upper end of the target range of 2-3 per cent. Overall performance across the portfolio was solid, despite a weaker outcome in Europe. Margins were aided by contributions from projects that reached completion. In addition, disciplined cost management implemented in response to the pandemic had a positive impact on earnings.

Completions included the Crown Sydney Hotel, two residential for rent buildings at Elephant Park, a major defence contract

and commercial and residential towers at Melbourne Quarter. New work secured of \$8.8 billion was up from \$7.5 billion with the Australian and European businesses benefitting from public sector activity.

In Australia, new work secured of \$4.3 billion was underpinned by several projects in the defence sector, the Caboolture and Tweed Valley Hospitals and Cairns Convention Centre. This was supplemented by private sector projects including the office tower at 555 Collins Street, Melbourne. The European business secured \$1.5 billion of new work. This was predominantly from government clients and includes projects for the London Borough of Camden, the Ministry of Justice and Manchester City Council.

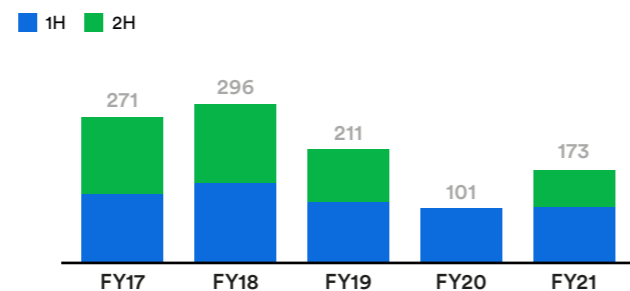
New work secured of \$2.5 billion in the Americas was well below historical averages, reflecting subdued activity in the key markets along with some delays in projects being brought to market.

Extensive sector expertise and geographic diversity has been critical for the business to navigate through a difficult operating environment.

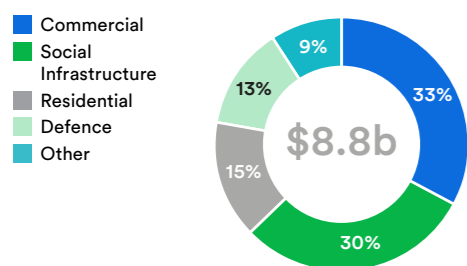
Key Financials and Operational metrics

	FY20	FY21
Revenue (\$m)	7,627	6,398
Operating EBITDA (\$m)	101	173
Operating Profit after Tax (\$m)	42	100
New Work Secured (\$b)	7.5	8.8
Backlog (\$b)	13.9	14.9

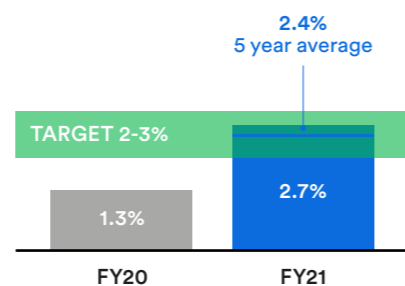
EBITDA (\$m)



New Work Secured by Sector



EBITDA Margin



Construction outlook

The outlook for the Construction segment remains subject to the potential ongoing disruption risk from COVID. Backlog revenue remains solid and increased modestly to \$14.9 billion, with \$11.3 billion relating to external clients which will generate future revenue and margin. The remaining backlog relates to integrated projects, with the margin reported through the Development segment.

The backlog remains diversified by both client type and geography. However, public sector projects have become more important for the business in the near term and now account for more than half of the external backlog. This has also resulted in a shift in the sector mix with the social infrastructure and defence sectors becoming more prominent as a proportion of the backlog.

The Group's development target of greater than \$8 billion of production per annum represents a material uplift in the amount of development activity and this is expected to benefit the Construction business.

Australia has a strong workbook, with \$8.6 billion in backlog revenue. Key projects include Residences One and Two at

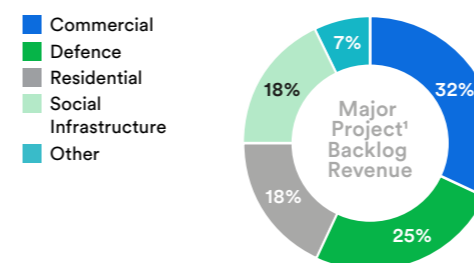
One Sydney Harbour, Sydney Place, Melbourne Quarter Tower, several defence contracts and the Sydney Metro Martin Place and Sydney Metro Victoria Cross Integrated Station Developments.

The established Construction business in the Americas has good market share in its target cities and sectors with backlog revenue of \$3.9 billion. Subdued recent new work secured volume has resulted in a decline in backlog. The strong growth in the urbanisation pipeline to \$27.8 billion in the region provides substantial opportunities for future construction backlog.

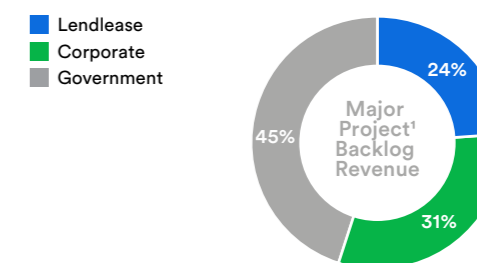
Backlog revenue in Europe is \$1.7 billion. Recent project wins provide near term certainty of activity while Europe's \$51.8 billion development pipeline is expected to provide a significant amount of construction work in future years.

In Asia, backlog revenue is modest relative to other regions as the business focuses on the delivery of The Exchange TRX in Kuala Lumpur and specialist sectors for external clients.

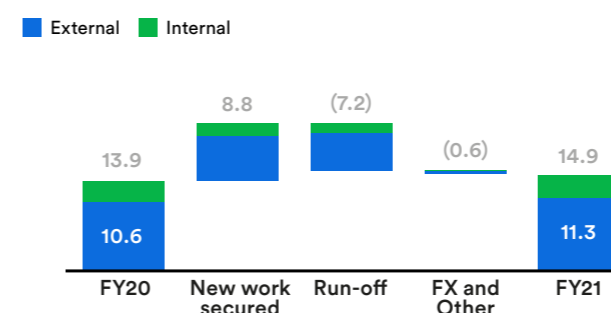
Backlog by Sector



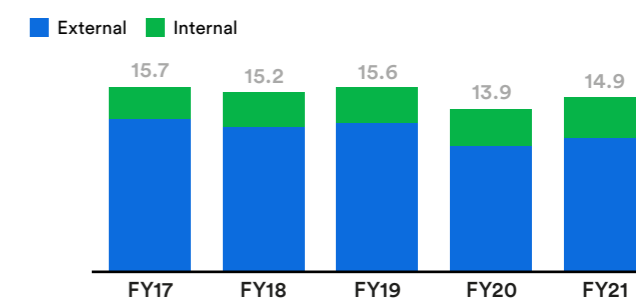
Backlog by Client



Backlog roll forward² (\$b)



Backlog³ (\$b)



1. Comparative period the year ended 30 June 2020.

1. Includes all Construction projects with backlog greater than \$100 million, which represents 85 per cent (\$12.7 billion) of secured backlog. 2. Internal revenue not included in the Construction segment financial performance. 3. FY17 - FY19 internal and external backlog presentation derived based on Construction projects with backlog greater than \$100 million.

Investments performance

The Investments segment delivered EBITDA of \$276 million, down 8 per cent on the prior year as performance continued to be impacted by COVID. The segment generated a Return on Invested Capital of 5.9 per cent, just below the target of 6-9 per cent.

Management EBITDA, derived from funds and asset management activities across the Group's Investments platform, was \$165 million, down from \$198 million.¹

Funds management revenue of \$145 million was down from \$212 million due primarily to the significant performance fee generated from the completion of Paya Lebar Quarter in the prior year.

Asset management revenue of \$139 million was up from \$105 million. \$1.3 billion of redevelopment activity was secured across the US residential portfolio underpinning the overall increase in asset management fees. Performance was impacted by lower retail asset management fees, with COVID impacting activity across the sector. Residential asset management fees now represent the largest component of the asset management revenue base.

Ownership EBITDA was \$111 million, up from \$102 million, reflecting a recovery in underlying investment income, which more than offset lower asset sale profits during the year. The challenging retail environment also resulted in lower returns across the Group's retail investments. Ownership earnings exclude the impact of property revaluations across the investment portfolio.

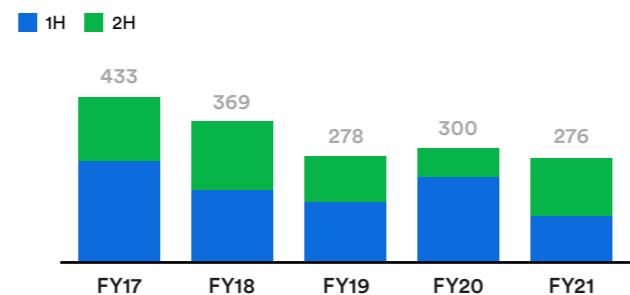
The trading performance of the Retirement Living business, while still subdued, recovered during the year, reflecting the strength of the established housing market. There was a modest rise in resales coupled with strong price growth and an uplift in the sale of new units.

The Group's investments closed the year at \$3.5 billion, down from \$4.0 billion, reflecting the sale of the US Telecommunications Infrastructure business and the divestment of a 25 per cent interest in the Retirement Living business. The investment portfolio is well diversified, with the predominant exposure across the retirement, office, retail and residential sectors.

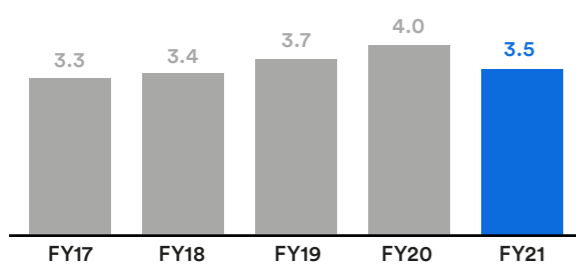
Key Financials and Operational metrics

	FY20	FY21
Funds Under Management fees (\$m)	212	145
Assets Under Management fees (\$m)	105	139
Management EBITDA ² (\$m)	198	165
Ownership EBITDA ³ (\$m)	102	111
Operating EBITDA (\$m)	300	276
Operating Profit after Tax (\$m)	214	213
Invested Capital ⁴ (\$b)	3.7	3.6

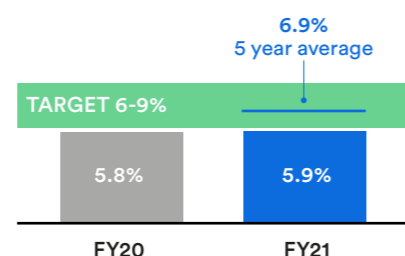
EBITDA (\$m)



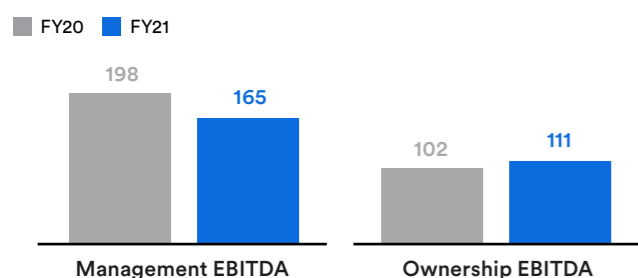
Investments⁵ (\$b)



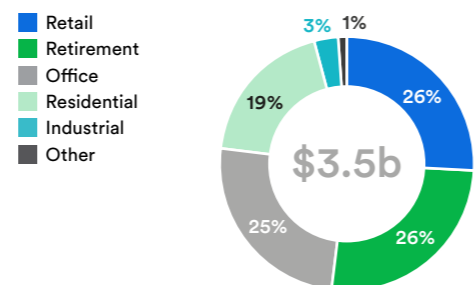
Return on Invested Capital



Investments EBITDA by Activity (\$m)



Investments^{5,6} by Sector (\$b)



Investments outlook

Funds under management, assets under management and the investment portfolio are the key operating metrics that drive performance.

Funds under management commenced the new financial year at \$39.6 billion, up ten per cent.¹ The growth was underpinned by a new \$2 billion multisector investment mandate secured in Australia, additional residential for rent product in both the US and Europe, and acquisitions across the Australian Funds Management platform. This more than offset the negative foreign exchange translation impact due to the appreciation of the Australian dollar. In addition to the current funds under management, there is approximately \$2.7 billion of future secured FUM based on development projects currently in delivery via managed funds or mandates.

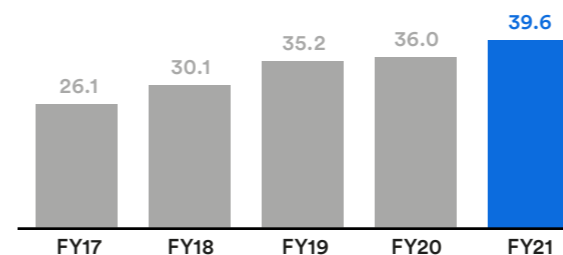
The Group's urbanisation development pipeline is expected to continue to provide a key source of future growth for the Investments platform. The existing urbanisation development pipeline includes more than \$50 billion of institutional investment grade product across commercial and residential for rent assets.

Assets under management declined slightly to \$28.5 billion, reflecting the foreign exchange translation impact on the US residential portfolio and modest valuation declines across retail assets.

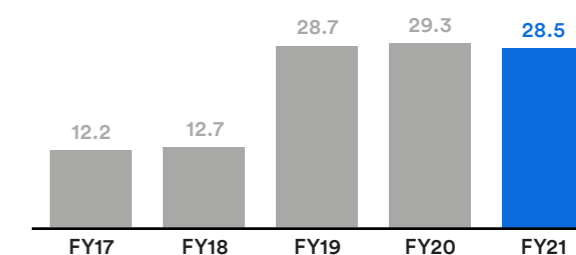
The Group's investments of \$3.5 billion includes \$0.9 billion in each of retirement, retail and office assets, respectively, and \$0.7 billion in residential, with the remainder in industrial. The Group made further progress in realigning its exposure to the retirement sector with an investment partner acquiring 25 per cent of the Retirement Living business. This reduced the Group's interest to 50 per cent. The Group continues to assess redeployment opportunities within the Investments segment.

The Group's strategy is to significantly grow its investment portfolio over time, delivering the Group a solid base of recurring earnings. Growth is expected to include retaining a larger proportion of completed assets from the development pipeline and investing alongside investment partners through the launch of new products. Key initiatives progressed during the year include securing the first data centre development in Japan under the Lendlease Data Centre Partners, and the establishment of a new life sciences investment partnership in the US.

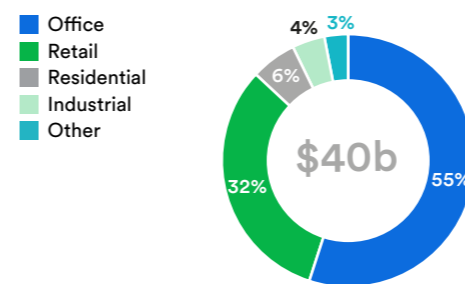
Funds Under Management² (\$b)



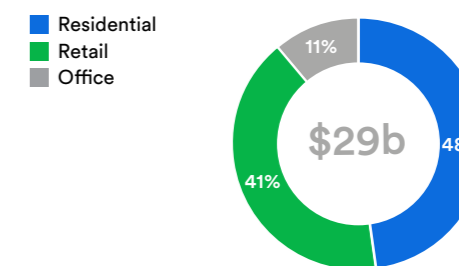
Assets Under Management^{2,3} (\$b)



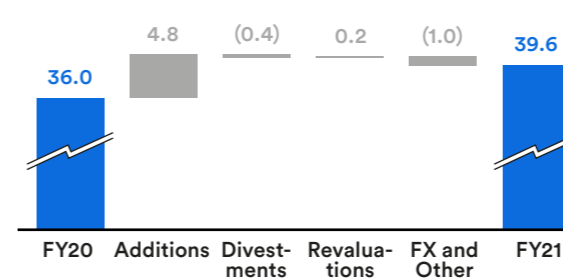
Funds Under Management² by Sector (\$b)



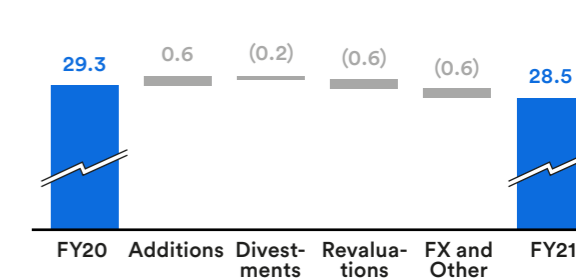
Assets Under Management² by Sector (\$b)



Funds Under Management² roll forward (\$b)



Assets Under Management² roll forward (\$b)



1. Comparative period the year ended 30 June 2020. 2. Earnings primarily derived from the Investment management platform and the management of US residential housing operations. 3. Returns excluding non-cash backed property related revaluation movements of Investment Property, Other Financial Assets, and Equity Accounted Investments in the Investments segment. 4. Securityholder equity plus gross debt less cash on balance sheet. 5. The Group's assessment of market value of ownership interests. 6. Represents the Group's ownership interest. Total invested capital in the segment of \$3.6 billion in FY21.

1. Comparative period the year ended 30 June 2020. 2. The Group's assessment of market value. 3. Assets Under Management excludes US residential housing for FY17 and FY18.

Non core segment

The Group completed the sale of the Engineering business to Acciona Infrastructure Asia Pacific in September 2020. The Group has received \$150 million of the agreed purchase price of \$197 million. The final deferred payment, which was due on 30 June 2021, has not been received. The Group has commenced legal proceedings against Acciona in relation to remaining amounts owing. There was no impact on the Income Statement from the sale, that is, there was no gain or loss on sale. A working capital cash balance of \$411 million transferred to the buyer upon settlement.

Under the terms of the sale agreement, the Group retained three projects and exposure to other historical projects. The Group recorded \$168 million after tax in additional provisioning relating to claims on historical projects completed prior to the sale of the Engineering business. These claims are subject to dispute proceedings and are expected to take time to resolve.

The Melbourne Metro Project, the remaining project in delivery, is scheduled to complete in 2025. During the year, the Cross Yarra Partnership and the D&C Subcontractor joint venture between Lendlease, John Holland and Bouygues Construction resolved identified issues with the Victorian Government in relation to the scope and costs on the project. The project progressed well during the year and did not require any additional provision.

Post balance date, an agreement was entered into with Service Stream for the sale of the Services business for a purchase price of \$310 million. The transaction is expected to complete prior to the end of calendar year 2021.

The loss of \$181 million after tax for the Non core segment includes the additional provision to cover claims on historical projects, the performance of the Engineering business prior to sale completion, the retained Melbourne Metro project and the Services business.

Key Financials and Operational metrics

	FY20	FY21	Var.
Revenue (\$b)	2,884	1,444	(50%)
Operating EBITDA (\$m)	(495)	(139)	n/a
Operating Loss after Tax (\$m)	(406)	(181)	n/a
Services			
New Work Secured ¹ (\$b)	1.4	1.5	7%
Backlog (\$b)	2.0	2.7	35%

1. Only the next five years of revenue secured on new contracts has been included.

Financial position and cash flow movements

Financial Position

	FY20 \$m	FY21 \$m	Var.
Cash and cash equivalents	1,111	1,662	50%
Inventories	5,369	3,873	(28%)
Equity accounted investments	3,671	3,758	2%
Investment properties	658	467	(29%)
Disposal Group assets held for sale ¹	841	-	(100%)
Other assets (including financial)	6,098	7,240	19%
Total assets	17,748	17,000	(4%)
Borrowing and financing arrangements	2,395	2,357	(2%)
Disposal Group liabilities held for sale ¹	670	-	(100%)
Other liabilities (including financial)	7,751	7,692	(1%)
Total liabilities	10,816	10,049	(7%)
Net assets	6,932	6,951	-

Inventories

Inventories decreased by 28 per cent following several development initiatives with investment partners, the settlement of residential apartments and declining construction inventories. The formation of new investment partnerships and subsequent reclassification of both Residences One and Two at One Sydney Harbour to Equity Accounted Investments were the largest contributors to the decline.

Equity accounted investments

Equity accounted investments increased by two per cent. The residential towers at Barangaroo, together with equity contributions for the newly secured urbanisation projects in New York and Los Angeles, were the main sources of growth. These were almost offset by a reduction in investments relating to the divestment of a 25 per cent interest in the Retirement Living business.

Other asset movements

The 29 per cent decline in Investment properties reflects the sale of the US Telecommunications business, more than offsetting growth in other investments. The sale of the Engineering business resulted in Disposal Group assets held for sale declining to zero.

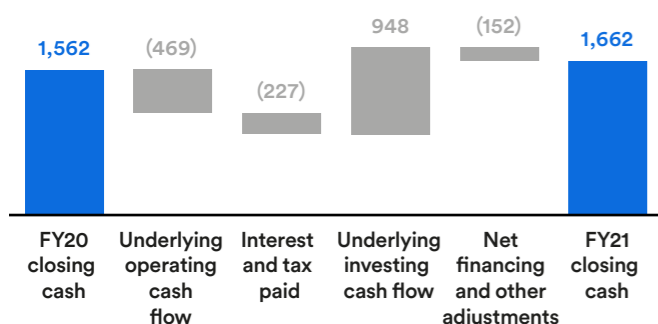
Total assets, total liabilities and net assets

Total assets decreased four per cent and total liabilities declined by seven per cent, with the sale of the Engineering business being a key contributor in each case.

1. Net assets of \$171 million have been disposed of upon completion of the sale of the Engineering business.

Financial position and cash flow movements

Cash movements (\$m)



Operating and investing cash flow

The Group measures underlying cash flow to enable an assessment of cash conversion. The measures are derived by adjusting statutory cash flows, with the largest adjustment relating to the impact on cash flows from investments in development. Underlying operating cash outflow was \$469 million. The establishment of separate development joint ventures to deliver two residential towers at One Sydney Harbour resulted in an approximate \$900 million decrease in the underlying operating cash flow and an equivalent increase in underlying investing cash flow. Net underlying operating cash inflow was solid across a range of other development projects. There was also an approximate \$200 million operating cash outflow from the Non core segment. The cash conversion ratio to operating EBITDA over the five years to FY21 was 73 per cent.

Underlying investing cash inflow was \$948 million. Proceeds from strategic divestments in the year, combined with the One Sydney Harbour cash inflows, more than offset additional capital commitments across the Development and Investments segments. The largest sources of inflow were from the further 25 per cent sale of the Retirement Living business and several strategic divestments, although the proceeds from the sale of the Engineering business were more than offset by the working capital cash balance transfer.

Financing cash flow

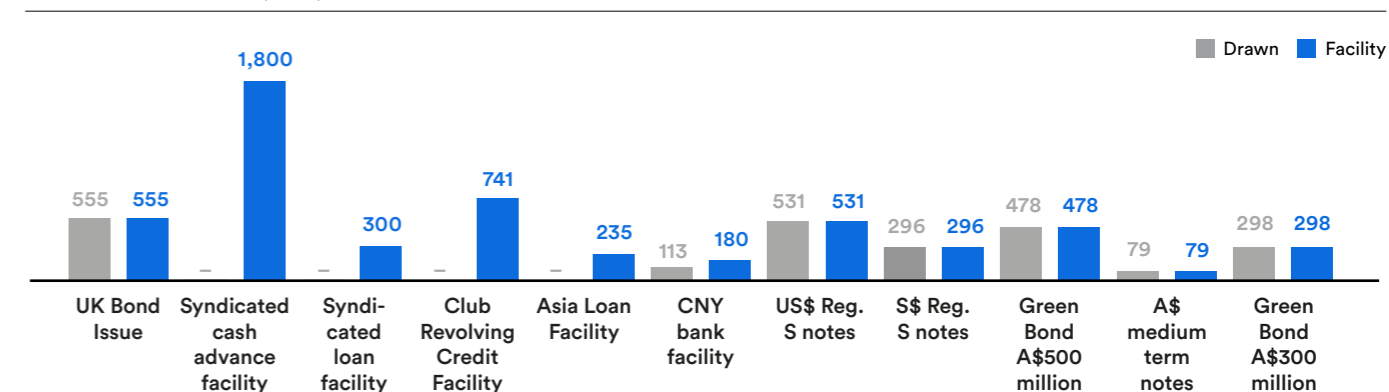
Net cash outflow from financing activities was \$146 million with the repayment of borrowings and distribution payments exceeding the proceeds from borrowings. The Group continued to diversify its sources of financing with the issue of two green bond offers, a first for the Group, including a \$500 million green bond representing the largest issued by an Australian non financial corporate. The Group remains in a strong financial position with \$4.9 billion of liquidity.

Group funding and debt facilities

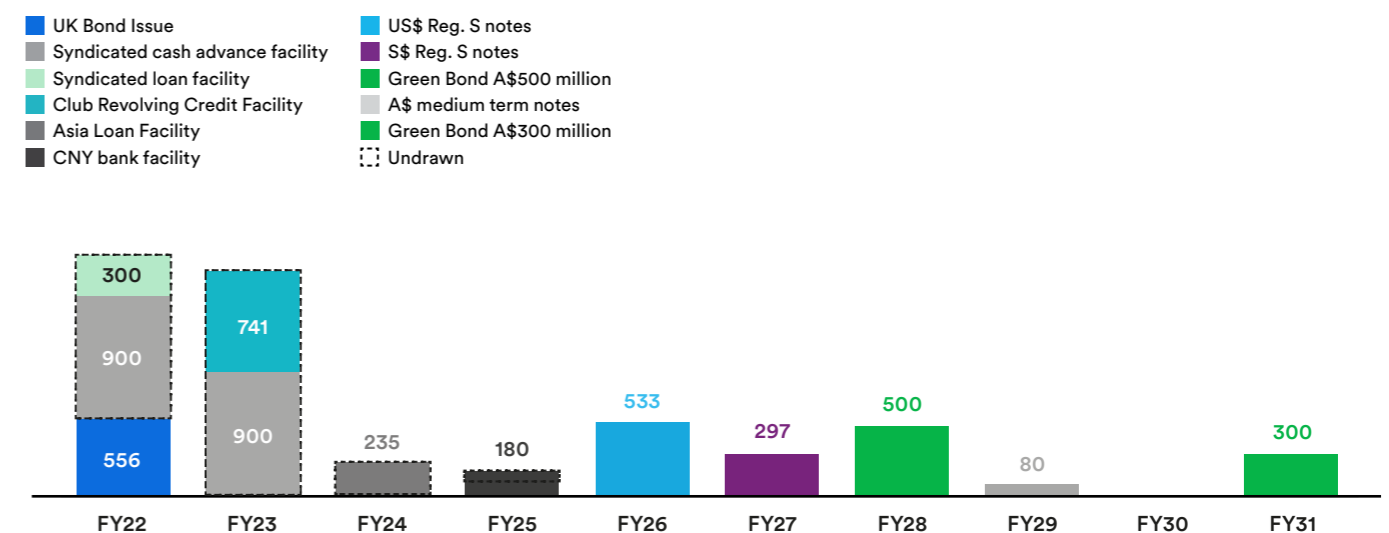
		FY20	FY21	Var.
Net debt ¹	\$m	833	695	(17%)
Borrowings to total equity plus borrowings	%	25.7	25.3	(2%)
Net debt to total tangible assets less cash ¹	%	5.7	5.0	(12%)
Interest cover ²	times	2.8	6.4	129%
Average cost of debt	%	3.4	3.6	6%
Average debt maturity	years	4.2	4.9	17%
Average debt mix fixed: floating	ratio	56:44	87:13	
Undrawn facilities	\$m	4,226	3,268	(23%)

Net debt and gearing declined with gearing holding below the bottom end of the target range. The Group is in a strong liquidity position with \$1.7 billion of cash and cash equivalents and \$3.2 billion in available undrawn debt. Interest cover has improved in conjunction with a recovery in EBITDA and lower interest expense.

Debt Facilities³ (\$m)



Debt Maturity Profile⁴ (\$m)



1. \$451 million of cash and cash equivalents was classified as Disposal Group assets held for sale at FY20. A working capital cash balance of \$411 million transferred on the completion of the sale of the Engineering business. 2. EBITDA has been adjusted to exclude one-off items related to the Engineering business. 3. Values are shown at amortised cost. 4. Values are shown at gross facility value.

Governance



As noted in the Chairman's Report, the events of the last year have left a profound impact on the business.

The Board's focus has been to navigate through this time of uncertainty with scale and pace, and to drive forward on the Group's strategic priorities. This continued throughout the year as evidenced by the high number of meetings conducted by the Board during FY21. It has been essential for the Board to remain highly engaged and support our people in addition to fulfilling its core responsibilities to oversee governance, culture, financial controls and risk management.

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 Woolworths Limited
(appointed January 2012)

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

The Lendlease Board is committed to exceptional corporate governance policies and practices which are fundamental to the long term success and prosperity of the Group.

In FY21, the Board continued its longstanding practice of reviewing its corporate governance and reporting practices. The Corporate Governance Statement is available on the Lendlease website (www.lendlease.com/au/company/governance). For detailed information on the skills, experience and qualifications of each of the Directors, refer to pages 72 to 77 of the Annual Report.

The Corporate Governance Framework is regularly assessed and amended to remain current. The Board's five permanent committees continue to assist, advise and make recommendations to the Board on matters falling within their areas of responsibility, as set out in the Committee Charters. The Board delegates authority for all other functions and matters necessary for the day to day management of the Group to the Global Chief Executive Officer, who delegates to senior management as required. Limits of Authority, which are reviewed at least annually, are in place. These outline the matters specifically reserved for determination by the Board and those matters delegated to Board Committees or Group Executive Management.



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 the Clean Energy Finance Corporation Board

Board Committee Memberships

Chairman of the Risk Committee
Member of the Audit Committee
Member of the Nomination Committee
Member of the People and Culture 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 39 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 the Sydney Theatre Company

Board Committee Memberships

Chairman of the Audit Committee
Member of the Nomination Committee
Member of the People and Culture Committee
Member of the Risk Committee

Board of Directors' profiles



Jane S Hemstritch

(Independent Non Executive Director)

Term of Office

Ms Hemstritch joined the Board in September 2011.

Skills, Experience and Qualifications

Ms Hemstritch has extensive senior executive experience in information technology, communications, change management and accounting. She also has broad experience across the financial services, telecommunications, government, energy and manufacturing sectors and in business expansion in Asia. During a 25 year career with Accenture and Andersen Consulting, Ms Hemstritch worked with clients across Australia, Asia and the US.

Ms Hemstritch was Managing Director Asia Pacific for Accenture from 2004 until her retirement in 2007. She was a member of Accenture's global Executive Leadership Team and oversaw the management of Accenture's business in the Asia Pacific region, which spanned 12 countries and included 30,000 personnel.

Ms Hemstritch has a Bachelor of Science in Biochemistry and Physiology from the University of London and is a Fellow of the Institutes of Chartered Accountants in Australia and in England and Wales. She is a Member of Chief Executive Women.

Listed Company Directorships (held within the last three years)

Non Executive Director of Telstra Corporation Limited (appointed August 2016, retired January 2019)

Other Current Appointments

President of the Board of The Walter and Eliza Hall Institute of Medical Research

Board Committee Memberships

Member of the Audit Committee
Chairman of the Nomination Committee
Member of the People and Culture Committee
Member of the Risk 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 Fellow of the Australian Institute of Company Directors and a member of Chief Executive Women.

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)

Nil

Other Current Appointments

Chairman of Cuscal Limited
Chairman of SuperFriend

Board Committee Memberships

Chairman of the People and Culture Committee
Member of the Nomination Committee
Member of the Risk Committee
Member of the Sustainability Committee



Nicola M Wakefield Evans

(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 held several key management 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. In addition to holding a number of senior management and leadership roles, Ms Wakefield Evans has had a diverse career as one of Australasia's leading corporate finance lawyers.

Ms Wakefield Evans has extensive experience in the financial services, resources and energy and infrastructure sectors. She has extensive international experience working in Australia, New York and Hong Kong. Ms Wakefield Evans was included in the Australian Financial Review and Westpac Group's inaugural list of 'Australia's 100 Women of Influence'. She is a member of Chief Executive Women.

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.

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 UNSW Foundation Limited
Director of Australian Institute of Company Directors
Director of MetLife Australia
Director of Goodes O'Loughlin (GO) Foundation Limited
Member of the Takeovers Panel

Board Committee Memberships

Chairman of the Sustainability Committee
Member of the Nomination Committee
Member of the Audit Committee
Member of the Risk Committee



Robert 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

Board Committee Memberships

Member of the Nomination Committee
Member of the Risk Committee
Member of the People & Culture Committee
Member of the Sustainability Committee

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.

Global Chief Executive Officer

Tony Lombardo

Tony Lombardo was appointed Global Chief Executive Officer of the Group, effective 1 June 2021.

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.

Previous Board Members during the reporting period

Stephen B McCann

(Retired 31 May 2021)

Mr McCann, the former Group Chief Executive Officer and Managing Director joined the Board in March 2009 and retired in May 2021.

Colin B Carter, AM

(Retired 20 November 2020)

Mr Carter joined the Board in April 2012 and retired in November 2020.

Baroness Margaret A Ford, OBE

(Retired 18 August 2020)

Baroness Ford joined the Board in March 2020 and retired in August 2020. Lendlease previously announced on 17 August 2020 that the disruption caused by COVID was the major contributor driving Baroness Ford's decision to retire. Baroness Ford continues to assist the Lendlease Board in respect of the Group's European operations as an independent advisor. Baroness Ford has flagged a willingness to rejoin the Board once COVID related restrictions have significantly subsided, if this remains appropriate.

Board skills and experience

Industry experience

The Board views 'industry experience' as skills or experience gained in one or more of the core Lendlease operating segments of Development, Construction and/or Investments.

5 of 7 Board members have experience in one or more of the core segments

100% Have Directors' experience in governance and financial acumen

Directors' average tenure

The Board considers it has an appropriate mix of new, mid and longer tenured Directors. At June 2021, the average term of the Board is 6 years.



Gender diversity

The target of 30 per cent female Board members aims to improve gender diversity and focus its attention on achieving this objective. This target has been exceeded.

40% Current female Directors as at June 2020

43% Current female Directors as at June 2021

The Directors have a mix of local 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 table below sets out the skills and experience considered by the Board to be important for its Directors to have collectively. These skill areas are reviewed regularly to assess their alignment with and support of the Group's strategic direction. The skills matrix assists the Board with succession planning and professional development initiatives for Directors. In determining the skills matrix, each Director undertakes a self assessment of their skills and expertise.

Skills/Experience	Comments	Total
Governance	A commitment to and experience in setting exceptional corporate governance policies, practices and standards.	7
Industry Experience	Possessing industry knowledge, exposure and experience gained in one or more of the core Lendlease operating segments of Development, Construction and Investments. This includes acting in advisory roles for these industries.	5
International Operations	Exposure to international regions either through experience gained directly in the region or through the management of regional clients and other stakeholder relationships.	5
Health and Safety	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.	7
Sustainability	The ability to identify economically, socially and environmentally sustainable developments. Ability to set and monitor sustainability aspirations.	6
Strategy	Developing, setting and executing strategic direction. Experience in driving growth and executing against a clear strategy.	7
Risk Management	Experience in anticipating and evaluating risks that could impact business. Recognising and managing these risks by developing sound risk governance policies and frameworks.	7
Legal	Experience in identifying and resolving legal and regulatory issues and having the ability to assist the Board on these matters.	2
People and Culture	Experience in building workforce capability, setting a remuneration framework which attracts and retains a high calibre of executives, promoting workplace culture, diversity and inclusion.	7
Executive Leadership	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.	7
Financial Acumen	Understanding of the financial drivers of a business. Experience in financial reporting and corporate financial management.	7
Technology	Strong technology background including online communications, IT workplace knowledge, security and data analysis skills.	5

Engagement

Board regional program FY21

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

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 and customers.

The Lendlease Board views these program activities, in addition to the formal, scheduled Board and Committee meetings, as an important part of receiving a greater understanding of our people, our business and the activities and operations within each region.

The Chair works with the Company Secretary to forward plan the program for the year. Depending on the time of year and depth of project review required, the program runs for three to five days.

In FY21, the Board maintained its regular cadence of meetings. While some engagement activities with our people and customers were temporarily placed on hold in response to COVID, other parts of the program were able to be maintained through the use of virtual technology.

Program for the reporting period between 1 July 2020 and 30 June 2021.

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

Asia (virtual program)

Virtual site tour and safety overview of the TRX project in Kuala Lumpur, Malaysia (August 2020)

Deep dive and virtual site tour of the Ardor Gardens Retirement Living Project in Shanghai, China (September 2020)

Virtual engagement with Lendlease China Senior Leadership Team who provided insights into district governments and an overview of Lendlease China operations (September 2020)

Received a briefing from an external speaker on the geopolitical landscape in Asia including sovereign risk and trade issues (September 2020)

Discussion with the Asia Regional Leadership Team (September 2020)

Europe (virtual program)

Received briefings from an external speaker on insights into the UK market including governance focus areas, impact of COVID on real estate, investments and construction, and the impact of Brexit (November 2020 and May 2021)

Deep dive and virtual site tour of the Milan Innovation District (MIND) project. (June 2021)

Interactive individual and group discussions between the Board and Europe Regional Leadership Team members. These sessions provided guidance, motivation and support in career development (June 2021)

Australia (virtual and on site program)

Engagement with regional business leaders to provide updates and overview of key regional business issues (individual Directors, quarterly intervals throughout the reporting period)

Virtual site visit and interaction with the project team for the integrated Sydney Place project (March 2021)

Viewing and site walk of One Sydney Harbour residential precinct and overview of project. Engagement and Q&A session with project team and Board members (March 2021)

Site walk around Barangaroo foreshore public realm, delivered in FY21 (March 2021)

Virtual site visit and project deep dive of the Sydney Martin Place Metro project. (September 2020). This was followed by a project deep dive, on site visit and project team Q&A session with the Board (May 2021)

Site tour of apartments and common areas in the 11 Gibbons Street, Redfern project – a mixed use social and affordable housing development delivered by Lendlease for St George Community Housing (SGCH). Client engagement with CEO and Senior Leadership Team of SGCH (May 2021)

Americas (virtual program)

Received a briefing from an external speaker on insights into US policy proposals addressing areas of particular relevance to Lendlease including housing, sustainability, supply chain, healthcare and the COVID response (October 2020)

Virtual site viewing of the Javits Convention Centre in New York (May 2021)



Sydney:
Board visit to
One Sydney Harbour

Stakeholder engagement

The Board members, led by the Chairman, maintain an active and extensive engagement program to represent the interests of Lendlease at various industry functions and bodies. The Chairman acts as a spokesperson for Lendlease and regularly meets with customers, investors, governments and media.

The Board encourages two way communications with our investor

community and in June 2021 released on the ASX a presentation detailing the scope of the Board's activities in FY21.

Our Annual General Meeting (AGM) provides our securityholders with a valuable opportunity to communicate with the Board. In 2020, Lendlease held a virtual AGM and our securityholders were able to join the meeting online, ask questions and vote on all resolutions in 'real time'.

Meeting with Lendlease people

Our Board members believe that it is important to meet with local Lendlease management and employees in all our regions to assess the culture of Lendlease at work. They encourage employees to ask questions at 'town hall' style events, providing an opportunity for open and honest debate on organisational culture. Due to the restrictions put in place because of the pandemic, in FY21 these sessions occurred on a smaller scale, often in virtual formats.

Board Project Assessments

One of the key responsibilities of the Lendlease Board is to oversee the strategy so the Group can pursue its integrated business model in targeted gateway cities around the world. In FY21, the Board used technology to attend site visits and attend deep dive reviews of various projects.

The MIND development project is presented as a case study of the activities that the Board undertakes in reviewing and assessing strategic opportunities.

Site visits allow the Board to see and experience firsthand the challenges and opportunities associated with a project's delivery.

Milan Innovation District, Italy

Commencing in April 2017, the Board was introduced to the opportunity to design, construct and deliver the Milan Innovation District (MIND), a 100 hectare mixed use redevelopment with an end value of \$3.6 billion. The project is a truly integrated project bringing together Lendlease's end to end capabilities and embodying our strategic view on the future of urbanisation.

The Board received a deep dive presentation from the Project Team ahead of the formal request for approval

to move forward with the MIND project. The deep dive covered several aspects of the development including the alignment to strategy. Factors considered included urbanisation and digital aspects, understanding of risk limits, capital partners, the development's viability, commercial assessment, risk factors, geopolitical matters, the safety, sustainability and environment strategy, and the planning and scheme masterplan process. These issues continued to be discussed in project updates at various times and while not exhaustive, were indicative of the issues considered during boardroom discussions.

The Board's most recent visit to the MIND site was through the use of technology in June 2021 when an aerial flythrough of the project was provided and the Board met virtually with several members of the project team.



Milan:
Milan Innovation
District (MIND)
Artist's impression

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 and 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:

- Formed a Board subcommittee to receive and discuss the measures and actions taken in response to two fatalities on two of our operations, at Curtin University and at Setia City Mall, Malaysia
- In conjunction with the Risk Committee, received reports on the formation of the Design Risk Appetite Policy and endorsed the appointment of a Group Chief Engineer to strengthen the approach to safety and quality issues across the Group from a technical perspective
- Received reports on the revised approach to the global safety standards to be applied in the updated Global Minimum Requirements (GMRs), released in March 2021
- Every Board member undertook the EH&S Passport training in May 2021 to understand the application of the 2021 GMRs and the role that our people play in safety
- Received status updates on the completion of the mandatory online EH&S Passport training by our people. 95 per cent of our global workforce completed the EH&S Passport within 90 days of launch
- In tandem with the People & Culture Committee, led the work on the approach to setting the guiding principles to manage remuneration adjustments following safety incidents
- Continued to address the health and safety culture through on site and virtual site visits and received reports from management on the ways that safety issues were being managed on these projects
- Received reports on the promotion of our health and safety expectations of our business partners
- Received reports from business leaders on the ways that they had shared lessons learned from Level 3 critical incident reports.



Financial

Material Issue:

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

The Board and 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:

- Continued to consider project approvals in the context of the Portfolio Management Framework, with the object to maximising long term securityholder value
- Formalised the audit tender policy so that at least once every ten years, an external audit tender is conducted, and if this has not been conducted within the ten year period, provide an explanation to securityholders in the Annual report as to the reasons for not conducting a tender
- Continued to receive reports on how the risk appetite framework is gaining traction in the business, both at a project approval and enterprise level to drive more informed and consistent decision making
- Received reports and monitored engagement with credit rating agencies on the Group's rating outlook. Moody's credit rating improved from Negative to Stable following completion of Engineering sale
- Endorsed the Lendlease \$500 million Green Bond which successfully launched in October 2020 and a further \$300 million Green Bond in March 2021 to become the largest green bond issued by an Australian non financial corporate. The proceeds of the bond will be focused on green buildings and earmarked to eligible projects in Lendlease's global portfolio, consisting of 23 major urbanisation projects
- Oversaw the exit of the Engineering business and the operating framework for the delivery of remaining Engineering projects and the exit strategy for the Services business
- Finalised the Core business 'Go Forward' strategy through the strategy refresh process and the communications of this to market. Sponsored through Board involvement five implementation workstreams to support the 'Go Forward' strategy.



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:

- Endorsed the Group Customer Complaint Handling & Feedback Policy setting a minimum standard across the Group. Continued to receive reports on customer engagement, types of complaints and resolution timeframes for every region
- Received reports on the progress of the Digital Strategy and the product development achievements of digital initiatives
- Received a report on the application and Lendlease preparation for the Australian Government Payment Times Reporting Scheme for small business suppliers
- Received external reports on the measuring of Board effectiveness as viewed by external investors. Continued the engagement program of major Board stakeholders through FY21
- Received a deep dive report from the Americas CEO to brief the Board on key customer relationships relevant to the US residential portfolio.



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:

- A key focus of the Board has been the CEO succession process, which came to a successful conclusion with Tony Lombardo formally taking over the role on 1 June 2021. This has been a disciplined process supported by an external advisor who assisted the Board in development of the leadership cohort
- Reset CEO remuneration downwards and in line with market expectations. Oversaw the alignment of the structure of executive remuneration at Lendlease with the new CEO's package
- Endorsed changes to the Global Leadership Team with new external hires announced: Simon Dixon as Chief Financial Officer and Deborah Yates as Chief People Officer. Endorsed the new organisation structure at Lendlease
- Continued the program of board refreshment by actively reviewing Board composition against the skills matrix
- Continued to review and discuss the Group's talent management and strategic resourcing strategy and endorsed actions to provide greater transparency on the talent process. Engaged with regional senior leaders through virtual meetups to continue engagement with the Board to gain greater visibility of the emerging pool of potential internal successors to the GLT
- Approved a one-off payment to frontline and customer facing staff from the Hardship and Wellbeing Fund (seeded in part by the voluntary fee reduction agreed by Non Executive Directors and Lendlease senior executives) in recognition of the challenges presented by the COVID pandemic.



Sustainability

Material Issue:

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.

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

Activities and actions:

- Approved a commitment to reconciliation by endorsing the Group's Reconciliation Action Plan which achieved 'Elevate' status in November 2020. Requested that management implement a quarterly reporting program to report on the progress of initiatives outlined in the Elevate RAP
- Engaged with management, attended workshops and endorsed the Group's two new sustainability targets to reflect the Group's commitment to:
 - Net Zero Carbon for Scope 1 and 2 emissions by 2025, and Absolute Zero Carbon by 2040
 - Delivering \$250 million of measured social value by 2025
- Requesting that management implement quarterly progress reporting against both the carbon and social value targets
- Received regular reports on ethical supply chains within the Group to ameliorate the risk of material substitution and modern slavery. Endorsed the 2020 Modern Slavery Statement following regular presentations from management
- Continued to receive reports on the Group's approach to social housing
- Conducted a deep dive review of the ESG reporting frameworks and indices to understand in further detail various reporting and rating schemes
- Received reports on the assessment against project approvals against the Group's Environmental and Social Risk Assessment framework since launching in 2020
- Requested and received a report on the review of the Group's approach to climate against ACS's new climate policy
- 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 a case study on sustainability leadership in action focusing on the 1 Java, New York project and the risk assessment of different river flood impacts across the time horizons of now, 2050 and 2100
- Received regular reporting on the Lendlease FutureSteps initiative to address affordable and housing issues. Conducted a site visit of a partnership project with St George Community Housing in Redfern, Sydney.

Board of Directors' information

Interests in Capital

The interests of each of the Directors in the stapled securities of the Group at 16 August 2021 is set out below. The current Non Executive Directors acquired Lendlease securities using their own funds.

Current Directors	Securities Held Directly 2021	Securities Held Beneficially/ Indirectly 2021	Total 2021	Securities Held Directly 2020	Securities Held Beneficially/ Indirectly 2020	Total 2020
M J Ullmer	-	125,000	125,000	-	110,000	110,000
P M Coffey	-	21,216	21,216	-	21,216	21,216
D P Craig	-	73,061	73,061	-	63,061	63,061
J S Hemstritch	-	33,061	33,061	-	23,061	23,061
E M Proust ¹	-	68,061	68,061	-	53,061	53,061
N M Wakefield Evans	-	34,379	34,379	-	34,020	34,020
R F Welanetz	7,000	-	7,000	7,000	-	7,000
Former Directors						
S B McCann ²	375,000	46,874	421,874	547,200	291,527	838,727
C B Carter ³	-	18,601	18,601	-	18,061	18,061
M A Ford ⁴	-	4,065	4,065	-	4,065	4,065

1. E M Proust also holds through her super fund \$500,000 face value of Lendlease Green Bonds. 2. S B McCann ceased to be an Executive Director on 31 May 2021. The balance of securities held at the end of the financial year shown here represents the balance held at that date. 3. C B Carter ceased to be a Non Executive Director on 20 November 2020. The balance of securities held at the end of the financial year shown here represents the balance held at that date. 4. M A Ford ceased to be a Non Executive Director on 18 August 2020. The balance of securities held at the end of the financial year shown here represents the balance held at that date.

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 2021, 13 Board meetings were held. Typically, four face to face meetings would be held in Australia and one each in the UK, Asia and the Americas to align with the Group's regional operations. In addition, three shorter meetings are scheduled to provide updates to the Board between the longer face to face meeting programs. Due to the mandatory travel and group meeting restrictions put in place in response to the COVID pandemic, from March 2020 onwards, the Board transitioned to enable virtual attendance at all Board and Committee meetings. Matters were also dealt with as required by circular resolution. From time to time special subcommittees were formed to give the Board better guidance and provide oversight concerning specific matters. During the reporting period, 10 Board subcommittee meetings were also constituted to deal with specific matters.

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. Directors who are not members of the Committees have a standing invitation to attend meetings of the Committees. During the reporting period and in conjunction with the review of the Board and its Committees, 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 another important role: to review, and if approved, recommend to the Board for approval major transactions as referred to the Committee by the Global Investment Committee. Given the review of major transactions moving to the Risk Committee, all members of the Board are members of the Risk Committee.

Sustainability Committee

The Sustainability Committee assists the Board to monitor the decisions and actions of management in achieving Lendlease's aspiration to be a sustainable organisation. Sustainability is viewed as encompassing how Lendlease conducts business through the pursuit of workplace safety, a commitment to corporate social responsibility, environmentally sustainable solutions and employee diversity, development and opportunity. Lendlease is strategically and culturally committed to achieving commercial success in ways that honour ethical values and respect people, communities and the natural environment.

Nomination Committee

The Nomination Committee advises and supports the Board to fulfil its responsibilities to securityholders, certify that the Board is comprised of individuals who bring a mix of expertise, skills, experience and perspectives, and contribute to the discharge of diligent oversight and effective corporate governance of the Group. The Nomination Committee also oversees activities for Director development and oversees the reviews of Board, Committee and Director performance.

Attendance at Meetings of Directors 1 July 2020 to 30 June 2021

The number of Board and Board Committee meetings held, and the number of meetings attended by each Director during the 2021 financial year, are set out in the tables below.

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

Membership	Board (Chairman M J Ullmer)		Board Subcommittee ⁷		Strategy Workstream Meetings ⁸		Nomination Committee (Chairman J S Hemstritch)	
	MH ¹	MA	MH	MA	MH	MA	MH	MA
M J Ullmer	13	13	10	10	16	16	8	8
P M Coffey	13	13	3	3	6	6	8	8
D P Craig	13	12 ⁵	3	3	6	6	8	8
J S Hemstritch	13	11 ⁶	1	1	6	6	8	8
E M Proust	13	13	6	6	7	7	8	8
N M Wakefield Evans	13	13	8	8	7	7	8	8
R F Welanetz	13	13	1	1	7	7	8	8
Former Members								
S B McCann ²	11	11	6	6	16	16	-	-
C B Carter ³	7	7	1	1	3	3	4	4
M A Ford ⁴	2	2	-	-	-	-	2	2

Membership	People & Culture Committee (Chairman E M Proust)		Risk Management Committee (Chairman P M Coffey)		Sustainability Committee (Chairman N M Wakefield Evans)		Audit Committee (Chairman D P Craig)	
	MH	MA	MH	MA	MH	MA	MH	MA
M J Ullmer	8	8	8	8	5	5	5	5
P M Coffey	8	8	8	8	-	-	5	5
D P Craig	8	8	8	8	-	-	5	5
J S Hemstritch	8	8	8	8	-	-	5	5
E M Proust	8	8	8	8	5	5	-	-
N M Wakefield Evans	-	-	8	8	5	5	5	5
R F Welanetz	8	8	8	8	5	5	-	-
Former Members								
S B McCann ²	7	7	8	8	5	5	5	5
C B Carter ³	5	5	4	4	3	3	-	-
M A Ford ⁴	-	-	2	2	-	-	2	2

1. Reflects the number of meetings held during the time the Director held office during the year. Five out of the 13 meetings were Board teleconferences constituted to address specific issues. 2. S B McCann, the former Group CEO and MD retired from the Board on 31 May 2021. The number of meetings attended reflects the number of meetings until S B McCann's retirement. S B McCann is not a member of the Audit, Risk, People & Culture and Sustainability Committees but as Group CEO and MD, he has a standing invitation to the Committee meetings. 3. C B Carter retired from the Board on 20 November 2020. The number of meetings attended reflects the number of meetings until C B Carter's retirement. 4. M A Ford retired from the Board on 18 August 2020. The number of meetings attended reflects the number of meetings until M A Ford's retirement. 5. D P Craig was unable to attend one of the five Board teleconferences as they were called at short notice to address specific issues. 6. J S Hemstritch was unable to attend two of the five unscheduled Board teleconferences as they were called at short notice to address specific issues. 7. Subcommittee meetings were convened during the reporting period to address specific issues or strategy items. Only the Subcommittee members attended the relevant meeting. 8. Strategy Workstream meetings were convened during the reporting period to provide oversight of the Group's strategic initiatives. Only the Strategy Workstream members attended the relevant meeting. The Board Chairman and Group CEO and MD had standing invitations to all the Strategy Workstream meetings.

Remuneration Report

Message from the Board

The challenging operating conditions associated with COVID continued to have a negative impact across our global gateway cities (see the Performance and Outlook section on page 59 for further information).

Notwithstanding these challenges, there were notable achievements that supported the delivery of our Core operating profit result of \$377 million after tax and continued progress on our strategic priorities. Management brought capital partners into a number of major urbanisation projects, built upon our Development pipeline, and launched new Investment products. Construction activity continued in all jurisdictions, albeit with reduced productivity due to social distancing requirements and the impact of lockdowns. The Group's balance sheet and liquidity remain strong.

Our priority to protect the health and safety of our people, customers, subcontractors and other stakeholders remains a fundamental guiding principle, particularly in the current environment.

Given this context, framing appropriate remuneration outcomes for our people in FY21 has been particularly challenging.

Responding to your feedback

At the November 2020 Annual General Meeting we received a first strike, with 47 per cent of securityholders voting against the FY20 Remuneration Report. Feedback from proxy advisors and securityholders highlighted a number of concerns, including the quantum of CEO remuneration, elements of our Executive reward structure, and a view that the FY20 Deferred Equity Awards were not aligned with overall performance and the environment.

Although this outcome was disappointing, the Board has carefully considered stakeholder feedback and has taken the following actions to address key concerns:

- Increased the transparency of Board decision making for determining Short Term Award (STA) outcomes, as well as formalising our guiding principles and process for remuneration decisions arising from safety incidents
- Lowered the quantum of remuneration for the new Global CEO
- Made changes to our Executive Reward Strategy from 1 July 2021:
 - Removed the Restricted Securities Award (RSA)
 - Implemented STA deferral
 - Rebalanced the remuneration mix
 - Simplified the communication of Long Term Awards (LTAs) at maximum opportunity to align with market practice.

Leadership transition and adjusted CEO remuneration

Stephen McCann retired from the Board on 31 May 2021. This followed a 16 year career with the Group, including more than 12 years as Group Chief Executive Officer and Managing Director. After a comprehensive search process, the Board was pleased to announce the appointment of Anthony Lombardo to the Global CEO role from 1 June 2021.

The transition to a new CEO provided the Board with an opportunity to reset remuneration quantum. The Global CEO's Total Maximum Remuneration is 21 per cent lower than his predecessor. Remuneration without performance conditions ('unhurdled' remuneration) is 33 per cent lower, reflecting a lower fixed remuneration and the removal of the RSA. The mix of pay at maximum remains weighted toward equity based remuneration and the LTA continues to be delivered over a period of up to six years.

Following Stephen's retirement, unvested equity awards were left on foot and remain subject to the original terms. Unvested equity awards that are subject to performance hurdles are currently unlikely to meet the required performance hurdles when they are tested. However, accounting standards require that all remaining expense for these awards be brought forward into FY21, resulting in a statutory remuneration disclosure that does not reflect what was earned during the period.

FY21 reward outcomes reflect our performance and environment

FY21 STA outcomes

In determining FY21 STA outcomes for Executives, the Board has considered performance of both financial and non financial indicators against the Group scorecard. The Board also considered the two subcontractor fatalities reported in FY21.

After careful deliberation, and consideration of the following factors, the Board determined that the former Group CEO would not receive an STA payment for FY21:

- Performance against the Group scorecard
- The additional provisions for legacy Engineering projects
- His positive contribution and support provided in the transition to the new CEO
- The preliminary findings of the business review announced to the market on 16 August 2021 relating to Development projects.

With respect to the newly appointed Global CEO, notwithstanding that his performance as CEO Asia for the first part of the year was ahead of the Group scorecard performance, the Board considered it more appropriate to apply the overall Group outcome, being 30 per cent of maximum opportunity.

Other Executive STA outcomes ranged between 17 per cent and 40 per cent of their maximum opportunity, reflecting individual performance and in-year accountability relating to the overall Group result.

For more information refer to pages 100 to 103.

LTAs¹ where performance has been assessed at the end of FY21

For LTAs subject to performance hurdles at the end of FY21, testing did not meet the required thresholds set by the Board and consequently there was nil vesting.

Chairman's FY22 fee reduction

Notwithstanding the solid operational and financial results across our Core business, the Board recognised the need for accountability in FY21 for the further provisions relating to the legacy Engineering business and the business review preliminary findings that have been announced in relation to the Development portfolio. Accordingly, in addition to the appropriate Executive accountability, on behalf of the Board, the Chairman will be taking a 20 per cent reduction in base fees for FY22.

Looking ahead

We are currently in a period of leadership transition. Following the appointment of our Global CEO and a comprehensive review of the business, we have reset our organisational structure, effective from 1 July 2021. Our aim is to drive and support consistent operations across regions, realise efficiencies, and place a greater focus on our competitive edge. At the same time, the operating environment remains challenging for our people as the impacts of COVID persist.

Through proactive and extensive engagement with stakeholders we will continue to listen to feedback about our remuneration structure and decision making. For FY22 the Board and Global CEO will review the STA scorecard structure, as this represents our first opportunity to make changes following the first strike against the FY20 Remuneration Report.

We look forward to informing you of our progress as part of our ongoing engagement.



Michael Ullmer, AO

Chairman



Elizabeth Proust, AO

Chairman,
People & Culture Committee

FY21 Remuneration Snapshot

FY21 reward outcomes reflect our performance and environment

Nil STA
awarded to
former Group CEO

20%
reduction in Chairman's
fees for FY22

30%
of Maximum STA
awarded to new
Global CEO
(KMP STA outcomes ranged
from 17% to 40% of
Maximum STA opportunity)

Nil LTA
awards vested¹

Long Term performance
targets (relative TSR and ROE)
failed to meet challenging
thresholds

The Board conducted an extensive program of work to listen to securityholder feedback and to test the effectiveness of our Executive Reward Strategy

**FY22 Executive
Reward
Strategy amended**
to balance stakeholder views
and continue to support
strategic priorities

LTA continues to reflect the
**long dated nature
of our business**

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

Total Maximum
Remuneration opportunity
reduced

50%
of future STAs to be
deferred into equity

Removed the RSA
increasing the
proportion of performance
based reward

Anthony Lombardo and Stephen McCann effected a successful transition of leadership

33%
reduction
in unhurdled
remuneration

21%
reduction
in maximum
remuneration
opportunity

(for the new Global CEO compared
to former Group CEO)

**All outstanding equity awards
remain subject to original
performance conditions**

Termination arrangements for former
Group CEO in line with contract

6

Key appointments to the Global
Leadership Team

1. 2018 LTI (tranche 2) and 2019 LTA (excludes the RSA previously referred to as the LTA Minimum).

1. 2018 LTI (tranche 2) and 2019 LTA (excludes the RSA previously referred to as the LTA Minimum).

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Abbreviations

CAGR	Compound Annual Growth Rate	LTA	Long Term Award
CIFR	Critical Incident Frequency Rate	LTI	Long Term Incentive
CSAT	Customer Satisfaction	ROE	Return on Equity
FUM	Funds Under Management	RSA	Restricted Securities Award
FY21	Financial year ending 30 June 2021	RTSR	Relative Total Shareholder Return
FY22	Financial year ending 30 June 2022	SBP	Security Based Payment
GLT	Global Leadership Team	STA	Short Term Award
GMR	Global Minimum Requirements	TCFD	Task Force on Climate Related Financial Disclosures
KMP	Key Management Personnel	TPV	Total Package Value

KMPs covered by this report

Current KMP				
	Name	Position	Term as KMP	People & Culture Committee
Non Executive KMP	Michael Ullmer	Independent Non Executive Chairman	Full Year	x
	Philip Coffey	Independent Non Executive Director	Full Year	x
	David Craig	Independent Non Executive Director	Full Year	x
	Jane Hemstritch	Independent Non Executive Director	Full Year	x
	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
Executive KMP	Anthony Lombardo	Global CEO	Full Year ¹	
	Johannes Dekker	Group Head of Construction	Full Year	
	Justin Gabbani	CEO, Asia	Part Year ²	
	Denis Hickey	CEO, Americas	Full Year ³	
	Frank Krile	Acting Group Chief Financial Officer	Part Year ⁴	
	Neil Martin	CEO, Europe	Full Year	
	Kylie Rampa	CEO, Property Australia	Full Year ⁵	
David Andrew Wilson	Group Chief Commercial and Risk Officer	Full Year ⁶		

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

Former KMP		
Name	Position	Date ceased to be KMP
Colin Carter	Independent Non Executive Director	20 November 2020
Margaret Ford	Independent Non Executive Director	18 August 2020
Stephen McCann	Group CEO and Managing Director	31 May 2021
Tarun Gupta	Group Chief Financial Officer	29 November 2020

Changes following the end of FY21

- Frank Krile, who has been Acting Group Chief Financial Officer since 30 November 2020, has been appointed as Group Chief Risk Officer, effective 1 July 2021. Frank will also continue to hold the position of Acting Group Chief Financial Officer until 30 September 2021
- Simon Dixon (external) has been appointed as the Group Chief Financial Officer, effective from 1 October 2021
- Anthony Lombardo announced a new Lendlease organisational structure effective from 1 July 2021 to drive and support consistent operations across our regions and to place a greater focus on our competitive edge. Further details of the leadership and structure changes will be set out in the FY22 Remuneration Report.

1. CEO, Asia from 1 July 2020 to 31 May 2021 and appointed Global CEO from 1 June 2021. 2. Appointed 1 June 2021. 3. Appointed to Global Chief Operating Officer from 1 July 2021, supplementing his role as CEO, Americas. 4. Appointed 30 November 2020. 5. Appointed to Group Head of Investments role from 1 July 2021. 6. Ceased as a KMP on 30 June 2021 and retired on 2 July 2021.







Remuneration Framework Review

As highlighted in our FY20 Remuneration Report, a strategic review of our Executive Reward Strategy was scheduled for 2021. The Board expanded the scope of the review in light of the 2020 strike against the Remuneration Report. The focus has been for our approach to continue to evolve with the business and support the future success of Lendlease.

Our review has considered securityholder views, as well as future strategic priorities, internal perspectives, and current/emerging market practice. This review culminated in the Board determining an amended approach, which has been adopted from 1 July 2021.

2020 Strike

At the 2020 Annual General Meeting, Lendlease securityholders signalled concerns with our current remuneration practices and decision making, delivering a first strike against the Remuneration Report. While disappointing, the feedback was considered carefully by the Board as we undertook a first principles review of our Executive Reward Strategy. Over the course of FY21, the Board has established a thorough process to gather and examine views:

 Established a Board led working group	 Reflected on the feedback received from securityholders as part of pre-AGM engagement	 Reviewed proxy advisor reports from FY18-FY20	 Conducted an online survey to seek feedback from our Top 100 securityholders	 Developed a Remuneration Fact Base	 Met with investors
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While our consultations highlighted a variety of views about how executive remuneration should work at Lendlease, consistent themes could be seen:

Concern	Board response	Refer
Quantum Remuneration was considered to be too high, especially at the CEO level	The transition to a new CEO provided the ideal opportunity to adjust remuneration quantum. The remuneration package for the new CEO has been reduced by 33 per cent for unhurdled remuneration and 21 per cent for Total Maximum Remuneration opportunity compared to the former CEO.	Refer to page 91
Remuneration structure Our Executive Reward Strategy was adopted in 2018 – a remuneration framework designed to reflect the nature of our business. While some securityholders appreciated this approach, others remained uncomfortable with certain features.	We have made adjustments to our Executive Reward Strategy from 1 July 2021 to address key concerns. This has included: <ul style="list-style-type: none"> • Removing the Restricted Securities Award (RSA) • Implementing STA deferral • Rebalancing the remuneration mix • Communicating and granting LTA at maximum opportunity. We have retained features that reflect the long dated nature of the business, such as: <ul style="list-style-type: none"> • LTA vesting over years 3 to 6 • Delivering a significant proportion of remuneration in equity. 	Refer to page 90
FY20 deferred awards were not considered to be reflective of performance Securityholders felt that the FY20 Deferred Equity Award was not aligned with overall performance and environment.	The Board reviewed its approach to remuneration decision making and refined the process to include more detailed disclosures in relation to STA outcomes. In addition, we have formalised our guiding principles and process for decision making in relation to remuneration adjustments arising from safety incidents, to improve the transparency of the Board's approach.	Refer to pages 100 to 103 and 112

We have also refreshed our remuneration report to streamline and simplify our remuneration disclosures, so that the purpose, operation and outcomes of the Executive Reward Strategy are clear.

Executive Reward Strategy Review

The Board undertook a holistic review of the Executive Reward Strategy to confirm that the framework continued to reflect the Purpose and Strategy of the Group.

Our strategy is urbanisation led, leveraging our integrated model to create the best urban precincts in key gateway cities internationally. See the Strategy section on page 16 for further information.

Our Purpose:




Together we create value through places where communities thrive

Our Strategy:

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

Remuneration Principles

Remuneration at Lendlease should be...

	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

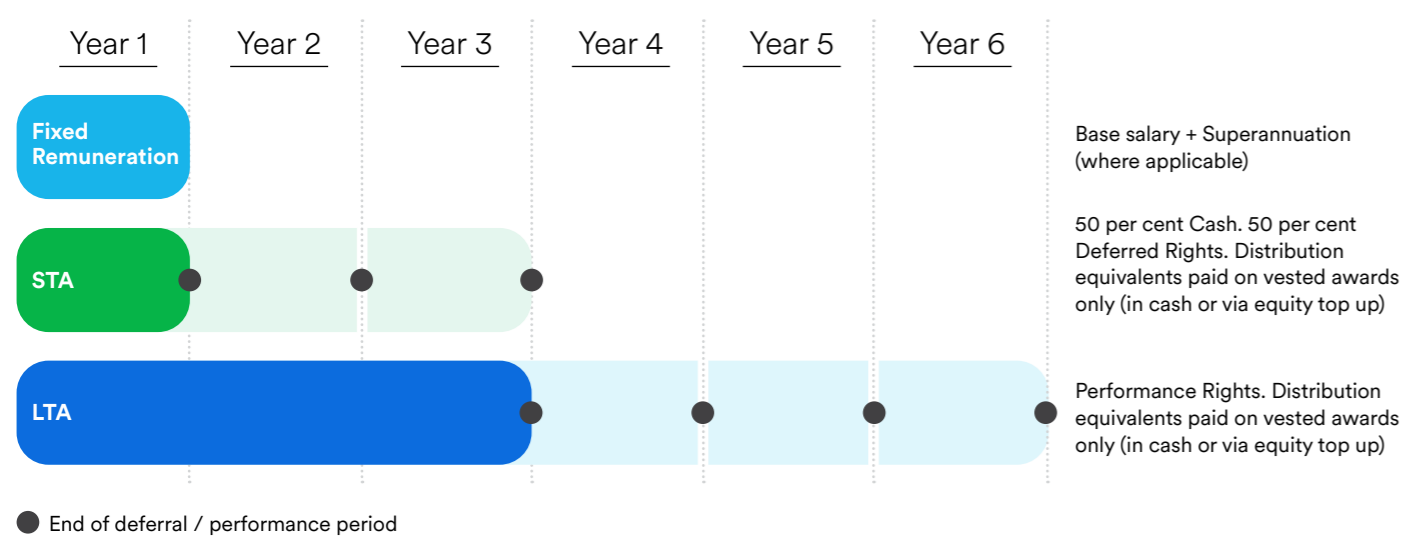
Our review confirmed that the underlying remuneration principles align to the Lendlease Purpose; and continue to support the achievement of our strategic priorities.

Key changes to our Executive Reward Strategy for FY22

The FY21 review culminated in the design of an amended Executive Reward Strategy for implementation in FY22. The amended structure was reflected in the appointment of Anthony Lombardo as our new Global CEO. The Board are pleased to note that the proposed changes have received positive feedback in our engagement with various stakeholders over the course of the year.

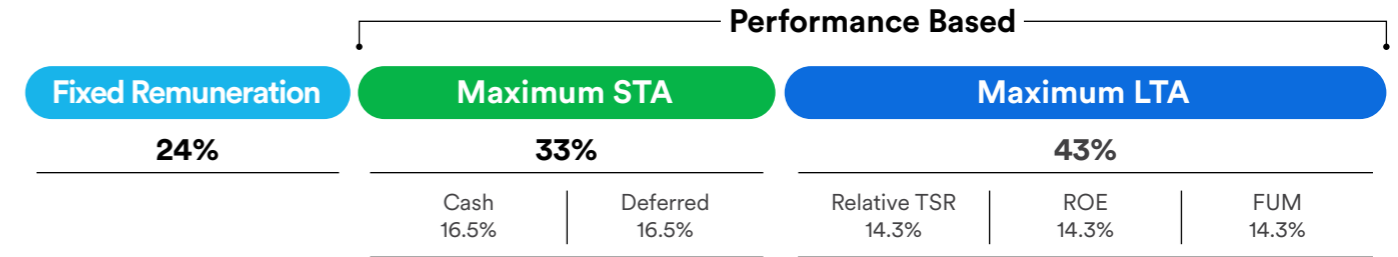
Change	Rationale
Removal of RSA	<ul style="list-style-type: none"> Increases proportion of remuneration subject to performance
Implementation of STA deferral	<ul style="list-style-type: none"> Maintains focus on building Executive securityholdings and alignment with securityholder experience
Grant LTA at maximum	<ul style="list-style-type: none"> Reduces complexity and increases transparency in disclosures Aligned with market practice so easily comparable
Recalibrate LTA vesting schedule	<ul style="list-style-type: none"> Straight line vesting between threshold and maximum increases simplicity
Reset remuneration mix (increase STA, reduce LTA)	<ul style="list-style-type: none"> Accounts for removal of RSA, and implementation of STA deferral Acknowledges securityholder concerns around LTA maximum quantum Increases proportion of remuneration subject to performance Maintains long dated nature of Executive Reward Strategy, relative to market peers

The following diagram illustrates the structure of the FY22 Executive Reward Strategy:



FY22 Maximum Remuneration Mix

Maximum remuneration mix for the Global CEO and Executives is as follows:

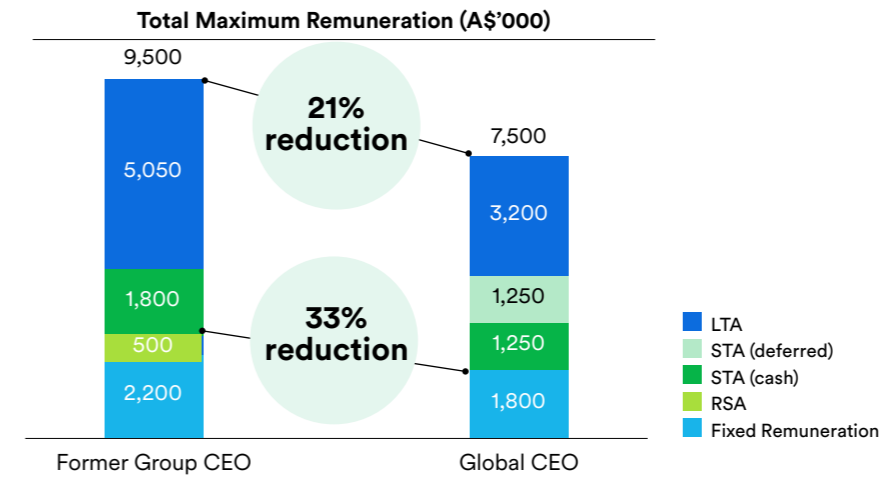


! 76 per cent of Total Maximum Remuneration is performance based
59 per cent of Total Maximum Remuneration is delivered in equity

Appointment of new Global CEO

In FY21, Anthony Lombardo was appointed as our new Global CEO, effective 1 June 2021.

As announced to the market in February, the Board took this opportunity to rebase the Global CEO remuneration package to reflect both the current market and securityholder expectations, which applies from 1 June 2021:



The Global CEO's Total Maximum Remuneration is 21 per cent lower than his predecessor. Unhurdled remuneration is 33 per cent lower reflecting a reduced fixed remuneration and removal of the RSA. The cash/equity split remains weighted toward equity based remuneration.

For FY21, Anthony remained on the FY21 Executive Reward Strategy (per his CEO, Asia role), but Fixed Remuneration, STA opportunity and LTA were increased pro rata for the one month served as Global CEO.

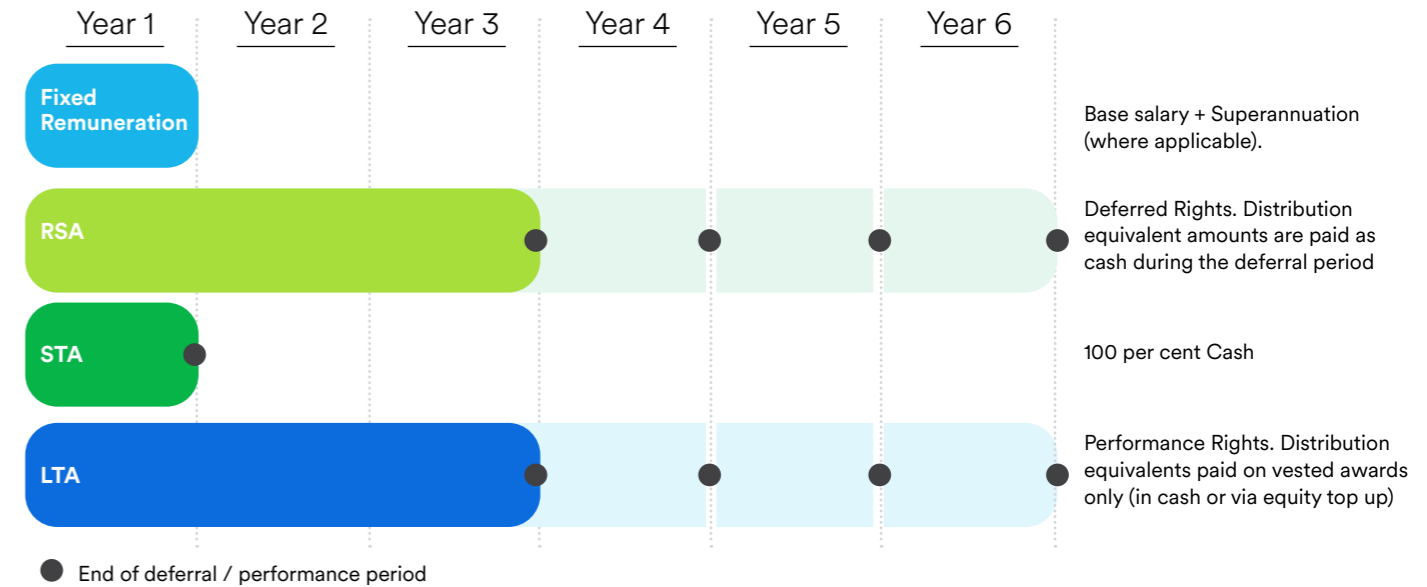
! Further detail will be provided on the new Executive Reward Strategy within the FY21 Notice of Meeting and the FY22 Remuneration Report

FY21 Executive Reward Strategy

Our Remuneration Framework

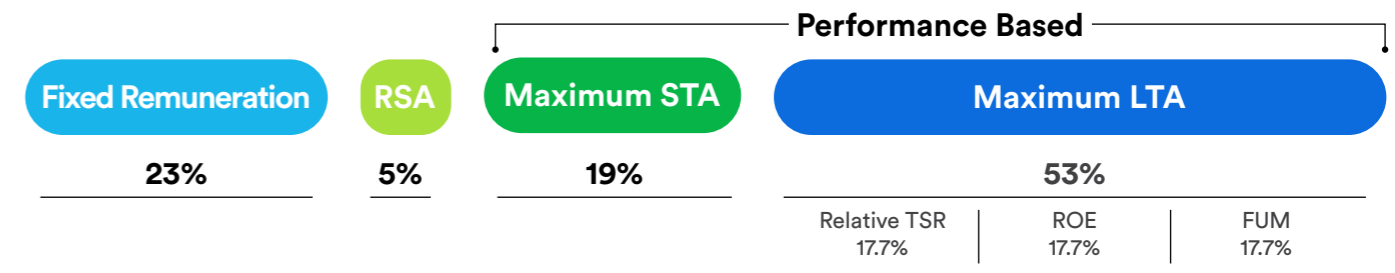
	Fixed Remuneration	RSA	STA	LTA
Purpose	To attract and retain highly capable Executives	To retain Executives and link reward to long term value creation	To focus short term decision making on priority areas in the current financial year	To reward Executives for delivering sustained long term securityholder value
Approach	Quantum is benchmarked against relevant comparator companies to test market competitiveness	Annual grant of equity that is variable in value as the security price moves	Annual opportunity to receive a cash incentive to focus performance on priority areas over the current financial year	Annual grant of 'at risk' equity to reward for delivering the Lendlease Strategy, in alignment with long term securityholder returns
Link to Performance	n/a	Ongoing alignment with Lendlease securityholders as the award value is linked to security price movements over three to six years	Current financial year performance, based on measures aligned to Lendlease's focus areas of value creation: <ul style="list-style-type: none"> • Financial (50%) • Non Financial (50%) 	Forward looking, three year performance: <ul style="list-style-type: none"> • Relative TSR (1/3) • Return on Equity (1/3) • Growth in Funds Under Management (1/3) Award value linked to security price movements over three to six years
Governance	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 malus consideration. 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.			

The following diagram illustrates the structure of the FY21 Executive Reward Strategy:

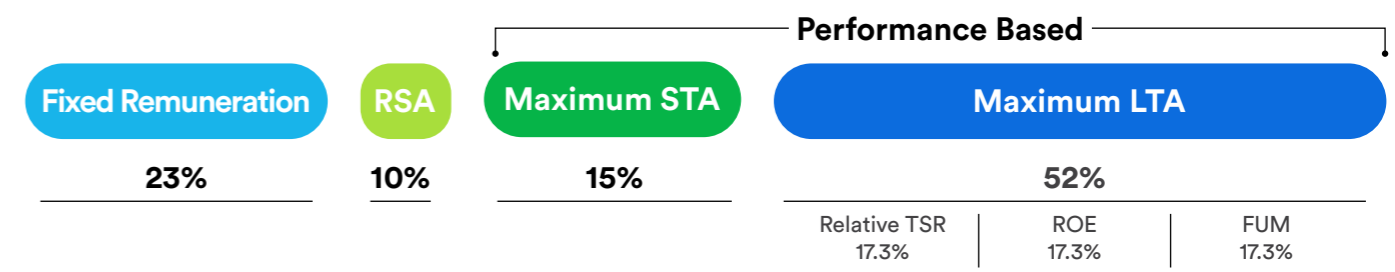


FY21 Maximum Remuneration Mix

Maximum remuneration mix for the former Group CEO was as follows:



Maximum remuneration mix for Executives¹ was as follows:



1. Excludes Executives that were appointed during FY21 (Justin Gabbani and Frank Krile) as they were not eligible for an RSA.

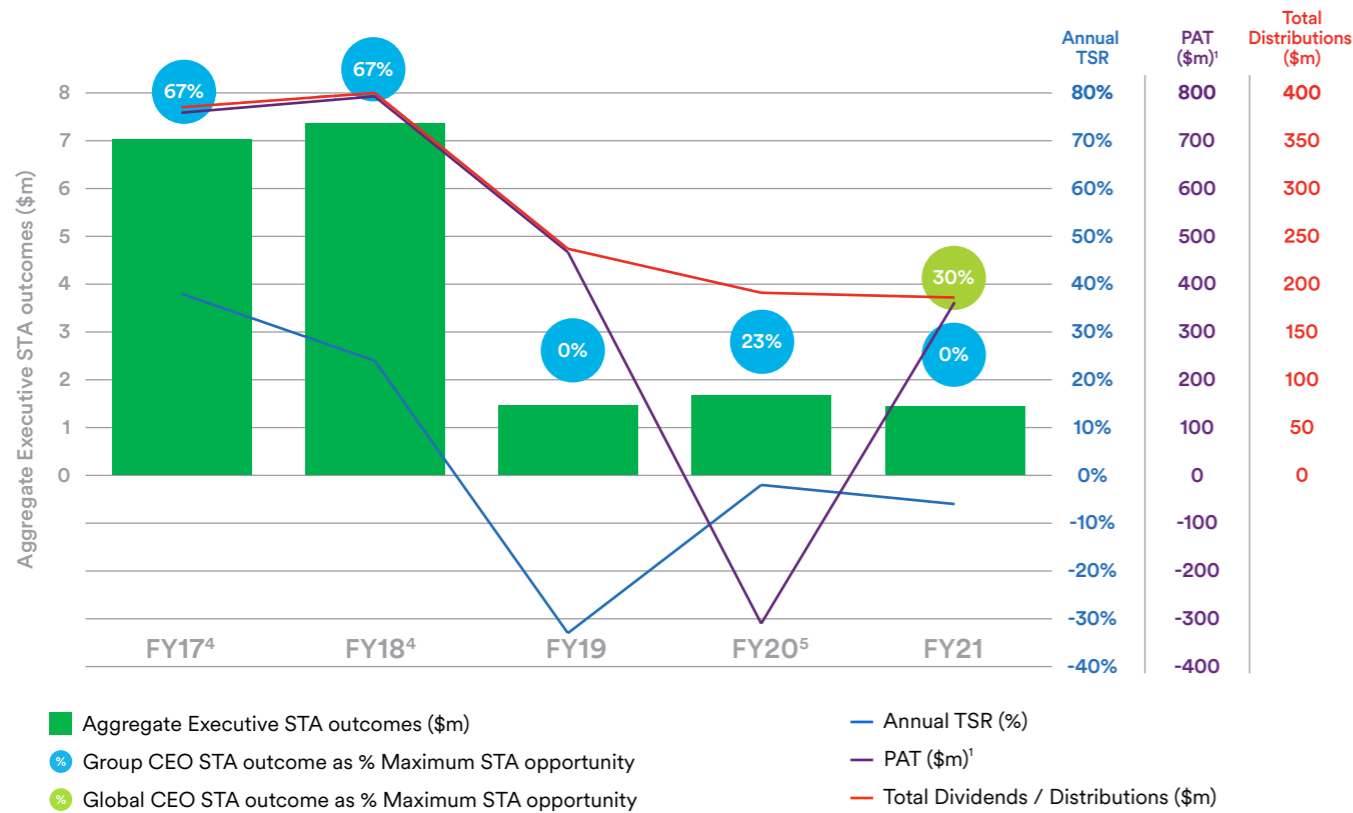
Alignment between remuneration outcomes and securityholder experience

Five year performance summary

	FY17	FY18	FY19	FY20	FY21
Profit after Tax (PAT) Attributable to Securityholders (\$m) ¹	758.6	792.8	467	(310)	377
Total Dividends / Distributions (\$m)	384.9	399.6	237	191	186
Earnings per Stapled Security (EPSS) (cents) (excluding treasury securities)	135.2	137.0	80	(51.8)	32.5
Annual Total Securityholder Return (%)	38	24	(33)	(2)	(6)
Return on Equity (ROE) (%) ²	12.9	12.7	7.4	(4.7)	5.4
Closing Security Price as at 30 June (\$) ³	16.65	19.74	13.00	12.37	11.50

STA outcomes and securityholder experience

The following chart sets out aggregate Executive STA outcomes, relative to Annual TSR, Profit After Tax and Total Distributions, over time.



! STA outcomes reflect short term performance, demonstrating the alignment between STA outcomes and the securityholder experience

1. FY17 to FY20 reflects Statutory Profit after Tax and FY21 reflects Core Operating Profit after Tax. FY21 Statutory Profit after Tax was \$222 million. 2. FY17 to FY20, reflects Statutory ROE which 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. FY21 reflects Core Operating ROE which 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 as it better reflects the impact management have in creating value for securityholders. FY21 Statutory ROE was 3.2 per cent. 3. FY18 reflects 29 June 2018 closing security price and FY19 reflects 28 June 2019 closing security price. 4. 50 per cent paid as cash and 50 per cent deferred as securities. The deferred portion is released in two equal tranches after one and two years. 5. 100 per cent deferred as securities that is released in two equal tranches after one and two years.

LTI / LTA outcomes and securityholder experience

The following chart shows LTI / LTA outcomes for the former CEO relative to 3 year TSR and 3 year average ROE over time:

- Over the period from Sep-05 to Sep-18, 41 per cent of the aggregate value of LTI / LTA awards vested (outcomes range from 0 per cent to 99 per cent)
- 4 of the 14 LTI / LTA awards were worth more than the grant value due to security price growth (Sep-10, Sep-11, Sep-12 and Sep-13)
- 5 of the 14 LTI / LTA awards were worth nothing when they were tested (Sep-05, Sep-06, Sep-07, Sep-17 and Sep-18).



- ! Historically, LTI / LTA outcomes have been aligned with the securityholder experience
- ! LTI / LTA outcomes reward steady and sustainable securityholder returns

1. The LTI / LTA grant value is the number of securities granted multiplied by the 1 September opening security price for the LTI / LTA grant year.

Total Remuneration Realised

The table below presents the remuneration paid to, or vested for, Executives in respect of FY21.

FY21 Total Remuneration Realised

A\$'000 ¹	Unhurdled			Hurdled			Termination Payments	Total Remuneration Realised	Awards forfeited or lapsed
	Fixed Remuneration	Previous years' RSA	Previous years' deferred securities vested	FY21 STA awarded	Previous years' LTI / LTA awards	Security price growth / decline			
Current Executives									
Anthony Lombardo ²	1,086	500	-	244	0	(206)	-	1,624	(3,664)
Johannes Dekker	1,160	500	100	150	0	(241)	-	1,669	(3,300)
Justin Gabbani ³	67	-	-	20	-	-	-	87	(34)
Denis Hickey	1,417	500	-	368	0	(206)	-	2,079	(3,612)
Frank Krile ⁴	555	-	-	188	-	-	-	743	(439)
Neil Martin	1,249	-	-	164	-	-	-	1,413	(655)
Kylie Rampa	1,160	500	-	125	0	(208)	-	1,577	(3,685)
David Andrew Wilson	1,205	500	1,074	175	0	(322)	-	2,632	(3,275)
Former Executives									
Stephen McCann ⁵	1,943	500	-	0	0	(206)	1,900	4,137	(8,352)
Tarun Gupta ⁶	1,060	0	-	n/a	0	0	-	1,060	(3,720)

Definitions

Fixed Remuneration	Includes the TPV / Base Salary plus superannuation (where applicable) received during FY21 and reflects the 20 per cent Fixed Remuneration reduction that applied from 1 July 2020 to 31 August 2020.
Previous years' RSA	Includes the RSA (previously referred to as the LTA Minimum) that was granted in September 2018 and reached the end of the deferral period on 30 June 2021. The value reflects the number of securities multiplied by the grant price. 25 per cent of this award value will be released in September 2021 and the remaining 75 per cent will be released in three equal tranches in September 2022, 2023 and 2024, subject to malus provisions.
Previous years' deferred securities vested	Includes deferred securities that are not subject to hurdles such as sign on awards and the Distinguished Executive Award. The value reflects the number of securities that vested in FY21 multiplied by the grant price.
FY21 STA awarded	Reflects the STA awarded in relation to FY21 performance. For Justin Gabbani and Frank Krile, 50 per cent of the FY21 STA is paid as cash in September 2021 and 50 per cent is deferred as Rights that will be released in two equal tranches after one and two years. For all other Executives, FY21 STA outcomes will be paid as 100 per cent cash in September 2021.
Previous years' LTI / LTA awards	Includes the 2018 LTI (tranche 2) and 2019 LTA that reached the end of the performance period on 30 June 2021, vesting in September 2021. The value reflects the number of securities scheduled to vest multiplied by the grant price.
Security price growth / decline	Includes the value of security price growth / decline between grant and 30 June 2021 for previous years' deferred securities and between grant and 30 June 2021 for previous LTI / LTA awards. Also includes the value of the distribution equivalent amounts paid as cash on the RSA.
Awards forfeited or lapsed	The value reflects the maximum number of securities that were forfeited / lapsed in respect of FY21 multiplied by the grant price plus the value of the forfeited portion of the maximum FY21 STA.

1. Remuneration is reported in AUD based on the 12 month average historic foreign exchange rates for FY21 (rounded to two decimal places): SGD 1.00 (applied to Anthony Lombardo and Justin Gabbani), USD 0.75 (applied to Denis Hickey) and GBP 0.55 (applied to Neil Martin). 2. Fixed Remuneration and FY21 STA cash awarded for Anthony Lombardo reflects time in the CEO, Asia role from 1 July 2020 to 31 May 2021 and time in the Global CEO role from 1 June 2021 to 30 June 2021. 3. Fixed Remuneration and FY21 STA cash awarded for Justin Gabbani reflects time as a KMP (1 June 2021 to 30 June 2021). 4. Fixed Remuneration and FY21 STA cash awarded for Frank Krile reflects time as a KMP (30 November 2020 to 30 June 2021). 5. Fixed Remuneration and FY21 STA cash awarded for Stephen McCann reflects time as a KMP (1 July 2020 to 31 May 2021). 6. Tarun Gupta resigned effective 29 November 2020. All unvested equity awards were forfeited upon resignation. Additionally, Tarun was not eligible for an STA award in FY21.

Fixed Remuneration

This section presents our approach to setting Fixed Remuneration.

Design

How Fixed Remuneration Works

Quantum	<ul style="list-style-type: none"> No remuneration increases were applied in FY21, except in the case where the Executive moved to a larger role within the Group Neil Martin's Base Salary increased from £550,000 to £670,000¹ effective from 1 September 2020, as part of the transition to the remuneration for the CEO, Europe role.
Benchmarking Approach	<ul style="list-style-type: none"> Quantum and remuneration mix are benchmarked to test that total remuneration remains market competitive Annual review except in instance of role changes Considers the relative size, scale and complexity of roles to enable a fair comparison A target fixed and total remuneration position is established with reference to the market median and 75th percentile Aim to provide total remuneration towards the 75th percentile if outstanding performance is achieved.
Primary Sources of Data	<ul style="list-style-type: none"> The People & Culture Committee typically uses a number of sources for benchmarking Global CEO and Executive remuneration including: <ul style="list-style-type: none"> Publicly available data for similar roles in companies of a similar size, such as: <ul style="list-style-type: none"> Revenue Group: ASX listed companies with revenue of between 50 and 200 per cent of Lendlease's revenue Market Capitalisation Group: ASX listed companies that are ranked between 26 and 75 by market capitalisation (excluding companies domiciled outside Australia) Publicly available data for comparable roles at: <ul style="list-style-type: none"> Property organisations in Australia such as Charter Hall Group, Dexus, Goodman Group, GPT Group, Mirvac Group, Scentre Group, Stockland and Vicinity Centres Companies where we compete for talent, such as Macquarie Group Limited and AMP Limited Published remuneration surveys, remuneration trends and other data sourced from external providers.
Supplementary Peer Group	<ul style="list-style-type: none"> To supplement the above information, we also consider the following three companies as comparators for Lendlease: Brambles Limited, British Land Company PLC and CapitaLand Limited. These companies were identified as part of a review that was undertaken during FY21 to determine which companies align with Lendlease based on quantitative comparisons against key metrics such as profit, market capitalisation and scale of operations as well as a qualitative overlay that considered the scope of business lines, employee base and operating environment.



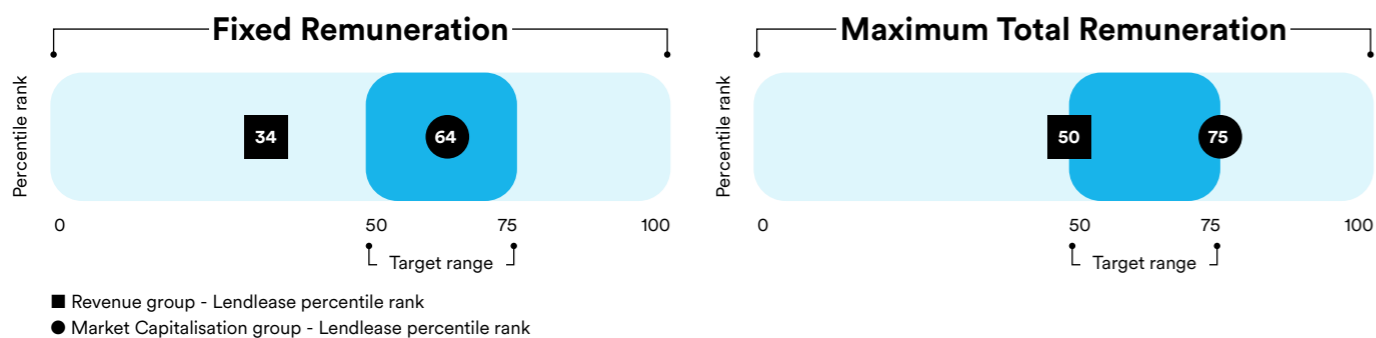
The Fixed Remuneration for Executive KMPs was temporarily reduced by 20 per cent from 1 May 2020 to 31 August 2020 as part of the Group's response to COVID.

No Fixed Remuneration increases are proposed for FY22.

1. Fixed Remuneration for Neil Martin, converted to AUD based on the 12 month average historic foreign exchange rates for FY21 (GBP 0.55), has increased from \$1,000,000 to \$1,218,182 effective from 1 September 2020.

Global CEO - Market Comparison

When setting the remuneration for the new Global CEO, the Board considered current market data in line with Lendlease’s established remuneration benchmarking approach (as outlined on page 97). This analysis demonstrated that the proposed remuneration quantum was aligned to our target market position, except for the positioning of Fixed Remuneration against the Revenue comparator group, which was below the median. The graph below summarises the market positioning of the new Global CEO’s Fixed Remuneration and Maximum Total Remuneration against the Revenue and Market Capitalisation comparator groups.



Remuneration was set toward the top of the target range for the Select Real Estate companies comparator group for both Fixed Remuneration and Maximum Total Remuneration.

The Board felt that the new Global CEO’s remuneration quantum was appropriate when considering the size and complexity of the Group’s operations relative to the companies within the comparator groups. Additionally, the reduction in quantum compared to the prior incumbent was consistent with market practice when considering recent new CEO appointments.

Restricted Securities Award (RSA)

This section presents a summary of the key features of the RSA plan.

Design	How the RSA Works
Eligibility	<ul style="list-style-type: none"> Group CEO, Global CEO and Executives
Quantum	<ul style="list-style-type: none"> The RSA quantum is equivalent to: <ul style="list-style-type: none"> Global CEO: 45% of Fixed Remuneration (including 11 months’ opportunity relating to the CEO, Asia role, and one month relating to the Global CEO role, pro rata) Former Group CEO: 23% of Fixed Remuneration Executives: 34% - 42% of Fixed Remuneration
Delivery	<ul style="list-style-type: none"> Rights to acquire securities, subject to continued tenure Award may be settled in cash at the Board’s discretion
Determining the number of Rights	<ul style="list-style-type: none"> Face value: volume weighted average price (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
Deferral Period	<ul style="list-style-type: none"> Released in four equal tranches at the end of Y3, Y4, Y5 and Y6
Distributions	<ul style="list-style-type: none"> Distribution equivalent amounts are paid as cash during the deferral period

Going forward, the RSA has been removed from the Executive Reward Strategy for FY22. Executives who were appointed during FY21 (Justin Gabbani and Frank Krile) were not eligible for an RSA.

Short Term Award (STA)

This section presents the key features of the STA plan.

From FY22, 50 per cent of awarded STA will be deferred as Rights to receive Lendlease securities. The deferred portion will be released in two equal tranches after one and two years. To offset the removal of the RSA, and the introduction of deferral, Maximum STA opportunity has been increased (excluding the Global CEO).






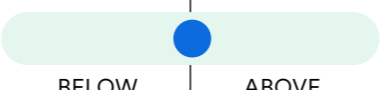







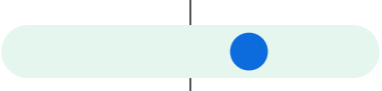
Design	How the STA Works
Eligibility	<ul style="list-style-type: none"> Group CEO, Global CEO and Executives
Quantum	<ul style="list-style-type: none"> For FY21, target STA opportunity was as follows: <ul style="list-style-type: none"> Global CEO: 49% of Fixed Remuneration (including 11 months’ opportunity relating to the CEO, Asia role, and one month relating to the Global CEO role, pro rata) Former Group CEO: 55% of Fixed Remuneration¹ Executives: 40% - 75% of Fixed Remuneration The minimum possible STA outcome is zero The maximum STA outcome is limited to 150% of target opportunity²
Funding	<ul style="list-style-type: none"> The Board determines the pool of funds to be made available to reward Executives, with reference to Group financial and non financial performance 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)
Key Performance Indicators	<ul style="list-style-type: none"> Global CEO and Executive scorecards, including: <ul style="list-style-type: none"> 50% Financial Performance (earnings, profit, margin, cash flow, and return measures) 50% Non Financial Performance (safety, sustainability, risk, people, customer and strategic measures) Refer to pages 100 and 101 for a summary of the FY21 Group/Global CEO scorecard Lendlease is committed to the safety and wellbeing of all of its employees. While the assessment is not structured formulaically or as a ‘gateway’ measure, poor health and safety outcomes may lead to a reduction in STA outcomes for the year The People & Culture Committee considers feedback from multiple sources to consider ‘how’ performance outcomes are achieved: <ul style="list-style-type: none"> Group Chief Financial Officer Group Chief Risk Officer The Audit Committee The Risk Committee The Sustainability Committee
Delivery ³	<ul style="list-style-type: none"> Cash Paid in September following the assessment of performance

1. The FY21 STA target opportunity for Stephen McCann reflects time in KMP role (1 July 2020 to 31 May 2021). 2. The FY21 maximum STA is 139 per cent of STA target opportunity for the Global CEO for the period from 1 June 21 to 30 June 21. 3. For Justin Gabbani and Frank Krile, 50 per cent of the FY21 STA is paid as cash in September 2021 and 50 per cent is deferred as Rights that will be released in two equal tranches after one and two years.

FY21 CEO STA scorecard

Financial performance 50%¹

Non Financial performance 50%¹

Areas of focus	Reason chosen	Overall Assessment	Performance assessed against FY21 targets																		
 Financial	A breadth of financial measures (including Profit After Tax, EBITDA, cash flow from operating and investing and overheads), in combination with the forward looking assessment of the financial health of the business, focuses the CEO on the delivery of financial results in the short term while taking decisions with an emphasis on the long term interests of securityholders.		A summary of the result against each financial measure is below: <table border="1"> <tr> <td>Operating Profit after Tax</td> <td>Behind Target</td> <td colspan="2">The Group recorded Core Operating Profit after Tax of \$377 million for the year ended 30 June 2021.</td> </tr> <tr> <td>EBITDA</td> <td>Behind Target</td> <td colspan="2">Core operating EBITDA in FY21 was \$757 million. While the performance of the business improved from the COVID impacts in FY20, the operating environment remained challenging.</td> </tr> <tr> <td>Operating and Investing Cash Flow</td> <td>Above Target</td> <td colspan="2">Actual cash flow was \$252 million, which was ahead of target, primarily related to the execution of the sale of a further 25% of the Groups investment in the Retirement Living operations.</td> </tr> <tr> <td>Overheads</td> <td>On Target</td> <td colspan="2">Continued focus on the cost base saw overheads lower than targeted, but reduction in NPAT resulted in Overhead / Gross Profit Margin ratio not being met.</td> </tr> </table>			Operating Profit after Tax	Behind Target	The Group recorded Core Operating Profit after Tax of \$377 million for the year ended 30 June 2021.		EBITDA	Behind Target	Core operating EBITDA in FY21 was \$757 million. While the performance of the business improved from the COVID impacts in FY20, the operating environment remained challenging.		Operating and Investing Cash Flow	Above Target	Actual cash flow was \$252 million, which was ahead of target, primarily related to the execution of the sale of a further 25% of the Groups investment in the Retirement Living operations.		Overheads	On Target	Continued focus on the cost base saw overheads lower than targeted, but reduction in NPAT resulted in Overhead / Gross Profit Margin ratio not being met.	
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Overheads	On Target	Continued focus on the cost base saw overheads lower than targeted, but reduction in NPAT resulted in Overhead / Gross Profit Margin ratio not being met.																			
 Health & Safety	We are committed to the health and safety of our people. The Critical Incident Frequency Rate (CIFR) helps us assess how effective we are at eliminating life threatening incidents.		<table border="1"> <thead> <tr> <th></th> <th>Target</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>Maintain CIFR at or below set target</td> <td>< 0.9</td> <td>0.67</td> </tr> <tr> <td>GMR implementation guides developed and in place as determined by the GLT approved rollout plan</td> <td>n/a</td> <td>Met</td> </tr> </tbody> </table>				Target	Result	Maintain CIFR at or below set target	< 0.9	0.67	GMR implementation guides developed and in place as determined by the GLT approved rollout plan	n/a	Met							
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GMR implementation guides developed and in place as determined by the GLT approved rollout plan	n/a	Met																			
 Strategic Initiatives	Effective delivery of strategic initiatives drives longer term securityholder returns.		<table border="1"> <tbody> <tr> <td>Complete exit of Engineering business, establish operating framework to oversee delivery of remaining Engineering projects and review exit strategy for Services business.</td> <td>Met</td> </tr> <tr> <td>Finalise the Core business 'Go Forward' strategy through the strategy refresh process and the revised Portfolio Management Framework post exit of the Engineering business and communicate this to the market.</td> <td>Met</td> </tr> <tr> <td>Progress the implementation of the Group Digital Strategy to take us to a leadership position in digital over the medium term.</td> <td>Met</td> </tr> <tr> <td>Commence implementation of the Group strategic shifts through the establishment and oversight of appropriate GLT sponsored workstreams and Board engagement.</td> <td>Partial</td> </tr> <tr> <td>Launch revised Lendlease Purpose and Carbon targets to internal and external stakeholders.</td> <td>Met</td> </tr> </tbody> </table>			Complete exit of Engineering business, establish operating framework to oversee delivery of remaining Engineering projects and review exit strategy for Services business.	Met	Finalise the Core business 'Go Forward' strategy through the strategy refresh process and the revised Portfolio Management Framework post exit of the Engineering business and communicate this to the market.	Met	Progress the implementation of the Group Digital Strategy to take us to a leadership position in digital over the medium term.	Met	Commence implementation of the Group strategic shifts through the establishment and oversight of appropriate GLT sponsored workstreams and Board engagement.	Partial	Launch revised Lendlease Purpose and Carbon targets to internal and external stakeholders.	Met						
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Launch revised Lendlease Purpose and Carbon targets to internal and external stakeholders.	Met																				
 Managing Risk	Effective and proactive risk management is key to delivering on securityholder expectations. Aligns remuneration with appropriate risk taking.		<table border="1"> <tbody> <tr> <td>Actively support the role of the nominated Voice of Risk members to provide robust challenge on Regional Leadership Teams.</td> <td>Met</td> </tr> <tr> <td>Maintain appropriate scenario planning around key risks associated with the external environment, including COVID.</td> <td>Met</td> </tr> <tr> <td>Champion the new Risk Appetite Framework within the business.</td> <td>Met</td> </tr> </tbody> </table>			Actively support the role of the nominated Voice of Risk members to provide robust challenge on Regional Leadership Teams.	Met	Maintain appropriate scenario planning around key risks associated with the external environment, including COVID.	Met	Champion the new Risk Appetite Framework within the business.	Met										
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Champion the new Risk Appetite Framework within the business.	Met																				
 Our Customers	Satisfied customers drive long term value.		<table border="1"> <thead> <tr> <th></th> <th>Target</th> <th>Result</th> <th></th> </tr> </thead> <tbody> <tr> <td>Improve on FY20 enterprise wide CSAT score</td> <td>> 7.6</td> <td>7.6</td> <td rowspan="2">Further embed customer centricity into the culture and operating model using business processes such as Quarterly Business Reviews and the knowledge framework, and actively support strategies to build stronger relationships with key customers from government, business and investors.</td> </tr> <tr> <td>Improve on FY20 enterprise wide Net Promoter Score</td> <td>+17</td> <td>+18</td> </tr> </tbody> </table>				Target	Result		Improve on FY20 enterprise wide CSAT score	> 7.6	7.6	Further embed customer centricity into the culture and operating model using business processes such as Quarterly Business Reviews and the knowledge framework, and actively support strategies to build stronger relationships with key customers from government, business and investors.	Improve on FY20 enterprise wide Net Promoter Score	+17	+18					
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Improve on FY20 enterprise wide Net Promoter Score	+17	+18																			
 Our People	Having the right people in leadership roles is critical to long term success. The CEO sponsors key people initiatives. The CEO actively promotes diversity and inclusion to grow capability.		<table border="1"> <thead> <tr> <th></th> <th>Target</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>Maintain or improve People Leadership survey score</td> <td>>=61%</td> <td>54%</td> </tr> <tr> <td>Increase proportion of women in leadership</td> <td>26.9%</td> <td>29.9%</td> </tr> <tr> <td>Support the succession planning process through GLT development with a focus on developing readiness of one or more Group CEO succession candidates</td> <td>n/a</td> <td>Met</td> </tr> </tbody> </table>				Target	Result	Maintain or improve People Leadership survey score	>=61%	54%	Increase proportion of women in leadership	26.9%	29.9%	Support the succession planning process through GLT development with a focus on developing readiness of one or more Group CEO succession candidates	n/a	Met				
	Target	Result																			
Maintain or improve People Leadership survey score	>=61%	54%																			
Increase proportion of women in leadership	26.9%	29.9%																			
Support the succession planning process through GLT development with a focus on developing readiness of one or more Group CEO succession candidates	n/a	Met																			
 Sustainability	Capital investors, policy makers, customers and communities are seeking partners who can deliver efficient, healthy, resilient, culturally and socially inclusive outcomes that deliver long term value.		<table border="1"> <tbody> <tr> <td>Demonstrate leadership in sustainability by actively supporting, and requiring senior business leaders to drive and support actions aligned to the achievement of our key Sustainability Social and Environmental targets</td> <td>Met</td> </tr> <tr> <td>Embed TCFD scenarios in business strategic planning and require Climate impact analysis for all new investment opportunities through Regional Investment Committee and Global Investment Committee papers</td> <td>Met</td> </tr> <tr> <td>Require all business leaders to have a base level of knowledge about carbon emissions in our business and the implications of our carbon targets, to enable informed decision making and project review</td> <td>Met</td> </tr> </tbody> </table>			Demonstrate leadership in sustainability by actively supporting, and requiring senior business leaders to drive and support actions aligned to the achievement of our key Sustainability Social and Environmental targets	Met	Embed TCFD scenarios in business strategic planning and require Climate impact analysis for all new investment opportunities through Regional Investment Committee and Global Investment Committee papers	Met	Require all business leaders to have a base level of knowledge about carbon emissions in our business and the implications of our carbon targets, to enable informed decision making and project review	Met										
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Require all business leaders to have a base level of knowledge about carbon emissions in our business and the implications of our carbon targets, to enable informed decision making and project review	Met																				

¹ Performance measures do not have individual weightings. The Board undertakes a holistic assessment of financial and non financial performance to determine the FY21 CEO scorecard performance.

Impact of safety incidents on FY21 STA outcomes

We are deeply saddened to report that two fatalities occurred in FY21.

We go beyond regulatory reporting requirements and report all fatalities on our sites as we do not consider the lives of subcontractors and community members as any different to our employees.

In line with the guiding principles for determining remuneration adjustments arising from safety incidents set out on page 112, the key factors considered by the Board when determining whether a remuneration adjustment should be made for the fatalities that occurred during FY21 are:

Curtin University, Perth, Western Australia	<ul style="list-style-type: none"> Safety leadership and safety performance metrics have been of a consistently high standard for the duration of the project and in the business unit over the past four years. The Board was satisfied based on material from internal and external sources made available at the time that Lendlease had met the standards set out in its GMRs which are generally set at an equivalent or higher standard than those of local regulators.
Setia City Mall Phase 2 project in Malaysia	<ul style="list-style-type: none"> Safety leadership and safety performance metrics have been of a consistently high standard for the duration of the project and in the business unit over the past four years. The findings from the external investigation conducted by the Malaysian authorities confirmed that Lendlease is not a party of interest.

Based on an assessment of the above factors and material available at the time, the Board has determined that no adjustment would be made to FY21 STA outcomes as a result of the fatalities, noting that if new information emerges from external investigations, the Board can reduce future STA outcomes or apply a malus adjustment.

Board's Initial Assessment of FY21 CEO STA scorecard performance

The following table sets out the Board's holistic assessment of financial and non financial performance against the CEO STA scorecard for FY21:

		% of CEO STA Target Maximum
Financial Performance (50%)	<ul style="list-style-type: none"> On balance, the Board determined that financial targets were not met. 	0% 0%
Non Financial Performance (50%)	<ul style="list-style-type: none"> The Board considered the position relative to target for each of the focus areas. The People & Culture Committee sought inputs from the Acting Group Chief Financial Officer / Group Chief Risk Officer and each of the Risk, Audit and Sustainability Committees. In the context of non financial performance the Board determined that the overall score should be 45% of target opportunity which represents 30% of maximum opportunity. 	45% 30%
FY21 CEO STA Scorecard Performance 'Initial Assessment'	<ul style="list-style-type: none"> Overall, the Board has determined that 45% of target performance against the CEO STA scorecard was achieved in FY21, which represents 30% of CEO Maximum STA. Differences in Business Unit financial and non financial performance are reflected in individual KMP FY21 STA outcomes. 	45% 30%

Business review and impact on FY21 STA outcomes

The Board considered all of the material made available at the time of determining FY21 STA outcomes, including any identified risks, to establish if there should be any impact on FY21 STA outcomes, unvested equity awards, or both. This included the preliminary findings of the business review advised to the market on 16 August 2021. Following their review, the Board determined it appropriate that any adjustments be made to FY21 STA outcomes only to reflect accountability and impact on the overall group result.

FY21 STA outcomes for the former Group CEO and Global CEO

The Board's initial assessment of FY21 CEO STA scorecard performance has been adjusted as follows:

Stephen McCann - Former Group CEO			Anthony Lombardo - Global CEO		
Period as Group CEO	• 1 July 2020 to 31 May 2021		Period as Global CEO	• 1 June 2021 to 30 June 2021	
FY21 CEO STA Scorecard Performance 'Initial Assessment'	30% of Maximum STA	\$495,617	FY21 CEO STA Scorecard Performance 'Initial Assessment'	30% of Maximum STA	\$62,500
Other Considerations	<ul style="list-style-type: none"> Additional provisioning in the Non Core business relating to legacy Engineering projects ↓ The business review identified a number of projects where a material change to the development strategies may be required ↓ Supported successful CEO leadership transition ↑ 		Adjustment	• n/a	
Adjusted FY21 Former Group CEO STA	0% of Maximum STA	\$0	FY21 Global CEO STA	30% of Maximum STA	\$62,500
Adjustment	<ul style="list-style-type: none"> On balance, the Board determined that the FY21 STA outcome for Stephen McCann should be reduced to nil 		CEO Asia role	• From 1 July 2020 to 31 May 2021	
			Other Considerations	<ul style="list-style-type: none"> Notwithstanding that Anthony's performance as CEO Asia for the first part of the year was ahead of the Group scorecard performance, the Board considered it more appropriate to apply the overall Group outcome, being 30 per cent of maximum opportunity 	
			Adjustment	• n/a	
			FY21 CEO Asia STA	30% of Maximum STA	\$181,500
			Total FY21 STA	30% of Maximum STA	\$244,000

FY21 Short Term Performance Outcomes

The following table outlines the FY21 STA opportunity and outcomes for each Executive.

FY21 STA outcomes						
A\$'000'	Target STA Opportunity	Maximum STA Opportunity	STA Awarded \$ ²	STA Awarded as % of Maximum STA	STA Forfeited as % of Maximum STA	
Current Executives						
Anthony Lombardo ³	553	813	244	30%	70%	
Johannes Dekker	500	750	150	20%	80%	
Justin Gabbani ⁴	36	53	20	37%	63%	
Denis Hickey	613	920	368	40%	60%	
Frank Krile ⁵	418	627	188	30%	70%	
Neil Martin	545	818	164	20%	80%	
Kylie Rampa	500	750	125	17%	83%	
David Andrew Wilson	500	750	175	23%	77%	
Former Executives						
Stephen McCann ⁶	1,101	1,652	0	0%	100%	
Tarun Gupta ⁷	n/a	n/a	n/a	0%	100%	

1. Remuneration is reported in AUD based on the 12 month average historic foreign exchange rates for FY21 (rounded to two decimal places): SGD 1.00 (applied to Anthony Lombardo and Justin Gabbani), USD 0.75 (applied to Denis Hickey) and GBP 0.55 (applied to Neil Martin). 2. For Justin Gabbani and Frank Krile, 50 per cent of the FY21 STA is paid as cash in September 2021 and 50 per cent is deferred as Rights that will be released in two equal tranches after one and two years. For all other Executives, FY21 STA outcomes will be paid as 100 per cent cash in September 2021. 3. The FY21 STA for Anthony Lombardo has been prorated to reflect time in the CEO, Asia role from 1 July 2020 to 31 May 2021 and time in the Global CEO role from 1 June 2021 to 30 June 2021. 4. The FY21 STA for Justin Gabbani reflects time as a KMP (1 June 2021 to 30 June 2021). 5. The FY21 STA for Frank Krile reflects time as a KMP (30 November 2020 to 30 June 2021). 6. The FY21 STA for Stephen McCann reflects time as a KMP (1 July 2020 to 31 May 2021). 7. Tarun Gupta was not eligible for an FY21 STA following his resignation effective 29 November 2020.

Long Term Award (LTA)

This section presents the key features of the 2021 LTA (granted in September 2020).

LTA Design	How the LTA Works
Eligibility	<ul style="list-style-type: none"> Group CEO, Global CEO and Executives¹
Quantum	<ul style="list-style-type: none"> The maximum face value of the 2021 LTA award granted in September 2020 is as follows: <ul style="list-style-type: none"> Global CEO: 250% of Fixed Remuneration (including 11 months' opportunity relating to the CEO, Asia role, and one month relating to the Global CEO role, pro rata) Former Group CEO: 230% of Fixed Remuneration Executives: 191% - 225% of Fixed Remuneration
Delivery	<ul style="list-style-type: none"> Rights to acquire securities, subject to specific performance conditions and continued tenure The number of performance rights is adjusted up or down at vesting based on performance over the assessment period The award may be settled in cash or other means at the Board's discretion
Determining the Number of Performance Rights	<ul style="list-style-type: none"> 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
Performance Period	<ul style="list-style-type: none"> Three years
Deferral	<ul style="list-style-type: none"> Released in four equal tranches at the end of Y3, Y4, Y5 and Y6 The timeframe reflects a balance between reward that motivates Executives while reflecting the 'long tail' of profitability and risk associated with 'today's decisions'



From FY22, LTA awards will be granted at maximum opportunity (rather than target). Accordingly, the vesting schedules will be recalibrated to reflect this change and a straight line vesting approach will be adopted for added simplicity.

Maximum LTA quantum has been reduced in line with broader changes to the Executive remuneration mix.

LTA Design

How the LTA Works

Performance Hurdles

- The Board believes that these measures provide a suitable link to long term securityholder value creation.
- 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.

	Market Measure	Non Market Measures	
	Relative Total Securityholder Return (RTSR) - 1/3	Average Operating Return on Equity (ROE) - 1/3	CAGR % in FUM - 1/3
Rationale	<ul style="list-style-type: none"> TSR incentivises Executives to deliver returns that outperform what a securityholder could achieve in the market and promotes management to maintain a strong focus on securityholder outcomes 	<ul style="list-style-type: none"> 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 Operating ROE replaces Statutory ROE as it better reflects the impact management have in creating value for securityholders 	<ul style="list-style-type: none"> CAGR % in FUM recognises the importance of growth in FUM to achieving our key strategic objective of increasing our Investments platform globally which will be achieved through our internal development pipeline, creating new products, using value add strategies and through external market acquisitions
Definition	<ul style="list-style-type: none"> TSR is measured by the growth in security price and any dividends/distributions paid during the performance period 	<ul style="list-style-type: none"> 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 Performance is based on the average Operating ROE results over the three year performance period 	<ul style="list-style-type: none"> CAGR % in FUM is calculated as the compounded annual growth rate of Lendlease's funds under management over the three year performance period
Target Setting	<ul style="list-style-type: none"> TSR is measured against companies that comprise the Standard & Poor's (S&P)/ Australian Securities Exchange (ASX) 100 index 	<ul style="list-style-type: none"> Target is reviewed annually and is set with reference to the Group's Portfolio Management Framework Operating ROE target aims to drive outperformance without incentivising excessive risk taking The Board believes that the vesting range provides a realistic goal at the lower end and a stretch at the upper end 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 	<ul style="list-style-type: none"> Target is reviewed annually and is set with reference to the Group's operating plan

1. Executives that were appointed during FY21 (Justin Gabbani and Frank Krile) were not eligible for a 2021 LTA.

LTA Design

How the LTA Works

Vesting Schedule (as % of Maximum LTA) ¹	RTSR Percentile Ranking	% of Maximum LTA	Average Operating ROE	% of Maximum LTA	CAGR % in FUM	% of Maximum LTA
	Below 50th	0%	Below 8%	0%	Below threshold set by the Board	0%
	At the 50th	11%	Between 8% and target set by the Board	Straight line vesting between 8% and 41%	Between threshold and target set by the Board	Straight line vesting between 8% and 41%
	At or above the 50th and below the 75th	Straight line vesting between 11% and 100%	At target set by the Board	41%	At target set by the Board	41%
	75th or greater	100%	Between target set by the Board and 11%	Straight line vesting between 41% and 100%	Between target and maximum set by the Board	Straight line vesting between 41% and 100%
			At or above 11%	100%	At or above maximum set by the Board	100%

Retesting

- No retesting.
- If the performance hurdle is not met at the time of testing, the awards are forfeited.

Distributions

- Distributions are not paid, unless and until vesting conditions are met.

! The LTA vesting schedule has been shown as a percentage of Maximum LTA as we transition to communicating and granting LTA awards at maximum from FY22 in line with securityholder and proxy advisor feedback

FY21 Long Term Performance Outcomes

The table below presents the performance and vesting outcomes for awards that vested, or were tested, in FY21.

FY21 LTI / LTA outcomes

LTI / LTA Award ¹	Performance Period	Performance Hurdle	Performance Outcome	Vesting Outcome	Overall Vesting Outcome (% Maximum LTI/LTA)	% of Maximum LTI/LTA forfeited
2017 LTI (Tranche 2)	1 July 2016 to 30 June 2020 (4 years)	RTSR	Ranked at the 46th percentile of the comparator group	0%	0%	100%
		ROE	7.1% average ROE performance	0%		
2018 LTI (Tranche 1)	1 July 2017 to 30 June 2020 (3 years)	RTSR	Ranked at the 29th percentile of the comparator group	0%	0%	100%
		ROE	5.1% average ROE performance	0%		
2018 LTI (Tranche 2)	1 July 2017 to 30 June 2021 (4 years)	RTSR	Ranked at the 16th percentile of the comparator group	0%	0%	100%
		ROE	4.7% average ROE performance	0%		
2019 LTA ²	1 July 2018 to 30 June 2021 (3 years)	RTSR	Ranked at the 12th percentile of the comparator group	0%	0%	100%
		ROE	2.0% average ROE performance	0%		
2020 LTA	1 July 2019 to 30 June 2022 (3 years)	RTSR				
		ROE				
2021 LTA	1 July 2020 to 30 June 2023 (3 years)	RTSR				
		ROE				
		FUM				

Performance period on going

The 2017 and 2018 LTI awards (tested to 30 June 2020) are shown for transition purposes, in line with previous disclosures that focused on awards that vested during the financial year. In future Remuneration Reports, we plan to focus discussion of performance on plans that include performance up to and including the current financial year.

1. The vesting schedule (as a per cent of Maximum LTA) for the former Group CEO (disclosed in the 2020 Notice of Meeting) varies as follows: RTSR - 27 per cent of Maximum LTA vests at the 50th percentile with straight line vesting to the 75th percentile; Operating ROE and CAGR per cent in FUM - 13 per cent of Maximum LTA vests at threshold with straight line vesting to 63 per cent vesting at target and straight line vesting from target to maximum.

1. Refer Note 35 of the Notes to Consolidated Financial Statements for details of LTI / LTA Awards granted in prior financial years. 2. 2019 LTA excludes the RSA previously referred to as the LTA Minimum. The vesting outcome for the 2019 RSA is included in the Total Realised Remuneration table on page 96.

Executive Service Agreements

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

Contract Term	Global CEO	Group Head of Construction	Other Executives
Contract type	Permanent	Permanent	Permanent
Notice period by Lendlease	12 months	12 months ¹	6 months
Notice period by executive	12 months	6 months	6 months

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.

Termination payment Treatment of unvested awards depends on the reason for termination:

- Terminated for cause: Awards lapse
- Terminated for poor performance: Board discretion
- Resignation (engaged in activities that are competitive with the Group): Awards lapse
- 'Good leavers': Awards remain on foot subject to the original vesting conditions.

New Executive Appointments in FY21

Frank Krile

Frank Krile was appointed as the Acting Chief Financial Officer from 30 November 2020. While acting in the Chief Financial Officer role, Frank received an additional cash allowance. Frank was also awarded a 2021 LTI³ award that vests after three years subject to performance hurdles. No changes were made to Frank's STA opportunity for the period that he was acting in the Chief Financial Officer role.

Justin Gabbani

Justin Gabbani was appointed as the Chief Executive Officer, Asia from 1 June 2021. Justin's Maximum Total Remuneration was set in line with the FY22 Executive Remuneration Strategy approach and is as follows:

A\$'000⁴

Fixed Remuneration	Maximum STA ⁵	Maximum LTA	Maximum Total Remuneration
800	1,120	1,440	3,360

The Maximum STA and Maximum LTA do not apply until FY22. For FY21, no changes were made to Justin's STA opportunity to reflect his appointment to the Chief Executive Officer, Asia role.

Former Group CEO

As announced to the market on 10 February 2021, Stephen McCann retired from the Board on 31 May 2021, following a 16 year career with the Group, including more than 12 years as Group Chief Executive Officer and Managing Director.

Contractual payment in lieu of notice was provided in line with his employment agreement. Stephen was entitled to receive a payment in lieu of the balance of his notice period (\$1,900,385).

After careful deliberation the Board assessed Stephen McCann's performance for FY21 and determined that he would not receive an STA payment.

In line with the relevant Plan rules, all unvested equity awards were left on foot (including FY20 Deferred Equity Award, 2018 LTI, 2019/2020/2021 LTAs, 2021 RSA¹). Each of these awards remains subject to the original terms and performance conditions, and will be tested at the relevant testing date.

Former Executives

Tarun Gupta

Tarun Gupta resigned effective from 29 November 2020. All unvested equity awards were forfeited upon resignation. Additionally, Tarun was not entitled to an STA award in FY21. In light of Tarun's move to Stockland Group, he was placed on gardening leave until 31 May 2021.

David Andrew Wilson

David Andrew Wilson announced his retirement during FY21, effective 2 July 2021. David Andrew remained a KMP for the full financial year. In line with the relevant Plan rules, all unvested equity awards will remain on foot, subject to the original performance conditions, and will be tested at the relevant testing date. With regard to the final tranche of the Distinguished Equity Award, the Board elected to exercise its discretion to retain the full award on foot (not pro rata).

1. Johannes Dekker's contract allows for 12 months' notice by Lendlease for the first four years of employment and reverts to 6 months' notice by Lendlease thereafter. 2. Denis Hickey's notice payment is based on base salary and other minimum benefits as required by applicable United States legislation. Neil Martin's notice payment is based on base salary in line with UK practice. 3. The 2021 LTI is a non KMP award and has the same performance hurdles and performance period as the 2021 LTA however 100 per cent of the award vests and is released after the three year performance period. Refer to Note 35 of the Notes to Consolidated Financial Statements for further details. 4. Remuneration is reported in AUD based on the 12 month average historic foreign exchange rates for FY21 (SGD 1.00). 5. 50 per cent of STA is deferred.

1. Following Stephen McCann's retirement, the 2021 RSA award was prorated for time served with 40,229 securities remaining on foot and 3,603 securities forfeited.

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 ¹	36	48	48	48	48
Member Fee	160	Nil	36	Nil	36	36

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 FY21.

Recognising the recent performance of the Group, in particular the further provisions relating to the legacy engineering business and the potential business review outcomes relating to the development portfolio, on behalf of the Board, the Chairman volunteered to take a 20 per cent reduction in base fees for FY22 to reflect the accountability in his position as Board Chair.

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:

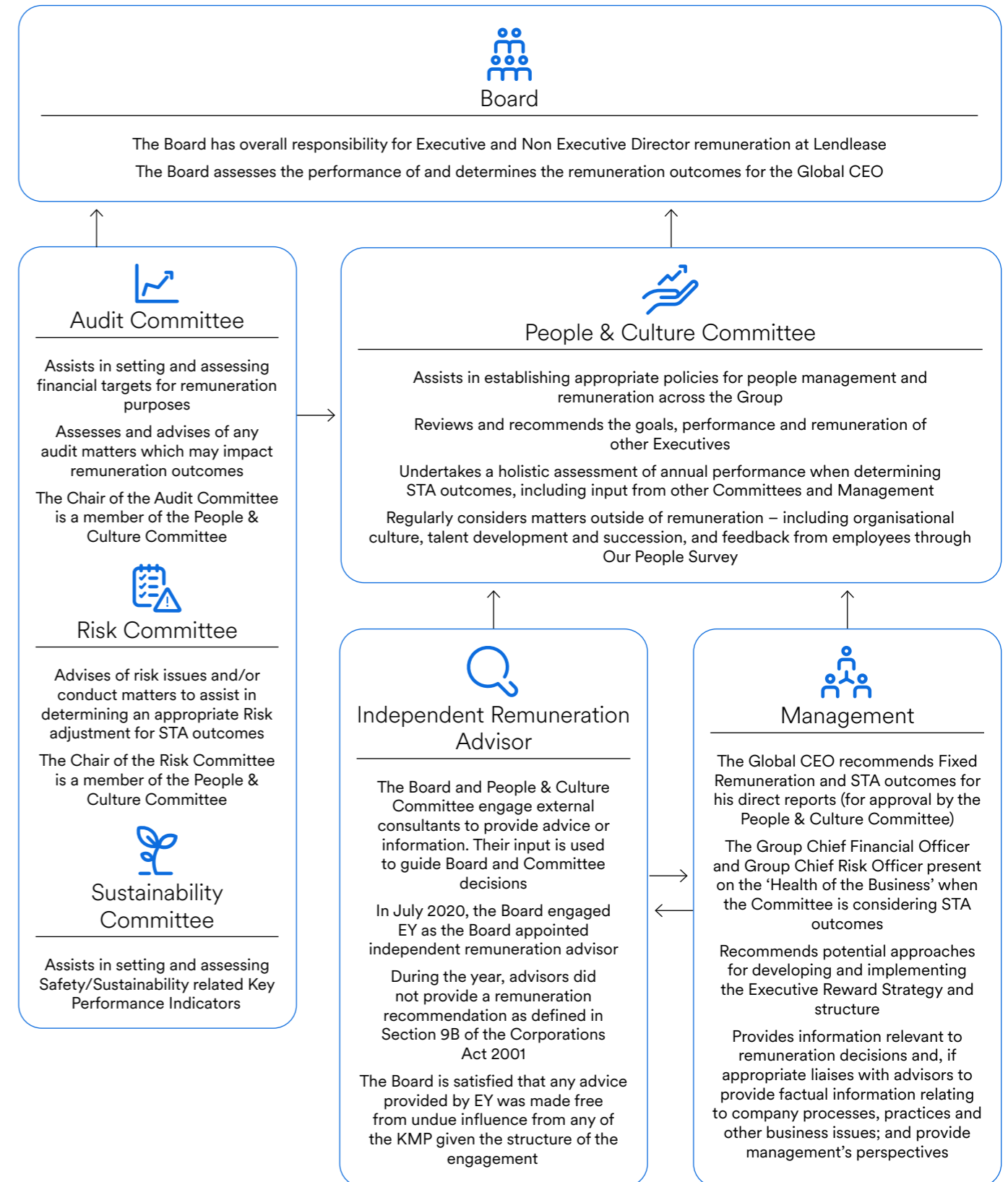
A\$	Fee (Each Way)
Travel less than 4 hours	Nil
Travel between 4 and 10 hours	2,800
Travel over 10 hours	6,000

! Although the number of hours worked has increased, Non Executive Director fees are lower in 2021 compared to 2020 predominantly as a result of Non Executive Directors electing to take a temporary base fee reduction of 20 per cent from 1 June 2021 to 31 August 2021² and no travel fees being paid due to the global travel restrictions in place as a result of COVID.

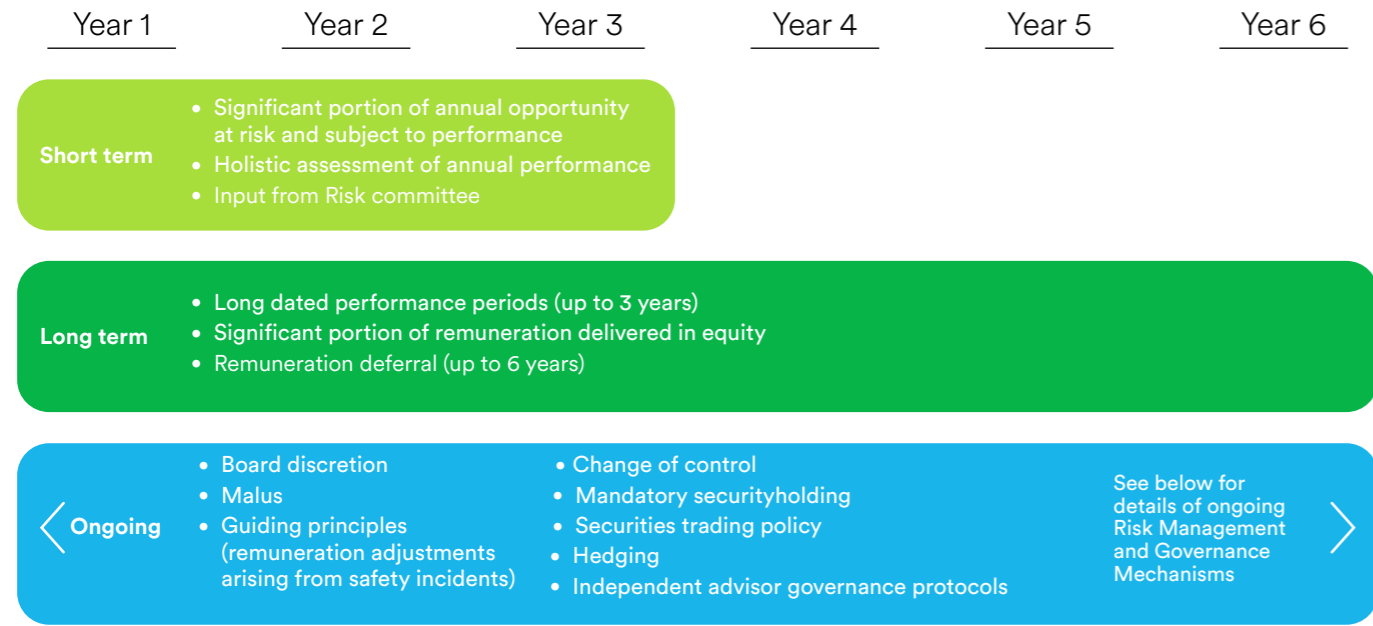
1. The Chairman does not receive extra fees for participating on committees. 2. Refer to page 107 of the Lendlease Annual Report 2020 for information about temporary Non Executive Director fee reductions.

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:



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



Ongoing Risk Management and Governance Mechanisms

Overall Board Discretion	<ul style="list-style-type: none"> 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. 								
Malus	<ul style="list-style-type: none"> 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 the participant receiving a benefit that was unwarranted or inappropriate. 								
Guiding principles for determining remuneration adjustments arising from safety incidents	<ul style="list-style-type: none"> 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 during the year. The key guiding principles are as follows: <ul style="list-style-type: none"> 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. As the facts and circumstances surrounding each incident are unique, decision making is not prescriptive or formulaic and requires the application of judgement. 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: <table border="1"> <tr> <td>Safety Leadership</td> <td>How is safety leadership demonstrated in the relevant business / project?</td> </tr> <tr> <td>Safety Performance</td> <td>How has the relevant business / project performed against safety performance indicators?</td> </tr> <tr> <td>Findings</td> <td>In the event of a fatality, what was Lendlease's role based on internal investigations?</td> </tr> <tr> <td>Availability of new information</td> <td>As events unfold over time, has new and pertinent information emerged from external investigations?</td> </tr> </table>	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?
Safety Leadership	How is safety leadership demonstrated in the relevant business / project?								
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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"> 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. 														
Mandatory Securityholding	<ul style="list-style-type: none"> 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. <p>What is the Mandatory Securityholding requirement?</p> <table border="1"> <thead> <tr> <th colspan="2">Mandatory Securityholding Requirement</th> </tr> </thead> <tbody> <tr> <td>Global CEO</td> <td>150% of TPV</td> </tr> <tr> <td>Executives (Australia)</td> <td>100% of TPV</td> </tr> <tr> <td>Executives (International)</td> <td>100% of Base Salary</td> </tr> </tbody> </table> <p>What is counted towards the Mandatory Securityholding requirement?</p> <table border="1"> <thead> <tr> <th>Included</th> <th>Excluded</th> </tr> </thead> <tbody> <tr> <td>Personally held securities</td> <td>Unvested Deferred STI</td> </tr> <tr> <td>On foot RSA</td> <td>Unvested LTI / LTA</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Until the Mandatory Securityholding requirement is reached, 50 per cent of any vested equity awards (Deferred STI, RSA, LTI or LTA) will be subject to a disposal restriction (for Executives based in Australia). Executives based outside of Australia are required to achieve the Mandatory Securityholding requirement within six years of their appointment to a KMP role. Progress toward the minimum requirement is outlined in the Executive Equity Holdings table on page 117. 	Mandatory Securityholding Requirement		Global CEO	150% of TPV	Executives (Australia)	100% of TPV	Executives (International)	100% of Base Salary	Included	Excluded	Personally held securities	Unvested Deferred STI	On foot RSA	Unvested LTI / LTA
Mandatory Securityholding Requirement															
Global CEO	150% of TPV														
Executives (Australia)	100% of TPV														
Executives (International)	100% of Base Salary														
Included	Excluded														
Personally held securities	Unvested Deferred STI														
On foot RSA	Unvested LTI / LTA														
Securities Trading Policy	<ul style="list-style-type: none"> 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. 														
Hedging	<ul style="list-style-type: none"> 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. Deferred STI, 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. 														
Independent Advisor Governance Protocols	<ul style="list-style-type: none"> Strict governance protocols are observed to so that advisors' advice to the Committee is made free from undue influence by KMP: <ul style="list-style-type: none"> Advisors are engaged by, and report directly to, the Chair of the People & Culture Committee The agreement for the provision of any remuneration consulting services is executed by the Chair of the People & Culture Committee on behalf of the Board Any reports delivered by advisors were provided directly to the Chair of the People & Culture Committee; and Advisors are permitted, where approved by the People & Culture Committee Chair, to speak to management to understand company processes, practices and other business issues and obtain management's perspectives. 														

Other Statutory Disclosures

FY21 Executive Statutory Remuneration

A\$000s ¹	Name	Year	Short Term Benefits			Post Employment Benefits	Security Based Payments ⁷				Total	
			Cash salary ²	STA Cash ³	Non Monetary Benefits ⁴	Superannuation ⁵	Other Long Term Benefits ⁶	Sub-total	LTI/LTA	Deferred STI		Termination Benefits
Current Executives												
	Anthony Lombardo ⁸	2021	1,294	244	362	5	29	1,934	334	116	-	2,384
		2020	1,129	-	280	-	-	1,409	692	114	-	2,215
	Johannes Dekker	2021	1,170	150	279	9	20	1,628	1,662	101	-	3,391
		2020	1,180	-	260	10	38	1,488	1,700	74	-	3,262
	Justin Gabbani ⁹	2021	67	10	4	-	-	81	9	23	-	113
	Denis Hickey	2021	1,434	368	197	-	-	1,999	359	190	-	2,548
		2020	1,634	-	190	-	-	1,824	715	104	-	2,643
	Frank Krile ¹⁰	2021	542	94	16	14	7	673	74	223	-	970
	Neil Martin ¹¹	2021	1,283	164	25	-	-	1,472	532	317	-	2,321
		2020	849	-	8	-	-	857	303	438	-	1,598
	Kylie Rampa	2021	1,154	125	27	22	19	1,347	376	94	-	1,817
		2020	1,164	-	45	21	19	1,249	750	159	-	2,158
	David Andrew Wilson ¹⁵	2021	1,199	175	71	22	-	1,467	3,890	175	-	5,532
		2020	1,209	-	9	21	20	1,259	995	76	-	2,330
Former Executives												
	Stephen McCann ^{12,15}	2021	1,941	0	58	25	33	2,057	5,733	420	1,900	10,110
		2020	2,130	-	-	26	36	2,192	1,815	219	-	4,226
	Tarun Gupta ¹³	2021	1,040	n/a	80	20	18	1,158	(1,476)	-	-	(318)
		2020	1,164	-	18	21	-	1,203	735	157	-	2,095
	Daniel Labbad ¹⁴	2020	454	-	355	-	-	809	865	121	-	1,795
	Total	2021	11,124	1,330	1,119	117	126	13,816	11,493	1,659	1,900	28,868
		2020	10,913	-	1,165	99	113	12,290	8,570	1,462	-	22,322

1. 2021 remuneration is reported in AUD based on the 12 month average historic foreign exchange rates for FY21 (rounded to two decimal places): SGD 1.00 (applied to Anthony Lombardo and Justin Gabbani), USD 0.75 (applied to Denis Hickey) and GBP 0.55 (applied to Neil Martin). 2020 remuneration is reported in AUD based on the 12 month average historic foreign exchange rates for FY20 (rounded to two decimal places): SGD 0.93 (applied to Anthony Lombardo and Justin Gabbani), USD 0.67 (applied to Denis Hickey) and GBP 0.53 (applied to Neil Martin and Daniel Labbad). All Executives are paid in local currency. 2. Cash Salary includes the payment of cash allowances such as motor vehicle allowance and the value of distribution equivalent amounts paid as cash on the RSA. For Anthony Lombardo, this also includes tax equalisation payments. For Neil Martin and Daniel Labbad, this also includes cash allowances paid in lieu of pension contributions. Cash salary also reflects the 20 per cent Fixed Remuneration reduction that applied from 1 July 2020 to 31 August 2020 as part of the Group's response to COVID. 3. STA Cash refers to the portion of the FY21 STA which is payable as cash in September 2021. For Justin Gabbani and Frank Krile, this reflects 50 per cent of the FY21 STA as 50 per cent is deferred as Rights that will be released in two equal tranches after one and two years. For all other Executives, this reflects 100 per cent of the FY21 STA. 4. 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. 5. Superannuation includes the value of insurance premiums funded by Lendlease for Australian Executives who are members of the Lendlease default superannuation fund. 6. Other Long Term Benefits represents the accrual of long term leave entitlements (e.g. long service leave). 7. Security based payments reflect the accounting expense on a fair value basis. For all Executives other than Neil Martin, security based payments are issued as indeterminate rights and performance rights. For Neil Martin, Deferred STI (including his Executive Deferred Award) is issued as securities. LTI/LTA includes the accounting expense for the RSA. 8. Remuneration for Anthony Lombardo has been prorated to reflect time in the CEO, Asia role from 1 July 2020 to 31 May 2021 and time in the Global CEO role from 1 June 2021 to 30 June 2021. 9. Justin Gabbani was appointed to the CEO, Asia role on 1 June 2021 and remuneration reflects time as a KMP. 10. Frank Krile was appointed to the Acting Group Financial Officer role from 30 November 2020 and remuneration reflects time as a KMP. 11. Neil Martin was appointed to the Chief Executive Officer, Europe role on 10 September 2019 and his 2020 comparative remuneration reflects time as a KMP. 12. Stephen McCann retired from the Group CEO role on 31 May 2021 and remuneration reflects time as a KMP. 13. Tarun Gupta resigned effective 29 November 2020 and remuneration reflects time as a KMP. All unvested equity awards were forfeited upon resignation. Additionally, Tarun was not eligible for an STA award in FY21. 14. Daniel Labbad ceased as a KMP on 9 September 2019 and remuneration reflects time as a KMP. 15. As a 'Good Leaver', unvested LTI, LTA and Deferred STI awards remain on foot and subject to the original vesting conditions. The security based payment accounting expense for the current period therefore includes up to three years of each unvested award expense that has been accelerated and disclosed in total for FY21, including those amounts which would otherwise have been included in future year disclosures.

Reconciliation of Realised and Statutory Remuneration for the Former Group CEO

The following table shows the difference between the former Group CEO's Total Realised Remuneration and Total Statutory Remuneration.

A\$000s	Total Realised Remuneration (page 96)	Total Statutory Remuneration (page 114)
	4,137	10,110
Common Elements		
Fixed Remuneration	1,943	1,943
FY21 STA	0	0
RSA distribution equivalent	17	17
Termination payment	1,900	1,900
Realised Remuneration		
Previous years RSA	500	n/a
Security price growth / decline	(223)	n/a
Accounting Expense		
Annual leave and long service leave accruals	n/a	86
Other	n/a	11
SBP - LTI/LTA	n/a	5,733
SBP - Deferred STI	n/a	420

See breakdown in table below

Plan	Accelerated Accounting Expense for FY21	Vesting Schedule					
		FY21	FY22	FY23	FY24	FY25	FY26
2017 LTI-4 year	(592)						
2018 LTI-3 year	(583)						
2018 LTI-4 year	(277)						
2019 LTA	133						
2019 RSA (LTA Minimum)	140	●	●	●	●		
2020 LTA	1,837		●	●	●	●	
2020 RSA (LTA Minimum)	627		●	●	●	●	
2021 LTA	3,989			●	●	●	●
2021 RSA	459			●	●	●	●
SBP - LTI/LTA	5,733						

● End of deferral / performance period ■ Unhurdled □ Hurdled

The full accounting expense over the remaining life of retained unvested awards is required to be brought to account in the year of departure. Of the total accounting expense of \$5.733m relating to unvested LTI/LTA awards retained by Stephen McCann, \$1.226m is for awards that have no further performance hurdles, but are still subject to time based deferrals. \$5.826m (2020 LTA + 2021 LTA) relates to unvested LTA awards that are currently forecast as unlikely to meet the required performance hurdles, and accordingly this amount is expected to be reversed to reserves in future periods.

The SBP accounting expense for Stephen McCann and David Andrew Wilson has been accelerated as a result of their retirement. This means that up to three years of the accounting expense for each unvested award, that would have ordinarily been included in future year disclosures, has been reflected in the FY21 SBP value.

All unvested equity awards that remain on foot following retirement 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.

Refer to page 96 for the Total Remuneration Realised by Executives in FY21.

FY21 Non Executive Director Statutory Remuneration

Name	Year	Short Term Benefits				Post Employment Benefits	Total
		Base Fees ¹	Committee Chair Fees	Committee Membership Fees	Travel Fees ²	Superannuation ³	
Non Executive Directors							
Michael Ullmer	2021	619	-	-	-	22	641
	2020	629	-	-	18	21	668
Philip Coffey	2021	155	48	72	-	22	297
	2020	157	48	72	18	21	316
David Craig	2021	155	48	36	-	22	261
	2020	157	48	36	18	21	280
Jane Hemstritch	2021	155	21	72	-	22	270
	2020	157	20	57	18	21	273
Elizabeth Proust ⁴	2021	160	48	36	-	16	260
	2020	157	28	51	18	21	275
Nicola Wakefield Evans	2021	160	48	36	-	22	266
	2020	160	48	36	18	21	283
Robert Welanetz ⁵	2021	155	-	72	-	22	249
	2020	51	-	21	12	7	91
Former Non Executive Directors							
Colin Carter ⁶	2021	61	15	30	-	9	115
	2020	157	36	72	6	21	292
Steve Dobbs ⁷	2020	67	-	30	40	9	146
Margaret Ford ⁸	2021	21	-	12	-	4	37
	2020	51	-	21	12	7	91
Total	2021	1,641	228	366	-	161	2,396
	2020	1,743	228	396	178	170	2,715

1. For the period from 1 July 2020 until 31 August 2020, Non Executive Directors were able to elect to temporarily reduce their base fees up to 20 per cent. 2. No travel fees were payable during the 2021 financial year as a result of the global travel restrictions in place in response to COVID. 3. Directors have superannuation contributions paid on their behalf in accordance with superannuation legislation. 4. Elizabeth Proust requested and was issued a Superannuation Guarantee shortfall exemption certificate for the last quarter of the 2021 financial year. This means that for the period from 1 April 2021 to 30 June 2021 that Lendlease was exempt from making superannuation contributions on behalf of Elizabeth Proust. A cash payment was made in lieu of the superannuation contributions that would have ordinarily been payable. 5. Robert Welanetz was appointed as a Non Executive Director on 1 March 2020. 6. Colin Carter ceased to be a Non Executive Director on 20 November 2020. 7. Steve Dobbs ceased to be a Non Executive Director on 20 November 2019. 8. Baroness Margaret Ford was appointed as a Non Executive Director on 1 March 2020 and ceased to be a Non Executive Director on 18 August 2020.

FY21 Executive Equity Holdings

Name	Year	Number of securities required under the mandatory securityholding at period end ¹	Securities held at beginning of financial year	Securities received during the financial year	Other net changes to securities	Securities held at end of financial year	RSA	Total securities/performance rights that may count towards the mandatory securityholding requirement
Current Executives								
Anthony Lombardo	2021	84,000	60,654	12,263	(72,917)	0	102,608	102,608
	2020	84,000	110,654	29,906	(79,906)	60,654	58,776	119,430
Johannes Dekker	2021	90,000	27,117	7,036	-	34,153	102,608	136,761
	2020	90,000	14,225	12,892	-	27,117	58,776	85,893
Justin Gabbani	2021	n/a	436	13,926	(14,362)	0	n/a	0
Denis Hickey	2021	60,000	28,635	6,155	(8,801)	25,989	102,608	128,597
	2020	60,000	61,443	24,192	(57,000)	28,635	58,776	87,411
Frank Krile	2021	n/a	400,859	19,993	-	420,852	n/a	420,852
Neil Martin	2021	102,000	0	12,514	(12,514)	0	65,536	65,536
	2020	75,000	0	18,391	(18,391)	0	21,704	21,704
Kylie Rampa	2021	90,000	47,061	17,078	(64,139)	0	102,608	102,608
	2020	90,000	61,925	35,216	(50,080)	47,061	58,776	105,837
David Andrew Wilson	2021	94,000	72,710	88,801	-	161,511	102,608	264,119
	2020	94,000	49,364	23,346	-	72,710	58,776	131,486
Former Executives								
Stephen McCann ⁴	2021	248,000	838,727	23,887	(440,740)	421,874	102,552	n/a
	2020	248,000	750,018	88,709	-	838,727	58,720	897,447
Tarun Gupta ⁵	2021	90,000	190,324	16,868	-	207,192	(58,776)	n/a
	2020	90,000	116,411	73,913	-	190,324	58,776	249,100
Daniel Labbad ⁶	2020	-	67,001	20,642	-	87,643	24,048	111,691
Total	2021		1,666,523	218,521	(613,473)	1,271,571	622,352	1,221,081
	2020		1,231,041	327,207	(205,377)	1,352,871	457,128	1,809,999

1. Mandatory securityholding requirements are reviewed in August each year. As part of the Group's response to COVID, Denis Hickey requested a temporary release from the applicable mandatory securityholding requirement and the reduced mandatory securityholding requirement (50 per cent of the original mandatory securityholding requirement) has been reflected for 2020. 2. For Executives, securities received relate to security entitlements under employee benefit vehicles. 3. Under the RSA (LTA Minimum), performance rights will vest over a period of up to six years. This number of performance rights counts towards mandatory securityholding requirements. 4. Stephen McCann ceased as a KMP on 31 May 2021. The end balance of securities for 2021 represents the balance held at that date. 5. Tarun Gupta ceased as a KMP on 29 November 2020. The end balance of securities for 2021 represents the balance held at that date. 6. Daniel Labbad ceased as a KMP on 9 September 2019. The end balance of securities for 2020 represents the balance held at that date.

Executive Equity Based Remuneration - Deferred Securities

Name	Plan	Performance Year	Grant date	Vesting date	Number granted	Fair value per security ¹ \$	Total fair value at grant date ¹ \$	Expense for the year ended 30 June 2021 \$
Current Executives								
Anthony Lombardo	Deferred STI	2018	Sept 2018	Sept 2020	11,517	19.79	227,926	-
	Deferred Equity Award	2020	Sept 2020	Sept 2021-2022	12,728	12.16	154,824	116,118
	Total				24,245		382,750	116,118
Johannes Dekker ²	Deferred STI	2018	Sept 2018	Sept 2020	1,264	19.79	25,015	-
	Sign-On Award	2018	May 2018	Sept 2020	5,690	17.57	100,000	7,143
	Deferred Equity Award	2020	Sept 2020	Sept 2021-2022	10,278	12.16	125,022	93,766
Total				17,232		250,037	100,909	
Justin Gabbani ³	Deferred STI	2018	Sept 2018	Sept 2020	5,119	19.79	101,307	-
	EDA	2019	Sept 2019	Sept 2020, Sept 2022	17,614	16.86	296,972	11,187
	Deferred Equity Award	2020	Sept 2020	Sept 2021-2022	16,118	12.16	196,060	12,086
Total				38,851		594,339	23,273	
Denis Hickey	Deferred STI	2018	Sept 2018	Sept 2020	10,554	19.79	208,868	-
	Deferred Equity Award	2020	Sept 2020	Sept 2021-2022	20,776	12.16	252,720	189,540
	Total				31,330		461,588	189,540
Frank Krile ⁴	Deferred STI	2018	Sept 2018	Sept 2020	10,106	19.79	200,002	-
	EDA	2019	Sept 2019	Sept 2020, Sept 2022	19,774	16.86	333,390	89,170
	Deferred Equity Award	2020	Sept 2020	Sept 2021-2022	25,074	12.16	305,000	133,490
Total				54,954		838,392	222,660	
Neil Martin	Deferred STI	2018	Sept 2018	Sept 2020	11,605	19.79	229,668	-
	EDA	2019	Sept 2019	Sept 2020, Sept 2022	22,658	16.86	382,014	175,090
	Deferred Equity Award	2020	Sept 2020	Sept 2021-2022	15,540	12.16	189,028	141,771
Total				49,803		800,710	316,861	
Kylie Rampa	Deferred STI	2018	Sept 2018	Sept 2020	16,039	19.79	317,418	-
	Deferred Equity Award	2020	Sept 2020	Sept 2021-2022	10,278	12.16	125,022	93,766
	Total				26,317		442,440	93,766
David Andrew Wilson	Deferred STI	2018	Sept 2018	Sept 2020	7,719	19.79	152,762	-
	Deferred Equity Award	2020	Sept 2020	Sept 2021-2022	14,388	12.16	175,016	175,016
	Total				22,107		327,778	175,016
Former Executives								
Stephen McCann	Deferred STI	2018	Sept 2018	Sept 2020	22,434	19.50	437,510	-
	Deferred Equity Award	2020	Sept 2020	Sept 2021-2022	34,530	12.16	420,022	420,022
	Total				56,964		857,532	420,022
Tarun Gupta	Deferred STI	2018	Sept 2018	Sept 2020	15,842	19.79	313,520	-
	Deferred Equity Award ⁵	2020	Sept 2020	Sept 2021-2022	14,388	12.16	175,016	-
	Total				30,230		488,536	-

Executive Equity Based Remuneration - Long Term Awards

Name	Plan (for the year ended)	Grant date	Vesting date	Number granted ⁶	Fair value per security ⁷ \$	Total fair value at grant date ⁷ \$	Expense for the year ended 30 June 2021 \$
Current Executives							
Anthony Lombardo	June 2017 LTI (50%)	Sept 2016	Sept 2020	26,618	11.44	304,510	(128,688)
	June 2018 LTI (50%)	Sept 2017	Sept 2020	24,034	13.07	314,124	(139,558)
	June 2018 LTI (50%)	Sept 2017	Sept 2021	24,034	13.23	317,970	(72,842)
	June 2019 LTA	Nov 2018	Sept 2021-2024	76,936	11.49	883,996	17,516
	June 2020 LTA	Sept 2019	Sept 2022-2025	111,120	22.08	2,453,528	298,985
	June 2021 LTA	Sept 2020	Sept 2023-2026	96,432	12.92	1,245,900	246,584
	June 2021 LTA Prorata CEO	Sept 2020	Sept 2023-2026	5,124	12.92	66,204	13,102
June 2021 RSA	Sept 2020	Sept 2023-2026	43,832	11.41	500,124	98,960	
Total			408,130		6,086,356	334,059	
Johannes Dekker ⁸	June 2019 LTA	Nov 2018	Sept 2021-2024	76,936	11.49	883,996	17,516
	June 2020 LTA	Sept 2019	Sept 2022-2025	111,120	22.08	2,453,528	298,985
	Retention Award	Jan 2019	Jan 2022	251,168	11.94	3,000,000	1,000,000
	June 2021 LTA	Sept 2020	Sept 2023-2026	96,432	12.92	1,245,900	246,584
	June 2021 RSA	Sept 2020	Sept 2023-2026	43,832	11.41	500,124	98,960
Total			579,488		8,083,548	1,662,045	
Justin Gabbani ³	Retention Award	Sept 2020	Sept 2021-2022	11,902	12.16	144,728	8,922
	Total			11,902		144,728	8,922
Denis Hickey	June 2017 LTI (50%)	Sept 2016	Sept 2020	22,626	11.44	258,841	(109,391)
	June 2018 LTI (50%)	Sept 2017	Sept 2020	21,904	13.07	286,285	(127,190)
	June 2018 LTI (50%)	Sept 2017	Sept 2021	21,904	13.23	289,790	(66,385)
	June 2019 LTA	Nov 2018	Sept 2021-2024	76,936	11.49	883,996	17,516
	June 2020 LTA	Sept 2019	Sept 2022-2025	111,120	22.08	2,453,528	298,985
	June 2021 LTA	Sept 2020	Sept 2023-2026	96,432	12.92	1,245,900	246,584
	June 2021 RSA	Sept 2020	Sept 2023-2026	43,832	11.41	500,124	98,960
Total			394,754		5,918,464	359,079	
Frank Krile ⁴	June 2021 LTI	Sept 2020	Sept 2023	26,301	10.15	266,955	74,154
	Total			26,301		266,955	74,154
Neil Martin	June 2020 LTA	Sept 2019	Sept 2022-2025	69,448	22.08	1,533,412	186,859
	June 2021 LTA	Sept 2020	Sept 2023-2026	96,432	12.92	1,245,900	246,584
	June 2021 RSA	Sept 2020	Sept 2023-2026	43,832	11.41	500,124	98,960
	Total			209,712		3,279,436	532,403

1. The fair value at grant date is the value of the Deferred STI award (as advised to the executive). 2. Johannes Dekker received a sign on award reflecting remuneration foregone on resignation from his previous employer. The award is split into three tranches and has vested, or will vest, during the first, second and third years of his employment. 3. Justin Gabbani was appointed to the CEO, Asia role on 1 June 2021 and the expense for the year ended 30 June 2021 reflects time in KMP role. 4. Frank Krile was appointed to the Acting Group Financial Officer role from 30 November 2020 and the expense for the year ended 30 June 2021 reflects time in KMP role. 5. The Deferred Equity Awards was forfeited upon resignation. 6. For LTA awards, the number granted reflects target opportunity. For LTI and other long term awards, the number granted reflects maximum opportunity (158 per cent of target for the former Group CEO and 245 per cent of target for other Executives). From FY22, LTA awards will be granted at maximum opportunity (rather than target) in line with stakeholder feedback. 7. 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. 8. Johannes Dekker received a retention award relating to the strategic review of the Engineering and Services businesses.

Executive Equity Based Remuneration - Long Term Awards cont.

Name	Plan (for the year ended)	Grant date	Vesting date	Number granted ¹	Fair value per security ² \$	Total fair value at grant date ² \$	Expense for the year ended 30 June 2021 \$
Current Executives cont.							
Kylie Rampa	June 2017 LTI (50%)	Sept 2016	Sept 2020	19,165	11.44	219,248	(92,657)
	June 2018 LTI (50%)	Sept 2017	Sept 2020	21,904	13.07	286,285	(127,190)
	June 2018 LTI (50%)	Sept 2017	Sept 2021	21,904	13.23	289,790	(66,385)
	June 2019 LTA	Nov 2018	Sept 2021-2024	76,936	11.49	883,996	17,516
	June 2020 LTA	Sept 2019	Sept 2022-2025	111,120	22.08	2,453,528	298,985
	June 2021 LTA	Sept 2020	Sept 2023-2026	96,432	12.92	1,245,900	246,584
	June 2021 RSA	Sept 2020	Sept 2023-2026	43,832	11.41	500,124	98,960
	Total			391,293		5,878,871	375,813
David Andrew Wilson ³	DE Award ⁴	May 2016	May 2021, May 2023	160,000	13.42	2,147,200	675,026
	June 2017 LTI (50%)	Sept 2016	Sept 2020	15,971	11.44	182,708	(77,212)
	June 2019 LTA	Nov 2018	Sept 2021-2024	76,936	11.49	883,996	230,238
	June 2020 LTA	Sept 2019	Sept 2022-2025	111,120	22.08	2,453,528	1,316,311
	June 2021 LTA	Sept 2020	Sept 2023-2026	96,432	12.92	1,245,900	1,245,900
	June 2021 RSA	Sept 2020	Sept 2023-2026	43,832	11.41	500,124	500,012
	Total			504,291		7,413,456	3,890,275
Former Executives							
	June 2017 LTI (50%)	Sept 2016	Sept 2020	122,440	11.44	1,400,714	(591,965)
	June 2018 LTI (50%)	Sept 2017	Sept 2020	100,388	13.07	1,312,071	(582,918)
	June 2018 LTI (50%)	Sept 2017	Sept 2021	100,388	13.23	1,328,133	(276,590)
Stephen McCann ⁵	June 2019 LTA	Nov 2018	Sept 2021-2024	177,904	9.94	1,768,364	272,558
	June 2020 LTA	Sept 2019	Sept 2022-2025	256,960	22.55	5,794,448	2,463,967
	June 2021 LTA	Sept 2020	Sept 2023-2026	280,524	14.22	3,989,052	3,989,052
	June 2021 RSA ⁶	Sept 2020	Sept 2023-2026	43,832	11.41	500,124	458,912
	Total			1,082,436		16,092,906	5,733,016
	June 2017 LTI (50%)	Sept 2016	Sept 2020	33,272	11.44	380,632	(160,868)
	June 2018 LTI (50%)	Sept 2017	Sept 2020	31,638	13.07	413,509	(183,712)
	June 2018 LTI (50%)	Sept 2017	Sept 2021	31,638	13.23	418,571	(296,378)
Tarun Gupta ⁷	June 2019 LTA	Nov 2018	Sept 2021-2024	76,936	11.49	883,996	(349,915)
	June 2020 LTA	Sept 2019	Sept 2022-2025	111,120	22.08	2,453,528	(485,594)
	June 2021 LTA	Sept 2020	Sept 2023-2026	96,432	12.92	1,245,900	-
	June 2021 RSA	Sept 2020	Sept 2023-2026	43,832	11.41	500,124	-
	Total			424,868		6,296,260	(1,476,467)

1. For LTA awards, the number granted reflects target opportunity. For LTI and other long term awards, the number granted reflects maximum opportunity. From FY22, LTA awards will be granted at maximum opportunity (rather than target) in line with stakeholder feedback. 2. 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. 3. David Andrew Wilson ceased as a KMP on 30 June 2021. The expense for the year ended 30 June 2021 reflects the full entitlement to unvested LTI and LTA which would otherwise have been included in future year disclosures and may not vest. These unvested awards remain on foot and subject to the original vesting conditions. 4. David Andrew Wilson was granted a Distinguished Executive (DE) Award in May 2016 that vests in two equal tranches over five and seven years. Refer to Note 35 of the Notes to Consolidated Financial Statements. 5. Stephen McCann ceased as a KMP on 31 May 2021. The expense for the year ended 30 June 2021 reflects the full entitlement to unvested LTI and LTA which would otherwise have been included in future year disclosures and may not vest. These unvested awards remain on foot and subject to the original vesting conditions. 6. Following Stephen McCann's retirement, the 2021 RSA award was prorated for time served with 40,229 securities remaining on foot and 3,603 securities forfeited. 7. Tarun Gupta resigned effective from 29 November 2020. All unvested equity awards were forfeited upon resignation.

FY21 Non Executive Director Equity Holdings

Name	Year	Securities held at beginning of financial year	Other net changes to securities	Securities held at end of financial year
Non Executive Directors				
Michael Ullmer	2021	110,000	15,000	125,000
	2020	100,000	10,000	110,000
Philip Coffey	2021	21,216	-	21,216
	2020	9,810	11,406	21,216
David Craig	2021	63,061	10,000	73,061
	2020	50,000	13,061	63,061
Jane Hemstrich	2021	23,061	10,000	33,061
	2020	20,000	3,061	23,061
Elizabeth Proust ¹	2021	53,061	15,000	68,061
	2020	25,000	28,061	53,061
Nicola Wakefield Evans	2021	34,020	359	34,379
	2020	30,248	3,772	34,020
Robert Welanetz ²	2021	7,000	-	7,000
	2020	-	7,000	7,000
Former Non Executive Directors				
Colin Carter ³	2021	18,061	-	18,061
	2020	15,000	3,061	18,061
Steve Dobbs ⁴	2020	12,000	-	12,000
Margaret Ford ⁵	2021	4,065	-	4,065
	2020	-	4,065	4,065
Total	2021⁶	333,545	50,359	383,904
	2020	262,058	83,487	345,545

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.

1. Elizabeth Proust also acquired \$500,000 of green bonds. 2. As Robert Welanetz was appointed as a Non Executive Director on 1 March 2020 a nil opening balance has been shown for the 2020 comparative. 3. Colin Carter ceased to be a Non Executive Director on 20 November 2020. The end balance of securities for 2021 represents the balance held at that date. 4. Steve Dobbs ceased to be a Non Executive Director on 20 November 2019. The end balance of securities for 2020 represents the balance held at that date. 5. Baroness Margaret Ford was appointed as a Non Executive Director on 1 March 2020 and ceased to be a Non Executive Director on 18 August 2020. The end balance of securities for 2021 represents the balance held at that date. 6. The 2021 opening balance excludes the securities held by Steve Dobbs (12,000) given that he ceased to be a Non Executive Director in the 2020 financial year.

Directors' Report

The Directors' Report for the financial year ended 30 June 2021 has been prepared in accordance with the requirements of the *Corporations Act 2001*. The information below forms part of this Directors' Report:

- Principal activities on page 13
- Operating and Financial Review on pages 4 to 69 incorporating the Performance and Outlook on pages 56 to 69
- Biographical information for the Directors and Company Secretary on pages 72 to 76
- Officers who were previously partners of the audit firm on page 72
- Directors' interests in capital on page 82
- Board and committee meetings and attendance on pages 82 to 83
- Remuneration Report on pages 84 to 121
- Lead Auditor's Independence Declaration on page 124.

a. Dividends/Distributions

The 2020 final distribution of \$22 million (3.3 cents per security, unfranked) referred to in the Directors' Report dated 17 August 2020 was paid on 15 September 2020. Details of dividends/distributions in respect of the current year are as follows:

	\$m
Interim dividends/distributions of 15.0 cents per security paid on 17 March 2021 ¹	103
Final dividends/distributions of 12.0 cents per security (unfranked) declared by Directors to be payable on 15 September 2021 ²	83
Total dividends/distributions	186

1. Comprised of a dividend component franked to 50 per cent of 11.2 cents per share paid by the Company and an unfranked trust distribution of 3.8 cents per unit paid by Lendlease Trust. 2. Comprised of an unfranked dividend of 7.9 cents per share to be paid by the Company and an unfranked trust distribution of 4.1 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

On 21 July 2021, the Group entered into an agreement with Service Stream for the sale of the Services business for a purchase price of \$310 million. The transaction, which is expected to complete prior to the end of calendar year 2021, is subject to conditions including client and third party consents. Given the agreement was signed post balance date and at 30 June 2021 there was uncertainty as to whether a transaction would be completed, the Services business did not meet the accounting criteria to be held for sale, therefore it has not been included in discontinued operations or assets and liabilities classified as held for sale at 30 June 2021. The sale, and any resulting gain/loss after transaction costs and completion adjustments, is expected to be recorded in the subsequent financial year. The sale price is above the net assets of the Services business at 30 June 2021. Any gain/loss will be subject to the completion accounts process, final transaction costs and any required provisions for indemnifications.

On 16 August 2021, the Group announced the preliminary results of the business review undertaken following the appointment of the new Global CEO. While the review is still ongoing at the date of this report, the Group expects to record an estimated restructuring provision in FY22 of pre-tax \$130 million to \$170 million for the restructuring costs associated with the revised organisational structure and related matters. As part of this exercise, the Group has also identified a small number of projects where a material change in development strategy is under consideration. A range of alternative strategic options are being considered to reduce future capital outlay and/or expedite the release of existing capital on these projects to enable redeployment elsewhere. The expected change in forecast strategy for these projects is expected to result in an estimated development properties impairment of approximately pre-tax \$230 million to \$290 million in FY22.

There were no other material events subsequent to the end of the 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 72 to 76 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 72 to 76 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	
	June 2021 \$000s	June 2020 \$000s
Audit and Other Assurance Services		
Audit services	7,019	7,233
Other assurance services	822	524
Total audit and other assurance services	7,841	7,757
Non audit services	438	557
Total audit, non audit and other assurance services	8,279	8,314

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, 16 August 2021



A P Lombardo

Global Chief Executive Officer

Sydney, 16 August 2021



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 2021 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 handwritten version of the KPMG logo in blue ink.

KPMG

A handwritten signature in blue ink that reads 'D M McLennan'.

D M McLennan

Partner

Sydney

16 August 2021

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Financial Statements

Our financial statements reflect the performance of the Group for the financial year ended 30 June 2021.

The financial statements are presented in the following sections: Consolidated Financial Statements, Performance, Investments, Liquidity and Working Capital, Risk Management, Basis of Consolidation and Other Notes.

Financial Statements

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Lendlease Corporation Limited (the Company) is incorporated and domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2021 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 16 August 2021.

Consolidated Financial Statements

Income Statement

Year Ended 30 June 2021

	Note	June 2021 \$m	June 2020 \$m
Revenue from contracts with customers	4	9,771	11,671
Other revenue		121	163
Cost of sales		(9,132)	(11,361)
Gross profit		760	473
Share of profit of equity accounted investments	5	100	(13)
Other income	6	488	352
Other expenses		(916)	(1,195)
Results from operating activities from continuing operations		432	(383)
Finance revenue	8	9	12
Finance costs	8	(146)	(165)
Net finance costs		(137)	(153)
Profit/(Loss) before tax from continuing operations		295	(536)
Income tax (expense)/benefit from continuing operations	9a	(75)	194
Profit/(Loss) after tax from continuing operations		220	(342)
Profit after tax from discontinued operations	33	2	32
Profit/(Loss) after tax		222	(310)
Profit/(Loss) after tax attributable to:			
Members of Lendlease Corporation Limited		128	(342)
Unitholders of Lendlease Trust		94	32
Profit/(Loss) after tax attributable to securityholders		222	(310)
External non controlling interests		-	-
Profit/(Loss) after tax		222	(310)
Basic/Diluted Earnings per Lendlease Group Stapled Security (EPSS) from Continuing Operations			
Shares excluding treasury shares	(cents) 33	32.2	(57.1)
Shares on issue	(cents) 33	32.0	(56.7)
Basic/Diluted Earnings per Lendlease Group Stapled Security (EPSS)			
Securities excluding treasury securities	(cents) 3	32.5	(51.8)
Securities on issue	(cents) 3	32.3	(51.4)

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statement of Comprehensive Income

Year Ended 30 June 2021

	Note	June 2021 \$m	June 2020 \$m
Profit/(Loss) after tax		222	(310)
Other Comprehensive Income/(Expense) after tax			
Items that may be reclassified subsequently to profit or loss:			
Movements in hedging reserve	9b	15	(19)
Movements in foreign currency translation reserve	9b	(108)	(5)
Total items that may be reclassified subsequently to profit or loss¹		(93)	(24)
Items that will not be reclassified to profit or loss:			
Movements in non controlling interest acquisition reserve	9b	6	(1)
Movements in defined benefit plans remeasurements	9b	11	13
Total items that will not be reclassified to profit or loss		17	12
Total comprehensive income/(expense) after tax		146	(322)
Total comprehensive income/(expense) after tax from continued operations attributable to:			
Members of Lendlease Corporation Limited		62	(381)
Unitholders of Lendlease Trust		84	27
Total comprehensive income after tax from discontinued operations attributable to:			
Members of Lendlease Corporation Limited		2	32
Total comprehensive income/(expense) after tax attributable to securityholders		148	(322)
External non controlling interests		(2)	-
Total comprehensive income/(expense) after tax		146	(322)

1. Includes Other comprehensive loss of \$70 million (June 2020: \$39 million) relating to share of other comprehensive income of equity accounted investments.

Statement of Financial Position

As at 30 June 2021

	Note	June 2021 \$m	June 2020 \$m
Current Assets			
Cash and cash equivalents	14	1,662	1,111
Loans and receivables	21	1,741	1,667
Inventories	11	1,469	2,256
Other financial assets	13	7	16
Current tax assets		9	27
Other assets		62	59
Disposal Group assets held for sale	33	-	841
Total current assets		4,950	5,977
Non Current Assets			
Loans and receivables	21	1,871	744
Inventories	11	2,404	3,113
Equity accounted investments	12	3,758	3,671
Investment properties		467	658
Other financial assets	13	1,080	1,076
Deferred tax assets	9c	115	141
Property, plant and equipment		594	693
Intangible assets	32	1,456	1,457
Defined benefit plan asset	34	243	156
Other assets		62	62
Total non current assets		12,050	11,771
Total assets		17,000	17,748
Current Liabilities			
Trade and other payables	22	4,839	4,496
Provisions	23	575	343
Borrowings and financing arrangements	16a	555	134
Other financial liabilities		14	10
Disposal Group liabilities held for sale	33	-	670
Total current liabilities		5,983	5,653
Non Current Liabilities			
Trade and other payables	22	1,760	2,405
Provisions	23	80	62
Borrowings and financing arrangements	16a	1,802	2,261
Other financial liabilities		23	1
Deferred tax liabilities	9c	401	434
Total non current liabilities		4,066	5,163
Total liabilities		10,049	10,816
Net assets		6,951	6,932
Equity			
Issued capital	17	1,888	1,889
Treasury securities		(79)	(68)
Reserves		3	65
Retained earnings		3,327	3,265
Total equity attributable to members of Lendlease Corporation Limited		5,139	5,151
Total equity attributable to unitholders of Lendlease Trust		1,788	1,756
Total equity attributable to securityholders		6,927	6,907
External non controlling interests		24	25
Total equity		6,951	6,932

The accompanying notes form part of these consolidated financial statements.

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statement of Changes in Equity

Year Ended 30 June 2021

	RESERVES				Non Controlling Interest Acquisition Reserve \$m	Other Reserve \$m	Equity Compensation Reserve \$m	Retained Earnings \$m	Members of Lendlease Corporation Limited \$m	Unitholders of Lendlease Trust \$m	External Non Controlling Interests \$m	Total Equity \$m
	Issued Capital \$m	Treasury Securities ⁵ \$m	Hedging Reserve \$m	Foreign Currency Translation Reserve \$m								
Balance as at 30 June 2019	1,300	(68)	(84)	68	(97)	106	112	3,815	5,152	1,182	23	6,357
Impact of change in accounting policy ¹	-	-	-	-	-	-	-	(42)	(42)	-	-	(42)
Balance as at 1 July 2019	1,300	(68)	(84)	68	(97)	106	112	3,773	5,110	1,182	23	6,315
Total Comprehensive Income												
Profit for the period	-	-	-	-	-	-	-	(342)	(342)	32	-	(310)
Other comprehensive income (net of tax)	-	-	(19)	-	(1)	-	-	13	(7)	(5)	-	(12)
Total comprehensive income	-	-	(19)	-	(1)	-	-	(329)	(349)	27	-	(322)
Other Comprehensive Income (Net of Tax)												
Effect of foreign exchange movements	-	-	-	-	(1)	-	-	-	(1)	(5)	-	(6)
Effective cash flow hedges	-	-	(19)	-	-	-	-	-	(19)	-	-	(19)
Defined benefit plans remeasurements	-	-	-	-	-	-	-	13	13	-	-	13
Other comprehensive income (net of tax)	-	-	(19)	-	(1)	-	-	13	(7)	(5)	-	(12)
Transactions with Owners of the Company												
Capital contributed by non controlling interests	-	-	-	-	-	-	-	-	-	-	2	2
Distribution Reinvestment Plan (DRP)	9	-	-	-	-	-	-	-	9	2	-	11
Share issue via institutional placement (net of transaction costs) ²	454	-	-	-	-	-	-	-	454	479	-	933
Share issue via Security Purchase Plan (net of transaction costs) ³	126	-	-	-	-	-	-	-	126	134	-	260
Dividends and distributions	-	-	-	-	-	-	-	(178)	(178)	(67)	-	(245)
Treasury securities acquired	-	(52)	-	-	-	-	-	-	(52)	-	-	(52)
Treasury securities vested	-	52	-	-	-	-	-	-	52	-	-	52
Fair value movement on allocation and vesting of securities	-	-	-	-	-	-	3	-	3	-	-	3
Transfer as a result of asset disposal ⁴	-	-	7	(30)	-	-	-	-	(23)	-	-	(23)
Other movements	-	-	-	-	-	-	-	(1)	(1)	(1)	-	(2)
Total other movements through reserves	589	-	7	(30)	-	-	3	(179)	390	547	2	939
Balance as at 30 June 2020	1,889	(68)	(96)	38	(98)	106	115	3,265	5,151	1,756	25	6,932
Balance as at 1 July 2020	1,889	(68)	(96)	38	(98)	106	115	3,265	5,151	1,756	25	6,932
Total Comprehensive Income												
Profit for the period	-	-	-	-	-	-	-	128	128	94	-	222
Other comprehensive income (net of tax)	-	-	15	(96)	6	-	-	11	(64)	(10)	(2)	(76)
Total comprehensive income	-	-	15	(96)	6	-	-	139	64	84	(2)	146
Other Comprehensive Income (Net of Tax)												
Net investment hedge	-	-	-	12	-	-	-	-	12	-	-	12
Effect of foreign exchange movements	-	-	-	(108)	6	-	-	-	(102)	(10)	(2)	(114)
Effective cash flow hedges	-	-	15	-	-	-	-	-	15	-	-	15
Defined benefit plans remeasurements	-	-	-	-	-	-	-	11	11	-	-	11
Other comprehensive income (net of tax)	-	-	15	(96)	6	-	-	11	(64)	(10)	(2)	(76)
Transactions with Owners of the Company												
Capital contributed by non controlling interests	-	-	-	-	-	-	-	-	-	-	1	1
Distribution Reinvestment Plan (DRP)	3	-	-	-	-	-	-	-	3	1	-	4
Share issue via institutional placement (net of transaction costs) ²	(3)	-	-	-	-	-	-	-	(3)	-	-	(3)
Share issue via Security Purchase Plan (net of transaction costs) ³	(1)	-	-	-	-	-	-	-	(1)	-	-	(1)
Dividends and distributions	-	-	-	-	-	-	-	(77)	(77)	(54)	-	(131)
Treasury securities acquired	-	(50)	-	-	-	-	-	-	(50)	-	-	(50)
Treasury securities vested	-	39	-	-	-	-	-	-	39	-	-	39
Fair value movement on allocation and vesting of securities	-	-	-	-	-	-	16	-	16	-	-	16
Transfer as a result of asset disposal ⁴	-	-	2	(5)	-	-	-	-	(3)	-	-	(3)
Other movements	-	-	-	-	-	-	-	-	-	1	-	1
Total other movements through reserves	(1)	(11)	2	(5)	-	-	16	(77)	(76)	(52)	1	(127)
Balance as at 30 June 2021	1,888	(79)	(79)	(63)	(92)	106	131	3,327	5,139	1,788	24	6,951

1. June 2020 Statement of Changes in Equity has been adjusted to reflect the impact of the first time adoption of AASB 16 Leases by recording \$(42) million to opening retained earnings.

2. On 4 May 2020 the Group issued 97 million new stapled securities via an institutional placement at an issue price of \$9.80.

3. On 4 June 2020 the Group issued 27 million new stapled securities via a Security Purchase Plan at an issue price of \$9.80.

4. These movements in reserves were transferred to profit and loss in the year.

5. Opening balance for number of treasury securities 1 July 2020 was 4 million (1 July 2019: 4 million) and closing balance at 30 June 2021 was 6 million.

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statement of Cash Flows

Year Ended 30 June 2021

	Note	June 2021' \$m	June 2020' \$m
Cash Flows from Operating Activities			
Cash receipts in the course of operations		9,531	13,488
Cash payments in the course of operations		(8,916)	(13,313)
Interest received		6	16
Interest paid in relation to other corporations		(128)	(164)
Interest in relation to lease liabilities		(20)	(25)
Dividends/distributions received		80	146
Income tax paid in respect of operations		(85)	(11)
Net cash provided by operating activities	15	468	137
Cash Flows from Investing Activities			
Sale/redemption of investments		573	448
Acquisition of investments		(301)	(709)
Acquisition of/capital expenditure on investment properties		(110)	(57)
Net loan drawdowns from associates and joint ventures		(13)	(9)
Disposal/acquisition of consolidated entities (net of cash disposed/acquired and transaction costs)		(266)	136
Disposal of property, plant and equipment		22	11
Acquisition of property, plant and equipment		(53)	(112)
Acquisition of intangible assets		(68)	(77)
Net cash used in investing activities		(216)	(369)
Cash Flows from Financing Activities			
Net proceeds from share issue	17	-	1,193
Proceeds from borrowings		3,503	4,658
Repayment of borrowings		(3,470)	(4,970)
Dividends/distributions paid		(121)	(327)
Increase in capital of non controlling interests		2	2
Repayment of lease liabilities		(60)	(61)
Net cash (used in)/provided by financing activities		(146)	495
Other Cash Flow Items			
Effect of foreign exchange rate movements on cash and cash equivalents		(6)	9
Net increase in cash and cash equivalents		100	272
Cash and cash equivalents at beginning of financial year		1,562	1,290
Cash and cash equivalents at end of financial year	14	1,662	1,562

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'.

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 2021, 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 37 '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 36 '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 ongoing COVID outbreak and the impact 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 2021, 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 ongoing COVID pandemic.

The Group has:

- \$3,268 million in undrawn facilities. See Note 16 'Borrowings and Financing Arrangements'
- \$1,662 million in cash and cash equivalents. See Note 14 'Cash and Cash Equivalents'
- Net positive cash inflow from operating activities in FY21. See Statement of Cash Flows.

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.

Notes to Consolidated Financial Statements continued

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. 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 Development, Construction, Investments 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 (the Chief Operating Decision Maker) in assessing performance, determining the allocation of resources, setting operational targets, and managing the Group.

The Group has arranged the segments around business activity rather than geography due to the Group's business model being broadly consistent in all regions.

On 31 August 2020, the Group announced a strategy update and that Management would report Operating EBITDA and Operating PAT as its primary earnings metrics going forward, in addition to the statutory result. Operating PAT is defined as Statutory profit adjusted for non-cash backed property related revaluation increases or decreases of Investment property, Other financial assets and Equity accounted investments that are classified in the Investments segment, and other non-cash adjustments or non-recurring items such as impairment losses relating to goodwill and other intangibles. Operating EBITDA is before Interest, Tax, Depreciation and Amortisation.

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:

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.

Investments

Operates across all four geographic regions. Services include owning and/or managing investments across all four geographic regions. The segment includes an investment management platform and the Group's ownership interests in residential, office, retail, industrial, retirement and infrastructure investment assets.

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 projects and Services business. The discontinued operations referenced throughout the financial statements are included in this segment. Discontinued operations represent the Engineering business sold, excluding the projects retained by the Group. Refer to Note 33 'Discontinued Operations' for further detail.

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

Year Ended June 2021	Note	SEGMENTS					Corporate Activities	Total Group	
		Development	Construction	Investments	Total Core Segments	Non Core ³			
Operating EBITDA		469	173	276	918	(139)	779	(161)	618
Reconciling Items									
Net interest revenue/(expense)		2	(4)	(1)	(3)	1	(2)	(134)	(136)
Depreciation and amortisation		(14)	(35)	(9)	(58)	(59)	(117)	(90)	(207)
Operating profit/(loss) before tax¹		457	134	266	857	(197)	660	(385)	275
Operating income tax (expense)/benefit		(115)	(34)	(53)	(202)	16	(186)	107	(79)
Operating profit/(loss) after tax		342	100	213	655	(181)	474	(278)	196
Investments segment revaluations (pre-tax):									
Investment properties revaluations	6			(1)	(1)		(1)		(1)
Financial assets revaluations	6			45	45		45		45
Equity accounted investments revaluations	5			(25)	(25)		(25)		(25)
Total adjustments¹		-	-	19	19	-	19	-	19
Income tax expense on adjustments				7	7		7		7
Statutory profit/(loss) after tax		342	100	239	681	(181)	500	(278)	222

Year Ended June 2020 ²	Note	SEGMENTS					Corporate Activities	Total Group	
		Development	Construction	Investments	Total Core Segments	Non Core			
Operating EBITDA		322	101	300	723	(495)	228	(158)	70
Reconciling Items									
Net interest revenue/(expense)		1	(6)	(6)	(11)	5	(6)	(142)	(148)
Depreciation and amortisation		(23)	(28)	(17)	(68)	(84)	(152)	(92)	(244)
Operating profit/(loss) before tax¹		300	67	277	644	(574)	70	(392)	(322)
Operating income tax (expense)/benefit		(67)	(25)	(63)	(155)	168	13	109	122
Operating profit/(loss) after tax		233	42	214	489	(406)	83	(283)	(200)
Investments segment revaluations (pre-tax):									
Investment properties revaluations	6			(26)	(26)		(26)		(26)
Financial assets revaluations	7			(16)	(16)		(16)		(16)
Equity accounted investments revaluations	5			(105)	(105)		(105)		(105)
Impairment losses relating to intangibles	12c			(13)	(13)		(13)		(13)
Total adjustments¹		-	-	(160)	(160)	-	(160)	-	(160)
Income tax expense on adjustments				50	50		50		50
Statutory profit/(loss) after tax		233	42	104	379	(406)	(27)	(283)	(310)

- Operating profit before tax of \$275 million (June 2020: \$(322) million) plus Investments segment revaluations (pre-tax) of \$19 million (June 2020: \$(160) million) reconciles to Profit before tax from continuing operations of \$295 million (June 2020: \$(536) million) as disclosed in the Income Statement and Profit before tax for discontinued operations of \$(1) million (June 2020: \$54 million) as disclosed in Note 33 'Discontinued Operations'.
- June 2020 Balances have been re-presented to align the presentation to Operating EBITDA and Operating PAT as primary earnings metrics.
- Includes provisions related to claims on historical Non core segment projects completed prior to the sale of the Engineering business.

The following table provides a reconciliation of Core operating profit after tax to Statutory profit after tax:

	June 2021			June 2020		
	Segments \$m	Corporate Activities \$m	Total Group \$m	Segments \$m	Corporate Activities \$m	Total Group \$m
Core operating profit after tax	655	(278)	377	489	(283)	206
Non core operating profit after tax	(181)	-	(181)	(406)	-	(406)
Total adjustments (pre-tax)	19	-	19	(160)	-	(160)
Income tax expense on adjustments	7	-	7	50	-	50
Statutory profit/(loss) after tax	500	(278)	222	(27)	(283)	(310)

Notes to Consolidated Financial Statements continued

Section A: Performance continued

1. Segment Reporting continued

The following tables set out other financial information by reportable segment:

	June 2021							Non Current Segment Assets ⁴ \$m	Group Total Assets \$m
	Segment Revenue ¹ \$m	Finance Revenue \$m	Finance Expense \$m	Share of Results EAI ² \$m	Income Tax \$m	Material Non Cash Items ³ \$m			
Core									
Development	1,965	4	(2)	56	(115)	(12)	5,416	6,975	
Construction	6,398	-	(4)	14	(34)	(6)	1,509	3,627	
Investments	348	1	(2)	28	(46)	52	2,737	3,954	
Total core segments	8,711	5	(8)	98	(195)	34	9,662	14,556	
Non core	1,444	1	-	2	16	(23)	273	948	
Total segments	10,155	6	(8)	100	(179)	11	9,935	15,504	
Corporate activities	30	4	(138)	-	107	46	677	1,496	
Total	10,185	10	(146)	100	(72)	57	10,612	17,000	

	June 2020							Non Current Segment Assets ⁴ \$m	Group Total Assets \$m
	Segment Revenue ¹ \$m	Finance Revenue \$m	Finance Expense \$m	Share of Results EAI ² \$m	Income Tax \$m	Material Non Cash Items ³ \$m			
Core									
Development	2,344	6	(5)	67	(67)	(36)	5,150	7,281	
Construction	7,627	-	(6)	17	(25)	(17)	1,310	3,565	
Investments	390	1	(7)	(100)	(13)	(63)	3,032	4,236	
Total core segments	10,361	7	(18)	(16)	(105)	(116)	9,492	15,082	
Non core	2,884	6	(1)	3	168	9	279	1,828	
Total segments	13,245	13	(19)	(13)	63	(107)	9,771	16,910	
Corporate activities	44	5	(147)	-	109	(37)	627	838	
Total	13,289	18	(166)	(13)	172	(144)	10,398	17,748	

1. Comprised of Revenue from contracts with customers from continuing operations of \$9,771 million (June 2020: \$11,671 million), other revenue from continuing operations of \$121 million (June 2020: \$163 million), finance revenue from continuing operations of \$9 million (June 2020: \$12 million), revenue from contracts with customers from discontinued operations of \$283 million (June 2020: \$1,437 million) and finance revenue from discontinued operations of \$1 million (June 2020: \$6 million).

2. Equity Accounted Investments.

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

4. Excludes deferred tax assets, financial instruments and defined benefit plan assets.

NON CURRENT ASSETS¹

	June 2021 \$m	June 2020 \$m
Australia	5,007	4,882
Asia	1,388	1,361
Europe	1,471	1,382
Americas	2,069	2,146
Total segment	9,935	9,771
Corporate activities	677	627
Total	10,612	10,398

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

The operating segments generate revenue in the following regions:

June 2021	REVENUE ¹							
	Development \$m	Construction \$m	Investments \$m	Total Core Segments \$m	Non Core \$m	Total Segments \$m	Corporate Activities \$m	Statutory Result \$m
Australia	1,239	2,868	164	4,271	1,444	5,715	30	5,745
Asia	11	262	77	350	-	350	-	350
Europe	511	861	14	1,386	-	1,386	-	1,386
Americas	204	2,407	93	2,704	-	2,704	-	2,704
Total	1,965	6,398	348	8,711	1,444	10,155	30	10,185

June 2020	REVENUE ¹							
	Development \$m	Construction \$m	Investments \$m	Total Core Segments \$m	Non Core \$m	Total Segments \$m	Corporate Activities \$m	Statutory Result \$m
Australia	1,198	3,217	172	4,587	2,884	7,471	44	7,515
Asia	13	255	134	402	-	402	-	402
Europe	969	782	16	1,767	-	1,767	-	1,767
Americas	164	3,373	68	3,605	-	3,605	-	3,605
Total	2,344	7,627	390	10,361	2,884	13,245	44	13,289

1. Comprised of Revenue from contracts with customers from continuing operations of \$9,771 million (June 2020: \$11,671 million), other revenue from continuing operations of \$121 million (June 2020: \$163 million), finance revenue from continuing operations of \$9 million (June 2020: \$12 million), revenue from contracts with customers from discontinued operations of \$283 million (June 2020: \$1,437 million) and finance revenue from discontinued operations of \$1 million (June 2020: \$6 million).

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

Notes to Consolidated Financial Statements continued

Section A: Performance continued

2. Dividends/Distributions¹

	Cents Per Share/Unit	COMPANY/TRUST	
		June 2021 \$m	June 2020 \$m
Parent Company Interim Dividend			
December 2020 – paid 17 March 2021	11.2	77	-
December 2019 – paid 17 March 2020	22.1	-	124
Lendlease Trust Interim Distribution			
December 2020 – paid 17 March 2021	3.8	26	-
December 2019 – paid 17 March 2020	7.9	-	45
Parent Company Final Dividend			
June 2021 – declared subsequent to reporting date ²	7.9	55	-
June 2020 ³	-	-	-
Lendlease Trust Final Distribution			
June 2021 – provided for and payable 15 September 2021	4.1	28	-
June 2020 – paid 15 September 2020	3.3	-	22
Total		186	191

1. The June 2021 final dividend/distribution was not franked. The December 2020 interim dividend was 50 per cent franked, with the balance sourced from the conduit foreign income account. The December 2020 interim distribution and the June 2020 interim/final dividends/distributions were not franked.

2. No provision for this dividend has been recognised in the Statement of Financial Position at 30 June 2021, as it was declared after the end of the reporting period.

3. No final dividend was declared for the Company for 30 June 2020.

Dividend Franking

The amount of franking credits available for use in subsequent reporting periods as at 30 June 2021 is \$7 million, based on a 30 per cent tax rate (30 June 2020: \$17 million). This is calculated after adjusting for franking credits which are expected to arise from the payment of income tax provided in the financial statements and tax losses utilised in the current financial year.

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 Finance Area of Focus section of the 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 2021		JUNE 2020	
		Shares/ Securities Excluding Treasury Securities	Shares/ Securities on Issue	Shares/ Securities Excluding Treasury Securities	Shares/ Securities on Issue
Basic/Diluted Earnings Per Share (EPS)¹					
Profit/(loss) attributable to members of Lendlease Corporation Limited (Company)	\$m	128	128	(342)	(342)
Weighted average number of ordinary shares	m	683	688	599	603
Basic/Diluted EPS	cents	18.7	18.6	(57.1)	(56.7)
Basic/Diluted Earnings Per Stapled Security (EPSS)¹					
Profit/(loss) attributable to securityholders of Lendlease Group	\$m	222	222	(310)	(310)
Weighted average number of stapled securities	m	683	688	599	603
Basic/Diluted EPSS	cents	32.5	32.3	(51.8)	(51.4)

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'.

4. Revenue from Contracts with Customers

Accounting Policies

Provision of Construction and Development services

Construction services include project management, design and construction services predominantly in the defence, mixed use, commercial and residential 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:

- Status of negotiations with customers
- The contract or other evidence provides a legal basis for the Modifications
- Additional costs incurred were caused by circumstances that were unforeseen at the contract date and for which entitlement contractually exists
- Modification related costs are identifiable, measurable, and considered reasonable in view of the work performed
- Evidence supporting the Modification is objective and verifiable, which may include independent third-party advice
- Commercial and market factors specific to the Modifications
- 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:

- Progress in satisfying the performance obligations within the contract, which includes estimating contract costs expected to be incurred to satisfy performance obligations
- 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.

Provision of 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.

Notes to Consolidated Financial Statements continued

Section A: Performance continued

4. Revenue from Contracts with Customers continued

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 2021 \$m	June 2020 \$m
Revenue from the provision of services		
Core Construction services	6,398	7,626
Non core Construction services	1,161	1,441
Construction services	7,559	9,067
Development services	496	1,083
Investment services	282	310
Total revenue from the provision of services	8,337	10,460
Revenue from the sale of development properties	1,434	1,211
Total revenue from contracts with customers¹	9,771	11,671

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

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 2021 \$m	June 2020 \$m
Associates^{1,2}			
Share of profit	12a	8	(14)
Joint Ventures^{1,2}			
Share of profit	12b	92	1
Total share of profit of equity accounted investments		100	(13)

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 \$(2) million (June 2020: \$(31) million) and \$(23) million (June 2020: \$(74) million), respectively, in revaluation gains and losses recognised in the Investments segment adjustment in Note 1 'Segment Reporting'.

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 2021 \$m	June 2020 \$m
Net gain on sale/transfer of investments		
Consolidated entities ^{1,2}	375	183
Other financial assets at fair value	1	5
Equity accounted investments	4	35
Other assets and liabilities	8	-
Total net gain on sale/transfer of investments	388	223
Net gain on fair value measurement		
Investment properties ³	3	24
Fair value through profit or loss assets ⁴	61	-
Total net gain on fair value measurement	64	24
Other ⁵	36	105
Total other income	488	352

1. During the period, the Group disposed of a 25 per cent interest in each of One Sydney Harbour R1 Trust and One Sydney Harbour R2 Trust, recording a net gain on sale of \$19 million and \$27 million, respectively. Refer to Note 28 'Consolidated Entities' for further detail. The remaining 75 per cent interests retained by the Group provided revaluation gains of \$128 million and \$151 million, respectively, based on the transaction prices. The amounts have been recorded in the Development segment.
2. During the period, the Group disposed of a 50 per cent interest in Lendlease Renaissance I Fund, recording a net gain on sale of \$23 million. Refer to Note 28 'Consolidated Entities' for further detail. The remaining 50 per cent interest retained by the Group provided a revaluation gain of \$28 million based on the transaction price. The amounts have been recorded in the Development segment.
3. Net gain on fair value measurements for Investment properties includes \$1 million loss (June 2020: \$26 million loss) recognised in the Investments segment adjustments in Note 1 'Segment Reporting'.
4. Net gain on fair value measurements for Fair value through profit or loss assets includes \$45 million gain (June 2020: \$16 million loss disclosed in Other expenses) recognised in the Investments segment adjustments in Note 1 'Segment Reporting'.
5. During the period, the Group disposed of its 50 per cent stake in International Quarter London - North and purchased the remaining 50 per cent stake in International Quarter London - South. The transaction resulted in a net gain of \$31 million. The amounts have been recorded in the Development segment.

Notes to Consolidated Financial Statements continued

Section A: Performance continued

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 Incentives' 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 35j '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.

	June 2021 \$m	June 2020 \$m
Profit before income tax includes the following other expense items:		
Employee benefit expenses ¹	2,102	2,373
Superannuation accumulation plan expense	48	36
Net defined benefit plans expense	-	1
Expenses include impairments raised/(reversals) relating to:		
Loans and receivables	-	4
Property inventories	(13)	30
Equity accounted investments	1	24
Other assets	8	6
Net loss on remeasurement of fair value through profit or loss assets	-	17
Lease expense (including outgoings)	32	33
Depreciation on right-of-use assets	63	66
Depreciation on owned assets	84	80
Amortisation	55	54
Net foreign exchange loss/(gain)	4	(2)

1. Total expense before recoveries through projects.

	June 2021 \$000s	June 2020 \$000s
Auditors' Remuneration		
Amounts received or due and receivable by the auditors of Lendlease Group and its consolidated entities for:		
Audit services	7,019	7,233
Other assurance services	822	524
Total audit and other assurance services	7,841	7,757
Non audit services ¹	438	557
Total audit, other assurance and non audit services	8,279	8,314

1. Non audit services include amounts charged for work relating to financial, regulatory and asset due diligence of the Group and its consolidated entities.

Notes to Consolidated Financial Statements continued

Section A: Performance continued

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 2021 \$m	June 2020 \$m
Finance Revenue		
Other corporations	4	6
Other finance revenue	4	4
Total interest finance revenue	8	10
Interest discounting	1	2
Total finance revenue	9	12
Finance Costs		
Interest expense in relation to other corporations	127	159
Interest expense in relation to lease liabilities	20	25
Less: Capitalised interest finance costs ¹	(18)	(33)
Total interest finance costs	129	151
Non interest finance costs	17	14
Total finance costs	146	165
Net finance costs	(137)	(153)

1. The weighted average interest rate used to determine the amount of interest finance costs eligible for capitalisation was 3.6 per cent (30 June 2020: 3.5 per cent), which is the effective interest rate.

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.

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.

Notes to Consolidated Financial Statements continued

Section A: Performance continued

9. Taxation continued

a. Income Tax Expense

	June 2021 \$m	June 2020 \$m
Recognised in the Income Statement		
Current Tax Expense		
Current year	132	(58)
Adjustments for prior years	(4)	(2)
Current year tax losses derecognised/(recognised)	40	(2)
Total current tax expense/(benefit)	168	(62)
Deferred Tax Expense		
Origination and reversal of temporary differences	(65)	(77)
Temporary differences recognised/recovered	7	(5)
Recognition of prior year net tax losses	(7)	(18)
Change in tax rate ¹	(31)	(10)
Total deferred tax (benefit)	(96)	(110)
Income Tax Expense		
Total income tax expense/(benefit) from continuing operations	75	(194)
Total income tax (benefit)/expense from discontinued operations ²	(3)	22
Total income tax expense/(benefit)³	72	(172)
Reconciliation of Effective Tax Rate		
Profit/(loss) before tax	294	(482)
Income tax using the domestic corporation tax rate 30%	88	(145)
Adjustments for prior year	(4)	(5)
Non assessable and exempt income ⁴	(40)	(30)
Non allowable expenses ⁵	7	22
Net write off tax losses through income tax expense	39	12
Temporary differences recognised through income tax expense ⁶	7	(5)
Utilisation of capital losses on disposal of assets	(13)	-
Effect of tax rates in foreign jurisdictions ⁷	(26)	(34)
Other	14	13
Income tax expense/(benefit)	72	(172)
Deferred Tax Recognised Directly in Equity		
Relating to:		
Hedging reserve	2	-
Impact of adoption of new accounting standard	4	(5)
Defined benefit plans remeasurements	41	1
Foreign currency translation reserve	(6)	(10)
Non controlling interest acquisition reserve	3	(2)
Total deferred tax expense recognised directly in equity	44	(16)

b. Tax Effect Relating to Other Comprehensive Income

	June 2021			June 2020		
	Before Tax \$m	Tax (Expense)/ Benefit \$m	Net of Tax \$m	Before Tax \$m	Tax (Expense)/ Benefit \$m	Net of Tax \$m
Movements in hedging reserve	17	(2)	15	(19)	-	(19)
Movements in foreign currency translation reserve	(114)	6	(108)	(15)	10	(5)
Movements in non controlling interest acquisition reserve	6	-	6	(1)	-	(1)
Movements in defined benefit plans remeasurements	52	(41)	11	14	(1)	13
Total other comprehensive income net of tax	(39)	(37)	(76)	(21)	9	(12)

1. Legislation was passed in the current period to increase the UK corporation tax rate from 19 per cent to 25 per cent.

2. Refer to Note 33 'Discontinued Operations' for further detail.

3. Represents income tax expense from continuing operations of \$75 million and income tax benefit from discontinued operations of \$3 million.

4. Includes Lendlease Trust Group profit.

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

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

7. 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.

c. Deferred Tax Assets and Liabilities

	June 2021		June 2020	
	Assets \$m	Liabilities \$m	Assets \$m	Liabilities \$m
Recognised Deferred Tax Assets and Liabilities				
Deferred tax assets and liabilities are attributable to the following:				
Loans and receivables	1	(91)	2	(53)
Inventories	89	(371)	62	(451)
Other financial assets	9	(49)	5	(54)
Other assets	112	(4)	104	(13)
Equity accounted investments	12	(417)	4	(403)
Investment properties	-	(17)	-	(57)
Property, plant and equipment	40	(12)	32	(18)
Intangible assets	1	(19)	-	(21)
Net defined benefit plans	16	(67)	21	(34)
Trade and other payables	180	(10)	190	-
Provisions	117	-	135	-
Borrowings and financing arrangements	62	(8)	49	-
Other financial and non financial liabilities	20	-	18	(2)
Unused revenue tax losses recognised	99	-	157	-
Unused capital tax losses recognised	9	-	-	-
Items with a tax base but no carrying value	38	(26)	54	(20)
Total deferred tax assets/(liabilities)	805	(1,091)	833	(1,126)
Deferred tax set off	(690)	690	(692)	692
Net deferred tax assets/(liabilities)	115	(401)	141	(434)

	1 July 2020 \$m	Recognised in Income \$m	Recognised in Equity \$m	Other/ Foreign Exchange \$m	30 June 2021 \$m
	June 2021				
Movement in temporary differences during the financial year:					
Loans and receivables	(51)	(35)	-	(4)	(90)
Inventories	(389)	98	-	9	(282)
Other financial assets	(49)	-	-	9	(40)
Other assets	91	24	-	(7)	108
Equity accounted investments	(399)	(16)	10	-	(405)
Investment properties	(57)	36	-	4	(17)
Property, plant and equipment	14	14	(4)	4	28
Intangible assets	(21)	2	-	1	(18)
Net defined benefit plans	(13)	1	(41)	2	(51)
Trade and other payables	190	(2)	-	(18)	170
Provisions	135	(33)	-	15	117
Borrowings and financing arrangements	49	8	(6)	3	54
Other financial and non financial liabilities	16	2	-	2	20
Unused revenue tax losses recognised	157	2	-	(60)	99
Unused capital tax losses recognised	-	9	-	-	9
Items with a tax base but no carrying value	34	(14)	(3)	(5)	12
Total net deferred tax assets/(liabilities)	(293)	96	(44)	(45)	(286)

Notes to Consolidated Financial Statements continued

Section A: Performance continued

9. Taxation continued

	1 July 2019 \$m	Recognised in Income \$m	Recognised in Equity \$m	Other/Foreign Exchange \$m	30 June 2020 \$m
June 2020					
Movement in temporary differences during the financial year:					
Loans and receivables	(64)	13	-	-	(51)
Inventories	(357)	(29)	-	(3)	(389)
Other financial assets	(59)	9	-	1	(49)
Other assets	(3)	93	-	1	91
Equity accounted investments	(391)	(16)	10	(2)	(399)
Investment properties	(8)	(30)	-	(19)	(57)
Property, plant and equipment	(34)	(5)	5	48	14
Intangible assets	(23)	2	-	-	(21)
Net defined benefit plans	(6)	(5)	(1)	(1)	(13)
Trade and other payables	192	7	-	(9)	190
Provisions	117	33	-	(15)	135
Borrowings and financing arrangements	20	30	-	(1)	49
Other financial liabilities	-	1	-	15	16
Unused revenue tax losses recognised	75	20	-	62	157
Items with a tax base but no carrying value	45	(13)	2	-	34
Total net deferred tax assets/(liabilities)	(496)	110	16	77	(293)

	June 2021 \$m	June 2020 \$m
Unrecognised Deferred Tax Assets		
Deferred tax assets have not been recognised in respect of the following items:		
Unused revenue tax losses	54	51
Unused capital tax losses	132	24
Net deductible temporary differences	72	78
Total unrecognised deferred tax assets	258	153

Of the unrecognised deferred tax assets of \$258 million, only \$30 million expires by 2037. The remainder of the unrecognised deferred tax assets have no expiry date.

10. Events Subsequent to Balance Date

On 21 July 2021, the Group entered into an agreement with Service Stream for the sale of the Services business for a purchase price of \$310 million. The transaction, which is expected to complete prior to the end of calendar year 2021, is subject to conditions including client and third party consents. Given the agreement was signed post balance date and at 30 June 2021 there was uncertainty as to whether a transaction would be completed, the Services business did not meet the accounting criteria to be held for sale, therefore it has not been included in discontinued operations or assets and liabilities classified as held for sale at 30 June 2021. The sale, and any resulting gain/loss after transaction costs and completion adjustments, is expected to be recorded in the subsequent financial year. The sale price is above the net assets of the Services business at 30 June 2021. Any gain/loss will be subject to the completion accounts process, final transaction costs and any required provisions for indemnifications.

On 16 August 2021, the Group announced the preliminary results of the business review undertaken following the appointment of the new Global CEO. While the review is still ongoing at the date of this report, the Group expects to record an estimated restructuring provision in FY22 of pre-tax \$130 million to \$170 million for the restructuring costs associated with the revised organisational structure and related matters. As part of this exercise, the Group has also identified a small number of projects where a material change in development strategy is under consideration. A range of alternative strategic options are being considered to reduce future capital outlay and/or expedite the release of existing capital on these projects to enable redeployment elsewhere. The expected change in forecast strategy for these projects is expected to result in an estimated development properties impairment of approximately pre-tax \$230 million to \$290 million in FY22.

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

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 2021 \$m	June 2020 \$m
Current			
Development properties		894	1,337
Construction contract assets	21a	565	912
Other		10	7
Total current		1,469	2,256
Non Current			
Development properties		2,404	3,113
Total non current		2,404	3,113
Total inventories		3,873	5,369

Notes to Consolidated Financial Statements continued

Section B: Investment continued

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.

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 2021 \$m	June 2020 \$m
Associates			
Investment in associates	12a	444	518
Less: Impairment	12a	(3)	(5)
Total associates		441	513
Joint Ventures			
Investment in joint ventures	12b	3,356	3,198
Less: Impairment	12b	(39)	(40)
Total joint ventures		3,317	3,158
Total equity accounted investments		3,758	3,671

	INTEREST		SHARE OF PROFIT		NET BOOK VALUE	
	June 2021 %	June 2020 %	June 2021 \$m	June 2020 \$m	June 2021 \$m	June 2020 \$m
a. Associates						
Australia						
Investments						
Lendlease Communities Fund 1	20.8	20.8	-	-	3	4
Lendlease Sub Regional Retail Fund ¹	10.0	10.0	1	(8)	25	27
Other			-	-	5	5
Total Australia			1	(8)	33	36
Asia						
Investments						
Lendlease Global Commercial REIT	25.9	25.3	4	(10)	249	261
Lendlease Asian Retail Investment Fund 1	48.7	48.7	-	15	4	4
Lendlease Asian Retail Investment Fund 2	39.4	39.4	(1)	-	32	35
Lendlease Asian Retail Investment Fund 3 ¹	15.1	20.1	1	(14)	123	180
Total Asia			4	(9)	408	480
Americas						
Investments						
Other			3	3	3	2
Total Americas			3	3	3	2
Total Group			8	(14)	444	518
Less: Impairment			-	-	(3)	(5)
Total associates			8	(14)	441	513

1. Although the Group has less than 20 per cent ownership interest in Lendlease Sub Regional Retail Fund and Lendlease Asian Retail Investment Fund 3, 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 2021 %	June 2020 %	June 2021 \$m	June 2020 \$m	June 2021 \$m	June 2020 \$m
b. Joint Ventures						
Australia						
Development						
Circular Quay Tower	20.0	20.0	15	13	150	117
Melbourne Quarter R1	50.0	50.0	5	5	64	67
One Sydney Harbour R1 Trust	75.0	-	-	-	111	-
One Sydney Harbour R2 Trust	75.0	-	-	-	146	-
Victoria Cross	75.0	75.0	2	-	132	123
Other			-	7	25	23
Investments						
Lendlease Retirement Living Trust ¹	50.0	75.0	40	(29)	952	1,367
Other			(1)	(7)	-	-
Total Australia			61	(11)	1,580	1,697

1. During the period, the Group disposed of a further 25 per cent interest in Lendlease Retirement Living Trust. The Group sold the units at the 31 December 2020 book value of \$458 million.

Notes to Consolidated Financial Statements continued

Section B: Investment continued

12. Equity Accounted Investments continued

	INTEREST		SHARE OF PROFIT		NET BOOK VALUE	
	June 2021 %	June 2020 %	June 2021 \$m	June 2020 \$m	June 2021 \$m	June 2020 \$m
b. Joint Ventures continued						
Asia						
Development						
Certis and Lendlease Property Trust	49.0	-	(1)	-	24	-
The Exchange TRX	60.0	60.0	-	(5)	388	354
Investments						
CDR JV Ltd (313@somerset)	25.0	25.0	-	7	3	3
Paya Lebar Quarter	30.0	30.0	(16)	(10)	358	379
Total Asia			(17)	(8)	773	736
Europe						
Development						
LRIP LP	20.0	20.0	4	1	177	77
LRIP 2 LP	50.0	50.0	13	7	52	10
MSG South	50.0	50.0	17	2	67	25
Milano Innovation District	50.0	-	-	-	31	-
Stratford City Business District Limited (International Quarter London) ¹	50.0	50.0	(3)	1	21	125
Victoria Drive Wandsworth	50.0	50.0	(4)	(5)	39	38
Other			(3)	(3)	7	10
Investments						
Other			-	-	15	15
Total Europe			24	3	409	300
Americas						
Development						
277 Fifth Avenue	40.0	40.0	(11)	(15)	41	54
Lendlease Towers LLC	-	-	-	(26)	-	-
Americas Residential Partnership²						
211 North Harbor Drive Venture	42.5	42.5	-	-	99	83
445 East Waterside	42.5	42.5	20	-	82	40
SB Polk Street	50.1	50.1	-	-	18	3
1 Java Holdings	20.2	-	-	-	31	-
La Cienega	50.0	-	-	-	23	-
60 Guest Street	25.0	-	-	-	23	-
Other			-	1	32	21
Construction						
Lendlease Turner Joint Venture	50.0	50.0	14	17	1	-
Investments						
845 Madison ³	37.5	37.5	2	38	83	88
Americas Residential Partnership²						
Clippership Wharf Multifamily Holdings	50.1	50.1	(1)	-	79	86
720 S Wells Holdings	50.1	50.1	-	2	82	90
Total Americas			24	17	594	465
Total Group			92	1	3,356	3,198
Less: Impairment			-	-	(39)	(40)
Total joint ventures			92	1	3,317	3,158
Total associates			8	(14)	441	513
Total equity accounted investments			100	(13)	3,758	3,671

- At 30 June 2020, the Group had a 50 per cent stake in International Quarter London - North and International Quarter London - South. During the period, the Group disposed of its 50 per cent stake in International Quarter London - North and purchased the remaining 50 per cent stake in International Quarter London - South. The interest above relates to the current operating assets of the International Quarter London joint venture. Refer to Note 6 'Other Income' for further detail.
- June 2020 comparatives have been reclassified to separately present the individual joint ventures within Americas Residential Partnership.
- During the period, 845 Madison was transferred from the Development segment to the Investments segment subsequent to project completion.

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.

Income Statement ¹	LENLEASE GLOBAL COMMERCIAL REIT ²		LENLEASE RETIREMENT LIVING TRUST ³		PAYA LEBAR QUARTER	
	June 2021 \$m	June 2020 \$m	June 2021 \$m	June 2020 \$m	June 2021 \$m	June 2020 \$m
Revenue and other income	81	60	188	126	119	219
Cost of sales	(22)	(16)	(24)	(26)	(44)	(168)
Other expenses	(20)	(27)	(60)	(60)	14	(160)
Unrealised fair value gains/(losses)	(31)	(22)	(13)	(62)	11	(190)
Finance costs	(10)	(4)	(23)	(18)	(52)	(54)
Income tax expense	-	-	1	1	(2)	(1)
Profit/(loss) for the period	(2)	(9)	69	(39)	46	(354)
Other comprehensive income/(expense)	9	17	8	(1)	-	-
Total comprehensive income/(expense)	7	8	77	(40)	46	(354)
Group's ownership interest	25.9%	25.3%	50.0%	75.0%	30.0%	30.0%
Group's total share of:						
Profit/(loss) for the period	(1)	(2)	40	(29)	14	(106)
Other adjustments	5	(8)	-	-	(30)	96
Total profit/(loss) for the period	4	(10)	40	(29)	(16)	(10)
Other comprehensive income/(expense)	(10)	(5)	5	-	(9)	(19)
Total comprehensive income/(expense)	(6)	(15)	45	(29)	(25)	(29)

- 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 2021, 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 2021.
- Prior period balances have been reclassified to reflect updated management information.
- During the period, the Group disposed of a further 25 per cent interest in Lendlease Retirement Living Trust. The Group sold the units at the 31 December 2020 book value of \$458 million.

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

Income Statement	ASSOCIATES		JOINT VENTURES	
	June 2021 \$m	June 2020 \$m	June 2021 \$m	June 2020 \$m
Aggregate amounts of the Group's share of:				
Profit/(loss) from continuing operations	4	(4)	68	40
Other comprehensive income/(expense)	(10)	(1)	(46)	(14)
Aggregate amounts of Group's share of total comprehensive income/(expense) of individually immaterial equity accounted investments	(6)	(5)	22	26

Notes to Consolidated Financial Statements continued

Section B: Investment continued

12. Equity Accounted Investments continued

c. Material Associates and Joint Ventures Summarised Financial Information continued

Statement of Financial Position	LENLEASE GLOBAL COMMERCIAL REIT		LENLEASE RETIREMENT LIVING TRUST ^{1,2}		PAYA LEBAR QUARTER ³	
	June 2021 \$m	June 2020 \$m	June 2021 \$m	June 2020 \$m	June 2021 \$m	June 2020 \$m
Current assets						
Cash and cash equivalents	245	87	44	40	107	149
Other current assets	9	14	28	80	95	100
Total current assets	254	101	72	120	202	249
Non current assets						
Investment properties	1,409	1,506	7,441	7,232	2,960	3,128
Other non current assets	52	16	2	1	4	-
Total non current assets	1,461	1,522	7,443	7,233	2,964	3,128
Current liabilities						
Resident liabilities	-	-	4,835	4,700	-	-
Financial liabilities (excluding trade payables)	-	-	-	-	-	-
Other current liabilities	24	21	56	67	55	95
Total current liabilities	24	21	4,891	4,767	55	95
Non current liabilities						
Financial liabilities (excluding trade payables)	536	552	742	781	1,733	1,864
Other non current liabilities	11	13	-	-	86	121
Total non current liabilities	547	565	742	781	1,819	1,985
Net assets	1,144	1,037	1,882	1,805	1,292	1,297
Reconciliation to Carrying Amounts						
Opening net assets 1 July	1,037	-	1,805	1,845	1,297	1,591
Total comprehensive income/(loss) for the period	7	8	77	(40)	46	(354)
Acquisition/contributions	197	1,077	-	-	14	69
Distributions	(47)	(16)	-	-	-	-
Foreign currency translation for the period	(50)	(32)	-	-	(65)	(9)
Closing net assets	1,144	1,037	1,882	1,805	1,292	1,297
% ownership	25.9%	25.3%	50.0%	75.0%	30.0%	30.0%
Group's share of net assets	296	262	941	1,354	388	389
Other adjustments	(47)	(1)	(2)	-	(30)	(10)
Carrying amount at end of period	249	261	939	1,354	358	379

- The carrying amount at the end of the period differs to Note 12b 'Joint Ventures' due to an impairment of \$13 million.
- During the period, the Group disposed of a further 25 per cent interest in Lendlease Retirement Living Trust. The Group sold the units at the 31 December 2020 book value of \$458 million.
- Prior period balances have been reclassified to reflect updated management information.

Material joint ventures had \$141 million (June 2020: \$32 million) in capital expenditure commitments.

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

Statement of Financial Position	ASSOCIATES		JOINT VENTURES	
	June 2021 \$m	June 2020 \$m	June 2021 \$m	June 2020 \$m
Aggregate carrying value of individually immaterial equity accounted investments	195	257	2,046	1,452

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 ¹	June 2021 \$m	June 2020 \$m
Current Measured at Fair Value			
Fair Value Through Profit or Loss – Designated at Initial Recognition			
Derivatives	Level 2	7	16
Total current		7	16
Non Current Measured at Fair Value			
Fair Value Through Profit or Loss – Designated at Initial Recognition			
Lendlease International Towers Sydney Trust	Level 3	165	153
Lendlease One International Towers Sydney Trust	Level 3	57	53
Australian Prime Property Fund – Industrial	Level 3	120	101
Australian Prime Property Fund – Commercial	Level 3	386	372
Australian Prime Property Fund – Retail	Level 3	56	57
Lendlease Public Infrastructure Investment Company	Level 3	-	40
Military Housing Projects Initiative	Level 3	201	211
Parkway Parade Partnership Limited	Level 3	65	72
Other investments	Level 3	20	9
Derivatives	Level 2	10	8
Total non current		1,080	1,076
Total other financial assets		1,087	1,092

- Refer to Note 26 'Fair Value Measurement' for details on basis of determining fair value and the valuation technique.

a. Fair Value Reconciliation

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

	June 2021 \$m	June 2020 \$m
Carrying amount at beginning of financial year	1,068	1,180
Disposals	(39)	(51)
Net gains/(losses) recognised in Income Statement	61	(16)
Other movements	(20)	(45)
Carrying amount at end of financial year	1,070	1,068

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

Notes to Consolidated Financial Statements continued

Section C: Liquidity and Working Capital

The ability of the Group to fund the continued investment in the development 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.

	Note	June 2021 \$m	June 2020 \$m
Continuing			
Cash		1,303	937
Short term investments ¹		359	174
Total cash and cash equivalents for continuing operations		1,662	1,111
Disposal Group Assets Held for Sale			
Cash		-	142
Short term investments		-	309
Total cash and cash equivalents classified as Disposal Group assets held for sale	33	-	451
Total cash and cash equivalents		1,662	1,562

1. Short term investments earned variable rates of interest which averaged 0.5 per cent per annum during the year (30 June 2020: 1.5 per cent).

15. Notes to Statement of Cash Flows

	June 2021 \$m	June 2020 \$m
Reconciliation of Profit after Tax to Net Cash Provided by Operating Activities		
Profit/(Loss) after tax (including external non controlling interests)	222	(310)
Amortisation and depreciation	207	244
Net gain on sale of investments, plant and equipment	(388)	(225)
Impairment of equity accounted investments	2	24
(Reversal)/impairment of inventories	(13)	30
Impairment of loans and receivables	-	4
Impairment of intangible assets	2	22
Impairment of property, plant and equipment	7	2
Net unrealised foreign exchange (gain)/loss and currency hedging costs	(38)	18
Net fair value (gain)/loss on investments	(61)	17
Share of (profit)/loss of equity accounted investments	(100)	13
Dividends/distributions from equity accounted investments	155	102
Fair value gain on investment properties	(3)	(24)
Other	(41)	(83)
Net cash provided by operating activities before changes in assets and liabilities	(49)	(166)
Changes in Assets and Liabilities Adjusted for Effects of Purchase and Disposal of Consolidated Entities and Operations During the Financial Year		
(Increase)/decrease in receivables	(1,021)	282
Decrease in inventories	1,457	77
(Increase)/decrease in other assets	(26)	1
Increase in net defined benefit plans	(80)	(20)
(Decrease)/increase in payables	(119)	102
Decrease/(increase) in operating derivatives assets/liabilities	40	(9)
Increase in deferred tax items	(5)	(176)
Decrease/(increase) in current tax	20	(13)
Increase in other provisions	251	59
Net cash provided by operating activities¹	468	137

1. 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 2021 \$m	June 2020 \$m
a. Borrowings – Measured at Amortised Cost		
Current		
Commercial notes	555	134
Total current	555	134
Non Current		
Commercial notes	1,682	1,500
Bank credit facilities	120	761
Total non current	1,802	2,261
Total borrowings	2,357	2,395

Notes to Consolidated Financial Statements continued

Section C: Liquidity and Working Capital continued

16. Borrowings and Financing Arrangements continued

	June 2021 \$m	June 2020 \$m
b. Finance Facilities		
The Group has access to the following lines of credit:		
Commercial Notes		
Facility available	2,237	2,036
Amount of facility used	(2,237)	(1,634)
Amount of facility unused	-	402
Bank Credit Facilities		
Facility available	3,264	4,461
Amount of facility used	(120)	(761)
Amount of facility unused	3,144	3,700
Bank Overdrafts		
Facility available and amount unused	124	124

Commercial notes include:

- £300 million COVID Corporate Financing Facility (CCFF) from the Bank of England was drawn to \$134 million as at June 2020. The CCFF was closed for new issuance in March 2021 and was repaid in May 2021
- £300 million of guaranteed unsecured notes issued in October 2006 in the UK bond market with a 6.125 per cent per annum coupon maturing in October 2021 and was classified as current for June 2021
- 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 October 2027
- \$80 million of 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 March 2031.

Bank credit facilities include:

- \$1,800 million syndicated cash advance facility with Tranche A \$900 million maturing December 2021 and Tranche B \$900 million maturing September 2022. As at 30 June 2021, tranches A and B were undrawn
- \$800 million syndicated loan facility with Tranche A \$400 million and Tranche B \$400 million. Tranche A was repaid and cancelled during the period. \$100 million of Tranche B was cancelled during the period with the remaining \$300 million maturing in May 2022 and undrawn as at 30 June 2021
- £400 million club bank facility maturing in March 2023 undrawn as at 30 June 2021
- \$960 million A\$ syndicated loan facility, maturing in March 2024. During the period, the \$725 million Tranche A was repaid and cancelled. As at 30 June 2021, the \$235 million Tranche B was undrawn
- CNY871 million bank facility maturing in January 2025 drawn to \$113 million as at 30 June 2021.

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.

	INTEREST EXPOSURE			CURRENCY					
	Fixed \$m	Floating \$m	Total \$m	A\$ \$m	US\$ \$m	£ \$m	CNY \$m	S\$ \$m	Total \$m
June 2021									
Within one year	555	-	555	-	-	555	-	-	555
Between one and five years	644	-	644	-	531	-	113	-	644
More than five years	1,151	7	1,158	855	-	7	-	296	1,158
Total	2,350	7	2,357	855	531	562	113	296	2,357
June 2020									
Within one year	134	-	134	-	-	134	-	-	134
Between one and five years	564	725	1,289	725	-	535	29	-	1,289
More than five years	965	7	972	79	575	7	-	311	972
Total	1,663	732	2,395	804	575	676	29	311	2,395

	Note	June 2021 \$m	June 2020 \$m
c. Movement in Borrowings and Financing Arrangements			
Balance at beginning of financial year	16a	2,395	2,715
Net proceeds from/(repayments of) borrowings		33	(312)
Effect of foreign exchange rate movements		(49)	(8)
Other movements		(22)	-
Balance at end of financial year	16a	2,357	2,395

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 classified as treasury shares and are recognised as a deduction from equity.

	LENLEASE CORPORATION LIMITED				LENLEASE TRUST			
	June 2021		June 2020		June 2021		June 2020	
	No. of Shares (m)	\$m	No. of Shares (m)	\$m	No. of Units (m)	\$m	No. of Units (m)	\$m
Issued capital at beginning of financial year, net of prior period share buyback	688	1,889	564	1,300	688	1,536	564	921
Distribution reinvestment plan (DRP)	1	3	-	9	1	1	-	2
Share issue via institutional placement (net of transaction costs) ^{1,3}	-	(3)	97	454	-	-	97	479
Share issue via Security Purchase Plan (net of transaction costs) ^{2,3}	-	(1)	27	126	-	-	27	134
Issued capital at end of financial year	689	1,888	688	1,889	689	1,537	688	1,536

1. On 4 May 2020, the Group issued 97 million new stapled securities via an institutional placement at an issue price of \$9.80.

2. On 4 June 2020, the Group issued 27 million new stapled securities via a Security Purchase Plan at an issue price of \$9.80.

3. During the prior period the Group raised \$1,193 million in equity after costs which was allocated 48.4 per cent to the Company and 51.6 per cent to Lendlease Trust.

a. Issuance of Securities

As at 30 June 2021, 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.

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 24 August 2021. 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 24 August 2021, for determining entitlements to distribution. If that price is less than 50 cents, the issue price will be 50 cents. Stapled securities issued under the DRP rank equally with all other stapled securities on issue.

c. Terms and Conditions

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.

Notes to Consolidated Financial Statements continued

Section C: Liquidity and Working Capital continued

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 2021 are Baa3/BBB- respectively (June 2020: 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 Financial Area of Focus and Performance and Outlook sections 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 2021, 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 2020: \$nil) against letter of credit facilities.

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

Note	Carrying Amount \$m	Contractual Cash Flows \$m	Less Than One Year \$m	One to Two Years \$m	Two to Five Years \$m	More Than Five Years \$m	
June 2021							
Non Derivative Financial Liabilities							
Trade and other payables ¹	22	5,156	5,172	3,793	770	580	29
Lease liabilities	22	474	526	80	115	206	125
Borrowings and financing arrangements	16a	2,357	2,719	690	76	668	1,285
Total		7,987	8,417	4,563	961	1,454	1,439
Derivative Financial Liabilities							
(Outflow)		-	(1,127)	(990)	(23)	(61)	(53)
Inflow		37	1,164	1,001	22	73	68
Total		37	37	11	(1)	12	15
June 2020							
Non Derivative Financial Liabilities							
Trade and other payables ^{1,2}	22	4,688	5,166	3,941	782	97	346
Lease liabilities	22	544	650	119	123	234	174
Borrowings and financing arrangements	16a	2,395	2,667	215	588	848	1,016
Other financial liabilities		-	26	26	-	-	-
Total		7,627	8,509	4,301	1,493	1,179	1,536
Derivative Financial Liabilities							
(Outflow)		-	(399)	(397)	-	(1)	(1)
Inflow		11	404	404	-	-	-
Total		11	5	7	-	(1)	(1)

1. Trade and other payables are presented excluding lease liabilities. The carrying amount of trade and other payables excludes \$902 million of current and \$67 million of non current amounts (June 2020: \$884 million of current and \$785 million of non current) in relation to items where there is no future cash outflow or liquidity risk.

2. Balance includes Disposal Group liabilities held for sale.

Other contractually committed cash flows the Group is exposed to are detailed in Note 20 'Commitments'.

20. Commitments

	June 2021 \$m	June 2020 ¹ \$m
a. Capital Expenditure		
At balance date, capital expenditure commitments agreed or contracted but not provided for in the financial statements are as follows:		
Due within one year	4	16
Due between one and five years	-	-
Due later than five years	-	-
Total	4	16

1. Balance includes Disposal Group capital expenditure commitments.

	June 2021 \$m	June 2020 \$m
b. Investments		
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	794	386
Due between one and five years	2,027	1,234
Due later than five years	72	15
Total	2,893	1,635

	June 2021 \$m	June 2020 \$m
c. Investment Properties		
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	5	-
Due between one and five years	227	-
Due later than five years	-	-
Total	232	-

Notes to Consolidated Financial Statements continued

Section C: Liquidity and Working Capital continued

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 2021 \$m	June 2020 \$m
Current			
Trade receivables		602	762
Less: Impairment		(12)	(16)
		590	746
Related parties		185	32
Retentions		279	351
Contract debtors	21a	247	263
Accrued income	21a	78	62
Other receivables		362	213
Total current		1,741	1,667
Non Current			
Related parties		570	176
Less: Impairment		(4)	(2)
		566	174
Retentions		70	218
Other receivables		1,235	352
Total non current		1,871	744
Total loans and receivables		3,612	2,411

As at the reporting date, \$478 million of the trade debtors were current (30 June 2020: \$501 million) and \$124 million were past due (30 June 2020: \$261 million). Of the past due amount, \$112 million was not impaired (30 June 2020: \$245 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, 6.5 per cent (30 June 2020: 23.1 per cent) are aged greater than 90 days. Other than trade debtors, no other loans and receivables are considered past due at 30 June 2021 (30 June 2020: \$nil).

		June 2021 \$m	June 2020 \$m
Provision for Impairment			
Carrying amount at beginning of financial year		18	16
Bad and doubtful debts impairment loss net of provisions written back		-	4
Utilised bad and doubtful debts impairment provision		(1)	(2)
Other movements (including foreign exchange rate movements)		(1)	-
Carrying amount at end of financial year		16	18
Total impairment as a percentage of total loans and receivables		0.4%	0.7%

The credit quality of all loans and receivables, including those neither past due nor impaired, is assessed and monitored on an ongoing basis. As the majority of the Group's customers are government entities for the Construction business and are institutional investors in the Development and Investment businesses, no additional risk has been identified. Impairment as noted above was immaterial at 30 June 2021. 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.

	Note	June 2021 \$m	June 2020 \$m
a. Contract Assets			
Current			
Contract debtors ¹		247	263
Construction contract assets ²	11	565	912
Accrued income		78	62
Total contract assets¹		890	1,237

1. Movements in contract assets during the period relate primarily to the transfer of balances into Trade receivables as the right to receive payment from customers becomes unconditional.
2. Movements in contract assets during the period relate primarily to billings raised on construction contracts with customers in excess of revenue recognised.

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 2021 \$m	June 2020 \$m
Current			
Trade and accrued creditors		2,243	2,281
Construction contract liabilities	22a	1,379	1,460
Related parties		263	17
Retentions		386	476
Deferred land payments		278	19
Unearned income	22a	27	40
Lease liabilities		67	71
Other		196	132
Total current		4,839	4,496

Notes to Consolidated Financial Statements continued

Section C: Liquidity and Working Capital continued

22. Trade and Other Payables continued

	Note	June 2021 \$m	June 2020 \$m
Non current			
Trade and accrued creditors		4	4
Retentions		47	190
Deferred land payments		366	614
Unearned income	22a	67	177
Lease liabilities		407	473
Other payables - PLLACes ¹		-	608
Other		869	339
Total non current		1,760	2,405
Total trade and other payables		6,599	6,901

1. PLLACes transactions involve selling the presold apartment cash flows for a specific development project to a third party for cash consideration. Refer to Note 4 'Revenue from Contracts with Customers' for further details. This amount was deconsolidated in FY21 as part of the sale of One Sydney Harbour R1 Trust. See Note 6 'Other Income' for further detail.

As at 30 June 2021, the Group recognised right-of-use assets of \$325 million within Property, Plant and Equipment and \$nil within Investment Properties.

	June 2021 \$m	June 2020 \$m
a. Contract Liabilities		
Current		
Unearned income ¹	27	40
Construction contract liabilities ²	1,379	1,460
Total current	1,406	1,500
Non Current		
Unearned income ¹	67	177
Total non current	67	177
Total contract liabilities	1,473	1,677

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

2. Movements in Construction contract liabilities relate primarily to billings raised during the period in excess of revenue recognised 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 \$466 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 2021 is \$556 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 2021 is \$14.9 billion for the core business (June 2020: \$13.9 billion) and \$3.9 billion for the Non core business (June 2020: \$5.1 billion), which is the construction backlog reported in the Performance and Outlook section of the Directors' report. This includes new work secured during the period. Of the total construction backlog, 44 per cent is expected to be realised within the next 12 months to June 2022 (June 2020: 47 per cent to June 2021), 31 per cent to June 2023 (June 2020: 25 per cent to June 2022) and the remaining 25 per cent realised post June 2023 (June 2020: 28 per cent post June 2022).

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.

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.

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.

Other

Includes amounts related to various litigation and commercial matters.

	Employee Benefits \$m	Construction Projects' \$m	Development Projects \$m	Other \$m	Total \$m
Balance as at 1 July 2020	181	78	86	60	405
Provisions made during the year	120	223	85	2	430
Provisions used during the year	(105)	(31)	(12)	-	(148)
Provisions reversed during the year	(2)	(4)	(16)	(10)	(32)
Balance as at 30 June 2021	194	266	143	52	655
Current Provisions	167	260	96	52	575
Non Current Provisions	27	6	47	-	80
Total Provisions	194	266	143	52	655

1. The Group has recorded \$168 million of provisions related to claims on historical Non core segment projects completed prior to the sale of the Engineering business.

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
Foreign Currency	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"> Foreign currency earnings Net investments in foreign operations Transactions settled in foreign currency Further information on exposures is detailed in Note 24a 'Foreign Currency Risk Exposure' 	<ul style="list-style-type: none"> Physical financial instruments, including natural hedges from matching foreign assets and liabilities Derivative financial instruments, mainly foreign exchange contracts Contracting out Speculative trading is not permitted
Credit	The risk that a counterparty will not be able to meet its obligations in respect of a financial instrument, resulting in a financial loss to the Group	<ul style="list-style-type: none"> Recoverability of loans and receivables Recoverability of other financial assets and cash deposits Further information on exposures is detailed in Note 24b 'Credit Risk Exposure' 	<ul style="list-style-type: none"> Policies in place so that customers and suppliers are appropriately credit assessed Treasury Policy sets out credit limits for each counterparty based on minimum investment grade ratings
Liquidity	The risk of having insufficient funds to settle financial liabilities as and when they fall due	<ul style="list-style-type: none"> Insufficient levels of committed credit facilities Settlement of financial liabilities Further information on exposures is detailed in Note 19 'Liquidity Risk Exposure' 	<ul style="list-style-type: none"> Maintaining sufficient levels of cash and committed credit facilities to meet financial commitments and working capital requirements Managing to funding portfolio benchmarks as outlined in the Treasury Policy Timely review and renewal of credit facilities
Interest Rate	The risk that the value of a financial instrument or cash flow associated with the instrument will fluctuate due to changes in market interest rates	<ul style="list-style-type: none"> Financial assets, mainly cash at bank Financial liabilities, mainly borrowings and financing arrangements Further information on exposures is detailed in Note 24c 'Interest Rate Risk Exposure' 	<ul style="list-style-type: none"> Physical financial instruments Derivative financial instruments, mainly interest rate swaps Managing to hedging limits in respect of recourse funding as outlined in the Treasury Policy Speculative trading is not permitted
Equity Price	The risk that the fair value of either a traded or non traded equity investment, derivative equity instrument, or a portfolio of such financial instruments, increases or decreases in the future	<ul style="list-style-type: none"> All traded and/or non traded financial instruments measured at fair value 	<ul style="list-style-type: none"> Material investments within the portfolio are managed on an individual basis. The Group's portfolio is monitored closely as part of capital recycling initiatives

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 ²
June 2021								
Net asset/(liability) exposure (local currency)	3,248	743	572	607	307	653	1,204	42
June 2020¹								
Net asset/(liability) exposure (local currency)	3,390	717	596	593	190	599	1,044	33

1. Balance includes Disposal Group assets and liabilities held for sale.

2. 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 2020: 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/(DECREASE) IN PROFIT AFTER TAX		10% STRENGTHENING LEADS TO INCREASE/(DECREASE) IN PROFIT AFTER TAX	
	June 2021 \$m	June 2020 \$m	June 2021 \$m	June 2020 \$m
USD	7	4	(6)	(5)
GBP	(1)	-	1	-
SGD	3	6	(2)	(4)
EUR	4	4	(3)	(3)
CNY	-	1	-	(1)
MYR	-	2	1	(2)
	13	17	(9)	(15)

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/(DECREASE) IN NET ASSETS		10% STRENGTHENING LEADS TO INCREASE/(DECREASE) IN NET ASSETS	
	June 2021 \$m	June 2020 \$m	June 2021 \$m	June 2020 \$m
USD	102	117	(96)	(96)
GBP	107	127	(91)	(104)
SGD	66	72	(54)	(59)
EUR	52	33	(42)	(28)
CNY	15	14	(12)	(11)
MYR	43	38	(35)	(33)
	385	401	(330)	(331)

Notes to Consolidated Financial Statements continued

Section D: Risk Management continued

24. Financial Risk Management continued

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.

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 2021 \$m	June 2020 ¹ \$m
Fixed Rate		
Financial assets	147	173
Financial liabilities	(2,657)	(2,103)
	(2,510)	(1,930)
Variable Rate		
Financial assets	1,612	1,241
Financial liabilities	(1,136)	(736)
	476	505

1. Balance includes Disposal Group financial assets and liabilities held for sale.

Sensitivity Analysis

At 30 June 2021, 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 \$3 million (June 2020: \$6 million decrease 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 \$3 million (June 2020: \$6 million increase 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 \$1,405 million (June 2020: payable \$936 million).

There are 62 foreign currency contracts that will mature in more than one year (June 2020: 56 foreign currency contracts).

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 2021		JUNE 2020	
		Carrying Amount \$m	Fair Value \$m	Carrying Amount \$m	Fair Value \$m
Liabilities					
Current					
Commercial notes	16a	555	565	134	133
Non Current					
Commercial notes	16a	1,682	1,838	1,500	1,676

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.

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 ongoing COVID pandemic into consideration to determine fair value at 30 June 2021. 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.

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

Notes to Consolidated Financial Statements continued

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

Lendlease Building Contractors Pty Limited

Lendlease Communities (Australia) Limited

Lendlease Development Pty Limited

Lendlease Finance Limited

Lendlease Infrastructure Investments Pty Limited

Lendlease International Pty Limited

Lendlease Real Estate Investments Limited

Lendlease Responsible Entity Limited

Lendlease Services Pty Limited

Lendlease Trust¹

EUROPE

Lendlease Construction (Europe) Limited

Lendlease Construction Holdings (Europe) Limited

Lendlease Europe Finance plc

Lendlease Europe Limited

Lendlease Residential (CG) Limited

Lendlease (Elephant & Castle) Limited

ASIA

Lendlease Japan Inc.

Lendlease Singapore Pte. Limited

AMERICAS

Lendlease (US) Capital, Inc.

Lendlease (US) Construction, Inc.

Lendlease (US) Construction LMB, Inc.

Lendlease (US) Public Partnerships, LLC

Lendlease (US) Public Partnerships Holdings LLC

Lendlease Development, Inc.

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

During the current and prior year, there were no **acquisitions** of material consolidated entities.

Notes to Consolidated Financial Statements continued

Section E: Basis of Consolidation continued

28. Consolidated Entities continued

During the current and prior year, the following disposals of material consolidated entities occurred.

	Ownership Interest Disposed %	Date Disposed	Consideration Received/Receivable \$m
June 2021			
One Sydney Harbour R1 Trust	25.0	1 July 2020	43
Lendlease Construction Australia Holdings Pty Limited ¹	100.0	9 September 2020	197
Lendlease (US) Telecom Holdings LLC	100.0	15 October 2020	390
Lendlease Renaissance I	50.0	29 June 2021	27
One Sydney Harbour R2 Trust	25.0	29 June 2021	50
June 2020			
Victoria Cross Commercial Head Trust	25.0	21 December 2019	31

1. Includes the sale of Lendlease Engineering Pty Limited.

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.

a. Employee Security Plans

As at 30 June 2021, employees own approximately 0.9 per cent (June 2020: 1.0 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.

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.

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 year ended 30 June 2021.

	COMPANY	
	June 2021 \$m	June 2020 \$m
Results		
(Loss)/Profit after tax	(273)	613
Other comprehensive income after tax	1	(1)
Total comprehensive income after tax	(272)	612
Financial Position		
Current assets	1,452	1,613
Non current assets	2,938	2,858
Total assets	4,390	4,471
Current liabilities	843	577
Non current liabilities	-	2
Total liabilities	843	579
Net assets	3,547	3,892
Issued capital	1,888	1,889
Treasury securities	(79)	(68)
Reserves	198	182
Retained earnings	1,540	1,889
Total equity	3,547	3,892

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.

Notes to Consolidated Financial Statements continued

Section E: Basis of Consolidation continued

31. Related Party Information

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 2021 \$000s	June 2020 \$000s
Transactions		
Guarantee fees	27,557	30,998
Dividend income	105,261	478,893
Interest income	18,666	6,932
Interest expense	62,435	103,546
Outstanding Balances (Net of Provisions Raised)		
Receivables	432,805	1,251,166
Payables	739,327	505,634

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.

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:

- 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
- Investments: provision of property and infrastructure investment management, property management and asset management services.

There were \$nil non interest bearing loans provided to joint ventures at 30 June 2021 (June 2020: \$nil).

Except as noted above, transactions and outstanding balances are typically on normal terms and conditions.

Revenue earned by the Group during the year as a result of transactions with its associates and joint ventures is as follows:

	June 2021 \$000s	June 2020 \$000s
Revenue		
Associates	41,841	42,343
Joint ventures	1,259,392	1,297,079
Total	1,301,233	1,339,422

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.

c. Key Management Personnel

The key management personnel compensation is as follows:

	June 2021 \$000s	June 2020 \$000s
Short term employee benefits ¹	17,708	14,623
Post employment benefits	278	269
Security based payments	13,152	10,032
Other long term benefits	126	113
Total	31,264	25,037

1. Short term employee benefits for the year ended 30 June 2021 includes termination benefits of \$1,900,385.

Information regarding Directors' and senior executives' remuneration is provided in the Remuneration Report within the Directors' Report.

Notes to Consolidated Financial Statements continued

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 2021 \$m	June 2020 \$m
Goodwill	32a	1,200	1,213
Management agreements		33	36
Other intangibles		223	208
Total intangible assets		1,456	1,457

a. Goodwill

Construction		1,170	1,181
Development		30	32
Total goodwill		1,200	1,213

Reconciliations

Reconciliations of the carrying amounts for each category of goodwill are as follows:

Construction

Carrying amount at beginning of financial year		1,181	1,200
Transferred to Disposal Group		-	(19)
Effect of foreign exchange rate/other movements		(11)	-
Carrying amount at end of financial year	32b	1,170	1,181

Development

Carrying amount at beginning of financial year		32	32
Effect of foreign exchange rate movements		(2)	-
Carrying amount at end of financial year		30	32

b. Goodwill Allocation

Goodwill relating to the Construction business is allocated to CGUs identified as set out below.

	June 2021 \$m	June 2020 \$m
Construction		
Australia Core	573	573
Australia Non core	151	151
Europe	251	246
Americas	187	203
Asia	8	8
Total construction goodwill	1,170	1,181

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 year ended 30 June 2021. Based on information available and market conditions at 30 June 2021, 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 ongoing COVID pandemic 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 2020: 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 8.9 per cent and 12.4 per cent (June 2020: between 9.4 per cent and 13.1 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.

Notes to Consolidated Financial Statements continued

Section F: Other Notes continued

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

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

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

The results of discontinued operations are presented separately in the Income Statement and Statement of Comprehensive Income.

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. The agreed purchase price for the sale of the Engineering business was \$160 million which was adjusted by \$37 million at completion, resulting in total estimated proceeds of \$197 million. \$150 million has been received by 30 June 2021. Acciona has not made the final deferred payment which was due on 30 June 2021 claiming various amounts should be set off against that payment. This is disputed by Lendlease and legal proceedings have been commenced seeking recovery of payments due by Acciona. The discontinued operations represent the Engineering business sold, excluding the projects retained by the Group.

At 30 June 2021, the Services business does not meet the criteria to be held for sale and does not meet the definition of a discontinued operation. Refer to Note 10 'Events Subsequent to Balance Date' for further details.

The Group has recorded provisions related to claims on historical Non core segment projects completed prior to the sale of the Engineering business. Refer to the construction projects category in Note 23 'Provisions' for where the amounts have been recorded.

The major classes of assets and liabilities of the Engineering business sold as at 9 September 2020 are as follows:

Assets/(Liabilities) Sold	9 September 2020 \$m
Cash and cash equivalents	411
Loans and receivables	187
Inventories	34
Other assets	215
Total assets sold	847
Trade and other payables	610
Other liabilities	50
Total liabilities sold	660
Net assets and liabilities sold	187
Net proceeds from sale of the Engineering business	(197)
Transaction and other costs	10
Gain/(loss) on sale of the Engineering business	-

The results of the discontinued operations, representing the Engineering business sold, are as follows:

Results from Discontinued Operations	1 July - 9 September 2020 \$m	12 months June 2020 \$m
Revenue from contracts with customers	283	1,437
Cost of sales	(272)	(1,263)
Gross profit	11	174
Other income	-	2
Finance revenue	1	6
Impairment on Disposal Group held for sale ¹	-	(19)
Other expenses	(13)	(109)
(Loss)/Profit before tax for discontinued operations	(1)	54
Income tax benefit/(expense)	3	(22)
Total profit after tax for discontinued operations as presented in the Income Statement	2	32

1. Relates to the impairment of goodwill as a result of the measurement of the Disposal Group at fair value less costs to sell.

		June 2021		June 2020	
		Shares/ Securities Excluding Treasury Securities	Shares/ Securities on Issue	Shares/ Securities Excluding Treasury Securities	Shares/ Securities on Issue
Basic/Diluted Earnings Per Share (EPS) from Continuing Operations					
Profit/(Loss) from continuing operations attributable to members of Lendlease Corporation Limited (Company)	\$m	126	126	(374)	(374)
Weighted average number of ordinary shares	m	683	688	599	603
Basic/Diluted EPS from continuing operations	cents	18.4	18.3	(62.4)	(62.0)
Basic/Diluted Earnings Per Share (EPS) from Discontinued Operations					
Profit from discontinued operations attributable to members of Lendlease Corporation Limited (Company)	\$m	2	2	32	32
Weighted average number of ordinary shares	m	683	688	599	603
Basic/Diluted EPS from discontinued operations	cents	0.3	0.3	5.3	5.3
Basic/Diluted Earnings Per Stapled Security (EPSS) from Continuing Operations					
Profit/(Loss) from continuing operations attributable to securityholders of Lendlease Group	\$m	220	220	(342)	(342)
Weighted average number of stapled securities	m	683	688	599	603
Basic/Diluted EPSS from continuing operations	cents	32.2	32.0	(57.1)	(56.7)
Basic/Diluted Earnings Per Stapled Security (EPSS) from Discontinued Operations					
Profit from discontinued operations attributable to securityholders of Lendlease Group	\$m	2	2	32	32
Weighted average number of stapled securities	m	683	688	599	603
Basic/Diluted EPSS from discontinued operations	cents	0.3	0.3	5.3	5.3

The net cash flows for discontinued operations, representing the Engineering business sold, are as follows:

Cash Flows from Discontinued Operations	1 July - 9 September 2020 \$m	12 months June 2020 \$m
Net cash (outflow)/inflow from operating activities	(39)	156
Net cash outflow from investing activities	(1)	(59)
Net cash outflow from financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(40)	97

The major classes of assets and liabilities held for sale are as follows:

Disposal Group Assets/(Liabilities) Held for Sale	June 2021 ¹ \$m	June 2020 \$m
Cash and cash equivalents	-	451
Loans and receivables	-	135
Inventories	-	32
Other assets	-	223
Total Disposal Group assets held for sale	-	841
Trade and other payables	-	629
Other liabilities	-	41
Total Disposal Group liabilities held for sale	-	670
Disposal Group net assets held for sale	-	171

1. The Group had no assets or liabilities recorded as held for sale at 30 June 2021 as the sale of the Engineering business completed on 9 September 2020. Refer to 'Assets/(Liabilities) Sold' table above for further details.

Notes to Consolidated Financial Statements continued

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 2021 \$m	June 2020 \$m
Lendlease Superannuation Plan		-	(1)
Lendlease UK Pension Scheme	34a	243	157
Total net defined benefit plan asset		243	156

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. The Scheme expects to pay \$5 million in contributions to its defined benefit plan in FY22. 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 2021 \$m	June 2020 \$m
i. Statement of Financial Position Amounts		
The amounts recognised in the Statement of Financial Position are determined as follows:		
Defined benefit obligations	(1,272)	(1,324)
Fair value of plan assets	1,515	1,481
Net defined benefit plan asset	243	157

	June 2021 \$m	June 2020 \$m
ii. Reconciliation of Defined Benefit Obligations		
Defined benefit obligations at beginning of financial year	1,324	1,208
Included in Income Statement		
Interest cost	19	28
Remeasurements Included in Other Comprehensive Income		
Actuarial loss/(gain) arising from:		
Financial assumptions	(45)	135
Experience adjustments	(19)	(9)
Demographic assumptions	(21)	31
Other		
Benefits paid	(33)	(41)
Effect of foreign exchange rate movements	47	(28)
Defined benefit obligations at end of financial year	1,272	1,324
iii. Reconciliation of the Fair Value of Plan Assets		
Fair value of plan assets at beginning of financial year	1,481	1,347
Included in Income Statement		
Interest income	22	32
Administration costs	(2)	(2)
Remeasurements Included in Other Comprehensive Income		
Actual return on plan assets excluding interest income	(44)	173
Other		
Contributions by Group companies	31	5
Benefits paid	(33)	(41)
Effect of foreign exchange rate movements	60	(33)
Fair value of plan assets at end of financial year	1,515	1,481
iv. Expense Recognised in the Income Statement		
Net interest cost	(3)	(3)
Administration costs	2	2
Net defined benefit plan (income)/expense	(1)	(1)
v. Fair Value of Plan Assets		
Plan assets comprise:		
Global Equities	-	437
Investment funds	431	384
Infrastructure	87	115
Government index linked bonds	956	491
Other assets	41	54
Fair value of plan assets at the end of the financial year	1,515	1,481

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, approximately \$1,428 million (June 2020: \$1,408 million) and \$87 million (June 2020: \$73 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 67.5 per cent growth assets and 32.5 per cent matching assets (June 2020: 75.0 per cent growth assets and 25.0 per cent matching assets).

Notes to Consolidated Financial Statements continued

Section F: Other Notes continued

34. Defined Benefit Plans continued

	June 2021	June 2020
vi. Principal Actuarial Assumptions		
Discount rate (%)	2.0	1.5
RPI inflation (%)	3.5	3.0
Average pension increase in payments (%)	2.7	2.5
Future mortality (years):		
Male	25.3	24.9
Female	26.3	26.4

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 25.3 years (June 2020: 24.9 years) if they are male and 26.3 years if they are female (June 2020: 26.4 years).

At 30 June 2021, the weighted average duration of the defined benefit obligation was 18 years (June 2020: 19 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% Increase in Discount Rate \$m	0.1% Decrease in Discount Rate \$m	0.1% Increase RPI Inflation and Pension Payment \$m	0.1% Decrease RPI Inflation and Pension Payment \$m	1 Year Increase in Future Mortality \$m	1 Year Decrease in Future Mortality \$m
June 2021						
Defined benefit asset/(obligations)	22	(23)	17	(13)	(37)	38
June 2020						
Defined benefit asset/(obligations)	25	(26)	(19)	22	(64)	63

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)
- Distinguished Executives Award (DE Award)
- Executive Deferred Award (ED Award)
- Deferred Equity Award (DEA)
- Pro Rata CEO Grant.

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.

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. The STA plan is intended to be awarded as cash in September following year end.

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"> • An annual grant of 'performance securities' is made to a limited number of executives • 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 • 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 • 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.
Performance Period (applicable to FY17 and FY18 Grants)	<ul style="list-style-type: none"> • 50 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 • The remaining 50 per cent of the performance securities are assessed after four years • If the performance hurdle is not met, the awards are forfeited • There is no retesting on any portion of the LTI grant.

Notes to Consolidated Financial Statements continued

Section F: Other Notes continued

35. Employee Benefits continued

Performance Period (applicable to FY19, FY20 and FY21 Grants)	<ul style="list-style-type: none"> 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 If the performance hurdle is not met, the awards are forfeited There is no retesting on any portion of the LTI grant. 	
Termination of Employment	<ul style="list-style-type: none"> If the executive resigns or is terminated for cause, the unvested LTI is forfeited 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 For 'good leavers', the LTI grant may remain on foot, subject to the original terms 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. 	
Performance Hurdles	<p>Financial Years 2017 to 2020</p> <ul style="list-style-type: none"> 50 per cent subject to Lendlease's Total Securityholder Return (TSR) compared to the companies in the S&P/ASX 100 Index. The S&P/ASX 100 companies are determined at the start of the performance period 50 per cent subject to Average Return on Equity (ROE) hurdle. <p>Financial Year 2021</p> <ul style="list-style-type: none"> One third subject to Lendlease's Total Securityholder Return (TSR) compared to the companies in the S&P/ASX 100 index. The S&P/ASX 100 companies are determined at the start of the performance period One third subject to Average Operating Return on Equity (Operating ROE) hurdle One third subject to compound annual growth rate (CAGR) % in funds under management. 	
Vesting Schedule - Relative TSR (FY17 to 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
	At or above the 51st percentile but below the 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 - Average ROE (FY17 only)	Less than 11 per cent	No vesting
	At 11 per cent	25 per cent vesting
	Greater than 11 per cent but below 15 per cent	Pro rata vesting on a straight line basis between 25 per cent and 100 per cent vesting
	At or above 15 per cent	100 per cent vesting
Vesting Schedule - Average ROE (FY18 to FY20)	10 per cent or less	No vesting
	Above 10 per cent but below 14 per cent	Pro rata vesting on a straight line basis between 0 per cent and 100 per cent vesting
	At or above 14 per cent	100 per cent vesting
Vesting Schedule - Average Operating ROE (FY21 only)	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 - CAGR % FUM (FY21 only)	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

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.

Arrangements for LTA Awards

LTA Design	How the LTA Works
Performance Rights	<ul style="list-style-type: none"> An annual grant of 'performance rights' is made to a limited number of executives on the Global Leadership Team 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 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 Outcomes against performance hurdles will determine how many Lendlease securities will be received following vesting between nil and a maximum number 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.
Performance Period (applicable to FY19, FY20 and FY21 Grants)	<ul style="list-style-type: none"> 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 If the performance hurdle is not met, the awards are forfeited There is no retesting of the LTA grant.
Termination of Employment	<ul style="list-style-type: none"> 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 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 For 'good leavers', the LTA grant may remain on foot, subject to the original terms.
Performance Hurdles	<p>Financial Years 2019 and 2020</p> <ul style="list-style-type: none"> 50 per cent subject to Lendlease's Total Securityholder Return (TSR) compared to the companies in the S&P/ASX 100 Index. The S&P/ASX 100 companies are determined at the start of the performance period 50 per cent subject to Return on Equity (ROE) hurdle. <p>Financial Year 2021</p> <ul style="list-style-type: none"> One third subject to Lendlease's Total Securityholder Return (TSR) compared to the companies in the S&P/ASX 100 Index. The S&P/ASX 100 companies are determined at the start of the performance period One third subject to Average Operating Return on Equity (Operating ROE) hurdle One third subject to compound annual growth rate (CAGR) % in funds under management.

Notes to Consolidated Financial Statements continued

Section F: Other Notes continued

35. Employee Benefits continued

Vesting Schedule - Relative TSR (FY19, FY20 and FY21)	Measure	Percentage of performance securities that vest as a proportion of maximum opportunity	
		Group CEO (Steve McCann)	Senior Executive
	Below the 50th percentile	No Vesting	No Vesting
	At the 50th percentile	27 per cent vesting	11 per cent vesting
	At or above the 50th percentile and below the 75th percentile	Pro rata vesting on a straight line basis between 27 per cent and 100 per cent	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	100 per cent vesting
Vesting Schedule - Average ROE (FY19 and FY20)	Less than 10 per cent	No Vesting	No Vesting
	Between 10 per cent and target ROE set by the Board	Pro rata on a straight line basis between 0 per cent and 63 per cent	Pro rata on a straight line basis between 0 per cent and 41 per cent
	At target ROE set by the Board	63 per cent vesting	41 per cent vesting
	Between target set by the Board and 14 per cent	Pro rata on a straight line basis between 63 per cent and 100 per cent	Pro rata on a straight line basis between 41 per cent and 100 per cent
	At or above 14 per cent	100 per cent vesting	100 per cent vesting
Vesting Schedule - Average Operating ROE (FY21 only)	Less than 8 per cent	No Vesting	No Vesting
	Between 8 per cent and target Operating ROE set by the Board	Pro rata on a straight line basis between 13 per cent and 63 per cent	Pro rata on a straight line basis between 8 per cent and 41 per cent
	At target Operating ROE set by the Board	63 per cent vesting	41 per cent vesting
	Between target set by the Board and 11 per cent	Pro rata on a straight line basis between 63 per cent and 100 per cent	Pro rata on a straight line basis between 41 per cent and 100 per cent
	At or above 11 per cent	100 per cent vesting	100 per cent vesting
Vesting Schedule - CAGR % FUM (FY21 only)	Below CAGR for threshold vesting	No Vesting	No Vesting
	Between CAGR for threshold vesting and CAGR for target vesting	Pro rata on a straight line basis between 13 per cent and 63 per cent	Pro rata on a straight line basis between 8 per cent and 41 per cent
	At CAGR for target vesting	63 per cent vesting	41 per cent vesting
	Between CAGR for target vesting and CAGR for maximum vesting	Pro rata on a straight line basis between 63 per cent and 100 per cent	Pro rata on a straight line basis between 41 per cent and 100 per cent
	At CAGR for maximum vesting	100 per cent vesting	100 per cent vesting

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) is not continuing from FY22 under the revised Executive Reward Strategy. Specifically, the objectives are to:

- Align the interests of securityholders and our most senior executives
- Support long term value creation
- Better align reward to risk management (recognising that the RSA may be forfeited in certain circumstances).

Arrangements for RSA Awards

RSA Design

Performance Rights

How the RSA Works

- An annual grant of 'performance rights' is made to a limited number of executives on the Global Leadership Team
- However, following feedback from proxy-holders and other stakeholders, the RSA will no longer be offered from FY22
- 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
- Performance rights are rights to receive one Lendlease stapled security, or at the Board's discretion, cash or other instruments of equivalent value
- 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.

Vesting Period

- 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.

Termination of Employment

- 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
- 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
- For 'good leavers', the RSA grant may remain on foot, subject to the original terms.

f. Distinguished Executives Award (DE Award)

The Distinguished Executives Award (DE Award) is a program established to recognise and reward Lendlease technical mastery and significant contribution to the business. DE Awards are generally deferred over five and seven years. The deferred component is awarded as Lendlease securities and held in Lendlease employee security plan trusts on behalf of the employees. For employees to receive the deferred component, they must generally be employed by the Group at the time of vesting. DE Awards are valued based on the average price of on market purchases made in respect of these awards at the time of grant.

g. Executive Deferred Award (ED Award)

The Executive Deferred Award (ED Award) is an award that was made to a limited number of executives and senior managers in recognition of their role in supporting the Lendlease transformation program.

The ED Award comprises a one off grant of Lendlease deferred securities which vest in three equal tranches, with the final vesting three years after grant. Securities are held in Lendlease employee plan trusts for the deferral period. Refer to Note 29a 'Employee Security Plans' for further details. For employees to receive the deferred components in full, they must generally be employed by the Group at the time of vesting.

h. Deferred Equity Award (DEA)

The DEA is delivered to Senior Executives as a grant of rights with vesting over two years. The Board determined that an equity award was more appropriate than paying cash as a result of COVID. The key objectives of this award are to:

- Recognise the achievement of non financial performance outcomes that support long term value creation
- Consider the balance between motivating, recognising and rewarding executives with securityholder interests
- Provide the Board with additional review points prior to vesting
- Provide a retention element given that executives will be required to wait up to two years for the award to vest.

i. 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.

Arrangements for the Pro Rata CEO Grant

Pro Rata CEO Grant

Performance Rights

How the Pro Rata CEO Grant Works

- 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
- All other terms, including the performance period, performance hurdles, termination rules remain as per the FY21 LTA Grant referred to above.

Notes to Consolidated Financial Statements continued

Section F: Other Notes continued

35. Employee Benefits continued

j. 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 2021, a \$55 million expense was recognised in the Income Statement in relation to equity settled security based payment awards (June 2020: \$55 million).

36. 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 <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. The amendment becomes mandatory for the June 2023 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.

37. Other Significant Accounting Policies

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.

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.

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 2021 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 2021.

Signed in accordance with a resolution of the Directors:



M J Ullmer, AO
Chairman



A P Lombardo
Global Chief Executive Officer

Sydney, 16 August 2021



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 2021 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 2021;
- 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 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 the Code.

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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; and
- Asset Valuation.

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\$7,559m)

Refer to Note 4 'Revenue from Contracts with Customers' to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>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.</p> <p>The COVID-19 pandemic continues to create ongoing challenging operating conditions impacting productivity, expected timing of completion and expected costs to complete. Other impacts include projects being put on hold in some markets, with delays in securing and commencement of new projects.</p> <p>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.</p> <p>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 recognised.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Evaluating and testing management's review and approval of revenue and cost forecasting; • Selecting a sample of contracts for testing using: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - conducted visits to a selection of project sites and used up-to-date site photographs, where site visits were not possible, 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 and committed future contracts, with specific consideration of the impacts of COVID-19; - tested the variations and claims (including COVID-19 related impacts) recognised within revenue against the criteria for recognition in the accounting standards via inspection and assessment of:



<p>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 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.</p> <p>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.</p>	<ul style="list-style-type: none"> o correspondence between the Group and the customer; o the Group’s legal basis for the variations and claims, including, where necessary, external legal opinions; and o 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.
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Sale of development Properties (A\$1,434m)	
Refer to Note 4 ‘Revenue from Contracts with Customers’ to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The Group develops for sale both built form products (for example residential apartments, and commercial and retail buildings) and residential land communities. 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.</p> <p>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.</p> <p>COVID-19 continues to result in some delays in residential settlements and cancellations, these do not impact the Group’s revenue recognition policy for residential apartments and residential land communities as revenue is recognised on settlement.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Evaluating and testing management’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: <ul style="list-style-type: none"> - 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\$3,298m)	
Refer to Note 11 ‘Inventories’ to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • sales prices; and • construction and infrastructure costs to complete the development. <p>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.</p> <p>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 the continued impact of COVID-19 to these assumptions.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Selecting a sample of projects for testing using: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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. This included considerations of the impacts of COVID-19.



Asset Valuation	
Refer to Note 12 'Equity accounted investments' (A\$3,758m), Note 13 'Other Financial Assets' (A\$1,087m) and Note 26 'Fair Value Measurement' to the financial report	
The key audit matter	How the matter was addressed in our audit
<p>The Group is required to assess the value of equity accounted investments and other financial assets at each reporting date. The fair value of the properties held by various investment entities directly impacts the Group's interests in these assets.</p> <p>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.</p> <p>Other financial assets are predominantly investments in entities which in turn own commercial and retail property. Accordingly, the Group's valuation assumptions are predominantly the capitalisation of earnings rates, discount rates, future rental income, and leasing incentives.</p> <p>Equity accounted investments include the Group's interest in the retirement living business. The key assumptions used by the Group in determining the value of retirement villages are discount rates, changes in village residents, current units/homes market prices and pricing growth rates.</p> <p>Whilst COVID-19 continues to have significant impact on real estate valuations across the Group's investments, the market has remained resilient highlighting the ongoing demand for high quality assets by investors.</p> <p>The assessment of the valuations of these assets is a key audit matter as they:</p> <ul style="list-style-type: none"> are inherently judgemental, amplified by the impact of COVID-19. There were fewer market transactions as a result, 	<p>Our procedures included:</p> <ul style="list-style-type: none"> Selecting a sample of valuations performed by the Group, based on the significance of the asset to the Group's financial position and performance; Assessing the scope, competence and objectivity of external valuation experts engaged by the Group for assets valued by external valuation experts; Assessing the impact of market uncertainty caveats included in valuations performed by the Group's external valuation experts on the extent of our testing of key assumptions; Evaluating and testing management's review and approval of internal valuations based on the Group's policies for internally valued assets; Assessing the valuation methodology for consistency with accounting standards and industry practice for the asset's class; Comparing, 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 such as: <ul style="list-style-type: none"> discount rates changes in village residents units/home current market prices pricing growth rates capitalisation of earnings rates future rental income leasing incentives 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, including considerations of the impacts of COVID-19, against the requirements of the accounting standards.

<p>which are ordinarily strong sources of evidence regarding fair value;</p> <ul style="list-style-type: none"> contain certain forward looking assumptions, with higher estimation uncertainty as the business is recovering from COVID-19, 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. 	
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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 Limited 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 Limited 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 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 the 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. 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 2021 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 84 to 121 of the Directors' report for the year ended 30 June 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

D M McLennan

Partner

Sydney

16 August 2021

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Other Information

Corporate directory

Annual General Meeting 2021 (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 12 November 2021. Due to the ongoing risks of the COVID pandemic and in light of the restrictions currently in place by state governments, the Board has decided that a virtual meeting will be held. Securityholders will not be able to physically attend the AGM. 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 24 September 2021.

2021 Financial Calendar

Mon 16 Aug	Full Year Results Announced
Fri 20 Aug	Security Price Ex Distribution
Mon 23 Aug	Final Distribution Record Date
Wed 15 Sep	Final Distribution Payable
Fri 12 Nov	Annual General Meeting

2022 Financial Calendar

Mon 21 Feb	Half Year Results Announced
Fri 25 Feb	Security Price Ex Dividend
Mon 28 Feb	Interim Distribution Record Date
Wed 16 Mar	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

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

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

Securityholder information

Securities exchange listing and code

Lendlease Group is listed on the Australian Securities Exchange and trades under the code LLESY.

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).

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

For registry contact details, see page 201.

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).

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).

Security information at a glance at 1 August 2021 (comparative 1 August 2020)

	2021	2020
Number of securityholders	70,202	66,696
Units issued	688,585,551	688,267,587
Percentage owned by 20 largest securityholders	74.89%	75.89%
Interim dividend/distribution	15.0 cents per security	30.0 cents per security
Total dividend/distribution	27.0 cents per security	33.3 cents per security
Dividend payout ratio	49% ¹	NA ²

Spread of securityholdings as at 1 August 2021 (comparative 1 August 2020)

	2021	2020
1 to 1,000 securities	37,814	35,448
1,001 to 5,000	25,683	24,515
5,001 to 10,000	4,318	4,414
10,001 to 100,000	2,235	2,231
100,001 securities and over	98	88
Total number of securityholders	70,148	66,696
Securityholders with less than a marketable parcel	3,158 (representing 50,236 securities)	3,396 (representing 60,497 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	3,471,620	\$12.66

1. Dividend payout ratio for FY21 has been calculated on Core Operating Earnings. 2. Dividend payout ratio is nonmeaningful in FY20 due to the Group statutory loss.

Securityholder information continued

Rank	Name	Units	% of Units
1	HSBC Custody Nominees (Australia) Limited	225,463,978	32.74
2	J P Morgan Nominees Australia Pty Limited	109,668,562	15.93
3	Citicorp Nominees Pty Limited	63,644,331	9.24
4	National Nominees Limited	33,782,908	4.91
5	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	15,288,088	2.22
6	BNP Paribas Noms Pty Ltd <DRP>	14,692,697	2.13
7	LL Employee Holdings Custodian Pty Limited <Castle Account A/C>	14,075,522	2.04
8	LL Employee Holdings Custodian Pty Limited <ESAP STI A/C>	5,971,381	0.87
9	Argo Investments Limited	4,980,092	0.72
10	BNP Paribas Nominees Pty Ltd SIX SIS Ltd <DRP A/C>	4,550,035	0.66
11	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	3,910,944	0.57
12	Netwealth Investments Limited <Wrap Services A/C>	3,632,648	0.53
13	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	3,189,236	0.46
14	HSBC Custody Nominees (Australia) Limited-GSCO ECA	2,838,789	0.41
15	Custodial Services Limited <Beneficiaries Holding A/C>	2,625,928	0.38
16	Citicorp Nominees Pty Limited <Colonial First State INV A/C>	1,996,186	0.29
17	BNP Paribas Nominees Pty Ltd ACF Clearstream	1,827,040	0.27
18	Avanteos Investments Limited <Encircle Ima A/C>	1,366,981	0.20
19	Sandhurst Trustees Ltd <Harper Bernays Ltd A/C>	1,186,020	0.17
20	LL Employee Holdings Custodian Pty Limited <ESAP Account>	981,946	0.14
Total Top 20 holders of fully paid ordinary shares		515,673,312	74.89
Total Remaining Holders Balance		172,912,239	25.11

Substantial securityholders as shown in the Company's Register at 1 August 2021

Name	Date of Last Notice Received	No. of Units	% of Issued Capital ¹
State Street Corporation	23/06/2021	34,998,869	5.08
BlackRock Group	08/01/2020	34,049,935	6.03
The Vanguard Group	29/4/2019	33,903,122	6.01

1. As at the date of last notice received.

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 realisation: The proportion of Construction backlog revenue which is expected to be earned across future years.

Construction backlog revenue: Current year Construction backlog revenue is the total revenue to be earned across future periods.

Critical incident: An event that had the potential to have caused death or permanent disability.

Development pipeline: Estimated remaining 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.

Face value of a security: The value of a Lendlease security at the applicable time.

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: A senior executive who is leaving Lendlease for a reason such as retirement, redundancy, or resignation where the senior executive is not joining a competitor, 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 or four 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 Construction 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.

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 for 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.

Return on Equity (ROE): ROE is calculated using annual Statutory Profit after Tax attributable to securityholders divided by the arithmetic average of beginning, half year and year end securityholders' equity.

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 (units): Apartments – cash settled in the period on completed units in Australia, Europe and Americas, and units which have reached practical completion in Asia; Communities and Retirement – units settled in the period on completed land lots or units; Commercial – buildings that have achieved practical completion during the period.

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.

Urbanisation pipeline: Estimated remaining end value of all of the Group's secured development projects (excluding Communities projects and Retirement 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.



Birmingham:
Smithfield Birmingham
Artist's impression

Reducing our footprint – page by page

This report is printed on locally sourced, carbon neutral recycled paper and contains waste paper from Lendlease assets around Australia.




Level 14, Tower Three
International Towers Sydney
Exchange Place
300 Barangaroo Avenue
Barangaroo NSW 2000

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London: Elephant Springs at
Elephant Park, a globally recognised
garden to soothe the soul

Image credit: Charles Emerson