

# Lendlease Group LLC ★★★★★

24 Feb 2026 00:56, UTC

<b>Last Price</b> 4.25 AUD 23 Feb 2026	<b>Fair Value Estimate</b> 6.40 AUD 24 Feb 2026 00:53, UTC	<b>Price/FVE</b> 0.65	<b>Market Cap</b> 2.85 AUD Bil 24 Feb 2026	<b>Economic Moat™</b> None	<b>Equity Style Box</b> Mid Value	<b>Uncertainty</b> High	<b>Capital Allocation</b> Standard	<b>ESG Risk Rating Assessment<sup>1</sup></b> 7 Jan 2026 06:00, UTC
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## Yingqi Tan, CFA

Equity Analyst

Morningstar

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The primary analyst covering this company does not own its stock.

Reporting Currency: AUD | Trading Currency: AUD  
Currency amounts expressed with "\$" are in U.S. dollars (USD) unless otherwise denoted.

The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.

## Lendlease Earnings: Underwhelming Results Drive Down Our Key Assumptions; Fair Value Cut by 20%

**Analyst Note** Yingqi Tan, CFA, Equity Analyst, 24 Feb 2026

Lendlease's operating earnings fell 59% year on year to AUD 12.6 cents per security for its core investments, Australian development, and Australian construction segments. The decline largely reflects a skew of development income to the second half. Securities fell more than 7% on the day.

**Why it matters:** Lower core earnings were largely as we expected, mainly on lower development completions in fiscal 2026. One positive is improving construction EBITDA margins, which swung from negative 2% to 4% in the half, in line with our long-term assumptions for the segment.

► The capital release unit, which includes assets that Lendlease intends to sell, disappointed us. It posted an operating loss after tax of AUD 232 million in the first half, largely driven by delayed transaction settlements, asset holding costs, and impairments.

► Since the May 2024 strategy reset, AUD 2.8 billion of the planned AUD 4.5 billion capital recycle program has been executed. The rest of the CRU assets, mostly land and inventory in Europe and the Americas, appear to be harder to sell and are likely to require larger discounts.

**The bottom line:** We cut our fair value estimate for no-moat Lendlease by 20% to AUD 6.40 per security, driven by waning confidence in CRU's asset sales and a higher weighted average cost of capital assumption.

► We raise our cost of capital assumption by 0.4% to 8.5%, with unchanged cost of equity and cost of debt, and a lower debt/equity ratio that aligns with management's long-term target capital structure and is reasonable for the company through the cycle.

### Financial Summary and Key Statistics

	Actual		Forecast	
	2024	2025	2026	2027
Revenue (AUD Mil)	4,537	4,802	4,565	5,811
Revenue Growth %	-55.4	5.8	-4.9	27.3
Operating Income (Mil)	110	367	192	231
Operating Margin %	2.4	7.6	4.2	4.0
Adjusted EBITDA (Mil)	338	602	397	520
Adjusted EBITDA Margin %	7.4	12.5	8.7	9.0
Earnings Per Share (Diluted) (AUD)	-1.80	0.56	0.29	0.42
Adjusted Earnings Per Share (Diluted) (AUD)	0.20	0.50	0.29	0.42
Adjusted EPS Growth %	-47.6	156.3	-42.7	47.6
Price/Earnings	27.1	10.8	14.7	10.1
Price/Book	0.8	0.7	0.6	0.6
EV/EBITDA	22.1	12.5	16.0	12.2
Free Cash Flow Yield %	—	—	—	—

Source: Morningstar Valuation Model. Data as of 24 Feb 2026.

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Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment <sup>1</sup>
4.25 AUD 23 Feb 2026	6.40 AUD 24 Feb 2026 00:53, UTC	0.65	2.85 AUD Bil 24 Feb 2026	None	Mid Value	High	Standard	 7 Jan 2026 06:00, UTC

## Sector

 Real Estate

## Industry

Real Estate -  
Diversified

## Business Description

Lendlease has three segments: investments, development, and construction. Lendlease operates locally and overseas across all three segments. However, in the future, its development and construction businesses will be solely in Australia, while the investment management platform will maintain exposure to international real estate assets. Historically, the investments segment contributed about one-third of group EBITDA, development around half, and construction the remaining. The group is targeting an earnings mix between investments/development/construction of 50%/35%/15% post the current restructure, shifting more weights to the defensive and higher margin investments segment. Sales proceeds from asset divestments will primarily be used to repay debt and buy back securities.

► Security prices have hit multiyear lows, dragged down by investor redemptions, the fear of further asset write-downs, and the recent rise in bond yields. However, we believe the market is pricing in a discount to Lendlease's underlying asset values that is larger than the situation calls for.

As of Dec. 31, 2025, net tangible assets fell 11% to AUD 5.85 per security, largely due to asset impairments in CRU, an increased provision for retained international construction risks, and negative property revaluations. Investors are pricing in a steep haircut to NTA, implying recovery of only one-third of the book value of the AUD 1.5 billion in unsold CRU assets, assuming other core assets are worth their NTA.

We think the market is likely too pessimistic on asset impairments, while undercooking the value of the profitable core businesses. Assuming a weighted average cost of capital 8.5% and slower-than-expected CRU execution dragging into fiscal 2029, we think a 30% discount to the unsold CRU assets is fair. The remaining assets in the CRU are mostly residential and office land bank and inventory in major international cities with high population density, such as London, Chicago, and San Francisco.

What's more, Lendlease's valuable funds management business and the potential value creation from its development pipeline are not included in the NTA calculation.

The recalibration of our cost of capital assumption reflects what we think is a maintainable capital structure for Lendlease in the long run. We forecast the development and construction segments will contribute roughly 35% and 15% to the group's midcycle earnings. The cash flows from development and construction are inherently riskier. This recalibration reflects the returns equity investors are likely to expect over the long run for real estate investors, managers, developers, and builders. It also adds a risk premium to the cost of capital we assume for other property developers with steadier businesses and less lumpy cash flows. Our 9.0% cost of equity and 6.5% cost of debt assumptions remain unchanged, and we assume that, on average, less debt will be carried in the future. Our bear-case scenario raises the cost of equity to 11%, increasing the cost of capital to 10.2% from 8.5% and depressing our fair value estimate by 24% to AUD 5.20 per security. But even if we assume this punitive rate, the securities would still be materially undervalued.

Lendlease's funds under management were reasonably stable in the past three years. It avoided being ousted as fund manager by its investors over the past several months, which is a small victory for the group, though the risk of key investor redemptions still looms. FUM as of December 2025 was AUD 49 billion, flat from six months ago. Lendlease is actively replacing outgoing monies in its investment vehicles with new capital, mitigating the impact on FUM and management fees. For example, Lendlease is in discussion with Cbus Property, the real estate arm of super fund giant Cbus, to recapitalize Australian Prime Property Fund Retail, which has AUD 2.5 billion FUM. If successful, Cbus Property would potentially be the sole investor of the flagship retail fund, and Lendlease would remain its manager.

Our forecast for fiscal 2026 operating earnings in the core segments is AUD 0.29 per security, near the bottom end of the AUD 0.28-AUD 0.34 per security guidance. This reflects our more conservative stance on the timing of asset sales, which determines when capital can be redeployed into core business segments and begin

# Lendlease Group LLC ★★★★★

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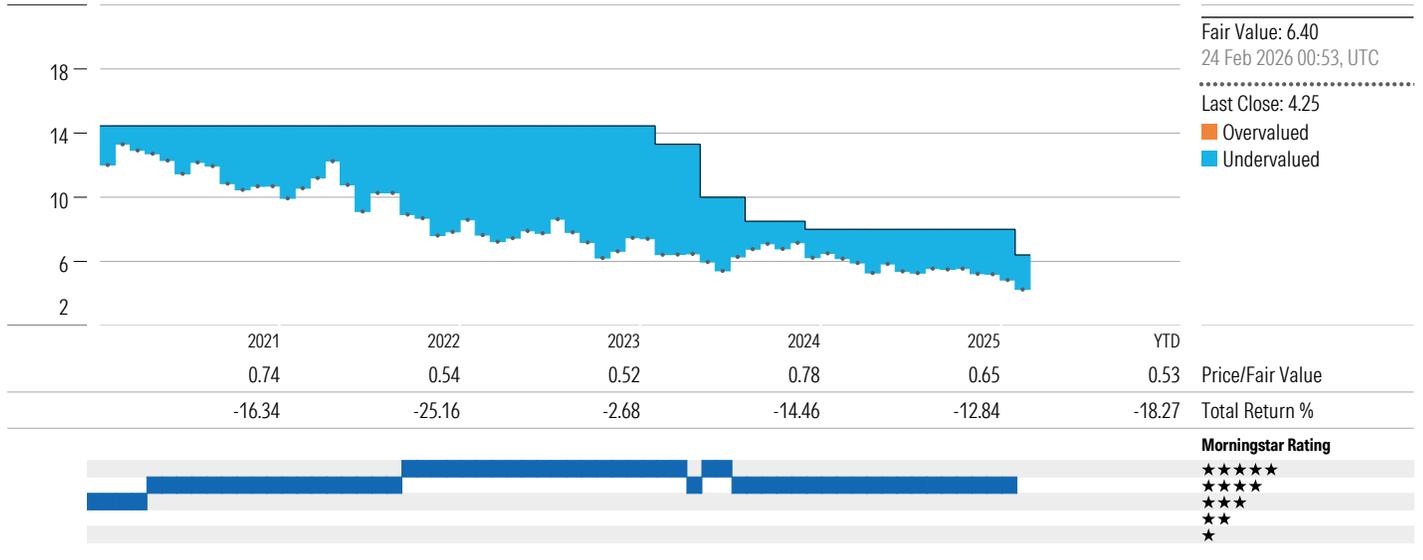
Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment <sup>1</sup>
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generating revenue. However, we think fiscal 2027 is shaping up to be a brighter year for its Australian development business, based on the expected completions of high-rise apartments in Sydney's Circular Quay and Melbourne's Victoria Harbor. We are also pleased to see construction return to profitability, which adds a vote of confidence in the long-term profitability of the core businesses.

Gearing is elevated given slow asset sales. As of Dec. 31, 2025, gearing (net debt/tangible assets) excluding the benefit of hybrid securities, was 33%, above management's target of 5%-15%. Lendlease can get to the range by June 2026, but there is a lot left to do. The group plans to sell AUD 3 billion in assets in fiscal 2026, of which AUD 0.5 billion has been locked in by sales contracts and AUD 1.5 billion is in exclusive discussions. Some notable expected transactions include Victoria Cross Tower, an office building in North Sydney, and Keyton Retirement Living in New South Wales. If these targeted sales are executed around book value, we estimate gearing to return to the top end of the target band. We think Lendlease has ample near-term liquidity, with AUD 600 million of bonds maturing in fiscal 2026 more than covered by cash and undrawn debt of AUD 3.3 billion. The group has no major debt expiry until fiscal 2028, by which time asset sale proceeds should begin to flow in and help repay debt. ■■■

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## Price vs. Fair Value



## Competitors

	Lendlease Group LLC	Mirvac Group MGR	Stockland Corp Ltd SGP	Charter Hall Group CHC
Economic Moat	None	None	None	Narrow
Currency	AUD	AUD	AUD	AUD
Fair Value	6.40 24 Feb 2026 00:53, UTC	2.50 9 Aug 2024 02:02, UTC	5.20 16 Feb 2026 11:00, UTC	19.50 19 Feb 2026 12:12, UTC
1-Star Price	9.92	3.38	7.02	26.33
5-Star Price	3.84	1.75	3.64	13.65
Assessment	Undervalued 24 Feb 2026	Undervalued 23 Feb 2026	Fairly Valued 23 Feb 2026	Overvalued 23 Feb 2026
Morningstar Rating	★★★★★ 24 Feb 2026 00:56, UTC	★★★★★ 23 Feb 2026 08:08, UTC	★★★ 23 Feb 2026 08:08, UTC	★★ 23 Feb 2026 08:08, UTC
Analyst	Yingqi Tan, Equity Analyst	Yingqi Tan, Equity Analyst	Yingqi Tan, Equity Analyst	Yingqi Tan, Equity Analyst
Capital Allocation	Standard	Standard	Standard	Exemplary
Price/Fair Value	0.65	0.80	0.97	1.08
Price/Sales	—	3.01	3.64	22.95
Price/Book	0.53	0.86	1.18	3.48
Price/Earnings	13.28	21.64	14.08	18.80
Dividend Yield	5.41%	4.61%	5.18%	2.34%
Market Cap	2.94 Bil	7.87 Bil	12.26 Bil	9.93 Bil
52-Week Range	4.16—6.38	1.89—2.46	4.77—6.75	14.24—25.95
Investment Style	Mid Value	Mid Blend	Large Blend	Mid Blend

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## Morningstar Valuation Model Summary

### Financials as of 24 Feb 2026

Fiscal Year, ends 30 Jun	Actual			Forecast				
	2023	2024	2025	2026	2027	2028	2029	2030
Revenue (AUD Mil)	10,179	4,537	4,802	4,565	5,811	5,597	5,905	6,247
Operating Income (AUD Mil)	242	110	367	192	231	235	250	259
EBITDA (AUD Mil)	382	163	412	237	274	274	290	303
Adjusted EBITDA (AUD Mil)	544	338	602	397	520	478	511	548
Net Income (AUD Mil)	238	-1,242	386	199	293	269	278	296
Adjusted Net Income (AUD Mil)	257	135	346	199	293	269	278	296
Free Cash Flow To The Firm (AUD Mil)	-144	-1,146	859	2,191	1,149	777	487	369
Weighted Average Diluted Shares Outstanding (Mil)	689	690	690	691	691	656	621	621
Earnings Per Share (Diluted) (AUD)	0.35	-1.80	0.56	0.29	0.42	0.41	0.45	0.48
Adjusted Earnings Per Share (Diluted) (AUD)	0.37	0.20	0.50	0.29	0.42	0.41	0.45	0.48
Dividends Per Share (AUD)	0.16	0.16	0.23	0.23	0.23	0.23	0.23	0.23

### Margins & Returns as of 24 Feb 2026

	3 Year Avg	Actual			Forecast					5 Year Avg
		2023	2024	2025	2026	2027	2028	2029	2030	
Operating Margin %	4.2	2.4	2.4	7.6	4.2	4.0	4.2	4.2	4.2	4.2
EBITDA Margin %	—	3.8	3.6	8.6	5.2	4.7	4.9	4.9	4.9	—
Adjusted EBITDA Margin %	—	5.3	7.4	12.5	8.7	9.0	8.5	8.7	8.8	8.7
Net Margin %	-5.7	2.3	-27.4	8.0	4.4	5.0	4.8	4.7	4.7	4.7
Adjusted Net Margin %	4.2	2.5	3.0	7.2	4.4	5.0	4.8	4.7	4.7	4.7
Free Cash Flow To The Firm Margin %	-2.9	-1.4	-25.3	17.9	48.0	19.8	13.9	8.2	5.9	19.2

### Growth & Ratios as of 24 Feb 2026

	3 Year CAGR	Actual			Forecast					5 Year CAGR
		2023	2024	2025	2026	2027	2028	2029	2030	
Revenue Growth %	—	—	-55.4	5.8	-4.9	27.3	-3.7	5.5	5.8	5.4
Operating Income Growth %	—	—	-54.6	233.6	-47.8	20.3	1.9	6.4	3.8	-6.7
EBITDA Growth %	17.6	—	-57.3	152.8	-42.6	15.7	0.2	5.8	4.5	-14.8
Adjusted EBITDA Growth %	—	—	-37.9	78.1	-34.1	31.0	-8.1	7.0	7.1	-1.9
Earnings Per Share Growth %	—	—	-621.1	-131.1	-48.6	47.6	-3.4	9.3	6.5	-3.1
Adjusted Earnings Per Share Growth %	—	—	-47.6	156.3	-42.7	47.6	-3.4	9.3	6.5	-3.1

### Valuation as of 24 Feb 2026

	Actual			Forecast				
	2023	2024	2025	2026	2027	2028	2029	2030
Price/Earnings	—	27.1	10.8	14.7	10.1	10.4	9.4	8.9
Price/Sales	—	0.8	0.8	0.6	0.5	0.5	0.5	0.5
Price/Book	—	0.8	0.7	0.6	0.6	0.6	0.5	0.5
Price/Cash Flow	—	—	—	—	—	—	—	—
EV/EBITDA	—	22.1	12.5	16.0	12.2	13.3	12.5	11.6
EV/EBIT	—	68.0	20.5	33.2	27.6	27.1	25.5	24.5
Dividend Yield %	—	3.0	4.3	5.4	5.4	5.4	5.4	5.4
Dividend Payout %	42.9	81.8	45.9	80.0	54.3	56.4	52.0	49.0
Dividend Franking %	29.4	20.0	45.2	30.0	30.0	30.0	30.0	30.0
Free Cash Flow Yield %	—	—	—	—	—	—	—	—

### Operating Performance / Profitability as of 24 Feb 2026

Fiscal Year, ends 30 Jun	Actual			Forecast				
	2023	2024	2025	2026	2027	2028	2029	2030
ROA %	-7.4	2.7	1.4	2.0	2.1	2.1	2.2	0.0
ROE %	-25.5	7.5	3.8	5.5	5.5	5.5	5.7	0.0
ROIC %	1.5	4.4	2.2	2.9	3.7	4.5	5.0	—

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## Financial Leverage (Reporting Currency)

Fiscal Year, ends 30 Jun	Actual			Forecast				
	2023	2024	2025	2026	2027	2028	2029	2030
Debt/Capital %	38.1	52.8	52.2	40.6	32.3	23.5	23.5	22.5
Assets/Equity	2.7	3.4	2.7	2.7	2.7	2.6	2.6	2.6
Net Debt/EBITDA	6.2	19.5	8.3	6.1	1.8	1.6	0.5	-0.1
Total Debt/EBITDA	6.0	12.4	6.7	7.7	4.3	3.0	2.8	2.7
EBITDA/ Net Interest Expense	6.2	2.7	5.3	3.8	4.7	4.7	4.2	4.1

## Forecast Revisions as of 23 Feb 2026

Prior data as of 23 Dec 2025	2026		2027		2028	
	Current	Prior	Current	Prior	Current	Prior
Fair Value Estimate Change (Trading Currency)	6.40	8.00	—	—	—	—
Revenue (AUD Mil)	4,565	4,802	5,811	3,422	5,597	5,485
Operating Income (AUD Mil)	192	367	231	173	235	200
EBITDA (AUD Mil)	397	602	520	410	478	604
Net Income (AUD Mil)	199	346	293	209	269	360
Earnings Per Share (Diluted) (AUD)	0.29	0.56	0.42	0.30	0.41	0.54
Adjusted Earnings Per Share (Diluted) (AUD)	0.29	0.50	0.42	0.30	0.41	0.54
Dividends Per Share (AUD)	0.23	0.23	0.23	0.23	0.23	0.23

## Key Valuation Drivers as of 24 Feb 2026

Cost of Equity %	9.0
Pre-Tax Cost of Debt %	6.5
Weighted Average Cost of Capital %	8.5
Long-Run Tax Rate %	20.0
Stage II EBI Growth Rate %	3.0
Stage II Investment Rate %	19.0
Perpetuity Year	45

Additional estimates and scenarios available for download at <https://pitchbook.com/>.

## Discounted Cash Flow Valuation as of 24 Feb 2026

	AUD Mil
Present Value Stage I	4,202
Present Value Stage II	3,120
Present Value Stage III	360
<b>Total Firm Value</b>	<b>7,681</b>
Cash and Equivalents	621
Debt	4,054
Other Adjustments	0
<b>Equity Value</b>	<b>4,248</b>
Projected Diluted Shares	691
<b>Fair Value per Share (AUD)</b>	<b>6.40</b>

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## Income Statement (AUD)

Fiscal Year, ends 30 Jun	Actual			Forecast				
	2023	2024	2025	2026	2027	2028	2029	2030
<b>Revenue (Mil)</b>	<b>10,179</b>	<b>4,537</b>	<b>4,802</b>	<b>4,565</b>	<b>5,811</b>	<b>5,597</b>	<b>5,905</b>	<b>6,247</b>
Cost of Goods Sold (Mil)	9,109	4,094	4,219	4,297	5,418	5,194	5,450	5,741
<b>Gross Profit (Mil)</b>	<b>1,070</b>	<b>443</b>	<b>583</b>	<b>269</b>	<b>394</b>	<b>403</b>	<b>456</b>	<b>506</b>
Selling, General, Administrative & Other Expenses (Mil)	688	280	171	32	120	129	166	203
Advertising & Marketing Expenses (Mil)	0	0	0	0	0	0	0	0
Research & Development (Mil)	0	0	0	0	0	0	0	0
Depreciation & Amortization (if reported separately) (Mil)	140	53	45	45	43	39	40	44
<b>Adjusted Operating Income (Mil)</b>	<b>242</b>	<b>110</b>	<b>367</b>	<b>192</b>	<b>231</b>	<b>235</b>	<b>250</b>	<b>259</b>
Financial Non-Cash (Gains)/Losses (Mil)	0	0	0	0	0	0	0	0
Irregular Cash (Gains)/Losses (Mil)	0	0	0	0	0	0	0	0
<b>Operating Income (Mil)</b>	<b>242</b>	<b>110</b>	<b>367</b>	<b>192</b>	<b>231</b>	<b>235</b>	<b>250</b>	<b>259</b>
Net Interest Expense (Mil)	88	124	113	104	110	103	123	134
Income Tax Expense (Mil)	59	26	98	50	73	67	70	74
After-Tax Items (Mil)	143	-1,202	230	160	246	204	221	244
(Minority Interest) (Mil)	0	0	0	0	0	0	0	0
<b>Net Income (Mil)</b>	<b>238</b>	<b>-1,242</b>	<b>386</b>	<b>199</b>	<b>293</b>	<b>269</b>	<b>278</b>	<b>296</b>
<b>Adjusted Net Income (Mil)</b>	<b>257</b>	<b>135</b>	<b>346</b>	<b>199</b>	<b>293</b>	<b>269</b>	<b>278</b>	<b>296</b>
Weighted Average Diluted Shares Outstanding (Mil)	689	690	690	691	691	656	621	621
<b>Diluted Earnings Per Share</b>	<b>0.35</b>	<b>-1.80</b>	<b>0.56</b>	<b>0.29</b>	<b>0.42</b>	<b>0.41</b>	<b>0.45</b>	<b>0.48</b>
<b>Diluted Adjusted Earnings Per Share</b>	<b>0.37</b>	<b>0.20</b>	<b>0.50</b>	<b>0.29</b>	<b>0.42</b>	<b>0.41</b>	<b>0.45</b>	<b>0.48</b>
Dividends Per Common Share (AUD)	0.16	0.16	0.23	0.23	0.23	0.23	0.23	0.23
<b>EBITDA (Mil)</b>	<b>382</b>	<b>163</b>	<b>412</b>	<b>237</b>	<b>274</b>	<b>274</b>	<b>290</b>	<b>303</b>
<b>Adjusted EBITDA (Mil)</b>	<b>544</b>	<b>338</b>	<b>602</b>	<b>397</b>	<b>520</b>	<b>478</b>	<b>511</b>	<b>548</b>

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## Key Cash Flow Items (AUD)

Fiscal Year, ends 30 Jun	Actual			Forecast as of 24 Feb				
	2023	2024	2025	2026	2027	2028	2029	2030
Cash from Working Capital (Mil)	157	210	-575	552	-70	-2	-27	-27
(Capital Expenditures) (Mil)	-1,686	-1,086	-1,152	0	0	0	0	0
Depreciation (Mil)	140	53	45	45	43	39	40	44
Amortization (Mil)	0	0	0	0	0	0	0	0
<b>Net New (Investment), Organic (Mil)</b>	<b>-1,389</b>	<b>-823</b>	<b>-1,682</b>	<b>597</b>	<b>-27</b>	<b>37</b>	<b>13</b>	<b>17</b>
(Purchases)/Sales of Companies & Assets (Mil)	953	565	2,086	1,350	840	420	140	0
<b>Net New (Investment), Total (Mil)</b>	<b>-436</b>	<b>-258</b>	<b>404</b>	<b>1,947</b>	<b>813</b>	<b>457</b>	<b>153</b>	<b>17</b>
Other Non-Cash Items, From Cash Flows (Mil)	0	0	0	0	0	0	0	0
<b>Free Cash Flow to the Firm (Mil)</b>	<b>-144</b>	<b>-1,146</b>	<b>859</b>	<b>2,191</b>	<b>1,149</b>	<b>777</b>	<b>487</b>	<b>369</b>

## Balance Sheet (AUD)

Fiscal Year, ends 30 Jun	Actual			Forecast				
	2023	2024	2025	2026	2027	2028	2029	2030
<b>Assets</b>								
Cash and Equivalents (Mil)	900	1,000	621	1,608	1,755	1,028	1,315	1,484
Inventory (Mil)	—	3,018	2,475	2,563	3,232	3,099	3,251	3,425
Accounts Receivable (Mil)	3,738	2,670	2,108	2,122	2,702	2,602	2,745	2,904
Net Property, Plant and Equipment (Mil)	6,433	6,454	6,449	5,054	4,171	3,711	3,531	3,487
Goodwill (Mil)	0	0	0	0	0	0	0	0
Other Intangibles (Mil)	1,236	692	622	622	622	622	622	622
Other Operating Assets (Mil)	219	1,765	697	697	697	697	697	697
Non-Operating Assets (Mil)	1,445	1,173	1,161	1,161	1,161	1,161	1,161	1,161
<b>Total Assets (Mil)</b>	<b>18,214</b>	<b>16,772</b>	<b>14,133</b>	<b>13,827</b>	<b>14,340</b>	<b>12,920</b>	<b>13,322</b>	<b>13,781</b>
<b>Liabilities</b>								
Accounts Payable (Mil)	6,979	6,020	3,859	4,513	5,691	5,456	5,724	6,031
Debt (Mil)	3,281	4,176	4,054	3,054	2,254	1,454	1,454	1,454
Other Operating Liabilities (Mil)	1,170	1,592	1,005	1,005	1,005	1,005	1,005	1,005
Non-Operating Liabilities (Mil)	140	107	75	75	75	75	75	75
<b>Total Liabilities (Mil)</b>	<b>11,570</b>	<b>11,895</b>	<b>8,993</b>	<b>8,647</b>	<b>9,025</b>	<b>7,990</b>	<b>8,258</b>	<b>8,565</b>
<b>Equity</b>								
<b>Shareholders' Equity (Mil)</b>	<b>6,616</b>	<b>4,843</b>	<b>5,111</b>	<b>5,151</b>	<b>5,285</b>	<b>4,902</b>	<b>5,036</b>	<b>5,187</b>
Minority Interest (Mil)	28	34	29	29	30	28	29	29
<b>Total Equity (Mil)</b>	<b>6,644</b>	<b>4,877</b>	<b>5,140</b>	<b>5,180</b>	<b>5,315</b>	<b>4,930</b>	<b>5,064</b>	<b>5,216</b>

# Lendlease Group LLC ★★★★★

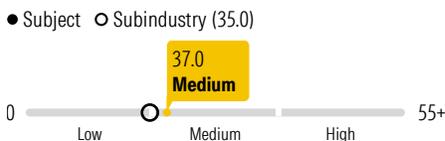
24 Feb 2026 00:56, UTC

<b>Last Price</b> 4.25 AUD 23 Feb 2026	<b>Fair Value Estimate</b> 6.40 AUD 24 Feb 2026 00:53, UTC	<b>Price/FVE</b> 0.65	<b>Market Cap</b> 2.85 AUD Bil 24 Feb 2026	<b>Economic Moat™</b> None	<b>Equity Style Box</b> Mid Value	<b>Uncertainty</b> High	<b>Capital Allocation</b> Standard	<b>ESG Risk Rating Assessment<sup>1</sup></b> 7 Jan 2026 06:00, UTC
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## ESG Risk Rating Breakdown

### Exposure

Company Exposure <sup>1</sup>	37.0	
- Manageable Risk	36.0	
<b>Unmanageable Risk<sup>2</sup></b>	<b>0.9</b>	



### Management

Manageable Risk	36.0	
- Managed Risk <sup>3</sup>	17.4	
<b>Management Gap<sup>4</sup></b>	<b>18.6</b>	



**Overall Unmanaged Risk** 19.6

- ▶ Exposure represents a company's vulnerability to ESG risks driven by their business model
- ▶ Exposure is assessed at the Subindustry level and then specified at the company level
- ▶ Scoring ranges from 0-55+ with categories of low, medium, and high-risk exposure
- ▶ Management measures a company's ability to manage ESG risks through its commitments and actions
- ▶ Management assesses a company's efficiency on ESG programs, practices, and policies
- ▶ Management score ranges from 0-100% showing how much manageable risk a company is managing

## ESG Risk Rating



ESG Risk Ratings measure the degree to which a company's value is impacted by environmental, social, and governance risks, by evaluating the company's ability to manage the ESG risks it faces.

1. A company's Exposure to material ESG issues 2. Unmanageable Risk refers to risks that are inherent to a particular business model that cannot be managed by programs or initiatives 3. Managed Risk = Manageable Risk multiplied by a Management score of 48.2% 4. Management Gap assesses risks that are not managed, but are considered manageable 5. ESG Risk Rating Assessment = Overall Unmanaged Risk = Management Gap plus Unmanageable Risk

## ESG Risk Rating Assessment<sup>5</sup>



ESG Risk Rating is of Jan 07, 2026. Highest Controversy Level is as of Feb 08, 2026. Sustainalytics Subindustry: Diversified Real Estate. Sustainalytics provides Morningstar with company ESG ratings and metrics on a monthly basis and as such, the ratings in Morningstar may not necessarily reflect current Sustainalytics' scores for the company. For the most up to date rating and more information, please visit: [sustainalytics.com/esg-ratings/](https://sustainalytics.com/esg-ratings/).

## Peer Analysis 07 Jan 2026

Peers are selected from the company's Sustainalytics-defined Subindustry and are displayed based on the closest market cap values

Company Name	Exposure	Management	ESG Risk Rating
<b>Lendlease Group</b>	37.0   Medium 0 —●— 55+	48.2   Average 100 —●— 0	19.6   Low 0 —●— 40+
Stockland Corp Ltd	27.1   Low 0 —●— 55+	65.1   Strong 100 —●— 0	9.7   Negligible 0 —●— 40+
Macquarie Group Ltd	51.6   Medium 0 —●— 55+	68.4   Strong 100 —●— 0	18.5   Low 0 —●— 40+
Mirvac Group	33.8   Low 0 —●— 55+	61.8   Strong 100 —●— 0	13.4   Low 0 —●— 40+
Charter Hall Group	26.6   Low 0 —●— 55+	57.8   Strong 100 —●— 0	11.4   Low 0 —●— 40+

# Research Methodology for Valuing Companies

## Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, in-depth competitive advantage analysis, and a variety of other analytical tools to augment this process. Moreover, we think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (e.g., mines), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss short-term market-price movements), but we believe these negatives are mitigated by deep analysis and our long-term approach.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our single-point star rating.

### 1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a

long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or mid-cycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

### 2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.

Our model is divided into three distinct stages:

#### Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in working capital accounts, and capital spending. Based on these projections, we calculate earnings before interest,

after taxes (EBI) and the net new investment (NNI) to derive our annual free cash flow forecast.

#### Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital (RONIC), and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until a perpetuity value is calculated. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

#### Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term, market-value weights.

### 3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating is designed to capture the range of potential outcomes for a company's intrinsic value. This rating is used to assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating is aimed at identifying the confidence we should have in assigning a fair value estimate for a given stock.

Our Uncertainty Rating is meant to take into account anything that can increase the potential dispersion of future

## Morningstar Equity Research Star Rating Methodology



# Research Methodology for Valuing Companies

outcomes for the intrinsic value of a company, and anything that can affect our ability to accurately predict these outcomes. The rating begins with a suggested rating produced by a quantitative process based on the trailing 12-month standard deviation of daily stock returns. An analyst overlay is then applied, with analysts using the suggested rating, historical rating data, and their own knowledge of the company to inform them as they make the final Uncertainty Rating decision. Ultimately, the rating decision rests with the analyst. Analysts take into account many characteristics when making their final decision, including cyclical factors, operational and financial factors such as leverage, company-specific events, ESG risks, and anything else that might increase the potential dispersion of future outcomes and our ability to estimate those outcomes.

Our recommended margin of safety—the discount to fair value demanded before we’d recommend buying or selling the stock—widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the potential dispersion of outcomes, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the Uncertainty Rating provides guidance in portfolio construction based on risk tolerance.

Our Uncertainty Ratings are: Low, Medium, High, Very High, and Extreme.

	Margin of Safety	
Qualitative Analysis		
Uncertainty Ratings	★★★★★ Rating	★ Rating
Low	20% Discount	25% Premium
Medium	30% Discount	35% Premium
High	40% Discount	55% Premium
Very High	50% Discount	75% Premium
Extreme	75% Discount	300% Premium

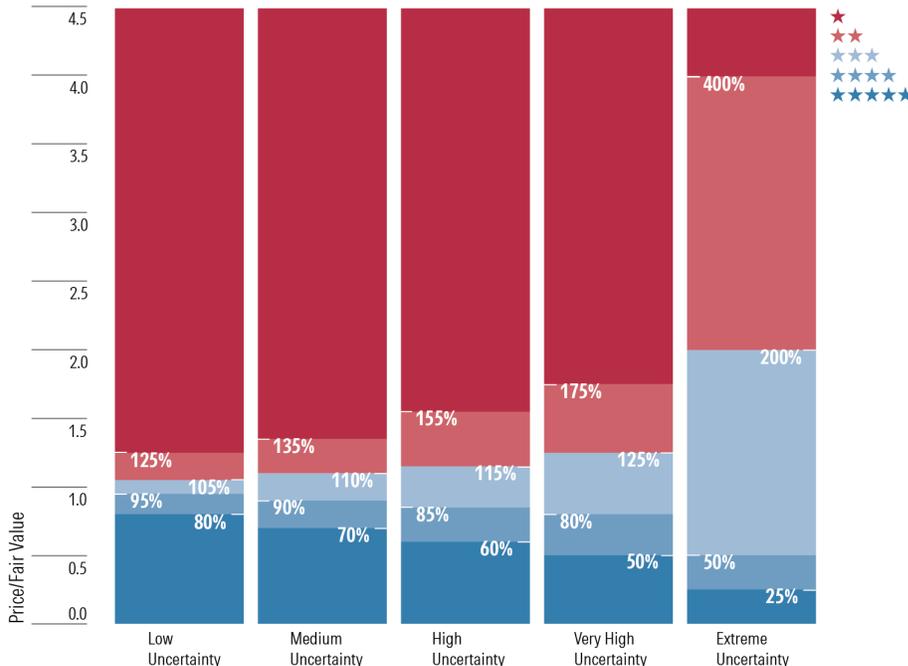
Our uncertainty rating is based on the interquartile range, or the middle 50% of potential outcomes, covering the 25th percentile–75th percentile. This means that when a stock hits 5 stars, we expect there is a 75% chance that the intrinsic value of that stock lies above the current market price. Similarly, when a stock hits 1 star, we expect there is a 75% chance that the intrinsic value of that stock lies below the current market price.

## 4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed which we believe is a reliable source.

For more details about our methodology, please go to <https://shareholders.morningstar.com>

**Morningstar Equity Research Star Rating Methodology**



## Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock’s current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open. Our analysts keep close tabs on the companies they follow, and, based on thorough and ongoing analysis, raise or lower their fair value estimates as warranted.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market’s valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk-adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multi-year time frame, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

## Other Definitions

**Last Price:** Price of the stock as of the close of the market of the last trading day before date of the report.

**Capital Allocation Rating:** Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management’s capital allocation, with particular emphasis on the firm’s balance sheet, investments,

## Research Methodology for Valuing Companies

and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

**Capital Allocation Rating:** Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

**Sustainalytics ESG Risk Rating Assessment:** The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environment, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score.

Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit [sustainalytics.com/esg-ratings/](https://sustainalytics.com/esg-ratings/)

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

### Risk Warning

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## Research Methodology for Valuing Companies

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