

21 August 2008

The Manager
Companies Section
Australian Stock Exchange Limited

The Manager
Companies Section
New Zealand Stock Exchange Limited

Pages: One Hundred and Ninety Two (192) Pages

Dear Sir

Results for Announcement to the Market

Full Year Results – June 2008

Lend Lease Corporation Limited ("Lend Lease") today announces its full year results for the year ended 30 June 2008. Attached are the following documents:

- Stock Exchange and Media Announcement
- Preliminary Final Report (Appendix 4E)
- Full Year Consolidated Financial Report
 - Management Discussion & Analysis of Financial Condition and Results of Operations
 - Portfolio Report
 - Five Year Profile
 - Directors' Report
 - Consolidated Financial Statements
 - Independent Auditor's Report
- Presentation to be made to media and analysts.

This document comprises the information required by Rule 4.2A of the Listing Rules and the statement required by Rule 4.2C.2. This announcement should be read in conjunction with the 2008 Annual Financial Report.

Yours faithfully
LEND LEASE CORPORATION LIMITED



S J SHARPE
Company Secretary

Stock Exchange Announcement

Lend Lease announces full year profit

- FY08 Net Operating Profit After Tax of A\$447.1 million
- Statutory Profit After Tax reduced to A\$265.4 million through:
 - Adjustment to Carrying Value of Inventory for UK Communities of A\$121.5 million
 - Negative Property Investment Revaluations of A\$60.2 million
- Dividend payout 69% of Net Operating Profit After Tax
- Full year FY08 dividend 77 cents per share, in line with the prior year
- Construction Backlog Gross Profit Margin of A\$788.3 million, up 10%

21 August 2008

Lend Lease Corporation ("Lend Lease") delivered a Net Operating Profit After Tax of A\$447.1 million for the year ended 30 June 2008. This represents an increase of 8.1% from the FY07 comparative profit of A\$413.7 million (excluding Australian Taxation Office interest received of A\$32.2 million after tax).

The Group's Statutory Profit After Tax of A\$265.4 million was impacted by the previously announced reduction in property investment revaluations of A\$60.2 million and writedown of the carrying value of Crosby Lend Lease inventory of A\$121.5 million.

Lend Lease declared a final dividend of 34 cents per share, franked to 45%, bringing total dividends for the year to 77 cents per share, in line with the previous full year dividend. The full year dividend represents a payout ratio of 69% of Net Operating Profit After Tax.

Profit After Tax	June 2008 A\$m	June 2007 A\$m
Net Operating Profit After Tax	447.1	413.7
ATO Interest Received		32.2
Adjustment to Carrying Value of Inventory	(121.5)	
Property Investment Revaluations	(60.2)	51.6
STATUTORY PROFIT AFTER TAX	265.4	497.5

Full Year Dividend ⁽¹⁾	77.0 cps	77.0 cps
Earnings Per Share ⁽²⁾ on Operating Profit	111.5 cps	111.4 cps

⁽¹⁾ The final dividend is 45% franked; the interim dividend for the period ended 31 December 2007 was 40% franked

⁽²⁾ EPS is calculated based on operating profit after tax and weighted average number of shares including treasury shares.

Managing Director and Chief Executive Officer Mr Greg Clarke, said: "We have delivered a solid operating result, strong operating cashflows and continue to have low gearing in the face of continuing volatility in the global credit and property markets. This highlights the strength of our diversified portfolio and conservative approach to capital management.

"The Project Management and Construction business, Bovis Lend Lease, performed strongly, returning to profit in all key markets. In particular, the Australian business delivered a record amount of new work secured of A\$350.5 million, up 115% on the prior year.

"The Public Private Partnerships businesses performed well, with our US operations, Actus Lend Lease, reaching financial close on six projects and being named preferred bidder on another project.

"Investment Management continued to contribute to the Group through the recycling of capital, with the sale of a proportion of its interest in the Lend Lease managed Australian Prime Property Fund ("APPF") for a profit after tax of A\$40.1 million.

"As highlighted earlier this month, the Retail and Communities businesses continue to face strong headwinds, especially in the UK. As a result we took the prudent step to writedown the carrying value of Crosby Lend Lease inventory by A\$121.5 million and the Group recorded a reduction in property investment revaluations of A\$60.2 million after tax principally due to continued expansion of capitalisation rates on our retail assets in the UK. The Australian business is well positioned and continues to perform in spite of the continuing slow market conditions," Mr Clarke said.

Outlook

Commenting on the outlook for the Group, Mr Clarke said: "We expect the current property market volatility to remain for the foreseeable future with the timing of recovery in property markets in the US and UK dependent on the recovery of liquidity in the financial markets. The US and UK residential markets continue to suffer from lack of liquidity and inventory overhang. In comparison, the Australian market is stronger and, while slowing, should not see the same level of impact.

"Lend Lease is in a solid position, because of its diversified earnings business model and financial strength, to manage its way through these market headwinds. Our strong positive cashflow, combined with capital recycling, has provided cash on hand of A\$842.8 million, allowing us to continue to fund our investment pipeline while exploring growth opportunities.

In the current market our priority is to manage our business efficiently, while continuing to build a portfolio of superior long term property projects to ensure we will be in a leading position when the market recovers.

"We remain committed to our conservative approach with low levels of debt and positive cash flows and continue to invest in long term projects to build lasting shareholder value," he said.

Group Financials

Lend Lease maintained its strong financial position at 30 June 2008 with significant capacity to fund growth opportunities. Gross borrowings to total tangible assets stood at 14.4% and interest coverage was 7.2 times, comfortably in excess of the Group's internal target of a minimum 6 times. Eighty four per cent of the Group's debt is at fixed rates with long term maturity.

Annuity style earnings from property assets and funds under management represented 28% of EBITDA, well above the target of 15-20% which supports the Group's investment grade credit rating.

At 30 June 2008, Lend Lease had approximately A\$800 million in undrawn facilities and A\$842.8 million in cash on hand.

Group Highlights

Retail

- Strong development pipeline across UK and Asia Pacific of A\$4.8 billion;
- Like for like Net Operating Income growth (excluding developments) of 5%+ across Asia Pacific managed centres;
- Property investment valuations declined in the UK, due to expansion of capitalisation rates;
- Acquisition of Craigieburn, a greenfield mixed use development in Victoria;
- Construction commenced on two major projects in Asia Pacific; the 313@Somerset project in Singapore and Mid City in Sydney's Central Business District; and
- The UK business continued to invest in its retail pipeline which consists of a concentration of mixed used retail schemes, such as Preston.

Communities

- Continued strong deal flow in Asia Pacific, with the award of Gawler and Blakeview adding 4,350 lots to unzoned backlog;
- A 23% increase in settlements in Asia Pacific due to improved conditions in Queensland, Victoria and South Australia;
- Market conditions remain challenging in the UK residential market;
- Signed interim development management agreement with Olympic Delivery Authority ("ODA") on Athletes Village, Stratford; and
- No material earnings exposure to US residential markets.

The Australian Communities businesses secured a number of key projects during the year, including the 64,000 square metre Darling Walk project in Sydney, adding significantly to the development pipeline. Additionally, Lend Lease extended its retirement village portfolio with the A\$17.0 million acquisition of Lutanda Manor retirement village at Pennant Hills, Sydney.

As reported earlier this month, the Group took a prudent step in writing down the carrying value of inventory for its UK Communities business, Crosby Lend Lease, in light of the continuing challenging conditions in this market. Our pipeline of UK based quality residential projects remains very sound. Elephant & Castle, Greenwich Peninsula and Stratford are each progressing through various stages of the development process, and we continue to invest in these projects to deliver long term shareholder value.

The US Communities projects continue to progress through planning phases, with Lowry Range being included in the Denver Regional Council of Government's Urban Growth Boundary.

Public Private Partnerships

- Actus Lend Lease reached financial close on six projects and was announced preferred bidder on another; and
- The UK PPP business closed Lancashire Schools Phase 2 during the year.

In the US, Actus Lend Lease increased the number of units under management by 5.5% to 44,750 and, coupled with strong occupancy levels across the portfolio, has delivered another strong result.

The UK PPP business, Catalyst Lend Lease, increased its foothold in the UK Government's Building Schools for the Future ("BSF") initiative with the financial close of Phase 2 of Lancashire Schools, and has been short listed as one of two remaining bidders for both Birmingham and Salford BSF projects.

Investment Management

- Performed well with continued strong fund performance for institutional investors;
- Increase in income in Asia Pacific, primarily as a result of the sale of a proportion of the Group's investment in APPF;
- Continued investment in our Singapore platform to support the opportunities in this market;
- UK market push has slowed as a result of poor market conditions; and
- Funds Management business continues to enjoy strong support from its wholesale investor base, with a new managed investment mandate secured at the end of 2007.

The Lend Lease Investment Management business has a quality platform that is focused on delivering for investors and driving value for Lend Lease shareholders through our integrated business model.

Project Management and Construction

- The Asia Pacific business delivered an increase in profit after tax of 26% reflecting the strong market conditions and successful completion of a number of projects across Australia;
- Delivered a strong result, with Bovis Lend Lease delivering improved performance across all markets;
- Backlog GPM growth of 10% to A\$788.3 million as at 30 June 2008; and
- The Australian business delivered record growth in new work secured which was up 115% on the prior year.

The European market performed strongly, but the result was still impacted by the workout of the UK projects where a provision was taken in December 2006.

ENDS

Further information:

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Lend Lease Corporation Limited
ABN 32 000 226 228

Appendix 4E

Preliminary Final Report
for the financial year ended 30 June 2008
(previous corresponding period being
the financial year ended 30 June 2007)

Results for Announcement to the Market

Key Information

	June 2008 A\$m	June 2007 A\$m	% Change
Revenue	14,677.9	14,281.9	2.8
Profit after tax attributable to members	265.4	497.5	(46.7)

Dividends

	Amount per security	Franked amount per security
Interim Dividend – Paid 26 March 2008	43.0 cents	17.2 cents
Final Dividend – Payable 26 September 2008	34.0 cents	15.3 cents
Total amount per security	77.0 cents	32.5 cents

The record date for determining entitlement to the final dividend is 12 September 2008.

The Company's Share Election Plan, Dividend Reinvestment Plan (DRP) and Share Purchase Plan remained suspended during the June 2008 financial year. The DRP will be reactivated in August 2008.

The Company advises that the whole of the unfranked amount of the final dividend has been declared to be conduit foreign income.

The remainder of the information requiring disclosure to comply with listing rule 4.3A is contained in the attached audited June 2008 Annual Consolidated Financial Report and the additional information section below.

Additional Information

Net Tangible Assets

	June 2008	June 2007
Net Tangible Assets per security	\$5.77	\$6.12

The Annual General Meeting

The Annual General Meeting will be held at City Recital Hall, 2 – 12 Angel Place, Sydney NSW 2000 at 10:00 am on Thursday, 13 November 2008. The Annual Report will be available in October 2008.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A)

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Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A)

All currency amounts in the MD&A are expressed in Australian dollars unless otherwise specified. The following discussion and analysis is based on the Group's Consolidated Financial Statements for the year ended 30 June 2008 and should be read in conjunction with those financial statements.

Overview

Introduction

The Group has five lines of business that operate in three geographic regions: Asia Pacific, Europe and the Americas.

- The Retail business comprises retail property management, asset management and development in Australia, Singapore and the United Kingdom (UK). This business includes the Group's ownership interests in direct property investments, including those held via limited partnerships, in Asia Pacific, the UK and the United States of America (USA);
- The Communities business is involved in the development of large scale urban regeneration and greenfield development projects in Australia, the USA and the UK;
- The Public Private Partnerships (PPP) business manages and invests equity in large PPP projects in the USA and the UK;
- Investment Management provides real estate investment management services in Asia Pacific and the UK. Investment Management includes the Group's ownership interests in property investments held indirectly through investments in Lend Lease managed funds in Asia Pacific and the UK;
- Project Management and Construction provides construction, project management and design services across all regions through Bovis Lend Lease.

Results Summary

	Revenue		EBITDA		Profit/(Loss) After Tax ¹	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
Retail	130.7	131.6	79.4	104.7	66.1	70.7
Communities	969.5	1,164.5	124.0	208.7	100.3	143.4
Public Private Partnerships	962.7	755.1	60.0	58.6	73.0	57.3
Investment Management	127.3	88.0	151.2	203.6	137.3	189.1
Project Management and Construction	12,426.8	12,056.7	198.9	50.2	147.2	43.3
Total operating businesses	14,617.0	14,195.9	613.5	625.8	523.9	503.8
Group Services	7.6	8.3	(86.2)	(80.6)	(59.0)	(60.0)
Group Treasury	53.3	77.7	1.0	5.9	(14.8)	5.1
Group Amortisation					(3.0)	(3.0)
Total corporate	60.9	86.0	(85.2)	(74.7)	(76.8)	(57.9)
Total operating	14,677.9	14,281.9	528.3	551.1	447.1	445.9
Inventory carrying value adjustment			(121.5)		(121.5)	
Property investment revaluations ²			(69.2)	82.7	(60.2)	51.6
Total statutory	14,677.9	14,281.9	337.6	633.8	265.4	497.5

1 Profit after tax is after adjusting for the loss attributable to minority interests of A\$6.4 million (June 2007: A\$2.7 million profit after tax).

2 Represents the unrealised valuation movement on property investments that are consolidated or accounted for using the equity method in the Consolidated Financial Statements.

Profit After Tax

The Group's statutory profit after tax decreased by 47% to A\$265.4 million. The decrease in profit after tax is after recognising an adjustment to reduce the carrying value of inventory in Crosby Lend Lease (Crosby) by A\$121.5 million after tax and net unrealised property investment revaluation losses on retail investments of A\$60.2 million after tax.

Operating profit after tax remained broadly flat at A\$447.1 million. Excluding the interest received from the Australian Taxation Office (ATO) of A\$32.2 million after tax in the prior year, operating profit increased by 8%. Additionally, operating profit after tax was negatively impacted by foreign exchange movements of A\$30.7 million.

The Retail business includes net operating income from the Group's direct investment in retail properties and property management and development fees. There was no profit realised from sales of retail property investments in the financial year.

There was a 27% increase in residential land settlements in the Communities business in Australia due to improved trading conditions in Queensland, Victoria and South Australia. This was offset by a decrease in residential built-form settlements and commercial sales in the year. Pre-sold units that had not settled at 30 June 2008 increased as a result of strong residential built-form sales in Sydney and Melbourne.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Overview continued

Profit After Tax continued

The UK residential market has experienced a significant slowdown, which has resulted in an A\$30.7 million decline in operating profit after tax from the UK Communities business.

Profit after tax from the PPP business increased in the year due to a higher contribution from Actus Lend Lease (Actus). During the year Actus reached financial close on six projects and was named preferred bidder on one further project. In the UK, profit after tax decreased due to higher bid costs as new PPP projects came to market. The prior year also included the recovery of bid costs, principally on achieving financial close on the Lancashire Schools Phase 1 project.

Investment Management continued its policy of recycling capital with the sale of a proportion of its interest in Australian Prime Property Funds (APPF) for a profit after tax of A\$40.1 million. In Europe, profit after tax includes a tax exempt dividend of A\$47.9 million from the Group's interest in the advisor company to Lend Lease Global Properties, SICAF (Global Fund) in relation to incentive fees received, and profit distributions from the Group's investment in the Global Fund of A\$9.2 million after tax.

Project Management and Construction profit after tax increased in Asia Pacific, reflecting strong market conditions and the successful completion of a number of projects in Australia. Performance improved in Europe, although this business continues to be impacted by the work out of the loss making UK projects reported in the prior year and margin reductions on a number of projects. In the Americas, profit after tax was impacted by costs relating to a fire at the former Deutsche Bank project in New York.

Corporate costs after tax remained broadly flat. Group Treasury profit after tax decreased as the prior year included the recognition of interest income following a favourable judgement in the Federal Court in a tax dispute with the ATO.

In light of the difficult trading conditions in the UK residential market, Crosby has reduced the carrying value of its inventory by A\$121.5 million after tax. In addition, statutory profit includes unrealised property investment revaluation losses of A\$60.2 million after tax principally due to the expansion in capitalisation rates in the UK.

Shareholder Returns

		June 2008	June 2007
Earnings per share (EPS) on operating profit ^{1,2}	cents	111.5	111.4
EPS on statutory profit ¹	cents	66.2	124.3
Return on equity (ROE) on statutory profit ³	%	8.2	15.7
ROE on statutory profit (excluding inventory carrying value adjustment) ⁴	%	11.9	15.7

- 1 EPS is calculated using the weighted average number of shares on issue including treasury shares. Under the Australian Accounting Standards, shares held in employee benefit vehicles including employee share plans, which Lend Lease sponsors, are treated as treasury shares and are excluded from the calculation. This would have the effect of increasing the EPS calculations above if applied.
- 2 The EPS calculation in the prior year includes the interest received from the ATO of A\$32.2 million after tax. Excluding the interest from the ATO, the earnings per share on operating profit is 103.3 cents per share.
- 3 ROE is calculated based on statutory profit after tax and average equity.
- 4 ROE (excluding inventory carrying value adjustment) is calculated excluding the inventory carrying value adjustment in Crosby of A\$121.5 million after tax from both profit and average equity.

Dividends

A final 45% franked dividend of 34 cents per share will be paid on 26 September 2008 (June 2007: 42 cents per share 50% franked). On a full year basis, this represents a payout ratio of 69.1% of operating profit after tax. The full year dividend of 77 cents per share is in line with last year.

Group Debt

		June 2008	June 2007
Net debt ¹	A\$m	86.5	526.1
Gross borrowings to total tangible assets ²	%	14.4	15.7
Interest coverage ³	times	7.2	7.9
Credit rating (Standard & Poor's/Moody's)	rating	BBB-/Baa3	BBB-/Baa3

- 1 Net debt is borrowings excluding other financial liabilities, less cash.
- 2 Calculated as borrowings including other financial liabilities divided by total tangible assets.
- 3 Calculated as operating EBITDA plus interest revenue divided by gross finance costs, including capitalised finance costs.

The Group's net debt as at 30 June 2008 was A\$86.5 million, excluding other financial liabilities of A\$200.9 million. The Group's gearing remains low and interest coverage at 7.2 times is above the Group's internal target.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Overview continued

Group Debt continued

The Group is in a strong liquidity position with un-drawn committed bank facilities of A\$808.6 million as at 30 June 2008. In addition, the Group had cash and cash equivalents of A\$842.8 million.

The average maturity of Lend Lease's drawn debt at 30 June 2008 was 11 years, with the earliest maturity date being October 2012. The principal un-drawn committed facility is the £350.0 million syndicated bank facility, which matures in November 2010.

At 30 June 2008, the mix of borrowings, including the Bluewater lease, was 84% at fixed rates and 16% at floating rates. The Group continues to maintain an investment-grade credit rating.

Cash Flow

	June 2008 A\$m	June 2007 A\$m
Net cash provided by operating activities	268.7	357.2
Net cash provided by/(used in) investing activities	364.5	(382.7)
Net cash (used in)/provided by financing activities	(312.4)	57.1
Effect of foreign exchange rate movements on cash and cash equivalents	(28.1)	(41.0)
Net increase/(decrease) in cash and cash equivalents	292.7	(9.4)

Operating cash inflows of A\$268.7 million represent the underlying cash flows from the Group's operating businesses net of continued investment in property developments. Operating cash inflows include the receipt of the tax refund and associated interest from the resolution of the tax dispute with the ATO.

Investing cash inflows of A\$364.5 million reflect the Group's recycling of capital including the sale of a proportion of its interest in APPF for a consideration of A\$263.8 million and the net redemption of negotiable instruments of A\$331.0 million. These cash inflows have been partially offset by the acquisition of investments such as Preston Tithebarn Unit Trust, Craigieburn and PPP loan stock.

Financing cash outflows of A\$312.4 million principally relate to dividend payments of A\$315.5 million (June 2007: A\$237.2 million). The prior year included borrowings of £300.0 million raised from the issue of notes in the UK public bond market, offset by the net repayment of £185.0 million of the £350.0 million syndicated bank facility.

Investments

	Region	Lend Lease Share of Income ^{1,2} June 2008 A\$m	Lend Lease Share of Income ^{1,2} June 2007 A\$m	Market Value ³ June 2008 A\$m	Market Value ³ June 2007 A\$m
Retail					
Bluewater	UK	58.5	67.1	1,188.8	1,560.0
King of Prussia	USA	25.7	28.2	421.7	483.8
Other retail investments	Various	11.5	11.7	406.0	460.2
Total Retail		95.7	107.0	2,016.5	2,504.0
Investment Management					
Other retail investments	Various	70.0	37.3	505.5	766.1
Other investments	Various	22.7	134.2	98.3	150.9
Total Investment Management		92.7	171.5	603.8	917.0
Total investments		188.4	278.5	2,620.3	3,421.0

1 Represents Lend Lease's share of income before tax from investments net of direct expenses and allocated overhead, excluding property investment revaluations.

2 Lend Lease's share of income for 30 June 2008 includes gains on the disposal or redemption of available for sale financial assets of A\$67.0 million (June 2007: A\$133.4 million).

3 Market value is based on independent valuations and is net of project-specific debt.

Lend Lease held property investments, directly or indirectly, with a market value of A\$2.6 billion at 30 June 2008. The decrease in market value is attributable to the sale of a proportion of the Group's interest in APPF, foreign exchange movements and valuation adjustments across the portfolio. There has been a weakening of capitalisation rates in the UK, which has negatively impacted on market values in the year.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Overview continued

Investments continued

The independent market value of 100% of Bluewater at 30 June 2008 decreased by 12% to £1,902.0 million (A\$3,962.5 million). Lend Lease's 30% direct interest decreased in value by A\$371.2 million, including negative foreign exchange movements, to A\$1,188.8 million. As Bluewater is held as inventory, the asset is recorded at historical cost in the financial statements, which at 30 June 2008 was A\$520.7 million (June 2007: A\$596.1 million).

The value of Lend Lease's 50% interest in King of Prussia increased by 1% to US\$400.6 million, although the Australian dollar equivalent value decreased.

Other retail investments held by Retail have decreased by A\$54.2 million due to a decline in the market value, including foreign exchange movements, across the UK portfolio. The Group acquired an interest in the Preston Tithebarn Unit Trust for A\$36.3 million in the year.

Other retail investments held by Investment Management reduced by A\$260.6 million primarily due to the sale of a proportion of the Group's interest in APPF. The market value of the Group's remaining interest in APPF increased by 9% and the market value of Asia Pacific Investment Company No. 2 Limited (APIC II) increased by 23%. These revaluation increases were offset by a decrease, including foreign exchange movements, in the value of the Group's UK investments.

Other investments in Investment Management decreased by A\$52.6 million primarily due to capital returns from the Asia Pacific Investment Company Limited (APIC) and the sale of a proportion of the Group's interest in Cohen & Steers, SICAV. Cohen & Steers, SICAV is a legacy position related to the former Real Estate Investment (REI) business.

During the year, the Group's interest in property investments generated investment income EBITDA of A\$121.4 million, excluding gains on the disposal or redemption of available for sale financial assets.

Property Investment Revaluations

	Region	Unrealised Revaluation Gain/(Loss) Before Tax June 2008 A\$m	Unrealised Revaluation Gain/(Loss) Before Tax June 2007 A\$m
Retail			
Pakenham Place	Australia	(2.9)	
Chelmsford Meadows Shopping Centre	UK	(34.7)	2.3
Performance Retail Limited Partnership	UK	(9.5)	0.7
Warrington Retail Limited Partnership	UK	(31.1)	
King of Prussia	USA	(6.9)	62.3
Property investment revaluations on Retail investments		(85.1)	65.3
Investment Management			
APIC II	Asia	22.7	13.6
Lend Lease Overgate Partnership	UK	(6.8)	3.8
Property investment revaluations on Investment Management investments		15.9	17.4
Total property investment revaluations¹		(69.2)	82.7

1 Represents the unrealised valuation movement on property investments that are consolidated or accounted for using the equity method in the Consolidated Financial Statements and are therefore included in statutory profit.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Retail

Overview of Business

Lend Lease focuses on shopping centres with expansion potential in growing catchment areas. This business strategy is designed to secure integrated positions, which play to the Group's core skills and involve all components of the property value chain (ownership, development, construction and property management).

Key Financial Results

The key financial results for the Retail business are summarised below.

	Revenue		EBITDA		Profit/(Loss) After Tax	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
Property Management						
Asia Pacific	34.2	23.0	2.0	(1.3)	1.3	(1.0)
Europe	22.2	25.6	(18.3)	(1.0)	(15.5)	(2.0)
Total	56.4	48.6	(16.3)	(2.3)	(14.2)	(3.0)
Investment Income						
Asia Pacific	1.1	0.5	0.6	0.2	0.4	0.1
Europe	73.2	82.5	69.4	79.7	57.8	53.7
Americas			25.7	27.1	22.1	19.9
Total	74.3	83.0	95.7	107.0	80.3	73.7
Total Operating						
Asia Pacific	35.3	23.5	2.6	(1.1)	1.7	(0.9)
Europe	95.4	108.1	51.1	78.7	42.3	51.7
Americas			25.7	27.1	22.1	19.9
Total operating	130.7	131.6	79.4	104.7	66.1	70.7
Property Investment Revaluations						
Asia Pacific			(2.9)		(2.8)	
Europe			(75.3)	3.0	(64.7)	1.7
Americas			(6.9)	62.3	(4.0)	36.4
Total	-	-	(85.1)	65.3	(71.5)	38.1

Total operating profit after tax in Asia Pacific increased by A\$2.6 million from the prior year as property management fees increased from new properties under management and developments in Australia and Asia. In Europe, total operating profit after tax declined by A\$9.4 million due to higher overheads as the business continued to invest in its development pipeline. In addition, the prior year included a residual profit relating to Chapelfield, Norwich. Profit after tax in the Americas relates to the Group's interest in King of Prussia.

Net property investment revaluation losses of A\$71.5 million after tax were recognised in the year due to the value of retail investments being negatively impacted by current market conditions, principally in the UK.

Retail – Asia Pacific

In Asia Pacific, Lend Lease holds a direct ownership interest in four development opportunities. The business is currently undertaking master planning and development management of seven centres in Australia and two in Asia with an estimated gross development cost of A\$2.7 billion (June 2007: A\$2.1 billion). In addition, the business carries out the property management of nine centres in Australia and two in Asia with a total gross lettable area of 599,700 square metres (sqm).

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Retail continued

Retail – Asia Pacific continued

Key trading events in the year include:

- Construction and pre-leasing progressing on schedule at the 313@Somerset retail development, one of the last remaining major retail development opportunities on Orchard Road, Singapore. The development is expected to be completed in 2010. Lend Lease has a 25% direct ownership interest in the development with the remaining 75% held by Lend Lease Asian Retail Investment Fund, in which Lend Lease holds a 10.1% interest. Lend Lease is managing all phases of the project including development, leasing, project management and design and construction and, on completion, asset and property management;
- Construction commencing on the 420 George Street retail and office development in the Sydney central business district. APPF Retail (APPFR) holds a 25% interest in the retail development and APPF Commercial (APPFC) holds a 25% interest in the office development, alongside an external owner who holds the remaining 75%. Completion of this development is expected in 2011. Lend Lease is undertaking development management, retail leasing, design and construction and, on completion, retail property management;
- Commencing the redevelopment of the Paradiz Centre, a retail and office building in Singapore. Completion of the redevelopment is expected in 2009. Lend Lease has a 25% direct ownership interest in the asset and is managing all phases of the project including development, leasing, project management and design and construction and, on completion, asset and property management;
- Acquisition of Craigieburn, a greenfield mixed use development opportunity in Northern Melbourne, Victoria. Lend Lease holds a 25% direct ownership interest in the retail development with the remaining 75% held by APPFR. Construction is expected to commence in 2009 and to be completed in 2011. Lend Lease is managing all phases of the project including development, leasing, project management and design and construction and, on completion, asset and property management.

Retail – Europe

In Europe, Lend Lease's retail business includes an ownership interest in five retail centres in the UK. The business has development opportunities at three centres, which are expected to deliver an additional 236,900 sqm of retail space at an estimated gross development cost of A\$2.1 billion (June 2007: A\$3.2 billion). The business carries out the asset management of five centres with a total gross lettable area of 331,400 sqm.

Key trading events in the year include:

- Acquiring a 50% interest in the Tithebarn, Preston scheme from Grosvenor Estates. The roles and responsibilities for the delivery of the project are shared equally with Grosvenor Estates;
- In January 2008, the Performance Retail Limited Partnership sold its interest in the Cameron Toll shopping centre in Edinburgh at book value;
- During the year the Development Management Service Agreement with Minerva Plc was terminated on Park Place, Croydon. In addition, the Cooperation Agreement with Stockport Metropolitan Borough Council for the development of Bridgefield, Stockport expired. As preferred Developer status is no longer held on these projects, they have been removed from the development pipeline;
- Statutory profit includes unrealised investment revaluation losses of A\$64.7 million after tax. Market conditions in the UK have deteriorated, which has resulted in an expansion of retail capitalisation rates.

Retail – Americas

In the Americas, Lend Lease's retail business comprises a 50% ownership interest in the partnership that owns the King of Prussia Mall in Pennsylvania. Lend Lease's share of partnership income for the year was up 4% in US dollar terms compared to the prior year.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Communities

Overview of Business

The Communities business is involved in the development of large scale urban regeneration and greenfield development projects. The Lend Lease business model includes land sourcing, master planning and design, product development and marketing. The scale and scope of the Communities development positions ensure earnings are derived from a diverse range of projects. This diversity reduces the portfolio risk and also generates product for both the Investment Management and Project Management and Construction businesses.

Key Financial Results

The key financial results for the Communities business are summarised below.

	Revenue		EBITDA		Profit/(Loss) After Tax	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
Asia Pacific	579.0	733.5	104.2	135.6	82.7	90.9
Europe	390.1	430.9	25.5	73.0	21.1	51.8
Americas	0.4	0.1	(5.7)	0.1	(3.5)	0.7
Total operating	969.5	1,164.5	124.0	208.7	100.3	143.4
Inventory carrying value adjustment			(121.5)		(121.5)	
Total	969.5	1,164.5	2.5	208.7	(21.2)	143.4

Operating profit after tax for the year decreased by A\$43.1 million to A\$100.3 million. This primarily relates to a reduction in the contribution from Crosby due to the significant slowdown in the UK residential market. In Asia Pacific, there was a change in product mix in the year with a significant increase in residential land settlements being offset by a decrease in residential built-form settlements and commercial sales. Residential built-form sales are recognised on completion of the relevant building and therefore can vary significantly from year to year. The estimated sales value of the Communities backlog is more than A\$30.0 billion with a total residential backlog of 116,925 units and a total commercial backlog at 5.0 million sqm.

In light of the difficult trading conditions in the UK residential market, Crosby has reduced the carrying value of its inventory by A\$121.5 million after tax.

Communities – Asia Pacific

The key financial results for Communities – Asia Pacific are detailed below.

	June 2008	June 2007
Operating profit after tax (A\$m)	82.7	90.9
Number of units settled ¹	3,439	2,795
Gross sales value of units settled (A\$m) ^{1,2}	949.7	940.5
Gross sales value of pre-sales (A\$m) ^{1,3}	589.4	366.8
Number of projects	47	46
Backlog (number of units) ⁴		
– Zoned (with planning approval)	27,090	31,055
– Unzoned (awaiting planning approvals)	58,240	53,890
Backlog – Residential (units)	85,330	84,945
Backlog – Commercial (sqm/000s) ⁵	3,228.8	2,751.1
Estimated sales value of total backlog (A\$b) ⁶	18.7	17.7

1 Includes 100% of joint venture projects and therefore will not necessarily correlate with Lend Lease's profit after tax.

2 Gross sales value of units settled reflects residential and non-residential revenue from projects and the sale of deferred management fees.

3 Pre-sales represent contracts entered into prior to 30 June 2008 that have not settled and therefore do not form part of profit after tax in the current year. These sales are expected to settle in future periods. The gross sales value of pre-sales refers to the gross revenue from these pre-sales.

4 Backlog includes the total number of units in both company-owned and joint venture projects. The actual number of units for any particular project can vary as planning applications are obtained.

5 Includes approximately 430,500 sqm of retail backlog.

6 The estimated sales value of total backlog includes both company-owned and joint venture projects.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Communities continued

Communities – Asia Pacific continued

Communities – Asia Pacific is focused on building a portfolio of market leading projects and assets in key sectors including master-planned communities through Delfin Lend Lease; senior living through Retirement by Design; apartments through Vivas Lend Lease; and integrated mixed-use property developments through Lend Lease Development. This business has 47 projects, located predominantly on Australia's eastern seaboard. The product lines of the Communities business are: residential land lots; residential built-form (including houses, terraces and apartments); commercial (including retail, office, light industrial and social infrastructure); and senior living (including retirement villages and village operations).

The key financial results of the Communities – Asia Pacific business by product line are detailed below.

	Residential Land Lots		Residential Built-Form		Commercial ⁵		Senior Living		Total	
	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007
Settlements¹										
Number of units ²	3,104	2,435	283	330			52	30	3,439	2,795
Gross sales value (A\$m) ³	505.0	364.6	207.0	340.2	220.3	191.2	17.4	44.5	949.7	940.5
Pre-sales^{1,4}										
Number of units	1,217	1,220	362	144			6	3	1,585	1,367
Gross sales value (A\$m)	220.8	200.6	348.9	114.4	17.7	50.4	2.0	1.4	589.4	366.8

1 Includes 100% of joint venture projects and therefore will not necessarily correlate with Lend Lease's profit after tax.

2 The number of units settled during the year for Senior Living refers to primary sales (new development sites) and excludes any resales.

3 Gross sales value of units settled reflects revenue from projects and the sale of deferred management fees.

4 Pre-sales number of units represents contracts entered into prior to 30 June 2008 that have not settled and therefore do not form part of profit after tax in the current year. These sales are expected to settle in future periods. The gross sales value of pre-sales refers to the gross revenue from pre-sales, including revenue earned from joint venture projects.

5 The number of units settled and pre-sales number of units are not relevant measures for Commercial.

Key trading events in the year include:

- A change in product mix in the year, with a significant increase in residential land settlements being offset by a decrease in residential built-form settlements. The prior year also included the profit after tax from the sale of three Communities projects to the Lend Lease Communities Fund 1 and the sale of the Keperra retirement village to the Lend Lease Core Plus Fund. There were no similar sales of residential projects or retirement villages in the current year;
- The total number of residential land units settled increased by 27% to 3,104 units. Residential land settlements increased significantly due to improved trading conditions in Queensland, Victoria and South Australia;
- The average sales price per residential land lot increased 9% from A\$149,700 to A\$162,700, which reflects the commencement of trading on exclusive beachfront land at the Hyatt Coolum project;
- Residential built-form units settled declined by 47 units to 283 units as the prior year included the settlement of 133 units at Dock 5, Victoria Harbour. The current year included the first built-form settlements at Nelsons Ridge and Rouse Hill in Sydney as well as continued built-form settlements at Edgewater in Melbourne and St. Patrick's Estate in Sydney;
- The average sales price per residential built-form unit decreased 29% from A\$1.0 million to A\$731,000, which reflects the significant proportion of high value Dock 5 apartments at Victoria Harbour that settled in the prior year;
- Total gross sales value settled of A\$949.7 million was broadly in line with the prior year due to increased residential land settlements offsetting lower residential built-form settlements;
- Commercial gross sales value of A\$220.3 million includes the sale of commercial land at Victoria Harbour to Australia and New Zealand Banking Group Limited and commercial land sales in NSW including Rouse Hill and St Marys, and Twin Waters and Varsity Lakes in Queensland;
- The carry-over position for residential land lots pre-sold as at 30 June 2008 is 1,217 units, which is in line with the prior year. Residential built-form pre-sales increased to 362 units at 30 June 2008, with strong sales at Victoria Harbour, Melbourne, and Jacksons Landing, Sydney;
- Securing the rights to acquire 219 hectares of land at Gawler, South Australia, which adds 2,750 lots to unzoned backlog. The South Australian Government has announced that the site is to be included in the Urban Growth Boundary for Adelaide and has initiated the rezoning process;

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Communities continued

Communities – Asia Pacific continued

- Lend Lease has been selected as preferred proponent to develop 88 hectares of land at Blakeview, South Australia. This has added 1,600 lots to unzoned backlog. This site is included in the Urban Growth Boundary for Adelaide and is undergoing rezoning;
- Lend Lease has been selected as the preferred proponent to develop the Darling Walk site, a 64,000 sqm commercial project at Darling Harbour, Sydney, under leasehold from the Sydney Harbour Foreshore Authority, with APPFC and an institutional investor as the 50/50 joint owners of the 99-year lease. Lend Lease will provide development, design and construction services;
- Lend Lease entered into a contract with APPFC for the development of the new 29,130 sqm office for Myer in the Victoria Harbour precinct, Melbourne. Lend Lease will provide development, design and construction services;
- Lend Lease acquired Lutanda Manor retirement village at Pennant Hills, Sydney, managed by Retirement by Design.

Communities – Europe

In Europe, the Communities business comprises Crosby, an urban regeneration specialist operating in major northern England cities such as Manchester, Leeds and Birmingham, and large scale redevelopment projects at Greenwich, Stratford and Elephant and Castle. This business also holds a 45% interest in First Base, a company specialising in affordable housing and community projects in London.

The key financial results for Communities – Europe are detailed below.

	June 2008	June 2007
Operating profit after tax (A\$m) ¹	21.1	51.8
Inventory carrying value adjustment	(121.5)	
Number of units settled ²	976	708
Gross sales value of units settled (A\$m) ^{2,3}	380.2	523.2
Gross sales value of pre-sales (A\$m) ^{2,4}	41.6	371.3
Number of projects	27	21
Backlog (number of units) ⁵		
– Zoned (with planning approval)	13,520	13,605
– Unzoned (awaiting planning approvals)	950	1,115
Backlog – Residential (units)	14,470	14,720
Backlog – Commercial (sqm/000s) ⁶	422.6	435.0
Estimated sales value of total backlog (A\$b) ⁷	13.0	13.0

1 Excludes the inventory carrying value adjustment in Crosby.

2 Includes 100% of joint venture projects and therefore will not necessarily correlate with Lend Lease's profit after tax.

3 Gross sales value of units settled reflects residential and non-residential revenue from projects.

4 Pre-sales represent contracts entered into prior to 30 June 2008 that have not settled and therefore do not form part of profit after tax in the current year. These sales are expected to settle in future periods. The gross sales value of pre-sales refers to the gross revenue from these pre-sales.

5 Backlog includes the total number of units in both company-owned and joint venture projects. The actual number of units for any particular project can vary as planning applications are obtained.

6 Includes approximately 59,800 sqm of retail backlog.

7 The estimated sales value of total backlog includes both company-owned and joint venture projects.

Communities – Europe has 27 projects, namely the three London-based redevelopment projects at Greenwich, Stratford and Elephant and Castle and 24 Crosby projects. The Crosby projects are predominantly mid to high rise apartment developments on brownfield urban regeneration sites. The product lines of the Communities business are: residential land lots; residential built-form (including houses, terraces and apartments); and commercial (including retail, office, light industrial and social infrastructure).

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Communities continued

Communities – Europe continued

The key financial results of the Communities – Europe business by product line are detailed below.

	Residential Land Lots June 2008	June 2007	Residential Built-Form June 2008	June 2007	Commercial ⁴ June 2008	June 2007	Total June 2008	June 2007
Settlements^{1,2}								
Number of units			976	708			976	708
Gross sales value (A\$m)			351.8	295.7	28.4	227.5	380.2	523.2
Pre-sales^{1,3}								
Number of units	228	228	57	844			285	1,072
Gross sales value (A\$m)	15.6	27.0	26.0	338.4		5.9	41.6	371.3

1 Includes 100% of joint venture projects and therefore will not necessarily correlate with Lend Lease's profit after tax.

2 Gross sales value of units settled reflects revenue from projects, including revenue from joint venture projects.

3 Pre-sales number of units represents contracts entered into prior to 30 June 2008 including contracts from joint venture projects that have not settled and therefore do not form part of profit after tax in the current year. These sales are expected to settle in future periods. The gross sales value of pre-sales refers to the gross revenue from pre-sales, including revenue earned from joint venture projects.

4 The number of units settled and pre-sales number of units are not relevant measures for Commercial.

Key trading events in the year include:

- Operating profit after tax has decreased by A\$30.7 million principally due to a decrease in the profit contribution from Crosby as a result of the significant slowdown of the UK residential market. This was partially offset by the profit from the settlement of units at Adelaide Wharf;
- In light of the difficult trading conditions in the UK residential market, Crosby has reduced the carrying value of its inventory by A\$121.5 million after tax;
- The gross sales value of units settled decreased by A\$143.0 million primarily due to the slowdown in the UK housing market;
- The average sales price per residential unit decreased due to reductions in sales prices in line with current market conditions and changes in product mix across existing projects. The major projects contributing to sales revenue in the year were Clarence Dock, Leeds, and Green Quarter, Manchester, where in the prior year sales revenue included settlements from higher priced product at Navigation Street, Birmingham and Quay Street, Manchester;
- Commercial revenue of A\$28.4 million primarily relates to the sale of office and commercial space at Clarence Dock in Leeds;
- The gross sales value of pre-sales declined to A\$41.6 million, reflecting the slowdown in the UK residential market;
- Backlog residential units were 14,470 at 30 June 2008, which is in line with last year;
- Communities Europe has a 45% investment in First Base. In addition to its equity stake in First Base, Lend Lease directly invested in the company's first project, Adelaide Wharf, which comprised 147 apartments, all of which settled in the year;
- The Greenwich Peninsula project is a mixed-use development on 59 hectares of land on the Greenwich Peninsula in London. The project will be developed through a combination of land sales to third party developers and direct development with joint venture partners. Construction has commenced on the first commercial development and two residential sites are expected to commence in 2009;
- In March 2007, Lend Lease was appointed as preferred bidder for the development of Stratford City zones two to seven by the Olympic Delivery Authority (ODA) and London and Continental Railways (LCR). The project involves a mixed-use development on 54 hectares of land with an existing planning consent on 9.4 million square feet. The first stage of development involves building the Athletes' Village for the London 2012 Olympic and Paralympic Games. Lend Lease is in negotiations with the ODA and LCR to agree a Regeneration Agreement governing the development arrangements. Lend Lease and its partners First Base and East Thames are currently working under interim arrangements to progress the development in advance of signing the Regeneration Agreement. In the interim, the Group's costs associated with this work (excluding negotiation costs) are being funded or underwritten by the ODA;
- During the year Lend Lease and its partners First Base and Oakmayne were selected by the London Borough of Southwark as preferred development partner for the Elephant and Castle project, a large mixed-use regeneration scheme in London. Lend Lease has entered into negotiations with the intention of entering into a Regeneration Agreement to develop the site.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Communities continued

Communities – Americas

In the USA, the Communities business focuses on large scale urban greenfield development and regeneration opportunities. The business has two projects in Denver, Colorado: Horizon Uptown (formerly known as Horizon City Center) and Lowry Range.

The key financial results for Communities – Americas are detailed below.

	June 2008	June 2007
Operating profit/(loss) after tax (A\$m)	(3.5)	0.7
Number of units settled ¹	1	74
Gross sales value of units settled (A\$m) ^{1,2}	0.3	96.4
Number of projects	2	3
Backlog (number of units) ³		
– Zoned (with planning approval)	3,760	2,951
– Unzoned (awaiting planning approvals)	13,365	12,930
Backlog – Residential (units)	17,125	15,881
Backlog – Commercial (sqm/000s) ⁴	1,382.7	1,317.1
Estimated sales value of total backlog (A\$b) ⁵	2.2	2.3

1 Includes 100% of joint venture projects and therefore will not necessarily correlate with Lend Lease's profit after tax.

2 Gross sales value of units settled reflects revenue from projects.

3 The actual number of backlog units for any particular project can vary as planning applications are obtained.

4 Includes approximately 575,500 sqm of retail backlog.

5 The estimated sales value of total backlog includes both company-owned and joint venture projects.

Key trading events in the year include:

- Progressing the Lowry Range project with the Colorado State Land Board. The Lowry Range project is a 1,600 hectare mixed-use housing, retail and commercial community. It is expected that construction will commence on the site in 2011;
- A revised master plan was approved by the City of Aurora on the Horizon Uptown project. The project is expected to be launched in 2011, subject to favourable market conditions;
- Settlement of the final condominium at the San Francisco Piers Terminal development project.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Public Private Partnerships

Overview of Business

The PPP business consists of Actus in the USA and the Private Finance Initiatives (PFI) in Europe.

Key Financial Results

The key financial results for the PPP business are summarised below.

	Revenue		EBITDA		Profit After Tax	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
Americas	856.2	643.9	79.4	51.7	72.2	43.0
Europe	106.5	111.2	(19.4)	6.9	0.8	14.3
Total Public Private Partnerships	962.7	755.1	60.0	58.6	73.0	57.3

Public Private Partnerships – Americas

The primary focus of Actus is the Military Housing Privatization Initiative (MHPI) for all branches of the USA Military. The MHPI programme includes family housing, lodging and barracks and has a total value of approximately US\$30 billion, of which to date approximately US\$19.5 billion of housing projects and the initial US\$0.4 billion lodging project have been released. Under the MHPI, Actus is selected to own, finance, construct and operate projects for a period of 50 years.

The key financial results for PPP – Americas are detailed below.

	June 2008	June 2007
Profit after tax (A\$m)	72.2	43.0
Development gross profit margin (GPM) (A\$m)	46.7	27.2
Construction GPM (A\$m)	47.1	47.3
Asset management GPM (A\$m)	11.3	8.0
Equity returns (A\$m)	2.4	2.4
Number of projects ¹	19	16
Backlog (number of units under management)		
– Operational (secured)	38,450	31,500
– Preferred bidder (awarded)	6,300	10,900
Total backlog	44,750	42,400

1 Number of projects includes extensions of existing projects and projects where Lend Lease is preferred bidder.

Key trading events in the year include:

- Increased development fee income as six projects reached financial close in the year, namely Air Combat Command Group II, Fort Drum Unaccompanied Officer Quarters, Hickam Phase 2, Tri-Group, Camp Lejeune Phase 3 and Fort Drum Additional Scoring (an extension to the Fort Drum privatisation contract). Development fees represent a fee for service and are not at risk for project performance;
- Selection as preferred bidder on the privatisation contract for Fort Wainwright and Fort Greely in Fairbanks, Alaska. The estimated construction value of this project is US\$370.0 million;
- Increasing units under management by 2,350 to 44,750 units, with occupancy levels across the portfolio continuing to meet project expectations.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Public Private Partnerships continued

Public Private Partnerships – Americas continued

New Work Secured and Backlog GPM

	New Work Secured GPM June 2008 A\$m	New Work Secured GPM June 2007 A\$m	Backlog GPM June 2008 ¹ A\$m	Backlog GPM June 2007 ¹ A\$m
Projects in operational status (secured)	165.2	122.4	382.3	351.4
Projects in preferred bidder status (awarded) ²	(83.4)	56.7	65.2	185.6
Total	81.8	179.1	447.5	537.0

1 Backlog GPM disclosed includes 10 years backlog from facilities management even though the contracts run for up to 50 years.

2 Projects in preferred bidder status include the GPM on projects that were awarded preferred bidder status in the year, offset by the GPM transferred from preferred bidder status to operational status following financial close of projects in the year.

Total Backlog GPM at 30 June 2008 was impacted by a negative movement in foreign exchange of A\$66.3 million.

Backlog GPM Realisation

	Year Ending June 2009 %	Year Ending June 2010 %	Post June 2011 %	Total %
Projects in operational status (secured)	21	19	60	100
Projects in preferred bidder status (awarded)	24	18	58	100
Total	21	19	60	100

Public Private Partnerships – Europe

The PPP business in the UK is focused on four sectors: health, education, waste and accommodation. Under PPP schemes, Lend Lease is selected to own, finance, construct and operate projects for a period of up to 40 years. The PPP result includes asset management GPM, facilities management GPM, returns on equity, loan stock interest and net bid costs. The PPP result does not include construction GPM, which is included in Project Management and Construction.

The key financial results for PPP – Europe are detailed below.

	June 2008	June 2007
Profit after tax (A\$m)	0.8	14.3
Operating GPM (A\$m)	16.4	15.6
Equity returns (A\$m) ¹	34.3	23.0
Number of projects ²	19	19
New work secured ³	2.4	25.1
Backlog GPM ^{3,4}	73.8	75.7
Equity		
– Invested (\$Am)	147.9	123.6
– Committed (\$Am)	59.8	103.4

1 Including loan stock interest.

2 Number of projects includes projects where Lend Lease is preferred bidder and combines extensions of existing projects.

3 Relates to secured projects.

4 Backlog GPM disclosed includes only 10 years backlog from facilities management even though PFI contracts run for longer periods of up to 40 years.

Key trading events in the year include:

- Profit after tax decreased to A\$0.8 million due to higher bid costs as new PPP projects came to market. Also, the prior year included the recovery of bid costs, principally on achieving financial close of the Lancashire Schools Phase 1 project;
- Achieving financial close on Phase 2 of the £1.0 billion Lancashire Building Schools for the Future (BSF) project;
- An increase in the number of operational assets, with the operational handover of the £175.0 million Leeds Hospital, additional phases of the £169.0 million Sheffield University Student Accommodation and the £24.0 million Phase 3 of Hexham Hospital;
- Selection as one of two remaining bidders on the £1.0 billion Birmingham BSF project and the £0.4 billion Salford BSF project.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Investment Management

Overview of Business

The Investment Management business has A\$9.3 billion (June 2007: A\$8.9 billion) of funds under management (FUM) (excluding joint ventures). This business also includes investments held indirectly in property assets with a market value of A\$603.8 million (June 2007: A\$917.0 million).

Key Financial Results

The key financial results for the Investment Management business are summarised below.

	Revenue ¹		EBITDA		Profit/(Loss) After Tax	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
Funds Management						
Asia Pacific	55.4	52.7	15.7	15.6	11.2	14.4
Europe	52.4	5.1	41.7	7.9	41.9	9.3
Americas			1.1	8.6	1.0	5.0
Total	107.8	57.8	58.5	32.1	54.1	28.7
Investment Income²						
Asia Pacific	12.1	25.2	66.7	23.0	60.6	15.3
Europe	3.8	3.5	22.5	146.7	20.0	144.1
Americas	3.6	1.5	3.5	1.8	2.6	1.0
Total	19.5	30.2	92.7	171.5	83.2	160.4
Total Operating						
Asia Pacific	67.5	77.9	82.4	38.6	71.8	29.7
Europe	56.2	8.6	64.2	154.6	61.9	153.4
Americas	3.6	1.5	4.6	10.4	3.6	6.0
Total operating	127.3	88.0	151.2	203.6	137.3	189.1
Property Investment Revaluations³						
Asia Pacific			22.7	13.6	15.9	10.8
Europe			(6.8)	3.8	(4.6)	2.7
Total	-	-	15.9	17.4	11.3	13.5

1 Revenue excludes proceeds received from the sale of investments, redemption of available for sale financial assets and Lend Lease's share of profits from associates and joint ventures accounted for using the equity method.

2 Represents Lend Lease's share of income from investments net of direct expenses and allocated overhead, excluding property investment revaluations. EBITDA and profit after tax includes gains on the disposal or redemption of available for sale financial assets of A\$67.0 million (June 2007: A\$133.4 million) and A\$59.4 million (June 2007: A\$133.4 million) respectively.

3 Represents the unrealised valuation movement on property investments that are consolidated or accounted for using the equity method in the Consolidated Financial Statements.

Key trading events in the year include:

Asia Pacific

- The Funds Management business continued to enjoy strong support from its wholesale investor base. A new managed investment mandate was secured in December 2007 on behalf of a major institutional investor. The mandate relates to an investment in two landmark Australian commercial properties acquired in joint venture with APPF;
- Profit after tax from Funds Management decreased by A\$3.2 million to A\$11.2 million primarily due to investment in the Singapore platform to support future growth;
- Profit after tax from Investment Income increased by A\$45.3 million to A\$60.6 million primarily due to the sale of a proportion of the Group's investment in APPF, which realised a profit after tax of A\$40.1 million. The APIC vehicle in Singapore successfully sold its last remaining asset during the year, resulting in profit after tax of A\$6.1 million on the Group's investment.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Investment Management continued

Key Financial Results continued

Europe

- Profit after tax from Funds Management increased by A\$32.6 million to A\$41.9 million this year primarily due to the receipt of a tax exempt dividend of A\$47.9 million from the Group's interest in the advisor company to the Global Fund in relation to incentive fees received. The prior year included a profit after tax from the sale of the Group's interest in Generali Lend Lease of A\$12.6 million;
- Profit after tax from Investment Income decreased by A\$124.1 million to A\$20.0 million as the current year includes profit distributions, including foreign exchange movements, from the Group's investment in the Global Fund of A\$9.2 million after tax, while in the prior year these distributions were A\$136.6 million after tax. The Group also sold a proportion of its investment in Cohen & Steers, SICAV in the current year for a profit after tax of A\$3.6 million.

Americas

- Profit after tax relates to the continued wind up of the residual US REI business.

Funds Under Management

	Asia Pacific A\$b	Europe A\$b	Total June 2008 A\$b	Total June 2007 A\$b
FUM at the beginning of the financial year	6.1	2.8	8.9	7.0
Foreign exchange movement ¹		(0.3)	(0.3)	
Additions	0.7		0.7	1.3
Reductions	(0.1)		(0.1)	(0.1)
Net revaluations	0.4	(0.3)	0.1	0.7
FUM at the end of the financial year (excluding joint ventures)²	7.1	2.2	9.3	8.9
FUM from joint venture interests ³			–	1.6
FUM at the end of the financial year (including joint ventures)²	7.1	2.2	9.3	10.5

1 Foreign exchange movement arising from translating opening FUM in local currency between June 2007 and June 2008.

2 FUM represents the gross market value of real estate and other related assets managed on behalf of investors.

3 Joint venture FUM includes Lend Lease's proportional share of the FUM.

FUM (excluding joint ventures) increased by A\$0.4 billion to A\$9.3 billion in the year. In Asia Pacific, FUM increased to A\$7.1 billion, with additions of A\$0.7 billion largely related to property acquisitions in APPF of A\$0.4 billion and the Group securing a new managed investment mandate on behalf of a major institutional investor of A\$0.2 billion. Revaluation gains in Asia Pacific, across existing managed assets, added A\$0.4 billion. In Europe, the value of FUM declined by A\$0.6 billion as a result of negative foreign exchange movements and a net revaluation decrease.

The Australian business secured a pipeline of acquisitions and new development opportunities during the year. On completion this pipeline will add A\$0.9 billion to FUM over the following four years. These amounts include A\$0.4 billion of future FUM that relate to the new managed investment mandate. This new pipeline excludes development opportunities on existing managed assets across the platform.

The Group sold its interest in the Resolution Capital joint venture in July 2007.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Project Management and Construction

Key Financial Results

The key financial results for the Project Management and Construction business are summarised below.

	Revenue		Realised GPM		EBITDA		Profit/(Loss) After Tax	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
Asia Pacific	2,752.5	2,374.9	193.9	142.8	97.2	63.5	69.0	54.6
Americas	6,011.5	6,063.8	206.1	189.1	70.0	89.7	59.7	65.9
Europe	3,662.8	3,618.0	184.9	33.2	31.7	(103.0)	18.5	(77.2)
Total Project Management and Construction	12,426.8	12,056.7	584.9	365.1	198.9	50.2	147.2	43.3

Project Management and Construction profit after tax was A\$147.2 million, an increase of A\$103.9 million over the prior year. The June 2007 result included an A\$118.8 million after tax provision taken against certain UK projects, including the Manchester Joint Hospitals project. Profit after tax for the year was negatively impacted by foreign exchange movements of A\$9.8 million.

Total revenue increased by A\$0.4 billion. Revenue was negatively impacted by foreign exchange movements of A\$1.3 billion. The increase in revenue, excluding foreign exchange movements, reflects higher volumes in Asia Pacific and the Americas.

Key trading events in the year include:

Asia Pacific

- Profit after tax increased by A\$14.4 million, reflecting the strong market conditions and successful completion of a number of projects in Australia. Key contributions to GPM in Australia included the Rouse Hill Town Centre retail project in Sydney, the Queensland Government Preparatory Schools Rollout and the Correctional Facilities projects in Queensland, and the ATO building and Australian Capital Territory Correctional Facility in Canberra. In Asia, the telecommunications rollout in Japan and the Singapore Capacity Expansion Project were key contributors during the year.

Americas

- Profit after tax for the Americas business of A\$59.7 million is an A\$6.2 million decrease on the prior year. Profit after tax was negatively impacted by foreign exchange movements of A\$8.4 million and costs relating to the fire at the former Deutsche Bank project in New York. Key contributions to GPM included the Mets Stadium, the residential projects at 15 William Street in New York and Paramount Bay in Miami, and the Trump Taj Mahal hotel project in Atlantic City.

Europe

- The European business contributed A\$18.5 million in profit after tax for the year. Performance improved although this business continues to be impacted by the work out of the UK projects where a provision was taken in the prior year and margin reductions on a number of projects. Key contributions to GPM included the Ministry of Defence SLAM project, the commercial projects at 200 Aldersgate Street and Morgan Stanley Phases 2–7, and the BP Global Alliance.

Profitability Ratio

The strong performance in Asia Pacific resulted in the profitability ratio for the region (defined as EBITDA divided by realised GPM) increasing to 50% (June 2007: 44%). The profitability ratio in the Americas declined to 34% (June 2007: 47%). The return to profitability in Europe has resulted in a profitability ratio of 17% this year.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Project Management and Construction continued

New Work Secured and Backlog GPM

	New Work Secured GPM June 2008 A\$m	New Work Secured GPM June 2007 A\$m	Backlog GPM June 2008 ¹ A\$m	Backlog GPM June 2007 ¹ A\$m
Asia Pacific	350.5	163.2	282.0	125.4
Americas	182.8	285.5	236.7	296.6
Europe	182.2	32.0	269.6	295.2
Total	715.5	480.7	788.3	717.2

1 Although backlog GPM is run off over several years, the average foreign exchange rate for the current year has been applied to the closing backlog GPM balance in its entirety as the average rates for later years cannot be predicted. In local currency, the Americas backlog GPM was US\$213.0 million (June 2007: US\$234.0 million) and the European backlog GPM was £121.3 million (June 2007: £119.8 million).

New work secured is the total project GPM to be earned from projects secured during the year, net of margin movements. Total new work secured was impacted by a negative movement in foreign exchange of A\$40.4 million.

Backlog GPM is the expected GPM to be realised in future financial years from contracts committed at the end of the year. Backlog GPM at 30 June 2008 was negatively impacted by foreign exchange movements of A\$59.5 million. Notwithstanding the impact of foreign exchange movements, Backlog GPM has increased to A\$788.3 million.

Backlog GPM Realisation

	Year Ending June 2009 %	Year Ending June 2010 %	Post June 2010 %	Total %
Asia Pacific	51	30	19	100
Americas	63	28	9	100
Europe	59	30	11	100
Total	57	29	14	100

As at 30 June 2008, 57% of Bovis Lend Lease Backlog GPM is projected to be realised in the year to June 2009. The proportion of Bovis Lend Lease secured Backlog GPM to be realised beyond 12 months increased to 43% (June 2007: 41%).

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Corporate

The key financial results for Corporate are summarised below.

	Revenue		EBITDA		Profit/(Loss) After Tax	
	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007
	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m
Group Services	7.6	8.3	(86.2)	(80.6)	(59.0)	(60.0)
Group Treasury	53.3	77.7	1.0	5.9	(14.8)	5.1
Group Amortisation					(3.0)	(3.0)
Total corporate	60.9	86.0	(85.2)	(74.7)	(76.8)	(57.9)

Group Services

Corporate costs after tax remain broadly flat. Corporate costs include costs relating to the newly established business unit Lend Lease Ventures, which is focused on investing in emerging technologies, and the Group's investment in sustainability initiatives.

Group Treasury

Group Treasury manages the Group's liquidity, foreign exchange exposures, interest rate risk and debt. The result for the year is detailed in the table below.

	Profit/(Loss) Before Tax		Profit/(Loss) After Tax	
	June 2008	June 2007	June 2008	June 2007
	A\$m	A\$m	A\$m	A\$m
Interest revenue	53.3	77.6	37.9	54.6
Interest expense and borrowing costs	(78.2)	(78.1)	(53.4)	(52.9)
Net hedge benefit	1.0	4.9	0.7	3.4
Total Group Treasury	(23.9)	4.4	(14.8)	5.1

Interest Revenue and Expenses

- Interest revenue decreased by A\$24.3 million before tax largely due to the recognition in the prior year of interest from the ATO of A\$46.0 million. This interest was recognised following the Federal Court judgement in favour of Lend Lease in an outstanding tax dispute. Excluding this amount, interest revenue increased by A\$21.7 million, reflecting both higher average cash balances and interest rates;
- The interest rate on invested cash averaged 6.1% per annum for the year (June 2007: 5.3% per annum);
- Interest expense and borrowing costs remained relatively flat compared to the previous year. There has been no significant movement in the Group's borrowing position.

Hedging and Foreign Exchange Exposure

- Lend Lease hedges material foreign currency cash flows. Any foreign exchange gains or losses arising on the underlying cash flow or the hedging of business unit cash flows are allocated to the business unit's operating profit;
- Lend Lease uses natural hedging, where possible, to minimise its exposure to foreign denominated net assets. The remaining net assets are hedged at the discretion of management. The impact of foreign exchange movements on the Group's net assets is accounted for in the Foreign Currency Translation Reserve (FCTR). In the year, the FCTR decreased by A\$111.5 million, primarily due to changes in UK and USA exchange rates.

Group Liquidity

- At 30 June 2008, the Group was in a strong liquidity position with un-drawn committed bank facilities of A\$808.6 million. In addition, the Group had cash and cash equivalents of A\$842.8 million;
- The Group's net debt as at 30 June 2008 was A\$86.5 million, excluding other financial liabilities (principally the Bluewater lease) of A\$200.9 million;
- The average maturity of Lend Lease's drawn debt at 30 June 2008 was 11 years, with the earliest maturity date being October 2012. The principal un-drawn committed facility is the £350.0 million syndicated bank facility, which matures in November 2010;
- At 30 June 2008, the mix of borrowings, including the Bluewater lease, was 84% at fixed rates and 16% at floating rates.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Appendix 1

Results Detail

	Revenue		EBITDA		Profit/(Loss) Before Tax ¹		Profit/(Loss) After Tax ²	
	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007
	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m
Retail								
Asia Pacific	35.3	23.5	2.6	(1.1)	2.5	(1.3)	1.7	(0.9)
Europe	95.4	108.1	51.1	78.7	49.7	77.0	42.3	51.7
Americas			25.7	27.1	25.7	27.1	22.1	19.9
Total Retail	130.7	131.6	79.4	104.7	77.9	102.8	66.1	70.7
Communities								
Asia Pacific	579.0	733.5	104.2	135.6	110.5	133.7	82.7	90.9
Europe	390.1	430.9	25.5	73.0	31.8	76.6	21.1	51.8
Americas	0.4	0.1	(5.7)	0.1	(5.9)	0.2	(3.5)	0.7
Total Communities	969.5	1,164.5	124.0	208.7	136.4	210.5	100.3	143.4
Public Private Partnerships								
Europe	106.5	111.2	(19.4)	6.9	(7.8)	14.0	0.8	14.3
Americas	856.2	643.9	79.4	51.7	81.8	51.5	72.2	43.0
Total Public Private Partnerships	962.7	755.1	60.0	58.6	74.0	65.5	73.0	57.3
Investment Management								
Asia Pacific	67.5	77.9	82.4	38.6	82.3	43.7	71.8	29.7
Europe	56.2	8.6	64.2	154.6	64.2	154.6	61.9	153.4
Americas	3.6	1.5	4.6	10.4	4.6	10.4	3.6	6.0
Total Investment Management	127.3	88.0	151.2	203.6	151.1	208.7	137.3	189.1
Project Management and Construction								
Asia Pacific	2,752.5	2,374.9	97.2	63.5	95.0	61.5	69.0	54.6
Europe	3,662.8	3,618.0	31.7	(103.0)	27.7	(106.9)	18.5	(77.2)
Americas	6,011.5	6,063.8	70.0	89.7	65.9	85.7	59.7	65.9
Total Project Management and Construction	12,426.8	12,056.7	198.9	50.2	188.6	40.3	147.2	43.3
Total operating businesses	14,617.0	14,195.9	613.5	625.8	628.0	627.8	523.9	503.8
Corporate								
Group Services	7.6	8.3	(86.2)	(80.6)	(88.9)	(83.8)	(59.0)	(60.0)
Group Treasury	53.3	77.7	1.0	5.9	(23.9)	4.4	(14.8)	5.1
Group Amortisation					(3.0)	(3.1)	(3.0)	(3.0)
Total corporate	60.9	86.0	(85.2)	(74.7)	(115.8)	(82.5)	(76.8)	(57.9)
Total operating	14,677.9	14,281.9	528.3	551.1	512.2	545.3	447.1	445.9
Inventory carrying value adjustment			(121.5)		(121.5)		(121.5)	
Property investment revaluations ³			(69.2)	82.7	(69.2)	82.7	(60.2)	51.6
Total statutory	14,677.9	14,281.9	337.6	633.8	321.5	628.0	265.4	497.5

1 Profit before tax is before adjusting for the amount attributable to minority interest.

2 Profit after tax is after adjusting for the loss attributable to minority interests of A\$6.4 million (June 2007: A\$2.7 million profit after tax).

3 Represents the unrealised valuation movement on property investments that are consolidated or accounted for using the equity method in the Consolidated Financial Statements.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Appendix 2

Results Detail in Local Currency¹

	Revenue		EBITDA		Profit/(Loss) Before Tax ²		Profit/(Loss) After Tax ³	
	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007
	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m
Asia Pacific								
Retail	35.3	23.5	2.6	(1.1)	2.5	(1.3)	1.7	(0.9)
Communities	579.0	733.5	104.2	135.6	110.5	133.7	82.7	90.9
Investment Management	67.5	77.9	82.4	38.6	82.3	43.7	71.8	29.7
Project Management and Construction	2,752.5	2,374.9	97.2	63.5	95.0	61.5	69.0	54.6
Group Services and Amortisation	7.6	8.3	(86.2)	(80.6)	(91.9)	(86.9)	(62.0)	(63.0)
Group Treasury	38.5	65.4	5.0	5.9	43.1	70.2	31.0	49.9
Property investment revaluations			19.8	13.6	19.8	13.6	13.1	10.8
Total Asia Pacific	3,480.4	3,283.5	225.0	175.5	261.3	234.5	207.3	172.0

	Revenue		EBITDA		Profit/(Loss) Before Tax ²		Profit/(Loss) After Tax ³	
	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007
	£m	£m	£m	£m	£m	£m	£m	£m
Europe								
Retail	42.9	43.9	23.0	31.9	22.4	31.2	19.0	21.0
Communities	175.5	174.9	11.5	29.6	14.3	31.1	9.5	21.0
Public Private Partnerships	47.9	45.2	(8.7)	2.8	(3.5)	5.7	0.4	5.8
Investment Management	25.3	3.5	28.9	62.8	28.9	62.8	27.9	62.3
Project Management and Construction	1,648.3	1,468.9	14.3	(41.8)	12.5	(43.4)	8.3	(31.3)
Group Treasury	4.8	2.1	(1.9)		(23.4)	(20.6)	(16.4)	(14.4)
Inventory carrying value adjustment			(58.3)		(58.3)		(58.3)	
Property investment revaluations			(36.9)	2.8	(36.9)	2.8	(31.2)	1.8
Total Great British Pounds	1,944.7	1,738.5	(28.1)	88.1	(44.0)	69.6	(40.8)	66.2
Total Australian Dollars⁴	4,321.6	4,282.0	(54.5)	217.0	(89.8)	171.3	(82.6)	162.9

	Revenue		EBITDA		Profit/(Loss) Before Tax ²		Profit/(Loss) After Tax ³	
	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Americas								
Retail			23.1	21.4	23.1	21.4	19.9	15.7
Communities	0.4	0.1	(5.1)	0.1	(5.3)	0.2	(3.2)	0.6
Public Private Partnerships	770.6	508.0	71.5	40.8	73.6	40.6	65.0	33.9
Investment Management	3.2	1.2	4.1	8.2	4.1	8.2	3.2	4.7
Project Management and Construction	5,410.4	4,784.3	63.0	70.8	59.3	67.6	53.7	52.0
Group Treasury	3.7	5.6			(13.6)	(11.8)	(8.4)	(7.3)
Property investment revaluations			(6.2)	49.2	(6.2)	49.2	(3.6)	28.7
Total US Dollars	6,188.3	5,299.2	150.4	190.5	135.0	175.4	126.6	128.3
Total Australian Dollars⁴	6,875.9	6,716.4	167.1	241.3	150.0	222.2	140.7	162.6

1 Local currency results exclude foreign exchange movements other than Great British Pounds and US Dollars.

2 Profit before tax is before adjusting for the amount attributable to minority interest.

3 Profit after tax is after adjusting for the loss attributable to minority interests of A\$6.4 million (June 2007: A\$2.7 million profit after tax).

4 The foreign exchange rates applied are A\$1 = £0.450 (June 2007: A\$1 = £0.406) and A\$1 = US\$0.900 (June 2007: A\$1 = US\$0.789).

Portfolio Report

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All currency amounts in the Portfolio Report are expressed in Australian dollars unless otherwise specified.

The Portfolio Report is based on the Group's Consolidated Financial Statements for the year ended 30 June 2008 and should be read in conjunction with those financial statements.

Portfolio Report

Investments

Investments Reported in Retail

	Region	Lend Lease Interest %	Lend Lease Share of Income ¹ June 2008 A\$m	Lend Lease Share of Income ¹ June 2007 A\$m	Market Value ² June 2008 A\$m	Market Value ² June 2007 A\$m	Indicative Fund Liquidation
Asia Pacific							
Pakenham Place	Australia	25.0	0.8	0.3	14.4	16.2	n/a
Craigieburn	Australia	25.0			18.2		n/a
Paradiz Centre	Asia	25.0	0.1	(0.1)	6.6	6.0	n/a
313@Somerset	Asia	25.0 ³			43.6	40.4	n/a
Other/allocated overhead			(0.3)				
Total Asia Pacific			0.6	0.2	82.8	62.6	
Europe⁴							
Bluewater ⁵	UK	30.0	58.5	67.1	1,188.8	1,560.0	n/a
Performance Retail Limited Partnership	UK	33.3	3.1	5.3	80.1	104.8	2017
Warrington Retail Limited Partnership	UK	50.0	0.3	2.1	83.1	118.1	2017
Chelmsford Meadows Unit Trust ⁶	UK	75.0	9.9	10.2	126.9	174.7	n/a
Preston Tithebarn Unit Trust	UK	50.0	1.3		33.1		2019
Other/allocated overhead			(3.7)	(5.0)			
Total Europe			69.4	79.7	1,512.0	1,957.6	
Americas⁷							
King of Prussia	USA	50.0	25.7	28.2	421.7	483.8	n/a
Other/allocated overhead				(1.1)			
Total Americas			25.7	27.1	421.7	483.8	
Total Retail			95.7	107.0	2,016.5	2,504.0	

1 Represents Lend Lease's share of income earned before tax from investments net of direct expenses and allocated overhead, excluding property investment revaluations.

2 Market value is based on independent valuations and is net of project-specific debt.

3 Lend Lease owns 25% of the 313@Somerset retail development directly, with the remaining 75% held by Lend Lease Asian Retail Investment Fund (ARIF) in which Lend Lease holds a 10.1% interest (reported in Investment Management).

4 The market value of UK assets has been translated at A\$1 = £0.480 (June 2007: A\$1 = £0.415) and the Lend Lease share of income at A\$1 = £0.450 (June 2007: A\$1 = £0.406).

5 The independent market value at 30 June 2008 of 100% of Bluewater was £1,902.0 million (A\$3,962.5 million). Bluewater is treated as inventory in the financial statements and is therefore reflected at cost, which at June 2008 was A\$520.7 million.

6 The Chelmsford Meadows Unit Trust is consolidated in the financial statements, with 100% of the underlying property asset being recognised as an investment property at a book value of A\$169.2 million.

7 The market value of USA assets has been translated at A\$1 = US\$0.950 (June 2007: A\$1 = US\$0.820) and the Lend Lease share of income at A\$1 = US\$0.900 (June 2007: A\$1 = US\$0.789).

Portfolio Report

Investments continued

Investments Reported in Investment Management

	Region	Lend Lease Interest %	Lend Lease Share of Income ¹ June 2008 A\$m	Lend Lease Share of Income ¹ June 2007 A\$m	Market Value ² June 2008 A\$m	Market Value ² June 2007 A\$m	Indicative Fund Liquidation
Asia Pacific							
Australian Prime Property Funds	Australia	Various ³	57.4	23.4	207.5	440.7	Open ended
Real Estate Partnership Funds	Australia	10.0	(0.4)	1.2	5.6	6.2	2011
Lend Lease Core Plus Fund	Australia	12.8	0.9	0.7	38.2	24.3	Open ended
Lend Lease Communities Fund 1	Australia	20.8	0.3	(0.5)	23.8	23.5	2012
Asia Pacific Investment Company Limited	Asia	17.9	5.2			17.7	2009
Asia Pacific Investment Company No. 2 Limited	Asia	21.1	4.4	4.6	107.1	87.3	2010
Lend Lease Asian Retail Investment Fund	Asia	10.1 ⁴			14.2	13.0	Open ended
Lend Lease International Distressed Debt Fund	Asia	28.0	(1.1)	(5.0)	0.8	2.4	2009
Other/allocated overhead				(1.4)			
Total Asia Pacific			66.7	23.0	397.2	615.1	
Europe⁵							
Lend Lease Retail Partnership ⁶	UK	3.95	3.0	3.1	62.7	82.1	2011
Lend Lease Overgate Partnership ⁷	UK	30.7	5.6	6.2	114.0	143.0	2009
Lend Lease Global Properties, SICAF	Europe	24.8	9.5	137.9	15.5	26.5	2009
Cohen & Steers, SICAV	Europe		4.4	0.5	13.5	47.6	Open ended
Other/allocated overhead				(1.0)			
Total Europe			22.5	146.7	205.7	299.2	
Americas⁸							
Other/allocated overhead	USA		3.5	1.8	0.9	2.7	
Total Americas			3.5	1.8	0.9	2.7	
Total Investment Management			92.7	171.5	603.8	917.0	
Total Investments			188.4	278.5	2,620.3	3,421.0	

- 1 Represents Lend Lease's share of income earned before tax from investments net of direct expenses and allocated overhead, excluding property investment revaluations. The June 2008 year includes gains on the disposal or redemption of available for sale financial assets of A\$53.9 million (June 2007: nil) in Asia Pacific and A\$13.1 million (June 2007: A\$133.4 million) in Europe.
- 2 Market value is based on independent valuations and is net of project-specific debt.
- 3 Lend Lease holds varying proportional interests in the Australian Prime Property Funds (APPF). On 11 July 2007, Lend Lease sold a part of its interest in APPF for a profit after tax of A\$40.1 million.
- 4 Lend Lease owns 25% of the 313@Somerset retail development directly (reported in Retail), with the remaining 75% held by ARIF in which Lend Lease holds a 10.1% interest.
- 5 The market value of UK assets has been translated at A\$1 = £0.480 (June 2007: A\$1 = £0.415) and the Lend Lease share of income at A\$1 = £0.450 (June 2007: A\$1 = £0.406).
- 6 Fund life is periodically extended for four years, unless investors elect otherwise. If fully extended, the Lend Lease Retail Partnership has a 40-year life ending in 2039.
- 7 Fund life is periodically extended for four years, unless investors elect otherwise. If fully extended, the Lend Lease Overgate Partnership has a 40-year life ending in 2040. Lend Lease's co-investment is required to be at least a minimum of 10% of subscribed capital to the end of the fund's life.
- 8 The market value of USA assets has been translated at A\$1 = US\$0.950 (June 2007: A\$1 = US\$0.820) and the Lend Lease share of income at A\$1 = US\$0.900 (June 2007: A\$1 = US\$0.789).

Portfolio Report

Retail

Overview

	Australia		Singapore		UK		Total	
	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007
Asset Management								
Number of centres	9	9	2	2	5	5	16	16
Assets under management (A\$m)	4,390.3	4,057.5	836.6	738.7	5,540.2	7,247.8	10,767.1	12,044.0
GLA ¹ under management (sqm/000s)	533.3	533.3	66.4	66.4	331.4	326.4	931.1	926.1
Development Pipeline								
Number of centres	7	6	2	1	3	4	12	11
Current total GLA (sqm/000s)	179.3	195.1	16.7		14.5	51.0	210.5	246.1
Gross estimated development cost (A\$m)	1,925	1,360	775	730	2,060	3,225	4,760	5,315
Estimated additional GLA (sqm/000s)	201.0	114.3	28.5	28.1	236.9	201.8	466.4	344.2

1 GLA represents the gross lettable area of the centres.

Portfolio Report

Retail continued

Assets Under Management

Shopping Centres	Managed on Behalf of	GLA ¹ sqm/000s			Market Value ² June 2008 A\$m	Market Value ² June 2007 A\$m
Asia Pacific						
Cairns Central, Qld	APPF Retail/Other Joint Owners	52.8			4,390.3	4,057.5
Caneland Central, Qld	APPF Retail	39.3				
Sunshine Plaza, Qld	APPF Retail/Other Joint Owners	73.3				
Erina Fair, NSW	APPF Retail/Other Joint Owners	106.8				
Macarthur Square, NSW	APPF Retail/Other Joint Owners	93.5				
Greensborough Plaza, Vic	APPF Retail	58.2				
Caroline Springs Square, Vic	APPF Retail/Lend Lease Core Plus Fund	8.5				
Pakenham Place, Vic	APPF Retail/Lend Lease Corporation	15.8				
Indooroopilly, Qld	Other Owners	85.1				
Parkway Parade, Singapore ³	Asia Pacific Investment Company No. 2 Limited	49.7			717.1	629.2
Paradiz Centre, Singapore ³	Lend Lease Corporation/Other Joint Owners	16.7			119.5	109.5
Total Asia Pacific		599.7			5,226.9	4,796.2
Shopping Centres	Managed on Behalf of	GLA ¹ sqm/000s	Market Value ² June 2008 £m	Market Value ² June 2007 £m	Market Value ² June 2008 A\$m	Market Value ² June 2007 A\$m
United Kingdom						
Bluewater, Kent	Lend Lease Retail Partnership/Lend Lease Corporation	148.6	1,902.0	2,158.0	3,962.5	5,200.0
Overgate, Dundee	Lend Lease Overgate Partnership	39.0	178.0	187.5	370.8	451.8
Touchwood, Solihull	Lend Lease Retail Partnership	60.4	280.0	315.5	583.3	760.2
Golden Square, Warrington	Warrington Retail Unit Trust	68.9	230.5	265.2	480.2	639.0
The Meadows, Chelmsford	Chelmsford Meadows Unit Trust	14.5	68.8	81.7	143.4	196.8
Total United Kingdom		331.4	2,659.3	3,007.9	5,540.2	7,247.8
Total assets under management		931.1	–	–	10,767.1	12,044.0

1 GLA represents the gross lettable area of the centres.

2 Market value represents Lend Lease's assessment of the value of the underlying assets.

3 Market value for Singapore assets in local currency is S\$1,079.2 million (June 2007: S\$930.8 million).

Portfolio Report

Retail continued

Development Pipeline

Shopping Centres	Managed on Behalf of	Ownership Interest %	Project Status	Estimated Completion Date	Current GLA ¹ sqm/000s	Estimated Additional GLA ^{1,2} sqm/000s	Estimated Gross Development Cost ² £m	Estimated Gross Development Cost ² A\$m
Asia Pacific								
Australia	Lend Lease Corporation/Lend Lease Managed Funds/Other Joint Owners	Various ³	Various	2010–2013	179.3	201.0		1,925
313@Somerset	Lend Lease Managed Funds/Lend Lease Corporation	Various ⁴	Under construction	2010		28.1		760
Paradiz Centre	Lend Lease Corporation/Other Joint Owners	25.0	Under construction	2009	16.7	0.4		15
Total Asia Pacific					196.0	229.5		2,700
Shopping Centres	Managed on Behalf of	Ownership Interest %	Project Status	Estimated Completion Date	Current GLA ¹ sqm/000s	Estimated Additional GLA ^{1,2} sqm/000s	Estimated Gross Development Cost ² £m	Estimated Gross Development Cost ² A\$m
United Kingdom								
Bluewater Events Venue, Kent	Lend Lease Retail Partnership	31.0	Approved	2010		10.3	60	125
The Meadows, Chelmsford	Chelmsford Meadows Unit Trust	75.0	Planning	2015	14.5	87.3	440	915
Tithebarn, Preston ⁵	Preston Tithebarn Unit Trust	50.0	Planning	2014		139.3	490	1,020
Total United Kingdom^{6,7,8}					14.5	236.9	990	2,060
Total development pipeline					210.5	466.4	–	4,760

1 GLA represents the gross lettable area of the centres.

2 Estimated additional GLA and gross development cost are dependent on future planning approvals and are subject to commercial feasibility and approvals from joint venture partners.

3 Lend Lease holds an indirect interest through its investment in APPF.

4 Lend Lease owns 25% of the 313@Somerset retail development directly, with the remaining 75% held by ARIF in which the Lend Lease Group has a 10.1% interest.

5 During the year Lend Lease acquired a 50% interest in the Tithebarn, Preston scheme from Grosvenor Estates. The roles and responsibilities for the delivery of the project are being shared equally with Grosvenor Estates.

6 During the year the Development Management Service Agreement with Minerva Plc was terminated on Park Place, Croydon. As preferred Developer status is no longer held, Park Place has been removed from the development pipeline.

7 At June 2007, the development pipeline included the development of Arndale, Eastbourne. This project has been removed from the development pipeline following a decision by Eastbourne City Council to re-tender the Development Agreement in order to comply with EU procurement processes. Whilst the re-tendering process is carried out Lend Lease no longer holds preferred Developer status.

8 At 31 December 2007, the development pipeline included the development of Bridgefield, Stockport. On 30 April 2008, the Cooperation Agreement with Stockport Metropolitan Borough Council expired. As preferred Developer status is no longer held, this project has been removed from the development pipeline.

Portfolio Report

Communities

Overview

	Australia		UK		USA		Total	
	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007
Number of projects ¹	47	46	27	21	2	3	76	70
Backlog²								
– Zoned (with planning approvals)	27,090	31,055	13,520	13,605	3,760	2,951	44,370	47,611
– Unzoned (awaiting planning approvals)	58,240	53,890	950	1,115	13,365	12,930	72,555	67,935
Residential (units)	85,330	84,945	14,470	14,720	17,125	15,881	116,925	115,546
Commercial (sqm/000s) ³	3,228.8	2,751.1	422.6	435.0	1,382.7	1,317.1	5,034.1	4,503.2
Estimated sales value of total backlog (A\$b)	18.7	17.7	13.0	13.0	2.2	2.3	33.9	33.0

¹ The number of projects in the UK includes Stratford and Elephant and Castle. As these projects are under negotiation they are not included in the backlog metrics above.

² Backlog includes both company-owned and joint venture projects.

³ Represents net developable area of the project site. Commercial backlog includes approximately 1,065,800 sqm of retail backlog (430,500 sqm in Asia Pacific, 59,800 sqm in the UK and 575,500 sqm in the USA).

Portfolio Report

Communities continued

Communities – Asia Pacific – Project Listing

Project	Location	Ownership Interest	Estimated Completion Date ¹	Total Units ²	Backlog Land Units ³	Backlog Built-Form Units ³	Estimated Commercial Backlog sqm/000s
Zoned Projects							
Woodlands ⁴	Qld	Land management	2011	1,400	860	80	
Forest Gardens	Qld	50% JV/Land management	2009	1,570	170	15	
Varsity Lakes	Qld	Land management	2010	1,800	15	215	24.1
Springfield Lakes	Qld	Land management	2020	10,000	7,665	420	8.1
Hyatt Coolum	Qld	100%	2013	500	205	260	
Twin Waters Residential	Qld	100%	2009	1,765		10	
Twin Waters Resort	Qld	51% JV	2009	65		60	
Bingara Gorge	NSW	Land management	2019	1,165	1,140		102.9
St Marys – Other Precincts	NSW	100%	2018	3,645	3,645		574.9
St Marys – Ropes Crossing ⁴	NSW	Land management	2013	1,590	1,365	170	1.4
Nelsons Ridge	NSW	Land management	2011	920	335	360	2.6
Jacksons Landing	NSW	50% JV	2011	1,370		420	15.7
Rouse Hill	NSW	50% JV/Land management	2018	1,930	455	1,120	100.5
Newington	NSW	50% JV/Land management	2009	2,000		20	
St Patricks	NSW	50% JV/Land management	2010	140		75	
Darling Walk	NSW	Development management	2011				64.0
Forde	ACT	25% JV/Land management	2010	1,030	650	160	2.3
Edgewater	Vic	100%	2011	1,145	25	300	
Craigieburn	Vic	Land management	2009	3,100	140		
Sub-total zoned				35,135	16,670	3,685	896.5

1 Estimated completion date represents the estimated financial year of the last unit settled for master planned communities and the construction completion date for apartments.

2 Represents residential and non-residential units and built-form dwellings forecast to be completed by the end of the project.

3 Backlog includes the total number of units in both company-owned and joint venture projects. The actual number of units for any particular project can vary as planning applications are obtained.

4 Projects managed on behalf of the Lend Lease Communities Fund 1.

Portfolio Report

Communities continued

Communities – Asia Pacific – Project Listing continued

Project	Location	Ownership Interest	Estimated Completion Date ¹	Total Units ²	Backlog Land Units ³	Backlog Built-Form Units ³	Estimated Commercial Backlog sqm/000s
Zoned Projects continued							
Craigieburn Town Centre	Vic	100%	2011	380	380		
Lakeside at Pakenham ⁴	Vic	Land management	2010	2,350	300	10	8.0
Caroline Springs	Vic	50% JV/Land management	2012	7,480	1,345	190	21.8
Laurimar	Vic	100%	2014	1,870	1,520		2.6
Victoria Harbour							
– Dock 5	Vic	100%	2009	140			2.0
– Mosaic	Vic	100%	2009	70		5	0.3
– The Merchant	Vic	100%	2010	75		75	0.6
– Montage	Vic	100%	2009	85		85	
– ANZ	Vic	Development management	2010				84.7
– Merchant Street Retail	Vic	100%	2009				4.0
– 833 Bourke Street	Vic	Development management	2009				3.1
– Myer	Vic	Development management	2010				29.1
– Uncommitted Other	Vic	Other	Various	1,890		1,890	
Mawson Lakes	SA	50% JV/Land management	2011	4,890	360	105	131.2
Total zoned				54,365	20,575	6,045	1,183.9

1 Estimated completion date represents the estimated financial year of the last unit settled for master planned communities and the construction completion date for apartments.

2 Represents residential and non-residential units and built-form dwellings forecast to be completed by the end of the project.

3 Backlog includes the total number of units in both company-owned and joint venture projects. The actual number of units for any particular project can vary as planning applications are obtained.

4 Projects managed on behalf of the Lend Lease Communities Fund 1.

Portfolio Report

Communities continued

Communities – Asia Pacific – Project Listing continued

Project	Location	Ownership Interest	Estimated Completion Date	Total Units ¹	Backlog Land Units ²	Backlog Built-Form Units ²	Estimated Commercial Backlog sqm/000s
Unzoned Projects³							
Yarrabilba	Qld	Staged acquisition		23,400	20,330	3,070	877.0
Rocky Springs	Qld	Land management		13,000	12,450	550	548.0
Calderwood	NSW	Land management		4,000	4,000		5.0
Pakenham Valley	Vic	Land management		490	460	30	19.9
Lockerbie	Vic	Staged acquisition		13,000	7,860	5,140	490.0
Blakeview	SA	Staged acquisition		1,600	1,500	100	52.0
Gawler	SA	100%		2,750	2,750		53.0
Total unzoned				58,240	49,350	8,890	2,044.9
Total				112,605	69,925	14,935	3,228.8

1 Represents residential and non-residential units and built-form dwellings forecast to be completed by the end of the project.

2 Backlog includes the total number of units in both company-owned and joint venture projects. The actual number of units for any particular project can vary as planning applications are obtained.

3 Estimated completion date is not applicable for unzoned projects.

Portfolio Report

Communities continued

Senior Living – Project Listing

Project	Location	Dwellings Under Management Units	Dwellings to be Developed Backlog Units ¹	Average Tenure of Current Deferred Management Fees Years
Senior Living				
Keperra Sanctuary ²	Qld	319		6.4
The Terraces	Qld	63	20	2.7
Glenaeon	NSW	271		7.1
Lutanda Manor	NSW	133		7.3
Pittwater	NSW	85		6.4
Nelson's Grove	NSW	25	145	0.6
Rochford Place (Ropes Crossing)	NSW		140	
Peppertree Hill	Vic	210		10.1
Abervale ²	Vic	237		8.3
Burwood Terrace	Vic	106		5.3
Fiddlers Green ²	Vic	229		7.1
Forest Hills	Vic	159		5.7
Highvale	Vic	190		7.3
Caesia Gardens (Caroline Springs)	Vic	26	110	
Trinity Green	SA	39	55	1.2
Total Senior Living		2,092	470	7.1

1 Backlog includes the total number of units in both company-owned and joint venture projects. The actual number of units for any particular project can vary as planning applications are obtained. Senior Living units relate to potential units on existing sites.

2 Managed on behalf of the Lend Lease Core Plus Fund.

Portfolio Report

Communities continued

Communities – Europe – Project Listing

Project	Location	Ownership Interest	Estimated Completion Date ¹	Total Units ²	Backlog Land Units ³	Backlog Built-Form Units ³	Estimated Commercial Backlog sqm/000s
Zoned Projects							
B5 Southside	Birmingham	100%	Completed	470		5	
Navigation Street	Birmingham	100%	Completed	350		15	
Essex Street	Birmingham	100%	2009	275		225	0.6
John Bright St	Birmingham	100%	2009	190		175	0.8
Honduras Wharf	Birmingham	100%	Completed	125		105	
Honduras Wharf Phase II	Birmingham	100%	2011	100		100	
Alcester Road	Birmingham	100%	2011	50		50	0.2
Bromsgrove Street	Birmingham	100%	2013	45		45	0.2
Unities and Armouries	Birmingham	100%	2013	145		140	0.3
St. James	Cheltenham	100%	Completed	140		10	
Monkbridge	Leeds	100%	2016	725		725	
Clarence Dock	Leeds	100%	Completed	1,150		15	9.5
Green Quarter	Manchester	100%	2014	1,380		605	0.8
Potato Wharf Phase I	Manchester	100%	2011	215		215	
Regiment	Manchester	100%	2013	45		45	0.7
Woodfield Road	Altrincham	100%	2010	45		45	
Hungate	York	33%	2014	730		720	8.0
Sheraton Park	Durham	100%	2011	115		115	
Appleton Village	Cheshire	100%	2010	40		40	
Sub-total zoned				6,335	–	3,395	21.1

1 Estimated completion date for apartments represents the financial year in which the project construction is completed.

2 Represents residential and non-residential units and built-form dwellings forecast to be completed by the end of the project.

3 Backlog includes the total number of units in both company-owned and joint venture projects. The actual number of units for any particular project can vary as planning applications are obtained.

Portfolio Report

Communities continued

Communities – Europe – Project Listing continued

Project	Location	Ownership Interest	Estimated Completion Date ¹	Total Units ²	Backlog Land Units ³	Backlog Built-Form Units ³	Estimated Commercial Backlog sqm/000s
Zoned Projects continued							
Sandy Lane	Cheshire	100%	2010	35		35	
Alexandra Road South	Manchester	100%	2010	25		25	
Goose Hill	Morpeth	100%	2011	60		60	0.6
Greenwich Peninsula	London	51%	2025	10,000	6,000	4,000	387.8
Other Crosby projects	Various	50 – 100%	Completed	135		5	0.5
Total zoned				16,590	6,000	7,520	410.0
Unzoned Projects							
Gloucester Road	Bath	100%	2011	75		75	
Potato Wharf Phases II and III	Manchester	100%	2014	875		875	12.6
Total unzoned				950	–	950	12.6
Total Communities – Europe⁴				17,540	6,000	8,470	422.6

1 Estimated completion date for apartments represents the financial year in which the project construction is completed.

2 Represents residential and non-residential units and built-form dwellings forecast to be completed by the end of the project.

3 Backlog includes the total number of units in both company-owned and joint venture projects. The actual number of units for any particular project can vary as planning applications are obtained.

4 The number of projects in the UK includes Stratford and Elephant and Castle. As these projects are under negotiation they are not included in the backlog metrics above.

Communities – Americas – Project Listing

Project	Location	Ownership Interest	Estimated Completion Date ¹	Total Units ²	Backlog Land Units ³	Backlog Built-Form Units ³	Estimated Commercial Backlog sqm/000s
Horizon Uptown (formerly Horizon City Center)	Denver	100%	2019	3,760	3,760		778.8
Lowry Range ⁴	Denver	Land management	2028	13,365	13,365		603.9
Total Communities – Americas				17,125	17,125	–	1,382.7

1 Estimated completion date for master planned communities represents the estimated financial year of the last unit settled.

2 Represents residential and non-residential units and built-form dwellings forecast to be completed by the end of the project.

3 Backlog includes the total number of units in both company-owned and joint venture projects. The actual number of units for any particular project can vary as planning applications are obtained.

4 Backlog land units are unzoned.

Portfolio Report

Public Private Partnerships

Overview

Public Private Partnerships – Americas

	Number of Projects ¹		Estimated Capital Spend ² US\$b		Committed Equity ³ US\$m		Units Under Management	
	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007
Operational (secured)	17	11	5.1	3.8	109.8	57.8	38,450	31,500
Preferred bidder (awarded)	2	5	0.8	1.5			6,300	10,900
Total	19	16	5.9	5.3	109.8	57.8	44,750	42,400

1 Number of projects includes extensions of existing projects and projects where Lend Lease is preferred bidder.

2 Over the initial development period of the project.

3 Includes both invested and committed equity.

Public Private Partnerships – Europe

	Number of Projects ¹		Invested Equity £m		Committed Equity ² £m		Facilities Management Revenue Backlog ³ £m	
	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007
Operational (secured)	18	18	71.0	51.3	21.6	42.9	337	350
Preferred bidder (awarded) ⁴	1	1			7.1		29	
Total	19	19	71.0	51.3	28.7	42.9	366	350

1 Number of projects combines extensions of existing projects.

2 Committed equity refers to equity and loan stock contributions that Lend Lease has a future commitment to invest.

3 Facilities management revenue backlog disclosed is only for 10 years, although Public Finance Initiatives (PFI) contracts typically operate for a period of up to 40 years.

4 The Lancashire schools project includes a number of phases. At 30 June 2008, Phase 1 and 2 were secured, however Phases 2A and 3 were at preferred bidder status.

Portfolio Report

Public Private Partnerships continued

Public Private Partnerships – Americas – Military Housing – Project Listing

Project	Location	Service	Status	Initial Development Period Years	Actual/ Expected Financial Close Date	Project Term Years	Estimated Capital Spend ¹ US\$m	Percentage of Construction Completed %	Invested Equity US\$m	Committed Equity ² US\$m	Units Under Management
Fort Hood	Texas	Army	Operational	6	Oct-01	50	225	100	6.0		5,700
Tri-Command	South Carolina	Marine Corps	Operational	5	Feb-03	50	140	100	3.3		1,700
Fort Campbell	Kentucky	Army	Operational	6	Dec-03	50	200	90		6.0	4,300
Hickam	Hawaii	Air Force	Operational	6	Feb-05	50	240	63	16.5		1,400
Army RCI	Hawaii	Army	Operational	10	Apr-05	50	1,955	45	8.0		7,900
Fort Drum	New York	Army	Operational	5	May-05	50	220	84		5.0	3,100
Camp Lejeune	North Carolina/ New York	Marine Corps	Operational	5	Oct-05	50	355	49	7.5		3,300
Camp Lejeune Phase 2	North Carolina/ New York	Marine Corps	Operational	5	Nov-06	50	125	8	2.5		1,000
Fort Knox	Kentucky	Army	Operational	8	Feb-07	50	215	13		3.0	2,500
Fort Campbell Additional Scoring	Kentucky	Army	Operational	4	May-07	50	100	8			200
Fort Hood Stage 2	Texas	Army	Operational	5	May-07	50	85	11			200
Air Combat Command Group II	Arizona/New Mexico	Air Force	Operational	6	Jul-07	50	230	13		11.0	1,800
Fort Drum Unaccompanied Officer Quarters	New York	Army	Operational	2	Jul-07	50	20	27			200
Hickam Phase 2	Hawaii	Air Force	Operational	6	Aug-07	50	415	3		25.5	1,100
Tri-Group	Colorado/ California	Air Force	Operational	4	Sep-07	50	250	4		11.0	1,500
Camp Lejeune Phase 3	North Carolina/ New York	Marine Corps	Operational	4	Nov-07	50	240	3	4.5		2,000
Fort Drum Additional Scoring	New York	Army	Operational	4	Apr-08	50	155	1			550
PAL Group A	Various	Army	Preferred bidder	4	Dec-08	50	400				4,500
Wainwright/Greely	Alaska	Army	Preferred bidder	6	Mar-09	50	370				1,800
Total PPP – Americas							5,940		48.3	61.5	44,750

1 Over the initial development period of the project.

2 Committed equity represents future equity investments in the projects.

Portfolio Report

Public Private Partnerships continued

Public Private Partnerships – Europe – Project Listing

	Location	Status	Actual/ Expected Financial Close Date	Construction Period Years	Operational Term Years	Estimated Construction Value ¹ £m	Percentage of Construction Complete %	Facilities Management Revenue Backlog ² £m	Invested Equity £m	Committed Equity ³ £m
Healthcare										
Calderdale Hospital	UK	Operational	Jul-98	3	33	87	100	39	6.7	
Worcester Hospital	UK	Operational	Mar-99	3	33	82	100	53	1.1	
Hexham Hospital – Phases 1 and 2	UK	Operational	Apr-01	2	32	29	100	12	0.6	
Burnley Hospital	UK	Operational	Oct-03	3	30	27	100	12	1.0	
Roehampton Hospital	UK	Operational	May-04	2	30	57	100	14	1.7	
Romford Hospital	UK	Operational	Jan-04	3	36	213	100	5	7.0	
Leeds Hospital	UK	Operational	Oct-04	3	33	175	100	30	9.8	
Hexham Hospital – Phase 3	UK	Operational	Jul-06	2	27	24	100	3	1.3	
Manchester Hospital	UK	Under construction	Dec-04	5	38	390	70	29	10.6	
Majadahonda Hospital	Spain	Operational	Apr-05	3	30	137	100	2	3.0	
Brescia Hospital	Italy	Operational	Mar-02	2	19	15	100		1.5	
Sub-total						1,236		199	44.3	–

1 The figures represent total construction value over the contract duration.

2 Facilities management revenue backlog disclosed is only for 10 years, although PFI contracts typically operate for a period of up to 40 years.

3 Committed equity refers to equity and loan stock contributions that Lend Lease has a future commitment to invest.

Portfolio Report

Public Private Partnerships continued

Public Private Partnerships – Europe – Project Listing continued

	Location	Status	Actual/ Expected Financial Close Date	Construction Period Years	Operational Term Years	Estimated Construction Value ¹ £m	Percentage of Construction Complete %	Facilities Management Revenue Backlog ² £m	Invested Equity £m	Committed Equity ³ £m
Education										
Newcastle Schools	UK	Operational	Mar-02	2	27	50	100	16	1.9	
Lincoln Schools	UK	Operational	Sep-01	2	31	20	100	10	1.2	
Lilian Baylis School	UK	Operational	Feb-03	2	27	13	100	6	0.8	
Lancashire Schools Phase 1	UK	Under construction	Dec-06	2	25	81	85	22		3.1
Lancashire Schools Phase 2	UK	Under construction	Dec-07	2	25	34	30	7		1.6
Lancashire Schools Phase 2A	UK	Preferred bidder	Jun-08	2	25	57				2.4
Lancashire Schools Phase 3	UK	Preferred bidder	Jul-08	2	25	55				
Cork Maritime College	Ireland	Operational	Feb-03	2	27	30	100	10	2.2	
Accommodation										
Treasury 1	UK	Operational	May-00	2	37	114	100	38	1.7	
Treasury 2	UK	Operational	Jan-03	2	35	148	100	34	1.9	
Sheffield University	UK	Under construction	May-06	4	40	169	74	24		8.3
Waste										
Lancashire Waste	UK	Under construction	Mar-07	4	25	250	34		17.0	13.3
Total PPP – Europe						2,257		366	71.0	28.7

1 The figures represent total construction value over the contract duration.

2 Facilities management revenue backlog disclosed is only for 10 years, although PFI contracts typically operate for a period of up to 40 years.

3 Committed equity refers to equity and loan stock contributions that Lend Lease has a future commitment to invest.

Portfolio Report

Investment Management

Funds Under Management (FUM)

Fund	Fund Type	FUM ¹ June 2008 £b	FUM ¹ June 2007 £b	FUM ¹ June 2008 A\$b	FUM ¹ June 2007 A\$b
Asia Pacific					
Australian Prime Property Funds	Core			5.0	4.3
Lend Lease Core Plus Fund	Core Plus			0.4	0.3
Lend Lease Communities Fund 1	Value Add			0.2	0.2
Real Estate Partnership Funds	Enhanced			0.1	0.1
Asia Pacific Investment Company Limited	Core Plus				0.1
Asia Pacific Investment Company No. 2 Limited	Core Plus			0.8	0.7
Lend Lease Asian Retail Investment Fund	Value Add			0.4	0.4
Managed Investment Mandate	Core			0.2	
Total Asia Pacific FUM				7.1	6.1
Europe					
Lend Lease Retail Partnership	Core	0.8	0.9	1.6	2.1
Lend Lease Overgate Partnership	Core	0.2	0.2	0.4	0.5
Chelmsford Meadows Limited Partnership	Value Add	0.1	0.1	0.2	0.2
Total Europe FUM		1.1	1.2	2.2	2.8
Total FUM (excluding joint ventures)		–	–	9.3	8.9
Joint Ventures²					
Resolution Capital (Asia Pacific)					1.6
Total FUM (including joint ventures)		–	–	9.3	10.5

1 FUM represents the gross market value of real estate and other related assets managed on behalf of investors.

2 Joint venture FUM includes Lend Lease's proportional share of the FUM.

Portfolio Report

Project Management and Construction

Major Projects¹

Project Name	Location	Client	Contract Type ²	Construction Value A\$m	Completion Date	Sector	Description
Asia Pacific							
Royal Children's Hospital	Vic	Children's Hospital Partnership	GMP	1,064	2014	Health	Redevelopment of hospital
ANZ Melbourne	Vic	Lend Lease Corporation/ANZ	GMP	546	2010	Commercial	Head office, Victoria Harbour
Top Ryde	NSW	Beville Group	GMP	474	2010	Retail	Redevelopment of shopping centre
Charlestown Square Redevelopment	NSW	The GPT Group	GMP	344	2011	Retail	Redevelopment of shopping centre
Lonza Biologics Expansion	Singapore	Lonza Biologics Singapore	EPCM	334	2008	Pharmaceutical	Biologics facility
Singapore Capacity Expansion Project	Singapore	Abbott Nutrition International	GMP	297	2008	Pharmaceutical	Nutrition facility
Liverpool Hospital	NSW	NSW Government	MC	296	2011	Health	Phase 1 of hospital redevelopment
Brisbane Airport	Qld	Brisbane Airports Corporation Ltd	GMP	295	2009	Transportation	International terminal and passenger concourse extension
Sydney Water Desalination Pipeline	NSW	Sydney Water	GMP	289	2009	Water	Pipeline installation
Mulwala Ammunition Factory	NSW	Australian Department of Defence	GMP	274	2012	Defence	Redevelopment of propellant manufacturing facility
420 George Street	NSW	Fortius Funds Management Pty Limited	GMP	262	2010	Commercial/Retail	Redevelopment of retail space and new high rise office in Sydney
Australian Taxation Office Building	ACT	Queensland Investment Corporation	GMP	247	2008	Commercial	Head office including fit-out
Robina Retail Town Centre	Qld	QIC	GMP	187	2009	Retail	Northern malls redevelopment
Sydney International Airport	NSW	Sydney Airport Corporation Ltd	MC	172	2010	Transportation	Airport expansion
313@Somerset	Singapore	ARIF/Lend Lease Corporation	GMP	158	2009	Retail	Retail development on Orchard Road
ECP-1 Project	Singapore	Genentech, Inc.	EPCM	151	2008	Pharmaceutical	Biologics facility
CBA Homebush	NSW	Commonwealth Bank	GMP	133	2009	Commercial	Office building development
Myer Victoria Harbour	Vic	Lend Lease Corporation/Myer	GMP	118	2010	Commercial	Head office, Victoria Harbour

¹ Disclosure of major projects is subject to client approval. This impacts the number of projects available for disclosure in each region.

² Contract types are guaranteed maximum price (GMP); engineering, procurement and construction management (EPCM); and managing contractor (MC).

Portfolio Report

Project Management and Construction continued

Major Projects¹ continued

Project Name	Location	Client	Contract Type ²	Construction Value US\$m	Completion Date	Sector	Description
Americas							
Mets Stadium	New York	Sterling Equities	GMP	299	2010	Other	New baseball arena for the New York Mets
Riverside South – The Rushmore	New York	Extell Development Company	GMP	273	2011	Residential	41 storey high rise residential
150 Amsterdam Avenue	New York	150 Amsterdam Avenue Holdings LLC	GMP	211	2010	Residential	42 storey building with a community facility
353 N. Clark	Chicago	South Parcel Dev. LLC	GMP	206	2010	Commercial	45 storey LEED certified office building
Trump Taj Mahal	Princeton	Trump/New World PM, LLC	GMP	205	2009	Hotel	New 800 room hotel
Rockingham Memorial Hospital	Virginia	Rockingham Memorial Hospital	GMP	190	2010	Healthcare	Replacement hospital with 238 beds; LEED certified
One Museum Park West	Chicago	Enterprise Companies	GMP	165	2010	Residential	53 storey LEED certified luxury high rise residential
Ritz Carlton Residence	Washington	Midtown Baltimore	GMP	157	2008	Mixed-use	High rise residential and hotel
St. Regis Hotel & Condos	Atlanta	SR Hotel Development	GMP	157	2009	Mixed-use	Luxury high rise residential and hotel
New York Presbyterian Heart Centre	New York	New York Presbyterian Hospital	GMP	147	2010	Healthcare	LEED certified hospital with teaching conference centre
St. Joseph's Hospital	Florida	St. Joseph's – Baptist Healthcare	GMP	117	2010	Healthcare	New full-service LEED certified hospital with 108 beds
Signature Place	Florida	Gulf Atlantic Real Estate Co	CM	112	2009	Mixed-use	Mixed-use property with residential, retail and office space
Solaire Wilshire	Los Angeles	KOAR Wilshire Western LLC	GMP	112	2009	Residential	16 storey condominiums with two levels of retail and parking
Gateway Grand Condos	Washington, D.C.	Trammel Crow Company	GMP	109	2009	Residential	17 storey condominiums with five levels of parking
Lenbrook at Buckhead	Atlanta	Spectrum Properties	GMP	104	2009	Residential	High rise senior living facility

¹ Disclosure of major projects is subject to client approval. This impacts the number of projects available for disclosure in each region.

² Contract types are guaranteed maximum price (GMP); and construction management (CM).

Portfolio Report

Project Management and Construction continued

Major Projects¹ continued

Project Name	Location	Client	Contract Type ²	Construction Value US\$m	Completion Date	Sector	Description
Americas							
Southside Regional Hospital	Virginia	Community Health Systems	GMP	99	2008	Healthcare	New hospital
Viera Health Park	Florida	HealthFirst Inc.	GMP	98	2012	Healthcare	New upscale healthcare facility
Catalyst	Charlotte	Novare Group	GMP	80	2009	Residential	27 storey residential tower with eight levels of parking
North Bethesda Centre	Washington, D.C.	LCOR, Inc.	GMP	72	2008	Residential	High rise residential
Monroe Annex High School	New York	New York City School Construction Authority	GMP	62	2009	Education	New four storey school
Greenberg 14	New York	New York Presbyterian Hospital	GMP	58	2010	Healthcare	Additional storey to existing building
545 Madison Avenue	New York	LCOR, Inc.	GMP	51	2008	Commercial	Restoration and remodelling of 17 storey building
440 South Church Street Office Building	Charlotte	Novare Group	GMP	40	2010	Commercial	15 storey LEED certified office building
Market Common	South Carolina	McCaffery Interests, Inc.	CM	29	2008	Mixed-use	Mixed-use property with residential and retail space

¹ Disclosure of major projects is subject to client approval. This impacts the number of projects available for disclosure in each region.

² Contract types are guaranteed maximum price (GMP); and construction management (CM).

Portfolio Report

Project Management and Construction continued

Major Projects¹ continued

Project Name	Location	Client	Contract Type ^{2,3}	Construction Value £m	Completion Date	Sector	Description
Europe							
Al-Durrat – KFH	Bahrain	Kuwait Finance House	CM	2,080	2009	Mixed-use	New mixed-use residential, commercial and resort development
Plan Barcelona Airport	Spain	AENA	PM	2,041	2009	Transport	Enlargement of Barcelona International Airport
Dubai Metro	Dubai	The Roads and Transport Authority	PM	1,000	2010	Transport	New metro system for Dubai
BP Global Alliance	Europe	BP plc	PM	740	2010	Retail	Multi-site construction and facilities management
MOD SLAM - Phase 1	UK	Defence Estates	GMP	776	2008	Defence	New and upgraded single living accommodation
Los Berrocales Construcción	Spain	Los Berrocales Junta de Compensación	PM	447	2013	Residential/Industrial	Urbanisation project in Madrid
Nevskaya Ratusha	Russia	JSC 'M'	PM	416	2012	Commercial	Office development in St. Petersburg
Trump Tower	Dubai	Nakheel	PM	400	2011	Mixed-use	Residential and leisure facilities
Manchester Hospital	Manchester	Catalyst Healthcare	LS/FP	397	2010	Healthcare	New hospital and refurbishment of existing hospital site
MOD SLAM - Phase 2	UK	Defence Estates	GMP	383	2013	Defence	New and upgraded single living accommodation
122 Leadenhall St	London	British Land	CM	305	2011	Commercial	Demolition of existing building and new office building
Moscow City Transportation Terminal	Russia	Citer Invest BV	PM	283	2010	Transport	Transportation terminal complex including offices and a hotel
Telefonica Business Park	Spain	Telefonica S.A.	PM	266	2009	Commercial	New business park
Regional Prime Contract	South West England	Defence Estates	GMP	266	2011	Defence	Estate management services and project management of capital construction programme
One New Change	London	Land Securities	CM	261	2010	Commercial	New retail and commercial construction

¹ Disclosure of major projects is subject to client approval. This impacts the number of projects available for disclosure in each region.

² Contract types are: construction management (CM); project management (PM); guaranteed maximum price (GMP); and lump sum/fixed price (LS/FP).

³ Construction value in PM assignments is the gross construction value and may not correlate to revenue recorded on the project.

Portfolio Report

Project Management and Construction continued

Major Projects¹ continued

Project Name	Location	Client	Contract Type ^{2,3}	Construction Value £m	Completion Date	Sector	Description
Europe							
BBC Broadcasting House Phase 2	London	Land Securities	LS/FP	257	2011	Communications	Demolition and reconstruction of BBC headquarters
Bishopsgate 201	London	British Land	CM	226	2009	Commercial	New office development
Regents Place Main Building	London	British Land	CM	184	2010	Commercial	New office and residential
Leeds Oncology Hospital	Leeds	Catalyst Healthcare	LS/FP	184	2008	Healthcare	New build hospital
University of Sheffield PFI Student Accommodation	Sheffield	Catalyst Higher Education	LS/FP	169	2010	Education	Refurbishment and new student accommodation
Central Saint Giles	London	Stanhope	CM	163	2010	Commercial	Demolition of existing building and new office construction
Kings Waterfront Civic Facilities	Liverpool	British Land/Liverpool City Council	LS/FP	146	2008	Leisure	New civic arena, auditorium and exhibition hall
Silverburn (Pollok) Shopping Centre	Glasgow	Retail Property Holdings Limited	LS/FP	120	2008	Retail	New retail centre
Peel Gloucester Quays	Gloucester	Peel	MC	117	2009	Retail	New construction of retail, hotel, residential and leisure facilities
Manchester Civil Justice Centre	Manchester	Allied London	LS/FP	113	2008	Government	Construction of Civil Justice Centre
Bankside Buildings 2&3	Southwark	Land Securities	LS/FP	104	2008	Commercial	New office building
Greenwich N0204	London	GPRL/Lend Lease JV	LS/FP	100	2010	Commercial	Construction of two commercial office buildings with retail facilities
Grand Arcade Cambridge	Cambridge	Grosvenor Estates	LS/FP	99	2008	Retail	New retail centre
Spinningfields - 3 Hardman Street	Manchester	3 Hardman Street Developments Ltd	LS/FP	94	2009	Commercial	New office building with retail facilities
Malta Retail and Leisure Centre	Poland	Neinver Polska Sp. z o.o.	PM	85	2010	Retail	New retail and leisure building
125 Old Broad Street	London	Hammerson	LS/FP	82	2009	Commercial	Redevelopment of new office building
Project Horizon	Norwich	Land Securities	LS/DC	74	2008	Commercial	Refurbishment and new construction
60 Threadneedle Street (Stock Exchange)	London	Hammerson	LS/DC	62	2009	Commercial	New office development

¹ Disclosure of major projects is subject to client approval. This impacts the number of projects available for disclosure in each region.

² Contract types are: lump sum/fixed price (LS/FP); construction management (CM); managing contractor (MC); project management (PM); and lump sum/design and construct (LS/DC).

³ Construction value in PM assignments is the gross construction value and may not correlate to revenue recorded on the project.

Portfolio Report

Project Management and Construction continued

Realised Gross Profit Margin Analysis by Sector¹

	June 2008 Asia Pacific GPM %	June 2008 Americas GPM %	June 2008 Europe GPM %	June 2008 Total GPM %	June 2007 Total GPM %
Commercial/Office	33	9	28	24	21
Communications	7		2	3	5
Education	9	10	5	8	9
Government/Civic	4	4	15	8	6
Healthcare	1	11	3	5	6
Industrial/Technology	12	3	9	8	10
Mixed-use		5	3	2	3
Pharmaceutical/R&D	7	3	3	4	3
Residential/Senior Living	4	39	6	16	14
Retail	17	5	17	13	16
Transportation	6	3	3	4	3
Other		8	6	5	4
Total	100	100	100	100	100

¹ Bovis Lend Lease's strategy is to reduce the volatility of its earnings by operating in a diverse range of industries and geographies. The table details the GPM earned by sector for the year ended 30 June 2008.

Five Year Profile

		June 2008	June 2007	June 2006	June 2005	Previous GAAP ¹ June 2004
Profitability						
Revenue	A\$m	14,678	14,282	12,127	9,435	9,726
Statutory profit before tax	A\$m	322	628	573	350	466
Operating profit before tax ²	A\$m	512	545	473	393	385
Statutory profit after tax	A\$m	265	498	415	226	334
Operating profit after tax ²	A\$m	447	446	354	286	256
Operating EBITDA ²	A\$m	528	551	527	411	430
Earnings per share on statutory profit ³	cents	66.2	124.3	104.0	56.5	80.6
Earnings per share on operating profit ^{2,3}	cents	111.5	111.4	88.7	71.6	61.8
Statutory profit after tax to shareholders' equity (ROE) for the period	%	8.2	15.7	14.7	11.9	9.0
Dividend per share ⁴	cents	77	77	61	57	44
Dividend payout ratio on operating profit ⁴	%	69.1	69.2	68.8	79.5	69.2
Corporate Strength						
Total assets	A\$m	8,595	9,336	8,166	6,925	7,131
Cash	A\$m	843	550	560	570	1,380
Borrowings	A\$m	929	1,076	846	500	862
Current assets	A\$m	4,181	4,514	3,379	2,612	3,455
Current liabilities	A\$m	3,987	3,869	3,179	3,384	3,328
Shareholders' equity	A\$m	3,044	3,243	3,011	2,710	2,836
Cash flows provided by/(used in) operations	A\$m	269	357	660	(55)	443
Net asset backing per share	A\$	7.59	8.09	7.53	6.80	7.08
Ratio of current assets to current liabilities	times	1.05	1.17	1.06	0.77	1.04
Borrowings to shareholders' equity	%	30.5	33.2	28.1	18.4	30.4
Borrowings to shareholders' equity plus borrowings	%	23.4	24.9	21.9	15.6	23.3
Gross borrowings to total tangible assets ⁵	%	14.4	15.7	15.6	12.9	17.2
Borrowings to total market capitalisation	%	24.3	14.5	15.1	9.7	20.9
Shares on issue	m	401	401	400	399	400
Number of shareholders	no.	51,632	49,051	50,179	52,878	63,143
Number of equivalent full-time employees	no.	12,039	10,817	9,652	8,791	9,060
Shareholders' Returns and Statistics						
Proportion of shares on issue to top 20 shareholders	%	75.4	76.9	76.4	75.6	69.8
Shareholdings relating to employees ⁶	%	9.8	9.5	9.6	10.8	11.9
Total dividends declared	A\$m	309	309	244	227	177
Share price as at 30 June as quoted on the Australian Securities Exchange	A\$	9.55	18.54	13.99	12.96	10.28

1 June 2004 represents Lend Lease's results under previous Generally Accepted Accounting Principles (GAAP).

2 Operating profit excludes an adjustment in June 2008 to reduce the carrying value of inventory in Crosby Lend Lease by A\$121.5 million before/after tax and unrealised property investment revaluations (June 2008: A\$69.2 million loss before tax, A\$60.2 million loss after tax; June 2007: A\$82.7 million gain before tax, A\$51.6 million gain after tax).

3 Calculated using the weighted average number of shares on issue including treasury shares.

4 Dividends include interim and final dividends.

5 Gross borrowings includes other financial liabilities.

6 Shares held through employee benefit vehicles.

Directors' Report

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Directors' Report

The Directors present their Report together with the Annual Consolidated Financial Report of the consolidated entity, being the Company and its subsidiaries ('Lend Lease' or 'the Group') for the financial year ended 30 June 2008 and the Auditor's Report thereon.

1. Governance

a. Board/Directors

The names, qualifications, experience and special responsibilities of each person holding the position of Director of the Company at the date of this Report are:

D A Crawford, Chairman (Non Executive)

Age 64

Mr Crawford joined the Board in July 2001 and was appointed Chairman in May 2003. He is a member of the Nomination Committee.

Experience and Qualifications

Previously Mr Crawford was National Chairman of the Australian firm of KPMG. He has extensive accounting and business experience having worked with many large corporations and governments. He holds a Bachelor of Commerce and a Bachelor of Laws from the University of Melbourne. He is a Fellow of the Institute of Chartered Accountants.

Other Directorships and Positions

Mr Crawford is Non Executive Chairman of Foster's Group Limited (appointed Director August 2001 and Chairman 31 October 2007) and a Non Executive Director of BHP Billiton Limited (appointed May 1994). He was formerly a Non Executive Director of Westpac Banking Corporation (appointed May 2002, resigned 14 December 2007) and National Foods Limited (appointed November 2001, resigned June 2005).

G A Clarke, Managing Director (Executive)

Age 50

Mr Clarke was appointed Managing Director and Chief Executive Officer in December 2002.

Experience and Qualifications

Mr Clarke brings more than 25 years experience in international business development and operations through career roles including Vice President, Cellular (Paris) for Nortel Communications; Chief Executive Mobile, C&W Mobile plc; and Chief Operating Officer and Chief Executive Officer, Cable & Wireless Communications plc. He holds a BA (Honours) Business Studies and a Master of Business Administration.

Other Directorships and Positions

Mr Clarke was formerly a Non Executive Director of The British United Provident Association Limited (BUPA), the largest private health provider in the United Kingdom (UK) (appointed April 2001, resigned March 2007).

P M Colebatch (Non Executive)

Age 63

Mr Colebatch joined the Board in December 2005 and is Chairman of the Personnel and Organisation Committee and a member of the Risk Management and Audit Committee.

Experience and Qualifications

Mr Colebatch has a Bachelor of Science and a Bachelor of Engineering from the University of Adelaide, a Master of Science from Massachusetts Institute of Technology and a Doctorate in Business Administration from Harvard University. He has held senior management positions in insurance and investment banking, and was formerly on the Executive Board of Swiss Reinsurance Company, Zurich. He was previously on the Executive Board of Credit Suisse Group, Zurich, where he was Chief Financial Officer and subsequently Chief Executive Officer of Credit Suisse Asset Management.

Other Directorships and Positions

Mr Colebatch is a Non Executive Director of Insurance Australia Group Limited (appointed January 2007) and a Non Executive Director of Man Group plc (appointed 1 September 2007).

Directors' Report continued

1. Governance continued

a. Board/Directors continued

G G Edington CBE **(Non Executive)**

Age 62

Mr Edington joined the Board in 1999 and is a member of the Risk Management and Audit Committee and the Sustainability Committee.

Experience and Qualifications

Qualified as a chartered surveyor, Mr Edington brings to the Board extensive UK and international experience in the property sector. Mr Edington was a Director of BAA plc and Chairman of BAA International. He joined BAA plc in 1988, became a member of the Board in 1991 and has been the Chairman of six BAA companies. He is a past President of the British Property Federation, was the Chairman of UK property company Greycoat Estates Limited and was a member of the Bank of England Property Forum. Mr Edington was formerly Chairman of the Council of Trustees of the UK children's charity, NCH.

Other Directorships and Positions

Nil.

P C Goldmark **(Non Executive)**

Age 67

Mr Goldmark joined the Board in 1999 and is Chairman of the Nomination Committee and a member of the Sustainability Committee.

Experience and Qualifications

Mr Goldmark is Director, Climate and Air Program at Environmental Defense, a United States of America (USA) based non-profit environmental advocacy organisation. He was the Chairman and Chief Executive Officer of The International Herald Tribune in Paris between 1998 and 2003. Prior to this, he was for ten years the President and Chief Executive Officer of the Rockefeller Foundation in New York. He has held positions including Senior Vice President of the Times-Mirror Corporation, Executive Director of the Port Authority of New York and New Jersey, and Director of the Budget for the State of New York. A writer and speaker on world affairs, Mr Goldmark graduated with a BA from Harvard College, Government Department, magna cum laude. He brings to Lend Lease his wide experience as a Chief Executive Officer and senior executive in the private and public sectors, both in the USA and internationally.

Other Directorships and Positions

Nil.

J A Hill **(Non Executive)**

Age 62

Ms Hill joined the Board in May 2006. She is Chairman of the Sustainability Committee and a member of the Personnel and Organisation Committee.

Experience and Qualifications

Ms Hill has held a number of senior executive positions in the land development and housing construction industry in North America. She was formerly the Chairman, President and Chief Executive Officer of Costain Homes, Inc. (US) and Vice President and General Manager, Mobil Land (Georgia) Corporation. She has a Bachelor of Arts from the University of California and a Master of Arts in marketing and management from the University of Georgia.

Other Directorships and Positions

Ms Hill is a Non Executive Director of Wellpoint, Inc. (appointed March 1994). She was formerly a Non Executive Director of Resources Connection, Inc. (appointed January 2003, resigned December 2006).

Directors' Report continued

1. Governance continued

a. Board/Directors continued

D J Ryan AO (Non Executive)

Age 56

Mr Ryan was appointed a Director in December 2004. He is Chairman of the Risk Management and Audit Committee and a member of the Personnel and Organisation Committee.

Experience and Qualifications

Mr Ryan has previously held Managing Director positions in investment banking and industry, as well as being the Chairman or a Non Executive Director of a number of listed public companies. He has a Bachelor of Business from the University of Technology, Sydney and is a Fellow of CPA Australia and the Australian Institute of Company Directors.

Other Directorships and Positions

Mr Ryan is Non Executive Chairman of Transurban Holdings Limited (appointed Director April 2003 and Chairman February 2007), ABC Learning Centres Limited (appointed Director June 2003 and Chairman 30 May 2008) and Tooth & Co Limited (appointed Director September 1999 and Chairman January 2003).

M Selway (Non Executive)

Age 49

Mr Selway joined the Board on 17 June 2008.

Experience and Qualifications

Mr Selway is currently Chief Executive of The Weir Group PLC, a FTSE 250 engineering sector listed company headquartered in Scotland. He brings more than 30 years experience in global business development, integration and management through various roles. Prior to joining the Weir Group in 2001, he was a member of the Supervisory Board of Schefenacker AG, and Executive Director of Britax International plc with line responsibility for the Automotive Components Division. Having spent much of his career managing engineering businesses in the USA, the UK and Australia, Mr Selway is regarded as a specialist in operational management and efficiency. He holds a Diploma in Industrial Engineering.

Other Directorships and Positions

Mr Selway is an Executive Director of The Weir Group PLC (appointed June 2001).

R H Taylor (Executive)

Age 46

Mr Taylor joined the Board as an Executive Director in December 2004 and is a member of the Sustainability Committee.

Experience and Qualifications

Mr Taylor joined Lend Lease in 1985 as an engineer and held several positions in Australia and Asia before being appointed Managing Director of the Project Management and Construction business of Lend Lease in 1995. Following the acquisition of the Bovis Group in 1999 he was appointed Global Chief Executive Officer of the combined Bovis Lend Lease businesses based in London and in 2001 his responsibilities were expanded to include the development activities of Lend Lease. In 2003 he returned to Australia to take up the role of Chief Executive Officer Asia Pacific and in July 2005 was appointed Chief Executive Officer Retail and Communities. In May 2007 he was appointed Global Chief Operating Officer. Mr Taylor holds a Bachelor of Civil Engineering (Honours) from the University of Queensland.

Other Directorships and Positions

Nil.

Directors' Report continued

1. Governance continued

b. Company Secretaries' Qualifications and Experience

W Hara

Mr Hara was appointed Company Secretary on 3 July 2007. He was General Counsel and Group Company Secretary of Patrick Corporation Limited prior to his appointment as Group General Counsel of Lend Lease in January 2007. Mr Hara has a Bachelor of Commerce and a Bachelor of Laws from the University of New South Wales and is a member of the Law Society of New South Wales.

S J Sharpe

Ms Sharpe was appointed Deputy Company Secretary in 1995 and Company Secretary in 1997. She has held a number of senior executive positions and subsidiary board directorships in the Lend Lease Group. She has a Bachelor of Business from the University of Technology, Sydney and is an Associate of the Institute of Chartered Accountants and a member of the Australian Institute of Company Directors.

c. Officers Who Were Previously Partners of the Audit Firm

Mr Crawford was a Partner and Australian National Chair of KPMG. He resigned from this position on 28 June 2001 prior to his appointment as a Director of the Company on 19 July 2001. KPMG or its predecessors was appointed as the Company's auditor at its first Annual General Meeting in 1958.

d. Directors' Meetings

During the financial year, 12 Board meetings were held. The Board recognises the essential role of committees in guiding the Company on specific issues. Committees address important corporate issues, calling on senior management and external advisers prior to making a final decision or making a recommendation to the full Board.

There are four permanent committees of the Board:

Nomination Committee

The Nomination Committee consists entirely of Non Executive Directors. This Committee assists the Board by considering nominations to the Board and ensuring there is an appropriate mix of expertise, skills and experience on the Board. During the financial year 1 July 2007 to 30 June 2008, all meetings of the Nomination Committee were held in conjunction with Board meetings, and all Non Executive Directors routinely attended.

Personnel and Organisation Committee

The Personnel and Organisation Committee consists entirely of Non Executive Directors. The Committee's agenda reflects the importance of human capital to the Group's strategic and business planning and it assists the Board in ensuring that appropriate policies are in place for people management and remuneration across Lend Lease businesses worldwide. During the financial year 1 July 2007 to 30 June 2008, three meetings of the Personnel and Organisation Committee were held.

Risk Management and Audit Committee

The Risk Management and Audit Committee consists entirely of Non Executive Directors. This Committee assists the Board by reviewing the risk management and compliance systems in Lend Lease businesses worldwide and by ensuring that assets are protected against financial loss, legal and regulatory obligations are met and proper accounting and auditing practices are maintained. During the financial year 1 July 2007 to 30 June 2008, four meetings of the Risk Management and Audit Committee were held.

Sustainability Committee

The Sustainability Committee consists of a majority of Non Executive Directors. The Committee assists the Board in monitoring the decisions and actions of management in achieving the aspiration of Lend Lease to be a sustainable organisation. During the financial year 1 July 2007 to 30 June 2008, three meetings of the Sustainability Committee were held.

Directors' Report continued

1. Governance continued

d. Directors' Meetings continued

Attendance at Meetings of Directors 1 July 2007 to 30 June 2008

Director	Board Meetings		Risk Management and Audit Committee Meetings		Personnel and Organisation Committee Meetings		Sustainability Committee Meetings		Other ² Committee Meetings	
	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended
D Crawford	12	12							6	6
G Clarke	12	12								
P Colebatch	12	12	4	4	3	3			6	6
G Edington	12	12	4	4			3	3		
P Goldmark	12	12					3	3		
J Hill	12	10			3	3	3	3		
D Ryan	12	12	4	4	3	3			6	6
M Selway	1	1								
R Taylor	12	12					3	3		

1 Reflects the number of meetings held during the time the Director held office on the Committee during the year.

2 Committees constituted to address specific issues.

In addition, as required, matters were dealt with by circular resolution and ratified at the next meeting of the Board or appropriate committee.

e. Interest in Capital

The interest of each of the Directors in the issued shares of the Company at 21 August 2008 (15 August 2007) is set out below.

Director	Shares Held Directly 2008	Shares Held Beneficially/Indirectly 2008 ¹	Total 2008	Shares Held Directly 2007	Shares Held Beneficially/Indirectly 2007 ¹	Total 2007
D Crawford		33,895	33,895		28,122	28,122
G Clarke	1,000		1,000	1,000		1,000
P Colebatch	2,000	3,767	5,767	2,000	1,689	3,689
G Edington	15,000	11,484	26,484	15,000	9,521	24,521
P Goldmark	3,000	12,579	15,579	3,000	10,501	13,501
J Hill	2,000	3,109	5,109	2,000	1,031	3,031
D Ryan		15,834	15,834	10,000	3,640	13,640
M Selway	4,000		4,000			
R Taylor	94,167	97,137	191,304	9,760	94,737	104,497

1 Includes shares beneficially held by Non Executive Directors in the Retirement Plan.

2. Operations

a. Principal Activities

The Group has five lines of business that operate in three geographic regions: Asia Pacific, Europe and the Americas.

- The Retail business comprises retail property management, asset management and development in Australia, Singapore and the UK. This business also includes the Group's ownership in direct property investments, including those held via limited partnerships in Asia Pacific, the UK and the USA;
- The Communities business is involved in the development of large scale urban regeneration and greenfield development projects in Australia, the USA and the UK;

Directors' Report continued

2. Operations continued

a. Principal Activities continued

- The Public Private Partnerships (PPP) business manages and invests equity in large PPP projects in the USA and the UK;
- Investment Management provides real estate investment management services in Asia Pacific and the UK. Investment Management includes the Group's ownership interests in property investments held indirectly through investments in Lend Lease managed funds in Asia Pacific and the UK; and
- Project Management and Construction provides construction, project management and design services across all regions through Bovis Lend Lease.

b. Review and Results of Operations

A full review of operations is included in the Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) section of the Annual Consolidated Financial Report.

c. Dividends

The 2007 final dividend of A\$168.5 million (42 cents per share, 50% franked) referred to in the Directors' Report dated 15 August 2007 was paid on 12 September 2007.

Details of dividends in respect of the current year are as follows:

	A\$m
Interim dividend of 43 cents per share (40% franked) paid on 26 March 2008	172.5
Final dividend of 34 cents per share (45% franked) declared by Directors to be paid on 26 September 2008	136.4
	308.9

d. Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of Lend Lease.

e. Event Subsequent to Balance Date

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations or state of affairs of the Group in subsequent financial years other than the following:

Bovis UK Pension Scheme

Subsequent to 30 June 2008 the terms of the Bovis UK Pension Scheme were amended to close the Scheme to the accrual of future benefits with the effect from 31 August 2008. As at 30 June 2008, a liability for the defined benefit obligation of A\$118.1 million was recognised (refer to Note 22. 'Defined Benefit Plan Liability'). A benefit to the income statement is expected to arise from the amended terms in the forthcoming financial year. An actuarial assessment post 31 August 2008 will be performed to determine the amount of the benefit arising from the curtailment.

f. Likely Developments

Details of likely developments in the operations of Lend Lease in subsequent financial years are contained in the reports from the Chairman and Managing Director in the Annual Report. In the opinion of the Directors, disclosure of any further information would be likely to result in unreasonable prejudice to the Group.

g. Environmental Regulation

The Group is subject to many environmental regulations associated with real estate development, project and construction management and asset management. These regulations typically relate to emissions to air and water, waste management and protection of biodiversity.

The Group businesses report quarterly on environmental regulation compliance matters, including breaches and legal or potential legal action.

The Sustainability Committee receives reports on a quarterly basis regarding any significant environmental risks and non conformance with the Environment Policy of Lend Lease. The Directors are not aware of any material non compliance issues during the period covered by this Report.

Further details are contained in the 2008 Sustainability Report.

Directors' Report continued

3. Remuneration Report

The Directors present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* for the Company and the consolidated entity for the year ended 30 June 2008. This Remuneration Report contains disclosures required by Australian Accounting Standard *AASB 124 'Related Party Disclosures'*.

The content of this Report, which has been audited as required by the *Corporations Act 2001*, is as follows:

Topic	Executive Summary	Discussion	Quantitative
Key Management Personnel	Key management personnel, which includes Directors of the Company and the Executive Office, have authority and responsibility for planning, directing and controlling the activities of the Company and the consolidated entity.	Pages 9	Pages 16–17
Key changes for 2008	Changes were made to the Group's remuneration structure in the current financial year to reinforce the alignment between key management personnel remuneration and the Group's short and long term performance targets.	9	
Remuneration philosophy	The Remuneration Policy of the Group is determined by the Board on the recommendation of the Personnel and Organisation Committee, which is solely comprised of Non Executive Directors.	10	
Remuneration structure	The Board is focused on ensuring the remuneration structure is commensurate with the needs of the organisation and its strategy, as well as appropriate external comparator companies and the interests of shareholders.	10	16–17
Fixed remuneration	Fixed remuneration is benchmarked by the Personnel and Organisation Committee based on remuneration information sourced from independent external remuneration advisors.	10	16–17
Short Term Incentives (STI)	The STI plan is an annual bonus plan which complements the overall Remuneration Policy of the Group by rewarding individuals on meeting or exceeding pre-set key financial and non-financial performance criteria which contribute to overall shareholder value.	10–11	16–17
Long Term Incentives (LTI)	The current LTI awards of the Group were introduced and approved by the Board in 1999 and updated and extended for awards from 2001 onwards. The objectives of the LTI are essentially twofold: align executives with the long term interests of the Group and its shareholders, and attract and retain executives of the highest calibre by providing competitive rewards that relate to the performance of the individual executive, the Group and the Lend Lease Corporation share price.	12–13	16–19
Retention awards	When the Board believes an employee is an outstanding performer and the Group and its shareholders will gain from further incentivising him or her to remain with the Group, a retention award may be made.	13	16–19
Relationship of remuneration to Group performance and vesting of awards	In considering the Group's performance and benefits for shareholder wealth, the Personnel and Organisation Committee, when setting the criteria for STI and LTI awards, has regard to the financial performance of the Group.	14	14
Remuneration philosophy – Non Executive Directors	Non Executive Directors are considered key management personnel of Lend Lease, however their remuneration is not linked to the performance of the Group in order to maintain their independence and impartiality.	15	16

Directors' Report continued

3. Remuneration Report continued

a. Details of Key Management Personnel and Other Executives – Audited

Key Management Personnel

The key management personnel of Lend Lease include the Directors of the Company and the 'Executive Office', consisting of the Executive Directors and the Group Finance Director.

Directors

Non Executive Directors

D Crawford	Chairman
P Colebatch	
G Edington	
P Goldmark	
J Hill	
D Ryan	
M Selway	Appointed 17 June 2008

Executive Directors

G Clarke	Managing Director and Chief Executive Officer
R Taylor	Global Chief Operating Officer

Executives

S McCann	Group Finance Director Chief Executive Officer Investment Management – resigned from role on 7 January 2008
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Other Executives¹

M Coleman	Chief Executive Officer Bovis Lend Lease UK
W Hara	Group General Counsel
D Kirkby	Chief Executive Officer Investment Management UK – terminated employment on 31 January 2008
R Lourey	Group Head of Human Resources – resigned on 31 July 2007
P Marchetto	Chief Executive Officer Bovis Lend Lease Americas – terminated employment on 22 April 2008
M Menhinnitt	Global Chief Executive Officer Bovis Lend Lease
B Soller	Global Deputy Chief Financial Officer
D Spencer	Group Head of Human Resources – appointed 30 November 2007

¹ 'Other Executives' represents employees in the category of five highest paid Group or Company executives that are not key management personnel.

Directors and Executives

Key changes for 2008

Changes were made to the Group's remuneration structure in the current reporting period to reinforce the alignment between key management personnel remuneration and the Group's long term performance targets. The key changes include:

- STI arrangements
 - Financial element: for business unit heads, the financial element is split between the operating profit after tax (adjusted for significant one off, non recurring items) of the executive's business unit (two-thirds of financial element) and other financial value drivers relevant to each executive's business unit (one-third of financial element);
 - Qualitative bonus qualifiers: for any part of the bonus to be paid, each executive must demonstrate achievement of either the corporate or business unit specific annual plan relating to both incident and injury free and sustainability.
- LTI arrangements
 - The 2006 LTI award was modified on 15 August 2007 such that it will now settle in shares rather than cash, other than for executives specifically identified or in circumstances where share settlement is not practicable.

Directors' Report continued

3. Remuneration Report continued

b. Remuneration Policy – Audited

Directors and Executives continued

Remuneration Philosophy

The philosophy of the Group's remuneration policy is to reward senior executives with market competitive remuneration and benefits, taking account of Group, business unit or function and individual performance. In assessing these market benchmarks, the Group takes account of expert advice and the relevant external comparators in the real estate and related sectors and of companies of similar size, complexity and international scope. The remuneration of the Non Executive Directors is not linked to the performance of the Group in order to maintain their independence and impartiality.

Remuneration paid by the Group is designed to be appropriate and competitive in each of its business locations, having regard to local practice on base pay, incentives, pensions, superannuation and other benefits. The Group also recognises the need to take account of differing costs of living in relation to expatriates and this is reflected in remuneration for expatriate executives. The approach of the Group is to provide a balance of fixed and performance based remuneration.

Each year the Personnel and Organisation Committee sets the key performance indicators (KPI) for the key management personnel and other senior executives. The KPI generally include measures relating to the Group, the business unit geography or function, and the individual, and include financial, non financial, incident and injury free and sustainability measures. The measures are chosen as they directly align the individual's reward to the KPI of the Group and to its strategy and performance.

Remuneration Structure

The remuneration framework consists of three principal elements:

Component	Comprises	'At risk'?
Fixed Remuneration	Base salary, superannuation and other benefits	No
Short Term Incentive	Annual cash and an equity related deferral	Yes
Long Term Incentive	Cash or share based benefits	Yes

'At risk' implies an absence of certainty of collection of a particular component of remuneration in the event agreed-upon performance hurdles or employment conditions are not met during the reporting period.

Fixed Remuneration

The salaries of the Executive Office and members of the Executive Management Team are set by the Personnel and Organisation Committee subject to approval by the Board. Salary changes usually take effect from September of each year except in the case of a new appointment. In the case of the Executive Office members and their direct reports, the Committee is assisted in this review by the Chief Executive Officer. For the forthcoming year no pay increases have been proposed for Executive Office and Executive Management Team members.

The other elements of fixed remuneration include those typically enjoyed in the geography where the key person or executive is employed. These may include car, medical cover, employee share plan subscriptions, superannuation and pension contributions, life and/or disability cover and, in the case of international assignees, housing, schooling and tax return preparation. The value of these other benefits provided to executives is set out in Section 3c. of this Report. Executives are not automatically entitled to all of these benefits.

Short Term Incentives (STI)

Under the STI arrangement, executives receive benefits dependent on the achievement of Group or business unit financial targets, incident and injury free, sustainability and individual targets. The total value of the potential benefit (target opportunity) varies by executive, but is linked to salary.

Directors' Report continued

3. Remuneration Report continued

b. Remuneration Policy – Audited continued

Directors and Executives continued

Short Term Incentives (STI) continued

Arrangements for the June 2008 Financial Year

The following table sets out the criteria required to be achieved for the current year STI.

Financial Element	Personal Performance Element
- Represents 75% of target opportunity. - Measured against the current financial year operating profit after tax. This is measured either entirely at Group level or business unit level depending on the role. At the Group level, the Personnel and Organisation Committee determined that this target was not met. - Upside opportunity can be increased to +25% of target opportunity for +10% of target performance achievement.	- Represents 25% of target opportunity. - Measured against targets specific to each executive's business unit and individual objectives.

The benefit delivered to Executive Directors and Executives under the STI arrangement is summarised as follows:

	June 2008 STI Cash Element		June 2008 STI Deferred Element ¹	Calculated Based On
	Maximum Opportunity %	Percentage Paid %	Maximum Opportunity %	
G Clarke	118	20	59	Base salary
R Taylor	83	15	59	Total package value
Other key personnel and executives	59–83	15–83	29–59	Australia: Total package value UK and USA: Base salary

¹ The STI deferred element is due to vest in August 2009.

Total package value equates to base salary plus superannuation. Cash benefits are paid in September of each year. Deferred benefits are delivered in Lend Lease Corporation shares or equivalent share value in cash based on the Lend Lease Corporation share price at the date of release of the bonuses. The shares (or share value if shares are not practicable) are then held in trust on behalf of the executive for the deferral period. For executives to receive the full deferral they must be employed by the Group at the date of vesting of the deferral element. The usual deferral period will be one year from the date of the grant.

Further detail is in Section 3c. of this Report.

Future Arrangements

The Board has agreed it intends to change the performance criteria under the STI for the June 2009 financial year.

Financial Element	Strategic, Business Unit, Functional and Cultural Element
40% of target opportunity for Executive Office and functional heads. 60% of target opportunity for business unit CEOs. - Measured against financial value drivers under the themes of profitability, growth and capital efficiency at Group, business unit level, or a combination depending on role. - Upside opportunity for out performance on financial measures.	60% of target opportunity for Executive Office and functional heads. 40% of target opportunity for business unit CEOs. - Measured against strategic, business unit, functional and cultural goals in a mix relevant to the individual.

Directors' Report continued

3. Remuneration Report continued

b. Remuneration Policy – Audited continued

Directors and Executives continued

Long Term Incentives (LTI)

The current LTI awards were introduced and approved by the Board in 1999 and updated and extended for awards from 2001 onwards. The objectives of the LTI are essentially twofold:

- Aligning executives with the long term interests of the Group and its shareholders; and
- Attracting and retaining executives of high calibre by providing competitive rewards that relate to the performance of both the individual executive and the Lend Lease Corporation share price.

LTI grants are normally made each year and are based on competitive remuneration practice. LTI grants are settled in cash or Lend Lease Corporation shares, with settlement occurring upon vesting, three years after the grant date, if performance hurdles are met. Grants depend on personal contribution and potential and are designed to retain and motivate high performing key executives. The LTI are in the form of an Australian dollar figure grant (converted from local salary for overseas participants), which is invested in performance shares (PS) over time to deliver value depending on:

- Whether the executive remains with the Group – if the executive resigns before vesting, the grant will lapse; and
- The performance of the Group.

The Personnel and Organisation Committee approved one change to the rules of the LTIs for the 2005 awards onwards. The rules now provide that, in the event of a change in control of Lend Lease Corporation, all awards will vest upon change in control, to the extent that performance conditions have been met. Participants would then be entitled to a pro rata settlement, with the Board having discretion to allow the entitlement to exceed this pro rata amount, if circumstances so provide.

Details of the terms of the awards on issue during the June 2008 financial year are summarised below.

Plan	LTI – June 2005	LTI – June 2006	LTI – June 2007
Grant date	17 August 2005	16 August 2006	15 August 2007
Service period ¹	1 July 2005 – 30 June 2008 (3 years)	1 July 2006 – 30 June 2009 (3 years)	1 July 2007 – 30 June 2010 (3 years)
Performance condition(s):	Total shareholder return (TSR) of Lend Lease against the TSR of several comparator companies of Lend Lease. Performance measured over the three year performance period. Vesting Schedule – Rank 1 to 5 inclusive – 100% vesting – Rank 6 to 10 inclusive – progressive decrease in vesting from 85% to 25% – Rank 11 to 19 inclusive – 0% vesting	1. TSR of Lend Lease Corporation against the TSR of the individual ASX100 listed companies (comprised as at the beginning of the performance period) (50% award). Performance assessed over the three year performance period. Vesting Schedule – Upper quartile or better – 100% vesting – Median upper quartile – straight line increase from 50% to 100% vesting – Median – 50% vesting – Below median – 0% vesting 2. Earnings per share (EPS) growth of Lend Lease Corporation over performance period (50% award). Vesting Schedule – At least 10% compounded EPS growth² over three years – 100% vesting – Less than 10% EPS growth – 0% vesting Each of the two performance conditions may vest independently.	
Method of award settlement	Cash or shares	Shares, except for pre specified executives which are settled in cash.	

¹ This period may be shortened if an executive is a 'good leaver', that is, an executive who leaves employment by reason of death, total and permanent disability, redundancy or other reason as determined by the Personnel and Organisation Committee. Performance conditions continue to apply.

² EPS as defined in this financial report (excluding treasury shares) adjusted for unrealised property investment revaluations (unless assets have been sold).

Directors' Report continued

3. Remuneration Report continued

b. Remuneration Policy – Audited continued

Directors and Executives continued

Long Term Incentives (LTI) continued

Plan	LTI – June 2005	LTI – June 2006	LTI – June 2007
Award status	Did not vest. TSR ranking – 12th.	Not yet vested.	
Accounting treatment	Recognised as a cash settled share base payment. The expense and the liability incurred is measured at fair value at each reporting date using a Monte-Carlo simulation methodology, where the share price is projected based on the assumptions underlying the Black-Scholes formula. As the award did not vest, the liability as at 30 June 2007 was reversed to the income statement in the June 2008 financial year.	Recognised as an equity settled share based payment. The income statement expense and corresponding increase in equity is measured at the fair value at grant date using a Monte-Carlo simulation methodology, where the share price is projected based on the assumptions underlying the Black-Scholes formula. The method of award settlement of the 2006 LTI was changed from cash to shares on 15 August 2007. Certain pre-specified executive awards are accounted for as a cash settled share based payment.	

Refer to Section 3d. of this Report for quantitative analysis of LTI awards on issue during the 2008 financial year and their vesting conditions.

Hedging in Relation to LTI Awards

The Group prohibits executives from entering into pre vesting hedging arrangements in relation to LTI awards. For awards made in the June 2007 financial year onwards, it is an explicit condition for awards to vest that executives declare that they have not entered into any such arrangement.

Future Arrangements

The Board is currently reviewing the structure of the LTI for awards to be granted in the June 2009 financial year.

Retention Awards

When the Board believes an employee is an outstanding performer and the Group and its shareholders will gain from further incentivising him or her to remain with the Group, a retention award may be made. As an incentive to remain with the Group requires a degree of certainty of value delivered to the individual at the end of the retention period, performance conditions are not generally applied to the ultimate payment of such an award.

Details of the current retention awards granted to the key management personnel are summarised below.

Key Management Personnel	Key terms and benefits
G Clarke	The original award of 279,728 shares was granted in December 2002 and was due to vest on 9 December 2007. However the award was extended with the number of shares increased by 27,973 and the vesting date changed to 20 June 2008. The award vested on 20 June 2008 at a value of A\$3,012,393 based on the closing share price on that date, A\$9.79.
R Taylor	The equity settled award of 337,630 shares valued at A\$5.5 million was granted on 3 October 2006 and vests in four equal tranches on 1 September 2007, 2008, 2009 and 2010. The first tranche of 84,407 shares vested on 1 September 2007 at a value of A\$1,607,953. The remaining tranches will vest if Mr Taylor remains in employment with the Group.
S McCann	The equity settled award of 141,367 shares valued at A\$2.5 million was granted on 22 August 2007 and vests on 30 June 2012. The award will vest if Mr McCann remains in employment with the Group. If Mr McCann's employment is terminated without cause by the Group prior to the vesting date, the award will vest on a pro-rata basis.

Refer to Sections 3d. and 3e. for further details of retention awards granted to key management personnel and other executives in the category of five highest paid.

Directors' Report continued

3. Remuneration Report continued

b. Remuneration Policy – Audited continued

Directors and Executives continued

Superannuation/Pension Plans

Pension plan arrangements are in place in most international locations. In the past, executives (and other employees) joined either a defined benefit or a defined contribution plan. Entry into all defined benefit plans has now ceased across the Group. All new Executive Directors and executives have the opportunity to join defined contribution plans.

Relationship of Remuneration to Company Performance

In considering the Group's performance and benefits for shareholder wealth, the Personnel and Organisation Committee, when setting the criteria for STI and LTI awards, has regard to the financial performance of the Group. The performance in respect of these measures for the current financial year and previous four financial years is summarised in the following table.

		2008	2007	2006	2005	Previous GAAP 2004
Statutory profit after tax ¹	A\$m	265.4	497.5	415.2	210.7	333.5
Operating profit after tax ¹	A\$m	447.1	413.7	354.2	310.4 ^{2, 3}	255.9 ³
Earnings per share ⁴	cents	120.9	120.5	96.1	n/a	n/a
Dividends paid and declared	A\$m	308.9	308.5	243.7	227.2	177.4
(Decrease)/increase in closing share price ⁵	A\$	(8.99)	4.55	1.03	2.68	1.93

- 1 Statutory profit after tax represents profit attributable to the equity holders of the parent. Operating profit after tax excludes unrealised property investment revaluation losses of A\$60.2 million after tax for the June 2008 financial year (A\$51.6 million revaluation gains after tax for the June 2007 financial year), reduction in carrying value of inventory in Crosby Lend Lease of A\$121.5 million after tax for the June 2008 financial year (A\$nil after tax for the June 2007 financial year) and excludes certain non recurring items (June 2007: ATO interest of A\$32.2 million after tax).
- 2 June 2005 is based on operating results excluding gains on exiting the REI businesses (A\$11.6 million after tax), cost savings implementation expenses (A\$47.7 million after tax), Lend Lease/GPT merger and net separation costs (A\$19.4 million after tax) and write-off of GPT and Homemaker management agreements (A\$44.2 million after tax).
- 3 June 2005 and June 2004 operating results have been restated to also exclude the impact of Group restructuring and merger costs (A\$18.5 million after tax). June 2004 was based on operating results excluding the profit from the sale of IBMGSA (A\$79.7 million after tax), impact of exiting the REI businesses (A\$2.3 million loss after tax) and capital loss tax benefits arising from Australian tax consolidations (A\$18.7 million after tax) and including capital loss tax benefits (A\$13.0 million recouped against the capital gain on the sale of IBMGSA).
- 4 For the 2006 and 2007 LTI awards, one vesting condition is EPS, as defined in this financial report (excluding treasury shares) adjusted for unrealised property investment revaluations (unless assets have been sold).
- 5 For cash settled LTI awards, the starting and ending share prices are based on the weighted average daily closing price over the award period (three months for the 2005, 2006 and 2007 LTI). For share settled LTI arrangements the value is based on share prices at the date the award is granted. The table above represents the movement in the closing share price on 30 June of each financial year.

Operating profit after tax and return on capital are considered in setting the STI targets while dividends, changes in Lend Lease Corporation share price are included in the TSR calculation, which is one of the performance hurdles assessed for the LTI.

The Personnel and Organisation Committee considers that the aforementioned external performance linked remuneration structure is appropriate because it:

- Represents shareholders' 'bottom line' and provides an objective measure of value created for shareholders;
- Is independent of accounting policies and accepted by institutional investors; and
- Is simple to benchmark externally.

Directors' Report continued

3. Remuneration Report continued

b. Remuneration Policy – Audited continued

Directors and Executives continued

Relationship of Remuneration to Company Performance continued

Non Executive Directors

Board fees/ Committee fees	Other fees/ benefits	Post-employment benefits
Board and Committee fees are set by reference to factors such as responsibilities and risks attached to the role, time commitment expected, independent advice and fees paid by peer companies. Current Board fees per annum are: – A\$140,000 for Board members (30 June 2007: A\$140,000). Current Committee fees per annum are: – A\$15,000 for members of the Risk Management and Audit, Personnel and Organisation, and Sustainability Committees (30 June 2007: A\$15,000). – A\$35,000 for Chairman of the Risk Management and Audit Committee (30 June 2007: A\$35,000). – A\$25,000 for Chairman of each of the Nomination, Personnel and Organisation and Sustainability Committees (30 June 2007: A\$25,000). – The Chair of the Board receives A\$500,000 per annum (30 June 2007: A\$500,000).	Non Executive Directors are compensated for time spent travelling to overseas Board and Board Committee meetings as follows: – \$Nil for travel less than four hours; – A\$2,000 each way for travel between four and 12 hours; and – A\$5,000 each way for travel over 12 hours. Non Executive Directors are also entitled to be reimbursed for all business related expenses, including travel, as may be incurred in the discharge of their duties.	Benefits are accrued in Lend Lease Corporation shares and will fluctuate in line with the value of Lend Lease shares. Under the plan, the Company will issue to, or acquire for, or for the benefit of, each Non Executive Director a number of Lend Lease Corporation shares equal in value to 0.2 times the Director's fees (being fees for attending and chairing Board and Board Committee meetings), but not additional fees. Allocations are made on 1 January each year based on the weighted average price of Lend Lease shares traded on the ASX during the five business days prior to 1 January each year. The shares will be accessible only on retirement, except if the shares need to be sold at an earlier time to meet a tax liability in respect of the shares. Two Non Executive Directors appointed prior to 1 January 2001 have also accrued benefits under the previous Retirement Benefit Plan, as follows: – G Edington A\$120,250 (30 June 2007: A\$111,249) – P Goldmark A\$128,032 (30 June 2007: A\$123,452)

Refer Section 3c. for details of fees and benefits earned by Non Executive Directors.

Directors' Report continued

3. Remuneration Report continued

c. Remuneration Details – Audited

Details of the total remuneration of the Directors of the Company are set out on the following tables. In accordance with the requirements of AASB 124, the remuneration disclosures in the remuneration tables are calculated on an accruals basis and only include remuneration relating to the portion of the relevant periods that each individual was a Director.

		Short Term			Post Employment		Share Based Payment		
		Base Fees A\$000s	Committee Chairman Fees A\$000s	Committee Fees A\$000s	Travel Fees A\$000s	Super- annuation A\$000s	Other Equity ¹ A\$000s	Total A\$000s	
Non Executive Directors	D Crawford	2008	500		38	13	100	651	
		2007	500		47	13	100	660	
P Colebatch		2008	140	25	15	13	36	281	
		2007	140	16	15	13	34	266	
G Edington		2008	140		30	13	34	269	
		2007	140		30	13	34	265	
P Goldmark		2008	140	25	15	13	36	277	
		2007	140	25	9	13	35	280	
J Hill		2008	140	25	15	13	36	287	
		2007	140	16	9	13	33	263	
D Ryan		2008	140	35	15	13	38	275	
		2007	140	35	9	13	36	277	
M Selway ²		2008	5				1	6	

1 Comprises entitlements under the Non Executive Directors' Retirement Benefit Plan.

2 Mr Selway was appointed as a Non Executive Director on 17 June 2008.

		Short Term				Post Employment		Share Based Payment				Other Long Term ⁹		(A+B+C+D)/E		
		Salary and Fees A\$000s	Cash Incentive Bonus ¹ A\$000s	Other Bonuses A\$000s	Non Monetary ² A\$000s	Super-annuation A\$000s	Life Insurance A\$000s	B LTI Cash Settled ³ A\$000s	C LTI Equity Settled ⁴ A\$000s	D STI Equity Settled ⁵ A\$000s	Retention A\$000s	Other Equity ⁶ A\$000s	Total A\$000s	E	Proportion of Remuneration Performance Related %	
Executive Directors	G Clarke	2008	1,929	350	421	608	60	(1,144)		904	(1,637) ⁶		28	1,519	7.2	
		2007	1,798	1,882	514	631	92	5,324			2,039		30	12,310	58.5	
	R Taylor	2008	1,046	182	7	249	5	(361)	487	627	1,803 ⁷		34	15	4,094	22.8
		2007	976	879		57	202	4	1,082			2,258	34	15	5,507	35.6

1 The cash element of all STI bonuses has been accrued and is based on the performance criteria as outlined in Section 3b. of this Report.

2 'Non Monetary' includes relocation benefits (such as housing, home leave travel and tax return advice) and motor vehicle costs.

3 Accrued value of cash settled LTI benefits for the year as determined by actuarial analysis. Negative amounts generally represent an accrual reversal for the 2005 LTI, which did not vest.

4 Represents fair value of 2006 and 2007 LTI that are equity settled.

5 Represents fair value of deferred element of STI that is equity settled at a grant date value of A\$18.73. Based on the 30 June 2008 Lend Lease Corporation share price the value of the awards is: Mr Clarke A\$461,141 and Mr Taylor A\$319,696.

6 Negative amount in relation to Mr Clarke's retention incentive recognised as the award value at the vesting date of 20 June 2008 was below the accrued value in the prior year. This excess accrual has been reversed in the June 2008 financial year. Refer to Section 3d. for further information.

7 Relates to Mr Taylor's equity settled retention incentive.

8 Comprises Mr Taylor's participation in the Employee Share Acquisition Plan (ESAP).

9 'Other Long Term' represents accrual of statutory employee entitlements.

Directors' Report continued

3. Remuneration Report continued

c. Remuneration Details – Audited continued

Details of the total remuneration of the executives of the Group are set out below and on the following page. In accordance with the requirements of AASB 124, the remuneration disclosures in the remuneration tables are calculated on an accruals basis and only include remuneration relating to the portion of the relevant periods that each individual was a key management person.

		Short Term			Post Employment			Share Based Payment				Other Long Term ¹⁰	E	(A+B+C+D)/E Proportion of Remuneration Performance Related %
		Salary and Fees A\$000s	Cash Incentive Bonus ¹ A\$000s	Other Bonuses A\$000s	Non Monetary ² A\$000s	Super- annuation A\$000s	Life Insurance A\$000s	End of Service A\$000	B	C	D			
Executives		A			Non Monetary ² A\$000s	Super- annuation A\$000s	Life Insurance A\$000s	End of Service A\$000	Cash Settled ⁴ A\$000s	LTI Equity Settled ⁵ A\$000s	STI Equity Settled ⁶ A\$000s	Retention/ Hybrid A\$000s	Other Equity ⁹ A\$000s	(A+B+C+D)/E Proportion of Remuneration Performance Related %
		Salary and Fees A\$000s	Cash Incentive Bonus ¹ A\$000s	Other Bonuses A\$000s										
S McCann	2008	1,005	182		65	95	1		(606)	440	342	441	15	17.9
	2007	855	1,026		1	79	2		758				15	64.9
Other Executives in the Category of Five Highest Paid														
M Coleman	2008	487	373		530	261	2		(130)	149	169	501 ⁷		23.9
	2008	318	173		42	12				191	123		240	44.0
M Menhinnitt	2008	658	623		40	359	1			136	95	(96) ⁸		46.8
B Soller	2008	511	155	475 ²	73	42	3		(134)	129	168			22.2
	2007	526	336	118	333	24	3		345					40.2
D Spencer	2008	330	97		406	50				79				18.2
Former														
D Kirkby ¹¹	2008	204			266	39	1	1,305			122			6.3
R Lourey ¹²	2008	46			1	1		955					1	
	2007	539	519		29	13			558				10	64.3
P Marchetto ¹³	2008	525			44	7	2	2,299				37 ⁷		
	2007	697	498		35	9	5		308			860 ⁷		33.4

1 The cash element of all STI bonuses has been accrued and is based on the performance criteria as outlined in Section 3b. of this Report.

2 Represents bonus received by Mr Soller as part of his permanent relocation to Australia.

3 'Non Monetary' includes relocation benefits (such as housing, home leave travel, cost of living and tax return advice) and motor vehicle costs.

4 Accrued value of LTI benefit for the year as determined by actuarial analysis. Negative amounts generally represent an accrual reversal for the 2005 LTI which did not vest.

5 Represents fair value of 2006 and 2007 LTI that are equity settled.

6 Represents fair value of deferred element of STI that is equity settled at a grant date value of A\$18,773. Based on the 30 June 2008 Lend Lease Corporation share price the value of the awards is: Mr McCann A\$174,373; Mr Coleman A\$86,284; Mr Hara A\$62,715; Mr Menhinnitt A\$48,438; Mr Soller A\$85,587; Mr Kirkby A\$62,323.

7 Relates to equity settled retention incentive.

8 'Hybrids' represent retention incentives that can be settled in cash or shares at the option of the executive.

9 Represents executive participation in the Employee Share Acquisition Plan (ESAP).

10 'Other Long Term' represents accrual of statutory employee entitlements.

11 Mr Kirkby terminated employment as Chief Executive Officer, Investment Management UK on 31 January 2008.

12 Mr Lourey resigned as Group Head of Human Resources on 31 July 2007.

13 Mr Marchetto terminated employment as Chief Executive Officer Bovis Lend Lease Americas on 22 April 2008.

Directors' Report continued

3. Remuneration Report continued

d. Long Term Incentives and Retentions – Audited

Criteria 1: The award is dependent upon the executive remaining with the Group. If the executive resigns before vesting, the grant will lapse.

Criteria 2: The award is dependent upon service to the vesting date, however, an early redemption date due to cessation of service may result in a pro rata payout.

Criteria 3: Progressive percentage monthly vesting of award over the respective award service life. The award was originally granted on 9 December 2002 and was due to vest on 9 December 2007. On 7 December 2007 however, the award was extended with the number of awards granted increased by 27,973 and the vesting date changed to 20 June 2008. The award subsequently vested on 20 June 2008 at a value of A\$3,012,393, based on the closing Lend Lease Corporation Limited share price on that date, A\$9.79.

Criteria 4: Forfeiture on resignation. Pro rata on other service cessation.

Criteria 5: The TSR of Lend Lease is at or greater than the median TSR of 18 comparator companies (with 25% vesting at median performance rising to 100% on reaching top quartile performance). The award did not vest at 30 June 2008 as the TSR performance hurdle was not achieved.

Criteria 6: The TSR of Lend Lease measured against the ASX100 companies (with 50% vesting at median performance, rising to 100% on reaching top quartile performance).

Criteria 7: The EPS of Lend Lease as reported in the financial statements adjusted for treasury shares and unrealised property investment revaluations (with 100% vesting if a minimum compound annual growth rate of 10% over the three year performance period).

Executive Directors	Grant Date	Vesting Date ¹	Granted Number	Award Value at Grant Date ²	Award Value at June 2008	Current Award Expensed 2008 ³				% Vested in the Year	% Forfeited in the Year ⁶	Service Criteria	Performance Criteria	Performance Share (PS)/ Retention
						LTI Cash Settled	LTI Equity Settled ⁴	Retention \$A	Retention \$A					
G Clarke	Dec 2002	Jun 2008	279,728	2,797,280	Vested				(1,911,027) ⁵	20		Criteria 3	none	Retention
	Dec 2007	Jun 2008	27,973	279,730	Vested				273,856	100		Criteria 3	none	Retention
	Jul 2005	Jun 2008	194,845	2,434,783	0	(1,157,379)					100	Criteria 4	Criteria 5	PS
	Jul 2006	Jun 2009	198,620	1,915,690	1,130,148	(227,089)						Criteria 4	Criteria 6,7	PS
	Jul 2007	Jun 2010	141,257	2,791,238	722,530	240,843						Criteria 4	Criteria 6,7	PS
					1,852,678	(1,143,625)			(1,637,171)					
R Taylor	Jul 2005	Jun 2008	60,819	759,994	0	(361,265)						Criteria 4	Criteria 5	PS
	Jul 2006	Jun 2009	80,243	773,944	766,321			257,981				Criteria 4	Criteria 6,7	PS
	Jul 2007	Jun 2010	59,717	687,641	570,297			229,214				Criteria 4	Criteria 6,7	PS
	Oct 2006	Sep 2007	84,407	1,374,992	Vested				259,354	100		Criteria 1	none	Retention
	Oct 2006	Sep 2008	84,407	1,374,992	806,087				718,923			Criteria 1	none	Retention
	Oct 2006	Sep 2009	84,408	1,375,008	806,096				472,537			Criteria 1	none	Retention
	Oct 2006	Sep 2010	84,408	1,375,008	806,096				351,925			Criteria 1	none	Retention
					3,754,897	(361,265)		487,195	1,802,739					
Total Directors					5,607,575	(1,504,890)		487,195	165,568					

¹ Performance shares are paid out at the share price at the vesting date if cash settled.

² Award value represents the number of shares granted at the share price on the grant date. The 2006 LTI terms and conditions were modified in August 2007 so that the award will vest in shares rather than cash for most specified executives. Mr Clarke's 2006 LTI continues to be cash settled.

³ Current award expensed represents the 2008 financial year accrued value of the LTI or retentions determined by actuarial analysis. The aggregate for each key person's grant is shown in Section 3c. of this Report under 'LTI Cash Settled', 'LTI Equity Settled' or 'Retention/Hybrids'. Negative amounts generally represent an accrual reversal for the 2005 LTI which did not vest.

⁴ Represents fair value of 2006 and 2007 LTI that are equity settled.

⁵ A negative amount was recognised in relation to Mr Clarke's retention incentive as the vesting value at 20 June 2008 was below the value accrued in the prior year. This excess accrual has been reversed in the June 2008 financial year.

⁶ The percentage forfeited during the year represents a reduction in the number of performance shares available to vest due to the highest level performance criteria not being achieved.

Directors' Report continued

3. Remuneration Report continued

d. Long Term Incentives and Retentions – Audited continued

	Current Award Expensed 2008 ³										Performance Share (PS)/ Retention		
	Grant Date	Vesting Date ¹	Granted Number	Award Value at Grant Date ² A\$	Award Value at June 2008 A\$	LTI		Retention/ Hybrids A\$	% Vested in the Year	% Forfeited in the Year ⁵			
						Cash Settled ³ A\$	Equity Settled ⁴ A\$						
Executives													
S McCann	Jul 2005	Jun 2008	102,033	1,275,004	0	(606,076)				100	Criteria 4	Criteria 5	PS
	Jul 2006	Jun 2009	65,621	632,915	626,681		210,972				Criteria 4	Criteria 6,7	PS
	Jul 2007	Jun 2010	59,717	687,641	570,297		229,214				Criteria 4	Criteria 6,7	PS
	Aug 2007	Jun 2012	141,367	2,500,000	1,350,052			441,093			Criteria 2	none	Retention
				2,547,030	(606,076)	440,186	441,093						
Others in the Category of Five Highest Paid													
M Coleman	Jul 2005	Jun 2008	21,847	273,000	0	(129,771)				100	Criteria 4	Criteria 5	PS
	Jul 2006	Jun 2009	24,394	235,280	232,963						Criteria 4	Criteria 6,7	PS
	Jul 2007	Jun 2010	18,346	211,254	175,204		78,427				Criteria 4	Criteria 6,7	PS
	Jul 2007	Jun 2010	80,214	1,500,000	766,044		70,418	500,912			Criteria 2	none	Retention
				1,174,211	(129,771)	148,845	500,912						
W Hara	Jul 2006	Jun 2009	31,384	302,699	299,717		100,900				Criteria 4	Criteria 6,7	PS
	Jul 2007	Jun 2010	23,360	268,990	223,088		89,663				Criteria 4	Criteria 6,7	PS
					522,805		190,563						
M Menhinnitt	Jul 2006	Jun 2009	5,929	57,185	56,622		19,062				Criteria 4	Criteria 6,7	PS
	Jul 2007	Jun 2010	30,364	349,641	289,976		116,547				Criteria 4	Criteria 6,7	PS
	Sep 2005	Jul 2008	39,463	526,436	376,872			(95,796)			Criteria 2	none	Retention
					723,470		135,609	(95,796)					
B Soller	Jul 2005	Jun 2008	22,608	282,510	0	(134,292)				100	Criteria 4	Criteria 5	PS
	Jul 2006	Jun 2009	21,398	206,384	204,351		68,795				Criteria 4	Criteria 6,7	PS
	Jul 2007	Jun 2010	15,688	180,647	149,820		60,216				Criteria 4	Criteria 6,7	PS
					354,171	(134,292)	129,011						
D Spencer	Jul 2007	Jun 2010	20,595	237,151	196,682		79,050				Criteria 4	Criteria 6,7	PS
Former													
Marchetto	Jul 2005	Jun 2008	110,664	1,453,834	Vested			37,286	100		Criteria 2	none	Retention ⁶

1 Performance shares are paid out at the share price at the vesting date if cash settled.

2 Award value represents the number of shares granted at the share price on the grant date. The 2006 LTI terms and conditions were modified in August 2007 so that the award will vest in shares rather than cash.

3 Current award expensed represents the 2008 financial year accrual value of the LTI or retentions determined by actuarial analysis. The aggregate for each key person's grant is shown in Section 3c. of this Report under 'LTI Cash Settled' or 'LTI Equity Settled'. Negative amounts generally represent an accrual reversal for the 2005 LTI which did not vest.

4 Represents fair value of 2006 and 2007 LTI that are equity settled.

5 The percentage forfeited during the year represents a reduction in the number of performance shares available to vest due to the highest level performance criteria not being achieved.

6 Retention that settled in cash at the option of the executive. Refer to Section 3e. for further information.

Directors' Report continued

3. Remuneration Report continued

e. Service Agreements – Audited

Non Executive Directors

Under the Company's constitution, at each Annual General Meeting one-third of the Directors and any other Director who will have been in office for three or more Annual General Meetings since he or she was elected (excluding the Managing Director) must retire from office and may submit themselves for re-election. Newly appointed Directors must seek election at the first meeting of shareholders following their appointment.

Executive Directors and Executives

Remuneration and other terms of employment for the key management personnel and other executives in the category of five highest paid are formalised in service agreements. All of the employment contracts contain the conditions below (other than where specified):

Length of contract	– No fixed term.
Benefits	– Australian resident executives are entitled to participate in the Lend Lease Employee Share Acquisition Plan; – Other benefits vary; however typically they may include health insurance, life insurance, car allowances or motor vehicle leases and benefits provided by the Lend Lease Foundation; – Executives who are relocated receive relocation packages. Benefits provided vary but typically include accommodation, health insurance, transfer allowances, visas, shipping costs, school fees, home leave travel and tax advisory services.
STI participation	– Executives are eligible for an award of STI remuneration. Refer to Section 3b. of this Report for further details and conditions.
LTI participation	– Executives are eligible for an award of LTI remuneration. Refer to Section 3b. of this Report for further details and conditions.
Non compete and non solicitation clauses	– Non compete and non solicitation terms vary in each individual's employment contract.
Termination of employment	– Unless otherwise stated below, termination payments include base salary for the remainder of the notice period not served (up to 12 months), pro rata STI entitlements and LTI entitlements in accordance with the LTI program rules; – All contracts with executives may be terminated early by either party; – Immediate termination for misconduct or a serious breach of any of the terms of employment.

Other major provisions of the agreements relating to remuneration are set out on pages 21 to 24.

Directors' Report continued

3. Remuneration Report continued

e. Service Agreements – Audited continued

Executive Directors and Executives continued

Executive Director	Key Employment Terms and Benefits	Termination Obligations
G Clarke	No fixed term however under the Lend Lease Corporation Constitution Mr Clarke was appointed as Managing Director for a term of five years effective 16 November 2006. Furthermore, his international assignment was extended to 30 September 2009 on the existing terms with the exception of home leave trips each term for children attending UK universities. If still employed by the Group as at 1 July 2009, Mr Clarke's expatriate arrangements will cease and he will be subject to local terms and conditions, including the following: – Tax return preparation; – Home leave trips under existing terms; – Storage and insurance of items in the UK; – Existing pension and life cover provisions.	Notice period: 12 months. Termination payments provided for under the contract: Base salary for the remainder of any notice period not served, cash value of pro rata benefits, pro rata STI entitlements (based on 60% achievement of objectives) and LTI entitlements in accordance with the LTI program rules. Non compete period post termination: Six months. Non solicitation period post termination: 12 months.
R Taylor	Retention award: – Award date: 3 October 2006. – Vest date: Three remaining equal tranches on each of: – 1 September 2008: 84,407 Lend Lease Corporation shares; – 1 September 2009: 84,408 Lend Lease Corporation shares; and – 1 September 2010: 84,408 Lend Lease Corporation shares. – Grant number and value: 337,630 Lend Lease Corporation shares, valued at A\$5,500,000 at award date. Refer to Section 3d. of this Report for further details. – Vesting conditions: Mr Taylor must remain in employment with the Group or the vesting date must fall within a period of notice of termination in order for each tranche to vest. – Forfeiture: The retention award is forfeited if Mr Taylor resigns and the vesting conditions set out above are not met.	Notice period: Six months (if instigated by the employee) or 18 months (if instigated by the Group). Termination on or after 1 September 2010: If Mr Taylor resigns or is terminated by the Group other than for cause on or after 1 September 2010: – LTI awards will vest as if employment had not been terminated; and – Any deferred component of an STI award not yet vested will vest in accordance with the rules as if employment had not been terminated. – Non compete period post termination: Six months. – Non solicitation period post termination: Two years.

Directors' Report continued

3. Remuneration Report continued

e. Service Agreements – Audited continued

Executive Directors and Executives continued

Executive	Key Employment Terms and Benefits	Termination Obligations
S McCann	Retention award: – Award date: 22 August 2007. – Vest date: 30 June 2012. – Grant number and value: 141,367 Lend Lease Corporation shares, valued at A\$2,500,000 at award date. Refer to Section 3d. of this Report for further details. – Vesting conditions: Mr McCann must remain in employment with the Group to the vesting date. If Mr McCann's employment is terminated without cause by the Group prior to the vesting date, the award will vest on a pro rata basis. – Forfeiture: The retention award is forfeited if Mr McCann resigns or is terminated for cause, and the vesting conditions set out above are not met.	Notice period: Three months (if instigated by the employee) or 12 months (if instigated by the Group). Termination payments provided for under the contract: If the Group terminates Mr McCann's employment, Mr McCann's most recent LTI award will be extended by 12 months from the date on which the Group provided him with notice of termination.
P Marchetto	Loans payable: Mr Marchetto had a loan payable of US\$300,000, payable at call. The loan was forgiven on 1 November 2005. In the event that prior to 31 July 2009 Mr Marchetto resigns from employment for other than 'good reason' (as defined in Mr Marchetto's employment contract) or the Group terminates Mr Marchetto's employment for cause, Mr Marchetto must pay to the Group as liquidated damages an amount equal to the forgiven principal plus interest accruing from 1 November 2005. The principal amount required to be repaid is reduced by US\$6,250 each month from August 2005 to July 2009 while Mr Marchetto is employed by the Group. Mr Marchetto will be reimbursed up to US\$8,500 per annum for membership dues at a club of Mr Marchetto's choosing that is suitable for business entertaining. Mr Marchetto terminated employment on 22 April 2008.	Termination payments provided for under the contract: If the Group terminates Mr Marchetto's service agreement without cause, or Mr Marchetto terminates the service agreement for 'good reason' (as defined by Mr Marchetto's service agreement), Mr Marchetto is entitled to all accrued obligations as well as a severance payment that is: – 1.5 times Mr Marchetto's annual base salary as of the termination date; – 1.5 times the greater of: (a) the STI paid to Mr Marchetto during his last full year of employment by the Group; or (b) the average of the STI paid to Mr Marchetto during each of the last three full years Mr Marchetto has been paid an STI by the Group; – A pro rata share of Mr Marchetto's STI and LTI as calculated on the termination date at the sole discretion of the Group; – All other benefits that have accrued as of the termination date; – Payments are made less applicable taxes, withholdings and deductions; – In addition to the severance payment, Mr Marchetto is entitled to a release benefit equal to six months of base salary as of the termination date if the Group terminates Mr Marchetto's service agreement without cause. The release benefit will be reduced by any applicable taxes, withholdings and deductions. – Non compete period post termination: 12 months. – Non solicitation period post termination: 12 months.

Directors' Report continued

3. Remuneration Report continued

e. Service Agreements – Audited continued

Executive Directors and Executives continued

Executive	Key Employment Terms and Benefits	Termination Obligations
M Coleman	Retention award: Award date: 1 July 2007. Vest date: 30 June 2010. Grant number and value: 80,214 Lend Lease Corporation shares to the value of A\$1,500,000 at the award date. Vesting conditions: Mr Coleman must remain in employment with the Group and not under notice given by him at the vesting date. If Mr Coleman's employment is terminated without cause by the Group prior to the vesting date, the award will vest on a pro rata basis. Forfeiture: The retention award is forfeited if Mr Coleman resigns or is terminated for cause prior to the vesting date.	Notice period: Six months. Assignment arrangements as set out above.
W Hara	Retention award: Award date: On or before 15 September 2008. Vest date: The anniversary of the award date. Grant number and value: Lend Lease Corporation shares to the value of A\$144,250 at the award date. Vesting conditions: Mr Hara must remain in employment with the Group and not under notice given by him at the vesting date. If Mr Hara's employment is terminated without cause by the Group prior to the vesting date, the award will vest on a pro rata basis. Forfeiture: The retention award is forfeited if Mr Hara resigns, gives notice to resign or is terminated for cause prior to the vesting date.	Notice period: Six months (if instigated by the employee) or 12 months (if instigated by the Group). Non compete period post termination: Six months. Non solicitation period post termination: Six months.
D Kirkby		Notice period: Six months. Assignment arrangements as set out above.
R Lourey		Notice period: Six months (if instigated by the employee) or 12 months (if instigated by the Group).

Directors' Report continued

3. Remuneration Report continued

e. Service Agreements – Audited continued

Executive	Key Employment Terms and Benefits	Termination Obligations
M Menhinitt		Notice period: Six months (if instigated by the employee) or 12 months (if instigated by the Group). Non compete period post termination: 12 months. Non solicitation period post termination: 12 months.
B Soller	Relocation benefits as part of permanent relocation to Australia. Assignment bonus of A\$188,625 that was paid during August 2007 and was only to be reimbursed if Mr Soller resigned or was terminated by the Company prior to 12 October 2007. Retention award: Award date: On or before 15 September 2008. Vest date: The anniversary of the award date. Grant number and value: Lend Lease Corporation shares to the value of A\$116,250 at the award date. Vesting conditions: Mr Soller must remain in employment with the Group and not under notice given by him at the vesting date. If Mr Soller's employment is terminated without cause by the Group prior to the vesting date, the award will vest on a pro rata basis. Forfeiture: The retention award is forfeited if Mr Soller resigns, gives notice to resign or is terminated for cause prior to the vesting date.	Notice period: Six months (if instigated by the employee) or 12 months (if instigated by the Company). Non compete period post termination: Six months. Non solicitation period post termination: Six months.
D Spencer	Retention award: Award date: On or before 15 September 2008. Vest date: The anniversary of the award date. Grant number and value: Lend Lease Corporation shares to the value of A\$81,018 at the award date. Vesting conditions: Mr Spencer must remain in employment with the Group and not under notice given by him at the vesting date. If Mr Spencer's employment is terminated without cause by the Group prior to the vesting date, the award will vest on a pro rata basis. Forfeiture: The retention award is forfeited if Mr Spencer resigns, gives notice to resign or is terminated for cause prior to the vesting date.	Notice period: Six months (if instigated by the employee) or 12 months (if instigated by the Company). Non compete period post termination: 12 months. Non solicitation period post termination: 12 months. Assignment arrangements as set out above.

Directors' Report continued

3. Remuneration Report continued

f. Additional Information – Audited

Additional information in relation to key management personnel's equity holdings and transactions, loans and other transactions is contained in Note 35. of the Consolidated Financial Statements.

4. Other

a. Share Options

No share options were issued during the year by the Company or any of its controlled entities, and there are no such options on issue.

b. Indemnification and Insurance of Directors and Officers

The Company's Constitution provides for indemnification in favour of each of the Directors named on pages 2 to 4 of this Report; the Company Secretaries, Mr W Hara and Ms S J Sharpe; and 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*.

For related entities, the indemnification is provided unless the Directors determine otherwise. For unrelated entities in which the Group has an interest, deeds of indemnity may be entered into between Lend Lease 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.

In accordance with the *Corporations Act 2001*, 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, and whatever their outcome. During the year, the Company paid insurance premiums of A\$502,640 in respect of its Directors' and Officers' liability policies. Due to confidentiality obligations and undertakings of the policy, no further details in respect of the premium or policy can be disclosed.

c. Non Audit Services

During the year KPMG, the Group's auditor, performed certain other services in addition to its statutory duties.

The Board has considered the non audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Risk Management and Audit Committee, is satisfied that the provision of those non audit 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 reasons:

- All non audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Risk Management and Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non audit 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 this Report.

Details of the amounts paid to the auditor of the Group, KPMG, and its related practices for audit and non audit services provided during the year are set out below.

	Consolidated	
	June 2008 A\$000s	June 2007 A\$000s
Audit and Review of Financial Reports	6,816	6,798
Other Services		
KPMG		
International assignees tax services	26	202
Tax services	58	456
Accounting advice		82
Other services	152	260
Total other services	236	1,000
Total audit and other services	7,052	7,798

Directors' Report continued

4. Other continued

d. Rounding Off

Lend Lease Corporation Limited is a company of the kind referred to in the Australian Securities and Investments Commission Class Order 98/100 dated 10 July 1998 and, in accordance with that Class Order, amounts in the Consolidated Financial Statements and this Report have been rounded off to the nearest tenth of a million dollars or, where the amount is A\$50,000 or less, zero, 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.



D A Crawford
Chairman

Sydney, 21 August 2008



G A Clarke
Managing Director



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

To: the Directors of Lend Lease Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

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

A handwritten signature in black ink, appearing to be 'KPMG' or a similar stylized mark.

KPMG

A handwritten signature in black ink, appearing to be 'C Hall'.

C Hall
Partner

Sydney

21 August 2008

Consolidated Financial Statements

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Consolidated Financial Statements

Income Statements

Year ended 30 June 2008

	Note	Consolidated June 2008 A\$m	Consolidated June 2007 A\$m	Company June 2008 A\$m	Company June 2007 A\$m
Revenue					
Revenue from the sale of development properties	2a	805.3	1,036.3		
Revenue from the provision of services	2b	13,569.5	12,948.2		
Finance revenue	2c	96.9	101.8	4.3	14.7
Other revenue	2d	206.2	195.6	729.8	319.1
Total revenue		14,677.9	14,281.9	734.1	333.8
Other Income	3	70.9	173.3	6.0	3.2
Expenses					
Retail activities		(130.9)	(66.2)		
Communities activities					
Cost of properties sold		(747.3)	(788.8)		
Other expenses		(235.7)	(224.9)		
Public Private Partnerships (PPP) activities					
Cost of inventories sold		(813.1)	(634.5)		
Other expenses		(95.3)	(71.8)		
Investment Management activities		(53.3)	(35.1)		
Project Management and Construction activities					
Cost of inventories sold		(11,883.9)	(11,694.6)		
Other expenses		(369.3)	(330.4)		
Corporate and administrative activities expenses		(101.3)	(88.8)	(86.2)	61.8
Finance costs	4	(86.0)	(81.7)		(10.5)
Total expenses		(14,516.1)	(14,016.8)	(86.2)	51.3
Share of profit of associates accounted for using the equity method	10a	65.1	141.1		
Share of profit of joint venture entities accounted for using the equity method	10b	23.7	48.5		
Profit before tax		321.5	628.0	653.9	388.3
Income tax (expense)/revenue	5a	(62.5)	(127.8)	15.5	2.7
Profit after tax		259.0	500.2	669.4	391.0
Profit/(loss) after tax attributable to:					
Members of Lend Lease Corporation Limited	25	265.4	497.5	669.4	391.0
Minority interests		(6.4)	2.7		
Profit after tax		259.0	500.2	669.4	391.0
Basic Earnings Per Share					
Shares excluding treasury shares (cents)	6b	71.6	134.5		
Shares on issue (cents)	6b	66.2	124.3		
Diluted Earnings Per Share					
Shares excluding treasury shares (cents)	6c	71.6	134.4		
Shares on issue (cents)	6c	66.2	124.2		

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Balance Sheets

As at 30 June 2008

		Consolidated		Company	
	Note	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
Current Assets					
Cash and cash equivalents	7	842.8	550.1	18.5	2.0
Loans and receivables	8	2,437.4	2,211.5	3,154.6	2,484.5
Inventories	9	773.1	911.2		
Current tax assets	5b		7.1		
Other financial assets	12	84.7	646.5	18.5	1.8
Other assets	16	43.2	187.8		
Total current assets		4,181.2	4,514.2	3,191.6	2,488.3
Non Current Assets					
Loans and receivables	8	415.1	312.5	63.6	112.5
Inventories	9	1,332.3	1,326.1		
Investments accounted for using the equity method	10	1,047.2	1,126.5		
Investment properties	11	190.4	256.6		
Other financial assets	12	391.4	437.8	1,384.7	1,558.6
Deferred tax assets	5c	121.5	415.9	21.5	32.0
Property, plant and equipment	13	145.2	116.9	0.2	0.2
Intangible assets	14	730.1	788.1		
Defined benefit plan asset	15	28.7	23.1	28.7	23.1
Other assets	16	11.8	18.5		
Total non current assets		4,413.7	4,822.0	1,498.7	1,726.4
Total assets		8,594.9	9,336.2	4,690.3	4,214.7
Current Liabilities					
Trade and other payables	17	3,717.9	3,612.0	1,537.2	1,431.2
Provisions	19	215.4	250.7	43.3	45.7
Current tax liabilities	5b	53.7		74.6	27.6
Other financial liabilities	20	0.1	5.6	9.3	11.1
Other non financial liabilities	21	0.3	0.5		
Total current liabilities		3,987.4	3,868.8	1,664.4	1,515.6
Non Current Liabilities					
Trade and other payables	17	80.8	217.0		
Borrowings and financing arrangements	18	929.3	1,076.2		
Provisions	19	45.3	13.4	0.7	0.4
Deferred tax liabilities	5c	188.4	504.5		8.7
Other financial liabilities	20	200.8	256.7	51.1	69.8
Other non financial liabilities	21	0.8	0.2		
Defined benefit plan liability	22	118.1	156.4		
Total non current liabilities		1,563.5	2,224.4	51.8	78.9
Total liabilities		5,550.9	6,093.2	1,716.2	1,594.5
Net assets		3,044.0	3,243.0	2,974.1	2,620.2
Equity					
Issued capital	23	854.7	854.4	854.7	854.4
Treasury shares	23	(62.6)	(67.4)	(87.6)	(92.5)
Reserves	24	(9.6)	117.1	192.5	173.5
Retained earnings	25	2,205.5	2,257.4	2,014.5	1,684.8
Total equity attributable to equity holders of the parent		2,988.0	3,161.5	2,974.1	2,620.2
Minority interests	26	56.0	81.5		
Total equity		3,044.0	3,243.0	2,974.1	2,620.2

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statements of Changes in Equity

Year ended 30 June 2008

		Consolidated		Company	
	Note	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
Issued Capital and Treasury Shares					
Issued Capital					
Opening balance at beginning of financial year		854.4	834.7	854.4	834.7
Ordinary share issues		0.3	19.7	0.3	19.7
Closing balance at end of financial year	23	854.7	854.4	854.7	854.4
Treasury Shares					
Opening balance at beginning of financial year		(67.4)	(64.5)	(92.5)	(89.6)
Treasury shares acquired		(1.6)	(6.7)	(1.5)	(6.7)
Treasury shares vested		6.4	3.8	6.4	3.8
Closing balance at end of financial year	23	(62.6)	(67.4)	(87.6)	(92.5)
Total issued capital and treasury shares		792.1	787.0	767.1	761.9
Reserves					
Fair Value Revaluation Reserve					
Opening balance at beginning of financial year		130.2	101.7	1.3	0.8
Revaluation gain taken to equity (net of tax)		3.2	162.1	(1.4)	0.5
Transfer of fair value revaluation reserve to income statement on asset disposal (net of tax)		(58.5)	(133.4)		
Effect of foreign exchange rate/other movements		6.2	(0.2)		
Closing balance at end of financial year	24a	81.1	130.2	(0.1)	1.3
Hedging Reserve					
Opening balance at beginning of financial year ¹		(9.9)	5.0		
Movements attributable to effective cash flow hedges taken to equity (net of tax)		(5.4)	(20.8)		
Transfer of hedging reserve to income statement			(1.1)		
Effect of foreign exchange rate/other movements		1.9	7.0		
Closing balance at end of financial year	24b	(13.4)	(9.9)	–	–
Foreign Currency Translation Reserve					
Opening balance at beginning of financial year		(50.7)	4.4		
Movements attributable to translation and hedging of foreign operations		(112.3)	(55.1)		
Transfer of foreign currency translation reserve to income statement on return of capital		0.8			
Closing balance at end of financial year	24c	(162.2)	(50.7)	–	–
Equity Compensation Reserve					
Opening balance at beginning of financial year		12.3	7.6	12.3	7.6
Movements attributable to unallocated treasury shares		21.3	4.7	21.3	4.7
Closing balance at end of financial year	24d	33.6	12.3	33.6	12.3
Other Compensation Reserve					
Opening balance at beginning of financial year		55.3	55.3	55.3	55.3
Movements attributable to sale of unallocated treasury shares		(0.9)		(0.9)	
Closing balance at end of financial year	24e	54.4	55.3	54.4	55.3

¹ The June 2007 opening hedging reserve of A\$(14.4) million has been adjusted to A\$5.0 million to align inconsistent accounting policies between associates (held by UK PPP) and Lend Lease. The adjustment also impacts retained earnings.

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statements of Changes in Equity continued

Year ended 30 June 2008

	Note	Consolidated		Company	
		June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
Capital Reserve					
Opening balance at beginning of financial year		104.6	104.6	104.6	104.6
Closing balance at end of financial year	24f	104.6	104.6	104.6	104.6
Minority Interest Acquisition Reserve					
Opening balance at beginning of financial year		(124.7)	(109.5)		
Movements attributable to acquisition			(20.0)		
Effect of foreign exchange rate movements		17.0	4.8		
Closing balance at end of financial year	24g	(107.7)	(124.7)	–	–
Total reserves	24	(9.6)	117.1	192.5	173.5
Retained Earnings					
Opening balance at beginning of financial year ¹		2,257.4	1,998.8	1,684.8	1,550.0
Profit attributable to members of Lend Lease Corporation Limited		265.4	497.5	669.4	391.0
Dividends forgone pursuant to Share Election Plan			6.5		6.5
Dividends paid		(341.0)	(263.9)	(341.0)	(263.9)
Dividends on treasury shares		25.5	20.2		
Gain on utilisation of treasury shares recognised directly in retained earnings		1.8	0.8	1.3	1.2
Other		(3.6)	(2.5)		
Closing balance at end of financial year	25	2,205.5	2,257.4	2,014.5	1,684.8
Minority Interests					
Opening balance at beginning of financial year		81.5	73.2		
Share of movement in profit for financial year		(6.4)	2.7		
Movements attributable to capital contributions/acquisitions		3.1	14.9		
Movements attributable to disposal		(12.4)	(5.1)		
Effect of foreign exchange rate/other movements		(9.8)	(4.2)		
Closing balance at end of financial year	26	56.0	81.5	–	–
Total equity		3,044.0	3,243.0	2,974.1	2,620.2
Total Recognised Income and Expense for Financial Year					
Non profit items recognised directly in equity		(114.5)	86.2	(1.4)	0.5
Profit after tax for financial year		259.0	500.2	669.4	391.0
		144.5	586.4	668.0	391.5
Total income and expense for financial year attributable to:					
Members of Lend Lease Corporation Limited		158.4	583.8	668.0	391.5
Minority interests		(13.9)	2.6		
		144.5	586.4	668.0	391.5

¹ The June 2007 opening retained earnings of A\$2,018.2 million has been adjusted to A\$1,998.8 million to align inconsistent accounting policies between associates (held by UK PPP) and Lend Lease. The adjustment also impacts the hedging reserve.

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statements of Cash Flows

Year ended 30 June 2008

		Consolidated		Company	
	Note	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
Cash Flows from Operating Activities					
Cash receipts in the course of operations		13,590.1	12,526.2	54.6	60.9
Cash payments in the course of operations		(13,370.4)	(12,388.5)	(55.5)	(85.4)
Property development receipts	33b	804.7	1,169.5		
Property development expenditure	33b	(976.8)	(1,007.7)		
Interest received ¹		150.9	52.1	4.4	14.9
Interest paid		(78.2)	(48.3)		(10.6)
Dividends/distributions received		118.0	134.7	674.7	255.9
Income tax received/(paid) in respect of operations		30.4	(80.8)	27.2	7.8
Net cash provided by operating activities	33a	268.7	357.2	705.4	243.5
Cash Flows from Investing Activities					
Sale/redemption of investments		1,075.5	567.6		
Acquisition of investments		(509.7)	(843.9)	(18.2)	
Acquisition of investment properties		(1.2)	(55.0)		
Acquisition of business	33c	(17.0)			
Loans to associates/related parties		(88.2)	(15.8)		
Acquisition of minority interest		(17.7)	(1.4)		
Disposal of consolidated entities (net of cash disposed)	28b	(6.6)	26.4	173.9	
Sale of property, plant and equipment		0.1	509.0		
Acquisition of property, plant and equipment		(58.0)	(567.4)	(0.1)	(0.1)
Acquisition of intangible assets		(12.7)	(2.2)		
Net cash provided by/(used in) investing activities		364.5	(382.7)	155.6	(0.1)
Cash Flows from Financing Activities					
Proceeds from borrowings			1,567.2		
Repayment of borrowings			(1,287.8)		
Dividends paid		(315.5)	(237.2)	(341.0)	(257.4)
(Increase)/decrease in financing of consolidated entities				(503.5)	14.5
Increase in capital of minority interest		3.1	14.9		
Net cash (used in)/provided by financing activities		(312.4)	57.1	(844.5)	(242.9)
Other Cash Flow Items					
Effect of foreign exchange rate movements on cash and cash equivalents		(28.1)	(41.0)		
Net increase/(decrease) in cash and cash equivalents		292.7	(9.4)	16.5	0.5
Cash and cash equivalents at beginning of financial year		550.1	559.5	2.0	1.5
Cash and cash equivalents at end of financial year	7	842.8	550.1	18.5	2.0

¹ June 2008 includes interest from the Australian Taxation Office (ATO) following a favourable judgement in the Federal Court on a tax dispute with the ATO.

The accompanying notes form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies

Lend Lease Corporation Limited ('the Company') is domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2008 comprises the Company and its subsidiaries (together referred to as the 'consolidated entity' or the 'Group') and the consolidated entity's interest in associates and jointly controlled entities.

The financial report was authorised for issue by the Directors on 21 August 2008.

a. Statement of Compliance

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*. The consolidated financial report of the Group also complies with International Financial Reporting Standards (IFRS) and Interpretations adopted by the International Accounting Standards Board.

b. Basis of Preparation

The financial report is presented in Australian dollars and 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, investments available for sale, investment property 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 in Notes 1. and 31e. for a summary of the basis of valuation of assets and liabilities measured at fair value.

The preparation of a financial report that complies with AASBs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Information about critical accounting judgements in applying the Group's accounting policies is set out in Accounting Policy Note 1ad.

The accounting policies set out below have been applied consistently to all financial years presented in the consolidated financial statements and by all entities in the consolidated entity.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

Basis of Consolidation

The Group consolidation comprises all entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. 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 Group invests in special purpose entities (SPE) for trading and investment purposes. The SPE are consolidated if the substance of the relationship with the Group is such that the Group controls the SPE. The Group will also consolidate the SPE if the Group is expected to obtain the majority of the benefits and/or is exposed to the majority of the residual risks of the SPE or its net assets.

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 in the Company's financial statements. The Company sponsors a number of employee benefit vehicles, including employee share plans. Under AASBs, these vehicles, while not legally controlled, are required to be consolidated for accounting purposes.

c. New Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for the financial year ended 30 June 2008 but are available for early adoption. The Group has not applied the following standards in preparing this financial report. The Group's assessment of these new standards and interpretations is set out below:

- Revised AASB 3 'Business Combinations' and AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127'.

AASB 3 and AASB 2008-3 are applicable to annual reporting periods beginning on or after 1 July 2009. These standards change the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests.

- AASB 8 'Operating Segments' and AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8'.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

c. New Accounting Standards continued

AASB 8 and AASB 2007-3 are applicable to annual reporting periods beginning on or after 1 January 2009. These standards replace the presentation requirements of segment reporting in AASB 114 'Segment Reporting'. The standards may result in different segments, segment results and different types of information being reported in the segment note of the financial report. The possible changes to disclosure are not expected to affect the financial results of the Group.

- Revised AASB 101 'Presentation of Financial Statements' (September 2007) and AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101'.

AASB 101 and AASB 2007-8 are applicable to annual reporting periods beginning on or after 1 January 2009. These standards introduce the statement of comprehensive income and make changes to the statement of changes in equity. These standards are only concerned with disclosure in the financial report and application will not affect the financial results of the Group.

- Revised AASB 123 'Borrowing Costs' and AASB 2007-6 'Amendments to the Australian Accounting Standards arising from AASB 123'.

AASB 123 and AASB 2007-6 are applicable to annual reporting periods beginning on or after 1 January 2009. These standards remove the option to expense borrowing costs and requires borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset to be capitalised. The potential effect of AASB 123 and AASB 2007-6 on the Group's future earnings is yet to be determined.

- Revised AASB 127 'Consolidated and Separate Financial Statements' and AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127'.

AASB 127 and AASB 2008-3 are applicable to annual reporting periods beginning on or after 1 July 2009. These standards change the accounting for investments in subsidiaries, in particular the impact of changing ownership interests in subsidiaries.

- Revised AASB 2008-1 'Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations'.

AASB 2008-1 is applicable to annual reporting periods beginning on or after 1 January 2009. The standard changes the measurement of share-based payments that contain non-vesting conditions. The potential effect of AASB 2008-1 on the Group's financial statements is yet to be determined.

- AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project'.

AASB 2008-5 is applicable to annual reporting periods beginning on or after 1 January 2009. The standard amends several AASBs terms of accounting recognition, measurement and presentation. The potential effect of AASB 2008-5 on the Group's financial statements is yet to be determined.

- AASB Interpretation 12 'Service Concession Arrangements'.

AASB Interpretation 12 is applicable to annual reporting periods beginning on or after 1 January 2008. The Interpretation addresses the accounting for service concession operators, but not grantors, for public to private service concession arrangements. The Group has a project team that is assessing the implications of these changes on the Private Finance Initiatives (PFIs) in Europe. The Group has not yet quantified the expected effect of the adoption of the Interpretation.

d. Revenue, Other Income and Profits

Revenue and Profits from the Sale of Development Properties

Revenue and profits from the sale of development properties are recognised in the income statement when:

- The significant risks and rewards have been transferred to the buyer;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the development properties sold;
- The revenue can be measured reliably and it is probable that the Group will receive the consideration due; and
- The Group can measure reliably the costs incurred or to be incurred.

Revenue from the Provision of Services

Revenue from the provision of services is recognised in the income statement in proportion to the stage of completion of the transactions at the balance sheet date:

- For property construction: the value of work performed using the percentage complete method, which is measured by reference to actual costs to date as a percentage of total forecast costs for each contract;
- For property and funds management: property development and management fee entitlements for services rendered; and
- For management of retirement villages: deferred management fees are recognised on an accruals basis based on a present value (or discounted) assessment of revenue earned from the management agreements on retirement villages at expected sales values of properties when the fees will be received.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

d. Revenue, Other Income and Profits continued

Dividends

Dividend income is recognised when the right to receive payment is established, usually on declaration of the dividend.

Rental Income

Rental income is recognised in the income statement on a straight line basis over the term of the lease unless another systematic basis is more appropriate. Lease incentives granted are recognised as an integral part of the total rental income.

Net Gains or Losses on Sale of Investments

Net gains or losses on sale of investments are recognised when an unconditional contract is in place.

Interest Income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

e. Income Taxes

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 to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is measured using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not 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 tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are 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 be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company is the head entity in the Australian Tax Consolidated Group comprising all the Australian wholly owned subsidiaries. The Company entered the Australian Tax Consolidation Regime effective 1 July 2002.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the Australian wholly owned subsidiaries of the Australian Tax Consolidated Group (after elimination of intragroup transactions).

The Australian Tax Consolidated Group has entered into a tax funding arrangement that requires wholly owned Australian subsidiaries to make contributions to the Company for tax liabilities and deferred tax balances arising from external transactions occurring after the implementation of tax consolidation. The contributions are broadly calculated as if each entity paid tax on a stand alone basis.

The assets and liabilities arising under the Australian tax funding arrangement are recognised as intercompany assets and liabilities (at call) with a consequential adjustment to income tax expense/revenue.

f. Impairment

The carrying amounts of the Group's assets, investment properties (see Accounting Policy Note 1h.), inventories (see Accounting Policy Note 1n.) and deferred tax assets (see Accounting Policy Note 1e.) 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. For goodwill and intangible assets with an indefinite useful life, the recoverable amount is estimated annually. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless an asset has been previously revalued through reserves.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (or group of units) and then to reduce the carrying amount of other assets in the unit (or group of units) on a pro rata basis.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

f. Impairment continued

Calculation of Recoverable Amount

The recoverable amount of the Group's investments in held to maturity securities and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial (see Accounting Policy Note 11.).

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For assets that do not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which each asset belongs.

Reversals of Impairment

An impairment loss in respect of a held to maturity security or receivable is reversed if a subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in estimates used to determine the recoverable amount.

An impairment loss is reversed (other than goodwill) 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.

g. Investments

The Group classifies its investments in debt and equity securities in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available for sale financial assets. The classification depends on the purpose for which the investments were acquired.

Financial Assets at Fair Value through Profit or Loss

This category has two subcategories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term (held for trading) or if so designated by management either to eliminate a measurement or recognition inconsistency, or where a group of financial assets is managed, and its performance is evaluated, on a fair value basis (at inception). Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

Loans and Receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date.

Held to Maturity Investments

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intent and ability to hold to maturity.

Available for Sale Financial Assets

Available for sale financial assets are non derivatives that are either designated in this category or not classified in any other category. They are included in non current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and Measurement Criteria

Purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are de-recognised when the rights to receive cash flows from the investments have expired or been transferred and the Group has transferred substantially all the risks and rewards of ownership. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the financial year in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available for sale are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

g. Investments continued

Recognition and Measurement Criteria continued

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, and discounted cash flow analysis. Refer to Note 31e. for a summary of the basis of valuation of investments measured at fair value.

At each balance sheet date the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

h. Investment Properties

Investment properties are stated at fair value based on periodic, but at least triennial, valuations by external independent valuers. It is the policy of the Group to review the carrying value of each property every six months. Fair value is based on current prices in an active market for similar properties in the same location and condition. If this information is not available, the Group uses alternative calculation methods such as discounted cash flow projections, recent prices on less active markets or capitalised income projections. Capitalised income projections are based on a perpetuity of net operating income using a capitalisation rate derived from market evidence.

The valuations for the Senior Living properties are supported by actuarial assessments performed by Lend Lease based on its detailed knowledge and recent experience in the location and category of the property being valued. Any gain or loss arising from a change in fair value is recognised in the income statement. Rental income from investment properties is accounted for as described in Accounting Policy Note 1d.

When an item of owner occupied property, plant and equipment (see Accounting Policy Note 1o.) becomes an investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item, the gain is transferred to retained earnings. Any loss is recognised in the income statement immediately.

When an item of self constructed property, plant and equipment becomes an investment property following a change in its use, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement.

Expenses capitalised to properties may include the cost of acquisition, additions, refurbishments, redevelopments, borrowing costs and fees incurred.

i. Associates

Associates (including partnerships) are entities in which the Group, as a result of its voting rights, has significant influence, but not control, over financial and operating policies. Investments in associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. Investments in associates 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 associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

Dividends from associates 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 associates are eliminated against the investment in the associate to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Venture Capital Exemption

Investments held by Lend Lease Ventures' investment portfolio are carried at fair value even though the Group may have significant influence over those entities. This accounting is permitted by AASB 128 'Investments in Associates' which requires investments held by venture capital organisations to be excluded from its scope when those investments are designated as at 'fair value through profit or loss' from inception. The investments made by Lend Lease Ventures may be considered to be venture capital in nature due to management of the investments on a portfolio basis, and is unrelated to the Group's key business activities. The application of this exemption is assessed on each investment made by Lend Lease Ventures.

Refer Note 1g. for analysis of recognition and measurement criteria of investments classified and measured at 'fair value through profit or loss'.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

j. Joint Venture Entities

A joint venture entity is an entity which has a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

Investments in joint venture entities are accounted for using the equity method. Investments in joint venture entities are carried at the lower of the equity accounted carrying amount and recoverable amount.

The Group's share of joint venture entities' profit or loss after tax is recognised in the income statement from the date joint control commences until the date joint control ceases. Other movements in joint venture entities' reserves are recognised directly in consolidated reserves.

Unrealised gains arising from transactions with joint venture entities are eliminated against the investment in the joint venture to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

k. Joint Venture Operations

A joint venture operation is a joint venture that is not in the form of an entity. The Group's interest in an unincorporated joint venture is brought to account by including its interest in the following amounts in the appropriate categories in the balance sheet and income statement:

- Each of the individual assets employed in the joint venture;
- Liabilities incurred by the consolidated entity in relation to the joint venture and the liabilities for which it is jointly and/or severally liable;
- Expenses incurred in relation to the joint venture; and
- Revenue earned in relation to the joint venture.

l. Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and fair value, which is estimated as the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

m. Pre Contract and Project Bidding Costs

The Group expenses all pre contract and project bidding costs, unless there is a high degree of certainty that a contract will be entered into (at least preferred bidder status) and that the costs will be fully recoverable from contract revenues. Costs previously expensed are not subsequently reinstated when a contract award is achieved.

n. Inventories

Property Held for Sale

Property acquired for development and sale in the ordinary course of business is carried at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of property held for sale is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition, including borrowing costs incurred. Property expected to be sold within 12 months of the end of the financial year is classified as current inventory.

The recoverable amount of each holding is assessed at each financial year and a provision for diminution in value is raised by the Directors where cost (including costs to complete) exceeds net realisable value. In determining the recoverable amount, the Directors have regard to independent valuations obtained in accordance with Accounting Policy Note 1h., the market conditions affecting each property and the underlying strategy for selling the property.

Construction and Development Work in Progress

The gross amount of construction and development work in progress consists of costs attributable to work performed together with emerging profit and after providing for any foreseeable losses.

o. Property, Plant and Equipment

Owned Assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses (see Accounting Policy Note 1f.). The cost of self constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

o. Property, Plant and Equipment continued

Owned Assets continued

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property.

Where an item of property, plant and equipment comprises components having different useful lives, they are accounted for as separate items of property, plant and equipment. The residual value, useful life and depreciation method applied to an asset are reassessed at least annually.

Leased Assets

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Plant and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses (see Accounting Policy Note 1f.).

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Subsequent Expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment, and major components that are accounted for separately. Amortisation is provided on leasehold improvements over the remaining term of the lease. Most plant is depreciated over a period not exceeding ten years, furniture and fittings over 15 years, motor vehicles over eight years and computer equipment over three years. Land is not depreciated.

p. IT Software Systems

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs directly associated with producing identifiable and unique software products consolidated by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development, employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (three to five years).

q. Intangible Assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets and contingent liabilities of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets as goodwill. Goodwill on acquisitions 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 (or groups of cash generating units) that are expected to benefit from the synergies of the combinations, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Management Agreements and Other Intangible Assets

Management agreements and other intangible assets acquired by the Group are stated at cost less accumulated amortisation and impairment losses (see Accounting Policy Note 1f.). Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of the intangible assets. Management rights of an unlisted property fund are amortised over the useful life of ten years. The retirement rights to manage the Lutanda village acquired have an indefinite useful life and are not amortised but are tested annually for impairment. The recoverable amount of management agreements and other intangible assets is assessed using independent valuations or alternative calculation methods such as discounted cash flow projections. The rights are for an unlimited period and there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

r. Employee Benefits

Superannuation/Pension Obligations

Group companies operate various superannuation and pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. 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. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity.

The asset and liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation 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, and that have terms to maturity approximating the terms of the related pension liability.

All actuarial gains and losses as at 1 July 2004, the date of transition to Australian International Financial Reporting Standards (AIFRS), were recognised. In respect of actuarial gains and losses that arise subsequent to 1 July 2004 in calculating the consolidated entity's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised in the income statement, it is recognised in the balance sheet against the defined benefit plan asset or liability.

Past service costs are recognised immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, past service costs are amortised on a straight line basis over the vesting period.

For defined contribution plans, the Group pays contributions to publicly or privately administered superannuation/pension insurance plans on a mandatory, contractual or voluntary basis. 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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Current Employee Entitlements

The provisions for employee entitlements to wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided up to the balance date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at each balance date, including related on-costs. Non accumulating non monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the consolidated entity as the benefits are taken by the employees.

Non Current Employee Entitlements

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to balance date. Consideration is given to expected future increases in wage and salary rates, including related on-costs and expected settlement dates based on turnover history.

Share Based Compensation

The Group operates cash settled and equity settled share based compensation plans that are referable to Lend Lease's share price. The fair value of the employee services received in exchange for the grant is recognised as an expense and a corresponding liability (if cash settled) or a corresponding increase in equity (if equity settled). The total amount to be expensed over the vesting period is determined by reference to the fair value of the services granted. At each balance sheet date, the entity revises its estimates of the entitlement due. It recognises the impact of revision of original estimates, if any, in the income statement, and a corresponding adjustment to a liability (in the case of cash settled) or equity (in the case of equity settled) over the remaining vesting period. Changes in entitlement for equity settled plans are not recognised if they fail to vest due to market conditions not being met.

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance date are discounted to present value.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

r. Employee Benefits continued

Profit Sharing and Bonus Plans

The Group recognises a liability and an expense for bonuses and profit sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged or when there is a past practice that has created a constructive obligation.

s. Trade and Other Payables

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 accounts payable are normally settled within 60 days. Trade and other payables are stated at amortised cost or cost when the impact of discounting would be immaterial.

Insurance Claims

A liability for outstanding claims is recognised in respect of Lend Lease's wholly owned special purpose captive insurance subsidiary. The liability covers claims incurred but not yet paid, claims incurred but not reported and the anticipated direct and indirect costs of settling those claims. The liability for outstanding claims is measured at the present value of the expected future payments, reflecting the fact that all the claims do not have to be paid out in the immediate future. The discount rates used are risk free rates.

Financial Guarantee Contracts

Financial guarantee contracts, including the Company guarantees of Group entities' borrowings, are recognised when issued as a financial liability. The liability is measured initially at fair value and subsequently at the higher of the best estimate to settle the obligation (see Accounting Policy Note 1w.) and the initial fair value less accumulated amortisation. Fair value is determined using a probability weighted discounted cash flow approach.

t. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on preference shares are recognised in the income statement as interest expense.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non convertible bond. The amount is recognised as a liability on an amortised cost basis until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option. This is recognised in equity, net of income tax.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

u. 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 the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges in foreign operations.

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. Translation differences on non monetary items, such as equities classified as available for sale financial assets, are included in the fair value revaluation reserve in equity.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

u. Foreign Currency Translation continued

Group Companies

The results and balance sheet of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency (A\$) are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to the Foreign Currency Translation Reserve. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

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.

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 their fair value. Recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of forward exchange contracts is their value at the current quoted forward price at the balance sheet date.

The fair value of interest rate swaps is the estimated amount the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

v. Derivative Financial Instruments and Hedging Activities

Hedging Derivatives

Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement when the hedged item will affect profit or loss (for instance, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, inventory) or a liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Net Investment Hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Gains or losses accumulated in equity are included in the income statement on disposal of the foreign operation.

Held for Trading Derivatives

Certain derivative instruments do not qualify for hedge accounting or hedge accounting treatment is not sought. These instruments are classed as held for trading and changes in their fair value are recognised immediately in the income statement.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

w. Provisions

A provision is recognised on the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

x. Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and foreign exchange differences net of hedged amounts on borrowings.

Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets that take more than six months to prepare for their intended use or sale. In these circumstances, borrowing costs are capitalised to the costs of the assets. When funds are borrowed specifically for the acquisition or construction of a qualifying asset, the amount of borrowing costs capitalised are those incurred in relation to that borrowing. To the extent that funds are borrowed generally, the amount of borrowing costs capitalised is calculated by applying a capitalisation rate to the expenditures on that asset.

y. Earnings Per Share

Basic earnings per share (EPS) is determined by dividing profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares (adjusted for treasury shares) outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted EPS is determined by adjusting the profit after tax attributable to members of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

z. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, bank overdrafts and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts (if applicable) are shown as a current liability on the balance sheet and are shown as a reduction to the cash balance in the statement of cash flows.

aa. Share Capital

Ordinary shares are classified as equity. Preference share capital is classified as equity if it is non redeemable and any dividends are discretionary, or is redeemable but only at the Company's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders or if dividend payments are not discretionary. Dividends thereon are recognised in the income statement as interest expense.

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.

Dividends on redeemable preference shares are recognised as a liability on an accrual basis. Other dividends are recognised as a liability in the financial year in which they are declared.

ab. 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 balance sheet. 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.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

ac. Service Concession Arrangements (Private Financing Initiatives and Public Private Partnerships)

Contract obligations and related rights are recognised and measured in accordance with AASB 111 'Construction Contracts' and AASB 118 'Revenue'. Obligations are recognised when consideration is received in advance of performance. Consideration receivable in respect of construction or other services is accounted for in accordance with AASB 139 'Financial Instruments: Recognition and Measurement' as a 'loan or receivable' and is measured at amortised cost. Borrowing costs are capitalised in accordance with Accounting Policy Note 1x. Pre contract and project bidding costs are capitalised in accordance with Accounting Policy Note 1m.

ad. Accounting Estimates and Judgements

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key Sources of Estimation Uncertainty

Note 14a. 'Goodwill' contains information about the assumptions and their risk factors relating to goodwill impairment. Note 31a. 'Foreign Currency' provides detailed analysis of the foreign exchange exposure of the consolidated entity and risks in relation to foreign exchange movements.

Impairment of Goodwill and Management Agreements

The Group assesses whether goodwill is impaired at least annually in accordance with Accounting Policy Note 1f. These calculations involve an estimation of the recoverable amount of the cash generating units to which the goodwill is allocated. The recoverable amount of management agreements are assessed annually in accordance with Accounting Policy Note 1q.

Valuation of Assets and Recoverable Amounts

The Group assesses the fair value of certain assets by using estimation techniques where there is no available market price. The Group assesses the recoverability of the carrying value of certain assets using estimations of their recoverable amount, including the deferred management rights receivable. For investment properties and inventories refer to Accounting Policy Notes 1h. and 1n. Refer to Note 31e. for a summary of the basis of valuation of financial assets measured at fair value.

Defined Benefit Superannuation Fund Obligations

Various actuarial assumptions are utilised in determining the Group's defined benefit superannuation/pension fund obligations. These assumptions are discussed in Notes 15g. and 22g. 'Principal Actuarial Assumptions'.

Share Based Compensation

The Group assesses the fair value of its cash settled and equity settled share based compensation plans. The fair value assigned represents an estimate of the value of the award to employees, which requires judgements on Lend Lease's share price and whether vesting conditions will be satisfied. Refer to Note 1r. for the accounting policy for share based compensation.

Critical Accounting Judgements in Applying the Group's Accounting Policies

In the process of applying the Group's accounting policies, the Group makes various judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the consolidated financial statements. These include:

- When substantially all the significant risks and rewards of ownership of development properties are transferred to the purchaser;
- The percentage completion on construction work performed; and
- Whether the substance of the relationship between the Group and a special purpose entity indicates that the special purpose entity is consolidated by the Group.

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
2. Revenue				
Total comprising:				
a. Revenue from the Sale of Development Properties	805.3	1,036.3	–	–
b. Revenue from the Provision of Services				
Retail	55.5	42.3		
Communities	86.4	52.5		
Public Private Partnerships	943.0	745.6		
Investment Management	58.8	52.2		
Project Management and Construction	12,425.8	12,055.6		
Total revenue from the provision of services	13,569.5	12,948.2	–	–
c. Finance Revenue				
Interest Income				
Related party				
Consolidated entities			0.8	12.9
Associates and joint venture entities	21.4	14.5		
Other corporations ¹	65.7	83.8	3.5	1.8
	87.1	98.3	4.3	14.7
Interest discounting	9.8	3.5	–	–
Total finance revenue ²	96.9	101.8	4.3	14.7
d. Other Revenue				
Dividend Income				
Related party				
Consolidated entities			648.0	240.2
Associates and joint venture entities	1.1			
Other corporations	48.8	0.6	0.1	
	49.9	0.6	648.1	240.2
Other				
Rental income and sub-lease rents	76.0	85.5		
Hotel revenue	52.0	49.1		
Distributions received	15.1	28.4	26.6	18.6
Related party				
Consolidated entities – corporate management fees			41.6	47.7
Consolidated entities – guarantee fees			13.4	12.6
Other	13.2	32.0	0.1	
	156.3	195.0	81.7	78.9
Total other revenue	206.2	195.6	729.8	319.1
Total revenue	14,677.9	14,281.9	734.1	333.8

¹ June 2007 includes interest from the ATO following a favourable judgement in the Federal Court on a tax dispute with the ATO (refer to Note 16. 'Other Assets').

² A\$0.9 million relates to financial assets classified as fair value through profit or loss.

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
3. Other Income				
Net gain on disposal/redemption of available for sale financial assets				
Australian Prime Property Fund	45.5			
Lend Lease Global Properties Fund, SICAF	9.5	133.4		
Asia Pacific Investment Company	8.1			
Cohen & Steers, SICAV	3.6			
Other	0.3	1.7		
	67.0	135.1	–	–
Net gain on disposal of investments using the equity method		12.6		
Fair value gain on remeasurement of investment properties		2.8		
Fair value gain on derivative contracts held for trading (excluding foreign exchange derivatives)	3.7			
Net gain on disposal of consolidated entities	0.1	22.6		
Related party				
Consolidated entities – amortisation of financial guarantee contract liabilities			6.0	3.2
Other	0.1	0.2		
Total other income	70.9	173.3	6.0	3.2
4. Other Operating (Income) and Expenses				
(Profit) before income tax has been determined after:				
Depreciation and amortisation				
Depreciation of property, plant and equipment	24.0	24.1	0.1	0.3
Less: Capitalised depreciation	(2.1)	(2.1)		
Amortisation of management agreements	2.9	2.9		
Amortisation of other intangibles	2.2	1.0		
Total depreciation and amortisation	27.0	25.9	0.1	0.3
Finance costs				
Non interest finance costs	3.6	4.1	–	–
Interest finance costs				
Related party				
Consolidated entities				10.5
Associates and joint venture entities	1.4	1.5		
Other corporations	76.7	77.1		
Less: Capitalised interest finance costs ¹	(1.3)	(1.1)		
	76.8	77.5	–	10.5
Interest discounting	5.6	0.1		
Total finance costs²	86.0	81.7	–	10.5
Net loss on sale of property, plant and equipment	0.3	1.2	–	–

¹ The capitalisation rate used to determine the amount of borrowing costs capitalised is 8.1% (June 2007: 8.0%).

² A\$86.0 million relates to financial assets and liabilities not classified as fair value through profit or loss.

Notes to the Consolidated Financial Statements continued

4. Other Operating (Income) and Expenses continued

		Consolidated		Company	
	Note	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
Operating lease expense					
Operating lease rental expense		52.6	55.0		
Operating lease equipment expense		5.9	5.8		
Total operating lease expense		58.5	60.8	–	–
Employee benefit expenses¹		865.8	804.6	24.5	38.1
Superannuation accumulation plan expense		19.3	17.0	0.6	0.6
Net defined benefit plan expense impacting all business segments is as follows:					
Current service cost		38.9	45.9	5.8	6.5
Interest on obligation		45.8	44.5	6.0	5.3
Expected return on plan assets		(53.4)	(49.3)	(9.0)	(7.9)
Actuarial gain recognised		(2.4)	(0.2)	(2.4)	(0.2)
Past service cost		0.4	0.4	0.4	0.4
Loss on curtailments			0.5		
Total net defined benefit plan expense	15d, 22d	29.3	41.8	0.8	4.1
Net foreign exchange (gain)/loss		(3.0)	(12.0)	1.8	(0.1)
Bad and doubtful debts impairment loss net of provisions raised/(written back)					
Related party					
Consolidated entities					(80.0)
Associates and joint venture entities		0.3	0.1		
Other		11.5	(5.3)		
		11.8	(5.2)	–	(80.0)
Fair value loss on remeasurement of investment properties		38.2	–	–	–
Net impairment/provisions raised/(written back) relating to:					
Property inventories ²		126.7	1.1		
Investments accounted for using the equity method ³		3.0	(5.8)		
Property, plant and equipment		0.4			
Available for sale investments		2.8			
Investments held at cost					(56.6)
Employee benefits		35.1	31.2	2.0	1.9
Construction risks		(2.2)	10.0		
Other provisions		11.3	11.9	13.2	10.3

1 Excludes provisions for employee benefits, superannuation accumulation and defined benefit plan expenses, which are disclosed as separate items.

2 Includes A\$121.5 million provision for diminution on UK Urban Communities.

3 Impairment of A\$3.0 million includes A\$(6.9) million reversal relating to the Jacksons Landing project in Pyrmont, Australia (June 2007: A\$(5.7) million reversal).

	Consolidated		Company	
	June 2008 A\$000s	June 2007 A\$000s	June 2008 A\$000s	June 2007 A\$000s
Auditors' Remuneration				
Amounts received or due and receivable by the auditors of Lend Lease Corporation for:				
Audit and Review of Financial Reports	6,816	6,798	1,573	1,390
Other Services				
International assignees tax services	26	202		
Tax services	58	456		69
Accounting advice		82		80
Other services	152	260		
	236	1,000	–	149

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
5. Taxation				
a. Income Tax Expense				
Recognised in the Income Statement				
Current Tax Expense				
Current year	91.9	100.8	(9.7)	(3.8)
Adjustments for prior years	(18.5)	(15.6)	(1.2)	(4.1)
Benefits of tax losses recognised	(7.8)	(3.2)	(6.6)	
	65.6	82.0	(17.5)	(7.9)
Deferred Tax Expense				
Origination and reversal of temporary differences	(4.5)	43.8	2.0	5.2
Reduction in tax rate	1.4	2.0		
Total income tax expense/(revenue)	62.5	127.8	(15.5)	(2.7)
Reconciliation of Income Tax Expense/(Revenue)				
Profit before tax	321.5	628.0	653.9	388.3
Income tax using the domestic corporation tax rate (30.0%)	96.5	188.4	196.2	116.5
Non assessable dividends	(14.9)	(0.7)	(202.4)	(77.6)
Non assessable income	(8.4)	(44.6)		
Profits accounted for using the equity method	1.0	(6.4)		
Amortisation expense	0.9	0.9		
Non allowable expenses	11.3	14.2	2.0	(39.8)
Expenses allowable for tax but not for accounting	(2.3)	(2.3)		
Recovery of tax losses	(53.9)	(31.3)	(6.5)	
Write off/(recovery) of tax temporary differences	39.7	(0.1)	(7.1)	
Variation in tax rates	8.7	20.3		
Income tax expense relating to wholly owned Australian subsidiaries			111.2	73.7
Recovery of income tax expense from wholly owned Australian subsidiaries			(111.2)	(73.7)
Other	2.4	5.0	3.5	2.3
Over provided in prior years	(18.5)	(15.6)	(1.2)	(4.1)
	62.5	127.8	(15.5)	(2.7)
Deferred Tax Recognised Directly in Equity				
Relating to:				
Fair value movement on available for sale financial assets	(15.4)	18.3	(0.2)	0.1
Net gain on hedge of investments accounted for using the equity method	1.7	2.4		
	(13.7)	20.7	(0.2)	0.1
b. Current Tax (Liabilities)/Assets	(53.7)	7.1	(74.6)	(27.6)

Current tax liabilities represent the amount of income taxes payable in respect of current and prior financial years where income taxes payable exceeds payments. At 30 June 2008, income taxes payable exceeded payments for the Group.

Notes to the Consolidated Financial Statements continued

5. Taxation continued

c. Deferred Tax Assets and Liabilities

	Consolidated				Company			
	June 2008 Assets A\$m	June 2008 Liabilities A\$m	June 2007 Assets A\$m	June 2007 Liabilities A\$m	June 2008 Assets A\$m	June 2008 Liabilities A\$m	June 2007 Assets A\$m	June 2007 Liabilities A\$m
Recognised Deferred Tax Assets and Liabilities								
Deferred tax assets and liabilities are attributable to the following:								
Loans and receivables	11.4	(30.4)	8.9	(19.7)				(0.2)
Inventories	25.3	(176.0)	62.5	(185.0)				
Other financial assets	0.6	(38.0)	2.3	(49.8)		(0.3)		(0.5)
Other assets			0.1	(20.7)				
Investments accounted for using the equity method	4.4	(171.1)	6.4	(191.4)				
Investment properties		(2.0)		(2.9)				
Property, plant and equipment	12.8	(0.3)	17.4	(0.6)				
Defined benefit plan asset		(8.6)		(6.9)				(6.9)
Trade and other payables	72.4	(0.6)	74.9	(0.1)	14.2	(8.6)	18.2	
Provisions	66.2		63.1		13.1		13.8	
Other financial and non financial liabilities	4.1	(0.1)	17.2	(12.4)				
Defined benefit plan liability	33.1		43.9					
Unused revenue tax losses recognised	112.0		72.1					
Items with a tax base but no carrying value	35.4	(17.5)	47.1	(15.0)	4.5	(1.4)		(1.1)
Total deferred tax assets/(liabilities)	377.7	(444.6)	415.9	(504.5)	31.8	(10.3)	32.0	(8.7)
Deferred tax assets/(liabilities) set off	(256.2)	256.2			(10.3)	10.3		
Net deferred tax assets/(liabilities)	121.5	(188.4)	415.9	(504.5)	21.5	-	32.0	(8.7)

Notes to the Consolidated Financial Statements continued

5. Taxation continued

c. Deferred Tax Assets and Liabilities continued

Consolidated	1 July 2007 A\$m	Recognised in Income A\$m	Recognised in Equity A\$m	FX/Other A\$m	30 June 2008 A\$m	1 July 2006 A\$m	Recognised in Income A\$m	Recognised in Equity A\$m	FX/Other A\$m	30 June 2007 A\$m
Recognised Deferred Tax Assets and Liabilities continued										
Movement in temporary differences during the financial year:										
Loans and receivables	(10.8)	(7.3)	(0.4)	(0.5)	(19.0)	0.2	(11.0)			(10.8)
Inventories	(122.5)	(42.1)		13.9	(150.7)	(110.7)	(16.9)		5.1	(122.5)
Other financial assets	(47.5)	(6.2)	15.4	0.9	(37.4)	(45.0)	15.2	(18.3)	0.6	(47.5)
Other assets	(20.6)	20.6				(19.7)	(1.7)		0.8	(20.6)
Investments accounted for using the equity method	(185.0)	(4.9)	(1.3)	24.5	(166.7)	(170.4)	(24.5)	(2.4)	12.3	(185.0)
Investment properties	(2.9)	0.8		0.1	(2.0)	(27.4)	24.5			(2.9)
Property, plant and equipment	16.8	(2.2)		(2.1)	12.5	13.4	4.0		(0.6)	16.8
Defined benefit plan asset	(6.9)	(1.7)			(8.6)	(6.5)	(0.4)			(6.9)
Trade and other payables	74.8	1.7		(4.7)	71.8	69.7	(0.1)		5.2	74.8
Provisions	63.1	7.3		(4.2)	66.2	70.4	2.2		(9.5)	63.1
Other financial and non financial liabilities	4.8	(0.5)		(0.3)	4.0	28.9	(23.8)		(0.3)	4.8
Defined benefit plan liability	43.9	(5.3)		(5.5)	33.1	52.4	(8.0)		(0.5)	43.9
Unused revenue tax losses recognised ¹	72.1	51.9		(12.0)	112.0	52.6	24.2		(4.7)	72.1
Items with a tax base but no carrying value	32.1	(9.0)		(5.2)	17.9	65.5	(29.5)		(3.9)	32.1
Total deferred tax assets/(liabilities)	(98.6)	3.1	13.7	4.9	(66.9)	(26.6)	(45.8)	(20.7)	4.5	(98.6)
Company										
Movement in temporary differences during the financial year:										
Loans and receivables	(0.2)	0.2			(0.3)	(0.1)			(0.1)	(0.2)
Other financial assets	(0.5)		0.2		(0.3)	(0.4)		(0.1)		(0.5)
Defined benefit plan asset	(6.9)	(1.7)			(8.6)	(6.5)	(0.4)			(6.9)
Trade and other payables	18.2	(4.0)			14.2	19.2	(1.0)			18.2
Provisions	13.8	(0.7)			13.1	16.5	(2.7)			13.8
Items with a tax base but no carrying value	(1.1)	4.2			3.1		(1.1)			(1.1)
Deferred tax assets and liabilities transferred to the Company from wholly owned Australian subsidiaries in the Australian Tax Consolidated Group due to tax consolidation						1.1			(1.1)	
Total deferred tax assets/(liabilities)	23.3	(2.0)	0.2	-	21.5	29.8	(5.2)	(0.1)	(1.2)	23.3

¹ Primarily relates to the recognition of unused revenue tax losses in the USA.

Notes to the Consolidated Financial Statements continued

5. Taxation continued

c. Deferred Tax Assets and Liabilities continued

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
Unrecognised Deferred Tax Assets				
Deferred tax assets have not been recognised in respect of the following items:				
Capital losses	92.1	99.2	9.1	15.4
Revenue losses	63.6	122.3		
Deductible temporary differences	91.6	35.8		
Total unrecognised deferred tax assets	247.3	257.3	9.1	15.4

Temporary differences associated with investments in subsidiaries within the Company have not been recognised. The unrecognised deferred tax asset of A\$247.3 million includes A\$60.4 million that will expire by 2026.

	Cents Per Share	Franked Amount Per Share %	Company	
			June 2008 A\$m	June 2007 A\$m
6. Dividends and Earnings Per Share				
a. Dividends¹				
Interim Dividend				
December 2007 – paid 26 March 2008	43	40	172.5	
December 2006 – paid 27 March 2007	35	50		140.0
Final Dividend				
June 2008 – declared subsequent to reporting date (payable 26 September 2008) ²	34	45	136.4	
June 2007 – paid 12 September 2007	42	50		168.5
			308.9	308.5

¹ Includes dividends paid on treasury shares. Refer to Note 25. 'Retained Earnings' for further details regarding the impact of treasury shares on dividend payments and retained earnings.

² No provision for this dividend has been recognised in the balance sheet at 30 June 2008 as it was declared after the end of the financial period.

Dividend Franking

The final dividend of 34 cents per share declared since 30 June 2008 will be 45% franked. The interim dividend paid on 26 March 2008 (43 cents per share) was 40% franked.

The dividend franking account balance at 30 June 2008 is A\$86.4 million based on a 30% tax rate (30 June 2007: A\$56.2 million). This is calculated after adjusting for franking credits which will arise from the payment of income tax provided in the financial statements, tax losses utilised in the current financial year and expected franking debits arising from refunds of tax in dispute. It excludes the A\$26.3 million (June 2007: A\$36.1 million) franking debit impact of the proposed dividend of A\$136.4 million (June 2007: A\$168.5 million) and includes the franking debits which arose from the refund of tax which was in dispute after the court ruled in favour of Lend Lease during the year in relation to the sale of Westpac shares in 1996 (refer to Note 16. 'Other Assets').

Notes to the Consolidated Financial Statements continued

		Consolidated			
		June 2008		June 2007	
		Shares Excluding Treasury Shares	Shares on Issue	Shares Excluding Treasury Shares	Shares on Issue
6. Dividends and Earnings Per Share continued					
b. Basic Earnings Per Share (EPS)					
Weighted average number of ordinary shares	m	370.8	401.1	369.9	400.4
Earnings per share	cents	71.6	66.2	134.5	124.3
c. Diluted Earnings Per Share (DEPS)					
Weighted average number of ordinary shares	m	370.8	401.1	369.9	400.4
Adjustment for dilutive effect of potential share issue	m			0.2 ¹	0.2 ¹
Weighted average number of ordinary shares for diluted earnings per share	m	370.8	401.1	370.1	400.6
Diluted earnings per share	cents	71.6	66.2	134.4	124.2

¹ Relates to the Lend Lease Corporation shares issued during the June 2007 financial year as part consideration for the minority interest shareholdings in Crosby Lend Lease Group Limited.

		Consolidated		Company	
		June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
7. Cash and Cash Equivalents					
Cash		281.9	271.8	18.5	2.0
Short term investments		560.9	278.3		
Total cash and cash equivalents		842.8	550.1	18.5	2.0

Short term investments earn variable rates of interest which averaged 6.1% per annum during the year ended 30 June 2008 (30 June 2007: 5.3%).

Negotiable instruments with a maturity greater than three months but less than 12 months (June 2008: A\$28.5 million; June 2007: A\$361.5 million) are classified as 'Available for Sale', 'Held to Maturity' and 'Fair Value Through Profit or Loss' (refer to Note 12. 'Other Financial Assets'). These negotiable instruments have an average maturity of seven months.

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
8. Loans and Receivables				
Current – Measured at Amortised Cost				
Trade debtors	2,000.2	1,900.9		
Less: Impairment	(19.3)	(8.5)		
	1,980.9	1,892.4	–	–
Related party				
Consolidated entities ¹			3,152.3	2,481.7
Associates and joint venture entities	77.8	57.8		
Managed property funds	29.4	23.1		
Deferred management fee receivable – Retirement by Design	3.3	1.8		
Other receivables	348.3	240.7	2.3	2.8
Less: Impairment	(2.3)	(4.3)		
	2,437.4	2,211.5	3,154.6	2,484.5
Non Current – Measured at Amortised Cost				
Loans to employees	0.7	0.8		
Related party				
Consolidated entities			63.5	108.2
Associates and joint venture entities	326.9	236.9		
Less: Impairment	(16.0)	(17.6)		
Deferred management fee receivable – Retirement by Design	25.4	18.9		
Other receivables	78.3	73.5	0.1	4.3
Less: Impairment	(0.2)			
	415.1	312.5	63.6	112.5
Total loans and receivables – measured at amortised cost	2,852.5	2,524.0	3,218.2	2,597.0

1 Includes working capital balances with controlled entities and reflects the funding of general working capital items. All working capital balances are non interest bearing and repayable on demand.

During the financial year ended 30 June 2008, the Group earned fee income of A\$3.0 million (30 June 2007: A\$15.0 million) relating to loans and receivables.

The ageing of trade debtors as at the reporting date is, current: A\$1,696.0 million (30 June 2007: A\$1,664.9 million); past due: A\$304.2 million (30 June 2007: A\$236.0 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 4.8% (30 June 2007: 4.2%) are aged greater than 90 days. Other than trade debtors, no other loans and receivables are considered past due at 30 June 2008 (30 June 2007: A\$nil).

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
Impairment				
Carrying amount at beginning of financial year	30.4	39.2		
Bad and doubtful debts impairment loss net of provisions raised/(written back)	11.4	(6.5)		
Effect of foreign exchange rate movements/other movements	(4.0)	(2.3)		
Carrying amount at end of financial year	37.8	30.4	–	–
Total impairment as a percentage of total loans and receivables	1.3%	1.2%		

The impairment provision relates to specific loans and receivables that have been identified as being impaired. The credit quality of assets is monitored on an ongoing basis.

During the financial year ended 30 June 2008, the Group renegotiated the terms of an other receivable with a carrying value of A\$76.5 million (30 June 2007: A\$nil). If it had not been for this renegotiation, A\$49.5 million of this amount would be aged greater than 90 days. No impairment loss has been recognised in relation to this renegotiated receivable (30 June 2007: A\$nil).

Notes to the Consolidated Financial Statements continued

	Note	Consolidated		Company	
		June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
9. Inventories					
Current					
Construction work in progress		335.9	242.4		
Property held for sale at the lower of cost and net realisable value		437.2	668.8		
Total current		773.1	911.2	–	–
Non Current					
Property held for sale at the lower of cost and net realisable value		1,332.3	1,326.1		
Total inventories		2,105.4	2,237.3	–	–
Property Held for Sale					
Total property held for sale comprises:					
Bluewater, Kent		520.7	596.1		
Urban Communities, Australia		448.8	552.2		
Urban Communities (Crosby), UK		386.7	481.2		
Victoria Harbour, Melbourne		96.2	80.2		
Stratford, UK		95.8	6.2		
Hyatt Coolum Resort, Sunshine Coast		57.3	56.2		
First Base Adelaide Wharf, UK			53.2		
Senior Living Projects, Australia		51.1	48.1		
Other		112.9	121.5		
Total property held for sale		1,769.5	1,994.9	–	–
Construction Work in Progress					
Construction work in progress comprises:					
Contract costs incurred to date		49,311.9	46,074.8		
Profit recognised to date		1,977.1	1,949.7		
		51,289.0	48,024.5	–	–
Less: Progress billings received and receivable on completed contracts		(52,110.4)	(48,959.5)		
Net construction work in progress		(821.4)	(935.0)	–	–
Amounts due from customers – inventories ¹		335.9	242.4		
Amounts due to customers – trade payables ²	17	(1,157.3)	(1,177.4)		
		(821.4)	(935.0)	–	–
Advances on construction projects in progress included in trade and other payables		920.2	1,035.4	–	–
Retentions on construction projects included in progress billings		627.7	531.2	–	–

1 Represents the net of construction costs incurred less recognised losses and progress billings on projects which exceed progress billings to clients (CIE).

2 Represents the net of progress billings to clients and recognised losses less construction costs incurred on projects which exceed project costs incurred (BIE).

Notes to the Consolidated Financial Statements continued

	Note	Consolidated June 2008 A\$m	Consolidated June 2007 A\$m	Company June 2008 A\$m	Company June 2007 A\$m
10. Investments Accounted for Using the Equity Method					
Non Current					
Associates					
Investment in associates		822.2	916.9		
Less: Impairment		(5.4)	(5.6)		
	10a	816.8	911.3	–	–
Joint Venture Entities					
Investment in joint venture entities		247.2	229.3		
Less: Impairment		(16.8)	(14.1)		
	10b	230.4	215.2	–	–
Total investments accounted for using the equity method		1,047.2	1,126.5	–	–

	Interest June 2008 %	Interest June 2007 %	Consolidated Share of Profit/(Loss) After Tax June 2008 A\$m	Consolidated Share of Profit/(Loss) After Tax June 2007 A\$m	Consolidated Net Book Value June 2008 A\$m	Consolidated Net Book Value June 2007 A\$m
a. Associates						
Retail						
King of Prussia	50.0	50.0	20.5	92.4	421.7	483.8
Performance Retail Limited Partnership	33.3	33.3	(6.3)	6.0	80.1	104.8
CDR JV Ltd (313@Somerset, Singapore)	25.0	25.0			43.6	40.3
Other			0.1	(0.1)	6.6	6.0
			14.3	98.3	552.0	634.9
Communities						
Other			(2.7)	(1.3)	1.4	4.3
Public Private Partnerships¹						
Lancashire Waste Share Capital	50.0	50.0			15.2	9.0
Catalyst Healthcare (Manchester)	50.0	50.0	2.4	2.5	4.8	1.5
Catalyst Investment Holdings Limited	50.0	50.0	17.1	11.2		6.7
Catalyst Healthcare (Roehampton)	50.0	50.0	2.0	1.0		
Other			0.7	2.0	0.7	1.2
			22.2	16.7	20.7	18.4
Investment Management						
Lend Lease Overgate Partnership	30.7	30.7	(1.2)	10.0	114.0	143.0
Asia Pacific Investment Company No. 2 Limited	21.1	21.1	27.0	18.2	107.1	87.3
Lend Lease Communities Fund 1	20.8	20.8	0.3	(0.5)	18.0	17.3
Other			(0.1)	(2.7)	6.1	8.0
			26.0	25.0	245.2	255.6
Project Management and Construction						
Networks Alliance Partnership	42.0	42.0	5.3	2.8	0.5	0.3
Other				(0.4)	2.4	3.4
			5.3	2.4	2.9	3.7
Total			65.1	141.1	822.2	916.9
Less: Impairment					(5.4)	(5.6)
Total associates			65.1	141.1	816.8	911.3

¹ Lend Lease provides service concession arrangements, originating through PPPs, in the areas of healthcare, education and government facilities. These arrangements provide facilities management and maintenance services for a fixed payment per annum (subject to inflationary increases per year) with terms generally 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.

Notes to the Consolidated Financial Statements continued

	Consolidated	
	June 2008 A\$m	June 2007 A\$m
10. Investments Accounted for Using the Equity Method continued		
a. Associates continued		
Lend Lease's Share of the Results of Associates		
Revenue	293.1	167.1
Fair value revaluations ¹	6.4	18.1
Expenses	(221.2)	(99.5)
Profit before tax	78.3	85.7
Income tax expense ²	(6.3)	(6.5)
Profit after tax	72.0	79.2
Adjustment due to a difference in accounting policies ³	(6.9)	61.9
Share of associates' profit – accounted for using the equity method	65.1	141.1
Movements in Carrying Amounts of Associates		
Carrying amount at beginning of financial year	911.3	787.0
Investment in associates acquired during financial year		83.5
Share of associates' profit	65.1	141.1
Contributions to associates	9.8	3.9
Capital redemptions by associates	(1.6)	(4.2)
Distributions received from associates	(47.2)	(37.3)
Disposal of associates		(0.7)
Other adjustments (including effect of foreign exchange rate movements) ⁴	(120.6)	(62.0)
Carrying amount at end of financial year	816.8	911.3
Lend Lease's Share of Balance Sheet of Associates		
Current assets	485.2	212.0
Non current assets	2,419.3	1,947.0
Total assets	2,904.5	2,159.0
Current borrowings	15.7	29.4
Current other liabilities	160.2	42.7
Non current borrowings	2,166.9	1,382.1
Non current other liabilities	134.6	241.0
Total liabilities	2,477.4	1,695.2
Net assets⁵	427.1	463.8
Other adjustments		
Goodwill	4.5	5.2
Impairment	(5.4)	(5.6)
Adjustment due to differences in accounting policies ⁶	414.6	453.4
Other	(24.0)	(5.5)
Net assets – adjusted using the equity method⁵	816.8	911.3
Commitments⁷		
Share of associates' capital expenditure and lease commitments contracted but not provided for and payable		
Due within one year	6.7	3.5
Due between one and five years	8.3	7.8
	15.0	11.3

1 Reflects fair value revaluations for Lend Lease Overgate Partnership of A\$6.8 million loss (June 2007: A\$3.8 million gain), Performance Retail Limited Partnership of A\$9.5 million loss (June 2007: A\$0.7 million gain) and Asia Pacific Investment Company 2 of A\$22.7 million gain (June 2007: A\$13.6 million gain).

2 Lend Lease's share of tax relating to the majority of associates is reflected in the Lend Lease Group's current tax expense (refer to Note 5a. 'Income Tax Expense').

3 Includes fair value revaluation for King of Prussia of A\$6.9 million loss (June 2007: A\$62.3 million gain).

4 Primarily relates to foreign exchange movements of A\$105.5 million (June 2007: A\$46.6 million).

5 In the June 2007 breakdown certain related assets and liabilities have been offset. If the gross position were to be reflected this would increase both the total assets and the total liabilities by A\$807.1 million, with no change to net assets. The borrowings reclassified relate to long term PFI debt with a maturity in excess of 20 years.

6 Primarily includes adjustments to King of Prussia to align the investment property accounting policies with Australian Accounting Standards.

7 The capital commitments of Lend Lease in relation to investments in associates are now disclosed in Note 32d. 'Commitments – Investments'.

Notes to the Consolidated Financial Statements continued

	Interest		Consolidated Share of Profit/(Loss) After Tax		Consolidated Net Book Value	
	June 2008 %	June 2007 %	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
10. Investments Accounted for Using the Equity Method continued						
b. Joint Venture Entities						
Retail						
Preston Tithebarn Unit Trust	50.0		1.3		33.1	
Warrington Retail Limited Partnership	50.0	50.0	(22.6)	2.1	90.8	112.4
			(21.3)	2.1	123.9	112.4
Communities						
Caroline Springs Joint Venture	50.0	50.0	15.1	13.0	23.9	23.6
Mawson Lakes Economic Development Project	50.0	50.0	10.7	10.2	14.0	18.7
Pymont Trust (Jacksons Landing) ¹	50.0	50.0	(0.4)	(2.2)	18.9	21.8
Mirvac Lend Lease Village	50.0	50.0	6.0	3.3	7.8	7.8
Lend Lease GPT (Rouse Hill)	50.0		(0.3)		6.7	
Forest Gardens Residential Land Development	50.0	50.0	0.9		6.3	6.8
Hungate (York) Regeneration Ltd	33.3	33.3			5.4	6.2
Other			3.3	14.1	9.3	10.2
			35.3	38.4	92.3	95.1
Investment Management				1.2		3.0
Project Management and Construction						
Majadahonda Hospital	25.0	25.0	1.4	2.3	12.0	9.5
Hunt – Mets Stadium	45.0	45.0	3.1	1.7	5.8	1.8
Waste 2 Resources Project Lancashire Ltd Liability Partnership	50.0	50.0	2.6		6.6	
Other			2.6	2.8	6.6	7.5
			9.7	6.8	31.0	18.8
Total			23.7	48.5	247.2	229.3
Less: Impairment¹					(16.8)	(14.1)
Total joint venture entities			23.7	48.5	230.4	215.2

¹ An impairment reversal of A\$6.9 million relating to Pymont Trust (Jacksons Landing) has been recognised during the period (June 2007: impairment reversal A\$5.7 million). This reflects the achievement of several milestones for the project during the period, which has provided further evidence that the commercial assessment of this project is achievable.

Notes to the Consolidated Financial Statements continued

	Consolidated	
	June 2008 A\$m	June 2007 A\$m
10. Investments Accounted for Using the Equity Method		
continued		
b. Joint Venture Entities continued		
Lend Lease's Share of the Results of Joint Venture Entities		
Revenue	425.6	293.0
Fair value revaluations ¹	(31.1)	
Expenses	(369.8)	(241.8)
Profit before tax	24.7	51.2
Income tax expense ²	(1.2)	(1.1)
Profit after tax	23.5	50.1
Other adjustments		
Amortisation of fair value adjustments	(0.9)	(1.1)
Other	1.1	(0.5)
Share of joint ventures' profit – accounted for using the equity method	23.7	48.5
Movements in Carrying Amount of Joint Venture Entities		
Carrying amount at beginning of financial year	215.2	212.8
Investment in joint ventures disposed during financial year	(3.5)	
Share of joint venture entities' profit	23.7	48.5
Capital redemptions by joint venture entities	(26.4)	(20.4)
Distributions received from joint venture entities	(19.7)	(66.9)
Investment in joint venture entities acquired during financial year	34.0	47.2
Contributions to joint venture entities	9.8	
Net impairment provision (raised)/written back	(3.0)	5.8
Other adjustments (including effect of foreign exchange rate movement)	0.3	(11.8)
Carrying amount at end of financial year	230.4	215.2
Lend Lease's Share of Balance Sheet of Joint Venture Entities		
Current assets	469.7	327.4
Non current assets	465.2	349.9
Total assets	934.9	677.3
Current borrowings	15.5	33.1
Current other liabilities	185.6	144.8
Non current borrowings	366.7	107.2
Non current other liabilities	145.6	174.3
Total liabilities	713.4	459.4
Net assets	221.5	217.9
Other adjustments		
Fair value adjustments on acquisition	2.5	3.5
Impairment	(16.8)	(14.1)
Other	23.2	7.9
Net assets – adjusted using the equity method	230.4	215.2
Commitments		
Share of joint ventures' capital expenditure and lease commitments contracted but not provided for and payable		
Due within one year	0.6	2.4
Due between one and five years	4.2	1.5
Due later than five years		
	4.8	3.9

¹ Reflects fair value revaluation loss for Warrington Retail Limited Partnership.

² Lend Lease's share of tax relating to the majority of the joint ventures is reflected in the Lend Lease Group's current tax expense (refer to Note 5a, 'Income Tax Expense').

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
11. Investment Properties				
Senior Living Properties¹				
Forest Hills Serviced Apartments	6.8	7.1		
Trinity Green		0.3		
	6.8	7.4	–	–
Retail Properties				
Chelmsford Meadows Shopping Centre	169.2	233.0		
Pakenham Place Shopping Centre	14.4	16.2		
	183.6	249.2	–	–
Total investment properties	190.4	256.6	–	–
Reconciliations				
Reconciliations of the carrying amount for investment properties are set out below:				
Carrying amount at beginning of financial year	256.6	287.0		
Acquisitions		54.7		
Additions	1.5	0.3		
Disposals		(84.6)		
Fair value adjustments	(38.2)	2.8		
Effect of foreign exchange rate movement	(29.5)	(3.6)		
Carrying amount at end of financial year	190.4	256.6	–	–

¹ Relates to retirement villages held under leasehold arrangements that do not satisfy the revenue recognition criteria under AASB 118 'Revenue'. There is an offsetting financial liability in Note 20, 'Other Financial Liabilities' and therefore no profit or loss impact.

Refer to Accounting Policy Note 1h. for the basis of valuation of investment properties.

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
Amounts Recognised in Income Statement for Investment Properties¹				
Rental income	13.5	16.5		
Direct operating expenses from properties that generated rental income	(2.8)	(4.8)		
	10.7	11.7	–	–
Leases as Lessor				
The future minimum lease payments receivable under non cancellable leases are as follows:				
Less than one year	10.1	10.7		
Between one and five years	33.8	35.1		
Later than five years	39.8	42.8		
	83.7	88.6	–	–

¹ Excludes profit or loss impact of fair value adjustments and the offsetting financial liability recognition.

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
12. Other Financial Assets				
Current				
a. Measured at Fair Value				
Available for Sale				
Babcock & Brown Communities Group	17.3		17.3	
Lend Lease Global Properties, SICAF	15.5	26.5		
Negotiable instruments		335.7		
Australian Prime Property Fund		256.6		
Other	14.7	1.8	1.2	1.8
	47.5	620.6	18.5	1.8
Fair Value Through Profit or Loss – Designated at Initial Recognition				
Negotiable instruments	23.1	–	–	–
Derivatives				
Derivative contracts held for trading	8.7	0.1	–	–
b. Measured at Amortised Cost				
Held to Maturity				
Negotiable instruments	5.4	25.8	–	–
Total current	84.7	646.5	18.5	1.8
Non Current				
a. Measured at Fair Value				
Available for Sale				
Australian Prime Property Fund	207.5	184.1		
Lend Lease Retail Partnership	62.7	82.1		
Lend Lease Core Plus Fund	38.2	24.3		
Cohen & Steers, SICAV		47.6		
Asia Pacific Investment Company		17.7		
Other	71.6	75.4		
	380.0	431.2	–	–
Fair Value Through Profit or Loss – Designated at Initial Recognition				
Unlisted equity investments	7.0			
Negotiable instruments	4.4			
	11.4	–	–	–
b. Measured at Amortised Cost				
Held to Maturity				
Negotiable instruments	–	6.6	–	–
c. Investments Held at Cost				
Shares in consolidated entities			2,041.4	2,215.3
Less: Impairment			(656.7)	(656.7)
	–	–	1,384.7	1,558.6
Total non current	391.4	437.8	1,384.7	1,558.6
Total other financial assets	476.1	1,084.3	1,403.2	1,560.4

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
13. Property, Plant and Equipment				
Land	27.2	9.8	–	–
Buildings and leasehold improvements at cost	83.9	81.5		
Accumulated depreciation	(25.6)	(26.0)		
	58.3	55.5	–	–
Plant and equipment at cost	137.1	135.2	0.4	0.7
Accumulated depreciation	(79.3)	(83.7)	(0.2)	(0.5)
	57.8	51.5	0.2	0.2
Leased plant and equipment at cost		0.3		
Accumulated amortisation		(0.2)		
	–	0.1	–	–
Assets under construction	1.9			
Accumulated depreciation				
	1.9	–	–	–
Total property, plant and equipment	145.2	116.9	0.2	0.2
Reconciliations				
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:				
Land				
Carrying amount at beginning of financial year ¹	9.8	8.5		
Additions ²	18.2	533.4		
Disposals ²		(508.6)		
Effect of foreign exchange rate movements/other	(0.8)	(23.5)		
Carrying amount at end of financial year	27.2	9.8	–	–
Buildings and Leasehold Improvements				
Carrying amount at beginning of financial year ³	55.5	52.6		
Additions	10.2	15.2		
Disposals	(0.1)	(0.5)		
Disposals of consolidated entities		(3.7)		
Depreciation	(5.6)	(6.1)		
Effect of foreign exchange rate movements/other	(1.7)	(2.0)		
Carrying amount at end of financial year	58.3	55.5	–	–
Plant and Equipment				
Carrying amount at beginning of financial year ⁴	51.5	48.9	0.2	0.4
Additions	28.6	22.7	0.1	0.1
Disposals	(1.2)	(1.4)		
Disposals of consolidated entities		(0.8)		
Depreciation	(18.4)	(18.0)	(0.1)	(0.3)
Impairment	(0.4)			
Effect of foreign exchange rate movements/other	(2.3)	0.1		
Carrying amount at end of financial year	57.8	51.5	0.2	0.2
Leased Plant and Equipment				
Carrying amount at beginning of financial year ⁵	0.1	0.1		
Effect of foreign exchange rate movements/other	(0.1)			
Carrying amount at end of financial year	–	0.1	–	–

1 The carrying amount at 1 July 2006 of A\$8.5 million represents costs only.

2 June 2007 addition and disposal represents 313@Somerset, Singapore.

3 The carrying amount at 1 July 2006 of A\$52.6 million represents A\$76.4 million of costs and A\$23.8 million of accumulated depreciation.

4 The carrying amount at 1 July 2006 of A\$48.9 million represents A\$146.2 million of costs and A\$97.3 million of accumulated depreciation.

5 The carrying amount at 1 July 2006 of A\$0.1 million represents A\$0.3 million of costs and A\$0.2 million of accumulated depreciation.

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
13. Property, Plant and Equipment continued				
Assets in the Course of Construction				
Carrying amount at beginning of financial year				
Additions ¹	1.2			
Effect of foreign exchange rate movements/other	0.7			
Carrying amount at end of financial year	1.9	–	–	–
Total carrying amount	145.2	116.9	0.2	0.2

¹ Represents costs in relation to the proposed extension of the Chelmsford Meadows Shopping Centre. These costs are classified as Property, Plant and Equipment under AASB 116 'Property, Plant and Equipment' until construction/development is complete, when it is then classified as Investment Property.

		Consolidated		Company	
	Note	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
14. Intangible Assets					
Goodwill	14a	683.4	764.7		
Management agreements	14b	31.4	18.3		
Other intangibles	14c	15.3	5.1		
Total intangible assets		730.1	788.1	–	–
a. Goodwill					
Bovis Lend Lease Group		449.4	506.7		
Crosby Lend Lease Group		153.5	177.5		
Delfin Lend Lease Group		64.7	64.7		
Lend Lease Development Group		15.8	15.8		
		683.4	764.7	–	–
Accumulated impairment		–	–	–	–
Total goodwill		683.4	764.7	–	–
Reconciliations					
Reconciliations of the carrying amounts for each category of goodwill are set out below:					
Bovis Lend Lease Group					
Carrying amount at beginning of financial year		506.7	524.3		
Effect of foreign exchange rate movements		(57.3)	(17.6)		
Carrying amount at end of financial year		449.4	506.7	–	–
Crosby Lend Lease Group					
Carrying amount at beginning of financial year		177.5	179.7		
Effect of foreign exchange rate movements		(24.0)	(2.2)		
Carrying amount at end of financial year		153.5	177.5	–	–
Delfin Lend Lease Group					
Carrying amount at beginning of financial year		64.7	64.7		
Carrying amount at end of financial year		64.7	64.7	–	–
Lend Lease Development Group					
Carrying amount at beginning of financial year		15.8	15.8		
Carrying amount at end of financial year		15.8	15.8	–	–
Total goodwill		683.4	764.7	–	–

Notes to the Consolidated Financial Statements continued

14. Intangible Assets continued

Impairment Tests for Goodwill

Goodwill is allocated to the Group's Cash Generating Units (CGUs) identified according to region and business segment.

A summary of the goodwill allocation to CGUs is set out below:

June 2008	Asia Pacific A\$m	Americas A\$m	Europe A\$m	Total A\$m
Project Management and Construction	27.4	148.1	273.9	449.4
Communities	80.5		153.5	234.0
	107.9	148.1	427.4	683.4
June 2007				
Project Management and Construction	27.4	171.6	307.7	506.7
Communities	80.5		177.5	258.0
	107.9	171.6	485.2	764.7

Key Assumptions Used for Value in Use Calculations

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use post tax cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using projected growth rates. The growth rate reflects the forecast long term average growth rate for the business in which the CGU operates.

The Group's weighted average cost of capital is used as a start point for determining the discount rate with appropriate adjustments for the risk profile relating to the relevant segments and the countries in which they operate. The discount rates used are post tax.

The recoverable amount of CGUs exceeds their carrying value as at 30 June 2008.

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
b. Management Agreements				
Management agreements	45.4	29.4		
<i>Accumulated amortisation</i>	(14.0)	(11.1)		
Total management agreements	31.4	18.3	–	–
Reconciliation				
Reconciliation of the carrying amounts of management agreements are set out below:				
Carrying amount at beginning of financial year ¹	18.3	21.2		
Additions	12.7			
Amortisation	(2.9)	(2.9)		
Other	3.3			
Carrying amount at end of financial year	31.4	18.3	–	–
c. Other Intangibles				
Other intangibles	19.8	8.0		
<i>Accumulated amortisation</i>	(4.5)	(2.9)		
Total other intangibles	15.3	5.1	–	–
Reconciliation				
Reconciliation of the carrying amounts of other intangibles are set out below:				
Carrying amount at beginning of financial year ²	5.1	4.0		
Additions	12.7	2.2		
Amortisation	(2.2)	(1.0)		
Effect of foreign exchange rate movements	(0.3)	(0.1)		
Carrying amount at end of financial year	15.3	5.1	–	–

1 The carrying amount at 1 July 2006 of A\$21.2 million represents A\$29.4 million of costs and A\$8.2 million of accumulated amortisation.

2 The carrying amount at 1 July 2006 of A\$4.0 million represents A\$5.9 million of costs and A\$1.9 million of accumulated amortisation.

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
15. Defined Benefit Plan Asset¹				
a. Balance Sheet Amounts				
The amounts recognised in the balance sheet are determined as follows:				
Fair value of plan assets	156.3	167.3	156.3	167.3
Present value of defined benefit obligations	(126.4)	(116.1)	(126.4)	(116.1)
Unrecognised actuarial gains	(1.4)	(28.7)	(1.4)	(28.7)
Unrecognised past service cost	0.2	0.6	0.2	0.6
Recognised asset for defined benefit obligations	28.7	23.1	28.7	23.1
b. Reconciliation of the Fair Value of Plan Assets				
Fair value of plan assets at beginning of financial year	167.3	147.4	167.3	147.4
Expected return on plan assets	9.0	7.9	9.0	7.9
Actuarial (losses)/gains	(19.2)	17.2	(19.2)	17.2
Contributions by Group companies	6.4	5.5	6.4	5.5
Contributions by plan participants	3.4	2.8	3.4	2.8
Taxes and premiums paid	(1.5)	(1.4)	(1.5)	(1.4)
Transfers in	0.9	0.5	0.9	0.5
Contributions to accumulation fund	(0.9)	(1.3)	(0.9)	(1.3)
Benefits paid	(9.1)	(11.3)	(9.1)	(11.3)
Fair value of plan assets at end of financial year	156.3	167.3	156.3	167.3
c. Reconciliation of the Present Value of Funded Obligations				
Present value of funded obligations at beginning of financial year	116.1	110.8	116.1	110.8
Current service cost	5.8	6.5	5.8	6.5
Interest cost on benefit obligation	6.0	5.3	6.0	5.3
Contributions by plan participants	3.4	2.8	3.4	2.8
Actuarial losses	5.7	4.2	5.7	4.2
Taxes and premiums paid	(1.5)	(1.4)	(1.5)	(1.4)
Transfers in	0.9	0.5	0.9	0.5
Contributions to accumulation fund	(0.9)	(1.3)	(0.9)	(1.3)
Benefits paid	(9.1)	(11.3)	(9.1)	(11.3)
Present value of funded obligations at end of financial year	126.4	116.1	126.4	116.1
d. Expense Recognised in the Income Statement				
Current service cost	5.8	6.5	5.8	6.5
Interest on obligation	6.0	5.3	6.0	5.3
Expected return on plan assets	(9.0)	(7.9)	(9.0)	(7.9)
Actuarial gain recognised	(2.4)	(0.2)	(2.4)	(0.2)
Past service cost	0.4	0.4	0.4	0.4
Net defined benefit plan expense	0.8	4.1	0.8	4.1
e. Actual Return on Plan Assets	(10.2)	25.1	(10.2)	25.1

¹ Relates to the Lend Lease Superannuation Fund (Australia).

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2008 %	June 2007 %	June 2008 %	June 2007 %
15. Defined Benefit Plan Asset continued				
f. Categories of Plan Assets				
Cash	5.0	4.0	5.0	4.0
Equity instruments ¹	51.0	53.0	51.0	53.0
Fixed interest securities	40.0	39.0	40.0	39.0
Property	4.0	4.0	4.0	4.0
	100.0	100.0	100.0	100.0
g. Principal Actuarial Assumptions				
Discount rate (net)	5.9	5.4	5.9	5.4
Expected rate of return on assets ²	5.8	5.8	5.8	5.8
Expected salary increase rate	4.0	4.0	4.0	4.0

h. Employer Contributions

For the financial year ending 30 June 2009, total employer contributions to the plan are expected to be A\$6.3 million.

	Consolidated			
	June 2008 A\$m	June 2007 A\$m	June 2006 A\$m	June 2005 A\$m
i. Historical Summary³				
Plan assets	156.3	167.3	147.4	139.8
Defined benefit plan obligation	(126.4)	(116.1)	(110.8)	(111.3)
Surplus	29.9	51.2	36.6	28.5
Experience (losses)/gains arising on plan assets	(19.2)	17.2	9.4	11.3
Experience (losses)/gains arising on plan liabilities	(8.3)	(6.8)	(4.4)	0.1

1 The fair value of plan assets includes Lend Lease shares to the value of A\$0.2 million (June 2007: A\$0.4 million).

2 The expected return on assets assumption is determined by weighting the expected long term return for each asset class by the target allocation of assets to each asset class. In addition, correlations of the investment returns between asset classes are allowed. The returns used for each asset class are net of investment tax and investment fees. An allowance for administration expenses has been deducted from the expected return.

3 Lend Lease has taken the exemption provided under AASB 1 'First-time Adoption of Australian Equivalents to International Reporting Standards' paragraph 20A, and only disclosed June 2005, June 2006 and June 2007 comparative information, rather than the previous four annual reporting periods as required under AASB 119 'Employee Benefits' paragraph 120A.(p).

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
16. Other Assets				
Current				
Prepayments	27.3	47.6		
Deferred bid costs on projects at preferred bidder status	13.1	28.2		
Other ¹	2.8	112.0		
	43.2	187.8	—	—
Non Current				
Prepayments	11.0	17.5		
Other	0.8	1.0		
	11.8	18.5	—	—
Total other assets	55.0	206.3	—	—

1 Included in June 2007 was A\$109.5 million in respect of an amended assessment issued by the ATO relating to a Westpac warrants issue. The balance was paid by the ATO following the withdrawal of its appeal in August 2007 relating to the Federal Court's decision on Lend Lease's sale of Westpac shares.

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
17. Trade and Other Payables				
Current – Measured at Cost or Amortised Cost				
Trade creditors	2,348.9	2,300.1	43.5	56.3
Construction revenue – amounts due to customers	1,157.3	1,177.4		
Deposits received in advance	7.2	22.6		
Unearned income	6.4	5.0		
Unearned premium reserve ¹		3.6		
Insurance claim reserve ¹	8.4	6.3		
Related party				
Consolidated entities ²			1,485.6	1,371.4
Associates and joint venture entities	18.9	8.8		
Deferred land payments	93.2	53.6		
Other	77.6	34.6	8.1	3.5
	3,717.9	3,612.0	1,537.2	1,431.2
Non Current – Measured at Amortised Cost				
Insurance claim reserve ¹	13.4	21.4		
Unearned income	1.0	1.3		
Related party				
Associates and joint venture entities	19.2	35.1		
Deferred land payments	11.2	110.0		
Other	36.0	49.2		
	80.8	217.0	–	–
Total trade and other payables – measured at cost or amortised cost	3,798.7	3,829.0	1,537.2	1,431.2

1 Unearned premium and insurance claim reserves relate to Lend Lease's wholly owned special purpose captive insurance subsidiary. The 'cost' of the liability for outstanding claims (insurance claim reserves) is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date under insurance contracts issued by the special purpose captive insurance subsidiary. These expected future payments are discounted using a risk free rate. In the current period, the policy year was extended to run to 30 June 2008 and therefore there is no current unearned premium reserve at reporting date.

2 Related party payables include working capital balances with controlled entities and reflect the funding of general working capital items. All working capital balances are non interest bearing and repayable on demand.

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
18. Borrowings and Financing Arrangements				
a. Borrowings – Measured at Amortised Cost				
Non Current				
Commercial notes	929.3	1,076.2		
Total borrowings – measured at amortised cost	929.3	1,076.2	–	–
b. Finance Facilities				
Lend Lease operating businesses have access to the following lines of credit:				
Bank Overdrafts				
Facility available	20.0	20.0	20.0	20.0
Amount of facility used				
Amount of facility unused	20.0	20.0	20.0	20.0
Bank Credit Facilities				
Facility available	788.6	968.6		
Amount of facility used				
Amount of facility unused	788.6	968.6	–	–
Commercial Notes				
Facility available	929.3	1,076.2		
Amount of facility used	(929.3)	(1,076.2)		
Amount of facility unused	–	–	–	–

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

Bank credit facilities include a committed syndicated bank facility maturing in November 2010 of £350.0 million (A\$729.2 million) in the UK, of which £nil million was drawn at 30 June 2008 (June 2007: £nil).

Commercial Notes include £300.0 million 6.125% annual coupon guaranteed notes due 12 October 2021 that were issued in October 2006 in the UK public bond market and US\$300.0 million of guaranteed senior notes issued into the US Private Placement debt market maturing in October of 2012, 2015 and 2017. Lend Lease intends to hold these Commercial Notes to maturity.

Lend Lease has a A\$500.0 million Australian Commercial Paper programme and a A\$1,500.0 million Multi Issuer Debt programme. The amount drawn under these facilities was A\$nil and the availability of these facilities is subject to market conditions.

Consistent with prior year, the Group did not default on any obligations of principal or interest in relation to its borrowing and financing arrangements during the year.

Refer to Note 31d. for analysis of the management of the Group's liquidity risk.

The following schedule profiles the 30 June 2008 borrowings by currency and interest exposure.

	Interest Exposure			Currency		
	Fixed A\$m	Floating A\$m	Total A\$m	US\$ A\$m	£ A\$m	Total A\$m
Less than one year						
Between one and five years	104.9		104.9	104.9		104.9
More than five years	824.4		824.4	209.7	614.7	824.4
Total	929.3	–	929.3	314.6	614.7	929.3

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
19. Provisions				
Current				
Employee benefits	100.4	91.9	3.8	3.8
Construction risks ¹	73.2	79.8		
Other ²	41.8	79.0	39.5	41.9
	215.4	250.7	43.3	45.7
Non Current				
Employee benefits	9.9	9.1	0.7	0.4
Other ²	35.4	4.3		
	45.3	13.4	0.7	0.4
Total provisions	260.7	264.1	44.0	46.1
Reconciliations				
Reconciliations of the carrying amounts of each class of provision, except for employee benefits, are set out below:				
Current				
Construction Risks				
Carrying amounts at beginning of financial year	79.8	101.8		
Provisions (written back)/raised during financial year	(2.2)	10.0		
Payments made during financial year	(3.8)	(16.6)		
Other	7.8	(13.4)		
Effect of foreign exchange rate movements	(8.4)	(2.0)		
Carrying amount at end of financial year	73.2	79.8	–	–
Other				
Carrying amounts at beginning of financial year	79.0	93.6	41.9	51.8
Provisions (written back)/raised during financial year	(12.6)	11.8	13.2	10.3
Payments made during financial year	(17.9)	(28.9)	(13.3)	(20.0)
Other	(3.1)	3.4		
Effect of foreign exchange rate movements	(3.6)	(0.9)	(2.3)	(0.2)
Carrying amount at end of financial year	41.8	79.0	39.5	41.9
Non Current				
Other				
Carrying amounts at beginning of financial year	4.3	5.6		
Provisions raised during financial year	30.9	0.1		
Payments made during financial year	(1.9)	(1.1)		
Other	4.9			
Effect of foreign exchange rate movements	(2.8)	(0.3)		
Carrying amount at end of financial year	35.4	4.3	–	–

¹ Represents maintenance, warranty and construction risk provisions to cover specific or estimated claims that arise due to defects or legal disputes in relation to completed projects. The timing of the utilisation of these provisions varies across each completed project.

² Primarily represents future obligations on funding received for PPP service concession arrangements and various legal provisions. The timing of the utilisation of these provisions is dependent on litigation outcomes and service requests received by Lend Lease.

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
20. Other Financial Liabilities				
Current				
a. Measured at Fair Value				
Derivatives				
Forward foreign exchange contracts – cash flow hedges	0.1	0.4		
Forward foreign exchange contracts – held for trading		2.2		
Forward foreign exchange contracts – fair value hedges		0.1		
Related party				
Consolidated entities – financial guarantees			9.3	11.1
	0.1	2.7	9.3	11.1
b. Measured at Amortised Cost				
Other		2.9		
Total current	0.1	5.6	9.3	11.1
Non Current				
a. Measured at Fair Value				
Related party				
Consolidated entities – financial guarantees	–	–	51.1	69.8
b. Measured at Amortised Cost				
Bluewater lease liability	171.1	197.9		
Other	29.7	58.8		
Total non current	200.8	256.7	51.1	69.8
Total other financial liabilities	200.9	262.3	60.4	80.9

Consistent with the prior year, the Group did not default on any obligations of principal or interest in relation to its other financial liabilities during the period.

Refer to Note 31d. for analysis of the management of the Group's liquidity risk.

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
21. Other Non Financial Liabilities				
Current				
Deferred gain on foreign currency hedges		0.4		
Other	0.3	0.1		
	0.3	0.5	–	–
Non Current				
Other	0.8	0.2		
	0.8	0.2	–	–
Total other non financial liabilities	1.1	0.7	–	–

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
22. Defined Benefit Plan Liability¹				
a. Balance Sheet Amounts				
The amounts recognised in the balance sheet are determined as follows:				
Present value of defined benefit obligations	686.2	778.3		
Fair value of plan assets	(627.7)	(661.0)		
Unrecognised actuarial gains	59.6	39.1		
Recognised liability for defined benefit obligations	118.1	156.4	–	–
b. Reconciliation of the Present Value of Defined Benefit Obligations				
Present value of defined benefit obligations at beginning of financial year	778.3	722.4		
Current service cost	33.1	39.4		
Interest cost on benefit obligation	39.8	39.2		
Contributions by plan participants	0.4	0.5		
Actuarial (gains)/losses	(40.2)	3.2		
Benefits paid	(18.9)	(16.7)		
Curtailments		0.5		
Effect of foreign exchange rate movements	(106.3)	(10.2)		
Present value of defined benefit obligations at end of financial year	686.2	778.3	–	–
c. Reconciliation of the Fair Value of Plan Assets				
Fair value of plan assets at beginning of financial year	661.0	572.2		
Expected return on plan assets	44.4	41.4		
Actuarial (losses)/gains	(12.7)	18.5		
Contributions by Group companies	46.7	54.2		
Contributions by plan participants	0.4	0.5		
Benefits paid	(18.9)	(16.7)		
Effect of foreign exchange rate movements	(93.2)	(9.1)		
Fair value of plan assets at end of financial year	627.7	661.0	–	–
d. Expense Recognised in the Income Statement				
Current service cost	33.1	39.4		
Interest on obligation	39.8	39.2		
Expected return on plan assets	(44.4)	(41.4)		
Curtailment cost		0.5		
Net defined benefit plan expense	28.5	37.7	–	–
e. Actual Return on Plan Assets	31.8	59.9	–	–
	Consolidated		Company	
	June 2008 %	June 2007 %	June 2008 %	June 2007 %
f. Categories of Plan Assets				
Equity instruments	56.0	66.0		
Debt instruments	42.0	28.0		
Other assets	2.0	6.0		
	100.0	100.0	–	–

¹ Relates to the Bovis UK Pension Scheme.

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2008 %	June 2007 %	June 2008 %	June 2007 %
22. Defined Benefit Plan Liability continued				
g. Principal Actuarial Assumptions				
Discount rate (net)	6.3	5.5		
Expected rate of return on assets ¹	7.0	7.5		
Expected salary increase rate	5.3	4.7		
Expected rate of pension increases:				
Post April 2005	2.9	2.7		
April 1997 to April 2005	3.8	3.2		
Pre April 1997	2.9	2.7		

¹ The expected return on assets assumption is determined by weighting the expected long term return for each asset class by the target allocation of assets to each asset class and allowing for the correlations of the investment returns between asset classes. The returns used for each asset class are net of the Pension Protection Fund levy payable for the 2008 financial year. An allowance for administration expenses has been deducted from the expected return.

h. Employer Contributions

For the financial year ending 30 June 2009, total employer contributions to the plan are expected to be A\$32.7 million (£15.7 million). Further employer contributions may be paid if there are any redundancies or augmentations during the year.

	June 2008 A\$m	June 2007 A\$m	Consolidated June 2006 A\$m	June 2005 A\$m
i. Historical Summary¹				
Plan assets	627.7	661.0	572.2	454.2
Defined benefit plan obligation	(686.2)	(778.3)	(722.4)	(640.2)
(Deficit)	(58.5)	(117.3)	(150.2)	(186.0)
Experience (losses)/gains arising on plan assets	(12.7)	18.5	36.8	32.3
Experience (losses)/gains arising on plan liabilities	(0.9)	(7.1)	(21.1)	(23.9)

¹ Lend Lease has taken the exemption provided under AASB 1 paragraph 20A, and only disclosed June 2005, June 2006 and June 2007 comparative information rather than the previous four annual reporting years as required under AASB 119 paragraph 120A.(p).

	Consolidated				Company			
	June 2008		June 2007		June 2008		June 2007	
	No. of Shares m	A\$m	No. of Shares m	A\$m	No. of Shares m	A\$m	No. of Shares m	A\$m
23. Issued Capital and Treasury Shares								
Issued Capital – Ordinary Shares Fully Paid								
Ordinary shares issued at beginning of financial year	401.1	854.4	399.7	834.7	401.1	854.4	399.7	834.7
Movements during financial year								
Issues for:								
Share Election Plan (SEP) ¹			0.4				0.4	
Other ²		0.3	1.0	19.7		0.3	1.0	19.7
Ordinary shares issued at end of financial year	401.1	854.7	401.1	854.4	401.1	854.7	401.1	854.4

¹ The shares issued under the SEP represent dividends forgone by SEP participants and reinvested in shares. These shares are issued directly from share capital with the number of shares issued based on the share price at the date the dividend payments are forgone.

² The June 2007 figure primarily relates to Lend Lease Corporation Limited shares issued as part of the consideration for the purchase of the minority interest shareholdings in Crosby Lend Lease Group Limited.

The Company's SEP, Dividend Reinvestment Plan (DRP) and Share Purchase Plan remained suspended during the June 2008 financial year. The DRP will be reactivated in August 2008.

Holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at shareholders' meetings. Ordinary shareholders rank after all creditors in repayment of capital.

Effective 1 July 1998, the corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, Lend Lease does not have authorised capital or par value in respect of its issued shares.

Notes to the Consolidated Financial Statements continued

	Consolidated				Company			
	June 2008		June 2007		June 2008		June 2007	
	No. of Shares m	A\$m	No. of Shares m	A\$m	No. of Shares m	A\$m	No. of Shares m	A\$m
23. Issued Capital and Treasury Shares continued								
Treasury Shares¹								
Treasury shares at beginning of financial year	30.5	67.4	30.4	64.5	30.5	92.5	30.4	89.6
Movements during financial year								
Treasury shares acquired	0.1	1.6	0.4	6.7	0.1	1.5	0.4	6.7
Treasury shares vested	(0.5)	(6.4)	(0.3)	(3.8)	(0.5)	(6.4)	(0.3)	(3.8)
Treasury shares at end of financial year	30.1	62.6	30.5	67.4	30.1	87.6	30.5	92.5

¹ Represents unallocated Lend Lease shares held by employee benefit vehicles, including employee share plans, which Lend Lease sponsors. The value reflects the original historical cost to the Lend Lease Group. The value of the treasury shares for the Company is different to the value of the treasury shares for the Lend Lease Group due to the elimination of the profit impact of transactions between consolidated employee benefit vehicles.

	Note	Consolidated		Company	
		June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
24. Reserves					
Fair value revaluation reserve	24a	81.1	130.2	(0.1)	1.3
Hedging reserve	24b	(13.4)	(9.9)		
Foreign currency translation reserve	24c	(162.2)	(50.7)		
Equity compensation reserve	24d	33.6	12.3	33.6	12.3
Other compensation reserve	24e	54.4	55.3	54.4	55.3
Capital reserve	24f	104.6	104.6	104.6	104.6
Minority interest acquisition reserve	24g	(107.7)	(124.7)		
Total reserves		(9.6)	117.1	192.5	173.5

Nature and Purpose of Reserves

a. Fair Value Revaluation Reserve

Unrealised gains or losses arising from changes in the fair value and foreign exchange rate differences on translation of non monetary securities classified as available for sale are recognised in the fair value revaluation reserve. Amounts are recognised in the income statement when the associated securities are sold, redeemed or impaired.

b. Hedging Reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to hedged transactions that have not occurred.

c. Foreign Currency Translation Reserve

The foreign currency translation reserve records the foreign currency differences net of income tax arising from the translation of foreign operations, the translation of transactions that hedge the Company's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in a foreign operation.

d. Equity Compensation Reserve

The fair value of equity settled share based compensation is recognised in the income statement and equity compensation reserve over the vesting period of the underlying grant. Additionally, unallocated Lend Lease shares held by consolidated employee benefit vehicles which are used to meet equity related employee arrangements are recognised in the equity compensation reserve at their original historic cost to the Group.

e. Other Compensation Reserve

Unallocated Lend Lease shares held by consolidated employee benefit vehicles that are used to cash settle certain share based payment arrangements are recognised in the other compensation reserve at their original historic cost to the Group. On allocation, the shares are revalued to their current market value against the income statement. Following the distribution of the proceeds to the beneficiary, the difference between the original cost of the shares and the market value is recognised in retained earnings as a 'gain/(loss) on utilisation of treasury shares'.

Notes to the Consolidated Financial Statements continued

24. Reserves continued

f. Capital Reserve

The capital reserve comprises realised capital profits on the disposal of assets which did not attract capital gains tax.

g. Minority Interest Acquisition Reserve

The minority interest acquisition reserve arises from additional acquisition of minority interests, subsequent to obtaining control of the entity. The reserve represents the premium on the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity.

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
25. Retained Earnings				
Retained earnings at beginning of financial year ¹	2,257.4	1,998.8	1,684.8	1,550.0
Profit attributable to members of Lend Lease Corporation Limited	265.4	497.5	669.4	391.0
Dividends forgone pursuant to SEP		6.5		6.5
Gain on utilisation of treasury shares recognised directly in retained earnings ²	1.8	0.8	1.3	1.2
Other	(3.6)	(2.5)		
	2,521.0	2,501.1	2,355.5	1,948.7
Dividends paid	(341.0)	(263.9)	(341.0)	(263.9)
Dividends on treasury shares	25.5	20.2		
Total retained earnings at end of financial year	2,205.5	2,257.4	2,014.5	1,684.8
26. Minority Interests				
Minority interests comprise:				
Chelmsford Meadows (25%)	41.5	58.3		
Lend Lease Twin Waters (49%)	12.6	12.9		
Lend Lease Rouse Hill (49%) ³		9.4		
Other	1.9	0.9		
	56.0	81.5	–	–
Represented by:				
Interest in retained profit at end of financial year	0.5	9.4		
Interest in share capital	55.5	72.1		
Total minority interests	56.0	81.5	–	–

¹ The June 2007 opening retained earnings of A\$2,018.2 million has been adjusted to A\$1,998.8 million to align inconsistent accounting policies between associates (held by UK PPP) and Lend Lease. The adjustment also impacts the hedging reserve.

² Difference between the cost of the treasury shares to the Group and the fair value expensed to the income statement on settlement.

³ Lend Lease Rouse Hill was deconsolidated on 1 January 2008.

Notes to the Consolidated Financial Statements continued

27. Contingent Liabilities

Lend Lease has the following contingent liabilities:

There are a number of legal claims and exposures which arise from the normal course of business. There is significant uncertainty as to whether a future liability will arise in respect of these items. The amount of liability, if any, which may arise cannot be measured reliably at this time. The Directors are of the opinion that all known liabilities have been brought to account and that adequate provision has been made for any anticipated losses.

In certain circumstances, Lend Lease guarantees the performance of particular Group entities in respect of their obligations. This includes bonding and bank guarantee facilities used primarily by the Project Management and Construction business as well as performance guarantees for certain Communities business commercial built-form development. These guarantees are provided in respect of activities that occur in the ordinary course of business and any known losses in respect of the relevant contracts have been brought to account.

Certain contingent liabilities exist in relation to the Lend Lease Retirement Benefit Fund and the Lend Lease Employee Investment Trust (EIT). This is disclosed in detail in Note 34a. 'Lend Lease Employee Share Plans'.

In September 2004, a class action was filed against a number of parties who responded to the World Trade Center emergency and debris removal following the events of 9/11. The action was brought against more than 50 defendants including the City of New York and Bovis Lend Lease LMB Inc ('Bovis Lend Lease') (a subsidiary of Lend Lease). Judge Alvin K Hellerstein of the United States Federal Court for the Southern District of New York refused to certify the class action and as such the litigation proceeds as a consolidated action by individual claimants.

In June 2006, Bovis Lend Lease and the other defendants brought an immunity motion in relation to the claims. The motion was brought on the basis that the defendants responded to a civic emergency and in that context should be immune from liability under applicable US laws. Judge Hellerstein handed down his judgment on 17 October 2006 and held that the "Defendants are benefited by limited immunity, limited according to time and activity". However, the Court denied the defendants' motion, concluding that such issues are "fact-intensive" questions which are "unsuitable for resolution by motion". Judge Hellerstein stated that the Court would need to assess further evidence before it could determine the extent to which the immunity laws are applicable to the claims.

Although the defendants were pleased that the 17 October 2006 decision recognised that the state and federal laws that provide immunity do protect the defendants against suit (to a presently undetermined extent) and while Judge Hellerstein's decision made no finding of liability in relation to Bovis Lend Lease or any of the defendants, the defendants have appealed against the motion on the basis that the Court should have granted the motion as presented. The United States Court of Appeal for the Second Circuit declined to overturn the lower court's ruling. The defendants have requested a re-hearing by the full Appellate Court of the immunity motion and are awaiting a response. Absent a re-hearing, the extent of Bovis Lend Lease's entitlement to immunity will remain open, to be finally determined at a later date. The litigation is still in the preliminary stages. Should the litigation proceed beyond this stage, Bovis Lend Lease is one of the beneficiaries of the approximately US\$1.0 billion captive insurance policy established by the US Congress to protect the City of New York and its contractors against liabilities that may arise from the clean up. Bovis Lend Lease also has other project specific insurance.

In addition, to establish any liability on the part of Bovis Lend Lease, the claimants must prove that Bovis Lend Lease owed them a duty of care, breached that duty and that their injuries were caused by the conduct of Bovis Lend Lease. The litigation will therefore need to proceed through a number of stages before any liability can attach to Bovis Lend Lease. As with all litigation, to the extent that the claimants are able to establish liability against Bovis Lend Lease, it is not possible at this stage to quantify what that liability may or may not be or whether or not that liability will be entirely covered by insurance.

Notes to the Consolidated Financial Statements continued

	Country of Incorporation	Foreign Country of Business Operation	Year End 30 June 2008 Ownership Interest %	Year End 30 June 2007 Ownership Interest %
28. Consolidated Entities				
a. Investments in Consolidated Entities				
The material consolidated entities of the Group are:				
Parent Entity				
Lend Lease Corporation Limited	Australia			
Project Management, Construction				
Australia				
Bovis Lend Lease Pty Limited	Australia		100	100
International				
Bovis Lend Lease Holdings Limited	UK	UK	100	100
Bovis Lend Lease International Limited	UK	Malta	100	100
Bovis Lend Lease Limited	UK	UK	100	100
Bovis Lend Lease Overseas Holdings Limited	UK	UK	100	100
Bovis Lend Lease Holdings, Inc.	USA	USA	100	100
Bovis Lend Lease, Inc.	USA	USA	100	100
Bovis Lend Lease LMB, Inc.	USA	USA	100	100
ML Bovis Holdings Limited	USA	USA	100	100
Public Private Partnerships				
International				
Actus Lend Lease, LLC	USA	USA	100	100
Catalyst Lend Lease Ltd	UK	UK	100	100
Retail				
International				
Blueco Limited	UK	UK	100	100
Lend Lease Europe Holdings Limited	UK	UK	100	100
Lend Lease Europe Limited	UK	UK	100	100
Yarmouth Lend Lease King of Prussia, Inc.	USA	USA	100	100
Communities				
Australia				
Delfin Lend Lease Limited	Australia		100	100
Lend Lease Development Pty Limited	Australia		100	100
International				
Crosby Lend Lease Group Limited	UK	UK	100	100
The Beaufort Homes Development Group Limited	UK	UK	100	100
The Crosby Group plc	UK	UK	100	100
Lend Lease Retail and Communities Inc.	USA	USA	100	100
Investment Management				
Australia				
Lend Lease Real Estate Investments Limited	Australia		100	100
Lend Lease Securities and Investment Pty Limited	Australia		100	100
International				
Lend Lease Investment Management (formerly LL Real Estate Investments Pte Limited)	Singapore	Singapore	100	100
Lend Lease (US) Holdings, Inc.	USA	USA	100	100
Lend Lease (US), Inc.	USA	USA	100	100
Lend Lease (US) Services, Inc.	USA	USA	100	100

Notes to the Consolidated Financial Statements continued

	Country of Incorporation	Foreign Country of Business Operation	Year End 30 June 2008 Ownership Interest %	Year End 30 June 2007 Ownership Interest %
28. Consolidated Entities continued				
Group Services				
Australia				
Lend Lease Finance Limited	Australia		100	100
Lend Lease International Pty Limited	Australia		100	100
Lend Lease Singapore Investments Pty Ltd	Australia		100	100
Lend Lease Ventures Pty Ltd	Australia		100	
International				
Lend Lease (US) Capital, Inc.	USA	USA	100	100
Lend Lease Europe Finance plc	UK	UK	100	100

	Ownership Interest Disposed %	Date Disposed	Consideration Received A\$m
b. Disposals			
June 2008			
During the year, the consolidated entity disposed of its interest in the following entity. The operating results to that date have been included in consolidated profit.			
Communities			
Lend Lease GPT (Rouse Hill) Pty Ltd	1	1 Jan 08	0.3
June 2007			
Communities			
Playbill Venue Management Pty Limited	50	9 Oct 06	0.9
RBD QLD Pty Ltd	100	21 Dec 06	32.0
Investment Management			
Lend Lease Asian Retail Investment Fund	100	8 Jun 07	

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
Details of the disposals of consolidated entities are as follows:				
Sale Proceeds				
Cash received	0.3	31.2	173.9	
Deferred proceeds		1.7		
Carrying amount on disposal	(0.2)	(10.3)	(173.9)	
Profit on disposal	0.1	22.6	-	-
Carrying Value of Net Assets of Entities Disposed				
Cash and cash equivalents	0.1	4.5		
Receivables	0.1	1.2		
Inventories	1.2			
Other investments		84.6	173.9	
Deferred tax assets	0.3			
Other assets		11.2		
Payables and provisions	(0.1)	(91.2)		
Financial liabilities	(0.8)			
Deferred tax liability	(0.3)			
Other non financial liabilities	(0.3)			
Net assets disposed	0.2	10.3	173.9	-
Cash Flows Resulting from Sale				
Cash consideration	0.3	31.2	173.9	
Cash disposed	(0.1)	(4.8)		
Cash deconsolidated	(6.8)			
Net (outflows) /inflows of cash	(6.6)	26.4	173.9	-

Notes to the Consolidated Financial Statements continued

29. Segment Reporting

The segment results are discussed and analysed in the Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) included with this Report. Business Segment Summary

Segment	Segment Revenue ^{1,2}		Other Unallocated Revenue ¹		Group Revenue		Segment Result Before Tax ^{1,2,3}		Share of Profit of Investments Accounted for Using the Equity Method ⁴		Other Unallocated Revenues, Other Income and Expenses ¹		Group Profit/(Loss) Before Tax		Group Profit/(Loss) After Tax ⁴		Group Profit/(Loss) After Tax ⁵	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
Retail Communities Public Private	130.7	131.6			130.7	131.6	(0.2)	67.7	(7.0)	100.4			(7.2)	168.1	(12.5)	111.0	(5.4)	108.8
Partnerships Investment	946.2	1,158.3	23.3	6.2	969.5	1,164.5	(35.9)	145.1	32.6	37.1	18.2	28.3	14.9	210.5	(21.5)	143.4	(21.2)	143.4
Project Management and Construction	944.6	747.4	18.1	7.7	962.7	755.1	36.2	41.8	22.2	16.7	15.6	7.0	74.0	65.5	73.0	57.3	73.0	57.3
	77.5	82.3	49.8	5.7	127.3	88.0	24.2	47.3	26.0	26.2	116.8	152.6	167.0	226.1	148.6	202.6	148.6	202.6
	12,426.8	12,056.7			12,426.8	12,056.7	173.6	31.2	15.0	9.2		(0.1)	188.6	40.3	148.2	43.8	147.2	43.3
Total segment	14,525.8	14,176.3	91.2	19.6	14,617.0	14,195.9	197.9	333.1	88.8	189.6	150.6	187.8	437.3	710.5	335.8	558.1	342.2	555.4
Unallocated			60.9	86.0	60.9	86.0					(115.8)	(82.5)	(115.8)	(82.5)	(76.8)	(57.9)	(76.8)	(57.9)
Total Group			152.1	105.6	14,677.9	14,281.9					34.8	105.3	321.5	628.0	259.0	500.2	265.4	497.5

1 AASB 114 'Segment Reporting' does not permit certain items of revenue and expenses to be attributed to particular segments for the purposes of determining segment revenues and segment results. These include corporate expenses; interest and dividend revenue; proceeds on the sale of investments (unless the segment's operations are primarily of a financial nature); and income tax expenses. June 2008 includes A\$9.5 million (June 2007: A\$133.4 million) unallocated income relating to the Group's investment in Lend Lease Global Properties, SICAF.

2 Segment revenues, expenses and results do not include intersegment transfers between business segments. Intersegment transfers are priced on an arm's length basis.

3 Includes A\$6.9 million reversal of impairment for Communities (June 2007: A\$5.7 million) in relation to Jacksons Landing. Refer to Note 4. 'Other Operating (Income) and Expenses'.

4 Represents Group profit/(loss) after tax including minority interests.

5 Represents profit/(loss) after tax attributable to members of Lend Lease Corporation Limited.

Notes to the Consolidated Financial Statements continued

29. Segment Reporting continued

Business Segment Summary continued

Segment	Depreciation and Amortisation ¹		Non Cash Expenses Other than Depreciation and Amortisation ²		Segment Assets ³		Investments Accounted for Using the Equity Method		Unallocated Corporate Assets ³		Total Group Assets		Acquisition of Non Current Assets ⁴		Segment Liabilities ³		Unallocated Corporate Liabilities ³		Total Group Liabilities	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
Retail Communities	1.6	1.9	52.1	(1.8)	787.1	913.2	668.2	747.3	5.5	3.8	1,460.8	1,664.3	27.1	11.5	321.6	433.6	119.4	194.5	441.0	628.1
Public Private Partnerships	6.7	5.4	124.6	1.0	2,190.1	2,109.6	84.6	85.3	12.7	95.0	2,287.4	2,289.9	19.8	13.4	326.1	433.2	74.7	162.4	400.8	595.6
Investment Management	1.7	2.1	(2.4)	(0.1)	507.3	515.8	20.7	18.4	0.3	63.0	528.3	597.2		1.8	360.7	148.1	70.4	173.9	431.1	322.0
Project Management and Construction	3.1	3.0	5.8	(2.7)	481.3	801.7	239.8	253.0	7.7	11.3	728.8	1,066.0	0.1	0.1	45.1	55.1	32.4	72.2	77.5	127.3
	10.3	9.9	28.5	216.1	2,947.7	2,862.6	33.9	22.5	102.7	94.3	3,084.3	2,979.4	20.7	12.3	3,041.9	3,084.9	105.0	11.0	3,146.9	3,095.9
Total segment	23.4	22.3	208.6	212.5	6,913.5	7,202.9	1,047.2	1,126.5	128.9	267.4	8,089.6	8,596.8	67.7	39.1	4,095.4	4,154.9	401.9	614.0	4,497.3	4,768.9
Unallocated									505.3	739.4	505.3	739.4					1,053.6	1,324.3	1,053.6	1,324.3
Total Group									634.2	1,006.8	8,594.9	9,336.2					1,455.5	1,938.3	5,550.9	6,093.2

1 Represents segment amortisation and depreciation.

2 Non cash expenses represent those non cash items included in segment expense, such as fair value losses and provisions.

3 AASB 114 does not permit certain assets and liabilities to be attributed to particular segments for the purposes of determining segment assets and segment liabilities. These include income tax assets and liabilities, borrowings and liabilities related to assets that are the subject of finance lease liabilities.

4 Represents the acquisition of segment assets that are expected to be used for greater than one year. These assets represent capital expenditure and include assets acquired under finance leases but exclude investments accounted for using the equity method, investment properties and other financial assets.

Notes to the Consolidated Financial Statements continued

29. Segment Reporting continued

Geographical Segment Summary

	Segment Revenue			Group Revenue			Group Profit/(Loss) Before Tax			Group Profit/(Loss) After Tax			Segment Assets			Acquisition of Non Current Assets		
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m		
Asia Pacific	3,418.0	3,203.4	3,434.3	3,209.8	310.1	251.2	238.3	185.1	2,031.8	2,210.7	41.1	10.3						
Americas	6,866.9	6,709.2	6,871.7	6,709.3	165.2	237.2	150.1	171.9	2,000.1	1,927.1	7.9	8.0						
Europe	4,240.9	4,263.7	4,311.0	4,276.8	(38.0)	222.1	(46.2)	198.4	2,881.6	3,065.1	18.7	20.8						
Total segment	14,525.8	14,176.3	14,617.0	14,195.9	437.3	710.5	342.2	555.4	6,913.5	7,202.9	67.7	39.1						
Unallocated corporate			60.9	86.0	(115.8)	(82.5)	(76.8)	(57.9)										
Total Group			14,677.9	14,281.9	321.5	628.0	265.4	497.5										

Business Segments

The consolidated entity comprises the following main business segments, based on the consolidated entity's management reporting system.

Retail

Retail relates to property development from concept through to design, planning, construction, financing, leasing, property management and the eventual sale. This segment also includes direct investments in retail assets.

Communities

Communities relates to urban community development. This includes all aspects from acquisition, design, development and management to eventual sale.

Public Private Partnerships

Public Private Partnerships relates to privatisation services, including the health sector, education sector, waste sector, defence estates and accommodation.

Investment Management

Investment Management relates to the management of real estate investment funds and real estate associated debt on behalf of clients. This also includes indirect investments in real estate and other investments.

Project Management and Construction

This business segment relates to project management, design services, construction management and engineering.

Unallocated Business Segments

Corporate

Corporate includes Group Treasury, amortisation and corporate administration services. All financing costs that are not directly related to real estate development projects or investments are reported in unallocated corporate.

Geographic Segments

The Group's businesses operate on a global basis. Segment revenue is based on the geographic location of customers and segment assets are based on the geographic location of the assets. The Group's business segments operate across the following regions: Asia Pacific, Americas and Europe.

Notes to the Consolidated Financial Statements continued

30. Capital Risk Management

The Group assesses its Capital Management model as part of its broader strategic plan. The Group focuses on interrelated financial parameters including return on equity, earnings growth and borrowing capacity. These are 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 shareholder returns and to maintain an investment grade credit rating through adoption of a conservative financial profile.

The capital structure of the Group can be changed by equity issuance, paying dividends, dividend reinvestment plan and changing the level of debt. The co-dependence of the financial parameters focuses the Group on managing these to a balanced outcome.

31. International Currency Management and Financial Instruments

The Group operates across numerous jurisdictions and markets. In order to maintain control and discipline with the Group's financial integrity, a Financial Markets Risk Committee oversees the management of the Group's foreign currency, credit, interest rate and liquidity risk exposures, within the parameters of Board approved policy.

The Lend Lease Risk Management and Audit Committee maintains a Group-wide framework for risk management and reviews issues of material risk exposure, including credit risk.

a. Foreign Currency

Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial commitment, a recognised asset or liability will fluctuate due to changes in foreign currency rates.

Foreign currency risk arises primarily from net investments in foreign operations, and firm commitments or highly probable forecast transactions settled in foreign currency.

The Group's policy is to manage currency risk so as to minimise any adverse impact of this risk and associated costs on the Lend Lease Group's consolidated result. The Group's exposure is primarily to the United States Dollar (USD), Great British Pound (GBP), Singapore Dollar (SGD) and Euro (EUR).

The Group uses both physical and derivative financial instruments (mainly forward foreign exchange contracts) to hedge its foreign currency exposures, including borrowings in the relevant foreign currencies to hedge the net investments in foreign operations.

2008 Consolidated	AUD	USD	GBP	SGD	EUR	Total A\$m
Net asset exposure (local currency)	1,525.5	109.8	528.0	202.6	88.9	
Net asset exposure (AUD)	1,525.5	115.6	1,100.0	157.1	145.8	3,044.0
2007 Consolidated						
Net asset exposure (local currency)	1,626.9	122.4	496.3	231.5	53.1	
Net asset exposure (AUD)	1,626.9	149.3	1,196.0	183.7	87.1	3,243.0

Net Investments in Foreign Operations

Net investments in foreign operations are exposed to foreign currency translation risk. Foreign currency gains and losses arising from translation of net investments in foreign operations are recognised in the Foreign Currency Translation Reserve (refer Note 1u.) until realised.

The majority of forward exchange contracts hedge specific foreign currency exposures including receivables, payables, revenues, expenses and intercompany transactions and loans. The contracts are converted using forward rates at balance date with unrealised gains and losses recorded in the income statement or the hedge reserve when the derivative is used in a hedging relationship that satisfies AASB 139 'Financial Instruments: Recognition and Measurement' criteria. Exchange gains and losses on these contracts are accounted for in accordance with the Group's accounting policy for foreign currency (refer to Accounting Policy Note 1u.).

Certain derivative transactions are treated as cash flow or fair value hedges when they meet the appropriate strict hedge accounting criteria outlined in Accounting Policy Note 1v.

Fair Value Hedges

The Group's fair value hedges consist of foreign exchange forward contracts used as hedging instruments to protect against changes in the fair value of particular foreign denominated available for sale financial assets, or hedged items, due to movements in foreign exchange rates.

Notes to the Consolidated Financial Statements continued

31. International Currency Management and Financial Instruments continued

a. Foreign Currency continued

Fair Value Hedges continued

Changes in the fair value of the hedging instrument are recognised in the income statement in the period in which it occurs. Changes in the fair value of the hedging instrument are offset against the change in the fair value of the hedged item and are eliminated on consolidation, as shown below:

	Consolidated	
	June 2008 A\$m	June 2007 A\$m
Gain/(loss) on hedging instrument		
Asia Pacific Investment Company (APIC II)		0.9
Lend Lease Global Properties, SICAF	1.2	0.1
Gain/(loss) on hedged item		
Asia Pacific Investment Company (APIC II)		(0.9)
Lend Lease Global Properties, SICAF	(1.2)	(0.1)

Cash Flow Hedges

The Group's cash flow hedges protect against foreign exchange rate fluctuations on highly probable forecast transactions using foreign exchange forward contracts. As at 30 June 2008 the fair value of these outstanding designated derivatives recognised in equity is A\$1.2 million. It is expected that the current hedged forecast transactions will occur during the financial year ending 30 June 2009 and will affect the income statement in the same period. Refer to Statements of Changes in Equity – Hedging Reserve.

There are no gains or losses recognised in the income statement during the period due to hedge ineffectiveness (30 June 2007: A\$nil).

Foreign Currency Hedges

The Group's foreign exchange cash flow and fair value hedges by currency and maturity date are detailed below:

	Weighted Average Exchange Rate		Gross Receivable/(Payable) Under Contracts	
	June 2008 (A\$1=)	June 2007 (A\$1=)	June 2008 A\$m	June 2007 A\$m
Contracts to buy pounds sterling at an agreed exchange rate				
Not later than one year	0.49	0.42	(25.9)	(51.8)
Contracts to sell pounds sterling at an agreed exchange rate				
Not later than one year	0.47	0.42	735.6	574.9
Later than one year but not later than two years	0.49		12.4	
Later than two years but not later than three years	0.49		0.3	
Contracts to buy US dollars at an agreed exchange rate				
Not later than one year	0.93	0.82	(270.6)	(237.5)
Contracts to sell US dollars at an agreed exchange rate				
Not later than one year	0.92	0.79	35.1	45.8
Contracts to buy euros at an agreed exchange rate				
Not later than one year	0.61	0.62	(10.8)	(10.9)
Later than one year but not later than two years	0.61		(12.4)	
Later than two years but not later than three years	0.61		(0.3)	
Contracts to sell euros at an agreed exchange rate				
Not later than one year	0.61	0.61	24.4	8.5
Contracts to buy Singapore dollars at an agreed exchange rate				
Not later than one year	1.25	1.22	(20.8)	(25.0)
Contracts to sell Singapore dollars at an agreed exchange rate				
Not later than one year	1.30	1.25	2.2	27.6
Contracts to buy Japanese yen at an agreed exchange rate				
Not later than one year	97.94		(3.0)	
Total A\$			466.2	331.6

Notes to the Consolidated Financial Statements continued

31. International Currency Management and Financial Instruments continued

a. Foreign Currency continued

Sensitivity Analysis

The sensitivity of the AUD to movement in foreign currencies is based on a 5% fluctuation in the average rates during the financial year and the spot rate at balance date. This analysis assumes that all other variables in particular interest rates remain constant. No sensitivity analysis is performed for the Company, on the basis it does not have material exposures to foreign currency balances.

A 5% decrease in the average foreign exchange rates would have impacted the Group's profit after tax as follows:

	Consolidated	
	Increase/(decrease) in profit/(loss) after tax	
	June 2008	June 2007
	A\$m	A\$m
USD	7.0	8.1
GBP	(4.9)	7.4
SGD	0.9	0.7
EUR	0.8	0.8
	3.8	17.0

An increase of 5% in average foreign exchange rates has the equal and opposite effect.

A 5% decrease in the foreign exchange spot rates would have increased the Group's net assets as follows:

	Consolidated	
	Increase in net assets	
	June 2008	June 2007
	A\$m	A\$m
USD	5.8	7.4
GBP	55.0	59.8
SGD	7.8	9.2
EUR	7.2	4.4
	75.8	80.8

An increase of 5% in the spot foreign exchange rates has the equal and opposite effect.

b. Credit Risk

Credit risk represents the risk that a counterparty will not complete its obligations under a financial instrument resulting in a financial loss to the Group. The Group has exposure to credit risk from all recognised financial assets.

On Balance Sheet Financial Instruments

The maximum exposure to credit risk at balance date on financial assets recognised in the balance sheet (excluding investments of the Group) equals the carrying amount, net of any impairment.

The Group has no significant concentrations of credit risk on either a geographic or industry specific basis, and has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

Credit risk on derivative financial instruments is managed through a Board approved credit policy for determining acceptable counterparties. The counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. The policy sets out credit limits for each counterparty. The use of any counterparty outside the policy specifications requires Board approval.

Credit risk for derivative contracts such as swaps and forward exchange contracts is minimised as dealings are principally undertaken with counterparties that are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency, in accordance with Board approved policy.

Foreign exchange contracts are subject to credit risk in relation to the counterparty failing to deliver the contracted amount of currency at settlement date. The full amount of the exposure is disclosed in Note 31a. 'Foreign Currency'.

Collateral

In certain circumstances, the Group will hold either financial or non financial assets as collateral to further mitigate the credit risk arising on selected transactions. The Group currently holds the following collateral as security for certain credit risk exposures:

- A trade debtor (A\$76.5 million) is secured by a first registered mortgage over land parcels (30 June 2007: A\$74.5 million).
- An other receivable (A\$4.9 million) is secured by a first registered mortgage over land parcels (30 June 2007: A\$nil).

The Group did not obtain financial or non financial assets as collateral during the period as a result of default by a counterparty (30 June 2007: A\$nil). Consequently, any collateral held as security is not recognised in the financial statements.

Notes to the Consolidated Financial Statements continued

31. International Currency Management and Financial Instruments continued

c. Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument or cash flow associated with the instrument will fluctuate due to changes in the market interest rates.

The Group's policy is to manage interest rate risk that impacts directly on the Group's assets and liabilities.

The Group uses physical and derivative financial instruments to assist in managing its interest rate exposure. Speculative trading is not undertaken.

Sensitivity Analysis – Consolidated

At 30 June 2008 it is estimated that an increase of one percentage point in interest rates would have increased the Group's profit after tax and retained earnings by A\$3.6 million (2007: A\$3.5 million increase). The net increase in profit after tax is due to the high proportion of fixed interest rate debt and high proportion of floating rate assets. A one percentage point decrease in interest rates would have an equal and opposite effect on retained earnings and profit after tax. The increase or decrease in interest income/expense is proportional to the increase or decrease in interest rates. Interest rate swaps have been included in this calculation.

The Group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities are set out below.

Consolidated	Note	Weighted Average Interest Rate¹ %	Floating Interest Rate A\$m	Fixed Interest Maturing In One Year or Less A\$m	One to Five Years A\$m	More than Five Years A\$m	Non Interest Bearing A\$m	Total A\$m
June 2008								
Financial Assets								
Cash and cash equivalents	7	5.2	573.9	268.9				842.8
Loans and receivables	8	9.5	139.8	77.6	44.0	156.5	2,434.6	2,852.5
Other financial assets (investments)	12	5.4		28.5	5.3		433.6	467.4
Other financial assets (derivatives)	12						8.7	8.7
			713.7	375.0	49.3	156.5	2,876.9	4,171.4
Financial Liabilities								
Trade and other payables ²	17						2,641.4	2,641.4
Borrowings	18	6.0			104.9	824.4		929.3
Other financial liabilities ³	20	7.0	171.1		22.9		6.8	200.8
Other financial liabilities (derivatives)	20						0.1	0.1
			171.1	–	127.8	824.4	2,648.3	3,771.6
Net financial assets and liabilities			542.6	375.0	(78.5)	(667.9)	228.6	399.8
June 2007								
Financial Assets								
Cash and cash equivalents	7	4.8	422.7	127.4				550.1
Loans and receivables	8	7.1	90.9	50.5	25.3	38.6	2,318.7	2,524.0
Other financial assets (investments)	12	6.3		361.5	6.6		716.1	1,084.2
Other financial assets (derivatives)	12						0.1	0.1
			513.6	539.4	31.9	38.6	3,034.9	4,158.4
Financial Liabilities								
Trade and other payables ²	17	5.3			17.0		2,634.6	2,651.6
Borrowings	18	6.0				1,076.2		1,076.2
Other financial liabilities ³	20	7.0	224.6		32.1		2.9	259.6
Other financial liabilities (derivatives)	20						2.7	2.7
			224.6	–	49.1	1,076.2	2,640.2	3,990.1
Net financial assets and liabilities			289.0	539.4	(17.2)	(1,037.6)	394.7	168.3

1 Does not include non interest bearing financial instruments.

2 Does not include the net of progress billings to clients and recognised losses less construction costs incurred on projects which exceed project costs incurred (BIE).

3 Other financial liabilities includes Bluewater lease of A\$171.1 million (June 2007: A\$197.9 million) which matures in 2013.

Notes to the Consolidated Financial Statements continued

31. International Currency Management and Financial Instruments continued

c. Interest Rate Risk continued

Sensitivity Analysis – Company

The Company does not have material exposures to interest bearing financial assets or liabilities, evidenced by the table below and on this basis, no sensitivity analysis has been provided.

Company	Note	Weighted Average Interest Rate ¹ %	Floating Interest Rate A\$m	Fixed Interest Maturing In			Non Interest Bearing A\$m	Total A\$m
			One Year or Less A\$m	One to Five Years A\$m	More than Five Years A\$m			
June 2008								
Financial Assets								
Cash and cash equivalents	7	6.6	18.5					18.5
Loans and receivables	8						3,218.2	3,218.2
Other financial assets (investments)	12						1,403.2	1,403.2
			18.5	–	–	–	4,621.4	4,639.9
Financial Liabilities								
Trade and other payables	17						1,537.2	1,537.2
Other financial liabilities	20						60.4	60.4
			–	–	–	–	1,597.6	1,597.6
Net financial assets and liabilities			18.5	–	–	–	3,023.8	3,042.3
June 2007								
Financial Assets								
Cash and cash equivalents	7	5.9	2.0					2.0
Loans and receivables	8	5.0			16.8		2,580.2	2,597.0
Other financial assets (investments)	12						1,560.4	1,560.4
			2.0	–	16.8	–	4,140.6	4,159.4
Financial Liabilities								
Trade and other payables	17						1,431.2	1,431.2
Other financial liabilities	20						80.9	80.9
			–	–	–	–	1,512.1	1,512.1
Net financial assets and liabilities			2.0	–	16.8	–	2,628.5	2,647.3

¹ Does not include non interest bearing financial instruments.

d. Liquidity Risk

Liquidity risk is the risk of having insufficient funds to settle financial liabilities as and when they fall due. This includes having insufficient levels of committed credit facilities.

The Group's objective is to maintain efficient use of cash and debt facilities in order to minimise the cost of borrowing to the Group and ensure sufficient availability of credit facilities.

Liquidity risk is reduced through prudent cash management which ensures sufficient levels of cash are maintained to meet working capital requirements. It also allows flexibility of liquidity by matching maturity profiles of short term investments with cash flow requirements, and timely review and renewal of credit facilities.

Notes to the Consolidated Financial Statements continued

31. International Currency Management and Financial Instruments continued

d. Liquidity Risk continued

The following are the contractual cash flow maturities of financial liabilities (excluding financial guarantees) as at 30 June 2008, including estimated interest payments and excluding the impact of netting agreements.

Consolidated	Note	Carrying Amount A\$m	Contractual Cash Flows A\$m	Six Months or Less A\$m	Six to Twelve Months A\$m	One to Two Years A\$m	Two to Five Years A\$m	More than Five Years A\$m
June 2008								
Non Derivative Financial Liabilities								
Trade and other payables – current	17 ^{1,2}	2,547.0	2,547.0	2,324.9	222.1			
Trade and other payables – non current	17 ^{1,2}	79.8	117.3			62.5	49.2	5.6
Borrowings & financing arrangements – non current	18	929.3	1,594.6	47.2	8.9	56.1	270.1	1,212.3
Other financial liabilities – non current	20	200.8	267.9	12.8	5.9	11.9	63.5	173.8
Total		3,756.9	4,526.8	2,384.9	236.9	130.5	382.8	1,391.7
Derivative Financial Liabilities								
Foreign exchange contracts used for hedging:								
Outflow		0.7	(21.4)	(3.2)	(5.4)	(12.5)	(0.3)	
Inflow		(0.8)	55.4	20.7	21.9	12.5	0.3	
Other foreign exchange contracts								
Outflow		3.0	(316.6)	(316.6)				
Inflow		1.8	748.8	748.8				
Total		4.7	466.2³	449.7	16.5	–	–	–

Consolidated

June 2007

Non Derivative Financial Liabilities

Trade and other payables – current	17 ¹	2,403.4	2,403.4	2,269.6	133.8			
Trade and other payables – non current	17 ¹	215.7	246.9			115.5	78.1	53.3
Borrowings & financing arrangements – non current	18	1,076.2	1,906.7	50.0	10.3	64.9	194.6	1,586.9
Other financial liabilities – non current	20	256.7	375.6	14.2	8.9	25.0	82.6	244.9
Total		3,952.0	4,932.6	2,333.8	153.0	205.4	355.3	1,885.1

Derivative Financial Liabilities

Foreign exchange contracts used for hedging:

Outflow		(0.4)	(9.1)	(8.0)	(1.1)			
Inflow		(0.1)	16.3	16.3				
Other foreign exchange contracts								
Outflow		0.9	(288.2)	(264.0)	(24.2)			
Inflow		(3.1)	610.8	586.3	24.5			
Total		(2.7)	329.8	330.6	(0.8)	–	–	–

1 The carrying amount of financial liabilities excludes 'construction revenue – amounts due to customers', 'deposits received in advance', 'unearned income' and 'unearned premium reserve', as they do not meet the definition of a financial liability under AASBs.

2 The repayment of these amounts will be funded through collection of outstanding loans and receivables: June 2008: A\$2,852.5 million.

3 Refer Note 31a. for further detail.

Notes to the Consolidated Financial Statements continued

31. International Currency Management and Financial Instruments continued

d. Liquidity Risk continued

Company	Note	Carrying Amount A\$m	Contractual Cash Flows A\$m	Six Months or Less A\$m	Six to Twelve Months A\$m	One to Two Years A\$m	Two to Five Years A\$m	More than Five Years A\$m
June 2008								
Non Derivative Financial Liabilities								
Trade and other payables – current	17 ¹	1,537.2	1,537.2	1,537.2				

Company	Note	Carrying Amount A\$m	Contractual Cash Flows A\$m	Six Months or Less A\$m	Six to Twelve Months A\$m	One to Two Years A\$m	Two to Five Years A\$m	More than Five Years A\$m
June 2007								
Non Derivative Financial Liabilities								
Trade and other payables – current	17	1,431.2	1,431.2	1,431.2				

¹ The repayment of these amounts were funded through collection of outstanding loans and receivables: June 2008: A\$3,218.2 million.

Details of other contractually committed cash flows the Group and the Company are exposed to are in Note 32. 'Commitments'.

e. Net Fair Values of Assets and Liabilities

Equity investments traded on organised markets have been valued by reference to market prices prevailing at balance date. For non traded equity investments, the net fair value is determined by an assessment by the Directors based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to a particular investment (refer to Note 10. 'Investments Accounted for Using the Equity Method' and Note 12. 'Other Financial Assets').

On Balance Sheet Financial Instruments

All financial instruments recognised on the balance sheet, including those instruments carried at amortised cost, are recognised at amounts that represent a reasonable approximation of fair value, with the exception of non current borrowings as follows:

	Note	Consolidated				Company			
		2008		2007		2008		2007	
		Carrying Amount A\$m	Fair Value A\$m	Carrying Amount A\$m	Fair Value A\$m	Carrying Amount A\$m	Fair Value A\$m	Carrying Amount A\$m	Fair Value A\$m
Liabilities									
Non Current									
Commercial notes	18	929.3	898.0	1,076.2	998.0				

The fair value of commercial notes has been calculated by discounting the expected future cash flows by the appropriate government bond rates applicable to the relevant term of the commercial note plus the original margin.

Notes to the Consolidated Financial Statements continued

31. International Currency Management and Financial Instruments continued

e. Net Fair Values of Assets and Liabilities continued

On Balance Sheet Financial Instruments continued

Basis of Determining Fair Value

The following table summarises the basis of valuation of financial instruments that are not measured at cost or amortised cost in the financial report:

Financial Instrument	Note	Active Market or Valuation Technique	Basis of Valuation	Source of Information
Other Financial Assets				
Deferred management fee receivable	8	Valuation technique	Internal valuation (with reference to external Australian Bureau of Statistics tables for life expectancy of resident)	External/Internal
Available for sale				
Babcock & Brown Communities Group	12	Active market	Market value (current bid price)	External
Negotiable instruments	12	Active market	Market value (current bid price)	External
Australian Prime Property Fund	12	Valuation technique	Unit price	External
Lend Lease Global Properties, SICAF	12	Valuation technique	Net asset value (audited financial statements)	External
Lend Lease Retail Partnership	12	Valuation technique	International Valuation Standards Committee International Valuation Application 1	External
Cohen & Steers, SICAV	12	Valuation technique	Net asset value (audited financial statements)	External
Lend Lease Core Plus Fund	12	Valuation technique	Unit price	External
Asia Pacific Investment Company	12	Valuation technique	Net asset value external using audited financial statements	External
Other	12	Active market	Market value (current bid price)	External
Fair value through profit or loss				
Negotiable instruments	12	Valuation technique	Investor reports	External
Unlisted equity investments	12	Valuation technique	Internal valuation	Internal
Derivatives	12	Active market	Market value (current bid price)	External
Financial guarantees	20	Valuation technique	Fair value approximates cost	External

Refer to Note 1. 'Significant Accounting Policies' for the basis of determining fair values by type of financial instrument.

The net fair value of forward foreign exchange contracts are included in 'Other Financial Assets' and 'Other Financial Liabilities' (refer to Note 12. 'Other Financial Assets' and Note 20. 'Other Financial Liabilities'). They represent the net unrealised gain or loss resulting from converting the forward foreign exchange contracts to forward rates at balance date.

The net fair value of financial assets or financial liabilities arising from swap agreements has been determined as the marked to market value.

Notes to the Consolidated Financial Statements continued

31. International Currency Management and Financial Instruments continued

f. Equity Price Risk

Equity price risk is 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 decreases in the future. The Group is exposed to equity price risk on all traded or non-traded financial instruments measured at fair value (refer table Note 31e.).

The Group's objective in managing its exposure to equity price risk is to maintain a diversified portfolio of traded and non-traded equity investments.

All new investment submissions require sign-off from members of the 'Executive Office', as defined in Section 3 of the Directors' Report.

Sensitivity Analysis – Consolidated

A 5.0% increase in the fair value of 'Other Financial Assets' (refer Note 12. 'Other Financial Assets'), with reference to the 'Basis of Determining Fair Value' table in Note 31e., would have increased the value of available for sale financial assets and equity by A\$15.0 million after tax (30 June 2007: A\$36.7 million increase), and increased the value of 'fair value through profit or loss' assets and profit after tax and equity by A\$1.3 million (30 June 2007: A\$nil). A 5.0% decrease would achieve an equal and opposite result on equity and profit after tax.

Sensitivity Analysis – Company

No sensitivity analysis is performed for the Company, on the basis it does not have a material exposure to equity price risk.

32. Commitments¹

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
a. Operating Lease Commitments				
Estimated aggregate amount of non cancellable operating lease expenditure agreed or contracted but not provided for in the financial statements:				
Land and buildings – self occupied	186.5	197.5		
Plant and equipment	20.2	17.5		
	206.7	215.0	–	–
At balance date commitments in relation to non cancellable operating leases are payable as follows:				
Due within one year	51.4	49.1		
Due between one and five years	131.1	125.0		
Due later than five years	24.2	40.9		
	206.7	215.0	–	–

¹ The commitments outlined in this note do not include commitments relating to investments accounted for using the equity method (refer to Note 10. 'Investments Accounted for Using the Equity Method').

The Group leases various land and buildings and plant and equipment under non cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
32. Commitments continued				
b. Finance Lease Commitments¹				
At balance date commitments in relation to the finance leases are payable as follows:				
Due within one year	0.1	0.2		
Due between one and five years	0.2	0.4		
Due later than five years	171.1	197.9		
Recognised as a liability	171.4	198.5	–	–
Lease liabilities provided for in the financial statements:				
Current	0.1	0.2		
Non Current	171.3	198.3		
	171.4	198.5	–	–
c. Capital Expenditure				
At balance date the aggregate amount of capital expenditure contracted but not provided for in the financial statements:				
Property, Plant and Equipment				
Due within one year	9.1			
Due between one and five years	8.0			
	17.1	–	–	–
d. Investments²				
At balance date capital commitments existing in respect of interests in partnerships, investments or joint ventures contracted but not provided for in the financial statements:				
Due within one year				
PPP	22.1	39.4		
Other	11.3	7.1		
Due between one and five years				
PPP	102.5	72.8		
Other	3.0			
Due later than five years				
PPP		3.7		
Lend Lease Overgate Partnership	0.9	1.1		
Other	1.3	1.5		
	141.1	125.6	–	–

¹ Primarily relates to Bluewater lease liability, excluding finance charges which are based on future variable interest rates.

² The capital commitments of Lend Lease in relation to investment in associates was previously disclosed in Note 10a. 'Investments Accounted for Using the Equity Method – Associates'.

Notes to the Consolidated Financial Statements continued

	Consolidated		Company	
	June 2008 A\$m	June 2007 A\$m	June 2008 A\$m	June 2007 A\$m
33. Notes to the Statements of Cash Flows				
a. Reconciliation of Profit After Tax to Net Cash Provided by Operating Activities				
Profit After Tax (Including Minority Interest)	259.0	500.2	669.4	391.0
Amortisation and depreciation	27.0	25.9	0.1	0.3
Net gain on sale of investments and property, plant and equipment	(70.5)	(169.3)		
Net unrealised foreign exchange (gain)/loss and currency hedging costs	(1.9)	(0.7)	1.8	(0.1)
Profit accounted for using the equity method	(88.8)	(189.6)		
Dividends/distributions from investments accounted for using the equity method	66.9	104.2		
Net bad and doubtful debts impairment loss net of provisions raised/(written back)	11.8	(5.2)		(80.0)
Fair value loss/(gain) on investment properties	38.2	(2.8)		
Other	2.0	0.4	25.6	2.8
Net cash provided by operating activities before changes in assets and liabilities	243.7	263.1	696.9	314.0
Changes in Assets and Liabilities Adjusted for Effects of Purchase and Disposal of Subsidiaries and Operations During the Financial Year				
(Increase)/decrease in receivables	(131.6)	(596.7)	(6.2)	(35.0)
Decrease/(increase) in inventories	130.7	(83.4)		
Decrease in other assets	151.3	9.1		
(Decrease) in defined benefit plan assets/liabilities	(43.9)	(19.6)	(5.6)	(1.4)
(Decrease)/increase in payables	(88.2)	689.2	(8.1)	(8.3)
(Decrease)/increase in other liabilities	(29.0)	77.4	(20.5)	2.1
(Decrease)/increase in deferred tax items	(21.7)	61.4	1.8	6.5
Increase/(decrease) in current tax liability/asset	60.8	(3.9)	47.0	31.1
(Decrease)/increase in other provisions	(3.4)	(39.4)	0.1	(65.5)
Net cash provided by operating activities	268.7	357.2	705.4	243.5

	Consolidated			
	June 2008		June 2007	
	Receipt A\$m	Expenditure A\$m	Receipt A\$m	Expenditure A\$m
b. Supplementary Information				
Property Development Receipts and Expenditure				
Retail				
First Base Adelaide Wharf, London	77.8	(25.0)		(40.3)
Chapelfield, Norwich		(7.2)		(12.4)
Property Development				
Urban Communities, Australia	449.8	(471.7)	737.6	(578.4)
Urban Communities, UK	261.8	(313.3)	402.1	(344.8)
Other	15.3	(159.6)	29.8	(31.8)
	804.7	(976.8)	1,169.5	(1,007.7)

Notes to the Consolidated Financial Statements continued

	Ownership Interest Acquired %	Date Acquired	Consideration Paid A\$m	Contribution to Consolidated Revenue A\$m	Contribution to Consolidated Profit After Tax A\$m
33. Notes to the Statements of Cash Flows continued					
c. Acquisition of Business					
June 2008					
During the June 2008 financial year the consolidated entity acquired the following business and has included the operating results of this business in consolidated operating profit from the date of acquisition.					
Communities					
Lutanda Manor retirement village, Pennant Hills	100	12 May 08	17.0	0.6	0.4

Lutanda Manor retirement village operates in the senior living sector. The business was acquired by Lutanda Manor Retirement Village Pty Ltd, a consolidated entity of Lend Lease.

The identifiable assets and liabilities acquired are as follows:

	June 2008		Consolidated June 2007	
	Acquiree's Carrying Value A\$m	Total Fair Value on Acquisition A\$m	Acquiree's Carrying Value A\$m	Total Fair Value on Acquisition A\$m
Acquisition of Business				
Acquisition Cost				
Cash paid for acquisition		16.0		
Cash paid for acquisition costs		1.0		
Total acquisition cost/net outflow of cash		17.0		–
Net Assets of Entities Acquired				
Receivables	3.6	3.6		
Property, plant and equipment	0.7	0.7		
Intangible assets (management agreements)	12.7	12.7		
Total acquisition cost	17.0	17.0	–	–

Notes to the Consolidated Financial Statements continued

34. Employee Benefits

a. Lend Lease Employee Share Plans

Lend Lease has as a core value the concept of 'partnering' capital and labour. This concept has, over decades, been advanced in many practical ways at Lend Lease through philosophies such as employee ownership and profit sharing.

Currently employees own approximately 9.75% of the issued capital of Lend Lease.

In October 1988, shareholders approved an annual allotment of 0.5% of the issued capital of Lend Lease Corporation at 50 cents per share to be used for the benefit of Lend Lease Group employees. This programme was suspended by the Board in May 2003.

Australia: Employee Share Acquisition Plan (ESAP)

- In accordance with the 1988 shareholder approval, ESAP was established in December 1988 for the purpose of employees acquiring shares in Lend Lease Corporation. This plan replaced previous employee ownership facilities in place over the previous decades.
- ESAP is funded by Lend Lease subscriptions. Those subscriptions have been used to acquire shares in Lend Lease Corporation at market value on behalf of employees, who may be nominated as members of ESAP.
- Employees may also be allocated shares by way of bonus arrangements on the basis of individual, corporate and business unit performance.
- At balance date, approximately 2,728 employees (June 2007: 1,934) were eligible to participate in ESAP.

UK/Europe/Asia: Employee Share Plan

- The European (Guernsey-based) Restricted Share Plan ('the Restricted Share Plan') was established in 1998. The Plan is similar in operation to the Australia-based ESAP.
- In 2002, two new UK-based Inland Revenue approved Share Incentive Plans (SIP) were established for the acceptance of employee profit share contributions used to acquire Lend Lease Corporation shares for UK-based Lend Lease Group employees. These plans are currently not accepting new contributions whilst Lend Lease makes all profit share payments to employees in cash. At balance date approximately 3,169 employees (June 2007: 2,261) were eligible to participate in the SIP, should it recommence accepting contributions.
- Shares in the Restricted Share Plan may be allocated to employees in the UK, Europe and Singapore based on individual and business unit performance. The Restricted Share Plan can acquire Lend Lease Corporation shares at market value on behalf of employees. The value of allocations to employees is ultimately based on a combination of the Lend Lease Corporation share price and the respective currencies and Australian dollar exchange rates. At balance date, approximately 4,646 UK, European and Singapore employees (June 2007: 3,995) were eligible to participate in the plan.

Eligibility

The rules for eligibility for particular plans are determined by reference to the regulatory, legal and tax rules of each country in which the Group operates.

Dividends and/or Voting Rights

Generally, employees in the various operating share plans are entitled to dividends and voting rights for allocated shares. The plans reflect this intention subject to regulatory, legal and tax constraints. Voting and dividend rights on any unallocated shares reside with the trustees of the relevant share plan trusts. The trustee may exercise these rights in accordance with any fiduciary or governance rules pertaining to the deed or trust laws in the legal/tax jurisdiction the trust operates within.

Notes to the Consolidated Financial Statements continued

34. Employee Benefits continued

b. Lend Lease Employee Benefit Vehicles

In addition to the plans discussed in Note 34a., Lend Lease has over the years established a range of employee share ownership vehicles. The Lend Lease Retirement Benefit Fund (RBF) was established in 1984 with shareholder approval for the benefit of employees through the allotment at par value of 5.0 million Lend Lease Corporation shares. The balance of the assets of RBF at 30 June 2008 was 14.1 million Lend Lease Corporation shares (June 2007: 14.1 million Lend Lease shares). The fund was originally intended to provide excess superannuation benefits but this purpose has now become defunct due to changes in the law. For some years, earnings have been used to fund the programs of the Lend Lease Foundation. The Lend Lease shares in RBF are not available for allocation to employees other than in the event of a change of control of Lend Lease Corporation and, in accordance with the Trust Deed, the capital of the Trust is not available to Lend Lease Corporation. The RBF Trustees are independent of Lend Lease Corporation. In the event of a change of control, the RBF Trustees may distribute RBF funds to employees who cease to be employees during the 12 months after a change of control. The RBF Trustees have discretion as to how RBF funds are distributed following a change of control. Under AASBs, RBF, while not legally controlled, is now required to be consolidated for accounting purposes and payments from it on a change of control are therefore now relevant to the Company's financial statements. Any payments that the RBF Trustees may make as a result of a change of control of Lend Lease Corporation are an obligation of RBF and not the Company. Any payments made will need to be funded by the Trust and therefore cannot exceed the value of the assets of RBF, which was A\$150.8 million at 30 June 2008. However, as RBF is consolidated by the Company, this potential obligation is disclosed as a contingent liability. Further, given the timing and basis on which the Trust purchased its Lend Lease Corporation shares, it should be noted that any capital gains tax payable on the Lend Lease Corporation shares sold by the Trust as a result of a change of control (or otherwise) may be recorded from an accounting viewpoint as a tax expense of the consolidated entity.

In October 1985, the Lend Lease Employee Investment Trust (EIT) was established to enable employees to invest in the company. At that time, shareholders approved a one for ten renounceable rights issue and the allotment at the same price of an equivalent number of shares to EIT. EIT acquired these shares with debt funds raised through an external financier. Over the years, strong growth in Lend Lease dividend flows enabled EIT to pay down its external debt. In the following years, EIT acquired shares through on-market purchases, participation in bonus issues and dividend reinvestment. Between 1984 and 1988 it also accumulated shares through the prior shareholders' resolution to allot 0.5% of issued capital to employee benefit vehicles. At 30 June 2008, there were 11.6 million (June 2007: 11.7 million) Lend Lease Corporation shares held by EIT, of which 11.3 million shares were available for allocation to employees. For some time the Trustee of EIT has directed surplus dividends to help fund the Lend Lease Foundation's programs. In accordance with the Trust Deed, the capital of the Trust is not available to Lend Lease Corporation. As with RBF, AASBs now require consolidation of EIT for accounting purposes, regardless of the control of EIT by independent Trustees. Payments from EIT have therefore become relevant to the Company's financial statements. On a change of control, the EIT Trustees may (but are not required to) terminate the Trust and distribute allocated proceeds to employees and unallocated proceeds to the Lend Lease Superannuation Fund or to RBF. Any payments are an obligation of EIT and not the Company, and cannot exceed the assets of the Trust (A\$118.3 million as at 30 June 2008). No contingency is recorded in these financial statements as the potential for such payments is remote, with any termination of EIT in such circumstances, and any subsequent distribution to other funds, entirely at the discretion of the EIT Trustees. Given the timing and basis on which the Trust purchased its Lend Lease Corporation shares, it should be noted that any capital gains tax payable on the Lend Lease shares sold by EIT as a result of a change of control (or otherwise) may be recognised from an accounting viewpoint as a tax expense of the consolidated entity.

The consolidation of EIT and RBF under AASBs creates certain anomalies for the Group's reported profit or loss where distributions from those trusts are used to fund employee programs under the Lend Lease Foundation (as they have been doing for some time). In particular, the consolidation requires dividends on Lend Lease shares which are distributed by the trusts to the Foundation be eliminated from the income of the Group. On 30 June 1992, Lend Lease agreed that if it were to receive distributions from EIT or RBF, it would apply an equal amount for Foundation programs. The effect is that the Group immediately accrues for this obligation, but is now no longer entitled to recognise the matching income that creates the obligation. This results in a net expense to the income statement, which does not reflect the cash position. In the year to 30 June 2008, the net impact was an after tax expense of A\$3.1 million. In future years, it would be anticipated that there would be similar impacts on reported profits.

In 1988, Lend Lease established ESAP as an employee reward scheme. ESAP was established to prospectively replace EIT as the principal employee share plan of the Group in Australia. Other similar plans have subsequently been established (refer to earlier share plan comments). The details of the employee share plans, including ESAP, are set out in Note 34a.

Access to the Lend Lease Foundation is another important employee benefit, providing learning, personal development, community and other activities. Established in 1983, the Foundation's programs are administered by employee representatives.

Notes to the Consolidated Financial Statements continued

34. Employee Benefits continued

c. Share Based Payments

Short Term Incentives (STI)

The STI plan is an annual bonus plan where executives receive benefits dependent on the achievement of both Lend Lease financial targets and individual personal targets. The total value of the potential benefit (target opportunity) varies by executive, but is generally linked to salary.

The STI comprises a cash element paid in September following year end and a deferred element. The deferred element represents Lend Lease Corporation shares based on share price at the date of determination of the bonuses. The shares are then held in trust on behalf of the executive for the deferred period. For executives to receive the full deferral they must be employed by the Group at the date of vesting, which will usually be one year from the date of grant.

Long Term Incentives (LTI)

The current LTIs of Lend Lease were introduced and approved by the Board in 1999 and updated and extended for awards from 2001 onwards. The objectives of the LTIs are essentially twofold:

- Align executives with the long term interests of Lend Lease and its shareholders;
- Attract and retain high calibre executives by providing competitive rewards that relate to the performance of the Company, the individual executive and the Lend Lease Corporation share price.

LTI grants are normally made in August each year. LTIs are settled in cash or Lend Lease Corporation shares, with settlement occurring upon vesting if performance hurdles are met. Grants depend on personal contribution and potential, and are designed to retain and motivate high performing and key executives. The LTIs are in the form of an Australian dollar figure 'grant' (converted from local salary for overseas participants), which is 'invested' in performance shares (PS) over time to deliver value depending on:

- Whether the executive remains with the Group – if the executive resigns before vesting, the grant will lapse; and
- The performance of the Group.

The Personnel and Organisation Committee approved one change to the rules of the LTI for the 2005 awards onwards. The rules now provide that in the event of a change in control of Lend Lease Corporation, all awards will vest upon change in control, to the extent that performance conditions have been met. Participants would then be entitled to a pro rata settlement, with the Board having discretion to allow the entitlement to exceed this pro rata amount, if circumstances so provide.

Arrangements for LTI Awards Granted in the June 2006 Financial Year

For awards granted on 1 July 2005, the performance hurdles are based on the total shareholder return (TSR) of Lend Lease against a basket of international comparator companies. Under these awards, the performance hurdle required TSR to achieve at least median against several comparator companies of Lend Lease. The award did not vest at 30 June 2008 as the performance hurdle was not achieved.

Arrangements for LTI Awards Granted in the June 2007 and June 2008 Financial Years

For the June 2007 and June 2008 financial year awards, the Personnel and Organisation Committee set new performance hurdles to align interests between the participant and shareholders and for consistency with a new STI structure.

For awards granted 1 July 2006 and 1 July 2007 the performance hurdle is based on two equal measures: long term profitability as measured by earnings per share (EPS) and external TSR compared to the TSR of the individual ASX100 listed companies as at the commencement of the performance period. The change in the TSR comparator group better reflects those companies against which Lend Lease competes for capital. The performance measures are:

- TSR measured against the ASX100 companies (with 50% vesting at median performance, rising proportionately to 100% on reaching top quartile performance); and
- EPS on operating profit after tax reported in the financial statements adjusted for treasury shares (with 100% vesting if a minimum compound annual growth rate of 10% is achieved over the three year vesting period).

Each of the two performance hurdles is measured and can vest independently. The executive must remain with the Company until vesting date for the award to vest. The period may be shortened if an executive is a 'good leaver', that is, an executive who leaves employment by reason of death, total and permanent disability, redundancy or other reason as determined by the Personnel and Organisation Committee. Performance conditions continue to apply.

For the 2006 award, the Personnel and Organisation Committee intends that these awards will vest in Lend Lease Corporation shares rather than cash, other than for executives specifically identified by the Personnel and Organisation Committee or in circumstances where share settlement is not practicable. As a result of this modification the 1 July 2006 LTI is now accounted for as an equity settled share based payment. Refer to the table below for details on the financial impact of this modification.

Notes to the Consolidated Financial Statements continued

34. Employee Benefits continued

c. Share Based Payments continued

Other LTI Awards

During the June 2008 financial year bespoke LTI plans have been granted to certain executives by the Personnel and Organisation Committee. These awards tend to have performance hurdles based on internal business unit performance targets, such as net profit after tax, global operating margin and global funds under management. The relevant performance hurdles must be satisfied in order for awards to vest, but the hurdles can vest independently. The executive must remain with the Group until vesting date for the award to vest. The Personnel and Organisation Committee intends that these awards will vest in Lend Lease Corporation shares.

Retention Awards

When the Board believes an employee is an outstanding performer and Lend Lease and its shareholders will gain from incentivising him or her to remain with Lend Lease, a retention award may be made. As an incentive to remain with the Group requires a degree of certainty of value delivered to the individual at the end of the retention period, performance conditions are not generally applied to the ultimate payment of such an award. Refer to the table below for details of the vesting conditions of retention awards.

Summary of LTI and Retention Awards

		2008				
		Number of Lend Lease Corporation Share Equivalents				
Grant Date	Vesting Date	Opening Balance	Granted	Lapsed	Exercised	Closing Balance
STI Awards						
Aug 2007	Aug 2008		489,542	(26,007)		463,535
Aug 2007	Aug 2009		6,318			6,318
Total STI Awards		–	495,860	(26,007)	–	469,853
LTI Awards						
Jul 2005	Jun 2008	1,039,768		(1,006,869)	(32,899)	
Jul 2006	Jun 2009	1,004,647	34,878	(82,818)	(42,084)	914,623
Jul 2006	Jun 2009	212,874				212,874
Jul 2007	Jun 2010		921,175	(22,438)		898,737
Jul 2007	Jun 2010		151,733			151,733
Jan 2008	Jun 2010		59,667			59,667
Jan 2008	Jun 2012		17,628			17,628
Jan 2008	Jun 2013		14,423			14,423
Total LTI Awards		2,257,289	1,199,504	(1,112,125)	(74,983)	2,269,685
Retention Awards						
Dec 2002	Jun 2008	31,319	27,973		(59,292)	1
Jul 2005	Apr 2008	110,664			(110,664)	2
Sep 2005	Jul 2008	197,218				197,218 ²
Oct 2006	Sep 2007	84,407			(84,407)	
Oct 2006	Sep 2008	84,407				84,407 ³
Oct 2006	Sep 2009	84,408				84,408 ³
Oct 2006	Sep 2010	84,408				84,408 ³
Jul 2007	Jul 2009		25,340			25,340 ³
Jul 2007	Jun 2010		50,680			50,680 ³
Jul 2007	Jun 2010		80,214			80,214 ³
Aug 2007	Jun 2012		141,367			141,367 ³
Sep 2007	Jun 2010		16,279			16,279 ³
Sep 2007	Jun 2010		37,132			37,132 ³
Sep 2007	Jun 2011		33,440			33,440 ³
Oct 2007	Oct 2008		5,130			5,130 ³
Jan 2008	Jan 2011		11,152			11,152 ³
Apr 2008	Apr 2011		61,885			61,885 ³
Total Retention Awards		676,831	490,592	–	(254,363)	913,060
Total		2,934,120	2,185,956	(1,138,132)	(329,346)	3,652,598

1 Award settled in cash and vested on a progressive monthly basis over the award service life.

2 Award settled in cash or shares at the option of the executive and is dependent upon service to vesting date. A 'good leaver', that is, an executive who leaves employment by reason of death, total and permanent disability, redundancy or other reason as determined by the Personnel and Organisation Committee, will be entitled to pro rata vesting.

3 Award settled in shares and is dependent upon service to vesting date. A good leaver will be entitled to pro rata vesting.

Notes to the Consolidated Financial Statements continued

34. Employee Benefits continued

c. Share Based Payments continued

Summary of LTI and Retention Awards continued

		2007				
		Number of Lend Lease Corporation Share Equivalents				
Grant Date	Vesting Date	Opening Balance	Granted	Lapsed	Exercised	Closing Balance
LTI Awards						
Dec 2002	Jun 2007	210,604		(94,772)	(115,832)	
Jul 2004	Jun 2007	891,028		(439,121)	(451,907)	
Jul 2005	Jun 2008	1,202,250		(153,467)	(9,015)	1,039,768
Jul 2006	Jun 2009		1,277,059	(57,763)	(1,775)	1,217,521
Total LTI		2,303,882	1,277,059	(745,123)	(578,529)	2,257,289
Retention Awards						
Dec 2002	Dec 2007	87,357			(56,038)	31,319
Jul 2005	Jul 2008	110,664				110,664
Sep 2005	Jun 2007	197,218			(197,218)	
Sep 2005	Jul 2008	197,218				197,218
Oct 2006	Sep 2007		84,407			84,407
Oct 2006	Sep 2008		84,407			84,407
Oct 2006	Sep 2009		84,408			84,408
Oct 2006	Sep 2010		84,408			84,408
Total Retention Awards		592,457	337,630	–	(253,256)	676,831
Total		2,896,339	1,614,689	(745,123)	(831,785)	2,934,120

Amounts Recognised in the Financial Statements

LTI awards are valued using a Monte-Carlo simulation methodology where the share price can be projected based on the assumptions underlying the Black-Scholes formula. Retention awards are valued by discounting the share price by the expected dividends assumed to be paid from the valuation date until the vesting date (if applicable). The model inputs include the Lend Lease Corporation share price, a risk free interest rate, expected volatility and dividend yield.

In August 2007 the Personnel and Organisation Committee modified the rules of the 1 July 2006 LTI such that it now vests in shares rather than cash, other than for certain specified executives or where share settlement is not practical. The modified LTI was valued using a Monte-Carlo simulation methodology where the share price can be projected based on the assumptions underlying the Black-Scholes formula.

Notes to the Consolidated Financial Statements continued

34. Employee Benefits continued

c. Share Based Payments continued

Amounts Recognised in the Financial Statements continued

Details of the amounts recognised in the financial statements and the fair values relating to STI, LTI and retention awards for the years ended 30 June 2008 and 2007 are set out below.

			2008				
		Fair Value at Grant Date A\$	Fair Value June 2008¹ A\$	Award Fair Value at June 2008² A\$	Expense 2008 A\$	Cash Settled Award Liability at June 2008³ A\$	Equity settled Award in ECR at June 2008⁴ A\$
Grant Date	Vesting Date						
STI Awards							
Aug 2007	Aug 2008	9,169,122	9.55	4,426,759	8,682,011		8,682,011
Aug 2007	Aug 2009	118,336	9.55	60,337	118,336		118,336
		9,287,458		4,487,096	8,800,347		8,800,347
LTI Awards							
Jul 2005	Jun 2008	8,066,725			(5,559,204)		
Jul 2006	Jun 2009	10,264,064	9.55	8,734,650	2,940,513		6,987,720
Jul 2006	Jun 2009	2,053,170	5.69	1,211,253	(243,386)	807,502	
Jul 2007	Jun 2010	10,607,330	9.55	8,582,938	3,449,652		3,449,652
Jul 2007	Jun 2010	1,747,205	5.12	776,114	258,705	258,705	
Jan 2008	Jun 2010	769,108	9.55	569,820	132,545		132,545
Jan 2008	Jun 2012	243,443	9.55	168,347	26,041		26,041
Jan 2008	Jun 2013	190,961	9.55	137,740	16,701		16,701
Total LTI Awards		33,942,006		20,180,862	1,021,567	1,066,207	10,612,659
Retention Awards							
Dec 2002	Jun 2008	2,486,782			(1,637,172)		
Jul 2005	Apr 2008	1,453,834			37,286		
Sep 2005	Jul 2008	2,630,888	9.55	1,883,432	(478,744)	1,883,432	
Oct 2006	Sep 2007	1,374,992			259,354		
Oct 2006	Sep 2008	1,374,992	9.55	806,087	718,923		1,251,241
Oct 2006	Sep 2009	1,375,008	9.55	806,096	472,537		822,421
Oct 2006	Sep 2010	1,375,008	9.55	806,096	351,925		612,503
Jul 2007	Jul 2009	469,804	9.55	241,997	234,902		234,902
Jul 2007	Jun 2010	824,057	9.55	483,994	275,187		275,187
Jul 2007	Jun 2010	1,500,000	9.55	766,044	500,912		500,912
Aug 2007	Jun 2012	2,500,000	9.55	1,350,055	441,094		441,094
Sep 2007	Jun 2010	274,138	9.55	155,464	74,815		74,815
Sep 2007	Jun 2010	612,678	9.55	354,611	172,466		172,466
Sep 2007	Jun 2011	540,056	9.55	319,352	108,090		108,090
Oct 2007	Oct 2008	99,984	9.55	48,992	70,833		70,833
Jan 2008	Jan 2008	165,841	9.55	106,502	27,539		27,539
Apr 2008	Apr 2011	800,173	9.55	591,002	49,005		49,005
Total Retention Awards		19,858,235		8,719,724	1,678,952	1,883,432	4,641,008
Total		63,087,699		33,387,682	11,500,866	2,949,639	24,054,014

1 Represents the Lend Lease Corporation share price at 30 June 2008 for equity settled awards and the actuarial valuation at 30 June 2008 for cash settled awards.

2 Represents the number of Lend Lease Corporation share equivalents granted at their fair value at 30 June 2008.

3 Awards to be settled in cash and accordingly the obligation recognised as a liability.

4 Awards to be settled in shares and accordingly the obligation recognised in equity compensation reserve (ECR).

During the financial year ended 30 June 2008, a A\$19.1 million expense was recognised in the income statement in relation to equity settled share based payment awards. This was partially offset by a net accrual reversal of A\$7.6 million relating to the 2005 LTI cash settled plan that did not vest and certain cash settled retentions that vested during the financial year at a value below that accrued in the prior year.

Notes to the Consolidated Financial Statements continued

34. Employee Benefits continued

c. Share Based Payments continued

Amounts Recognised in the Financial Statements continued

			2007				
			Fair Value June 2007 ¹ A\$	Award Fair Value at June 2007 ² A\$	Expense 2007 A\$	Cash Settled Award Liability at June 2007 ³ A\$	Equity Settled Award in ECR at June 2007 ⁴ A\$
Grant Date	Vesting Date	Fair Value at Grant Date A\$					
LTI Awards							
Dec 2002	Jun 2007	838,204	10.29	2,167,115	2,093,326	2,167,115	
Jul 2004	Jun 2007	6,990,396	10.29	8,341,589	5,122,007	8,341,589	
Jul 2005	Jun 2008	8,066,725	8.91	9,264,333	4,148,427	6,176,222	
Jul 2006	Jun 2009	10,264,064	14.81	14,878,822	4,959,607	4,959,607	
Jul 2006	Jun 2007	2,053,170	14.81	3,152,664	1,050,888	1,050,888	
Total LTI Awards		28,212,559		37,804,523	17,374,255	22,695,421	
Retention Awards							
Dec 2002	Dec 2007	2,486,782	18.20	5,091,050	2,038,611	4,666,795	
Jul 2005	Jul 2008	1,453,834	18.54	2,051,711	859,938	1,346,014	
Sep 2005	Jun 2007	2,630,888	18.54	3,656,422	2,404,923	3,656,422	
Sep 2005	Jul 2008	2,630,888	18.54	3,656,422	1,553,664	2,362,176	
Oct 2006	Sep 2007	1,374,992	18.54	1,564,906	1,115,636		1,115,636
Oct 2006	Sep 2008	1,374,992	18.54	1,564,906	532,318		532,318
Oct 2006	Sep 2009	1,375,008	18.54	1,564,924	349,884		349,884
Oct 2006	Sep 2010	1,375,008	18.54	1,564,924	260,578		260,578
Total Retention Awards		14,702,392		20,715,265	9,115,552	12,031,407	2,258,416
Total		42,914,951		58,519,788	26,489,807	34,726,828	2,258,416

1 Represents the Lend Lease Corporation share price at 30 June 2007 for equity settled awards and the actuarial valuation at 30 June 2007 for cash settled awards.

2 Represents the value of Lend Lease Corporation share equivalents granted at their fair value at 30 June 2007.

3 Awards to be settled in cash and accordingly the obligation recognised as a liability.

4 Awards to be settled in shares and accordingly the obligation recognised in equity compensation reserve (ECR).

During the financial year ended 30 June 2007, the total expense recognised in the income statement in relation to LTI and retention awards was A\$26.5 million. Of this total expense A\$2.3million arose from equity settled share based payment awards.

Notes to the Consolidated Financial Statements continued

35. Key Management Personnel Disclosures

Key Management Personnel compensation details are set out in Section 3 of the Directors' Report.

Equity Holdings and Transactions

Shareholdings Financial Year Ended 30 June 2008

	Year	Shares Held at Beginning of Financial Year	Shares Received During the Year ^{1,2}	Other Net Change to Shares	Shares Held at End of Financial Year
Non Executive Directors					
D Crawford	2008	28,122	5,773		33,895
	2007	23,008	5,114		28,122
P Colebatch	2008	3,689	2,078		5,767
	2007	2,121	1,568		3,689
G Edington	2008	24,521	1,963		26,484
	2007	22,866	1,655		24,521
P Goldmark	2008	13,501	2,078		15,579
	2007	11,798	1,703		13,501
J Hill	2008	3,031	2,078		5,109
	2007		1,031	2,000	3,031
D Ryan	2008	13,640	2,194		15,834
	2007	11,857	1,783		13,640
M Selway - Appointed 17 June 2008	2008			4,000	4,000
Executive Directors					
G Clarke	2008	1,000			1,000
	2007	1,000			1,000
R Taylor	2008	104,345	86,678		191,023
	2007	102,425	1,920		104,345
Executives					
S McCann	2008	1,333	1,034		2,367
	2007	458	875		1,333
Former					
R Johnston ³	2008	58,933		(58,933)	
	2007	58,933			58,933
R Burrows ³	2008	38,927		(38,927)	
	2007	37,972	955		38,927
Total	2008	291,042	103,876	(93,860)	301,058
Total	2007	272,438	16,604	2,000	291,042

1 Non Executive Directors' share allocations relating to retirement benefits are made in arrears on 1 January each year. Refer to Section 3b. of the Directors' Report for further details.

2 For Executive Directors and executives, relates to share entitlements under employee benefit vehicles.

3 From 1 July 2007 the executive ceased to be key management personnel.

Key Management Personnel Compensation

The key management personnel compensation included in 'Employee Benefit Expenses' (refer to Note 4. 'Other Operating (Income) and Expenses') is as follows:

	Consolidated		Company	
	June 2008 A\$000s	June 2007 A\$000s	June 2008 A\$000s	June 2007 A\$000s
Short term employee benefits	6,874	13,010	6,874	9,512
Post employment benefits	1,096	3,937	1,096	3,442
Share based payments	1,626	12,306	1,626	8,899
Other long term benefits	58	608	58	608
	9,654	29,861	9,654	22,461

Loans to Key Management Personnel

No loans were made to key management personnel or other related parties during the current year or prior year.

Other Transactions with Key Management Personnel

From time to time Directors and executives of the Company 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 and are trivial or domestic in nature.

Notes to the Consolidated Financial Statements continued

36. Non Director Related Party Information

Consolidated Entities

Interests held in consolidated entities and by Lend Lease Corporation Limited are set out in Notes 12. 'Other Financial Assets' and Note 28. 'Consolidated Entities' to the financial statements.

Lend Lease Corporation Limited

Lend Lease Corporation Limited provides a wide range of corporate services to its consolidated entities. Corporate management fees, which are priced at an arm's length basis, are charged to these entities for these services (refer Note 2. 'Revenue'). These services principally relate to:

- Administration, company secretarial, accounting, legal, tax, insurance, information technology and public relations;
- Human resources and employee services including the administration of salaries and superannuation, the provision of a defined benefit plan for a number of Australian employees (refer Note 15. 'Defined benefit Plan Asset') and share based payment plans (refer to Note 24. 'Reserves' and Note 34. 'Employee Benefits'); and
- Finance and treasury services, which includes working capital facilities and long term financing. Interest is only earned or incurred on long term loans provided to or drawn with subsidiaries based on project specific risks and returns (refer to Note 2. 'Revenue' and Note 4. 'Other Operating Income and Expenses'). Outstanding balances arising from working capital facilities and long term financing are typically repayable on demand. In addition, financial guarantees are provided on the borrowings of subsidiaries (refer to Note 20. 'Other Financial Liabilities') for which guarantee fees are charged under normal terms and conditions (refer to Note 2. 'Revenue').

Other transactions and outstanding balances with consolidated entities are disclosed in Note 2. 'Revenue', Note 3. 'Other Income', Note 4. 'Other Operating Income and Expenses', Note 8. 'Loans and Receivables' and Note 17. 'Trade and Other Payables'.

Consolidated Entities

Transactions that occurred during the financial year between entities in the Lend Lease Group include:

- Provision of project management, design services, construction management and engineering services to development projects;
- Provision of payroll, transaction and management services;
- Provision of investment management services;
- Receipt and payment of superannuation contributions;
- Reimbursements of expenses made on behalf of subsidiaries;
- Loan advances and repayments between subsidiaries;
- Premium payments and receipts for the Group's insurance policies; and
- Dividends received or due and receivable from subsidiaries.

Transactions between consolidated entities are priced on an arm's length basis.

Associates and Joint Venture Entities

Interests held in associates and joint venture entities by Lend Lease are set out in Note 10. 'Investments Accounted for Using the Equity Method' to the financial statements.

Transactions provided by the Lend Lease Group to its associates and joint venture entities principally relate to:

- Retail business: Provision of retail property management, asset management and development services;
- Communities business: Development management services and the sale of development properties into Lend Lease managed funds. In addition Lend Lease provides long term loans on which interest is earned based upon project specific risks and returns. A subordinated non interest bearing loan has been provided to an associate and at 30 June 2008 the loan balance was A\$25.5 million (June 2007: A\$23.2 million);
- Investment management: Provision of strategic investment advice, asset management and investment portfolio management services;
- Project management and construction: Provision of construction, project management and design services;
- Public Private Partnerships business: Provision of construction, project management and design services, asset and facilities management services. Loan stock is also provided to projects on which interest is earned based upon project specific risks and returns.

Except as noted above, transactions and outstanding balances are typically on normal terms and conditions.

Notes to the Consolidated Financial Statements continued

36. Non Director Related Party Information continued

Associates and Joint Venture Entities continued

Revenue earned by Lend Lease during the year as a result of transactions with its associates and joint venture entities is as follows:

	June 2008 A\$m	June 2007 A\$m
Revenue		
Sale of development properties		
Associates		167.5
Provision of services ¹		
Associates	655.3	587.8
Joint venture entities	123.6	157.7

¹ Includes A\$5.1 million of Investment Management services (June 2007: A\$6.0 million).

Other transactions and outstanding balances with associates and joint venture entities have been disclosed in Note 2. 'Revenue', Note 3. 'Other Income', Note 4. 'Other Operating Income and Expenses', Note 8. 'Loans and Receivables' and Note 17. 'Trade and Other Payables'.

Managed Funds

Lend Lease holds investments in a number of property funds for which it is also the fund manager. In addition to those property funds classified as associates and joint venture entities (refer above and Note 10. 'Investments Accounted for Using the Equity Method'), Lend Lease holds interests in property funds which are classified as available for sale financial assets (refer to Note 12. 'Other Financial Assets').

Transactions between the Lend Lease Group and such property funds classified as available for sale are priced on an arm's length commercial basis. These transactions relate principally to:

- Investment management: Provision of strategic investment advice, asset management and investment portfolio management;
- Asset management: Provision of property management services, property portfolio advisory services, maintenance and insurances, strategic advice and management supervision services, administration, marketing and risk management services; and
- Communities businesses: Provision of property capital works, design and construction services, development and refurbishment and the sale of development properties.

During the year the following transactions occurred:

	June 2008 A\$m	June 2007 A\$m
Revenue		
Provision of services	64.5	53.1
Expense reimbursements to Lend Lease		
Administrative and property rental expenses	27.2	21.4

37. Event Subsequent to Balance Date

Bovis UK Pension Scheme

Subsequent to 30 June 2008 the terms of the Bovis UK Pension Scheme were amended to close the Scheme to the accrual of future benefits with the effect from 31 August 2008. As at 30 June 2008, a liability for the defined benefit obligation of A\$118.1 million was recognised (refer to Note 22. 'Defined Benefit Plan Liability'). A benefit to the income statement is expected to arise from the amended terms in the forthcoming financial year. An actuarial assessment post 31 August 2008 will be performed to determine the amount of the benefit arising from the curtailment.

Directors' Declaration

In the opinion of the Directors of Lend Lease Corporation Limited ('the Company'):

1. The financial statements and notes set out on pages 1 to 74 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 Company and consolidated entity as at 30 June 2008 and of their performance, as represented by the results of their operations and cash flows 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 Note 1(a).
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 Chief Executive Officer and Group Finance Director for the financial year ended 30 June 2008.

Signed in accordance with a resolution of the Directors:



D A Crawford
Chairman

Sydney, 21 August 2008



G A Clarke
Managing Director



Independent auditor's report to the members of Lend Lease Corporation Limited

Report on the financial report

We have audited the accompanying financial report of Lend Lease Corporation Limited ('the Company'), which comprises the balance sheets as at 30 June 2008, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 37 and the Directors' Declaration set out on page 75 of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

In our opinion:

(a) the financial report of Lend Lease Corporation Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the remuneration report

We have audited the remuneration report included in pages 8 to 25 of the Directors' Report for the year ended 30 June 2008. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Lend Lease Corporation Limited for the year ended 30 June 2008, complies with Section 300A of the *Corporations Act 2001*.

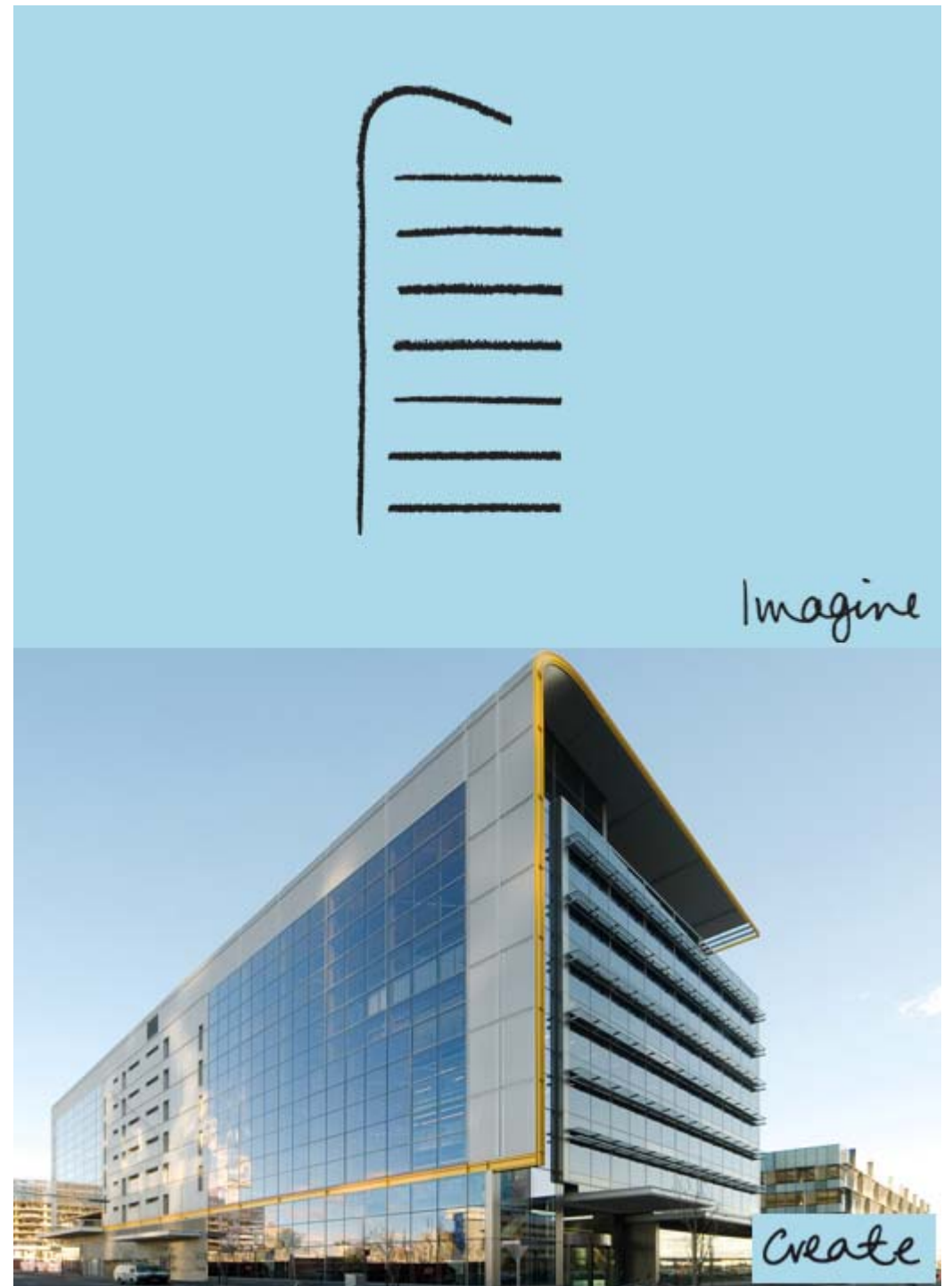
KPMG

C Hall
Partner

Sydney, 21 August 2008



Full Year Results June 2008



- The Group delivered Net Operating Profit After Tax of A\$447.1m despite tough market conditions
 - Bovis Lend Lease improved performance across all markets
 - Actus Lend Lease reached financial close on 6 projects
 - Strong result from Investment Management – capital recycling
- Substantial Balance Sheet capacity and strong cashflows
 - A\$842.8m cash
 - Undrawn bank facilities of A\$808.6m
- Further deal momentum
 - Bovis Lend Lease backlog gross profit margin ↑ 10%
 - Reached interim agreement with ODA on Athletes Village



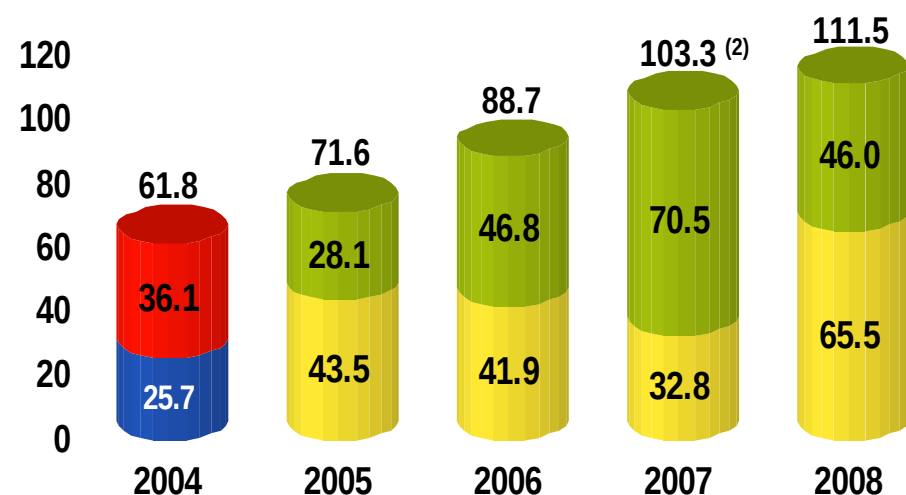
Army RCI, Hawaii

Strong EPS & Dividend Growth



EPS (1)

cents



■ 1st Half ■ 2nd Half ■ 1st Half ■ 2nd Half

AGAAP

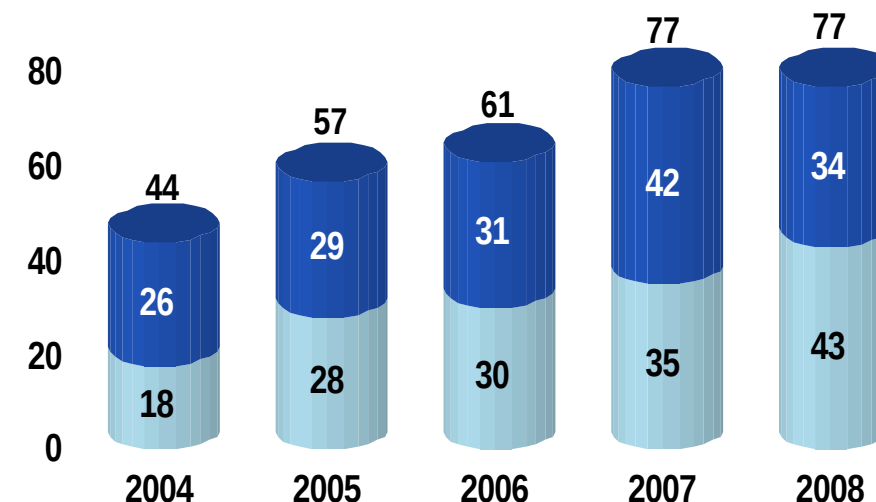
AIFRS

(1) Calculated based on net operating profit after tax and total weighted average shares on issue, including treasury shares

(2) 2007 EPS excluding ATO interest of A\$32.2m after tax

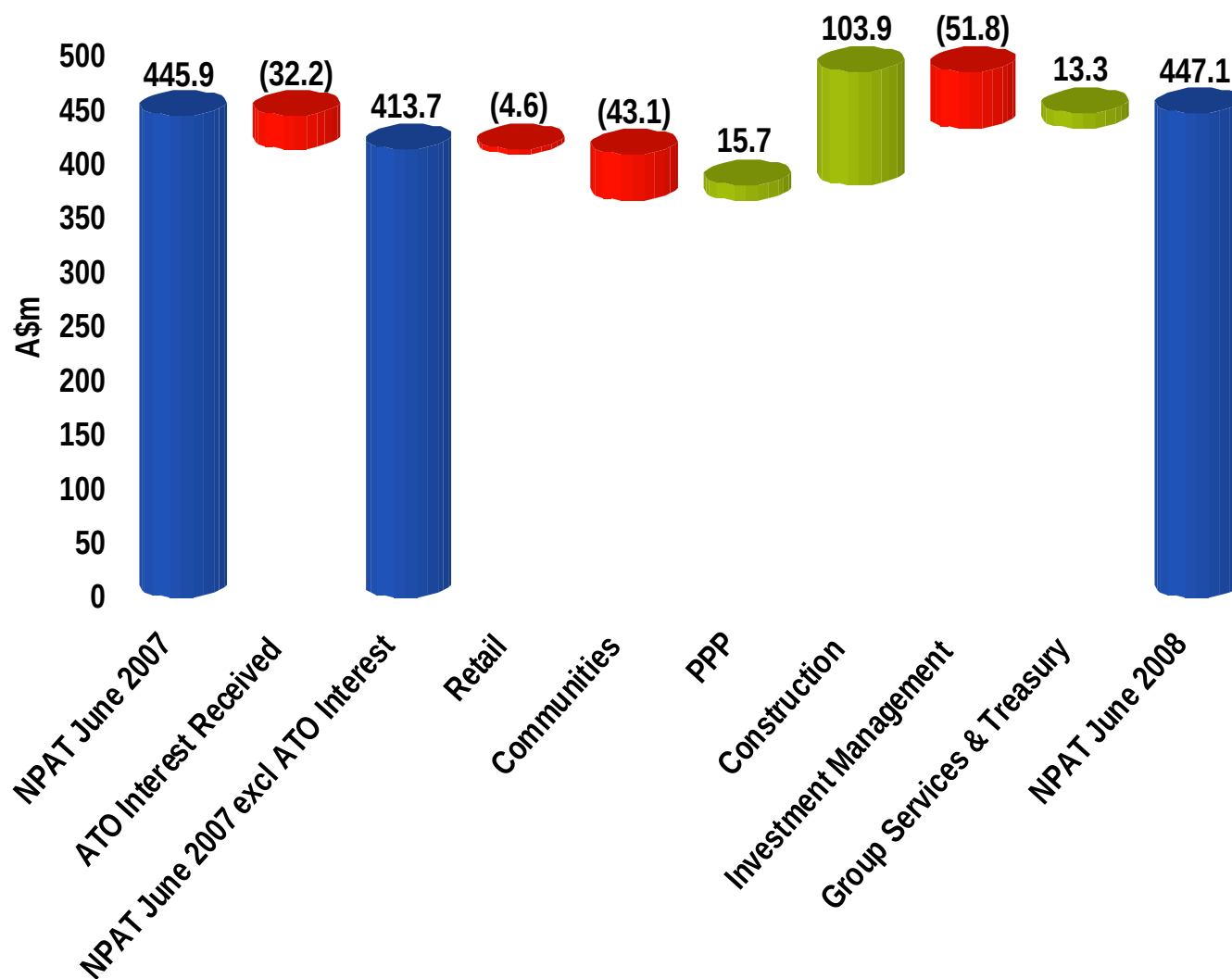
Dividend

cents



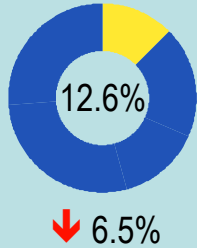
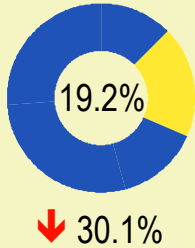
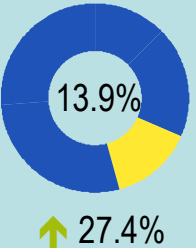
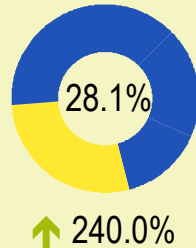
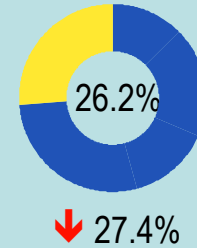
■ Interim ■ Final

Group Net Operating Profit After Tax – Year to 30 June 2008



Diversified Earnings Base



	Retail	Communities	Public Private Partnerships	Project Management & Construction	Investment Management
Core Activities	Asset ownership, development, property and asset management	Masterplanned greenfield communities and urban regeneration	Military housing, healthcare, education and waste	Project management and construction	Asset ownership, real estate investment management services
Operating Revenue	A\$130.7m	A\$969.5m	A\$962.7m	A\$12,426.8m	A\$127.3m
EBITDA	A\$79.4m	A\$124.0m	A\$60.0m	A\$198.9m	A\$151.2m
Proportion of Profit After Tax from Operating Businesses ⁽¹⁾	 12.6% ↓ 6.5%	 19.2% ↓ 30.1%	 13.9% ↑ 27.4%	 28.1% ↑ 240.0%	 26.2% ↓ 27.4%
Development Pipeline / Backlog GPM / FUM	A\$4.8b	A\$33.9b	A\$521.3m	A\$788.3m	A\$9.3b
Regional Business Operations	Australia, Singapore, UK, US	UK, Australia, US	UK, US	UK, Europe, Middle East, Americas, Asia Pacific	Australia, Singapore, UK

⁽¹⁾ Before Group Services, Treasury, Property Investment Revaluations and Adjustment to Carrying Value of Inventory

Market Conditions



Europe



Americas



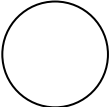
Asia Pacific



Retail	▪ Sector growth has slowed ▪ Declining asset values – cap rate driven	▪ Retail sales slowing	▪ Australia – retail sales growth softening ▪ Singapore – stronger market but facing increasing supply ▪ Transactional volumes rising which may demonstrate some cap rate expansion
Communities	▪ Limited debt available ▪ Investor market stalled ▪ Rental market remains strong	▪ High inventory levels ▪ Liquidity issues ▪ Major urban dislocation likely	▪ Residential market slowing ▪ Stronger than US / UK ▪ Sentiment materially affected by interest rate and petrol price outlook
Public Private Partnerships	▪ Large waste / education pipeline ▪ Hospital sector still has projects in pipeline	▪ Military privatisation deals nearing completion ▪ Strong committed position	
Project Management & Construction	▪ UK – commercial slowing / government strong ▪ Europe / Middle East – strong	▪ Slowing	▪ Australia – significant government spend ▪ Core Asian geographies remain strong
Investment Management	▪ Investors overweight property but appetite for distressed opportunities		▪ Australia – investors overweight property but appetite for higher return opportunities ▪ Asia – strong capital flows / opportunities available

How is Lend Lease placed in the medium term?



	Europe 	Americas 	Asia Pacific 
Retail			
Communities			
Public Private Partnerships			
Project Management & Construction			
Investment Management			

Key

 Positive

 Neutral

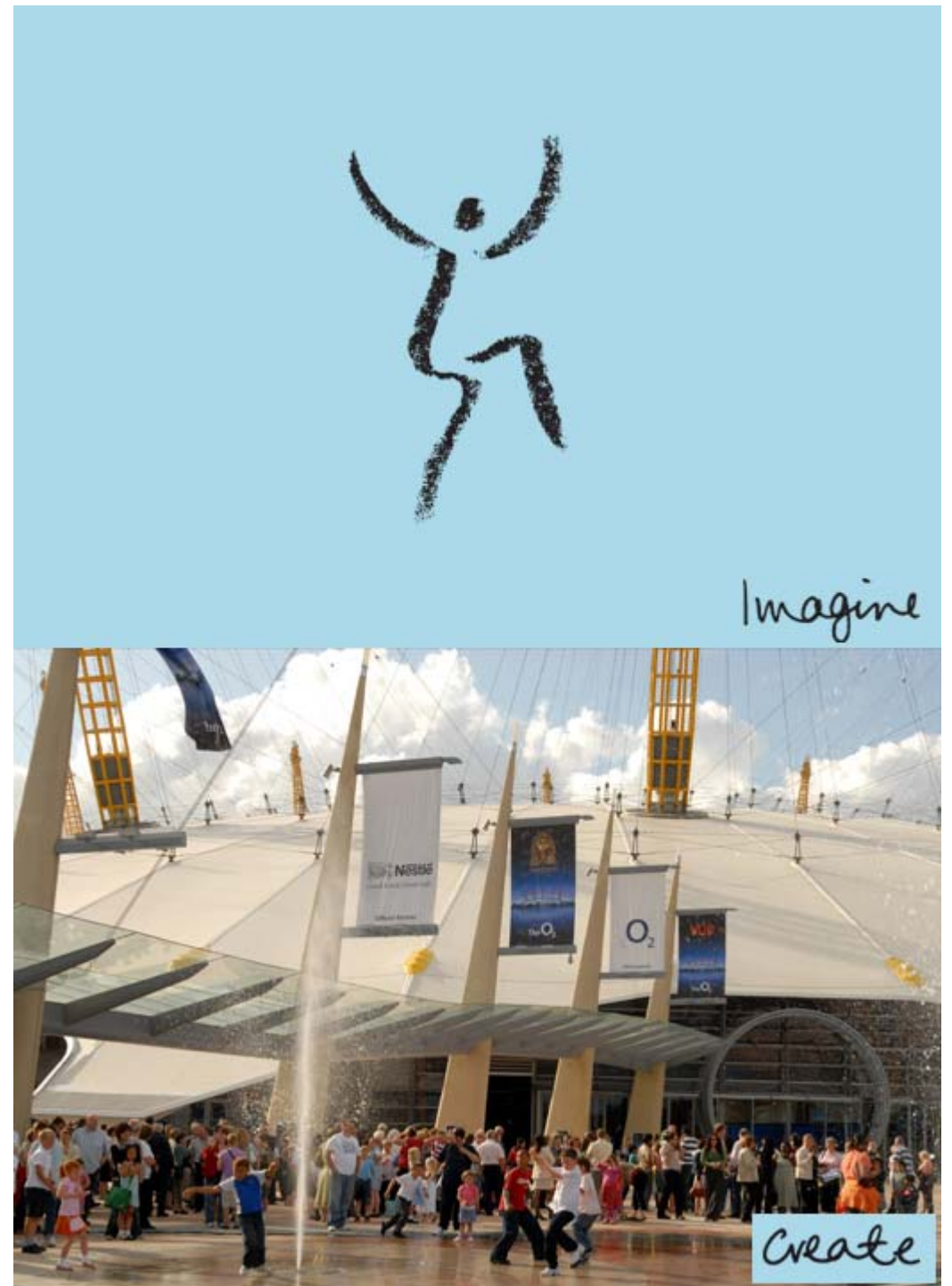
 Headwinds



Group Financial Results

Steve McCann

Finance Director

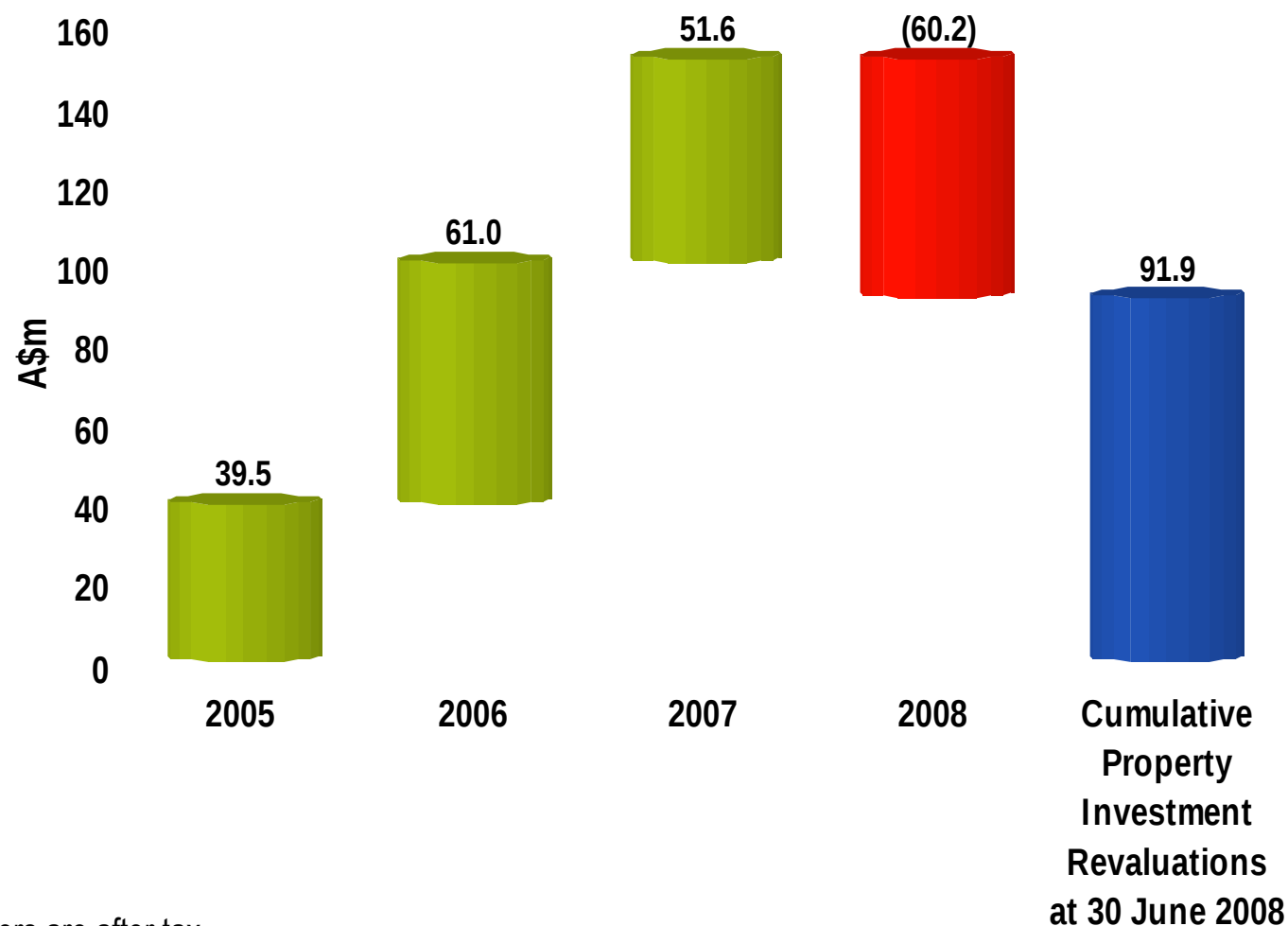


Group Profit After Tax



	June 2008 A\$m	June 2007 A\$m
Retail	66.1	70.7
Communities	100.3	143.4
Public Private Partnerships	73.0	57.3
Investment Management	137.3	189.1
Project Management & Construction	147.2	43.3
Operating Businesses	523.9	503.8
Group Services & Amortisation	(62.0)	(63.0)
Group Treasury	(14.8)	5.1
Net Operating Profit After Tax	447.1	445.9
Adjustment to Carrying Value of Inventory	(121.5)	-
Property Investment Revaluations	(60.2)	51.6
Statutory Profit After Tax	265.4	497.5
Effective Tax Rate on Operating Profit	12%	18%
Impact of Currency Movements After Tax	(30.7)	
Capital Recycling as a % of Net Operating Profit	24%	33%

Property Investment Revaluations through the Profit & Loss

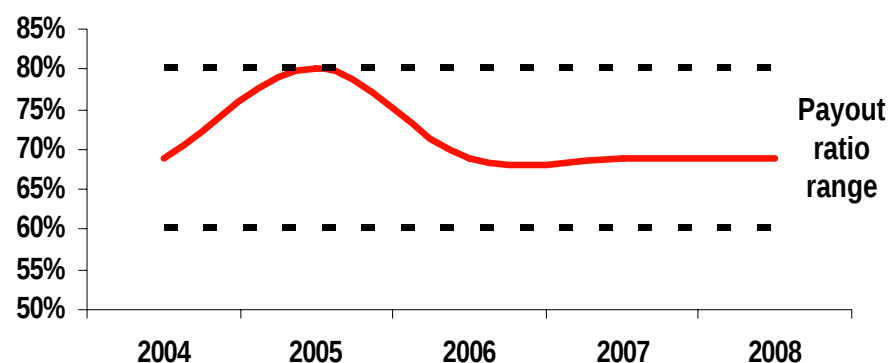


Note: All numbers are after tax

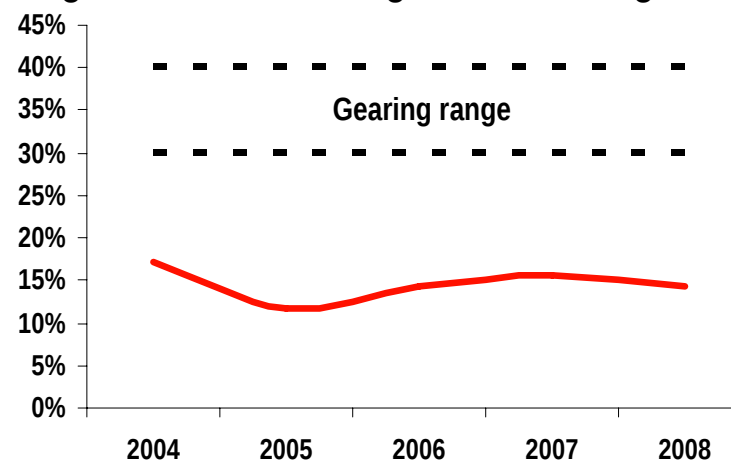
Financial Metrics



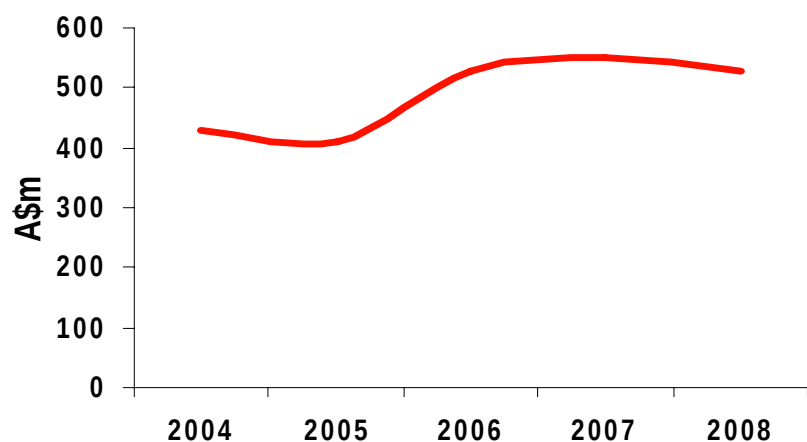
Payout Ratio on Operating Profit



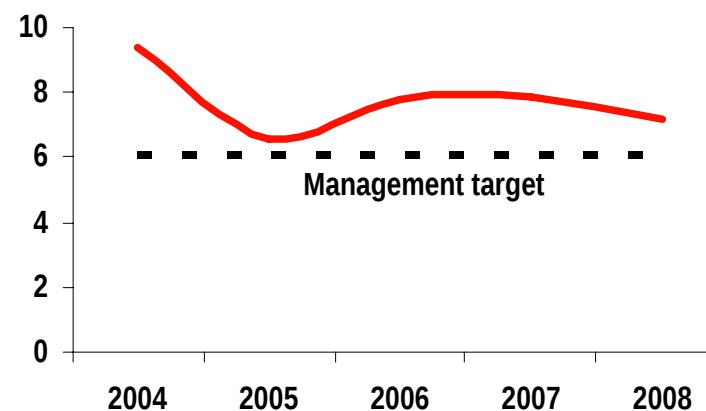
Gearing – Gross Borrowings to Total Tangible Assets



Operating EBITDA



Interest Coverage (times)



Note: All charts based on 2004 (AGAAP) & 2005-2008 (AIFRS)

	June 2008 A\$m	June 2007 A\$m
Cash at beginning of year	550.1	559.5
Net cash provided by operating activities	268.7	357.2
Net cash provided by / (used in) investing activities	364.5	(382.7)
Net cash (used in) / provided by financing activities	(312.4)	57.1
Effect of foreign exchange rate movements	(28.1)	(41.0)
Cash at end of year	842.8	550.1

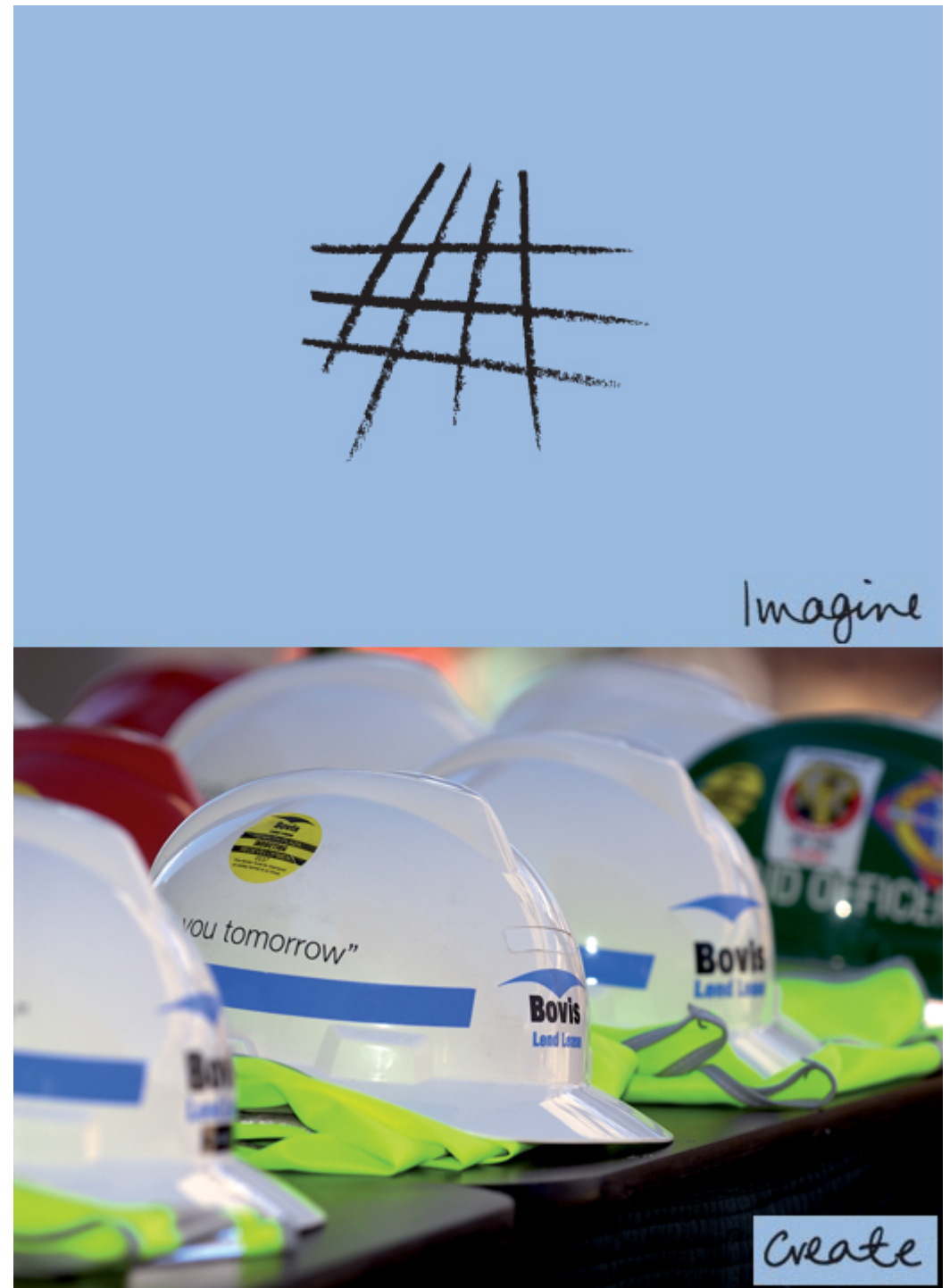
- Our asset leverage and capital recycling approach have placed us in a strong financial position
 - We do not have to sell assets to raise capacity to look at opportunities
 - We will remain disciplined
- Our conservative approach to M&A during a period of inflated asset values means we are well positioned for opportunities now
 - Should we look at monetising assets, it will be to invest in opportunities that provide higher returns and have superior shareholder value
 - We continue to look for transformational opportunities and bolt-on acquisitions which add scale to our existing market positions
- All opportunities will be evaluated in terms of strategic fit and financial merits that provide long term value to LLC shareholders



Operating Results

Ross Taylor

Chief Operating Officer



Operating Business – Summary



- **Retail**
 - Trading performance – NOI growth of 5.0%+ in Asia Pacific
 - Strong development pipeline – A\$4.8b
 - Cap rates – continued weakening cap rates in the UK
- **Communities**
 - Australian Communities – pre-sales remain positive / lower expected commercial throughput
 - UK Communities – market conditions very challenging
- **Public Private Partnerships**
 - Actus – 6 financial closes and 1 preferred bidder win
 - PPP UK – closed Lancashire Schools Phase 2
- **Project Management & Construction**
 - Strong result – Bovis improved performance across all markets
 - Backlog GPM growth of 10%
- **Investment Management**
 - Continued capital recycling – APPF stake / Global Fund
 - 4% funds under management growth / A\$2.9b internal pipeline



Durrat al Bahrain



313@Somerset, Singapore

- Lend Lease & ODA have agreed a development management agreement as an interim step for the delivery of the Athletes Village, allowing Lend Lease to continue its role in overseeing and managing the development and delivery of the Village
- This agreement is separate to discussions on the long term financing, which are continuing
 - Expected to finalise by the end of the year
- Construction progress on track
 - Earthworks complete
 - Piling on first 3 housing blocks is in progress



Performance Highlights

Asia Pacific

- Strong settlements ↑ 23%, higher land settlements, lower built-form
- Continued deal flow – Gawler / Blakeview / Darling Walk / Myer

Europe

- Crosby profit significantly down due to UK residential market slowdown
- Inventory writedown of A\$121.5m in statutory result
- Signed development management agreement with ODA on Stratford
- Construction started at Greenwich Peninsula
- Preferred developer – Elephant & Castle

Americas

- 2 projects in planning / approval – will commence when market recovers

Outlook

Asia Pacific

- ↑ 16% in pre-sales offset by smaller contribution from non-residential
- Remain positive on apartments / look for further consolidation in retirement

Europe – Crosby

- Market conditions remain very challenging
- Pursue stock reduction strategies / ensure overhead is proportional to business requirements
- Discounting will be required to move stock and recycle capital

Operating Result A\$m	08	07
Operating profit after tax		
▪ Asia Pacific	82.7	90.9
▪ Europe	21.1	51.8
▪ Americas	(3.5)	0.7
Gross sales value of pre-sales		
▪ Asia Pacific	589.4	366.8
▪ Europe	41.6	371.3
Portfolio Summary	08	07
Backlog (residential lots & apartments)		
▪ Asia Pacific	85,330	84,945
▪ Europe	14,470	14,720
▪ Americas	17,125	15,881

Performance Highlights

Asia Pacific

- NOI growth of 5.0%+ across Asia Pacific portfolio
- 9 centres under planning / development with value of circa A\$2.7b

Europe

- Continued investment in retail development pipeline
- Acquired 50% interest in Preston scheme with Grosvenor
- Reduction in investment values due to weakening cap rates

Americas

- King of Prussia
 - Share of income ↑ 4% in US\$ / valuation up 1% in US\$

Outlook

- **Australia**
 - Retail sales growth softening
- **Singapore**
 - Underlying economy still relatively strong
 - Looking for further acquisitions in conjunction with ARIF
- **UK**
 - Retail sales growth has slowed
 - Expected further cap rate weakness

Operating Result A\$m	08	07
Operating profit after tax		
▪ Property management	(14.2)	(3.0)
▪ Investment income	80.3	73.7
Operating profit after tax by geography		
▪ Asia Pacific	1.7	(0.9)
▪ Europe	42.3	51.7
▪ Americas	22.1	19.9
Portfolio Summary	08	07
No. of centres managed	16	16
Assets under management A\$b	10.8	12.0
Property investment revaluations A\$m	(71.5)	38.1
Retail development pipeline A\$b	4.8	5.3

Public Private Partnerships



Performance Highlights

Europe – PPP

- Lower profit due to higher bid costs / reduced bid cost recovery
- Selected as 1 of 2 on Birmingham and Salford Building Schools for the Future
- Reached financial close on Lancashire Schools Phase 2

Americas – Actus Lend Lease

- Profit growth of 68% as 6 projects reached financial close
- Selected as preferred bidder on Alaskan Army project

Outlook

Europe

- Recycle equity positions

Americas

- Future growth will not be at same levels as historic growth
- Continue to mine out existing opportunities and apply proven skill-base to other services for US military
 - Affordable housing / Energy / Overseas bases / Navy privatisation

Operating Result	08	07
Operating profit after tax A\$m		
▪ Europe	0.8	14.3
▪ Americas	72.2	43.0
Project wins during period		
▪ Europe		
▪ Financial close	1	1
▪ Americas		
▪ Preferred	1	3
▪ Financial close	6	4
Portfolio Summary	08	07
Americas		
▪ Units under management	44,750	42,400
▪ Estimated capital spend US\$b	5.9	5.3
Europe		
▪ No. of projects	19	19
▪ Facilities management revenue backlog £m	366	350
▪ Invested equity £m	71	51

Performance Highlights

Asia Pacific

- Profit increase of 26%
- Continued strong market conditions, particularly for social infrastructure – new work secured ↑ 115%
- Backlog GPM ↑ 125%

Europe

- UK returns to profit
- Continued strong performance from CEMEA

Americas

- Business performance in line with expectations
- Mike Bellaman has assumed role of CEO – Americas

Outlook

- Will continue to focus on level of overhead
- Expansion into new geographies
 - Focus on high growth economies
- Continued focus on margin improvement

Operating Result	08	07
Operating profit after tax A\$m		
▪ Asia Pacific	69.0	54.6
▪ Europe	18.5	(77.2)
▪ Americas	59.7	65.9
Profitability ratio (EBITDA / Realised GPM)		
▪ Asia Pacific	50%	44%
▪ Europe	17%	N/A
▪ Americas	34%	47%
Gross margin (Realised GPM / Revenue)	5%	3%
Backlog A\$m	08	07
Backlog gross profit margin A\$m	788.3	717.2
New work secured A\$m	715.5	480.7
Backlog realisation		
▪ Year 1	57%	59%
▪ Year 2	29%	27%
▪ 3 years +	14%	14%

Performance Highlights

- Continued strong performance of Funds
 - APPF Retail 14.3% total return
 - APIC II 33.4% total return
- Continued support of Lend Lease capital recycling model
- New equity raised of A\$700m+
- New CEO of APPF appointed – Carmel Hourigan
- Future FUM – locked in pipeline of A\$2.9b

Outlook

- **Australia**
 - Limited equity available for right opportunities
 - Looking to partner / JV with institutions
- **Asia**
 - Commit remaining ARIF equity / potential Pan Asian retail fund
- **UK**
 - Difficult environment to raise money / retail fund on hold
- **US**
 - Establishing US platform / Gary Buechler CEO

Operating Result A\$m	08	07
Operating profit after tax		
▪ Funds management	54.1	28.7
▪ Investment income	83.2	160.4
Operating profit after tax by geography		
▪ Asia Pacific	71.8	29.7
▪ Europe	61.9	153.4
▪ Americas	3.6	6.0
FUM growth FY08 on FY07	4%	
Portfolio Summary	08	07
Funds under management A\$b	9.3	8.9
Property investment revaluations after tax A\$m	11.3	13.5
Market value of investments to LLC	603.8	917.0
▪ Asia Pacific	397.2	615.1
▪ Europe	205.7	299.2
▪ Americas	0.9	2.7

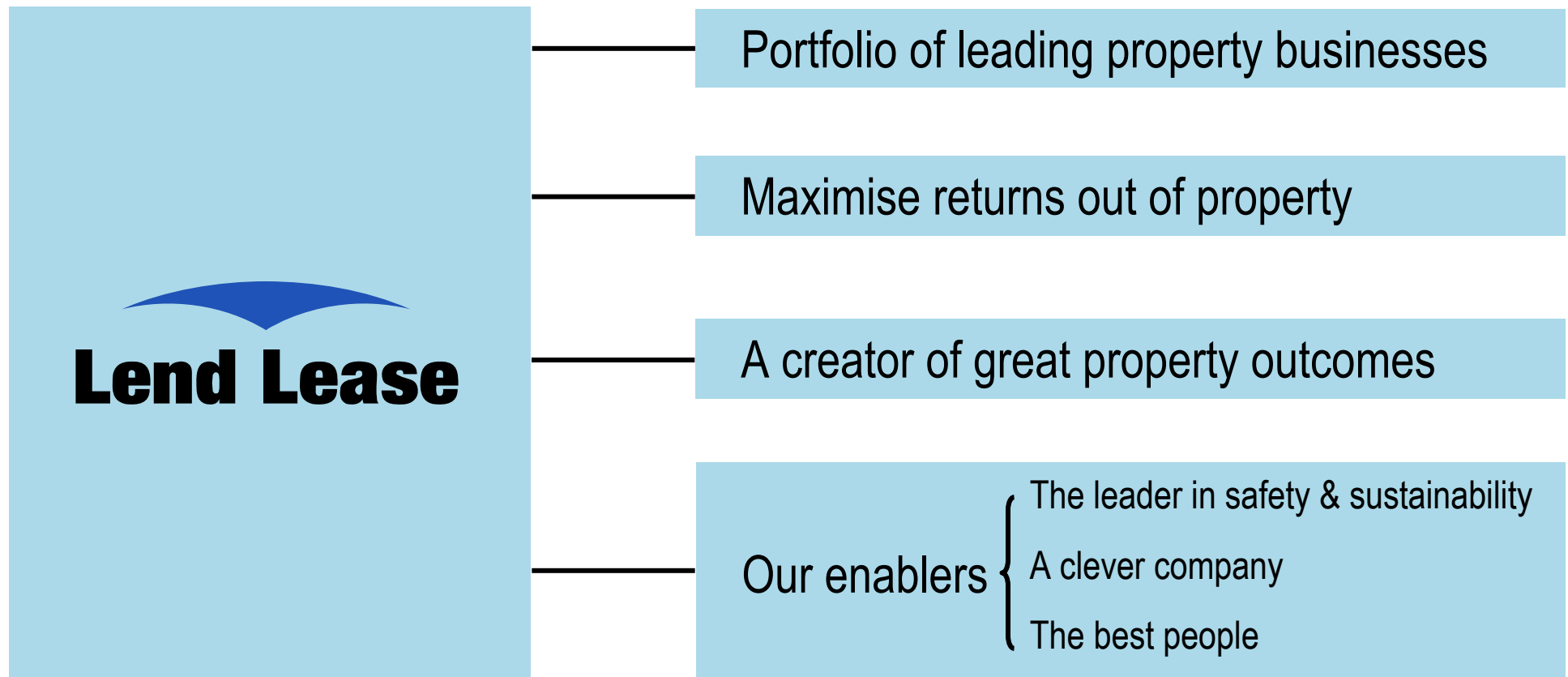


Summary / Outlook

Greg Clarke

Group CEO





Outlook – Lend Lease remains in a strong financial position



**Slowing US economy &
US housing market**

**Weakening UK residential,
retail and investment
markets**

**“Sub-prime contagion”
Tightened credit markets**

LLC strategy remains unchanged – long term sustainable value

- No significant exposure to US residential development
- Asset / fund co-ownership model
- Land management model results in low holding costs
- Leverage into government backed programs – PPP & Actus

Diversification benefits

- Majority of Lend Lease earnings decoupled from UK residential market
- Writedown of Crosby inventory – prudent step to clear decks for FY09
- 2-year lag between property cycle and construction cycle
- Retail investment revaluations do not impact dividend or cashflow

Balance Sheet conservatism pays off

- Low gearing and strong credit rating
- Existing debt at low fixed rates and long maturity
- Substantial cash and operating cashflows
- Ample capacity to move on opportunities
- Tough markets create buying opportunities

How are we placed going forward?

Business model – market leading positions

**Efficient capital model /
Low holding costs**

**Financial strength –
cash & capacity**

**Well placed to take advantage of
opportunities**

- 
- **Create long term shareholder value**
 - **Be financially disciplined**
 - **Capitalise on market downturn**

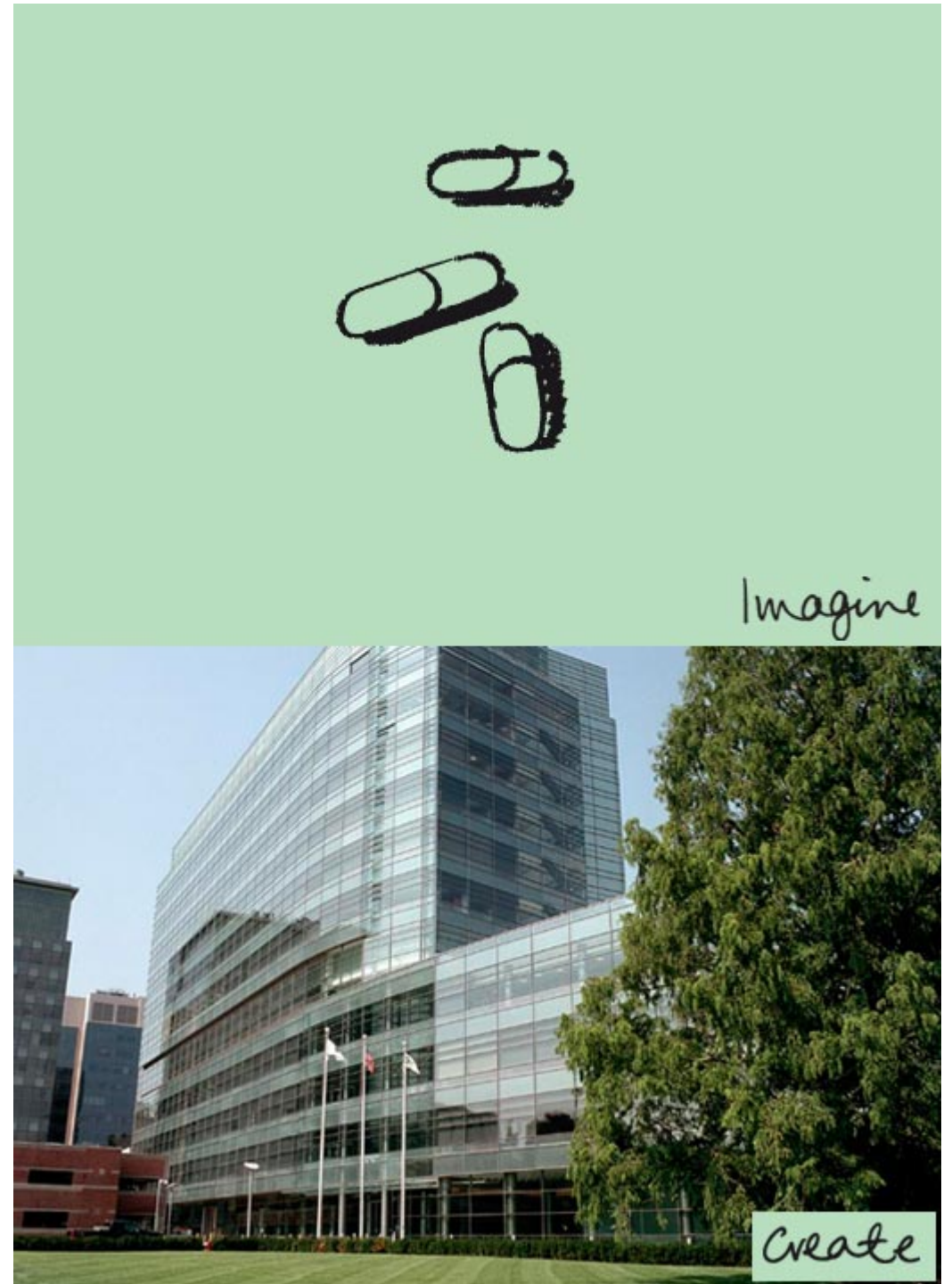


Full Year Results June 2008





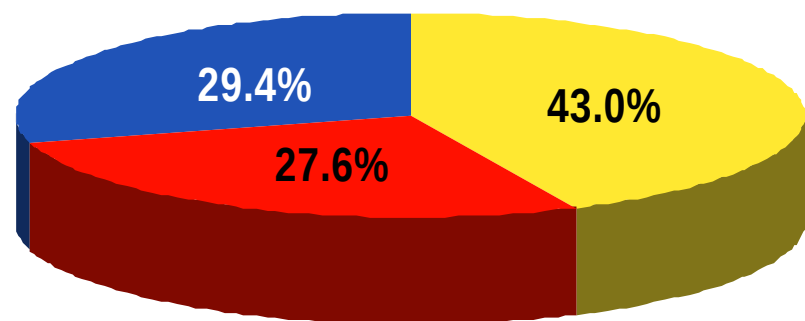
Annexures



Earnings Composition

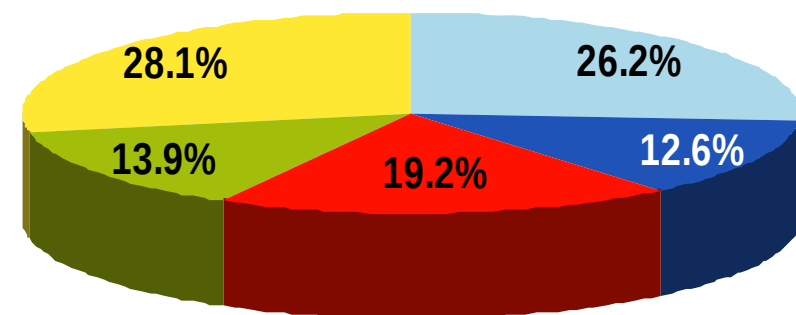


**Earnings Composition
by Geography**



■ Asia Pacific ■ Europe / UK ■ Americas

**Earnings Composition by
Business Unit**

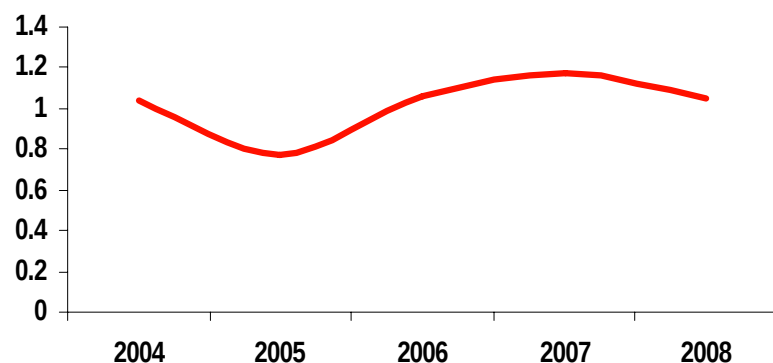


■ Investment Management
■ Retail
■ Communities
■ Public Private Partnerships
■ Project Management & Construction

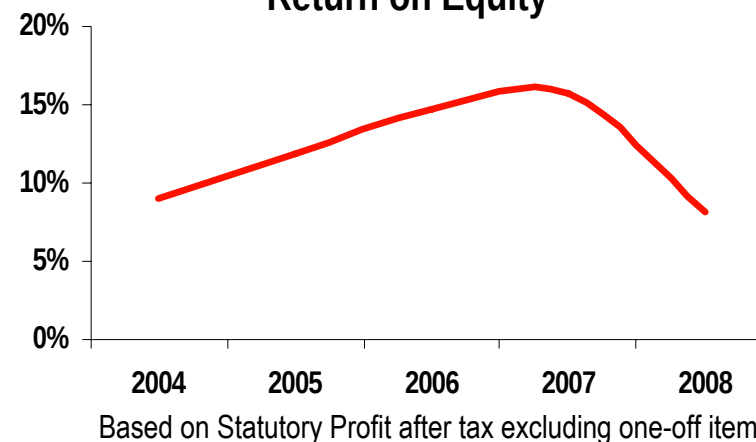
Operating Metrics



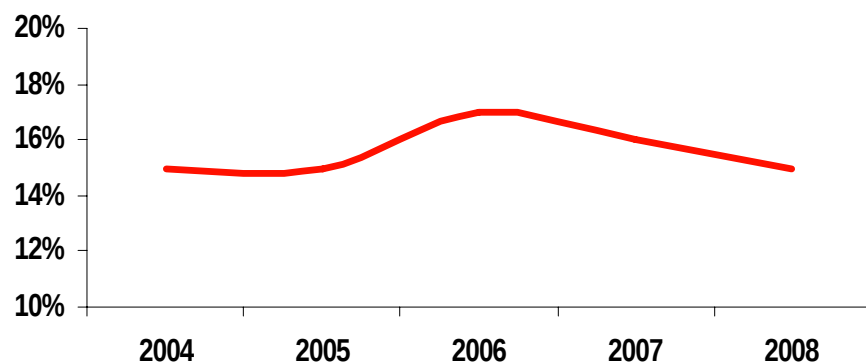
Ratio of Current Assets to Current Liabilities (times)



Return on Equity

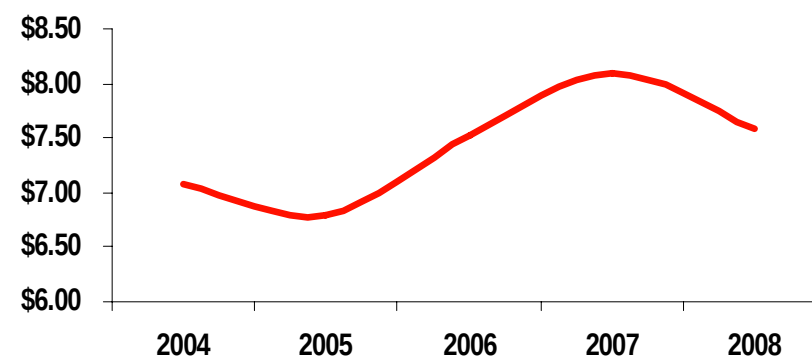


Return on Capital Employed



Calculated as EBITDA / Average Capital Employed excluding Revaluations

Net Asset Backing per share (A\$)



Note: All charts based on 2004 (AGAAP) & 2005-2008 (AIFRS)

- Income Statement – average exchange rates for the 12 months to 30 June 2008
 - A\$ / US\$ 0.900 (12 months to 30 June 2007 – A\$ / US\$ 0.789)
 - A\$ / £ 0.450 (12 months to 30 June 2007 – A\$ / £ 0.406)

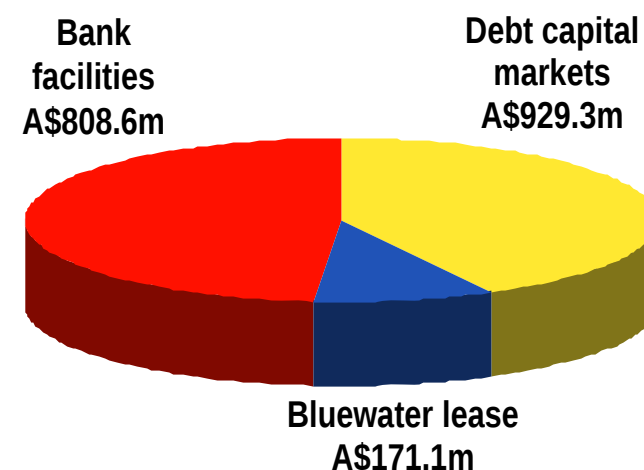
- Balance Sheet – exchange rates as at 30 June 2008
 - A\$ / US\$ 0.950 (30 June 2007 – A\$ / US\$ 0.820)
 - A\$ / £ 0.480 (30 June 2007 – A\$ / £ 0.415)

Existing Debt Facilities

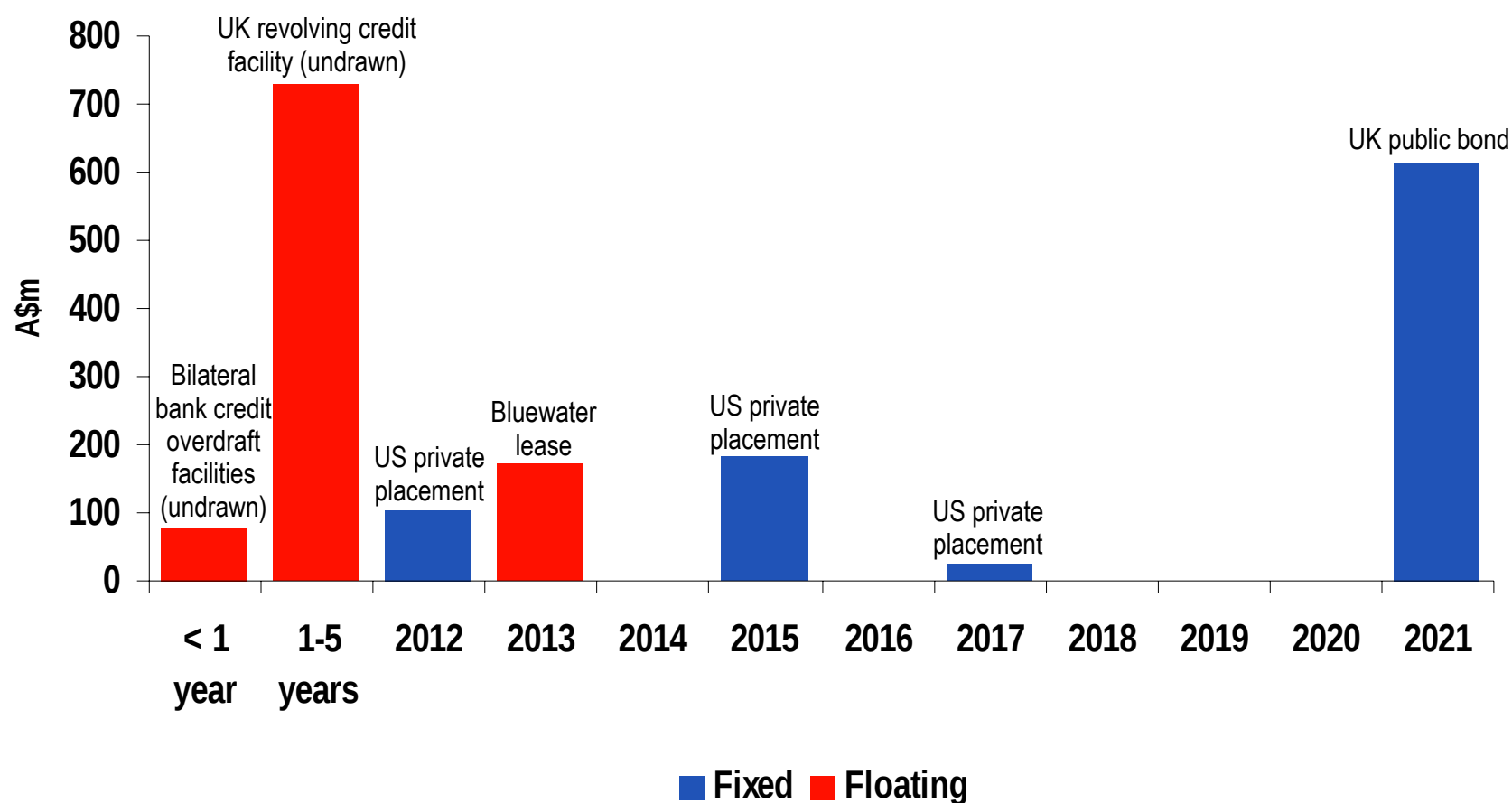


- Undrawn debt facilities as at 30 June 2008 A\$808.6m
- Cash and cash equivalents A\$842.8m
- Working capital requirements A\$500m
- Interest rate profile as at 30 June 2008
 - £300m UK public bond @ 6.125%
 - US\$300m private placement @ 5.75% (all in rate)
 - £82m Bluewater lease @ floating rates

**Facility Mix – 30 June 2008
(Drawn & Undrawn)**



Debt Maturity Profile

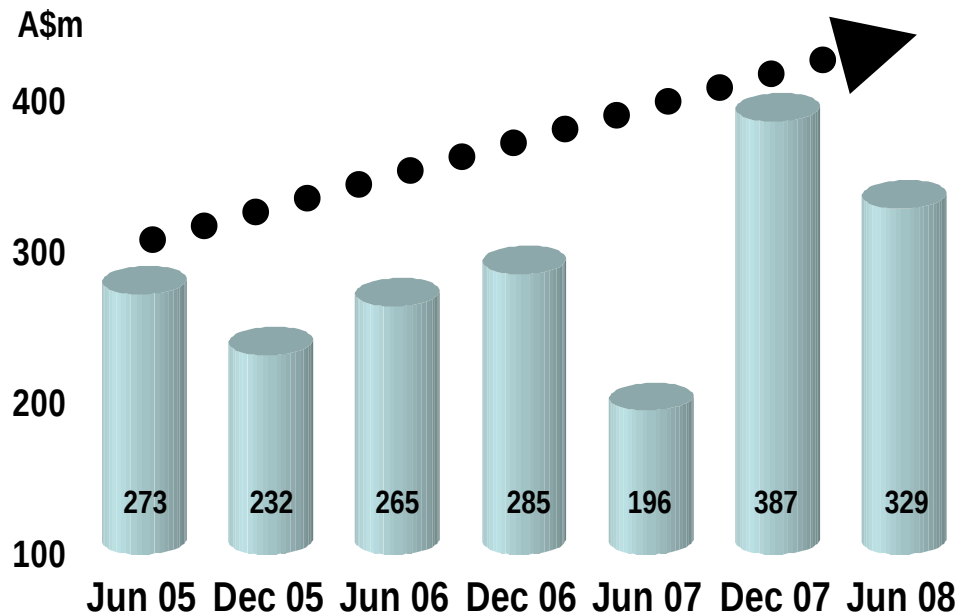


- £350m undrawn revolving credit bank facility maturing November 2010

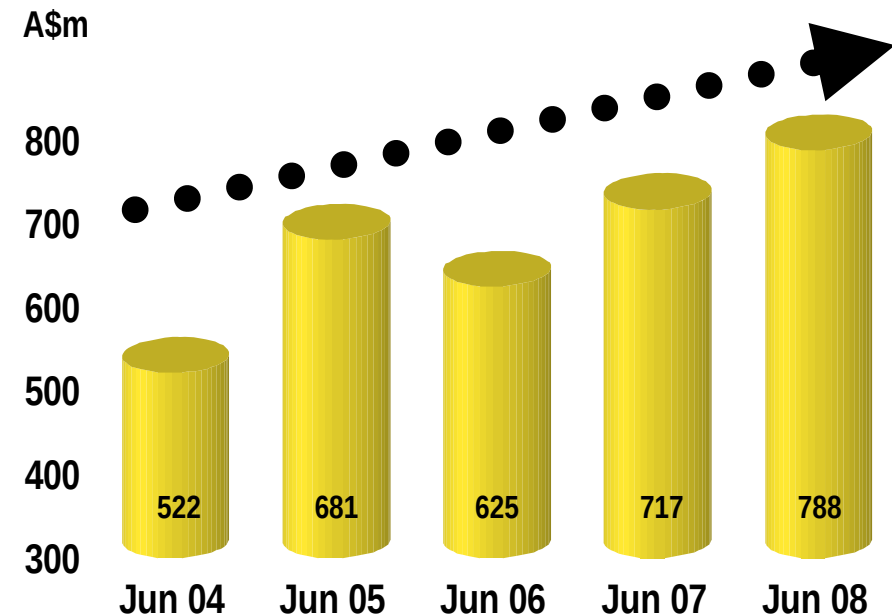
Bovis Project Wins / Backlog Growth



New Work Secured



Backlog GPM



Strong Bovis Pipeline



	Region	Value A\$m*	FY2007	FY2008	FY2009	FY2010	
Royal Children's Hospital (Melbourne)	Asia Pacific	1,064					
ANZ Melbourne	Asia Pacific	546					
Top Ryde (Sydney)	Asia Pacific	474					
Singapore Capacity Expansion Project	Asia Pacific	297					
Liverpool Hospital	Asia Pacific	296					
Mulwala Ammunition Factory	Asia Pacific	274					
420 George Street (Sydney)	Asia Pacific	262					
Riverside South – The Rushmore (New York)	Americas	303					
150 Amsterdam Avenue (New York)	Americas	234					
353 N. Clark (Chicago)	Americas	229					
St. Regis Hotel & Condos (Atlanta)	Americas	174					
St Joseph's Hospital (Florida)	Americas	130					
Viera Health Park (Florida)	Americas	109					
Los Berrocales Construcción (Spain) ⁽¹⁾	Europe	993					
Nevskaya Ratusha (Russia) ⁽¹⁾	Europe	924					
Ministry of Defence SLAM – Phase 2 (UK)	Europe	851					
One New Change (London) ⁽²⁾	Europe	580					
Leeds Oncology Hospital	Europe	409					
University of Sheffield Student Accommodation	Europe	376					
⁽¹⁾ Project management ⁽²⁾ Construction management		8,525		Secured	* Approx. construction values		

Realised Gross Profit Margin Analysis by Region & Sector



As at 30 June 2008	Asia Pacific GPM %	Americas GPM %	Europe GPM %	Total GPM %
Commercial / Office	33	9	28	24
Communications	7	-	2	3
Education	9	10	5	8
Government / Civic	4	4	15	8
Healthcare	1	11	3	5
Industrial / Technology	12	3	9	8
Mixed-use	-	5	3	2
Pharmaceutical / R&D	7	3	3	4
Residential / Senior Living	4	39	6	16
Retail	17	5	17	13
Transportation	6	3	3	4
Other	-	8	6	5
Total	100	100	100	100