ASX Announcement

Results for Announcement to the Market
Preliminary Final Report – Listing Rule 4.3A

26 August 2011

Lend Lease Group today announces its results for the year ended 30 June 2011. Attached are the following documents:

- 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

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Lend Lease Group

Appendix 4E

Lend Lease Group ('the Group') comprises Lend Lease Corporation Limited ('the Company') ABN 32 000 226 228 and Lend Lease Trust ('LLT') ARSN 128 052 595 the responsible entity of which is Lend Lease Responsible Entity Limited ABN 72 122 883 185

Preliminary Final Report for the financial year ended 30 June 2011
(previous corresponding period being the financial year ended 30 June 2010)

Results for Announcement to the Market

Profit After Tax

	June 2011 A$m	June 2010 A$m	% Change
Revenue	8,926.7	10,501.5	(15.0)
Profit after tax attributable to securityholders	492.8	345.6	42.6

Stapling of the Company Shares and LLT Units

Following Company shareholder approval on 12 November 2009, the shares of the Company and the units in LLT were combined as stapled securities. From 13 November 2009 the shares in the Company and units in the Trust have been traded as one security under the name of Lend Lease Group on the Australian Securities Exchange ('ASX'). LLT was 100% owned by the Company prior to approval of the stapling proposal. Units in LLT were subsequently distributed to Lend Lease Corporation Limited shareholders as an 'in specie' dividend. The Company is deemed to control LLT for accounting purposes and therefore LLT is consolidated into the Group's financial report. The issued units of LLT, however, are not owned by the Company and are therefore presented as non controlling interests in the consolidated entity statement of financial position within equity, notwithstanding that the unitholders of LLT are also the shareholders of the Company.

Distributions

	Amount per security	Franked amount per security
Interim distribution – paid 30 March 2011	20.0 cents	10.0 cents
Final distribution – payable 30 September 2011	15.0 cents	0.0 cents
Total amount per security	**35.0 cents**	**10.0 cents**

The final distribution is unfranked and sourced from the Conduit Foreign Income ('CFI') account.

The record date for determining entitlement to the final distribution is 16 September 2011 ('Record Date') and the distribution is payable on 30 September 2011. There were no distributions declared or paid by Lend Lease Trust in respect of the financial year ended 30 June 2011.

The Group's Distribution Reinvestment Plan ('DRP') was reactivated in February 2011. The last date for receipt of an election notice for participation in the DRP is 15 September 2011. The issue price is the arithmetic average of the daily volume weighted average price of Lend Lease stapled securities traded (on the Australian Securities Exchange) for the period of six consecutive business days immediately following the Record Date. If that price is less than 50 cents, the issue price will be 50 cents. Stapled securities issued under the DRP rank equally with all other stapled securities on issue.

Additional Information

	June 2011	June 2010
Net tangible assets per security	$4.05	$4.71

The Annual General Meeting

The Annual General Meeting will be held in Palladium C Ballroom, Crown Towers Hotel, 8 Whiteman Street, Southbank, Victoria at 10:00 am on Wednesday 9 November 2011. The Annual Report will be available in October 2011.

The remainder of the information requiring disclosure to comply with listing rule 4.3A is contained in the attached June 2011 Management Discussion and Analysis and the audited June 2011 Annual Consolidated Financial Report.

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

Table of Contents

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

The following management discussion and analysis is based on the Lend Lease Group (the Group) Consolidated Financial Statements for the year ended 30 June 2011 and should be read in conjunction with those financial statements. All currency amounts in the MD&A are expressed in Australian dollars unless otherwise specified.

Overview

Introduction

From 1 July 2010, the Group moved to a regional management structure focused on four major geographic regions: Australia, Asia, Europe and the Americas, to better support the Group's integrated model and provide a platform to develop regional investment opportunities. The regional business units operate across four lines of business, as follows:

- The Development business operates in all four major geographic regions and is involved in the development of master-planned urban communities, inner-city mixed-use developments, apartments, retail and the retirement living and aged care sector;
- The Construction business operates in all four major geographic regions providing project management, engineering and construction services;
- The Investment Management business operates in all four major geographic regions and provides real estate investment management, retail property management and asset management services. This business includes the Group's ownership interests in property investments held directly or indirectly through investments in the Group managed funds; and
- The Infrastructure Development business operates in Australia, Europe and the Americas and manages and invests in Public Private Partnership (PPP) projects.

Results Summary

	Revenue		EBITDA		Profit/(Loss) After Tax[1,2]	
	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m
Australia	5,099.5	3,730.3	385.7	323.7	281.4	246.9
Asia	422.3	423.9	54.4	41.0	46.1	33.2
Europe	1,488.5	2,498.0	149.3	166.9	137.4	118.6
Americas	1,934.7	3,862.2	247.8	53.5	156.6	30.7
Total Operating Businesses	8,945.0	10,514.4	837.2	585.1	621.5	429.4
Group Services	12.7	14.5	(114.9)	(103.5)	(84.0)	(75.2)
Group Treasury	56.4	41.1	(11.6)	0.9	(49.3)	(26.9)
Group Amortisation					(2.9)	(3.7)
Total Corporate	69.1	55.6	(126.5)	(102.6)	(136.2)	(105.8)
Total Operating	9,014.1	10,570.0	710.7	482.5	485.3	323.6
Property investment revaluations			10.7	33.7	7.5	22.0
Total Statutory	9,014.1	10,570.0	721.4	516.2	492.8	345.6

1 Profit after tax is after adjusting for the profit after tax attributable to non controlling interests of A$0.4 million (June 2010: A$2.6 million).
2 The foreign exchange rates applied are A$1 = £0.63 (June 2010: A$1 = £0.57), A$1 = US$1.00 (June 2010: A$1 = US$0.90) and A$1 = S$1.28 (June 2010: A$1 = S$1.25).

The Group's operating profit after tax increased by 50% to A$485.3 million. Profit after tax includes A$101.7 million resulting from the agreement to sell the Group's 50% interest in the King of Prussia shopping mall in the United States (US). Operating profit after tax was negatively impacted by foreign exchange movements of A$29.1 million due to a strengthening of the Australian dollar compared with the prior year.

The Group's statutory profit after tax for the year ended 30 June 2011 was A$492.8 million (June 2010: A$345.6 million), which includes net property investment revaluations of A$7.5 million after tax (June 2010: A$22.0 million).

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

Overview

Results Summary

The Group made progress implementing its strategy through key acquisitions in Australia and the Americas, recycling mature assets and achieving key trading milestones on a number of its development projects in Australia, Asia and Europe.

Australia

In Australia, profit after tax increased by A$34.5 million to A$281.4 million due to higher profit from the development and construction businesses. The higher profit from development reflects the Group's 100% ownership interest in Lend Lease Primelife for a full year and a profit on sale of the Group's interest in the Hyatt Coolum development on the Queensland Sunshine Coast. The higher construction profit after tax reflects the acquisition of Valemus Australia (Valemus) in the second half of the financial year.

On 21 December 2010, the Group entered into an agreement with Bilfinger Berger SE to acquire 100% of Valemus, the parent company of Abigroup, Baulderstone and Conneq, which together now form the Group's infrastructure business in Australia. The businesses are leading providers of services in the engineering, engineering services and construction markets in Australia. The acquisition has increased the Group's capabilities and activities in the engineering and construction market and diversified its position in this sector. The acquisition was completed on 10 March 2011.

The Australian business continued to progress its development pipeline. In particular, approval was received from the New South Wales (NSW) Government for the Barangaroo South Concept Plan amendment, along with approval for the first commercial building and basement and bulk excavation works on the site. On 8 August 2011, the NSW Government released the Barangaroo Review. The Review confirmed that Barangaroo South has valid planning consent and that the Group followed all due process. The Review findings provide certainty that the A$6 billion project will proceed on schedule. The Group is on program to commence work in coming weeks on the construction of the basement and begin the first commercial tower before the end of the 2011 calendar year. Discussions with major tenants and capital partners continue to progress well.

Asia

In Asia, profit after tax increased by A$12.9 million to A$46.1 million primarily due to the sale of the Group's 25% ownership interest in the PoMo retail shopping centre in Singapore. During the year, the Group secured the Jurong Gateway site, a large mixed use suburban development in Singapore. This was a joint bid between the Group and one of its managed funds, the Asian Retail Investment Fund 3 (ARIF 3).

Europe

In Europe, profit after tax increased by A$18.8 million to A$137.4 million reflecting the sale of the Group's interest in UK Infrastructure Development assets to the Lend Lease PFI/PPP Infrastructure Fund LP (the UKIF). During the year, the UKIF was launched with £220 million in committed capital available to invest in social infrastructure assets over the next five years. The UKIF purchased established healthcare, education and accommodation PPP assets from the Group and has committed capital to fund the acquisition of future assets currently being delivered by the Group. The Group has a 10% co-investment in the UKIF. The Group also sold its interest in the Pier Walk office building at Greenwich Peninsula and its stake in the Lend Lease Overgate Partnership in the year.

A Conditional Regeneration Agreement was signed with the London Borough of Southwark for the £1.5 billion regeneration of Elephant and Castle. In addition, all conditions were met in relation to the Conditional Framework Agreement between the Group and London and Continental Railways (LCR) for the second stage of the Stratford City development, Stratford International Quarter. The development comprises 382,000 square metres (sqm) of commercial space and 300 residential units to be developed following the London 2012 Olympic and Paralympic Games. Work on stage one of the project, the Athletes' Village for the Olympic Games, has continued to progress well in the year.

Americas

In the Americas, profit after tax increased by A$125.9 million to A$156.6 million. This includes A$101.7 million from the agreement to sell the Group's 50% ownership interest in the King of Prussia shopping mall.

On 17 February 2011, the Group acquired The DASCO Companies LLC. This business focuses on the development, financing, leasing and management of property in the healthcare sector. The acquisition will create one of the US's premier healthcare property platforms by combining DASCO's expertise in the development and delivery of medical office buildings and outpatient care facilities with Lend Lease's expertise in project management and construction, financial structuring and asset management.

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

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Results Summary

Americas continued

While trading conditions in the construction business remain difficult, there was a significant improvement in the year, with a A$40.2 million reduction in the reported loss to A$4.8 million. The business substantially reduced its exposure in relation to the World Trade Center litigation following the James Zadroga 9/11 Health and Compensation Act (Zadroga Act) being passed by the US Congress and signed into law by the US President on 2 January 2011. The Zadroga Act establishes substantial limitations on the liability of certain entities that participated in the rescue, recovery and debris removal following the 11 September 2001 attacks on the World Trade Center. For the Group, liabilities, if any, arising out of the debris removal effort are now limited to available insurance.

The volume of construction projects secured in the year increased, reflecting some positive signs that market conditions are improving. The Infrastructure Development business was successful in reaching financial close with the US Department of the Army on North Haven Communities in Alaska and being appointed to implement the second phase of the US Department of the Army Privatisation of Army Lodging (PAL) program.

Corporate

Group Services costs after tax increased by A$8.8 million to A$84.0 million. This includes costs associated with the redesign of the organisation structure and business processes.

Group Treasury costs increased principally due to the consolidation of Lend Lease Primelife and its associated debt, an increase in net debt following the acquisition of Valemus and upfront costs associated with refinancing maturing credit facilities.

Security Holder Returns

		June 2011	June 2010
Earnings per security (EPS) on statutory profit after tax[1]	cents	86.9	69.5
EPS on operating profit after tax[1]	cents	85.6	65.1
Return on equity (ROE) on statutory profit after tax[2]	%	14.2	12.6

1 EPS is calculated using the weighted average number of securities on issue, including treasury securities.
2 ROE is calculated as the statutory profit after tax divided by the weighted average equity for the year.

Distributions

A final distribution of 15 cents per security, unfranked, will be paid on 30 September 2011 (June 2010: 12 cents per security 100% franked). Together with the interim distribution of 20 cents per security, 50% franked (December 2009: 20 cents per security 100% franked), this represents a payout ratio of 41% of operating profit after tax for the year ended 30 June 2011.

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

Overview

Group Funding

		June 2011	June 2010
Net debt/(cash)[1,5]	A$m	875.4	(19.7)
Gross borrowings to total tangible assets[2,5]	%	17.7	15.1
Net debt to total tangible assets, less cash[3,5]	%	8.9	Note 3
Interest coverage[4]	times	6.7	6.7

1 Borrowings, including certain other financial liabilities, less cash.
2 Borrowings, including certain other financial liabilities, divided by total tangible assets.
3 Net debt divided by total tangible assets, less cash. This ratio was not relevant in the prior year as the Group was in a net cash position.
4 Operating EBITDA plus interest income divided by interest finance costs, including capitalised finance costs.
5 The foreign exchange rates applied are A$1 = £0.65 (June 2010: A$1 = £0.56), A$1 = US$1.07 (June 2010: A$1 = US$0.85) and A$1 = S$1.32 (June 2010: A$1 = S$1.23).

The Group had net debt as at 30 June 2011 of A$875.4 million, including certain other financial liabilities of A$227.7 million (June 2010: A$169.6 million). Interest coverage for the year ended 30 June 2011 is 6.7 times, consistent with the prior year. As at 30 June 2011 the Group was in compliance with all of the financial covenants contained within its credit facilities.

The average maturity of the Group's drawn debt at 30 June 2011 is five years, with the earliest maturity date being October 2012. As at 30 June 2011, the mix of borrowings, adjusted for interest rate swaps and including other financial liabilities, is 51% at fixed rates and 49% at floating rates. Subsequent to the year end a number of interest rate swaps were implemented which increases the proportion of fixed rate interest borrowings to 62%.

In March 2011, the Group established a new five year A$225 million loan facility to partly fund the Valemus acquisition. On 3 June 2011, the Group also established a A$975 million syndicated loan facility which comprises a three year term tranche with a limit of A$595 million maturing in July 2014 and a five year term tranche with a limit of A$380 million maturing in July 2016. The proceeds were used to refinance the Group's fully drawn A$570 million club facility that was due to mature in December 2011. Both of these new facilities are consistent with the Group's standard terms and conditions and there are no changes to the Group's existing financial covenants. The Group also secured a three year bonding facility maturing in July 2014; this facility replaced a bridge facility put in place at the time of the Valemus acquisition.

The Group is in a strong liquidity position with cash and cash equivalents of A$1,046.2 million as at 30 June 2011. In addition, the Group had undrawn committed bank facilities of A$815.7 million.

Cash Flow

	June 2011 A$m	June 2010 A$m
Net cash (used in)/provided by operating activities	(42.2)	167.7
Net cash (used in) investing activities	(687.0)	(249.6)
Net cash provided by financing activities	216.3	652.5
Effect of foreign exchange rate movements on cash and cash equivalents	(76.8)	(55.5)
Net (decrease)/increase in cash and cash equivalents	**(589.7)**	**515.1**

Operating cash outflows of A$42.2 million represent the underlying cash flows from the Group's operating businesses. Operating cash flows include A$584.3 million of investment in new development projects and have been impacted by lower revenue and the timing of cash receipts and payments on construction contracts in all regions. There was a significant improvement in operating cash flows in the second half of the financial year with a net inflow of A$95.3 million compared to an outflow of A$137.5 million in the first half of the year.

Investing cash outflows of A$687.0 million includes A$1,040.9 million of investments, including the acquisition of Valemus, the Jurong Gateway project in Singapore, The DASCO Companies LLC in the US and investment in PPP assets in Australia and the UK. This is partly offset by inflows of A$411.5 million from the sale of investments, including the Group's interest in UK PPP assets, the Lend Lease Overgate Partnership in the UK and the PoMo shopping centre in Singapore.

Financing cash inflows of A$216.3 million relates to a net inflow from refinancing of the Group's borrowings, financing of acquisitions and distribution payments in the year.

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

Overview

Investments

	Lend Lease Share of Income[1] June 2011 A$m	Lend Lease Share of Income[1] June 2010 A$m	Market Value[2] June 2011 A$m	Market Value[2] June 2010 A$m
Australia	19.5	39.0	315.8	328.0
Asia	11.5	11.8	322.0	253.1
Europe	42.8	59.3	851.4	972.1
Americas	27.1	27.2	496.5	410.0
Total	100.9	137.3	1,985.7	1,963.2

1 Represents the Group's share of income before tax from investments, net of direct expenses and allocated overhead. The Group's share of income includes gains on the disposal or redemption of available for sale financial assets and investments in associates accounted for using the equity method and excludes property investment revaluations.
2 Market value represents the Group's assessment of the value of its interest in the underlying assets and is net of project specific debt.

The Group held property investments, directly or indirectly, with a market value of A$2.0 billion as at 30 June 2011. The market value of property investments has been impacted by negative foreign exchange movements of A$258.2 million during the year.

The decrease in value of the Australia investments is primarily due to the negative impact of foreign exchange movements on the New Zealand Retail Portfolio and the partial redemption of capital in the Real Estate Partnership Funds.

The increase in value of the Asia investments is due to the Group acquiring an interest in the Jurong Gateway project in Singapore, partly offset by the negative impact of exchange rate movements of A$20.4million.

The decrease in the Europe assets is due to the sale of the Group's 30.7% interest in the Lend Lease Overgate Partnership and the negative impact of exchange rate movements of A$133.6 million.

The value of 100% of Bluewater at 30 June 2011 increased by 9.3% to £1,574.4 million (A$2,422.2 million). The value of the Group's 30% direct interest in Australian dollars, however, decreased by A$44.8 million to A$726.6 million, due to negative foreign exchange movements. As Bluewater is held as inventory, the asset is recorded at cost in the financial statements, which at 30 June 2011 was A$400.0 million (June 2010: A$451.9 million).

The value of the Group's 50% interest in King of Prussia at 30 June 2011 of US$531.3 million (June 2010: US$348.5 million) reflects the revaluation increment arising from the conditional agreement reached on 24 May 2011 to sell the asset. The Australian dollar equivalent value of A$496.5 million has been impacted by a negative foreign exchange movement of A$96.3 million. Given the conditional agreement to sell this asset, the revaluation increment of A$101.7 million, which is net of associated sale transaction costs, is included within operating profit after tax and as at 30 June 2011 the investment is classified as a non current asset held for sale.

Property Investment Revaluations

	Unrealised Revaluation Gain/(Loss) Before Tax June 2011 A$m	Unrealised Revaluation Gain/(Loss) Before Tax June 2010 A$m	Unrealised Revaluation Gain/(Loss) After Tax June 2011 A$m	Unrealised Revaluation Gain/(Loss) After Tax June 2010 A$m
Australia	1.0	(4.4)	1.0	(4.0)
Asia	13.6	44.2	9.5	31.0
Europe	(3.9)	(1.3)	(3.0)	(2.2)
Americas		(4.8)		(2.8)
Total Property Investment Revaluations	10.7	33.7	7.5	22.0

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

Australia

Key Financial Results

The key financial results for the Australia region are summarised below.

	Revenue		EBITDA		Profit/(Loss) After Tax	
	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m
Development	729.4	617.4	189.7	133.9	159.0	122.9
Construction	4,278.8	3,033.1	164.0	136.4	101.9	87.1
Investment Management	90.6	72.5	44.5	62.5	30.0	43.3
Infrastructure Development	0.7	7.3	(12.5)	(9.1)	(9.5)	(6.4)
Total Australia	5,099.5	3,730.3	385.7	323.7	281.4	246.9

In Australia, profit after tax increased by A$34.5 million to A$281.4 million. The current year results include the Group's 100% ownership of Lend Lease Primelife for a full year, profit from the sale of development land at Hyatt Coolum and sale of 50% of the Group's interest in the Hyatt Coolum Resort on the Queensland Sunshine Coast, and income from the New Zealand Retail Portfolio assets acquired in April 2010. The construction segment includes the results of the infrastructure business following the Valemus acquisition on 10 March 2011, net of acquisition costs.

Development

Residential and Commercial

Residential and Commercial includes the development of residential land lots; residential built-form (including houses, terraces and apartments); and commercial (including retail, office, hotels, light industrial and social infrastructure). Sales results by product line are detailed below.

	Residential Land Lots		Residential Built-Form		Commercial[3]		Total	
	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010
Settlements[1]								
Number of units	2,299	2,658	172	234			2,471	2,892
Gross sales value (A$m)	497.2	510.6	205.6	165.1	208.1	114.1	910.9	789.8
Pre-sales[1,2]								
Number of units	1,443	1,046	517	469			1,960	1,515
Gross sales value (A$m)	312.1	233.6	501.9	438.9	85.6	33.3	899.6	705.8

1 Includes 100% of joint venture projects and therefore will not necessarily correlate with the Group's profit after tax.
2 Pre-sales represents contracts entered into prior to 30 June 2011 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 years.
3 The number of units settled and pre-sales number of units are not relevant measures for Commercial.

	June 2011	June 2010
Number of projects	37	32
Backlog residential (number of units)[1]		
– Zoned	56,040	38,595
– Unzoned	17,540	33,035
Backlog – Residential (units)	73,580	71,630
Backlog – Commercial (sqm/000s)	6,131.7	3,500.5

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

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

Australia

Development

Retirement Living and Aged Care

Retirement living and aged care includes the development, management and ownership of retirement villages and aged care facilities. The key statistics for the business are detailed below.

Retirement Living	June 2011	June 2010
Number of retirement villages[1]	70	70
Number of retirement units[1]	12,408	12,357
Number of primary retirement units settled[1,2]	224	234
Gross sales value of primary retirement units settled (A$m)[1,2]	89.7	78.8
Number of resale retirement units settled[1,2]	707	828
Gross sales value of resale retirement units (A$m)[1,2]	218.5	255.1

Aged Care	June 2011	June 2010
Number of aged care facilities[1]	30	32
Number of aged care beds[1]	2,317	2,370
Aged care occupancy (%)[1]	94.5	94.5

	June 2011	June 2010
Development backlog[1]		
– Retirement village units (with planning approval)	1,257	1,310
– Aged care beds (with licences)	299	179

1 The number of retirement villages and aged care facilities includes 100% of Group owned, joint venture and managed properties.
2 The June 2010 comparative has been adjusted to include 100% of Lend Lease Primelife.

Summary of trading for the development businesses in the year:

– The total number of residential land lots settled decreased by 14% from the prior year to 2,299 units principally as a result of lower settlements in South Australia and Queensland, reflecting current market conditions and a number of projects approaching completion. The number of residential land lot pre-sales however increased by 38% on the prior year to 1,443 units and these will be recognised as sales in the next financial year;

– The average sales price per residential land lot increased by 13% from A$192,100 to A$216,300, reflecting price increases in Victoria and an increased proportion of sales from the higher value NSW and ACT regions;

– Residential built-form unit settlements declined due to the timing of project completions. The prior year included settlements on Rouse Hill and The Merchant building at Victoria Harbour. The current year primarily includes settlements on Sugar Dock at Jacksons Landing;

– The average sales price per residential built-form unit increased by 69% from A$706,000 to A$1,195,000 reflecting the number of high value apartments at Sugar Dock settled in the current year. The prior year included a larger proportion of mid-market apartments at Rouse Hill and The Merchant in Victoria Harbour;

– The gross sales value of commercial projects of A$208.1 million includes the sale of Hyatt Coolum development land on the Sunshine Coast, along with 50% of the Group's interest in the adjoining Hyatt Coolum Resort;

– Retirement living and aged care achieved resales of 707 units across its owned and managed retirement village portfolio. As at 30 June 2011, retirement living and aged care held contracts for 195 retirement unit resales and held contracts for 100 primary retirement unit sales;

– The aged care operations were 94.5% occupied as at 30 June 2011.

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

Australia

Development

Key trading events in the year include:

- Approval was received from the NSW Government for the Barangaroo South Concept Plan amendment. Approval was also received for the first commercial building and basement and bulk excavation works on the site. On 8 August 2011, the NSW Government released the Barangaroo Review. The Review confirmed that Barangaroo South has valid planning consent and that the Group followed all due process. The Review findings provide certainty that the A$6 billion project will proceed on schedule. The Group is on program to commence work on the construction of the basement and the first commercial tower before the end of the 2011 calendar year. Discussions with major tenants and capital partners continue to progress well;
- The redevelopment of the Royal National Agricultural and Industrial Association of Queensland's urban regeneration project has commenced with all conditions precedent now satisfied. The A$2.5 billion project will deliver new facilities for Queensland's premier showground, with 340,000 sqm of residential, commercial and retail to be developed over the next 15 years;
- The commercial component of the Darling Quarter project in Sydney achieved practical completion during the year. The project is a campus-style commercial development across two eight-storey buildings, providing accommodation for over 6,000 employees of the Commonwealth Bank of Australia. The development also includes a new youth theatre, cafes, restaurants, new parkland, a children's illuminated playground and public car parking;
- The Group signed a development agreement with LandCorp in Western Australia for the first stage of the 710 hectare Alkimos community development with an estimated end value of A$400 million. Development of the initial 224 hectare stage is expected to commence in the 2012 financial year;
- The Group was selected by the Melton Shire Council as preferred proponent for the Atherstone (previously named Toolern) master-planned urban community project in Melton, Victoria during the year. Subsequent to 30 June 2011, the development agreement was signed. The project will comprise circa 4,500 dwellings with an estimated end value of A$1.2 billion;
- Sekisui House acquired a 50% interest in the 145 apartment development, Serrata, at Victoria Harbour in Melbourne. The Group has retained the remaining 50% interest and will provide development, project management and construction services to the joint venture;
- The Queensland Government endorsed the Urban Land Development Authority's (ULDA) declaration to include Yarrabilba as one of three South East Queensland 'model cities'. Yarrabilba is a master-planned urban community with potential for over 17,000 lots. The endorsement included the identification of an 'Early Release Area' involving the zoning of the first 520 lots at Yarrabilba. This allows the initial development to commence over the next 12 months while the ULDA finalises the Development Scheme for the entire site;
- The Group signed a land management agreement for a 438 hectare site at Werribee, Melbourne. The project will include approximately 4,000 homes and community infrastructure including four schools, sport and recreation facilities and a neighbourhood shopping centre;
- The Group acquired the freehold title to the Medina Manor aged care facility and the five retirement villages in the APN portfolio (which were previously leased to and managed by the Group);
- The Group entered into an unconditional option agreement to acquire the remaining 50% joint venture interest in the Claremont retirement village and aged care facility, which was subsequently executed and settled in July 2011.

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

Australia

Construction

	June 2011	June 2010
Profit after tax (A$m)	101.9	87.1
Gross profit margin (GPM) (A$m)	317.2	188.3
New work secured revenue (A$m)	3,365.1	1,340.6

	June 2011	June 2010
Backlog revenue (A$m)	8,615.0	4,177.5
Backlog GPM (A$m)	631.3	209.9

Key trading events in the year include:

- On 21 December 2010, the Group entered into an agreement with Bilfinger Berger SE to acquire 100% of Valemus, the parent company of Abigroup, Baulderstone and Conneq, that together now form the Group's infrastructure business in Australia. The businesses are leading providers of services in the engineering, construction, and engineering services markets in Australia. The acquisition has increased the Group's capabilities and activities in the engineering and construction market and diversified its position in this sector. The acquisition was completed on 10 March 2011;
- Profit after tax increased by A$14.8 million to A$101.9 million and includes A$11.8 million profit from the infrastructure business following its acquisition in March 2011. The profit is net of A$20.5 million of transaction costs associated with the acquisition. The results are in line with expectations determined by the Group during the acquisition process;
- Key contributors to GPM in the year included Gold Coast University Hospital, the new Royal Children's Hospital in Melbourne, the Commonwealth New Building Project in Canberra, 420 George Street and Darling Quarter in Sydney and the NSW Building the Education Revolution (BER) program;
- Backlog revenue is the expected revenue to be realised in future financial years from contracts committed at the end of the year. Backlog revenue at 30 June 2011 of A$8.6 billion includes A$6.0 billion backlog revenue from the infrastructure business, with key projects including the Queensland Children's Hospital, upgrade to the Ipswich Motorway and redevelopment of the Mackay Base Hospital in Queensland, the Peninsula Link freeway in Victoria, the Hunter Expressway in NSW and the Adelaide Convention Centre in South Australia;
- Backlog revenue also includes a number of large government infrastructure projects in the project management and construction business such as Gold Coast University Hospital and the new Royal Children's Hospital in Melbourne.

Investment Management

	June 2011	June 2010
Profit after tax (A$m)	30.0	43.3

	June 2011	June 2010
Funds under management (FUM)[1] (A$b)	7.7	7.1
Assets under management (AUM)[2] (A$b)	4.8	5.3

1 FUM represents the gross market value of real estate and other related assets in managed funds and investment mandates of the Group.
2 AUM is based on the Group's assessment of the market value of retail assets for which the Group provides property and asset management services to third-party owners.

Key trading events in the year include:

- Profit after tax decreased by A$13.3 million to A$30.0 million, primarily due to the prior year including a profit from the sale of a proportion of the Group's interest in the Australian Prime Property Funds (APPF). Underlying earnings increased due to higher management fees and income from the New Zealand Retail Portfolio assets acquired in April 2010;
- APPF Commercial (APPFC) raised A$200 million of equity in the year. APPFC will use the equity to pay down debt following the completion of a number of developments;
- Practical completion was reached on the 420 George Street development in Sydney, NSW. APPFC has a 25% interest in the development;
- The commercial component of the Darling Quarter project was completed during the year. The project is owned 50% by APPFC and 50% by a Lend Lease investment mandate client;
- Subsequent to 30 June 2011, APPF Retail had its credit rating raised by Standard & Poor's to A+.

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

Australia

Infrastructure Development

Key trading events in the year include:

- The loss after tax increased by A$3.1 million to A$9.5 million in the current year reflecting ongoing investment in the business, including costs associated with bidding for new opportunities which had not been awarded as at 30 June 2011;
- The Group, as part of the Pinnacle Education Consortium, completed construction of the South Australian New Schools PPP project during the year. The consortium was contracted to build and maintain six schools in Adelaide. The Group holds a 50% equity interest in the project and provides financial advisory, transaction management and asset management services to the consortium;
- The Capella Parking Consortium was announced as preferred bidder for the A$140 million Queen Elizabeth II Medical Centre Car Park Project in Perth during the year. Subsequent to 30 June 2011, the Consortium achieved financial close on this project. Fees from the project will be recognised in the 2012 financial year. The consortium will operate and manage a new multi-deck car park facility. The Group will hold a 33% equity interest in the project.

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

Asia

Key Financial Results

The key financial results for the Asia region are summarised below.

	Revenue		EBITDA		Profit/(Loss) After Tax	
	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m
Development	4.4	2.7	(0.4)	(0.4)	(0.3)	(0.4)
Construction	401.7	403.4	24.0	25.2	16.0	18.3
Investment Management	16.2	17.8	30.8	16.2	30.4	15.3
Total Asia	422.3	423.9	54.4	41.0	46.1	33.2

In Asia, profit after tax increased by A$12.9 million to A$46.1 million in the current year primarily due to a profit on sale of the Group's 25% ownership interest in the PoMo retail centre in Singapore. Profit after tax was negatively impacted by foreign exchange movements of A$1.4 million.

Development

	June 2011	June 2010
Number of development projects	2	2
Backlog – Commercial/Retail (sqm/000s)	144.0	144.0

The development loss after tax of A$0.3 million is due to costs associated with the Jurong Gateway project, which is in the early stages of development. During the year the Group finalised the purchase of the Jurong Gateway site, a large mixed-use suburban development in Singapore. This was a joint bid by the Group and one of its managed funds, the Asian Retail Investment Fund 3 (ARIF 3).

Construction

	June 2011	June 2010
Profit after tax (A$m)	16.0	18.3
Gross profit margin (A$m)	53.2	45.1
New work secured revenue (A$m)	864.8	326.9

	June 2011	June 2010
Backlog revenue (A$m)[1]	746.9	289.9
Backlog GPM (A$m)[1]	39.2	34.9

1 Although backlog revenue and backlog GPM are realised over several years, the average foreign exchange rate for the current year has been applied to the closing backlog revenue and backlog GPM balances in their entirety as the average rates for later years cannot be predicted.

Key trading events in the year include:

- Profit after tax decreased by A$2.3 million to A$16.0 million. Key contributions to GPM in Asia included telecommunications rollouts across Japan, REC solar panel plant and Alcon ophthalmic pharmaceutical plant in Singapore and Corning Display Technologies in Taiwan;
- The increase in new work secured revenue is principally due to the Jurong Gateway mixed-use development project in Singapore and the Corning Display Technologies LCD glass manufacturing facility project in Taiwan;
- Backlog revenue as at 30 June 2011 includes Jurong Gateway and Stamford American International School in Singapore, telecommunications rollout projects in Japan, Corning Display Technologies in Taiwan, and KL Eco City and Setia City Mall in Malaysia.

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

Asia

Investment Management

	June 2011	June 2010
Profit after tax (A$m)	30.4	15.3

	June 2011	June 2010
Funds under management (FUM)[1] (A$b)	2.0	1.6
Assets under management (AUM)[2] (A$b)	1.6	1.8

1 FUM represents the gross market value of real estate and other related assets managed on behalf of investors.
2 AUM represent the Group's assessment of the value of the underlying assets.

Key events in the year include:
- Profit after tax increased by A$15.1 million to A$30.4 million due to a profit on sale of the Group's 25% ownership interest in the PoMo retail shopping centre in Singapore;
- Asia FUM increased by A$0.4 billion, as a result of the launch of ARIF 3 following securing of the Jurong Gateway project in Singapore;
- Asia AUM decreased by $0.2 billion due to the sale of the Group's 25% ownership interest in the PoMo retail shopping centre in Singapore.

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

Europe

Key Financial Results

The key financial results for the Europe region are summarised below.

	Revenue		EBITDA		Profit After Tax	
	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m
Development	19.7	124.5	5.0	43.9	4.7	41.5
Construction	1,288.3	2,167.2	27.1	50.4	11.4	25.8
Investment Management	64.6	79.6	39.1	71.6	34.7	41.1
Infrastructure Development	115.9	126.7	78.1	1.0	86.6	10.2
Total Europe	1,488.5	2,498.0	149.3	166.9	137.4	118.6

In Europe, profit after tax increased by A$18.8 million to A$137.4 million reflecting the sale of the Group's interest in UK Infrastructure Development assets to the Lend Lease PFI/PPP Infrastructure Fund LP (the UKIF). Profit after tax was negatively impacted by foreign exchange movements of A$10.9 million.

Development

	June 2011	June 2010
Profit after tax	4.7	41.5
Number of units settled[1]	55	634
Gross sales value of units settled (A$m)[1,2]	11.0	123.9
Number of pre-sales[1,3]	234	232
Gross sales value of pre-sales (A$m) [1,3]	13.6	11.6
	June 2011	June 2010
Number of projects	23	24
Backlog (number of units)[4]		
– Zoned (with planning approval)	12,209	12,165
– Unzoned (awaiting planning approvals)	2,783	260
Backlog – Residential (units)	14,992	12,425
Backlog – Commercial (sqm/000s)	777.9	384.0

1 Includes 100% of joint venture projects and therefore will not necessarily correlate with the Group's profit after tax.
2 Gross sales value of units settled reflects residential and non residential revenue from projects.
3 Pre-sales represent contracts entered into prior to 30 June 2011 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 years.
4 Backlog includes the total number of units in both Group-owned and joint venture projects. The actual number of units for any particular project can vary as planning approvals are obtained.

Key trading events in the year include:

- Profit after tax decreased by A$36.8 million to A$4.7 million. The result for the year ended 30 June 2010 included profit on sale of the Group's investment in Meridian Delta Dome Limited and higher profits from the Athletes Village project and the UK residential business (formerly known as Crosby Lend Lease);
- Settlements relate to the sale of remaining inventory in the UK residential business. The Group has 24 completed units left to sell;
- The Group signed a Conditional Regeneration Agreement with the London Borough of Southwark for the regeneration of Elephant and Castle comprising more than 300,000 sqm of new build, mixed-use development together with major infrastructure improvements and a range of enhanced community facilities;
- The Group sold its interest in the Pier Walk office building at Greenwich Peninsula;
- All conditions were met in relation to the Conditional Framework Agreement between the Group and London and Continental Railways (LCR) for the second stage of the Stratford City development, Stratford International Quarter. The development comprises 382,000 square metres (sqm) of commercial space and 300 residential units to be developed following the London 2012 Olympic and Paralympic Games.

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

Europe

Construction

	June 2011	June 2010
Profit after tax (A$m)	11.4	25.8
Gross profit margin (A$m)	116.4	163.8
New work secured revenue (A$m)	1,435.5	1,138.5
	June 2011	June 2010
Backlog revenue (A$m)[1]	1,454.6	1,473.9
Backlog GPM (A$m)[1]	120.7	126.8

1 Although backlog revenue and backlog GPM are realised over several years, the average foreign exchange rate for the current year has been applied to the closing backlog revenue and backlog GPM balances in their entirety as the average rates for later years cannot be predicted.

Key trading events in the year include:

– Profit after tax decreased by A$14.4 million to A$11.4 million reflecting challenging trading conditions across both the UK and Continental Europe. Key contributions to GPM included the Athletes' Village project for the 2012 Olympic and Paralympic Games in London, the new BBC broadcasting centre, UK Ministry of Defence projects and the BP Global Alliance project across Europe;

– New work secured revenue increased by A$0.3 billion to A$1.4 billion and includes the Scottish National Arena in Glasgow, Bulford Housing for the UK Ministry of Defence and Manchester Creative & Media Academy.

Investment Management

	June 2011	June 2010
Profit after tax (A$m)	34.7	41.1
	June 2011	June 2010
Funds under management (FUM)[1] (A$b)	1.2	1.4
Assets under management (AUM)[2] (A$b)	3.1	3.5

1 FUM represents the gross market value of real estate and other related assets managed on behalf of investors.
2 AUM represent the Group's assessment of the value of the underlying assets.

Key trading events in the year include:

– Profit after tax decreased by A$6.4 million to A$34.7 million. The current year profit includes a profit on sale of the Group's interest in the Lend Lease Overgate Partnership. The Lend Lease Overgate Partnership was sold in December 2010, with the Group realising proceeds of A$71.5 million for its 30.7% stake in the partnership. The June 2010 result included a profit on the sale of the Group's 33.3% ownership interest in Performance Retail Limited Partnership;

– The Group launched the UKIF with £220 million in committed capital available to invest in social infrastructure assets over the next five years. The UKIF purchased established healthcare, education and accommodation PPP assets from the Group for A$125.9 million, with further consideration of approximately A$50.0 million due on transfer of certain other Group PPP assets still under construction and commissioning. The Group has a 10% co-investment in the UKIF;

– The Lend Lease Retail Partnership (LLRP) was extended for a further seven year period until November 2017. LLRP is a close-ended unlisted wholesale limited partnership in the UK that owns 25% of Bluewater in Kent and 100% of Touchwood shopping centre in Solihull. In addition to extending the life of LLRP, LLRP now has the potential to undertake selective acquisitions. The Group provides development, asset and property management services to LLRP and has a 4.01% investment in the partnership.

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

Europe

Infrastructure Development

	June 2011	June 2010
Profit after tax (A$m)	86.6	10.2
Gross profit margin (A$m)[1]	9.5	14.8
Equity returns (A$m)[2]	102.6	41.4
	June 2011	**June 2010**
Number of projects[3]	24	23
Invested equity (A$m)	118.7	147.3
Committed equity (A$m)	30.6	52.1
Backlog revenue (A$m)[4]	776.2	755.0
Backlog GPM (A$m)[4]	74.1	68.8

1 Gross profit margin relates to asset and facilities management services provided and does not include equity returns.
2 Including loan stock interest and the profit before tax from the sale of the Group's interest in PPP assets to the UKIF and the sale of the Group's interest in the Queen Mary's Hospital, Roehampton. June 2010 included a profit after tax on the sale of the Group's interest in the Queen's Hospital, Romford.
3 Number of projects includes projects where the Group is preferred bidder and combines extensions of existing projects.
4 Backlog revenue and GPM disclosed includes a maximum of 10 years of backlog from facilities management even though PPP contracts run for up to 40 years.

Key trading events in the year include:

- Sale of the Group's interest in operational healthcare, education and accommodation PPP assets in the UK to the UKIF for a consideration of A$125.9 million, with further consideration of approximately A$50.0 million due on transfer of certain other PPP assets still under construction and commissioning;
- Sale of the Group's 50% interest in the Queen Mary's Hospital, Roehampton.

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

Americas

Key Financial Results

The key financial results for the Americas region are summarised below.

	Revenue		EBITDA		Profit/(Loss) After Tax	
	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m
Development	1.1		(9.9)	0.2	(5.7)	0.1
Construction	1,366.2	2,927.1	(5.0)	(66.7)	(4.8)	(45.0)
Investment Management	0.3	0.1	204.5	30.1	123.3	20.3
Infrastructure Development	567.1	935.0	58.2	89.9	43.8	55.3
Total Americas	1,934.7	3,862.2	247.8	53.5	156.6	30.7

In the Americas, profit after tax increased by A$125.9 million to A$156.6 million. The increase in profit is primarily due to the agreement reached in May 2011 to sell the Group's 50% interest in the King of Prussia shopping mall and a significant improvement in the operating results of the construction business. Profit after tax was negatively impacted by foreign exchange movements of A$16.8 million.

Development

Lend Lease DASCO

On 17 February 2011, the Group acquired The DASCO Companies LLC. The business focuses on the development, financing, leasing and management of property in the healthcare sector. The business incurred a loss after tax of A$4.8 million from the date of acquisition through to 30 June 2011 due to transaction costs associated with the acquisition and integration of the business into the Group.

Residential and Commercial

The residential and commercial development business focuses on large scale urban greenfield development and regeneration opportunities. The business has one project, Horizon Uptown in Denver, Colorado. The project will be launched when market conditions are more favourable. The business incurred a loss after tax of A$0.9 million in the year.

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

Americas

Construction

	June 2011	June 2010
Loss after tax (A$m)	(4.8)	(45.0)
Gross profit margin (A$m)	78.5	81.8
New work secured revenue (A$m)	3,074.0	898.4

	June 2011	June 2010
Backlog revenue (A$m)[1]	2,937.4	1,183.7
Backlog GPM (A$m)[1]	77.6	60.5

1 Although backlog revenue and backlog GPM are realised over several years, the average foreign exchange rate for the current year has been applied to the closing backlog revenue and backlog GPM balances in their entirety as the average rates for later years cannot be predicted.

Key trading events in the year include:

- While trading conditions in the construction market remain difficult there was a significant improvement in the year with a A$40.2 million reduction in the reported loss to A$4.8 million;
- The loss after tax includes a charge of US$5.0 million before tax in relation to the settlement reached with the New York City Department of Investigation in relation to its investigation into billing practices in New York;
- The volume of construction projects secured in the year increased significantly, reflecting positive signs that market conditions are stabilising. Key projects secured include the Delta Air Lines Terminal 4 project at JFK Airport in New York and appointment as the construction services provider for 7-Eleven stores across the US and Canada;
- Backlog revenue increased by A$1.7 billion to A$2.9 billion as at 30 June 2011;
- The business substantially reduced its exposure in relation to the World Trade Center litigation following the James Zadroga 9/11 Health and Compensation Act (Zadroga Act) being passed by the US Congress and signed into law by the US President on 2 January 2011. Importantly, the Zadroga Act establishes substantial limitations on the liability of certain entities that participated in the rescue, recovery and debris removal following the 11 September 2001 attacks on the World Trade Center. For the Group, liabilities, if any, arising out of the debris removal effort are now limited to available insurance.

Investment Management

Profit after tax increased by A$103.0 million to A$123.3 million.

On 24 May 2011, the Group entered into a conditional agreement to sell its 50% ownership interest in the King of Prussia shopping mall. The current year profit after tax includes A$101.7 million resulting from revaluation of the asset in anticipation of this transaction, net of associated costs. In addition, the result includes the Group's share of operating income from the mall up until the date the sale was announced totalling US$26.8 million (before tax), compared to US$24.5 million (before tax) in the prior year.

The value of the Group's 50% interest in King of Prussia as at 30 June 2011 was US$531.3 million (June 2010: US$348.5 million). The Australian dollar equivalent value of A$496.5 million has been impacted by a negative foreign exchange movement of A$96.3 million.

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

Americas

Infrastructure Development

The key financial results for Infrastructure Development are detailed below.

	June 2011	June 2010
Profit after tax (A$m)	43.8	55.3
Gross profit margin (A$m)[1]	76.0	113.5
Equity returns (A$m)	3.8	3.9
New work secured revenue (A$m)	845.4	46.7

	June 2011	June 2010
Number of projects[2]	26	20
Invested equity (A$m)[3]	50.8	61.3
Committed equity (A$m)	46.5	50.5
Backlog revenue[4]	2,685.7	2,670.2
Backlog GPM[4]	328.1	364.5
Backlog (number of units under management)		
– Operational (secured)	44,285	41,700
– Preferred bidder (awarded)	5,430	2,350
Total Backlog	49,715	44,050

1 Gross profit margin relates to development, construction and asset management services provided.
2 Number of projects includes extensions of existing projects and projects where the Group is the preferred bidder.
3 The reduction in invested equity reflects the return of equity invested in the Hickham Phase 1 project.
4 Backlog disclosed includes 10 years of backlog from facilities management, even though the contracts run for up to 50 years. Although backlog is realised over several years, the average foreign exchange rate for the current year has been applied to the closing backlog balance in its entirety as the average rates for later years cannot be predicted. In local currency the backlog revenue is US$2,685.7 million (June 2010: US$2,403.2 million) and the backlog GPM is US$328.1 million (June 2010: US$328.0 million).

Key trading events in the year include:

- Reaching financial close with the US Department of the Army on North Haven Communities in Alaska. North Haven involves the development of family housing at two Army installations, Fort Wainwright and Fort Greely. The project has an initial development budget of US$377.0 million over the first seven years of the project;
- Being appointed to implement the second phase (Group B) of the US Department of the Army Privatisation of Army Lodging (PAL) program, which has a project value of US$350.0 million. The Group will also undertake additional work on the previously awarded first phase program, Group A, which has a project value of US$250.0 million;
- Profit after tax for the year includes costs incurred in bidding for project opportunities in Canada.

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

Corporate

Key Financial Results

The key financial results for Corporate are summarised below.

	Revenue		EBITDA		Profit/(Loss) After Tax	
	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m
Group Services	12.7	14.5	(114.9)	(103.5)	(84.0)	(75.2)
Group Treasury	56.4	41.1	(11.6)	0.9	(49.3)	(26.9)
Group Amortisation					(2.9)	(3.7)
Total Corporate	69.1	55.6	(126.5)	(102.6)	(136.2)	(105.8)

Group Services

Group Services costs after tax increased by A$8.8 million to A$84.0 million and include costs associated with the redesign of the organisation structure and business processes.

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 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m
Interest revenue	56.4	41.1	37.4	29.3
Interest expense and other costs	(132.3)	(85.0)	(87.8)	(56.3)
Net hedge benefit	1.7	0.9	1.1	0.1
Total Group Treasury	(74.2)	(43.0)	(49.3)	(26.9)

Interest Revenue and Expenses

- Interest revenue after tax increased by A$8.1 million to A$37.4 million in the current year, due to a combination of higher average cash balances prior to the acquisition of Valemus in March 2011 and higher average interest rates on invested cash. The interest rate on invested cash averaged 4.6% per annum for the year (June 2010: 3.1%);
- Interest expense and other costs after tax increased by A$31.5 million to A$87.8 million in the current year, due to the consolidation of Lend Lease Primelife and its associated debt, an increase in net debt following the acquisition of Valemus and upfront costs associated with refinancing maturing credit facilities.

Hedging and Foreign Exchange Exposure

- The Group 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;
- The Group uses natural hedging, where possible, to minimise its exposure to movement in foreign currency denominated net assets. 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$162.3 million due to a strengthening of the Australian dollar.

Group Liquidity

- At 30 June 2011, the Group was in a strong liquidity position, with cash and cash equivalents of A$1,046.2 million and undrawn committed bank facilities of A$815.7 million. The Group's net debt position as at 30 June 2011 was A$875.4 million, including certain other financial liabilities of A$227.7 million;
- In March 2011, the Group established a new five year A$225 million loan facility to partly fund the Valemus acquisition. On 3 June 2011, the Group also established a A$975 million syndicated loan facility which comprises a three year term tranche with a limit of A$595 million maturing in July 2014 and a five year term tranche with a limit of A$380 million maturing in July 2016. The proceeds were used to refinance the Group's fully drawn A$570 million club facility that was due to mature in December 2011. Both of these new facilities are consistent with the Group's standard terms and conditions and there are no changes to the Group's existing financial covenants. The Group also secured a three year bonding facility maturing in July 2014; this facility replaced a bridge facility put in place at the time of the Valemus acquisition.

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

Appendix 1

Operating Results by Region Detail

	Revenue		EBITDA		Profit/(Loss) Before Tax[1]		Profit/(Loss) After Tax[2]	
	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m
Australia								
Development	729.4	617.4	189.7	133.9	182.4	122.3	159.0	122.9
Construction	4,278.8	3,033.1	164.0	136.4	147.4	133.7	101.9	87.1
Investment Management	90.6	72.5	44.5	62.5	42.7	61.2	30.0	43.3
Infrastructure Development	0.7	7.3	(12.5)	(9.1)	(13.3)	(9.1)	(9.5)	(6.4)
Total Australia	**5,099.5**	**3,730.3**	**385.7**	**323.7**	**359.2**	**308.1**	**281.4**	**246.9**
Asia								
Development	4.4	2.7	(0.4)	(0.4)	(0.4)	(0.4)	(0.3)	(0.4)
Construction	401.7	403.4	24.0	25.2	23.8	25.0	16.0	18.3
Investment Management	16.2	17.8	30.8	16.2	30.7	16.2	30.4	15.3
Total Asia	**422.3**	**423.9**	**54.4**	**41.0**	**54.1**	**40.8**	**46.1**	**33.2**
Europe								
Development	19.7	124.5	5.0	43.9	4.2	41.5	4.7	41.5
Construction	1,288.3	2,167.2	27.1	50.4	21.8	44.6	11.4	25.8
Investment Management	64.6	79.6	39.1	71.6	39.0	70.2	34.7	41.1
Infrastructure Development	115.9	126.7	78.1	1.0	91.3	13.9	86.6	10.2
Total Europe	**1,488.5**	**2,498.0**	**149.3**	**166.9**	**156.3**	**170.2**	**137.4**	**118.6**
Americas								
Development	1.1		(9.9)	0.2	(10.0)	0.1	(5.7)	0.1
Construction	1,366.2	2,927.1	(5.0)	(66.7)	(7.3)	(71.0)	(4.8)	(45.0)
Investment Management	0.3	0.1	204.5	30.1	204.4	30.2	123.3	20.3
Infrastructure Development	567.1	935.0	58.2	89.9	59.8	92.8	43.8	55.3
Total Americas	**1,934.7**	**3,862.2**	**247.8**	**53.5**	**246.9**	**52.1**	**156.6**	**30.7**
Total operating businesses	**8,945.0**	**10,514.4**	**837.2**	**585.1**	**816.5**	**571.2**	**621.5**	**429.4**
Corporate								
Group Services	12.7	14.5	(114.9)	(103.5)	(118.6)	(107.4)	(84.0)	(75.2)
Group Treasury	56.4	41.1	(11.6)	0.9	(74.2)	(43.0)	(49.3)	(26.9)
Group Amortisation					(2.9)	(3.7)	(2.9)	(3.7)
Total Corporate	**69.1**	**55.6**	**(126.5)**	**(102.6)**	**(195.7)**	**(154.1)**	**(136.2)**	**(105.8)**
Total Operating	**9,014.1**	**10,570.0**	**710.7**	**482.5**	**620.8**	**417.1**	**485.3**	**323.6**
Property investment revaluations			10.7	33.7	10.7	33.7	7.5	22.0
Total Statutory	**9,014.1**	**10,570.0**	**721.4**	**516.2**	**631.5**	**450.8**	**492.8**	**345.6**

1 Profit before tax is before adjusting for the amount attributable to non controlling interests.
2 Profit after tax is after adjusting for the profit after tax attributable to non controlling interests of A$0.4 million (June 2010: A$2.6 million).

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

Appendix 2

Operating Results by Line of Business Detail

	Revenue		EBITDA		Profit/(Loss) Before Tax[1]		Profit/(Loss) After Tax[2]	
	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m
Development								
Australia	729.4	617.4	189.7	133.9	182.4	122.3	159.0	122.9
Asia	4.4	2.7	(0.4)	(0.4)	(0.4)	(0.4)	(0.3)	(0.4)
Europe	19.7	124.5	5.0	43.9	4.2	41.5	4.7	41.5
Americas	1.1		(9.9)	0.2	(10.0)	0.1	(5.7)	0.1
Total Development	754.6	744.6	184.4	177.6	176.2	163.5	157.7	164.1
Construction								
Australia	4,278.8	3,033.1	164.0	136.4	147.4	133.7	101.9	87.1
Asia	401.7	403.4	24.0	25.2	23.8	25.0	16.0	18.3
Europe	1,288.3	2,167.2	27.1	50.4	21.8	44.6	11.4	25.8
Americas	1,366.2	2,927.1	(5.0)	(66.7)	(7.3)	(71.0)	(4.8)	(45.0)
Total Construction	7,335.0	8,530.8	210.1	145.3	185.7	132.3	124.5	86.2
Investment Management								
Australia	90.6	72.5	44.5	62.5	42.7	61.2	30.0	43.3
Asia	16.2	17.8	30.8	16.2	30.7	16.2	30.4	15.3
Europe	64.6	79.6	39.1	71.6	39.0	70.2	34.7	41.1
Americas	0.3	0.1	204.5	30.1	204.4	30.2	123.3	20.3
Total Investment Management	171.7	170.0	318.9	180.4	316.8	177.8	218.4	120.0
Infrastructure Development								
Australia	0.7	7.3	(12.5)	(9.1)	(13.3)	(9.1)	(9.5)	(6.4)
Europe	115.9	126.7	78.1	1.0	91.3	13.9	86.6	10.2
Americas	567.1	935.0	58.2	89.9	59.8	92.8	43.8	55.3
Total Infrastructure Development	683.7	1,069.0	123.8	81.8	137.8	97.6	120.9	59.1
Total Operating Businesses	8,945.0	10,514.4	837.2	585.1	816.5	571.2	621.5	429.4
Corporate								
Group Services	12.7	14.5	(114.9)	(103.5)	(118.6)	(107.4)	(84.0)	(75.2)
Group Treasury	56.4	41.1	(11.6)	0.9	(74.2)	(43.0)	(49.3)	(26.9)
Group Amortisation					(2.9)	(3.7)	(2.9)	(3.7)
Total Corporate	69.1	55.6	(126.5)	(102.6)	(195.7)	(154.1)	(136.2)	(105.8)
Total Operating	9,014.1	10,570.0	710.7	482.5	620.8	417.1	485.3	323.6
Property investment revaluations			10.7	33.7	10.7	33.7	7.5	22.0
Total Group	9,014.1	10,570.0	721.4	516.2	631.5	450.8	492.8	345.6

1 Profit before tax is before adjusting for the amount attributable to non controlling interests.
2 Profit after tax is after adjusting for the profit after tax attributable to non controlling interests of A$0.4 million (June 2010: A$2.6 million).

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

Appendix 3

Operating Results by Region Detail in Local Currency[1]

	Revenue		EBITDA		Profit/(Loss) Before Tax[2]		Profit/(Loss) After Tax[3]	
	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m
Australia								
Development	729.4	617.4	189.7	133.9	182.4	122.3	159.0	122.9
Construction	4,278.8	3,033.1	164.0	136.4	147.4	133.7	101.9	87.1
Investment Management	90.6	72.5	44.5	62.5	42.7	61.2	30.0	43.3
Infrastructure Development	0.7	7.3	(12.5)	(9.1)	(13.3)	(9.1)	(9.5)	(6.4)
Group Services and Amortisation	12.7	14.5	(114.9)	(103.5)	(121.5)	(111.1)	(86.9)	(78.9)
Group Treasury	50.2	33.4	(9.7)	0.7	(18.2)	8.2	(12.6)	6.7
Total Australia	5,162.4	3,778.2	261.1	220.9	219.5	205.2	181.9	174.7

	Revenue		EBITDA		Profit/(Loss) Before Tax[2]		Profit/(Loss) After Tax[3]	
	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m
Asia								
Development	4.4	2.7	(0.4)	(0.4)	(0.4)	(0.4)	(0.3)	(0.4)
Construction	401.7	403.4	24.0	25.2	23.8	25.0	16.0	18.3
Investment Management	16.2	17.8	30.8	16.2	30.7	16.2	30.4	15.3
Group Treasury	0.4	0.6			0.4	0.6	0.3	0.6
Total Asia	422.7	424.5	54.4	41.0	54.5	41.4	46.4	33.8

	Revenue		EBITDA		Profit/(Loss) Before Tax[2]		Profit/(Loss) After Tax[3]	
	June 2011 £m	June 2010 £m	June 2011 £m	June 2010 £m	June 2011 £m	June 2010 £m	June 2011 £m	June 2010 £m
Europe								
Development	12.4	70.9	3.2	25.0	2.6	23.7	3.0	23.7
Construction	811.6	1,235.3	17.1	28.7	13.7	25.4	7.2	14.7
Investment Management	40.7	45.4	24.6	40.8	24.6	40.0	21.9	23.4
Infrastructure Development	73.0	72.2	49.2	0.6	57.5	7.9	54.6	5.8
Group Treasury	0.3	1.0	(1.6)		(28.1)	(21.8)	(19.5)	(15.7)
Total Great British Pounds	938.0	1,424.8	92.5	95.1	70.3	75.2	67.2	51.9
Total Australian Dollars[4]	1,488.9	2,499.7	146.9	166.8	111.6	131.9	106.7	91.1

	Revenue		EBITDA		Profit/(Loss) Before Tax[2]		Profit/(Loss) After Tax[3]	
	June 2011 US$m	June 2010 US$m	June 2011 US$m	June 2010 US$m	June 2011 US$m	June 2010 US$m	June 2011 US$m	June 2010 US$m
Americas								
Development	1.1		(9.9)	0.2	(10.0)	0.1	(5.7)	0.1
Construction	1,366.2	2,634.4	(5.0)	(60.0)	(7.3)	(63.9)	(4.8)	(40.5)
Investment Management	0.3	0.1	204.5	27.1	204.4	27.2	123.3	18.2
Infrastructure Development	567.1	841.5	58.2	80.9	59.8	83.5	43.8	49.8
Group Treasury	5.4	4.8	0.5	0.2	(11.7)	(12.2)	(6.3)	(6.0)
Total US Dollars	1,940.1	3,480.8	248.3	48.4	235.2	34.7	150.3	21.6
Total Australian Dollars[4]	1,940.1	3,867.6	248.3	53.8	235.2	38.6	150.3	24.0

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 non controlling interests.
3 Profit after tax is after adjusting for the profit after tax attributable to non controlling interests of A$0.4 million (June 2010: A$2.6 million profit).
4 The foreign exchange rates applied are A$1 = £0.63 (June 2010: A$1 = £0.57), A$1 = US$1.00 (June 2010: A$1 = US$0.90) and A$1 = S$1.28 (June 2010: A$1 = S$1.25).

Portfolio Report

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The Portfolio Report is based on the Lend Lease Group Consolidated Financial Statements for the year ended 30 June 2011 and should be read in conjunction with those financial statements.

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

Portfolio Report
Australia

Development – Overview

	June 2011	June 2010
Number of development projects	37	32
Number of retirement villages[1]	70	70
Number of aged care facilities[1]	30	32
Backlog[2]		
Residential – Land units		
– Zoned	46,570	31,960
– Unzoned	14,185	27,080
Subtotal Residential – Land units	60,755	59,040
Residential – Built-form units		
– Zoned	9,470	6,635
– Unzoned	3,355	5,955
Subtotal Residential – Built-form units	12,825	12,590
Total Residential Units	**73,580**	**71,630**
Commercial (sqm/000s)[3]		
– Zoned	4,214.7	2,425.5
– Unzoned	1,917.0	1,075.0
Total Commercial	**6,131.7**	**3,500.5**
Retirement Village Units	**1,257**	**1,310**

1 The number of retirement villages and aged care facilities includes owned and managed properties.
2 Backlog includes Group-owned, joint venture and managed projects.
3 Represents net developable land in relation to master-planned urban communities and net developable floor space for other developments.

Portfolio Report
Australia

Development – Residential and Commercial Project Listing

Project	Location[1]	Ownership Interest	Estimated Completion Date[2]	Backlog Land Units[3]	Backlog Built-Form Units[3]	Estimated Commercial Backlog sqm/000s[4]
Zoned Projects						
Woodlands[5]	Qld	Land management	2014	475	60	
Forest Gardens	Qld	Land management (50% interest)	2014	115		7.4
Varsity Lakes	Qld	Land management	2012	5	20	21.5
Springfield Lakes	Qld	Land management	2020	5,125	1,390	108.3
RNA Showgrounds	Qld	Land management	2026		1,870	145.0
Rocky Springs	Qld	Land management	2042	11,735	420	1,115.4
Yarrabilba[6]	Qld	Staged acquisition	2020	480	40	18.8
Fernbrooke	Qld	Land management (50% interest)	2015	720	165	3.5
Logan Reserve	Qld	Owned (100% interest)	2016	455	80	2.5
Lennox Head	Qld	Service agreement	2023	495		72.6
Bingara Gorge	NSW	Land management	2022	1,005		87.9
St Marys – Ropes Crossing[5]	NSW	Land management	2015	950	230	
St Marys – Jordan Springs	NSW	Owned (100% interest)	2021	2,120	295	86.2
St Marys – Other Precincts	NSW	Owned (100% interest)	2021	1,240		571.4
Nelsons Ridge	NSW	Land management	2015	185	25	
Jacksons Landing	NSW	Owned (50% interest)	2012		155	15.7
Rouse Hill	NSW	Land management (50% interest)	2016	215	560	113.0
St Patricks	NSW	Land management (50% interest)	2012		5	
Barangaroo[7]	NSW	Staged payments	2023		775	390.4
Calderwood	NSW	Land management	2038	4,585		292.5
Forde	ACT	Owned (25% interest)	2012	310	10	
Springbank Rise	ACT	Owned (50% interest)	2015	640	220	0.7
Edgewater	Vic	Owned (100% interest)	2014		80	
Subtotal zoned				30,855	6,400	3,052.8

1 Locations are Queensland (Qld); New South Wales (NSW); Australian Capital Territory (ACT); and Victoria (Vic).
2 Estimated completion date represents the expected financial year in which the last unit will be settled for master-planned communities and construction completion date for apartments and non-residential projects.
3 Backlog includes the total number of units in Group-owned, joint venture and managed projects. The actual number of units for any particular project can vary as planning approvals are obtained.
4 Represents net developable land in relation to master-planned urban communities and net developable floor space for other developments.
5 Projects managed on behalf of the Lend Lease Communities Fund 1. The Group holds a 20.8% co-investment position in the fund.
6 An initial 520 lots of the Yarrabilba project have been approved for early release allowing development applications to be lodged. A further 16,545 lots awaiting planning approval are disclosed as unzoned.
7 The Barangaroo development rights are secured via a series of payments over eight years, phased so as to coincide with the proposed development timetable. In addition, there is a value share arrangement over the life of the project.

Portfolio Report
Australia

Development – Residential and Commercial Project Listing continued

Project	Location[1]	Ownership Interest	Estimated Completion Date[2]	Backlog Land Units[3]	Backlog Built-Form Units[3]	Estimated Commercial Backlog sqm/000s[4]
Subtotal Zoned Projects				**30,855**	**6,400**	**3,052.8**
Craigieburn Town Centre	Vic	Owned (100% interest)	2013	195	135	
Pakenham Valley	Vic	Land management	2012	225		28.9
Caroline Springs	Vic	Land management (50% interest)	2012	40	25	10.3
Laurimar	Vic	Owned (100% interest)	2013	645	20	
Atherstone[5]	Vic	Land management	2024	4,500		131.0
Victoria Harbour						
– Convesso	Vic	Owned (50% interest)	2013		220	1.6
– Serrata	Vic	Owned (50% interest)	2012		145	0.2
– Merchant Street Retail	Vic	Owned (100% interest)	2012			4.0
– Uncommitted	Vic	Land management	Various		1,990	114.8
Melton East	Vic	Staged acquisition	2017	805		26.0
Werribee	Vic	Land management	2022	3,815		555.2
Blakes Crossing	SA	Staged acquisition	2015	1,000	80	53.9
Mawson Lakes	SA	Land management (50% interest)	2012	10	20	26.0
Gawler East	SA	Staged acquisition	2020	2,410	80	56.0
Alkimos	WA	Land management	2018	2,070	355	154.0
Total zoned				**46,570**	**9,470**	**4,214.7**
Unzoned Projects						
Yarrabilba	Qld	Staged acquisition		14,185	2,360	1,917.0
Richmond	Vic	Owned (100% interest)			520	
Armadale	Vic	Land management (50% interest)			475	
Total unzoned				**14,185**	**3,355**	**1,917.0**
Total				**60,755**	**12,825**	**6,131.7**

1 Locations are Victoria (Vic); South Australia (SA); Western Australia (WA); and Queensland (Qld).
2 Estimated completion date represents the expected financial year in which the last unit will be settled for master-planned communities and construction completion date for apartments and non-residential projects.
3 Backlog includes the total number of units in Group-owned, joint venture and managed projects. The actual number of units for any particular project can vary as planning approvals are obtained.
4 Represents net developable land in relation to master-planned urban communities and net developable floor space for other developments.
5 The Group was selected as the preferred proponent for the Atherstone (previously named Toolern) project during the year. Subsequent to 30 June 2011, the development agreement was signed.

Portfolio Report
Australia

Development – Retirement Living & Aged Care Project Listing

Development	Ownership Interest	Location[1]	Estimated completion date[2]	Backlog Units[3]
Retirement Village Units Under Development				
The Terraces	100%	Qld	2012	1
The Lakes	100%	Qld	2014	27
Coastal Waters	100%	NSW	2016	226
Closebourne at Morpeth	100%	NSW	2016	274
Nelson's Grove	100%	NSW	2014	88
Rochford Place	100%	NSW	2015	147
Caesia Gardens	100%	Vic	2014	89
Evelyn Ridge	100%	Vic	2014	71
Waterford Park	100%	Vic	2013	38
Woodlands Park	100%	Vic	2015	134
Elliot Gardens	100%	SA	2012	2
Trinity Green	100%	SA	2013	45
Parkland Ellenbrook	100%	WA	2014	115
Total retirement village units under development				**1,257**

1 Locations are Queensland (Qld); New South Wales (NSW); Victoria (Vic); South Australia (SA); and Western Australia (WA).
2 Estimated completion date represents the financial year in which the construction is expected to be completed.
3 The actual number of units for any particular village can vary as planning approvals are obtained.

Portfolio Report
Australia

Development – Retirement Living and Aged Care Portfolio Summary

Retirement Villages

	Owned		Managed/Leased/Other		Total	
Location[1]	Number of Sites	Units/Beds	Number of Sites	Units/Beds	Number of Sites	Units/Beds[2]
Qld	4	731	11	3,283	15	4,014
NSW	11	1,769	2	661	13	2,430
Vic	19	2,414	5	725	24	3,139
SA	4	436			4	436
WA	9	1,394			9	1,394
NZ	5	995			5	995
Total retirement villages	52	7,739	18	4,669	70	12,408

Aged Care

	Owned		Managed/Leased/Other		Total	
Location[1]	Number of Sites	Units/Beds	Number of Sites	Units/Beds	Number of Sites	Units/Beds[2]
Qld	1	89	1	49	2	138
NSW	13	1,085			13	1,085
Vic	13	956	1	76	14	1,032
SA	1	62			1	62
Total aged care	28	2,192	2	125	30	2,317

1 Locations are Queensland (Qld); New South Wales (NSW); Victoria (Vic); South Australia (SA); Western Australia (WA); and New Zealand (NZ).
2 Total units/beds includes only completed retirement village units and aged care beds at company owned and managed sites.

Portfolio Report
Australia

Construction – Project management and construction – Major Projects[1]

Project	Location[2]	Client	Contract Type[3]	Construction Value A$m	Completion[4] Date	Sector	Description
Gold Coast University Hospital	Qld	Queensland Health	GMP	1,225	2013	Healthcare	Design and construction of a new hospital
The New Royal Children's Hospital	Vic	Children's Hospital Partnership	LS	1,078	2015	Healthcare	Design and construction of a new children's hospital in Melbourne
Building the Education Revolution (BER) Hunter/Central Coast and Northern Sydney Region	NSW	NSW Department of Commerce	MC	651	2012	Education	Design and construction of new facilities and refurbishments across 380 primary schools
Brisbane Supreme Court	Qld	Queensland Government	GMP	525	2012	Government	Design and construction of new Supreme and District Court buildings
Commonwealth New Build	ACT	Federal Government	MC	511	2012	Government	Design and construction of a 40,000sqm commercial office building
Darling Quarter	NSW	Lend Lease/Sydney Harbour Foreshore Authority	GMP	415	2012	Commercial	Design and construction of a new 58,000sqm commercial office building
Charlestown Square	NSW	The GPT Group	GMP	383	2012	Retail	Redevelopment of shopping centre
Liverpool Hospital	NSW	NSW Government	MC	317	2012	Healthcare	Hospital redevelopment
Melbourne Markets	Vic	Victorian Government	GMP	298	2013	Government	New 120,000sqm wholesale market/distribution facility
Mulwala Redevelopment Project	NSW	Commonwealth Department of Defence	GMP	292	2013	Government	Redevelopment of propellant manufacturing facility
Catholic Schools BER program	NSW	Catholic Education Office - Archdiocese of Sydney	MC	263	2012	Education	Project and construction management of the BER program for 110 Catholic schools
Caneland Central Shopping Centre	Qld	Australian Prime Property Fund	GMP	157	2012	Retail	Design and construction of an expansion to the existing shopping centre
Convesso	Vic	Lend Lease / HOSTPLUS	GMP	145	2013	Residential	Design and construction of 220 apartments at Victoria Harbour
4 National Circuit	ACT	ISPT	GMP	125	2013	Commercial	Design and construction of a 30,000sqm commercial office
University of NSW – Wallace Wurth	NSW	University of NSW	GMP	122	2014	Education	Refurbishment and expansion of existing building

1 Disclosure of major projects is subject to client approval. This could impact the projects available for disclosure.
2 Locations are Queensland (Qld); Victoria (Vic); New South Wales (NSW); and Australian Capital Territory (ACT).
3 Contract types are Guaranteed Maximum Price (GMP); Lump Sum (LS); and Managing Contractor (MC).
4 Completion date represents the expected financial year in which the project will be completed.

Portfolio Report
Australia

Construction – Infrastructure – Major Projects[1]

Project	Location[2]	Client	Contract Type[3]	Construction Value A$m	Completion[4] Date	Sector	Description
Origin Alliance	Qld	Department of Transport and Main Roads, Queensland	ALL	908	2013	Roads	Upgrade of Ipswich Motorway
Queensland Children's Hospital	Qld	Queensland Health	GMP	892	2014	Healthcare	Design and construction of a new hospital
Gateway Bridge Duplication	Qld	Queensland Motorways Ltd	D&C	874	2012	Roads	Duplication of existing motorway
Peninsula Link	Vic	Southern Way Pty Ltd	D&C	654	2013	Roads	Construction of new freeway
Hunter Expressway	NSW	Roads & Traffic Authority of NSW	D&C	465	2013	Roads	Construction of new freeway
Adelaide Desalination Plant	SA	South Australia Water	D&C	432	2012	Water	Construction of desalination plant
Mackay Base Hospital	Qld	Queensland Health	MC	324	2014	Healthcare	Redevelopment of existing hospital
Building the Education Revolution (BER), Sydney Region, NSW	NSW	NSW Department of Commerce	MC	310	2012	Education	Renovations and additions to 169 schools
Adelaide Convention Centre Redevelopment	SA	Department of Transport, Energy & Infrastructure	MC	303	2017	Commercial	Redevelopment and extension of existing Convention Centre
Bulk Water	ACT	ACTEW Corporation	ALL	239	2012	Water	Enlargement of existing dam, pipelines and pumping station
Water Resources Alliance	Vic	Melbourne Water	ALL	220	2013	Water	Management of Melbourne Water capital works program over five years.
Banora Point	NSW	Roads & Traffic Authority of NSW	ALL	206	2012	Roads	Upgrade to Pacific Highway
Woomargama	NSW	Roads & Traffic Authority of NSW	ALL	201	2012	Roads	Upgrade to Hume Highway
Robina Hospital Expansion	Qld	Queensland Health	GMP	195	2013	Healthcare	Expansion of existing hospital, including a new inpatient facility
Macleay River Bridges	NSW	Roads & Traffic Authority of NSW	D&C	186	2013	Bridges	Upgrade to Pacific Highway

1 Disclosure of major projects is subject to client approval. This could impact the projects available for disclosure.
2 Locations are Queensland (Qld); Victoria (Vic); New South Wales (NSW); South Australia (SA) and Australian Capital Territory (ACT).
3 Contract types are Alliance (ALL); Guaranteed Maximum Price (GMP); Design & Construct (D&C) and Managing Contractor (MC).
4 Completion date represents the expected financial year in which the project will be completed.

Portfolio Report
Australia

Construction – Infrastructure – Major Projects[1]

Project	Location[2]	Client	Contract Type[3]	Construction Value A$m	Completion[4] Date	Sector	Description
Bulahdelah Bypass	NSW	Roads & Traffic Authority NSW	LS/SOR	185	2013	Roads	Construction of new carriageway and several bridges
Northern Network	Qld	Linkwater Pty Ltd	ALL	154	2012	Water	New pipeline and pumping stations
Holbrook Bypass	NSW	Roads & Traffic Authority of NSW	SOR	154	2013	Roads	Upgrade to Hume Highway
Lawson	NSW	Roads & Traffic Authority of NSW	ALL	150	2012	Roads	Upgrade to Great Western Highway
Ouyen	Vic	Basin Minerals Pty Ltd	SOR	145	2012	Mining	Sand mining
Mt St John Water Upgrade Project	Qld	Townsville City Council	LS	139	2012	Water	Construction of wastewater purification plant and four new sewage pump stations
HNA2 – Common User Facilities	SA	Commonwealth Department of Defence	LS	137	2012	Government	Construction of multiple buildings and infrastructure for a military base including medical facilities
Flinders Medical Centre Redevelopment	SA	Department of Transport, Energy & Infrastructure, SA	MC	136	2012	Healthcare	Redevelopment of existing medical centre
Eastern Treatment Plant	Vic	Melbourne Water	ALL	134	2013	Water	Tertiary upgrade of 34 year old Eastern Treatment plant
City Central Tower 8	SA	Caversham Property Development	LS	126	2013	Commercial	Construction of a 17 storey office building
Walter & Eliza Hall Institute Redevelopment	Vic	Walter & Eliza Hall Institute of Medical Research	LS	120	2012	Healthcare	Construction of an eight level 29,000sqm building and refurbishment of existing buildings
Nagambie Bypass	Vic	VicRoads	D&C	107	2012	Roads	Upgrade to Golden Valley Highway
Princess Alexandra Hospital Emergency Department	Qld	Queensland Health	MC	102	2012	Healthcare	New medical facilities

1 Disclosure of major projects is subject to client approval. This could impact the projects available for disclosure.
2 Locations are New South Wales (NSW); Queensland (Qld); Victoria (Vic); and South Australia (SA).
3 Contract types are Lump Sum (LS); Schedule of Rates (SOR); Alliance (ALL); Managing Contractor (MC); and Design & Construct (D&C).
4 Completion date represents the expected financial year in which the project will be completed.

Portfolio Report

Australia

Investment Management – Funds Under Management (FUM)[1]

Fund	Fund Type	June 2011 A$b	June 2010 A$b
Australian Prime Property Funds	Core	5.6	5.2
Lend Lease Core Plus Fund	Core Plus	0.5	0.5
Lend Lease Communities Fund 1	Value Add	0.1	0.2
Real Estate Partnership Funds	Enhanced	0.4	0.4
Managed Investment Mandates	Core/Value Add	1.1	0.8
Total FUM		7.7	7.1

1 FUM represents the gross market value of real estate and other related assets in managed funds and investment mandates.

	June 2011 A$b	June 2010 A$b
FUM at the beginning of the financial year	7.1	5.6
Additions	0.7	1.8
Reductions	(0.2)	(0.2)
Net revaluations	0.1	(0.1)
FUM at the end of the financial year	7.7	7.1

Investment Management – Investments

	Region	Lend Lease Interest %	Market Value[1] June 2011 A$m	Market Value[1] June 2010 A$m
Pakenham Place	Australia	25.0	10.8	10.7
Craigieburn	Australia	25.0	11.5	10.0
Australian Prime Property Funds	Australia	Various[2]	48.0	46.9
Real Estate Partnership Funds	Australia	Various[2]	51.9	56.1
Lend Lease Core Plus Fund	Australia	13.8	43.3	43.5
Lend Lease Communities Fund 1	Australia	20.8	10.2	11.8
New Zealand Retail Portfolio[3]	New Zealand	100.0	140.1	149.0
Total Investments			315.8	328.0

1 Market value represents the Group's assessment of the value of the underlying assets.
2 The Group holds varying proportional interests in the Australian Prime Property Funds (APPF) and Real Estate Partnership Funds (REP).
3 The New Zealand Retail Portfolio is held as inventory and carried at the lower of cost and net realisable value. The movement from the prior year primarily relates to the negative impact of foreign exchange movements.

Portfolio Report
Australia

Investment Management – Assets Under Management

Shopping Centres	Managed on Behalf of	GLA sqm/000s[1]	Market Value[2] June 2011 A$m	Market Value[2] June 2010 A$m
Cairns Central, Qld	APPF Retail/Other Joint Owners	52.8		
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	112.3		
Macarthur Square, NSW	APPF Retail/Other Joint Owners	93.5		
Mid City (retail), NSW	APPF Retail/Other Joint Owners	9.1		
Greensborough Plaza, Vic	APPF Retail	58.2		
Caroline Springs Square, Vic	APPF Retail/Lend Lease Core Plus Fund	21.0	4,840.3	5,343.3
Pakenham Place, Vic	APPF Retail/Lend Lease	15.8		
Lakeside Joondalup, WA	APPF Retail/Other Joint Owners	71.1		
Menai Marketplace, NSW	REP3	16.8		
Settlement City, NSW	REP3	19.2		
Southlands Boulevarde, WA	REP3	20.9		
Armadale Shopping City, WA	REP3	31.0		
Stud Park, Vic	Other Owner	26.8		
Total		661.1	4,840.3	5,343.3[3]

1 GLA represents the gross lettable area of the centres.
2 Market value represents the Group's assessment of the value of the underlying assets.
3 Market value at June 2010 included the Indooroopilly retail centre, which is no longer managed by the Group.
4 The potential gross estimated cost of the development pipeline across the Australian portfolio is approximately A$1.2 billion with an estimated developable GLA of 185,000sqm.

Portfolio Report
Australia

Infrastructure Development

Project	Location	Status	Actual/ Expected Financial Close Date	Operational Term Years	Estimated Construction Value[1] A$m	Percentage of Construction Complete %	Facilities Management Revenue Backlog A$m	Invested Equity A$m	Committed Equity[2] A$m
Education									
South Australian New Schools	Adelaide	Operational	Jul-09	30	250	100		13.4	
Queen Elizabeth II Medical Centre Car Park[3]	Perth	Preferred Bidder	Jul-11	26	140				
Total					390		-	13.4	-

1 Represents total construction value over the contract duration.
2 Committed equity refers to equity contributions the Group has a future commitment to invest.
3 Subsequent to 30 June 2011, financial close was achieved on this project. The project has committed equity of A$15.0 million.

Portfolio Report
Asia

Development – Project Listing

Project	Location	Ownership Interest	Estimated Completion Date	Estimated Commercial / Retail Backlog sqm/000s
Jurong Gateway	Singapore	25% Direct, 7.6% Indirect	2013	79.0
Setia City Mall	Malaysia	5.1% Indirect	2012	65.0
Total				144.0

Construction – Major Projects[1]

Project	Location	Client	Contract Type[2]	Construction Value A$m	Completion Date[3]	Sector	Description
Jurong Gateway	Singapore	Lend Lease Retail Investments 3 Pte Ltd/Lend Lease Commercial Investments Pte Ltd	GMP	327	2014	Mixed use	Mixed use retail/commercial development in Jurong, Singapore
Merck New Manufacturing Base	China	Merck Sharp & Dohme	EPCM	Confidential	2012	Industrial	Greenfield pharmaceutical packaging facility and infrastructure
Setia City Mall	Malaysia	Greenhill Resources	CM	120	2012	Retail	Construction of 65,000sqm retail shopping centre
KL Eco City	Malaysia	KL Eco City (subsidiary of SP Setia Bhd)	PM	Confidential	2020	Mixed use	Project management of mixed-use development with transport terminal
Corning Taichung Phase 5	Taiwan	Corning Display Technologies Taiwan, Co., Ltd.	CM	Confidential	2012	Industrial	LCD glass manufacturing facility
Stamford American International School	Singapore	Stamford American International School	GMP	88	2012	Education	Design and construction of new international school

1 Disclosure of major projects is subject to client approval. This could impact the projects available for disclosure.
2 Contract types are Guaranteed Maximum Price (GMP); Engineering, Procurement and Construction Management (EPCM); Construction Management (CM); and Project Management (PM).
3 Completion date represents the expected financial year in which the project will be completed.

Portfolio Report
Asia

Investment Management – Funds Under Management (FUM)[1]

Fund	Fund Type	June 2011 S$b	June 2010 S$b	June 2011 A$b	June 2010 A$b
Asia Pacific Investment Company No. 2 Limited	Core Plus	1.1	1.1	0.9	0.9
Lend Lease Asian Retail Investment Fund (ARIF)	Core/Value Add	1.5	0.9	1.1	0.7
Total FUM		2.6	2.0	2.0	1.6

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

	June 2011 S$b	June 2010 S$b	June 2011 A$b	June 2010 A$b
FUM at the beginning of the financial year	2.0	1.7	1.6	1.4
Foreign exchange movement[1]			(0.2)	(0.1)
Additions	0.5		0.5	
Reductions				
Net revaluations	0.1	0.3	0.1	0.3
FUM at the end of the financial year	2.6	2.0	2.0	1.6

1 Foreign exchange movement arising from translating opening FUM in local currency between June 2010 and June 2011.

Portfolio Report
Asia

Investment Management – Investments

	Lend Lease Interest %	Market Value[1] June 2011 S$m	Market Value[1] June 2010 S$m	Market Value[1] June 2011 A$m	Market Value[1] June 2010 A$m
PoMo[2]	-		9.2		7.5
Asia Pacific Investment Company No. 2 Limited	21.1	160.6	143.4	121.7	116.6
313@somerset[3]	25.0	124.3	120.9	94.2	98.3
Jurong Gateway[4]	25.0	76.7		58.1	
Lend Lease Asian Retail Investment Fund					
- ARIF 1 (Somerset)[3]	10.1	37.6	34.7	28.5	28.2
- ARIF 2 (Setia)[5]	10.1	1.5	0.9	1.1	0.7
- ARIF 3 (Jurong Gateway)[4]	10.1	24.3	2.2	18.4	1.8
Total Investments		425.0	311.3	322.0	253.1

1 Market value represents the Group's assessment of the value of the underlying assets.
2 During the year, the Group sold its 25% ownership interest in PoMo.
3 The Group owns 25% of the 313@somerset retail centre directly, with the remaining 75% held by ARIF 1, in which the Group holds a 10.1% interest.
4 The Group owns 25% of the Jurong Gateway site in Singapore, with the remaining 75% held by ARIF 3, in which the Group holds a 10.1% interest.
5 The Group owns 10.1% of ARIF 2, which has a 50% ownership interest in the Setia City Mall development.

Investment Management – Assets Under Management

Shopping Centres	Managed on Behalf of	GLA[1] sqm/000s	Market Value[2] June 2011 S$m	Market Value[2] June 2010 S$m	Market Value[2] June 2011 A$m	Market Value[2] June 2010 A$m
Parkway Parade, Singapore	Asia Pacific Investment Company No. 2 Limited	52.5	974.2	931.0	738.0	756.9
313@somerset, Singapore	ARIF/Lend Lease	27.1	1,150.0	1,150.0	871.2	935.0
PoMo, Singapore[3]	Lend Lease/Other Joint Owners			158.0		128.4
Total		79.6	2,124.2	2,239.0	1,609.2	1,820.3

1 GLA represents the gross lettable area of the centres.
2 Market value represents the Group's assessment of the value of the underlying assets.
3 Following sale of the Group's 25% ownership interest in PoMo during the year, the asset is no longer managed by the Group.
4 The potential gross estimated cost of the development pipeline across the Asian portfolio is approximately A$1.3 billion with an estimated additional developable GLA of 144,000sqm.

Portfolio Report
Europe

Development – Project Listing

Project	Location	Ownership Interest	Estimated Completion Date[1]	Backlog Land Units[2]	Backlog Built-Form Units[2]	Estimated Commercial Backlog sqm/000s
Zoned Projects						
UK Residential Projects	UK	Various	Various		2,137	11.1
Greenwich Peninsula	UK	51%	2030	4,772	5,000	345.5
Stratford International Quarter	UK	50%	2026		300	382.0
Total zoned				4,772	7,437	738.6
Unzoned Projects						
UK Residential Projects	UK	100%	Various		257	
Elephant and Castle	UK	100%	2025		2,526	39.3
Total unzoned				–	2,783	39.3
Total Development[3]				4,772	10,220	777.9

1 Estimated completion date for built-form units represents the financial year in which the project construction is expected to be completed.
2 Backlog includes the total number of units in Group-owned and joint venture projects. The actual number of units for any particular project can vary as planning approvals are obtained.
3 Projects in the UK include residential developments, Athletes' Village, Stratford International Quarter, Greenwich Peninsula and Elephant and Castle. Athletes' Village is progressing on a fee based arrangement and therefore is excluded from the backlog metrics.

Portfolio Report
Europe

Construction – Major Projects[1]

Project	Location	Client	Contract Type[2]	Construction Value £m[3]	Completion Date[4]	Sector	Description
BP Retail	Pan-Europe	BP	PM	921	2014	Retail	Framework agreement to maintain BP service stations across Europe
Athletes' Village	London	Lend Lease	CM	823	2012	Residential	Athletes' Village for 2012 Olympics, then conversion post-Olympics
MoD SLAM – Phase 2	UK	Defence Estates	GMP	438	2013	Government	New and upgraded single living accommodation for the military
South West Prime Contract	South West England	Defence Estates	GMP	297	2012	Government	Provision of estate management and project management services
Regent's Place – North East Quadrant	London	British Land plc	CM	160	2013	Mixed use	Construction of 50,000sqm of office, retail and residential buildings
Scottish National Arena	Glasgow	Scottish Exhibition Centre Ltd	LS	78	2013	Commercial	Construction of exhibition and conference centre

1 Disclosure of major projects is subject to client approval. This could impact the projects available for disclosure.
2 Contract types are Project Management (PM); Construction Management (CM); Guaranteed Maximum Price (GMP); and Lump Sum (LS).
3 Construction value in PM assignments is the gross construction value and may not correlate to revenue recognised on the project.
4 Completion date represents the expected financial year in which the project will be completed.

Portfolio Report
Europe

Investment Management – Funds Under Management (FUM)[1]

Fund	Fund Type	June 2011 £b	June 2010 £b	June 2011 A$b	June 2010 A$b
Lend Lease Retail Partnership	Core	0.6	0.6	1.0	1.1
Lend Lease Overgate Partnership[2]	Core		0.1		0.2
Lend Lease PFI/PPP Infrastructure Fund LP (UKIF)[3]	Core	0.1		0.1	
Chelmsford Meadows Limited Partnership	Value Add	0.1	0.1	0.1	0.1
Total FUM		0.8	0.8	1.2	1.4

1 FUM represents the gross market value of real estate and other related assets managed on behalf of investors.
2 During the year, the Group sold its 30.7% interest in the Lend Lease Overgate Partnership.
3 During the year, the UKIF was launched. The Group holds a 10% co-investment in the Fund.

	June 2011 £b	June 2010 £b	June 2011 A$b	June 2010 A$b
FUM at the beginning of the financial year	0.8	0.7	1.4	1.4
Foreign exchange movement[1]			(0.2)	(0.2)
Additions	0.1		0.1	
Reductions	(0.1)		(0.2)	
Net revaluations		0.1	0.1	0.2
FUM at the end of the financial year	0.8	0.8	1.2	1.4

1 Foreign exchange movement arising from translating opening FUM in local currency between June 2010 and June 2011.

Portfolio Report
Europe

Investment Management – Investments

	Lend Lease Interest %	Market Value[1] June 2011 £m	Market Value[1] June 2010 £m	Market Value[1] June 2011 A$m	Market Value[1] June 2010 A$m
Bluewater[2]	30.0	472.3	432.0	726.6	771.4
Warrington Retail Limited Partnership[3]	50.0				
Chelmsford Meadows Unit Trust[4]	75.0	40.3	42.1	62.0	75.1
Clarence Dock	100.0	0.8	2.6	1.3	4.7
Lend Lease Retail Partnership	4.1	26.9	23.4	41.3	41.8
Lend Lease Overgate Partnership[5]			38.3		68.4
Lend Lease PFI/PPP Infrastructure Fund LP (UKIF)[6]	10.0	6.0		9.2	
Lend Lease Global Properties, SICAF & LL Global Real Estate Advisers	24.8	0.2	1.1	0.4	1.9
Cohen & Steers, SICAV	7.7	6.9	4.9	10.6	8.8
Total		553.4	544.4	851.4	972.1

1 Market value represents the Group's assessment of the value of the Group's interest in the underlying assets.
2 The market value at 30 June 2011 of 100% of Bluewater was £1,574.4 million (A$2,422.2 million). Bluewater is treated as inventory in the financial statements and is therefore reflected at cost, which at 30 June 2011 was A$400.0 million.
3 The market value of the Warrington Retail Limited Partnership net assets was below zero at 30 June 2011 and, as a result, the Group's investment has been written down to nil.
4 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 value of A$82.6 million versus the 75% interest shown here.
5 During the year, the Group sold its 30.7% interest in the Lend Lease Overgate Partnership.
6 During the year, the UKIF was launched. The Group holds 10% co-investment in the Fund.

Portfolio Report
Europe

Investment Management – Assets Under Management

Shopping Centres	Managed on Behalf of	GLA[1] sqm/000s	Market Value[2] June 2011 £m	Market Value[2] June 2010 £m	Market Value[2] June 2011 A$m	Market Value[2] June 2010 A$m
Bluewater, Kent	Lend Lease Retail Partnership/Lend Lease	158.5	1,574.4	1,440.0	2,422.2	2,571.4
Overgate, Dundee[3]	Lend Lease Overgate Partnership			125.9		224.8
Touchwood, Solihull	Lend Lease Retail Partnership	60.4	251.8	226.7	387.3	404.8
Golden Square, Warrington	Warrington Retail Unit Trust	68.9	134.5	132.7	207.0	237.0
Clarence Dock, Leeds	Lend Lease Real Estate Investment Services	9.3	0.8	2.6	1.2	4.7
The Meadows, Chelmsford	Chelmsford Meadows Unit Trust	14.5	53.7	56.1	82.6	100.1
Total[4]		311.6	2,015.2	1,984.0	3,100.3	3,542.8

1 GLA represents the gross lettable area of the centres.
2 Market value represents the Group's assessment of the value of the underlying assets.
3 During the year, the Group sold its 30.7% interest in the Lend Lease Overgate Partnership.
4 The potential gross estimated cost of the development pipeline across the UK portfolio is approximately A$0.4 billion with an estimated additional developable GLA of 45,485 sqm.

Portfolio Report
Europe

Infrastructure Development – Project Listing

Project	Location	Status	Actual/ Expected Financial Close Date	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[4]	UK	Operational	Jul–98	33	87	100	45		
Worcester Hospital[4]	UK	Operational	Mar–99	33	82	100	58		
Hexham Hospital – Phases 1 and 2[4]	UK	Operational	Apr–01	32	29	100	11		
Burnley Hospital[4]	UK	Operational	Oct–03	30	27	100	15		
Leeds Hospital[4]	UK	Operational	Oct–04	33	175	100	43		
Hexham Hospital – Phase 3[4]	UK	Operational	Jul–06	27	24	100	6		
Manchester Hospital	UK	Operational	Dec–04	38	393	100	37	11.6	
Majadahonda Hospital	Spain	Operational	Apr–05	30	187	100	5	4.0	
Brescia 2	Italy	Under construction	Mar-11	33	91	10	-	0.4	2.8
Subtotal					**1,095**		**220**	**16.0**	**2.8**

1 Represents total construction value over the contract duration.
2 Facilities management revenue backlog disclosed is for a maximum of 10 years, although Public Private Partnership (PPP) contracts typically operate for a period of up to 40 years.
3 Committed equity refers to equity and loan stock contributions that the Group has a future commitment to invest.
4 The Group sold its equity interest in these assets to the UKIF during the year. The Group has a 10% interest in the UKIF.

Portfolio Report
Europe

Infrastructure Development – Project Listing continued

Project	Location	Status	Actual/ Expected Financial Close Date	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
Subtotal Healthcare Projects					1,095		220	16.0	2.8
Education									
Newcastle Schools[4]	UK	Operational	Mar–02	27	50	100	19		
Lincoln Schools[4]	UK	Operational	Sep–01	31	20	100	11		
Lilian Baylis School[4]	UK	Operational	Feb–03	27	13	100	7		
Lancashire Schools Phase 1[4]	UK	Operational	Dec–06	25	81	100	27		
Lancashire Schools Phase 2[4]	UK	Operational	Dec–07	25	34	100	8		
Lancashire Schools Phase 2A[4]	UK	Under construction	Jul–08	25	59	100	13		
Lancashire Schools Phase 3	UK	Under construction	Jun–09	25	69	99	13	1.8	
Cork Maritime College[4]	Ireland	Operational	Feb–03	27	30	100	11		
Birmingham BSF Phase 1A	UK	Under construction	Aug–09	25	69	97	29	4.2	
Birmingham BSF Phase 1B	UK	Secured	Jul-11	24	78	17	14		3.1
Accommodation									
Treasury 1[4]	UK	Operational	May–00	37	114	100	37		
Treasury 2[4]	UK	Operational	Jan–03	35	148	100	49		
Sheffield University	UK	Operational	May–06	40	169	100	31	8.8	
Waste									
Lancashire Waste	UK	Under construction	Mar–07	25	252	99		44.0	
South Tyne and Wear Waste	UK	Under construction	Apr-11	25	175	6			13.4
Total					2,456		489	74.8	19.3

1 Represents total construction value over the contract duration.
2 Facilities management revenue backlog disclosed is for a maximum of 10 years, although PPP contracts typically operate for a period of up to 40 years.
3 Committed equity refers to equity and loan stock contributions that the Group has a future commitment to invest.
4 The Group sold its equity interest in these assets to the UKIF during the year. The Group has a 10% interest in the UKIF.

Portfolio Report
Americas

Development – Project Listing

Project	Location	Ownership Interest	Estimated Completion Date[1]	Backlog Land Units[2]	Backlog Built-Form Units[2]	Estimated Commercial Backlog sqm/000s
Horizon Uptown	Colorado	100%	2030	3,860		371.4
Total Communities				3,860	-	371.4

1 Estimated completion date for master-planned communities represents the estimated financial year the last unit will be settled.
2 The actual number of units for any particular project can vary as planning applications are obtained.

Project	Location	Ownership Interest	Estimated Completion Date[1]	Estimated Commercial Backlog sqm/000s
Bon Secours St Francis Watkins Centre	Virginia	100%	2012	8.6
Total Healthcare				8.6

1 Estimated completion date for healthcare projects represents the estimated financial year in which construction will be completed.

Portfolio Report
Americas

Construction – Major Projects[1]

Project	Location	Client	Contract Type[2]	Construction Value US$m	Completion Date[3]	Sector	Description
National Sept. 11 Memorial/ Foundation/Port Authority	New York	National Sept. 11 Memorial and Museum at the World Trade Centre	CM	683	2012	Other	Memorial and museum
Mount Sinai School of Medicine	New York	Mount Sinai Hospital & Mount Sinai School of Medicine	CM	270	2012	Healthcare	43,000sqm research/clinical facility
North Shore – Long Island Jewish Women's Bed Tower	New York	North Shore – Long Island Jewish Health System	GMP	218	2012	Healthcare	29,000sqm women's hospital
JFK – Terminal 4 Headhouse	New York	Delta Airlines	CMC	186	2013	Aviation	Renovation and construction of a new airline terminal headhouse
UNC Bell Tower Development	North Carolina	University of North Carolina	GMP	171	2012	Education	22,800sqm Science Lab
Franklin Square	Maryland	MedStar Health	GMP	138	2011	Healthcare	Redevelopment of existing hospital
CCSF Chinatown	California	City College of San Francisco	GMP	103	2012	Education	18,500sqm classroom building
Admiral at the Lake	Illinois	The Admiral at the Lake	GMP	101	2013	Senior Living	32 storey continuing care retirement community
7-Eleven Construction Services[4]	National	7-Eleven Inc	CM	83	2012	Retail	Interior remodelling and construction of more than 300 7-Eleven stores

1 Disclosure of major projects is subject to client approval. This could impact the projects available for disclosure.
2 Contract types are Construction Management (CM); Guaranteed Maximum Price (GMP); and Construction Management Cost Plus (CMC).
3 Completion date represents the expected financial year in which the project will be completed.
4 The 7-Eleven Construction Services project is a three year agreement. The construction value reflects the first year of the agreement.

Portfolio Report
Americas
Investment Management – Investments

	Lend Lease Interest %	Market Value[2] June 2011 US$m	Market Value[3] June 2010 US$m	Market Value June 2011 A$m	Market Value June 2010 A$m
King of Prussia[1]	50.0	531.3	348.5	496.5	410.0
Total		531.3	348.5	496.5	410.0

1 On 24 May 2011, the Group entered into a conditional agreement to sell its 50% ownership interest in the King of Prussia shopping mall. The sale is expected to be completed in the next 12 months.
2 Market value is based on the expected net sale proceeds to be received as a result of entering into the sale agreement, net of associated transaction costs. At 30 June 2011, the investment is classified as a non current asset held for sale.
3 Market value is based on independent valuations and is net of project specific debt.

Infrastructure Development – Military Housing – Project Listing

Project	Location	Service	Status	Actual/ Expected Financial Close Date	Estimated Capital Spend[1] US$m	Percentage of Construction Completed %	Invested Equity US$m	Committed Equity[2] US$m	Units Under Management
Fort Hood[3]	Texas	Army	Operational	Oct–01	220	100	6.0		6,200
Tri-Command	South Carolina	Marine Corps	Operational	Feb–03	140	100	3.3		1,700
Fort Campbell	Kentucky	Army	Operational	Dec–03	200	100	6.0		4,250
Hickam	Hawaii	Air Force	Operational	Feb–05	251	100			1,400
Army RCI	Hawaii	Army	Operational	Apr–05	2,013	64	8.0		7,800
Fort Drum	New York	Army	Operational	May–05	225	100		5.0	3,100
Camp Lejeune	North Carolina/ New York	Marine Corps	Operational	Oct–05	359	98	7.5		3,300
Camp Lejeune Phase 2	North Carolina/ New York	Marine Corps	Operational	Nov–06	128	67	2.5		1,050
Fort Knox	Kentucky	Army	Operational	Feb–07	212	66		3.0	2,700
Fort Campbell Additional Scoring	Kentucky	Army	Operational	May–07	102	100			200
Fort Hood Stage 2 (Patton Wainwright)	Texas	Army	Operational	May–07	76	100			200
Air Combat Command Group II	Arizona/ New Mexico	Air Force	Operational	Jul–07	224	97	11.0		2,050
Fort Drum Unaccompanied Officer Quarters	New York	Army	Operational	Jul–07	20	100			200
Subtotal					4,170		44.3	8.0	34,150

1 Changes in estimated capital spend are due to adjustments made to contract values during the life of the development period.
2 Committed equity represents future contributions that the Group has a future commitment to invest.
3 Units under management previously reported was net of approximately 500 units previously expected to be demolished. This demolition has now been delayed until 2018.

Portfolio Report
Americas

Infrastructure Development – Military Housing – Project Listing continued

Project	Location	Service	Status	Actual/ Expected Financial Close Date	Estimated Capital Spend[1] US$m	Percentage of Construction Completed %	Invested Equity US$m	Committed Equity[2] US$m	Units Under Management
Subtotal					4,170		44.3	8.0	34,150
Hickam Phase 2	Hawaii	Air Force	Operational	Aug–07	429	51		25.5	1,100
Tri-Group	Colorado/ California	Air Force	Operational	Sep–07	235	74		11.0	1,450
Camp Lejeune Phase 3	North Carolina/ New York	Marine Corps	Operational	Nov–07	229	31	4.5		2,000
Fort Drum Additional Scoring	New York	Army	Operational	Jun–08	155	100			550
PAL Group A Phase 1	Various	Army	Operational	Aug–09	55	100	2.0		3,200
Wainwright/Greely Phase 1	Alaska	Army	Operational	Apr-09	53	96		2.0	1,800
Wainwright/Greely Phase 2[3,4]	Alaska	Army	Operational	Sep-10	256	2			
Fort Knox Additional Scoring[5]	Kentucky	Army	Operational	Oct-10	43	1			35
PAL Group A Phase 2 & Group B[3,6]	Various	Army	Preferred bidder	Aug-11	534				5,300
Fort Hood Stage 3 (Chaffee Village 1)[5]	Texas	Army	Preferred bidder	Sep-11	23				
Camp Lejeune Phase 6[5]	North Carolina	Marine Corps	Preferred bidder	Nov-11	78				
Fort Drum Phase 2	New York	Army	Preferred bidder	Sep-11	80				130
Army RCI Modified Scope Plan[7]	Hawaii	Army	Preferred bidder	Jul-11	168				
Total					6,508		50.8	46.5	49,715

1 Changes in estimated capital spend are due to adjustments made to contract values during the life of the development period.
2 Committed equity represents future contributions that the Group has a future commitment to invest.
3 The initial development period is three years for PAL Group A Phase 2, and seven years for Wainwright/Greely.
4 Financial close with the execution of the full design/build agreement was completed in September 2010. Total expected units under management are included in Phase 1.
5 Additional capital spend on these phases includes replacement of existing units that may not always result in a net increase in units under management.
6 PAL Group A Phase 2 and Group B have been combined due to the combined financial closing scheduled for October 2011. The combined project involves the construction of 12 new hotels and further renovations on existing hotels.
7 Primary component of additional capital spend covers cost escalations outside of the initial guaranteed price.

Portfolio Report
Key Portfolio Metrics by Line of Business

Development

	Australia June 2011	Australia June 2010	Asia June 2011	Asia June 2010	UK June 2011	UK June 2010	USA June 2011	USA June 2010	Total June 2011	Total June 2010
Number of development projects	37	32	2	2	23	24	1	1	63	59
Number of retirement villages[1]	70	70							70	70
Number of aged care facilities[1]	30	32							30	32
Development Backlog[2]										
Residential – Land units										
– Zoned	46,570	31,960			4,772	5,000	3,860	3,855	55,202	40,815
– Unzoned	14,185	27,080							14,185	27,080
Subtotal Residential – Land units	60,755	59,040			4,772	5,000	3,860	3,855	69,387	67,895
Residential – Built-form units										
– Zoned	9,470	6,635			7,437	7,165			16,907	13,800
– Unzoned	3,355	5,955			2,783	260			6,138	6,215
Subtotal Residential – Built-form units	12,825	12,590			10,220	7,425			23,045	20,015
Total Residential Units	73,580	71,630	-	-	14,992	12,425	3,860	3,855	92,432	87,910
Commercial (sqm/000s)[3]										
– Zoned	4,214.7	2,425.5	144.0	144.0	738.6	393.4	371.4	841.3	5,468.7	3,804.2
– Unzoned	1,917.0	1,075.0			39.3				1,956.3	1,075.0
Commercial (sqm/000s)	6,131.7	3,500.5	144.0	144.0	777.9	393.4	371.4	841.3	7,425.0	4,879.2
Retirement Village Units	1,257	1,310							1,257	1,310

1 The number of retirement villages and aged care facilities includes owned and managed properties.
2 Backlog includes Group-owned, joint venture and managed projects.
3 Represents net developable land in relation to master-planned urban communities and net developable floor space for other developments.

Portfolio Report

Key Portfolio Metrics by Line of Business

Construction

New Work Secured and Backlog Revenue

	New Work Secured Revenue June[1] 2011 A$m	New Work Secured Revenue June[1] 2010 A$m	Backlog Revenue June[2] 2011 A$m	Backlog Revenue June[2] 2010 A$m
Australia[3]	3,365.1	1,340.6	8,615.0	4,177.5
Asia	864.8	326.9	746.9	289.9
Europe	1,435.5	1,138.5	1,454.6	1,473.9
Americas	3,074.0	898.4	2,937.4	1,183.7
Total Group	**8,739.4**	**3,704.4**	**13,753.9**	**7,125.0**

1 New work secured revenue is the total revenue to be earned from projects secured during the year.
2 Although backlog revenue is realised over several years, the average foreign exchange rate for the current year has been applied to the closing backlog revenue balance in its entirety, as the average rates for later years cannot be predicted. In local currency, the Americas backlog revenue was US$2,937.4 million (June 2010: US$1,065.3 million) and the European backlog revenue was £916.4 million (June 2010: £840.1 million).
3 New work secured revenue and backlog revenue includes projects from both the project management and construction and the infrastructure business. New work secured revenue includes work secured since the infrastructure business was acquired on 10 March 2011.

	New Work Secured Revenue June 2011 A$m	New Work Secured Revenue June 2010 A$m	Backlog Revenue June 2011 A$m	Backlog Revenue June 2010 A$m
Project management and construction	1,481.4	1,340.6	2,633.1	4,177.5
Infrastructure	1,883.7		5,981.9	
Total Australia	**3,365.1**	**1,340.6**	**8,615.0**	**4,177.5**

Backlog Realisation

	Year Ending June 2012 %	Year Ending June 2013 %	Post June 2013 %	Total %
Australia	66	27	7	100
Asia	75	22	3	100
Europe	67	26	7	100
Americas	65	24	11	100
Total Group	**66**	**26**	**8**	**100**

Portfolio Report
Key Portfolio Metrics by Line of Business

Investment Management

Investments

Region	Market Value[1] June 2011 A$m	Market Value[1] June 2010 A$m
Australia	315.8	328.0
Asia	322.0	253.1
Europe	851.4	972.1
Americas	496.5	410.0
Total Group	1,985.7	1,963.2

1 Market value represents the Group's assessment of the value of the underlying assets.

Funds Under Management (FUM)[1]

Region	June 2011 A$b	June 2010 A$b
Australia	7.7	7.1
Asia	2.0	1.6
Europe	1.2	1.4
Total Group	10.9	10.1

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

Assets Under Management

	Number of Centres		Assets Under Management (Market Value A$m)[1]		GLA Under Management (sqm/000s)[2]	
	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010
Australia	15	15	4,840.3	5,343.3	661.1	725.2
Asia	2	3	1,609.2	1,820.3	79.6	96.5
Europe	5	6	3,100.3	3,542.8	311.6	350.6
Total Group	22	24	9,549.8	10,706.4	1,052.3	1,172.3

1 Market value represents the Group's assessment of the value of the underlying assets.
2 GLA represents the gross lettable area of the centres.

Portfolio Report

Key Portfolio Metrics by Line of Business

Infrastructure Development

Americas

	Number of Projects[1]		Estimated Capital Spend[2] US$b		Committed Equity[3] US$m		Units Under Management	
	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010
Operational (secured)	21	18	5.6	5.2	97.3	111.8	44,285	41,700
Preferred bidder (awarded)	5	2	0.9	0.5			5,430	2,350
Total	26	20	6.5	5.7	97.3	111.8	49,715	44,050

1 Number of projects includes extensions of existing projects and projects where the Group is the preferred bidder.
2 Over the initial development period of the project.
3 Includes both invested and committed equity that the Group has a future commitment to invest

Europe

	Number of Projects[1]		Invested Equity £m		Committed Equity[2] £m		Facilities Management Revenue Backlog[3] £m	
	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010
Operational (secured)	24	22	74.8	82.5	19.3	29.2	489.0	458.0
Preferred bidder (awarded)		1						
Total	24	23	74.8	82.5	19.3	29.2	489.0	458.0

1 Number of projects combines extensions of existing projects.
2 Committed equity refers to equity and loan stock contributions that the Group has a future commitment to invest.
3 Facilities management revenue backlog disclosed is for a maximum of 10 years, although PPP contracts typically operate for a period of up to 40 years.

Australia

	Number of Projects		Invested Equity A$m		Committed Equity[1] A$m		Facilities Management Revenue Backlog A$m	
	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010
Operational (secured)	1	1	13.4			13.4		
Preferred bidder (awarded)[2]	1							
Total	1	1	13.4	-	-	13.4	-	-

1 Committed equity refers to equity that the Group has a future commitment to invest.
2 Subsequent to 30 June 2011, financial close was achieved on the Queen Elizabeth II Medical Centre Car Park project. The project has committed equity of A$15.0 million.

Five Year Profile[1]

		June 2011	June 2010	June 2009	June 2008	June 2007
Profitability						
Revenue	A$m	8,927	10,502	14,683	14,581	14,180
Statutory profit/(loss) before tax	A$m	632	451	(749)	310	628
Operating profit before tax[2]	A$m	621	417	365	501	545
Statutory profit/(loss) after tax	A$m	493	346	(669)	254	498
Operating profit after tax[2]	A$m	485	324	292	436	446
Operating EBITDA[2]	A$m	711	483	396	517	551
Earnings per security on statutory profit/(loss)[3]	cents	86.9	69.5	(154.7)	63.4	124.3
Earnings per security on operating profit[2,3]	cents	85.6	65.1	67.4	108.7	111.4
Statutory profit/(loss) after tax to securityholders' equity for the period (ROE)[4]	%	14.2	12.6	(25.1)	8.2	15.7
Distribution per security[5]	cents	35.0	32.1	41.0	77.0	77.0
Distribution payout ratio on operating profit after tax[2,5]	%	41	50	64	71	69
Corporate Strength						
Total assets	A$m	12,149	11,366	8,291	8,550	9,336
Cash	A$m	1,046	1,636	1,121	843	550
Borrowings	A$m	1,694	1,447	1,125	929	1,076
Current assets	A$m	4,097	4,171	4,106	4,085	4,514
Non current assets	A$m	8,052	7,196	4,186	4,465	4,822
Current liabilities	A$m	5,794	5,541	4,087	3,915	3,869
Non current liabilities	A$m	2,722	2,465	1,790	1,653	2,224
Total equity	A$m	3,633	3,361	2,414	2,981	3,243
Cash flow (used in)/provided by operations	A$m	(42)	168	382	269	357
Net asset backing per security	A$	6.36	5.94	5.27	7.43	8.09
Ratio of current assets to current liabilities[6]	times	0.71	0.75	1.00	1.04	1.17
Net debt to total tangible assets, less cash[7]	%	8.9	n/a	2.9	4.1	9.8
Borrowings to total equity	%	46.6	43.0	46.6	31.2	33.2
Borrowings to total equity plus borrowings	%	31.8	30.1	31.8	23.8	24.9
Gross borrowings to total tangible assets[8]	%	17.7	15.1	16.9	14.5	15.7
Borrowings to total market capitalisation	%	33.1	34.9	35.1	24.3	14.5
Securities on issue	m	571	566	458	401	401
Number of security holders	no.	54,370	55,492	52,684	51,632	49,051
Number of equivalent full-time employees	no.	17,181	11,094	10,656	12,039	10,817
Securityholders' Returns and Statistics						
Proportion of securities on issue to top 20 security holders	%	76.3	75.3	74.3	75.4	76.9
Security holdings relating to employees[9]	%	6.4	6.1	7.9	9.3	9.5
Total distributions[10]	A$m	199	161	187	309	309
Security price as at 30 June as quoted on the Australian Securities Exchange	A$	8.97	7.33	7.01	9.55	18.54

1 Comparative information in respect of June 2007, June 2008 and June 2009 reflect the results in Lend Lease Corporation Limited and its controlled entities prior to stapling of the Lend Lease Trust (LLT) in November 2009. Refer to Note 1 'Significant Accounting Policies' of the Consolidated Financial Statements. June 2010 and June 2009 have been adjusted to reflect the impact of aligning the accounting policies of an associate to those of the Group with respect to prior period adoption of AASB Interpretation 12 *'Service Concession Arrangements'*.

2 Operating profit excludes unrealised property investment revaluations of A$10.7 million gain before tax, A$7.5 million gain after tax (June 2010: A$33.7 million gain before tax, A$22.0 million gain after tax).

3 Calculated using the weighted average number of securities on issue including treasury securities. June 2009 has been adjusted by a factor of 1.02 in respect of new securities issued during March and April 2010 via a 5 for 22 single bookbuild accelerated renounceable entitlement offer at A$7.70 per new security.

4 Return on equity is calculated on average equity.

5 Distributions include interim and final distributions. June 2010 also includes the 'in specie' dividend of 0.1 cent following the stapling of LLT units to shares in the company in November 2009.

6 June 2011 and June 2010 ratio includes resident and accommodation bond liabilities recognised following the Primelife acquisition. These are required to be classified as current liabilities as any resident may depart within 12 months. The investment properties, property, plant and equipment, and intangible assets to which they relate, however, are required to be classified as non current.

7 The June 2010 ratio is not relevant as the Group was in a net cash position.

8 Net debt and gross borrowings include certain other financial liabilities of A$227.7 million (June 2010: A$169.6 million).

9 Securities held through employee benefit vehicles.

10 The June 2011 distribution of A$85.6 million was declared subsequent to the reporting date.

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 Lend Lease Corporation Limited ('the Company') and its controlled entities including Lend Lease Trust ('LLT') (together referred to as the 'Consolidated Entity' or the 'Group'), for the financial year ended 30 June 2011 and the Auditors' Report thereon.

Following shareholder approval on 12 November 2009, the shares of the Company and the units in LLT were combined as stapled securities. From 13 November 2009, the shares in the Company and the units in LLT have been traded as one security under the name of Lend Lease Group on the Australian Securities Exchange ('ASX').

1. Governance

a. Board/Directors

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

D A Crawford AO, Chairman
(Independent Non Executive Director)
Age 67
Mr Crawford joined the Board in July 2001 and was appointed Chairman in May 2003. Mr Crawford was appointed an Officer of the Order of Australia (AO) in June 2009 in recognition for service in various fields including to business as a Director of public companies, to sport particularly through the review and restructure of national sporting bodies, and to the community through contributions to arts and educational organisations.

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 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 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 December 2007) and National Foods Limited (appointed November 2001, resigned June 2005).

S B McCann, Group Chief Executive Officer and Managing Director
(Executive Director)
Age 46
Mr McCann was appointed Group Chief Executive Officer and Managing Director in December 2008 and joined the Board in March 2009.

Experience and Qualifications
Mr McCann joined Lend Lease in 2005. Prior to his current role, Mr McCann was Group Finance Director, appointed in March 2007 and Chief Executive Officer for Lend Lease's Investment Management business from September 2005 to December 2007.

Mr McCann has more than 15 years experience in funds management and capital markets transactions. Prior to joining Lend Lease, Mr McCann spent six years at ABN AMRO, where his roles included Head of Property, Head of Industrial Mergers & Acquisitions and for the last three years, Head of Equity Capital Markets for Australia and New Zealand.

Previous roles also include Head of Property at Bankers' Trust, four years as a mergers and acquisitions lawyer at Freehills, Melbourne and four years in taxation accounting.

Mr McCann holds a Bachelor of Economics (Finance major) and a Bachelor of Laws from Monash University in Melbourne, Australia.

Other Directorships and Positions
Nil.

Directors' Report continued

1. Governance continued

a. Board/Directors continued

P M Colebatch
(Independent Non Executive Director)
Age 66
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 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 was 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), a Non Executive Director of Man Group plc (appointed September 2007) and is on the Board of Trustees for the Prince of Liechtenstein Foundation and the LGT Group Foundation (appointed September 2009).

G G Edington CBE
(Independent Non Executive Director)
Age 65
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, Action for Children, and was awarded a CBE for services to children.

Other Directorships and Positions
Mr Edington is on the Board of Trustees for the Fulham Palace Trust, based in the UK (appointed May 2011).

P C Goldmark
(Independent Non Executive Director)
Age 70
Mr Goldmark joined the Board in 1999 and is Chairman of the Nomination Committee and a member of the Sustainability Committee.

Experience and Qualifications
Until his retirement in December 2010, Mr Goldmark was Director, Climate and Air Program at Environmental Defense, a US 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 the President and Chief Executive Officer of the Rockefeller Foundation in New York for 10 years. Mr Goldmark 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. He now works as an independent consultant and columnist and is 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
Mr Goldmark is on the Board of Solar Outdoor Lighting in the US (appointed January 2011).

Directors' Report continued

1. Governance continued

a. Board/Directors continued

J A Hill
(Independent Non Executive Director)
Age 65
Ms Hill joined the Board in May 2006. She is Chairperson 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 Chairperson, 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 in Los Angeles 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) and Holcim (US) Inc (appointed February 2004, resigned January 2007). Ms Hill also sits on the Board of Directors of the Lord Abbett family of mutual funds, which is the trustee of 31 mutual funds of publicly held companies.

D J Ryan AO
(Independent Non Executive Director)
Age 59
Mr Ryan joined the Board 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 a background in commercial banking, investment banking and operational business management. He has previously held senior executive management 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 in Sydney, Australia, and is a Fellow of the Australian Institute of Company Directors and CPA Australia.

Other Directorships and Positions
Mr Ryan is the Non Executive Chairman of Tooth & Co Limited (appointed Director September 1999 and Chairman January 2003) and ABC Learning Centres Limited (administrators appointed, receivers and managers appointed) (appointed Director June 2003 and Chairman 30 May 2008). He was formerly the Non Executive Chairman Transurban Holdings Limited (appointed Director April 2003, Chairman February 2007 and retired August 2010).

Former Directors
Mr M W Selway retired on 10 February 2010, having joined the Board on 17 June 2008.

b. Company Secretaries' Qualifications and Experience

W Hara
Mr Hara was appointed Company Secretary in July 2007. Prior to his appointment as Group General Counsel and Company Secretary of Lend Lease in January 2007, Mr Hara was company secretary for another company listed on the ASX. 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.

W Lee
Ms Lee was appointed Assistant Company Secretary in January 2010. Prior to her appointment, Ms Lee was a company secretary for several subsidiaries of a publicly listed financial institution. Ms Lee has a Bachelor of Arts and a Bachelor of Laws from the University of Sydney, and is an Associate of Chartered Secretaries Australia.

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.

Directors' Report continued

1. Governance continued

d. Directors' Meetings

During the financial year, twelve 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. The Committee assists the Board by considering nominations to the Board to ensure that there is an appropriate mix of expertise, skills and experience on the Board. During the financial year 1 July 2010 to 30 June 2011, all seven meetings of the Nomination Committee were held in conjunction with Board meetings and all Non Executive Directors routinely attend.

Risk Management and Audit Committee
The Risk Management and Audit Committee consists entirely of Non Executive Directors. The principal purpose of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Group's risk management and internal control systems, accounting policies and practices, internal and external audit functions and financial reporting. During the financial year 1 July 2010 to 30 June 2011, four meetings of the Risk Management and Audit Committee were held.

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 establishing appropriate policies for people management and remuneration across the Group. During the financial year 1 July 2010 to 30 June 2011, seven meetings of the Personnel and Organisation Committee were held.

Sustainability Committee
The Sustainability Committee consists entirely of Non Executive Directors. The Committee assists the Board in monitoring the decisions and actions of management in achieving Lend Lease's aspiration to be a sustainable organisation. During the financial year 1 July 2010 to 30 June 2011, four meetings of the Sustainability Committee were held.

Attendance at Meetings of Directors 1 July 2010 to 30 June 2011

	Board Meetings[1]		Risk Management and Audit Committee Meetings		Personnel and Organisation Committee Meetings		Sustainability Committee Meetings	
Director	Held[2]	Attended	Held[2]	Attended	Held[2]	Attended	Held[2]	Attended
D Crawford	12	12						
P Colebatch	12	12	4	4	7	7		
G Edington	12	12	4	4			4	4
P Goldmark	12	11					4	4
J Hill	12	10			7	7	4	4
S McCann	12	12						
D Ryan	12	12	4	4	7	7		

1 Three of the 12 meetings were out of schedule board teleconferences constituted to address specific issues. J Hill was unable to attend two of these teleconferences, both of which were called at short notice.
2 Reflects the number of meetings held during the time the Director held office during the year.

In addition, matters were dealt with as required by circular resolution.

Directors' Report continued

1. Governance continued

e. Interest in Capital

The interest of each of the Directors (in office at the date of this report) in the issued securities of the Company at 26 August 2011 and 17 August 2010 is set out below.

Director	Securities held directly 2011	Securities held beneficially/ indirectly 2011[1]	Total 2011	Securities held directly 2010	Securities held beneficially/ indirectly 2010[1]	Total 2010
D Crawford		73,723	73,723		73,593	73,593
P Colebatch	5,023	13,300	18,323	5,023	13,300	18,323
G Edington	19,643	20,425	40,068	19,643	20,425	40,068
P Goldmark	3,000	21,794	24,794	3,000	21,794	24,794
J Hill	2,000	12,324	14,324	2,000	12,324	14,324
D Ryan		31,273	31,273		31,273	31,273
S McCann	83,269	61,367	144,636	181,339	4,470	185,809

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

2. Operations

a. Principal Activities

From 1 July 2010, the Group moved to a regional management structure focused on four major geographic regions: Australia, Asia, Europe and the Americas, to better support the Group's integrated model. The regional business units operate across four lines of business, as follows:

- The Development business operates in all four major geographic regions and is involved in the development of master-planned urban communities, inner-city mixed-use developments, apartments, retail and the Retirement Living and Aged Care sector;
- The Construction business operates in all four major geographic regions providing project management, engineering and construction services;
- The Investment Management business operates in all four major geographic regions and provides real estate investment management, retail property management and asset management services. This business includes the Group's ownership interests in property investments held directly or indirectly through investments in the Group managed funds; and
- The Infrastructure Development business operates in Australia, Europe and the Americas and manages and invests in Public Private Partnerships (PPP) projects.

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. Distributions

The 2010 final distribution of A$67.9 million (12 cents per security, 100% franked) referred to in the Directors' Report dated 16 August 2010 was paid on 24 September 2010.

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

	A$m
Interim distribution of 20 cents per security (50% franked) paid on 30 March 2011	113.1
Final distribution of 15 cents per security (nil% franked) declared by Directors to be paid on 30 September 2011	85.6
Total distributions declared	**198.7**

Directors' Report continued

2. Operations continued

d. Significant Changes in State of Affairs

On 21 December 2010, the Group entered into an agreement with Bilfinger Berger SE to acquire 100% of Valemus, the parent company of Abigroup, Baulderstone and Conneq, which together now form the Group's infrastructure business in Australia. The businesses are leading providers of services in the engineering, engineering services and construction markets in Australia. The acquisition has increased the Group's capabilities and activities in the engineering and construction market and diversified its position in this sector. The acquisition was completed on 10 March 2011. Other than the acquisition of Valemus, there have been no significant changes in the Group's state of affairs.

e. Events 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.

f. Likely Developments

Details of likely developments in the Group's operations 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 Lend Lease Group is subject to various state and federal environmental regulations in Australia.

The Directors are not aware of any material non compliance with environmental regulations pertaining to the operations or activities during the period covered by this Report. In addition, the Lend Lease Group is registered and publicly reports the annual performance of its Australian operations under the requirements of the National Greenhouse and Energy Reporting (NGER) Act 2007 and Energy Efficiency Opportunities (EEO) Act 2006.

All Lend Lease businesses continue to operate an integrated Environment, Health and Safety Management System ensuring that non compliance risks and opportunities for environmental improvement are identified, managed and reported accordingly.

Directors' Report continued

3. Remuneration Report

Message from the Board

Dear Securityholder,

In 2010, the Board completed an extensive review of Lend Lease's Executive Reward Strategy. The objective of the Executive Reward Strategy is to enable the Group to attract, retain and motivate exceptional people, and to create value for our securityholders. The delivery of reward components over periods of up to four years encourages sustainable long term performance.

During the year ended 30 June 2011 the Group finalised implementation of the Executive Reward Strategy by implementing the following actions that were described in the 2010 Remuneration Report:

- a review of fixed remuneration to ensure market competitiveness. This follows two years of fixed remuneration freezes for executives (except for those who assumed different roles with greater responsibilities)
- a more robust Short Term Incentive (STI) program which provides a direct link between reward, profit generation and securityholder value creation
- re-weighting of the remuneration mix to focus on the elements where executives have the greatest influence while maintaining an appropriate balance between short and long term focus
- greater levels of deferral for our executives (50% of Short Term Incentives) over one and two years, delivered as securities, to align executives' interests to those of our securityholders and reduce the risks associated with paying STI in cash immediately
- assessing Long Term Incentives (LTI) against a single performance hurdle which measures return to securityholders compared to the performance of the companies in the S&P ASX100 Index.

During the year we also expanded our business through the acquisition of Valemus Australia (Valemus), the parent company of Abigroup, Baulderstone and Conneq, which together now form the Group's infrastructure business in Australia. Valemus employees will move to our Lend Lease reward strategy as soon as possible.

We will ensure that our Executive Reward Strategy continues to align to our business strategy and supports further sustainable growth. We will continue to listen to you and consider refinements to our reward strategy.

We have made a number of changes to this year's Remuneration Report to improve its presentation and readability.

We continue to welcome your feedback on how we can further improve the Remuneration Report for the future.

David Crawford, AO
Chairman

Phillip Colebatch
Chairman, Personnel and Organisation Committee

Directors' Report continued

3. Remuneration Report continued

To assist readers, key terms and abbreviations used in the remuneration report are set out below.

Term	Definition
Earnings per Security (EPS)	Profit/(loss) after tax divided by the weighted average number of ordinary securities (excluding treasury securities). For some earlier LTI allocations the definition of profit/(loss) after tax may have specific inclusions or exclusions.
Executive Reward Strategy (ERS)	A framework and policy that governs how the most senior employees in the organisation are remunerated.
Fixed remuneration	Annual remuneration paid regularly with no performance conditions. May include benefits depending on the location of the individual and the specific requirements of each jurisdiction. Benefits may include a car, medical insurance, superannuation or retirement contributions, life insurance and disability insurance.
Good Leaver	An employee who is ceasing employment for reasons such as retirement or redundancy and who may remain eligible for a part of an incentive opportunity.
Group	Lend Lease Corporation Limited and all of its subsidiaries.
Key Management Personnel	Those executives who have the authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly (as per Accounting Standard AASB 124 *Related Party Disclosures*).
Long Term Incentive (LTI)	An incentive scheme which grants benefits to participating executives that may vest, in whole or part, should specified performance measures be met over a 3 or 4 year period.
Other Executives	Those executives who are Key Management Personnel or are among the five highest paid executives of the Group or one of the five highest paid of the Company, excluding the Executive Director.
PAT	Profit after tax.
Personnel & Organisation Committee	A Board sub-committee made up entirely of independent Non-Executive Directors which assists the Board fulfil its responsibilities in people management and reward polices.
Region	The organisational unit responsible for all operations within a geography (with the objective of providing integrated property related services).
Remuneration mix	The relative weighting of each component of remuneration.
Short Term Incentive (STI)	Incentives awarded to individuals with direct reference to the achievement of Group, regional and individual performance over one year.
Target performance	A level of financial performance measured using profit after tax set by the Board.
Total Securityholder Return (TSR)	Measures the movement in a Company's security price, dividend yield and any return of capital over a specific period. It is often expressed in percentage terms.

Directors' Report continued

3. Remuneration Report continued

a. Snapshot of Changes

In 2011, Lend Lease implemented the changes described in the 2010 remuneration report. These changes are consistent with our Executive Reward Strategy, the objectives of which are set out below.

Lend Lease strategic vision
Our strategic vision is to be the leading international property and infrastructure company. We are committed to being Incident and Injury Free, creating and building innovative and sustainable solutions, forging partnerships and delivering strong investment returns.
Our Executive Reward Strategy objectives will assist us to achieve our strategic vision

Executive Reward Strategy objectives			
Creating an appropriate remuneration level and mix for executives	Partnering the interests of securityholders and executives	Encouraging a balanced focus on short and long term performance	Implementing sustainable remuneration programs

Our guiding principles determine how we seek to achieve our reward objectives			
Simple, transparent and easy to communicate	Consider and, as appropriate, respond to the interests of internal and external stakeholders	A significant portion of remuneration is at risk but can be earned through achieving outstanding performance	Clear governance practices to minimise potential conflicts of interest and enable effective decision making by the Board and management

Implementing reward objectives – enhancements made during 2011
Remuneration mix: Incentive opportunities and remuneration mix have been defined for each executive. The remuneration mix has been weighted towards elements where the executive has greatest influence whilst balancing short and long term focus. These changes support a strong link between pay, performance and returns to securityholders.
Fixed remuneration: Levels have been increased to maintain market competitive remuneration levels. Market benchmark groups have been refined to recognise comparable companies by size, complexity, scope, industry and location.
Short term incentives (STIs): Half of STI payments are to be delivered as securities and deferred for up to two years to create alignment with securityholders' interests. Changes to STI pool funding provide a direct link to Lend Lease's capacity to pay and value created for securityholders by linking the pool to profitability. Use of a balanced scorecard ensures performance is assessed holistically. An increase in STI opportunity to reward outstanding performance has been balanced by a high level of STI deferral and lower weighting to LTI.
Long term incentives (LTIs): Provided to a small number of key executives who have the most influence over securityholder value. LTI grants are tested against relative TSR to align reward to securityholder outcomes. Half of the grant is tested after three years and lapses if the performance hurdle is not achieved. The remaining half is tested after four years and lapses if the performance hurdle is not achieved. There is no re-testing.

Directors' Report continued

3. Remuneration Report continued

a. Snapshot of Changes continued

Impact of changes on the remuneration of the Group Chief Executive Officer and Managing Director (CEO)

The Board made the following changes to the remuneration of the CEO, consistent with the Executive Reward Strategy (ERS) and with consideration of market benchmarks provided by PricewaterhouseCoopers (PwC).

- The CEO's total target remuneration was increased by 2.9%. The increase to total target remuneration included an increase to fixed pay of 19.9% which was offset by a reduction in other elements of remuneration. The increase in fixed pay was to ensure that the CEO's pay level is market competitive. The increase recognised that the CEO's fixed pay was previously below that paid to CEO's of comparable companies with similar levels of global complexity. The increase also recognised that there had been no adjustment to the CEO's fixed pay since his appointment in December 2008.
- A change in the CEO's remuneration mix to reflect the objectives of the ERS which included:
  - an increase in the CEO's maximum STI opportunity. The CEO can earn up to 150% of his target STI opportunity for outstanding performance. STI is paid 50% as cash and 50% as deferred securities;
  - the deferral of 50% of any STI award for up to two years, with the deferred amount paid as Lend Lease securities that are subject to continuing employment. The deferral period has increased to reinforce a longer-term outlook and further align remuneration outcomes with securityholder interests; and
  - a reduction in the CEO's LTI opportunity balanced with the increased deferred STI opportunity. The LTI continues to be an integral part of the CEO's remuneration to maintain long term focus.
- A single performance hurdle for the CEO's LTI so that the full LTI award is only paid where Lend Lease TSR is at or above the 75th percentile of the TSR of companies in the S&P ASX 100 Index. Half of the LTI award is paid if Lend Lease TSR is at the 50th percentile, with pro rata vesting where Lend Lease TSR is between the 50th and 75th percentile. There is no vesting if Lend Lease TSR is below the 50th percentile. The LTI award is split so that one half is measured over a period of three years and the other half over four years. There is no retesting, so if the performance hurdle is not met the LTI award lapses.
- Following these changes the CEO's total target remuneration has increased by 2.9%, however, in line with our objective of rewarding outstanding performance, the maximum remuneration of the CEO, if the Board awarded the maximum STI and if all LTI vested, was increased by 27.7%.

The actual remuneration paid to the CEO during the year ending 30 June 2011 is set out in Section 3b.

Directors' Report continued

3. Remuneration Report continued

b. Actual Executive Remuneration Outcomes - Audited

Consistent with our intention to provide ongoing transparency and aligned with the recommendations of the Productivity Commission and the Corporations and Markets Advisory Committee, we have outlined below the actual amounts received during the year ended 30 June 2011 by the Executive Director and Other Executives. The table below also includes cash STI payments that relate to performance in the year ended 30 June 2011 which are due to be paid in September 2011.

Please refer to Section h for the statutory remuneration tables which are prepared consistent with the Accounting Standards and Corporations Act.

Deferred STI amounts from prior years that have vested during the year have been included (based on the security price at the relevant vesting date). As no LTI vested during the year, no value has been included. This table does not include any 'at-risk' awards that are still subject to performance or employment conditions.

$A000s	Year	Fixed remuneration[1]	Cash STI[2]	Deferred STI[3]	LTI	Retention, granted in prior years	Other incentives[4]	Total[5]	Amount forfeited during the year STI[6]	Amount forfeited during the year LTI[7]
Executive Director										
Stephen McCann	2011	2,069	1,927	416				4,412	(770)	
	2010	1,726	1,368	122		965		4,181	(224)	(438)
Other Executives										
Scott Charlton	2011	1,303	780					2,083	(173)	
(Part year only)	2010	349	191					540	(68)	
Tarun Gupta	2011	812	462	84			250	1,608	(66)	
David Hutton	2011	865	384	147			60	1,456	(328)	
	2010	679	258	274				1,211	(133)	(171)
Daniel Labbad	2011	1,046	483	85				1,614		
Rod Leaver	2011	1,220	481	146				1,847	(350)	
	2010	860	481	149				1,490	(111)	
Anthony Lombardo	2011	814	510	107				1,431		
	2010	659	320	59		93		1,131	(59)	(93)
Robert McNamara	2011	747	439					1,186	(97)	
Mark Menhinnitt	2011	876	456	105				1,437	(228)	
	2010	784	354	250				1,388	(244)	(223)
Eng-Peng Ooi	2011	591	304	68				963	(305)	
Brad Soller	2011	893	500	101				1,494	(200)	
	2010	736	414	73		116		1,339	(148)	(115)

1 Fixed remuneration consists of salary, non-monetary benefits, superannuation and other long-term benefits, in line with statutory remuneration disclosure requirements.
2 Cash STI refers to 50% of the actual STI that was earned in the year ended 30 June 2011, which will be paid to the executive in cash in September 2011.
3 Deferred STI is the value of deferred securities granted on 1 September 2009 that vested on 1 September 2010. This value is based on the closing price on the vesting date (1 September 2010). Deferred STI also includes the value of any dividends received on deferred STI securities. The deferred portion of the STI relating to performance in the year ended 30 June 2011 is not included in this table as it has not yet vested.
4 Other incentives includes a performance based incentive for Tarun Gupta that vested during the year and a cash retention for David Hutton that recognised his contribution to the Barangaroo development project.
5 Total remuneration disclosed in this table is different from that disclosed in the statutory remuneration table in Section h as the statutory remuneration disclosure includes an amortised value for the STI deferred securities and a valuation of long term incentives that have not yet been paid and that are subject to meeting performance conditions and ongoing employment.
6 STI forfeited refers to the unearned component of each Executive's maximum STI for the year ended 30 June 2011 and any STI that was earned in a prior year and forfeited during the year ended 30 June 2011.
7 LTI forfeited includes the value of LTI that lapsed during the year ended 30 June 2010 (for whatever reason e.g. termination or not meeting performance hurdles). The value has been determined based on the Lend Lease security price at the date of lapsing. No long term incentive awards were tested or vested during the year ended 30 June 2011.

Directors' Report continued

3. Remuneration Report continued

c. About this Report – Audited

This report forms part of the Directors' Report and has been audited in accordance with the *Corporations Act 2001*.

Who this report covers
This report presents the remuneration arrangements for Lend Lease's Key Management Personnel and five highest paid Company and Group executives.

Non Executive Directors	
David Crawford	Chairman, Independent Non Executive Director
Phillip Colebatch	Independent Non Executive Director
Gordon Edington	Independent Non Executive Director
Peter Goldmark	Independent Non Executive Director
Julie Hill	Independent Non Executive Director
David Ryan	Independent Non Executive Director
Executive Director	
Stephen McCann	Group Chief Executive Officer and Managing Director
Other Executives	
Scott Charlton	Group Director of Operations
Tarun Gupta[1]	Group Head of Investment Management (appointed to this position on 1 July 2010)
David Hutton[1]	Group Head Centres of Excellence (appointed to this position on 1 July 2010)
Daniel Labbad	Chief Executive Officer, Europe, Middle East and Africa (appointed to this position on 1 July 2010)
Rod Leaver	Chief Executive Officer, Asia (appointed to this position on 1 April 2011, previously Chief Executive Officer, Australia)
Anthony Lombardo[1]	Group Head of Strategy and Mergers & Acquisitions
Robert McNamara	Chief Executive Officer, Americas (appointed to this position on 1 July 2010)
Mark Menhinnitt	Chief Executive Officer, Australia (appointed to this position on 1 April 2011, previously Group Head of Public-Private Partnerships)
Eng-Peng Ooi	Chief Executive Officer, Asia (appointed to this position on 1 July 2010. Ceased in this position on 31 March 2011)
Brad Soller	Group Chief Financial Officer
Previously disclosed Executives[2]	
Michael Bellaman	Chief Executive Officer, Bovis Lend Lease Americas (resigned on 20 August 2010)
Murray Coleman	Managing Director Australia Project Management and Construction and Group Head of Environment, Health & Safety, Risk and Insurance (appointed to this position on 7 February 2011 previously Group Head of Project Management, Design and Construction Centre of Excellence)
William Hara	Group General Counsel and Company Secretary
Neil Martin	Director of Operations EMEA (appointed to this position on 1 January 2010); former Group Head of Health and Safety, Risk and Insurance

1 Included in this report as one of the five highest paid executives of the Company and the Group.
2 Previously disclosed executives are no longer required to be disclosed as they are neither Key Management Personnel nor in the top five highest paid Executives in the Group or Company during the year ended 30 June 2011.

Directors' Report continued

3. Remuneration Report continued

d. Our Governance Policy

The Board is ultimately responsible for determining executive remuneration at Lend Lease. It is assisted in this regard by the Personnel & Organisation (P&O) Committee.

To support effective governance, the P&O Committee:

- consists entirely of independent Non-Executive Directors;
- has unrestricted access to senior management and company records; and
- can obtain independent legal or other professional advice.

In 2010, the Board appointed PwC to assist the P&O Committee in fulfilling its duties. PwC is engaged by the P&O Committee and provide advice and reports directly to the Committee.

The P&O Committee's charter is available on the Lend Lease website: www.lendlease.com.

e. Reward Strategy and Practice – Audited

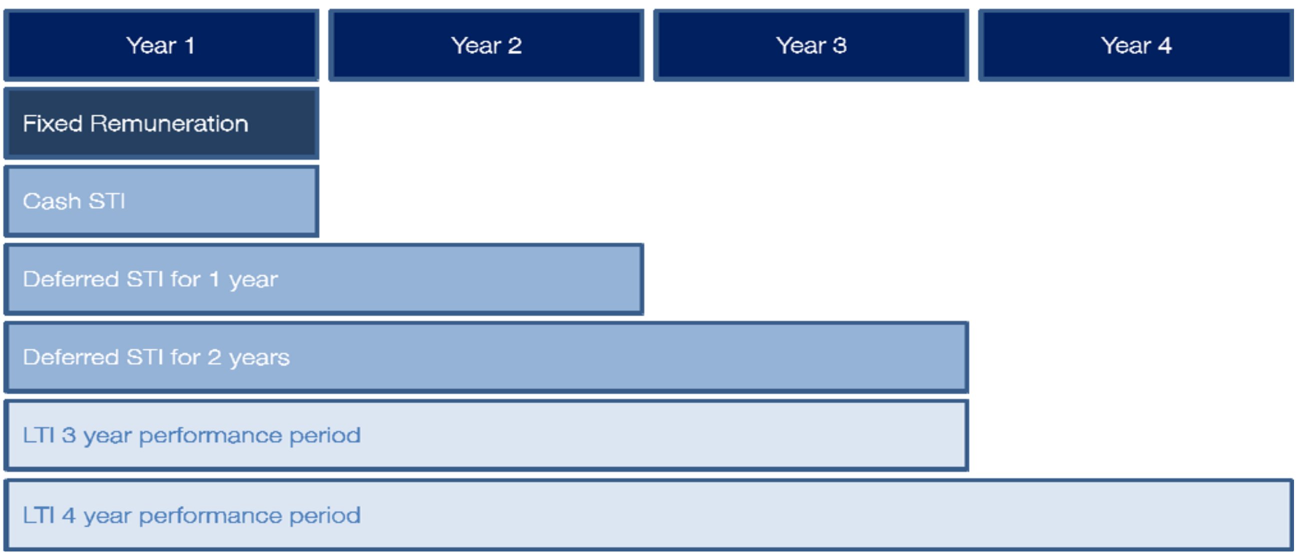
Our Executive Reward Strategy provides Lend Lease with simple and transparent remuneration practices which have regard to the interests of both internal and external stakeholders (refer to table in Section a). In addition, to encourage strong performance, a significant portion of individual's remuneration should be 'at risk', and underpinned by clear and balanced metrics.

Remuneration mix
For the year ended 30 June 2011, the Board set a target level of remuneration for each Executive having regard to market benchmarking completed by PwC. Target remuneration is made up of a mix of fixed remuneration, cash STI, deferred STI and LTI. The table below shows the target remuneration mix for the Group CEO and Other Executives.

The remuneration mix and levels of remuneration are set so that on-target performance will deliver total rewards close to the market median, with total rewards above the median for superior performance.

Role	Fixed remuneration	Cash STI	Deferred STI (1-2 years)	LTI (3-4 years)	
Group CEO and Managing Director	30% - 35%	20% - 25%	20% - 25%	20% - 30%	Percentage of target remuneration
Other Executives	40% - 45%	20% - 25%	20% - 25%	15% - 20%	

The mix of executive reward is also designed to be aligned with the company's long-term financial performance:



Directors' Report continued

3. Remuneration Report continued

e. Reward Strategy and Practice – Audited continued

A target level of remuneration is set for each Executive having regard to market benchmarking reports that are provided by external advisers. PwC completed market benchmarking during the year ended 30 June 2011.

The three elements of our executive remuneration – that is, fixed remuneration, short-term incentives and long-term incentives are described over the following pages.

Fixed remuneration

Fixed remuneration is a guaranteed annual salary. It may include benefits depending on the individual's location and the specific requirements of each jurisdiction. Benefits might include a car, medical insurance, superannuation or retirement contributions, life insurance and disability insurance. International assignees may have additional benefits such as housing, schooling and tax return preparation.

Fixed remuneration for the Group CEO and Managing Director is recommended by the P&O Committee and approved by the Board. The P&O Committee approves the fixed remuneration of Other Executives. Fixed remuneration is reviewed annually and changes take effect from 1 September each year, except in the case of a new appointment.

Fixed remuneration is set toward the middle of the market of comparable roles in companies of a similar size and level of complexity to Lend Lease.

1. for Australian based Executives, in roles with an Australian focus, reference is made to companies listed on the ASX that are ranked between 26 and 75 by market capitalisation (excluding Companies domiciled overseas and property trusts where management is not typically employed by the trust);
2. for Executives in roles with global responsibilities, reference is made to a peer group of companies listed on the ASX that are ranked in the first 75 by market capitalisation and which have significant global operations. This reflects the complexity involved in running a company such as Lend Lease with a global footprint; and
3. relevant local comparator groups are used for Executives based in other countries.

Short-Term Incentives (STI)

STI is an 'at risk' component. At the start of the year executives are assigned a scorecard of measures which are aligned to the Group's overall strategic objectives. The scorecard represents a balance of financial and non-financial measures (see examples on page 15). Executives' performance against their individual scorecard objectives is assessed at the end of the financial year to determine their overall performance achievement.

STI opportunity

Target STI opportunities are set using the remuneration mix guidelines outlined above and are tested against the relevant market levels for each executive role.

Executives receive notification of a target STI opportunity annually. Each executive's actual STI award may be higher (capped at 150% of target) or lower than their target award and will be determined by considering the company's financial performance and also the individual's overall performance achievement. Executives have the opportunity to earn up to 150% of their target opportunity for outstanding performance. This is to reinforce a strong link between performance and executive remuneration.

This represents a change from previous practice, where STI 'target' was the maximum award available. The P&O Committee approves the assessment of performance against objectives and the final STI outcomes for Other Executives. The Board assesses the performance of and determines the STI outcome for the Group CEO and Managing Director.

The pool of funds available to reward executives under the STI plan is determined by direct reference to Group financial performance and, where relevant, regional financial performance. Pool funding levels have been set by the Board and correspond to threshold, target and stretch levels of profit achievement. If profit performance is above target, sufficient funds will be available to pay average awards above target. Payments to individual executives are capped at 150% of target and total pool funding is capped at 125% of the target pool. Conversely, if profit performance is below target, average STI awards will be below target. An individual executive's award will be determined based on their overall performance rating and contribution, relative to other executives. The total STI pool may be either partially or fully allocated to Executives each year.

STI deferral

Higher maximum STI opportunities have been coupled with a longer deferral period than in previous years to further align the interests of executives and securityholders. 50% of STI awards paid to the Group CEO and Managing Director and Other Executives are deferred into Lend Lease securities. 50% of the deferred portion (i.e. 25% of the total award) vests to recipients one year after payment of the non-deferred portion; the remaining 50% vests after two years. Securities are forfeited by the individual if they resign or are terminated for cause during the vesting period. Distributions are received by executives during the vesting period, subject to the executive continuing in employment.

These changes avoid the risks associated with paying STI awards entirely as cash and motivate executives to deliver sustainable performance as they have a substantial interest in Lend Lease securities.

Directors' Report continued

3. Remuneration Report continued

e. Reward Strategy and Practice – Audited continued

STI measures

a. Group CEO and Managing Director scorecard

The CEO's scorecard is approved annually by the Board to reflect Lend Lease's key strategic priorities. The scorecard balances both financial and non-financial measures to enable the Board to assess achievement on a holistic basis, including management of risk and capital used to achieve profitability.

Financial measures focus on profit after tax (PAT), growth and capital management. Non-financial measures include achievement of strategic and operational excellence objectives as well as the successful implementation of safety and people leadership goals.

During the year ended 30 June 2011 the CEO made significant progress across these multi-dimensional areas. Financial performance exceeded targets.

The CEO led the acquisition of the Valemus business; drove heightened attention to profit and commercial advantage throughout the business; and oversaw the introduction of a group-wide pay for performance and succession planning process.

b. Other Executives scorecard

Executive performance is also measured using a balanced scorecard. Examples of the measures used are:

Category	Measure	Reasons Chosen
Financial	Growth – secured work in key business areas Capital – return on equity or return on capital Profitability – achievement of profit and margin targets	Recognises the importance of delivering returns for securityholders and securing future revenue.
People and Leadership	Employee engagement measured using an independently run employee survey. Develop and retain top talent through leadership development and succession planning. Drive a performance culture by differentiating pay based on performance. Demonstrate Lend Lease leadership standards including safety, diversity, behaviour and environment.	Employee engagement, effective leadership, safety and a performance culture are key to delivering sustainable performance.
Operational Excellence	Improve our service delivery, efficiency and effectiveness, for example: – support transformation cost saving target to reduce overhead; – improved client feedback scores; and – achieve supply chain and procurement targets.	Client satisfaction and cost management are important drivers of current and future business performance.
Strategic	Individual specific objectives based on key deliverables for role.	Ensures executives are focussed on initiatives that deliver future growth and improved business performance.

Directors' Report continued

3. Remuneration Report continued

e. Reward Strategy and Practice – Audited continued

Long-Term Incentives (LTI)

An annual grant of 'performance securities' is made to a limited number of executives. Performance securities can be converted to Lend Lease securities if the performance hurdle is achieved over a three-year and four-year period. For performance securities granted during the year, the performance hurdle is Lend Lease's total securityholder return (TSR) compared to the companies in the S&P ASX 100 Index. The Board intends that LTI awards be settled in Lend Lease securities; however they may be settled in cash or other means at the Board's discretion.

2010/11 LTI Plan

The key features of the 2010/11 LTI Plan are:

<table>
<tr><td>Eligibility</td><td>Eligibility is limited to 12 senior executives who were identified as most able to influence the strategic direction and long-term performance of Lend Lease.</td></tr>
<tr><td>Grant date</td><td>1 September 2010</td></tr>
<tr><td>Performance hurdle</td><td>Relative TSR was selected as the performance measure to link LTI awards to the delivery of superior securityholder returns relative to other S&P/ASX 100 companies over the performance period. This method was chosen after consultation with securityholders.</td></tr>
<tr><td>Performance period</td><td>50% of the 2010/2011 LTI grant is tested at three years. If the hurdle is not fully achieved at this time, those performance securities with a three year performance period will lapse. The remaining 50% of the performance securities are tested after four years. There is no opportunity to re-test any portion of the LTI grant.</td></tr>
<tr><td>Peer group</td><td>The relative TSR peer group consists of the S&P/ASX 100 companies determined at the start of the performance period. Participants only receive value if Lend Lease's TSR is at or above the 50th percentile of companies in the peer group, reflecting a focus on delivery of superior securityholder returns.

The vesting schedule is:
<table>
<tr><th>Relative TSR percentile ranking</th><th>Percentage of performance securities that vest if the relative TSR hurdle is met</th></tr>
<tr><td>Below the 50th percentile</td><td>No vesting</td></tr>
<tr><td>At the 50th percentile</td><td>50% vesting</td></tr>
<tr><td>Above the 50th percentile but below the 75th percentile</td><td>Pro-rated vesting on a straight line basis between 50% and 100%</td></tr>
<tr><td>At 75th percentile or greater</td><td>100% vesting</td></tr>
</table></td></tr>
<tr><td>Termination and forfeiture</td><td>For 'good leavers', a pro-rata award may be paid after termination, subject to the original performance hurdle, unless there are exceptional circumstances (e.g. death or total and permanent disability) where the Board may determine and pay the award at the time of termination.

If an executive is terminated for cause or resigns, unvested LTI is forfeited.

Unvested LTI grants will be forfeited if an executive enters into a prohibited pre-vesting hedging arrangement in relation to their LTI awards.</td></tr>
</table>

Directors' Report continued

3. Remuneration Report continued

e. Reward Strategy and Practice – Audited continued

Previous LTI plans
No LTI grants vested during the year ended 30 June 2011. LTI grants in prior years that are yet to be tested and are yet to vest are described below:

	2008/2009 LTI Plan	2009/2010 LTI Plan
Eligibility	Key executives and other senior management approved by the Board.	
Award type	Performance and Retention. ⅓ Retention, ⅓ relative TSR and ⅓ EPS.	Performance. ½ EPS and ½ relative TSR.
Performance securities	Vesting of performance securities is subject to relative TSR and EPS performance.	
Retention securities	Vesting of retention securities is subject to the participant's continuous employment with Lend Lease over the performance period.	No retention securities.
Grant date	1 September 2008	1 September 2009
First vesting date	1 September 2011. If the grant does not fully vest at September 2011, the unvested relative TSR portion of performance securities may be tested at 1 March 2012 and 3 September 2012. Any unvested EPS portion of performance securities may be tested at September 2012.	1 September 2012 (50%) 1 September 2013 (50%) No further testing.
Relative TSR targets	The relative TSR peer group consists of S&P/ASX 100 Index companies. The vesting schedule for relative TSR is the same as the 2010/2011 grant, refer to page 16.	
Relative TSR performance period	Performance is tested three years from the date of grant and subsequently 3½ and 4 years from the date of grant if required. If any part of the performance hurdle is achieved at the relevant testing dates, the corresponding payout will be delivered following the vesting date if employment conditions are satisfied.	Half the grant is tested at three years and the remaining half is tested at four years. Any part of the grant that is tested and does not meet the performance hurdle will lapse. There is no opportunity to retest the TSR grant.
EPS Targets	EPS is calculated on the basis of the following: statutory profit/(loss) after tax adjusted for exclusion of treasury securities, unrealised carrying value adjustments (but not excluding unrealised adjustments on the value of inventory held for sale); write-off of goodwill; movements in the value of investment properties; savings implementation costs; and one-off benefits from the UK pension plan. EPS-tested performance securities will vest subject to performance against compound annual growth rate targets set by the Board. The EPS annual growth target set by the Board for the year ending 30 June 2011 was 12.1%.	EPS is based on Statutory EPS, defined as the statutory profit/(loss) after tax, attributable to members of Lend Lease Corporation Limited, divided by the weighted average number of ordinary securities (excluding treasury securities). EPS-tested performance securities will vest subject to performance against targets set by the Board. The Board set both a minimum and a stretch aggregate EPS target, and a final year EPS target for the three-year and four-year performance periods.

Directors' Report continued

3. Remuneration Report continued

e. Reward Strategy and Practice – Audited continued

Previous LTI plans continued

EPS Targets continued

2008/2009 LTI Plan

	EPS (as defined for LTI purposes) Target	Actual
EPS for 30 Jun 08 base	N/A	87.8c
EPS for 30 Jun 09	80.9c	30.0c
-% growth from prior year	-7.9%	-65.8%
EPS for 30 June 10	90.7c	68.3c
- % growth from prior year	12.1%	127.7%
- two year compound annual growth rate	2.0%	-12.0%
EPS for 30 June 11	101.7	90.3
- % growth from prior year	12.1%	32.2%
- three year compound annual growth rate	5.0%	0.9%

2009/2010 LTI Plan

Aggregate EPS target	The aggregate target was set at the start of the performance period, and actual performance is measured by the sum of three-year and four-year EPS performance compared to the aggregate EPS target.
Final year EPS target	This is calculated by dividing the aggregate EPS target over the relevant performance period by the number of years in the performance period (i.e. three or four years) ('qualifying condition').

EPS performance period and vesting

2008/2009 LTI Plan

EPS will be assessed over the period 1 July 2008 to 30 June 2011 and (if required) over the period 1 July 2008 to 30 June 2012. For vesting to occur, Lend Lease's compound EPS growth rate over the test period must be equal to the compounded annual target rate over that period. The vesting schedule for EPS is as follows:

Compound EPS growth	Payout (% of award to vest)
Less than the compound of target rates	0%
Equal to the compound of target rates	50%
Greater than the compound of target rates but less than 20% more than the compound of target rates	Proportion of EPS grant vesting increases in a straight line between 50% and 100%
At least 20% more than the compound of target rates	100%

If full payout for the EPS component has not been achieved at 30 June 2011, the Board will determine a target EPS growth rate for the year ending 30 June 2012.

The EPS target (if required) set by the Board for the year ending 30 June 2012 will be disclosed in the 2012 Remuneration Report.

2009/2010 LTI Plan

For vesting to occur, Lend Lease's actual aggregate EPS must be equal to or greater than the aggregate EPS target. Vesting is, however, subject to a qualifying condition. Vesting will only occur where Lend Lease's actual EPS in year three (or four) of the performance period is equal to or greater than the respective final year EPS target.

Subject to meeting the final year EPS target at year three or year four, the table below shows how vesting will occur based on Lend Lease's actual EPS performance at the vesting dates.

EPS performance levels	Percentage of EPS-tested performance securities that will vest
Less than minimum aggregate EPS target	0%
Equal to minimum aggregate EPS target	50%
Greater than minimum aggregate EPS target, less than stretch target	Pro-rated vesting (on a straight line basis) between 50% and 100%
At or above stretch aggregate EPS target	100%

Participants were advised of the EPS targets at the time the LTI grant was made in September 2009. The Board has committed to disclosing the EPS targets retrospectively in the Remuneration Report following the end of the relevant performance periods (being 30 June 2012 and 30 June 2013.)

In setting the minimum and stretch aggregate EPS targets, the Board has taken into account the forecast business plan performance as well as market expectations to determine robust but achievable performance targets for the 50% and 100% vesting thresholds of the EPS component of the LTI.

Directors' Report continued

3. Remuneration Report continued

e. Reward Strategy and Practice – Audited continued

Previous LTI plans continued

	2008/2009 LTI Plan	2009/2010 LTI Plan
Termination and forfeiture	The retention securities component is forfeited if the individual is not in employment at the first vesting date (including for 'good leaver' reasons). For 'good leavers', the individual may, subject to Board discretion and in specified circumstances, receive a pro rata award for performance securities tested against relative TSR and EPS performance at the time of termination. Where an employee is terminated for cause or resigns, unvested LTI is forfeited. Unvested LTI grants will be forfeited if an executive enters into a prohibited pre-vesting hedging arrangement in relation to their LTI awards.	For 'good leavers', a pro-rata award may be paid after termination and be subject to the original performance conditions, unless there are exceptional circumstances (e.g. death or total and permanent disability) where the Board may determine and pay the award at the time of termination. Where an employee is terminated for cause or resigns, unvested LTI is forfeited. Unvested LTI grants will be forfeited if an executive enters into a prohibited pre-vesting hedging arrangement in relation to their LTI awards.

Directors' Report continued

3. Remuneration Report continued

e. Reward Strategy and Practice – Audited continued

Other incentive plans

Where appropriate, the Board will provide targeted incentives for specific business areas or individuals.

a. Performance awards – Other Executives

Mr McNamara CEO Americas, participates in an additional incentive plan that operates for the years ending 30 June 2011 and 30 June 2012 only, related to the performance of the Americas and is in addition to the STI plan.

During the year an opportunity to earn up to A$650,000 in deferred securities was granted. This plan was created in order to support the significant turnaround required in the Americas business. The plan requires achievement of financial and non-financial measures that are in addition to those set under the STI plan. The plan stipulates that this award is deferred so that 50% is provided after two years and the remaining 50% after three years subject to continuing in employment. It is intended that this award be settled in Lend Lease securities. Based on performance under the plan A$585,000 will be granted in deferred securities on 1 September 2011.

Mr Ooi, CEO Asia, participated in an additional incentive plan that concluded during the year ended 30 June 2011. Performance targets related to the performance of the Asian Retail Investment Fund were not met and no award was paid.

Mr Gupta, Group Head of Investment Management, participates in an additional incentive plan that operates for the years ending 30 June 2011 and 30 June 2012 only. Mr Gupta may earn up to A$500,000 each year based upon achievement of key performance indicators relating to growth in global funds under management, incremental profits from external equity and gross profit margin. This is reflective of market practice with regard to investment management incentive plans and recognises the relative contribution of Mr Gupta to the business. For the year ended 30 June 2011 Mr Gupta received A$250,000 under this plan.

b. Project Management and Construction incentive plan

A performance related incentive plan has been implemented for 12 critical employees in the Australian Project Management and Construction business. In total awards made under the plan have a maximum value of A$3.3 million, earned over three years which are subject to achievement of profit targets. The first payment under this plan may be earned in the year ending 30 June 2012. The remuneration of these employees is not disclosed in this report.

c. Infrastructure incentive plans

During the year, Lend Lease acquired Valemus Australia (Valemus) the parent company of Abigroup, Baulderstone and Conneq which together now form the Group's infrastructure business in Australia (infrastructure). The Board has approved a profit share plan for 55 infrastructure employees. Payments under the plan are subject to profit before tax targets and continuing employment. Payments to individual employees will be made over periods ranging from 18 months to 4½ years depending on the employee's role and level in the Group. If all targets are met, the total value paid to all participants over the relevant periods will be approximately A$12 million.

STI deferral periods in line with the Lend Lease Executive Reward Strategy are being implemented for the most senior infrastructure employees.

A number of infrastructure employees have employment contracts that provide for a notice period that is longer than 12 months or a payment in lieu of notice that is greater than 12 months of fixed pay. These contract terms were put in place by Valemus prior to the acquisition by Lend Lease. Lend Lease is reviewing these contracts on a case by case basis to monitor compliance with the new Corporations Act limits on termination benefits.

d. Retention awards

When the Board believes an executive is an outstanding performer and the Group and securityholders would gain by encouraging them to remain with the Group, a retention award may be made.

No new retention awards were granted or paid in the current year to the Group CEO and Managing Director.

Mr Hutton was awarded a special cash retention award in recognition of his contribution to the Barangaroo development project. During the year a payment of A$60,000 was paid under this award with a further payment of A$80,000 due in June 2012 subject to continuing in employment.

The Board approved retention payments for the Managing Director of Infrastructure in Australia that total less than A$1.0 million spread over three years to offset an agreed reduction in fixed remuneration.

Details of the retention awards which have previously been granted to the Group CEO and Managing Director and Other Executives and which have not yet vested are shown in Section h.

Directors' Report continued

3. Remuneration Report continued

e. Reward Strategy and Practice – Audited continued

Securities Trading Policy

The Lend Lease Securities Trading Policy applies to all employees of the Lend Lease group of companies. In accordance with the policy, directors and executives may only deal in Lend Lease securities during designated periods. Directors and executives must not enter into transactions or arrangements that operate to limit the economic risk of unvested entitlements to Lend Lease securities. No director or executive may enter into a margin loan arrangement in respect of Lend Lease securities.

f. How Rewards are Influenced by Performance - Audited

Key financial indicators: Group performance over the past five years

The table below outlines some key indicators of Group performance over the past five years.

		June 2011	June 2010	June 2009	June 2008	June 2007
Statutory profit/(loss) after tax	A$m	492.8	345.6	(653.6)	265.4	497.5
Operating profit after tax	A$m	485.3	323.6	307.5	447.1	413.7
EPS on operating profit after tax[1]	cents	90.3	68.3	77.5	120.9	120.5
Total distributions[2]	A$m	198.7	160.6	186.7	308.9	308.5
(Decrease)/increase in closing price[3]	A$	1.64	0.32	(2.54)	(8.99)	4.55

1 EPS (Earnings per security) is calculated using the weighted average number of securities on issue excluding treasury securities.
2 The June 2011 distribution of A$85.6 million was declared subsequent to the reporting date.
3 Represents the movement in the security price over the year calculated using the closing security price at 30 June.

Linking rewards and performance

a. Fixed remuneration

Fixed remuneration is primarily set with reference to the individual's role, responsibilities, performance and the remuneration paid to comparable roles in the external market. It is not generally linked with annual Group performance.

Directors' Report continued

3. Remuneration Report continued

f. How Rewards are Influenced by Performance – Audited continued

Linking rewards and performance continued

b. Short-term incentive (STI)

STIs are awarded to individuals based on an assessment of the executive's overall performance and the profitability of the Group and Region where relevant. The Board determines the aggregate pool available to fund STIs based on the Group's profit after tax.

On average, STI awards for the year ended 30 June 2011 are above target. This outcome reflects the Group's profit after tax result, that was significantly above target performance. In line with performance for the year ended 30 June 2011, STI awards are presented in the table below:

	Total target STI opportunity A$000s	% of STI opportunity		% of Target STI Paid	% of Maximum STI Paid	Total A$ STI awarded	STI awarded as cash	Value of deferred STI to vest in Sept 2012[1]	Value of deferred STI to vest in Sept 2013[1]
		Cash component	Deferred component						
Group CEO and Managing Director									
Stephen McCann	3,083	50	50	125	83	3,854	1,927	964	964
Other Executives									
Scott Charlton	1,155	50	50	135	90	1,560	780	390	390
Tarun Gupta	660	50	50	140	93	924	462	231	231
David Hutton	730	50	50	105	70	767	384	192	192
Daniel Labbad	644	50	50	150	100	967	484	242	242
Rod Leaver	875	50	50	110	73	963	482	241	241
Anthony Lombardo	680	50	50	150	100	1,020	510	255	255
Robert McNamara	650	50	50	135	90	878	439	220	220
Mark Menhinnitt	760	50	50	120	80	912	456	228	228
Eng-Peng Ooi[2]	406	100	–	75	50	304	304	–	–
Brad Soller	800	50	50	125	83	1,000	500	250	250

1 Deferred STI is delivered as Lend Lease securities which are scheduled to be granted in September 2011.
2 Mr Ooi's STI will be settled entirely as cash. This was agreed as part of Mr Ooi's cessation arrangements.

Directors' Report continued

3. Remuneration Report continued

f. How Rewards are Influenced by Performance – Audited continued

Linking rewards and performance continued

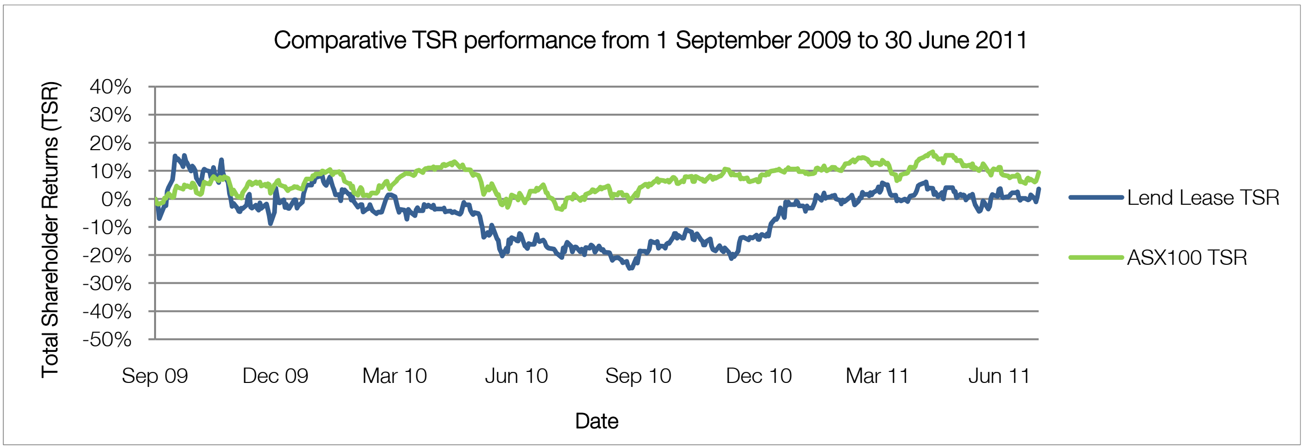
c. Long-term incentive (LTI)

No long term incentive awards vested during the year.

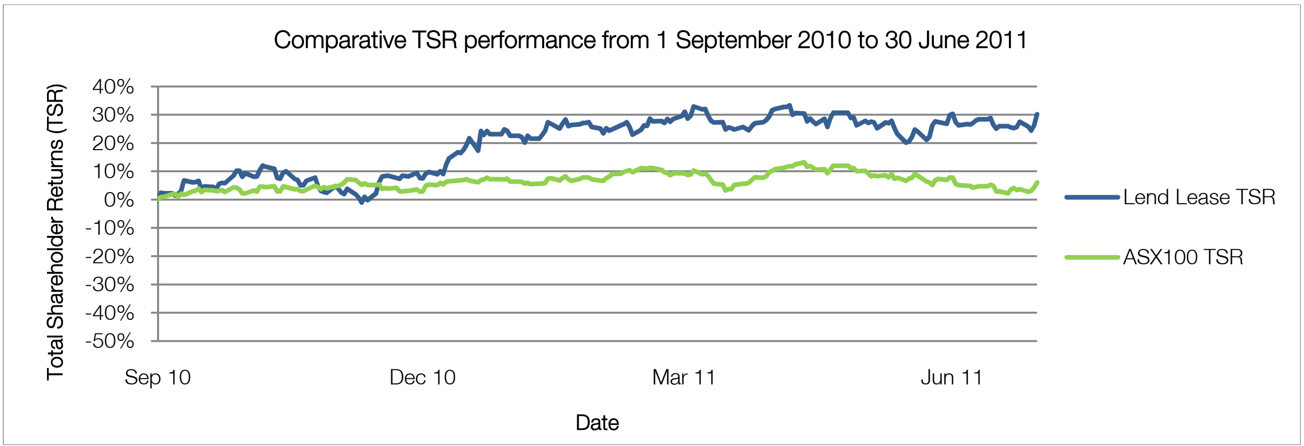
Lend Lease's relative TSR performance over the performance period for each outstanding LTI grant is shown below.

Relative TSR performance for Sept 2008 Grant

Relative TSR performance for Sept 2009 Grant



Relative TSR performance for Sept 2010 Grant



Directors' Report continued

3. Remuneration Report continued

f. How Rewards are Influenced by Performance – Audited continued

Linking rewards and performance continued

c. Long-term incentive (LTI) continued

The historical vesting of LTI is as follows:

Grant date	Vesting date	Performance hurdle(s)	Performance hurdle achievement
July 2007	30 June 2010	EPS, Relative TSR	Not met

g. Executive Contracts - Audited

Group CEO and Managing Director's contract – Stephen McCann

Contract duration	No fixed term. Appointment as Managing Director not to exceed five years, effective 4 March 2009.
Benefits	Total package includes fixed remuneration and superannuation. Additional benefits include vehicle lease cost, parking space at Lend Lease headquarters and life insurance to the value of three times fixed remuneration.
Variable remuneration eligibility	Eligible for STI and LTI plan at Board discretion.
Non-compete period	12 months
Non-solicitation period	12 months
Notice by Lend Lease	12 months
Notice by CEO	6 months
Treatment on termination	Payment in lieu of notice: Where the CEO is not employed for the full period of notice, a payment in lieu of notice may be made. The payment in lieu of notice includes pro rata fixed remuneration and the cash value of statutory entitlements and benefits, and pro rata STI based on the level of performance achievement in the previous year. Treatment of incentives: The CEO may receive a pro rata STI award for the latest financial year based on assessment of his performance by the Board. LTIs will be treated according to ordinary award terms, and for the most recent LTI award before termination, the pro-rata period is increased by 12 months.
Other	The CEO has previously been granted retention awards. A number of these have not yet vested. They are described in Section h.

Directors' Report continued

3. Remuneration Report continued

g. Executive Contracts – Audited continued

Executives are typically employed on contracts that have no fixed term. Benefits may include participation in the Employee Share Acquisition Plan, health/life insurance, car allowances, motor vehicle leases and salary continuance.

Lend Lease ensures that any termination benefits provided under the contract of any newly employed executive falls within the limits set by the Corporations Act so that the level of termination benefits does not require securityholder approval. There are some existing employment contracts within the Group that provide for a notice period that is longer than 12 months or a payment in lieu of notice that is greater than 12 months of fixed pay These contracts were put in place prior to the changes to the Corporations Act in 2009 which changed the limit for termination benefits and complied with the limits in place at the time the contract was entered into. Lend Lease is reviewing these contracts on a case by case basis to monitor compliance with the new Corporations Act limits on termination benefits.

Executive	Notice by Lend Lease	Notice by executive	Treatment on termination for notice
Scott Charlton	6 months	6 months	Payment may be made in lieu of notice. Notice payment is based on fixed remuneration, superannuation and accrued leave.
Tarun Gupta	6 months	6 months	Payment may be made in lieu of notice.
David Hutton	12 months	6 months	Payment may be made in lieu of notice. Notice payment is based on fixed remuneration, superannuation plus projected STI (if eligible in that year) of 60% of the target cash opportunity.
Daniel Labbad	12 months	6 months	Payment may be made in lieu of notice. Company will provide repatriation support to Australia if not a resignation.
Rod Leaver	6 months	6 months	Payment may be made in lieu of notice. Notice payment is based on fixed remuneration and accrued but untaken leave.
Anthony Lombardo	12 months	6 months	Payment may be made in lieu of notice. Notice payment is based on fixed remuneration, superannuation plus projected STI (if eligible in that year) of 60% of the target cash opportunity.
Robert McNamara	3 months	3 months	Payment may be made in lieu of notice. Notice payment is based on base salary and other minimum benefits as required by applicable US legislation.
Mark Menhinnitt	12 months	6 months	Payment may be made in lieu of notice. Notice payment is based on fixed remuneration, superannuation plus projected STI (if eligible in that year) of 60% of the target cash opportunity.
Eng-Peng Ooi	6 months	6 months	Payment may be made in lieu of notice. Company will provide repatriation support to Australia if not a resignation.
Brad Soller	12 months	6 months	Payment may be made in lieu of notice. Notice payment is based on fixed remuneration, superannuation plus projected STI (if eligible in that year) of 60% of the target cash opportunity.

Executives are also eligible for participation in the STI and LTI plans subject to Board discretion.

Termination clauses are specified in each contract describing treatment on termination based on the reason for termination (e.g. resignation, with notice, due to illness, or immediate termination for cause).

Directors' Report continued

3. Remuneration Report continued

h. Statutory Executive Remuneration Disclosures - Audited

		Short-term benefits			Post-employment benefits	Security-based payment				
A$000s	Year	Cash salary[1]	Cash STI	Non-monetary benefits[2]	Superannuation[3]	LTI equity-settled[4]	STI equity-settled	Retention[5]	Other long-term benefits[6]	Total
Executive Director										
Stephen McCann	2011	1,786	1,927	224	32	821	648	655	27	6,120
	2010	1,518	1,368	159	27	642	546	1,031	22	5,313
Other Executives										
Scott Charlton	2011	1,199	780	66	20	128	82		18	2,293
(Part year only)	2010	335	191	3	6	23			5	563
Tarun Gupta	2011	690	712	34	77	124	124	22	11	1,794
	2010[9]									–
David Hutton	2011	784	384	49	81	203	258	44	11	1,814
	2010	594	258	10	67	168	189	44	8	1,338
Daniel Labbad	2011	820	483	165	61	199	128	45		1,901
	2010[9]									–
Rod Leaver	2011	1,043	481	120	17	61	259			1,981
	2010	829	481	6	14	562	187		11	2,090
Anthony Lombardo	2011	727	510	59	17	152	160	21	11	1,657
	2010	632	320	3	16	115	137	21	8	1,252
Robert McNamara	2011	713	439	34		273	35			1,494
	2010[9]									–
Mark Menhinnitt[7]	2011	778	456		86	230	152	51	12	1,765
	2010	697	354		77	208	135	51	10	1,532
Eng-Peng Ooi[8]	2011	510	304	29	52	86	205	11		1,197
	2010[9]									–
Brad Soller	2011	847	500	14	19	193	178	26	13	1,790
	2010	672	414	32	22	151	130	26	10	1,457

Footnotes to follow on page 27.

Directors' Report continued

3. Remuneration Report continued

h. Statutory Executive Remuneration Disclosures – Audited continued

		Short-term benefits			Post-employment benefits	Security-based payment				
A$000s	Year	Cash salary[1]	Cash STI	Non-monetary benefits[2]	Superannuation[3]	LTI equity-settled[4]	STI equity-settled	Retention[5]	Other long-term benefits[6]	Total
Previously disclosed executives[10]										
Michael Bellaman[11]	2010	556	139	54	8	50	112	473		1,392
Murray Coleman	2010	683	345	30	72	159	117	530	8	1,944
William Hara	2010	563	267		14	160	175	39	7	1,225
Neil Martin	2010	399	134	183	136	92	78	19	6	1,047

1 Cash Salary includes the payment of cash allowances such as motor vehicle, superannuation and housing allowance. Rod Leaver does not include payment of accrued annual leave A$40,054 on transfer to the Singapore employing entity. David Hutton includes a cash retention payment of A$60,000.
2 Non-monetary benefits include car parking, relocation and expatriate benefits (such as health insurance, shipping of goods and tax return preparation), motor vehicle costs and annual leave.
3 Superannuation for defined benefit members in Australia (Tarun Gupta, David Hutton, Mark Menhinnitt, Eng-Peng Ooi) reflects the cost of contributions based on the long-term contribution rate applied to the notional salary in respect of each executive. Superannuation includes the value of life insurance premiums (Scott Charlton A$4,381, Tarun Gupta A$2,148, David Hutton A$3,758, Rod Leaver A$2,148, Anthony Lombardo A$2,148, Stephen McCann A$9,634, Mark Menhinnitt A$2,148, Eng-Peng Ooi A$2,020, Brad Soller A$3,532).
4 Fair value expense of LTI awards that are equity settled.
5 These amounts represent the amortisation of previous retention awards made including the retention component of the September 2008 LTI award.
6 Other long term benefits represent the accrual of statutory employee entitlements i.e. long service leave.
7 Mr Menhinnitt is included for the full year as he is in the top five highest paid for the Company and a Key Management Personnel (KMP) from 1 April 2011.
8 Mr Ooi ceased to be Key Management Personnel effective 1 April. Disclosures represent part-year remuneration from 1 July 2010 to 31 March 2011 while he was a KMP.
9 Individuals who were not Key Management Personnel or the five highest paid in the Group or the five highest paid in the Company during the year ended 30 June 2010 have no remuneration related to the year ended 30 June 2010 disclosed in this table.
10 Previously disclosed executives are no longer required to be disclosed as they are neither Key Management Personnel nor in the top five highest paid Executives in the Group or Company during the year ended 30 June 2011.
11 Michael Bellaman agreed to his employment terminating 20 August 2010 and received a termination payment of A$1,268,328 in relation to contractual entitlements.

Directors' Report continued

3. Remuneration Report continued

h. Statutory Executive Remuneration Disclosures – Audited continued

Remuneration components as a proportion of reported total remuneration[1]

		Performance-based	
	Fixed	STI[2]	LTI
Executive Director			
Stephen McCann	30%	58%	12%
Other Executives			
Scott Charlton	43%	53%	4%
Tarun Gupta	43%	50%	7%
David Hutton	48%	41%	11%
Daniel Labbad	47%	44%	9%
Rod Leaver	53%	44%	3%
Anthony Lombardo	40%	52%	8%
Robert McNamara	39%	46%	15%
Mark Menhinnitt	43%	45%	12%
Eng-Peng Ooi	60%	31%	9%
Brad Soller	43%	48%	9%

1 Excludes retention awards.
2 STI includes the cash amount and the deferred amount accrued for performance for the year ended 30 June 2011.

Directors' Report continued

3. Remuneration Report continued

h. Statutory Executive Remuneration Disclosures – Audited continued

Equity-based payments

a. Outstanding LTI awards

No LTI awards outlined below vested during the year ended 30 June 2011.

Name	Plan (for the year ended)	Grant date	Vesting date[1]	Number granted	Fair value per equity instrument[2] A$	Total fair value at grant date A$	Expense for the year ended 30 June 2011 A$
Executive Director							
Stephen McCann	June 2009 LTI – A[3]	Sept 2008	August 2012	120,235	6.35	763,566	190,892
	June 2009 LTI – B[3]	Sept 2008	August 2011	60,135	7.01	421,464	140,488
	June 2010 LTI (50%)[4]	Sept 2009	August 2012	124,535	6.08	757,173	232,880
	June 2010 LTI (50%)[4]	Sept 2009	August 2013	124,535	6.31	785,816	182,444
	June 2011 LTI (50%)[5]	Sept 2010	Sept 2013	87,680	4.92	431,386	119,830
	June 2011 LTI (50%)[5]	Sept 2010	Sept 2014	87,680	5.20	455,936	94,987
Total							**961,521**
Other Executives							
Scott Charlton	June 2010 LTI (50%)[4]	Sept 2009	August 2012	16,220	6.08	98,615	30,330
	June 2010 LTI (50%)[4]	Sept 2009	August 2013	16,220	6.31	102,345	23,762
	June 2011 LTI (50%)[5]	Sept 2010	Sept 2013	30,222	4.92	148,692	41,304
	June 2011 LTI (50%)[5]	Sept 2010	Sept 2014	30,222	5.20	157,154	32,741
Total							**128,137**
Tarun Gupta	June 2009 LTI – A[3]	Sept 2008	August 2012	18,947	6.35	120,313	30,082
	June 2009 LTI – B[3]	Sept 2008	August 2011	9,477	7.01	66,434	22,139
	June 2010 LTI (50%)[4]	Sept 2009	August 2012	14,594	6.08	88,732	27,291
	June 2010 LTI (50%)[4]	Sept 2009	August 2013	14,594	6.31	92,088	21,380
	June 2011 LTI (50%)[5]	Sept 2010	Sept 2013	18,489	4.92	90,966	25,268
	June 2011 LTI (50%)[5]	Sept 2010	Sept 2014	18,489	5.20	96,143	20,030
Total							**146,190**

Footnotes to follow on page 32.

Directors' Report continued

3. Remuneration Report continued

h. Statutory Executive Remuneration Disclosures – Audited continued

Equity-based payments continued

a. Outstanding LTI awards continued

Name	Plan (for the year ended)	Grant date	Vesting date[1]	Number granted	Fair value per equity instrument[2] A$	Total fair value at grant date A$	Expense for the year ended 30 June 2011 A$
Other Executives continued							
David Hutton	June 2009 LTI – A[3]	Sept 2008	August 2012	37,538	6.35	238,363	59,591
	June 2009 LTI – B[3]	Sept 2008	August 2011	18,769	7.01	131,569	43,856
	June 2010 LTI (50%)[4]	Sept 2009	August 2012	28,910	6.08	175,773	54,062
	June 2010 LTI (50%)[4]	Sept 2009	August 2013	28,910	6.31	182,422	42,353
	June 2011 LTI (50%)[5]	Sept 2010	Sept 2013	19,200	4.92	94,464	26,240
	June 2011 LTI (50%)[5]	Sept 2010	Sept 2014	19,200	5.20	99,840	20,800
Total							**246,902**
Daniel Labbad	June 2009 LTI – A[3]	Sept 2008	August 2012	38,324	6.35	243,357	60,845
	June 2009 LTI – B[3]	Sept 2008	August 2011	19,168	7.01	134,368	44,779
	June 2010 LTI (50%)[4]	Sept 2009	August 2012	27,339	6.08	166,221	51,124
	June 2010 LTI (50%)[4]	Sept 2009	August 2013	27,339	6.31	172,509	40,052
	June 2011 LTI (50%)[5]	Sept 2010	Sept 2013	19,200	4.92	94,464	26,240
	June 2011 LTI (50%)[5]	Sept 2010	Sept 2014	19,200	5.20	99,840	20,800
Total							**243,840**
Rod Leaver[6]	June 2011 LTI (50%)	Sept 2010	Sept 2013	24,889	4.92	122,454	34,015
	June 2011 LTI (50%)	Sept 2010	Sept 2014	24,889	5.20	129,423	26,963
Total							**60,978**
Anthony Lombardo	June 2009 LTI – A[3]	Sept 2008	August 2012	18,045	6.35	114,598	28,649
	June 2009 LTI – B[3]	Sept 2008	August 2011	9,025	7.01	63,254	21,085
	June 2010 LTI (50%)[4]	Sept 2009	August 2012	23,351	6.08	141,974	43,666
	June 2010 LTI (50%)[4]	Sept 2009	August 2013	23,351	6.31	147,345	34,210
	June 2011 LTI (50%)[5]	Sept 2010	Sept 2013	18,489	4.92	90,966	25,268
	June 2011 LTI (50%)[5]	Sept 2010	Sept 2014	18,489	5.20	96,143	20,030
Total							**172,908**

Footnotes to follow on page 32.

Directors' Report continued

3. Remuneration Report continued

h. Statutory Executive Remuneration Disclosures – Audited continued

Equity-based payments continued

a. Outstanding LTI awards continued

Name	Plan (for the year ended)	Grant date	Vesting date[1]	Number granted	Fair value per equity instrument[2] A$	Total fair value at grant date A$	Expense for the year ended 30 June 2011 A$
Other Executives continued							
Robert McNamara	June 2010 LTI (50%)[4]	Sept 2009	August 2012	43,285	6.08	263,173	80,943
	June 2010 LTI (50%)[4]	Sept 2009	August 2013	43,285	6.31	273,128	63,412
	June 2011 LTI (50%)[5]	Sept 2010	Sept 2013	52,533	4.92	258,462	71,795
	June 2011 LTI (50%)[5]	Sept 2010	Sept 2014	52,533	5.20	273,171	56,910
Total							**273,060**
Mark Menhinnitt	June 2009 LTI – A[3]	Sept 2008	August 2012	43,308	6.35	275,034	68,759
	June 2009 LTI – B[3]	Sept 2008	August 2011	21,661	7.01	151,810	50,603
	June 2010 LTI (50%)[4]	Sept 2009	August 2012	33,358	6.08	202,817	62,379
	June 2010 LTI (50%)[4]	Sept 2009	August 2013	33,358	6.31	210,489	48,870
	June 2011 LTI (50%)[5]	Sept 2010	Sept 2013	20,267	4.92	99,714	27,698
	June 2011 LTI (50%)[5]	Sept 2010	Sept 2014	20,267	5.20	105,388	21,955
Total							**280,264**
Eng-Peng Ooi	June 2009 LTI – A[3]	Sept 2008	August 2012	9,456	6.35	60,045	15,013
	June 2009 LTI – B[3]	Sept 2008	August 2011	4,730	7.01	33,157	11,049
	June 2010 LTI (50%)[4]	Sept 2009	August 2012	10,396	6.08	63,208	19,441
	June 2010 LTI (50%)[4]	Sept 2009	August 2013	10,396	6.31	65,599	15,230
	June 2011 LTI (50%)[5]	Sept 2010	Sept 2013	14,933	4.92	73,470	20,409
	June 2011 LTI (50%)[5]	Sept 2010	Sept 2014	14,933	5.20	77,652	16,178
Total							**97,320**
Brad Soller	June 2009 LTI – A[3]	Sept 2008	August 2012	22,376	6.35	142,101	35,525
	June 2009 LTI – B[3]	Sept 2008	August 2011	11,191	7.01	78,435	26,145
	June 2010 LTI (50%)[4]	Sept 2009	August 2012	31,546	6.08	191,800	58,991
	June 2010 LTI (50%)[4]	Sept 2009	August 2013	31,546	6.31	199,055	46,215
	June 2011 LTI (50%)[5]	Sept 2010	Sept 2013	21,333	4.92	104,958	29,156
	June 2011 LTI (50%)[5]	Sept 2010	Sept 2014	21,333	5.20	110,932	23,111
Total							**219,143**

Footnotes to follow on page 32.

Directors' Report continued

3. Remuneration Report continued

h. Statutory Executive Remuneration Disclosures – Audited continued

Equity-based payments continued

a. Outstanding LTI awards continued

1 Early vesting of the award may be available in certain circumstances. The award is forfeited on resignation, but in other cases of termination may be awarded on a pro-rata basis.
2 The fair value at grant date represents an actuarial valuation of the award using assumptions underlying the Black-Scholes methodology to produce a Monte-Carlo simulation model in accordance with Australian Accounting Standards.
3 The September 2008 grant had three components, with one-third of the grant being tested against EPS and one-third against TSR (Plan for the year ended June 2009 LTI – A), and the remainder vesting based on achievement of service conditions (Plan for the year ended June 2009 LTI – B). For components tested equally against TSR and EPS (Plan for the year ended June 2009 LTI – A) the weighted average fair value is disclosed.
4 The September 2009 grant is split into two equal tranches that vest independently after three and four years subject to meeting the performance hurdles described in Section e.
5 The September 2010 grant is split into two equal tranches that vest independently after three and four years subject to meeting the performance hurdles described in Section e.
6 As a consequence of Mr Leaver's appointment to the role of Regional CEO, Australia grants made under previous business unit specific LTI plans have been replaced by participation in the Group LTI plan and will be subject to the same terms and performance hurdles.

Directors' Report continued

3. Remuneration Report continued

h. Statutory Executive Remuneration Disclosures – Audited continued

Equity-based payments continued

b. Outstanding retention awards

Name	Grant date	Vesting date[1]	Number granted	Fair value per equity instrument A$	Total fair value at grant date A$	Expense for the year ended 30 June 2011 A$
S McCann	Aug 2007	June 2012	141,367	17.68	2,500,000	514,374

1 Mr McCann must be employed at the vesting date for vesting to occur. In certain circumstances (e.g. termination without cause), pro-rata early vesting may be available.

i. Non-Executive Director Remuneration - Audited

To maintain their independence and impartiality, Non Executive Directors' rewards do not have any at-risk components. They may be affected by company performance with regard to personal security holdings and post-employment benefits delivered as Lend Lease securities.

On appointment to the Board, all non-executive directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

The total fees paid to the Non-Executive Directors are kept within the total aggregate fee pool of A$2,500,000 as approved by securityholders at the 2008 Annual General Meeting.

Board and Committee fees

There was no increase to Board or Board Committee fees during the year.

Board and Board Committee fees are set with reference to advice from external advisers and market data, with regard to factors such as the responsibilities and risks associated with the role in question.

	Chair fee A$	Member fee A$
Board	640,000	160,000
Nomination Committee	36,000	Nil
Personnel and Organisation Committee	36,000	20,000
Risk Management and Audit Committee	44,000	36,000
Sustainability Committee	36,000	20,000

The fees paid to compensate directors for time spent travelling to overseas meetings are shown below. All business-related expenses (e.g. travel) are also reimbursed.

	Travel less than 4 hours A$	Travel between 4 and 10 hours A$	Travel over 10 hours A$
Fee (each way)	–	2,800	6,000

Directors' Report continued

3. Remuneration Report continued

i. Non-Executive Director Remuneration – Audited continued

Statutory non-executive director remuneration disclosures

			Short-term				Post-employment benefits	Share-based Payment	
A$000s	Year	Base fees	Committee chairman fees	Committee fees	Travel fees	Other benefits	Superannuation	Other equity[1]	Total
David Crawford	2011	640			36		15		691
	2010	640			35		14	118	807
Phillip Colebatch	2011	160	36	36	60		15		307
	2010	160	36	36	66		14	44	356
Gordon Edington	2011	160		56	60		15		291
	2010	160		56	78		14	41	349
Peter Goldmark	2011	160	36	20	66		15		297
	2010	160	36	20	78		14	41	349
Julie Hill	2011	160	36	20	97		15		328
	2010	160	36	20	83		14	41	354
David Ryan	2011	160	44	20	36		15		275
	2010	160	44	20	35		14	43	316
Mark Selway[2]	2010	99		25	36		9	40	209

1 Other equity refers to the amount accrued under the Non Executive Directors' Retirement Benefit Plan. This amount is not accessible until the director retires. The plan was discontinued from 1 January 2010. Amounts shown are for 12 months to 31 December 2009.
2 Mark Selway retired as a Director on 10 February 2010.

Post-employment benefits

During the year ended 30 June 2010 the Non-Executive Directors resolved to discontinue the further award of retirement securities. Previously, Non-Executive Directors were entitled to an annual accrual of Lend Lease securities to the value of 0.2 times their Director fee (Board and Board Committee fees only).

The value of retirement securities will fluctuate in line with the Lend Lease security price and securities are accessible only on retirement (unless securities need to be sold to meet a tax liability in respect of those securities).

Two Non-Executive Directors appointed before 1 January 2001 have also accrued benefits under the previous Retirement Benefit Plan:

- Gordon Edington: A$164,640 (30 June 2010: A$153,640); and
- Peter Goldmark: A$167,680 (30 June 2010: A$156,960).

Directors' Report continued

4. Other

a. Security Options

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

b. Indemnification and Insurance of Directors and Officers

Rule 12 of the Company's Constitution provides for indemnification in favour of each of the Directors named on pages 1 to 3 of this Report; the Company Secretary, Mr W Hara; 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*. Rule 12 does not indemnify a Director, Company Secretary or Officer for any liability involving a lack of good faith.

In conformity with Rule 12 of the Company's Constitution, the Company has entered into Deeds of Indemnity, Insurance and Access with each of the Directors named on pages 1 to 3 of this Report. The indemnities operate to the full extent permitted by law and are not subject to a monetary limit. The Company is not aware of any liability having arisen, and no claims have been made, during or since the financial year under the Deeds of Indemnity, Insurance and Access.

For related entities, the indemnification is provided under Rule 12 of the Company's Constitution 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 with a Director or officer of an unrelated entity.

No indemnity has been granted to an auditor of the Company in their capacity as auditor of the Company.

In accordance with the *Corporations Act 2001*, Rule 12 of the Constitution also permits the Company to purchase and maintain insurance or pay or agree to pay a premium for insurance for Officers against any liability incurred as an Officer of the Company or of a related body corporate. This may include a liability for reasonable costs and expenses incurred in defending proceedings, whether civil or criminal, and whatever their outcome. 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 Company's auditor, performed certain other services in addition to its statutory duties.

The Board has considered the other services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Risk Management and Audit Committee, is satisfied that the provision of those services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All other 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 other services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

A copy of the Lead Auditors' Independence Declaration, as required under Section 307C of the *Corporations Act 2001*, is included at the end of this Report.

Directors' Report continued

4. Other continued

c. Non Audit Services continued

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

	Consolidated	
	June 2011 A$000s	June 2010 A$000s
Audit and Other Assurance Services		
Audit services	7,286	7,122
Other assurance services	2,105	
Total audit and other assurance services	9,391	7,122
Other Services		
International assignees tax services		38
Other		78
Total other services	–	116
Total audit and other services	9,391	7,238

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, AO
Chairman

S B McCann
Managing Director

Sydney, 26 August 2011

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 2011 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Chris Hall
Partner

Sydney

26 August 2011

Consolidated Financial Statements

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Consolidated Financial Statements

Income Statement

Year ended 30 June 2011

	Note	June 2011 A$m	June 2010 A$m
Revenue	2	8,926.7	10,501.5
Cost of sales		(7,894.2)	(9,617.1)
Gross profit		**1,032.5**	**884.4**
Other income	3	182.2	149.6
Other expenses		(855.4)	(727.0)
Results from operating activities		**359.3**	**307.0**
Finance revenue	5	87.4	68.5
Finance costs	5	(125.2)	(94.1)
Net finance (costs)		**(37.8)**	**(25.6)**
Share of profit of equity accounted investments	12	310.0	169.4
Profit before tax		**631.5**	**450.8**
Income tax expense	6	(138.3)	(102.6)
Profit after tax		**493.2**	**348.2**
Profit after tax attributable to:			
Members of Lend Lease Corporation Limited		492.8	345.6
Non controlling interests attributable to unitholders of Lend Lease Trust		–	–
Profit after tax attributable to securityholders		492.8	345.6
Other non controlling interests		0.4	2.6
Profit after tax		**493.2**	**348.2**
Basic/Diluted Earnings Per Lend Lease Corporation Limited Share			
Shares excluding treasury shares (cents)	8	91.7	72.9
Shares on issue (cents)	8	86.9	69.5

Consolidated Financial Statements continued

Statement of Comprehensive Income

Year ended 30 June 2011

	Note	June 2011 A$m	June 2010 A$m
Profit After Tax		**493.2**	**348.2**
Other Comprehensive Income/(Expense) After Tax			
Movements in Fair Value Revaluation Reserve	6b, 26	2.1	(6.7)
Movements in Hedging Reserve	6b, 26	42.8	(30.1)
Movements in Foreign Currency Translation Reserve	6b, 26	(162.3)	(56.1)
Movements in Non Controlling Interest Acquisition Reserve	6b, 26	24.6	10.1
Other movements			(2.5)
Other comprehensive (expense)		**(92.8)**	**(85.3)**
Total comprehensive income after tax		**400.4**	**262.9**
Total comprehensive income after tax attributable to:			
Members of Lend Lease Corporation Limited		403.8	263.6
Non controlling interests attributable to unitholders of Lend Lease Trust		–	–
Total comprehensive income after tax attributable to securityholders		**403.8**	**263.6**
Other non controlling interests		(3.4)	(0.7)
Total comprehensive income after tax		**400.4**	**262.9**

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statement of Financial Position

Year ended 30 June 2011

	Note	June 2011 A$m	June 2010 A$m
Current Assets			
Cash and cash equivalents	9	1,046.2	1,635.9
Loans and receivables	10	1,724.0	1,769.7
Inventories	11	692.5	587.8
Other financial assets	14	94.2	91.4
Current tax assets			9.8
Other assets		43.6	76.0
Non current asset held for sale	18	496.5	
Total current assets		**4,097.0**	**4,170.6**
Non Current Assets			
Loans and receivables	10	330.3	365.2
Inventories	11	1,578.7	1,576.0
Equity accounted investments	12	541.4	913.9
Investment properties	13	3,216.0	2,820.9
Other financial assets	14	272.0	273.7
Deferred tax assets	6c	115.7	95.7
Property, plant and equipment	15	595.2	352.7
Intangible assets	16	1,319.1	694.1
Defined benefit plan asset	17, 24	32.6	27.3
Other assets		51.0	76.3
Total non current assets		**8,052.0**	**7,195.8**
Total assets		**12,149.0**	**11,366.4**
Current Liabilities			
Trade and other payables	19	3,263.1	3,295.1
Resident and accommodation bond liabilities	20	2,231.4	1,995.8
Current tax liabilities		0.8	
Provisions	22	262.0	198.8
Other financial liabilities	23	37.1	51.5
Total current liabilities		**5,794.4**	**5,541.2**
Non Current Liabilities			
Trade and other payables	19	625.8	709.5
Provisions	22	74.2	84.1
Borrowings and financing arrangements	21	1,693.9	1,446.6
Other financial liabilities	23	201.4	146.9
Deferred tax liabilities	6c	126.7	59.6
Defined benefit plan liability	24		18.0
Total non current liabilities		**2,722.0**	**2,464.7**
Total liabilities		**8,516.4**	**8,005.9**
Net assets		**3,632.6**	**3,360.5**
Equity			
Issued capital	25	2,063.7	2,019.2
Treasury securities	25	(83.3)	(74.4)
Reserves	26	(108.4)	(29.0)
Retained earnings		1,725.6	1,404.5
Total equity attributable to members of Lend Lease Corporation Limited		**3,597.6**	**3,320.3**
Non controlling interests attributable to unitholders of Lend Lease Trust		0.6	0.6
Total equity attributable to securityholders		**3,598.2**	**3,320.9**
Other non controlling interests		34.4	39.6
Total equity		**3,632.6**	**3,360.5**

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statement of Changes in Equity
Year ended 30 June 2011

	Note	June 2011 A$m	June 2010 A$m
Issued Capital and Treasury Securities			
Issued Capital			
Opening balance at beginning of financial year		2,019.2	1,195.9
Transactions with owners for the year			
Equity issue via institutional placement (net of transaction costs)		(0.7)	792.6
Equity issue – other			0.3
Distribution Reinvestment Plan (DRP)		45.2	30.4
Closing balance at end of financial year	25	**2,063.7**	**2,019.2**
Treasury Securities			
Opening balance at beginning of financial year		(74.4)	(63.2)
Transactions with owners for the year			
Treasury securities acquired		(16.3)	(2.6)
Treasury securities vested		7.4	11.0
Movement on allocated treasury securities recognised directly in retained earnings and equity compensation reserve			(19.6)
Closing balance at end of financial year	25	**(83.3)**	**(74.4)**
Total issued capital and treasury securities		**1,980.4**	**1,944.8**
Reserves (After Tax)			
Fair Value Revaluation Reserve			
Opening balance at beginning of financial year		37.8	44.5
Movements during the year		2.1	(6.7)
Closing balance at end of financial year	26	**39.9**	**37.8**
Hedging Reserve			
Opening balance at beginning of financial year		(88.2)	(58.1)
Movements during the year		42.8	(30.1)
Closing balance at end of financial year	26	**(45.4)**	**(88.2)**
Foreign Currency Translation Reserve			
Opening balance at beginning of financial year		(80.5)	(24.4)
Movements during the year		(162.3)	(56.1)
Closing balance at end of financial year	26	**(242.8)**	**(80.5)**
Non Controlling Interest Acquisition Reserve			
Opening balance at beginning of financial year		(110.9)	(121.0)
Movements during the year		24.6	10.1
Closing balance at end of financial year	26	**(86.3)**	**(110.9)**
Other Reserve			
Opening balance at beginning of financial year		110.4	104.6
Transaction with owners for the year			
Net proceeds from renounceable entitlement offer received by Lend Lease sponsored employee security plans			7.1
Effect of foreign exchange rate/other movements		1.3	(1.3)
Closing balance at end of financial year	26	**111.7**	**110.4**
Equity Compensation Reserve			
Opening balance at beginning of financial year		48.0	35.6
Transactions with owners for the year			
Movements attributable to allocation and vesting of securities		12.1	12.4
Closing balance at end of financial year	26	**60.1**	**48.0**
Other Compensation Reserve			
Closing balance at beginning and end of financial year		**54.4**	**54.4**
Total reserves	26	**(108.4)**	**(29.0)**

Consolidated Financial Statements continued

Statement of Changes in Equity continued

Year ended 30 June 2011

	June 2011 A$m	June 2010 A$m
Retained Earnings		
Opening balance at beginning of financial year	1,404.5	1,238.5
Prior year adjustment[1]		(34.6)
Profit attributable to members of Lend Lease Corporation Limited	492.8	345.6
Transactions with owners for the year		
Distributions paid	(135.8)	(135.5)
Distributions on treasury securities	8.6	8.4
Distributions under DRP	(45.2)	(30.4)
Movement on allocated treasury securities recognised directly in retained earnings	0.7	15.0
Other		(2.5)
Closing balance at end of financial year	**1,725.6**	**1,404.5**
Non Controlling Interests Attributable to Unitholders of Lend Lease Trust		
Opening balance at beginning of financial year	0.6	
Transactions with owners for the year		
Movements attributable to the stapling of Lend Lease Trust units to Company shares		0.5
Security issue via institutional placement		0.1
Closing balance at end of financial year	**0.6**	**0.6**
Other Non Controlling Interests		
Opening balance at beginning of financial year	39.6	41.8
Profit attributable to non controlling interests	0.4	2.6
Transactions with owners for the year		
Movements attributable to dividends/distributions received	(1.7)	(1.4)
Effect of foreign exchange rate/other movements	(3.9)	(3.4)
Closing balance at end of financial year	**34.4**	**39.6**
Total equity	**3,632.6**	**3,360.5**
Total Comprehensive Income After Tax for the Financial Year		
Attributable to:		
Members of Lend Lease Corporation Limited	403.8	263.6
Non controlling interests attributable to unitholders of Lend Lease Trust	–	–
Total comprehensive income after tax attributable to securityholders	**403.8**	**263.6**
Other non controlling interests	(3.4)	(0.7)
Total comprehensive income after tax	**400.4**	**262.9**

1 Refer to Note 1.2 'Basis of Preparation' for further details.

Consolidated Financial Statements continued

Statement of Cash Flows

Year ended 30 June 2011

	Note	June 2011 A$m	June 2010 A$m
Cash Flows from Operating Activities			
Cash receipts in the course of operations		9,331.3	10,677.0
Cash payments in the course of operations		(9,306.7)	(10,545.3)
Property development receipts		454.3	504.4
Property development expenditure		(584.3)	(491.7)
Interest received		73.6	46.3
Interest paid		(113.4)	(80.1)
Dividends/distributions received		126.1	139.2
Income tax paid in respect of operations		(23.1)	(82.1)
Net cash (used in)/provided by operating activities	33	**(42.2)**	**167.7**
Cash Flows from Investing Activities			
Sale/redemption of investments		398.2	374.3
Acquisition of investments		(263.7)	(256.0)
Sale of investment properties		3.1	
Acquisition of/capital expenditure on investment properties		(139.2)	(46.8)
Net loans to related parties		(12.8)	(21.7)
Acquisition of consolidated entities (net of cash acquired)	28b	(638.0)	(171.9)
Disposal of consolidated entities (net of cash disposed)	28c	10.2	
Disposal of property, plant and equipment		14.4	3.4
Acquisition of property, plant and equipment		(47.5)	(15.8)
Acquisition of intangible assets		(7.7)	(71.7)
Other investing activities		(4.0)	(43.4)
Net cash (used in) investing activities		**(687.0)**	**(249.6)**
Cash Flows from Financing Activities			
Net proceeds from equity issue			789.1
Proceeds from borrowings		957.9	566.7
Repayment of borrowings		(566.7)	(577.2)
Distributions paid		(127.3)	(126.1)
Other financing activities		(47.6)	
Net cash provided by financing activities		**216.3**	**652.5**
Other Cash Flow Items			
Effect of foreign exchange rate movements on cash and cash equivalents		(76.8)	(55.5)
Net (decrease)/increase in cash and cash equivalents		**(589.7)**	**515.1**
Cash and cash equivalents at beginning of financial year		**1,635.9**	**1,120.8**
Cash and cash equivalents at end of financial year	9	**1,046.2**	**1,635.9**

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 2011 comprises the Company and its controlled entities including Lend Lease Trust ('LLT') (together referred to as the 'consolidated entity' or the 'Group').

Shares in the Company and units in LLT are traded as one security under the name of Lend Lease Group on the Australian Securities Exchange ('ASX'). The Company is deemed to control LLT for accounting purposes and therefore LLT is consolidated into the Group's financial report. The issued units of LLT, however, are not owned by the Company and are therefore presented as non controlling interests in the consolidated entity statement of financial position within equity, notwithstanding that the unitholders of LLT are also the shareholders of the Company.

The consolidated financial report was authorised for issue by the Directors on 26 August 2011.

1.1 Statement of Compliance

The consolidated financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards ('AASBs') 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 ('IFRSs') adopted by the International Accounting Standards Board.

1.2 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, available for sale investments, investment properties, resident liabilities 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 Note 1 for 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, 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 for making 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 Note 1.31.

From 1 July 2010, the Group moved to a regional structure as outlined in Note 29 'Segment Reporting'. Accordingly, the presentation format of the income statement has been changed from the prior year. The Group considers the revised presentation to be more appropriate having regard to the change in the segmental financial information reviewed by the Group Chief Executive Officer and Managing Director (the chief operating decision maker). Certain comparative amounts have been reclassified to conform with the current year's income statement presentation. The change in presentation format of the income statement has no impact on the measurement of the Group's financial result.

At 30 June 2011, the Group has adopted the amendments to AASB 101 *Presentation of Financial Statements* outlined in AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*. The change relates only to disclosure and had no impact on consolidated earnings per share or net profit. The changes have been applied retrospectively and allow the Group to disclose transactions recognised in 'Other Comprehensive Income' in Note 26 'Reserves'.

The opening retained earnings as at 1 July 2009 has been adjusted from A$1,238.5 million to A$1,203.9 million as a result of aligning the accounting policies of an associate to those of the Group with respect to the adoption of AASB Interpretation 12 *Service Concession Arrangements* in prior years. There is no significant impact on the consolidated income statement for the prior year as a result of this alignment, however the prior year statement of financial position has been adjusted to decrease loans and receivables by A$4.7 million from A$2,139.6 million to A$2,134.9 million, increase trade and other payables by A$23.8 million from A$3,980.8 million to A$4,004.6 million and increase hedging reserves by A$6.1 million from negative A$94.3 million to negative A$88.2 million.

The accounting policies set out below have been consistently applied to all financial years presented in the consolidated financial statements and by all entities in the consolidated entity, except as explained in Note 1.3 which addresses changes in accounting policies. 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 ('SPEs') for trading and investment purposes. The SPEs 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 an 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.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.3 Impact of Acquisition and New/Revised Accounting Standards

New and Revised Accounting Standards
A number of new amendments to standards and interpretations became operative for the financial year ended 30 June 2011 and have been applied in preparing these consolidated financial statements. None of these has materially impacted the Group and its policies.

New Accounting Standards and Interpretations Not Yet Adopted
Certain new accounting standards and interpretations have been published that are not mandatory for the financial year ended 30 June 2011 but are available for early adoption and have not been applied in preparing this report. None of these is expected to have a significant effect on the Group and its policies, other than the following standards where the potential effect is yet to be determined:

- AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-17 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010). These standards address the classification, measurement and derecognition of financial assets and financial liabilities.
- IFRS 10 *Consolidated Financial Statements* introduces a new definition of control and addresses whether an entity should be included within the consolidated financial statements of the parent company.
- IFRS 11 *Joint Arrangements* establishes principles for financial reporting by parties to a joint arrangement.
- IFRS 12 *Disclosure of Interests in Other Entities* relates to disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.
- IFRS 13 *Fair Value Measurements* introduces new guidance on fair value measurement and disclosure requirements when fair value is permitted by accounting standards.
- The amendments to IAS 19 *Employee Benefits* (June 2011) introduce changes to the accounting for and presentation of pensions and other post-employment benefits.

The standards above become mandatory for the June 2014 financial year and are to be applied retrospectively.

1.4 Revenue, Other Income and Profits

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.

For aged care and retirement living:

- Deferred Management Fees (DMF):

  DMF are earned in the retirement village business from both owned facilities and those which are leased /managed for third parties. A typical DMF contract provides for an annual retainer for a fixed period (e.g. 3% per annum of purchase or resale price for a period up to 12 years, or 36% in total) plus a share of the capital gain realised on turnover. The resulting DMF receivable is classified differently on balance sheet, between owned and managed retirement villages.

  For both owned retirement villages (Investment Property) and managed retirement villages, DMF income is recognised on an annual accrual basis based upon the expected term of the resident's licence and estimates of capital growth since the resident first occupied the unit.

  For owned retirement villages, the DMF receivable is offset against the resident liabilities balance in current liabilities as they are net settled in the same future transaction.

  In relation to leased and managed retirement villages, the DMF receivable is recognised as a receivable split between current and non current assets based on the expected rate of resident turnover.

- Aged Care Revenue:

  Aged Care revenue comprises daily resident living contributions, retention fees and government funding, which are all determined in accordance with Federal Government authorised rates. This revenue is recognised as the services are provided. The Group is entitled to charge an annual retention fee to hostel residents. These annual fees are regulated by the Federal Government and are paid by a resident on departure. These fees are accrued during the resident's period of occupancy.

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.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.4 Revenue, Other Income and Profits continued

Rental Revenue
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.

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

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.

Finance Revenue
Finance revenue 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.

1.5 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 in 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 to 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 of the Australian Tax Consolidated Group comprising all the Australian wholly owned subsidiaries. The Company entered into 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 standalone 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.

1.6 Impairment

The carrying amounts of the Group's assets, including investment properties (see Note 1.8), inventories (see Note 1.13) and deferred tax assets (see Note 1.5) 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.

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 Note 1.11 'Trade and Other Receivables').

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.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.6 Impairment continued

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.

1.7 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 financial assets designated at fair value through profit or loss at inception. A financial asset is classified in this category if it is 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 which are included in non current assets.

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 derecognised 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 or 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.

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 'Fair Values of Financial Assets and Liabilities' 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 but are recognised through other comprehensive income.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.8 Investment Properties

Investment properties are measured at cost on initial recognition and then stated at fair value. The fair value for all properties, except those under development and valued at less than A$10 million, is based on periodic, but at least triennial, valuations by qualified external independent valuers. It is the policy of the Group to review the fair 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 perpetuity of net operating income and deferred management fees using a capitalisation rate derived from market evidence. Any gain or loss arising from a change in fair value is recognised in the income statement. Rental income and deferred management fees from investment properties are accounted for as described in Note 1.4 'Revenue, Other Income and Profits'.

Retirement living investment properties, principally comprising retirement villages (both operating villages and villages under development) are held for long-term income yields and are not occupied by the Group. The Group makes a determination, on a property by property basis, as to whether a property should be considered an investment property. Factors taken into account include whether the property generates property related cash flows largely independent of other services provided to residents of the properties; whether the property is held for long-term capital appreciation rather than for short-term sale in the ordinary course of business; and the probable future use of land that is not currently generating cash flows.

When an item of owner occupied property, plant and equipment (see Note 1.14 'Property, Plant and Equipment') 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 immediately in the income statement.

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.

1.9 Equity Accounted Investments (Associates and Joint Venture Entities)

Investments in associates and joint venture entities are accounted for using the equity method. 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.

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.

The consolidated financial statements include the Group's share of the total recognised gains or losses of associates and joint venture entities on an equity accounted basis. For associates, this is from the date that significant influence commences until the date that significant influence ceases, and for joint venture entities, this is from the date joint control commences until the date joint control ceases. Other movements in associates' and joint venture entities' reserves are recognised directly in consolidated reserves. Investments in associates and joint venture entities are carried at the lower of the equity accounted carrying amount and the recoverable amount. When the Group's share of losses exceeds the carrying amount of the equity accounted investment (including assets that form part of the net investment in the associate or joint venture entity), the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate or joint venture entity. Dividends from associates and joint venture entities represent a return on the Group's investment and as such are applied as a reduction to the carrying value of the investment. Unrealised gains arising from transactions with equity accounted investments are eliminated against the investment in the associate or joint venture entity 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 Venture Capital's investment portfolio are carried at fair value even though the Group may have significant influence or joint control over those entities. This accounting is permitted by AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures* which require investments held by venture capital organisations to be excluded from their scope when those investments are designated as at 'fair value through profit or loss' from inception.

The investments made by Venture Capital are considered to be venture capital in nature due to management of the investments on a portfolio basis and are unrelated to the Group's key business activities. The application of this exemption is assessed on each investment made by Venture Capital. Refer to Note 1.7 'Investments' for an analysis of recognition and measurement criteria of investments classified and measured at 'fair value through profit or loss'.

1.10 Non Current Assets Held For Sale

Non current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale the assets are remeasured in accordance with the Group's accounting policies. Thereafter the assets are measured at the lower of their carrying amount and fair value less cost to sell.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.11 Trade and Other Receivables

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 its fair value, which is estimated as the present value of estimated future cash flows, discounted at the effective interest rate where relevant. The amount of the provision is recognised in the income statement.

Deferred Management Fees Receivable
Deferred management fees receivable represent amounts owed to the Group in connection with resident occupancy at retirement villages subject to long-term management agreements. Deferred management fees receivable are calculated in accordance with resident contracts, refer to Note 1.4 'Revenue, Other Income and Profits'.

Accommodation Bond Retentions Receivable
Accommodation bond retentions receivable represent amounts owed to the Group in connection with resident occupancy at aged care facilities or nursing homes, and are calculated in accordance with resident contracts.

1.12 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.

1.13 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 balance date and a provision for diminution in value is raised where cost (including costs to complete) exceeds net realisable value. In determining the recoverable amount, regard is given to 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.

1.14 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 Note 1.6 'Impairment'). The cost of self constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

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 the fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses (see Note 1.6 'Impairment'). Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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 20 years, furniture and fittings over 3-15 years, motor vehicles over four to eight years and computer equipment over three years. Land is not depreciated.

1.15 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).

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.15 IT Software Systems continued

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 that will 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).

1.16 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 acquisition of associates is included in the carrying value of investments in associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is not amortised. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purposes of impairment testing, goodwill is allocated to cash generating units (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.

Approved Provider Aged Care Places (Bed Licences)
Bed licences held by the Group include owned and managed bed licences. Of the owned bed licences, only those acquired from third parties are recognised on balance sheet and are initially recorded at cost. All owned bed licences are assessed as having an indefinite useful life as these licences are issued for an unlimited period and therefore are not subject to amortisation but tested annually for impairment (at the same time every year) in accordance with AASB 136 *Impairment of Assets*. These licences are issued by the Federal Government to approved providers and can also be purchased from third parties or managed on their behalf as approved by the Federal Government. Holders of bed licences receive Federal Government funding in accordance with predetermined rates. Managed bed licences that revert to aged care facility owners on expiration of long-term leasehold/management agreements have a finite life and are amortised over the term of the agreements, generally 20 years.

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 Note 1.6 'Impairment'). Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of the intangible assets, ranging from three to 20 years.

The recoverable amount of management agreements and other intangible assets is assessed at least annually using independent valuations or alternative calculation methods, such as discounted cash flow projections.

1.17 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.

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.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.17 Employee Benefits continued

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 sheet 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 sheet 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 security 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 sheet date are discounted to present value.

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 Group's securityholders after certain adjustments. The Group recognises a provision when contractually obliged or when there is a past practice that has created a constructive obligation.

1.18 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 Note 1.23 'Provisions') and the initial fair value less accumulated amortisation. Fair value is determined using a probability weighted discounted cash flow approach.

1.19 Resident and Accommodation Bond Liabilities

Resident Liabilities
This represents an amount paid by residents to occupy apartments and units classified as investment property. Resident liabilities are measured at face value, representing the principal amount plus the resident's share of capital gains based on market values of the underlying property at balance date, less deferred management fees.

Resident liabilities are non interest bearing and are classified as current liabilities because any resident may depart within 12 months, notwithstanding that history has shown that residents stay for an average period of 11 years in independent living units (ILUs) and seven years in serviced apartments.

Accommodation Bonds
Accommodation bonds are paid typically by residents of low care aged care beds. Accommodation bonds are recognised at an amount equal to the proceeds received and are non interest bearing liabilities. Accommodation bonds are also classified as current liabilities because they are repayable following departure of the resident from the facility, notwithstanding that history has shown that residents stay for an average period of three years.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.20 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.

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.

1.21 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.

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); and
- 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 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.

1.22 Derivative Financial Instruments and Hedging Activities

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.

The fair value of interest rate derivatives 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.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.22 Derivative Financial Instruments and Hedging Activities continued

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.

1.23 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 from a contract by the Group are lower than the unavoidable cost of meeting its obligations under the contract.

1.24 Finance Costs

Finance costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of new borrowings facilities 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.

Finance costs are expensed immediately 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.

1.25 Earnings Per Stapled Security/Share (EPS)

The Group presents basic and diluted EPS in the income statement.

Basic EPS is determined by dividing profit/(loss) 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 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/(loss) 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.

The issued units of LLT are presented as a non controlling interest, and therefore the profit attributable to LLT is excluded from the calculation of basic and diluted earnings per Company share presented in the income statement. A basic and diluted earnings per stapled security is disclosed in the notes to the consolidated financial statements.

1.26 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, bank overdrafts and other short term highly liquid investments that are readily convertible to known amounts of cash 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.

1.27 Issued Capital

Ordinary shares are classified as equity. Preference issued 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. Distributions on preference share capital classified as equity are recognised as distributions within equity.

Preference issued capital is classified as a liability if it is redeemable on a specific date or at the option of the securityholders, or if dividend payments are not discretionary. Distributions 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.

1.28 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (‘GST’), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (‘ATO’) is included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.29 Service Concession Arrangements (SCAs)

The Group has investments providing SCAs, originating through public private partnerships, 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.

The Group equity accounts its investment in project companies with SCAs. In the project company holding the SCA the consideration receivable in respect of construction and services in the operational phase of the SCA is accounted for as a 'loan or receivable' and measured at amortised cost. Revenue arising from services provided will be recognised based on the fair value of each service provided. Borrowing costs and lifecycle costs are expensed as incurred.

1.30 Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and are believed to be reasonable under the circumstances. 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.

1.31 Key Sources of Estimation Uncertainty

Impairment of Goodwill and Other Intangible Assets
Note 16a 'Goodwill' contains information about the assumptions and their risk factors relating to goodwill impairment testing.

The Group assesses whether goodwill is impaired at least annually in accordance with Note 1.6 'Impairment'. These calculations involve an estimation of the recoverable amount of the cash generating units to which the goodwill is allocated.

The recoverable amount of other intangible assets (including management agreements and aged care bed licences) are assessed annually in accordance with Note 1.16 'Intangible Assets'.

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 assets held at cost or amortised cost using estimations of their recoverable amount. For current and deferred tax assets refer to Note 1.5 'Income Taxes'. For investment properties, loans and receivables and inventories refer to Notes 1.8 'Investment Properties', 1.11 'Trade and Other Receivables' and 1.13 'Inventories'. Refer to Note 31e 'Fair Values of Financial Assets and Liabilities' 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 17g and 24g '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 security price and whether vesting conditions will be satisfied. Refer to Note 1.17 'Employee Benefits' 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 all the significant risks and rewards of ownership of development properties are substantially transferred to the purchaser;
- The percentage of 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 should be consolidated by the Group.

Notes to the Consolidated Financial Statements continued

	June 2011 A$m	June 2010 A$m
2. Revenue		
Revenue from the provision of services		
Construction	7,333.6	8,530.6
Infrastructure Development	665.9	1,048.7
Development	334.8	234.0
Investment Management	97.0	91.5
Total revenue from the provision of services	**8,431.3**	**9,904.8**
Revenue from the sale of development properties	369.1	454.4
Rental revenue	70.8	60.9
Dividends/distributions received	7.8	22.1
Other revenue	47.7	59.3
Total revenue	**8,926.7**	**10,501.5**
3. Other Income		
Net gain on disposal of equity accounted investments	127.3	53.0
Fair value gain on remeasurement of investment properties	22.3	
Net gain on disposal of controlled entities	4.7	
Fair value gain on derivative contracts	12.2	12.5
Net gain on disposal of other assets and liabilities	2.4	11.8
Discount on acquisition of controlled entity		48.3
Net gain on disposal of available for sale financial assets	0.2	24.0
Other	13.1	
Total other income	**182.2**	**149.6**
4. Operating Expenses		
Profit before income tax includes the following operating expense items:		
Employee benefit expenses	1,641.3	1,269.7
Superannuation accumulation plan expense	27.6	27.3
Net defined benefit plan expense	16.5	30.6
Expenses include impairments/provisions raised/(written back) relating to:		
Loans and receivables	(9.0)	10.4
Other financial assets	1.2	12.1
Property inventories	2.4	(2.2)
Operating lease expense	67.7	60.5
Depreciation and amortisation	52.1	39.8
Net foreign exchange gain	(5.7)	(3.7)

	June 2011 A$000s	June 2010 A$000s
Auditors' Remuneration		
Amounts received or due and receivable by the auditors of Lend Lease Group for:		
Audit and Other Assurance Services		
Audit services	7,286	7,122
Other assurance services	2,105	
Total audit and other assurance services	**9,391**	**7,122**
Other Services		
International assignees tax services		38
Other		78
Total other services	**–**	**116**

Notes to the Consolidated Financial Statements continued

	June 2011 A$m	June 2010 A$m
5. Finance Revenue and Finance Costs		
Finance Revenue		
Related parties	23.0	31.6
Other corporations	55.8	33.2
Total interest finance revenue	**78.8**	**64.8**
Interest discounting	8.6	3.7
Total finance revenue	**87.4**	**68.5**
Finance Costs		
Related parties		0.3
Other corporations	117.4	81.9
Less: Capitalised interest finance costs	(2.4)	
Total interest finance costs	**115.0**	**82.2**
Non interest finance costs	10.0	6.4
Interest discounting	0.2	5.5
Total finance costs	**125.2**	**94.1**
Net finance (costs)	**(37.8)**	**(25.6)**
6. Taxation		
a. Income Tax Expense		
Recognised in the Income Statement		
Current Tax Expense		
Current year	57.4	115.5
Adjustments for prior years	(10.3)	(40.9)
Benefits of tax losses recognised	(15.4)	(21.5)
	31.7	**53.1**
Deferred Tax Expense		
Origination and reversal of temporary differences	106.6	49.5
Total income tax expense	**138.3**	**102.6**
Reconciliation of Income Tax Expense		
Profit before tax	631.5	450.8
Income tax using the domestic corporation tax rate (30%)	**189.4**	**135.2**
Non assessable dividends/income	(8.9)	(2.8)
Loss accounted for using the equity method	(0.8)	(4.0)
Non allowable expenses	17.6	16.3
Other net recovery of tax losses	(21.5)	(4.7)
Tax temporary differences not recognised in the year	(3.7)	(5.9)
Temporary differences (recognised/recovered)/written off	(6.6)	15.9
Variation in tax rates	27.6	3.8
Non assessable gain on disposal of investments	(32.7)	(16.1)
Over provision in prior years	(10.3)	(40.9)
Other	(11.8)	5.8
Income tax expense	**138.3**	**102.6**
Deferred Tax Recognised Directly in Equity		
Relating to:		
Equity issue costs	1.6	(6.6)
Fair value revaluation reserve	1.5	(4.4)
Hedging reserve	(0.5)	(0.6)
Foreign currency translation reserve on equity accounted investments	(2.5)	(1.5)
Total deferred tax recognised directly in equity	**0.1**	**(13.1)**

Notes to the Consolidated Financial Statements continued

6. Taxation continued

b. Tax Effect Relating to Other Comprehensive Income

	June 2011			June 2010		
	Before Tax A$m	Tax (Expense)/ Benefit A$m	Net of Tax A$m	Before Tax A$m	Tax (Expense)/ Benefit A$m	Net of Tax A$m
Movements in Fair Value Revaluation Reserve	3.6	(1.5)	2.1	(11.1)	4.4	(6.7)
Movements in Hedging Reserve	42.3	0.5	42.8	(30.7)	0.6	(30.1)
Movements in Foreign Currency Translation Reserve	(164.8)	2.5	(162.3)	(57.6)	1.5	(56.1)
Movements in Non Controlling Interest Acquisition Reserve	21.4	3.2	24.6	7.3	2.8	10.1
Other Movements				(2.5)		(2.5)
Total other comprehensive income net of tax	**(97.5)**	**4.7**	**(92.8)**	**(94.6)**	**9.3**	**(85.3)**

c. Deferred Tax Assets and Liabilities

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	June 2011		June 2010	
	Assets A$m	Liabilities A$m	Assets A$m	Liabilities A$m
Loans and receivables	17.9	(7.1)	22.4	(16.0)
Inventories	45.6	(295.5)	45.0	(367.0)
Other financial assets	4.2	(26.2)	10.1	(27.3)
Other assets	1.6	(0.1)	0.2	(0.5)
Equity accounted investments	5.5	(71.4)	7.7	(169.4)
Non current asset held for sale		(140.2)		
Investment properties		(36.4)		(17.7)
Property, plant and equipment	16.8	(7.6)	21.1	(0.3)
Intangible assets	(1.0)	(0.1)	0.5	
Defined benefit plan asset		(9.1)		(8.2)
Trade and other payables	236.0	(6.7)	259.7	(0.2)
Resident and accommodation bond liabilities	16.3		10.4	
Provisions	87.6		75.4	
Other financial liabilities	2.0		2.6	
Defined benefit plan liability		(0.6)	5.1	
Unused revenue tax losses recognised	138.2		147.2	
Items with a tax base but no carrying value	37.9	(18.6)	51.2	(15.9)
Total deferred tax assets/(liabilities)	**608.6**	**(619.6)**	**658.6**	**(622.5)**
Deferred tax set off	**(492.9)**	**492.9**	**(562.9)**	**562.9**
Net deferred tax assets/(liabilities)	**115.7**	**(126.7)**	**95.7**	**(59.6)**

Notes to the Consolidated Financial Statements continued

6. Taxation continued

c. Deferred Tax Assets and Liabilities continued

Recognised Deferred Tax Assets and Liabilities continued

Movement in temporary differences during the financial year:

	1 July 2010 A$m	Recognised in Income A$m	Recognised in Equity A$m	Foreign Exchange/ Other A$m	30 June 2011 A$m
June 2011					
Loans and receivables	6.4	5.2	0.4	(1.2)	10.8
Inventories	(322.0)	38.3		33.8	(249.9)
Other financial assets	(17.2)	(5.8)	(1.6)	2.6	(22.0)
Other assets	(0.3)	9.0		(7.2)	1.5
Equity accounted investments	(161.7)	(0.8)	2.7	93.9	(65.9)
Non current asset held for sale		(84.6)		(55.6)	(140.2)
Investment properties	(17.7)	(18.7)			(36.4)
Property, plant and equipment	20.8	(1.7)		(9.9)	9.2
Intangible assets	0.5	(1.6)			(1.1)
Defined benefit plan asset	(8.2)	(0.9)			(9.1)
Trade and other payables	259.5	(51.7)		21.5	229.3
Resident and accommodation bond liabilities	10.4	5.9			16.3
Provisions	75.4	(3.0)		15.2	87.6
Other financial liabilities	2.6	(0.6)			2.0
Defined benefit plan liability	5.1	(5.1)		(0.6)	(0.6)
Unused revenue tax losses recognised	147.2	23.0		(32.0)	138.2
Items with a tax base but no carrying value	35.3	(13.5)	(1.6)	(0.9)	19.3
Total deferred tax assets/(liabilities)	**36.1**	**(106.6)**	**(0.1)**	**59.6**	**(11.0)**

	1 July 2009 A$m	Recognised in Income A$m	Recognised in Equity A$m	Foreign Exchange/ Other A$m	30 June 2010 A$m
June 2010					
Loans and receivables	10.0	(6.0)		2.4	6.4
Inventories	(153.6)	(14.6)		(153.8)	(322.0)
Other financial assets	(26.0)	4.0	4.4	0.4	(17.2)
Other assets	(0.7)	0.4			(0.3)
Equity accounted investments	(145.8)	(24.8)	2.1	6.8	(161.7)
Investment properties		(17.7)			(17.7)
Property, plant and equipment	22.4	0.3		(1.9)	20.8
Intangible assets	0.1	0.4			0.5
Defined benefit plan asset	(9.0)	0.8			(8.2)
Trade and other payables	96.8	(2.1)		164.8	259.5
Resident and accommodation bond liabilities		(3.3)		13.7	10.4
Provisions	69.1	11.5		(5.2)	75.4
Other financial liabilities		2.6			2.6
Defined benefit plan liability	12.8	(6.0)		(1.7)	5.1
Unused revenue tax losses recognised	169.8	(12.2)		(10.4)	147.2
Items with a tax base but no carrying value	7.0	17.2	6.6	4.5	35.3
Total deferred tax assets/(liabilities)	**52.9**	**(49.5)**	**13.1**	**19.6**	**36.1**

Notes to the Consolidated Financial Statements continued

	June 2011 A$m	June 2010 A$m
6. Taxation continued		
c. Deferred Tax Assets and Liabilities continued		
Unrecognised Deferred Tax Assets		
Deferred tax assets have not been recognised in respect of the following items:		
Capital losses	62.0	68.8
Revenue losses	69.5	96.9
Deductible temporary differences	277.4	300.2
Total unrecognised deferred tax assets	**408.9**	**465.9**

The unrecognised deferred tax asset of A$408.9 million includes A$8.5 million that will expire by 2030.

	Cents Per Share	Franked Amount Per Share %	June 2011 A$m	June 2010 A$m
7. Distributions[1,2]				
Interim Dividend				
December 2010 – paid 30 March 2011	20.0	50	113.1	
December 2009 – paid 31 March 2010	20.0	100		92.2
November 2009 – dividend 'in specie' of Lend Lease Trust units	0.1	100		0.5
Final Dividend				
June 2011 – declared subsequent to reporting date[3]	15.0		85.6	
June 2010 – paid 24 September 2010	12.0	100		67.9
			198.7	**160.6**

1 No distributions were declared or paid by Lend Lease Trust in respect of the financial year ended 30 June 2011 (June 2010: nil).
2 Includes distributions paid on treasury securities.
3 No provision for this distribution has been recognised in the statement of financial position at 30 June 2011 as it was declared after the end of the financial year.

Dividend Franking

The dividend franking account balance at 30 June 2011 is A$30.6 million based on a 30% tax rate (30 June 2010: A$56.7 million). This is calculated after adjusting for franking credits which will arise from the payment of income tax provided in the financial statements and tax losses utilised in the current financial year. The Group has outstanding claims with the Australian Tax Office in relation to the year ended 30 June 2011, and prior years, which are not reflected in the above franking account balance. Should these claims be successful this will result in the franking account balance being reduced as a consequence.

		June 2011		June 2010	
		Shares Excluding Treasury Shares	Shares on Issue	Shares Excluding Treasury Shares	Shares on Issue
8. Earnings Per Stapled Security/Share[1]					
Basic/Diluted Earnings Per Share (EPS)					
Profit attributable to members of Lend Lease Corporation Limited used in calculating basic/diluted EPS	A$m	492.8	492.8	345.6	345.6
Weighted average number of ordinary shares	m	537.4	566.9	473.8	497.2
Basic/diluted EPS	Cents	91.7	86.9	72.9	69.5

1 The earnings per stapled security are equivalent to the earnings per share for the year to 30 June 2011 as the earnings attributable to Lend Lease Trust for the year were nil. (June 2010: nil)

Notes to the Consolidated Financial Statements continued

	June 2011 A$m	June 2010 A$m
9. Cash and Cash Equivalents		
Cash	863.2	390.8
Short term investments	183.0	1,245.1
Total cash and cash equivalents	**1,046.2**	**1,635.9**

Short term investments earned variable rates of interest which averaged 4.6% per annum during the year ended 30 June 2011 (30 June 2010: 3.1%).

	June 2011 A$m	June 2010 A$m
10. Loans and Receivables		
Current		
Trade debtors	1,258.9	1,112.7
Less: Impairment	(31.3)	(40.2)
	1,227.6	**1,072.5**
Related parties	60.1	50.9
Less: Impairment		(1.3)
Managed property funds	56.7	40.1
Retentions	134.9	269.9
Other receivables	253.3	358.0
Less: Impairment	(8.6)	(20.4)
Total current	**1,724.0**	**1,769.7**
Non Current		
Related parties	313.3	383.0
Less: Impairment	(109.1)	(170.1)
Retentions	31.3	14.0
Other receivables	96.2	138.8
Less: Impairment	(1.4)	(0.5)
Total non current	**330.3**	**365.2**
Total loans and receivables	**2,054.3**	**2,134.9**

As at the reporting date, A$984.7 million of the trade debtors were current (30 June 2010: A$890.5 million) and A$274.2 million were past due (30 June 2010: A$222.2 million). Of the past due amount, A$242.9 million was not impaired (30 June 2010: A$182.0 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, 10.9% (30 June 2010: 13.5%) are aged greater than 90 days. Other than trade debtors, no other loans and receivables are considered past due at 30 June 2011 (30 June 2010: A$13.4 million).

	June 2011 A$m	June 2010 A$m
Impairment		
Carrying amount at beginning of financial year	232.5	228.0
Bad and doubtful debts impairment loss net of provisions (written back)/raised	(9.6)	9.1
Other movements (including foreign exchange rate movements)	(72.5)	(4.6)
Carrying amount at end of financial year	**150.4**	**232.5**
Total impairment as a percentage of total loans and receivables	**6.8%**	**9.8%**

The credit quality of all loans and receivables, including those neither past due nor impaired, is assessed and monitored on an ongoing basis.

To determine the impairment provision for the financial year, the Group considers how economic and market conditions will affect the credit worthiness of certain entities. The impairment provision relates to specific loans and receivables that have been identified as being impaired, including related party loans where the Group's interest in a development was via an equity accounted investment.

Notes to the Consolidated Financial Statements continued

	Note	June 2011 A$m	June 2010 A$m
11. Inventories			
Current			
Development properties	11a	361.0	369.7
Construction work in progress	11b	319.5	218.1
Other		12.0	
Total current		**692.5**	**587.8**
Non Current			
Development properties	11a	1,578.7	1,576.0
Total inventories		**2,271.2**	**2,163.8**
a. Development Properties			
Australia		1,399.6	1,330.3
Europe		528.9	600.3
Americas		11.2	15.1
Total development properties		**1,939.7**	**1,945.7**
b. Construction Work in Progress			
Construction work in progress comprises:			
Contract costs incurred to date		56,438.6	59,315.7
Profit recognised to date		6,722.0	2,651.3
		63,160.6	**61,967.0**
Less: Progress billings received and receivable on contracts		(63,928.6)	(62,952.9)
Net construction work in progress		**(768.0)**	**(985.9)**
Costs in excess of billings – inventories		319.5	218.1
Billings in excess of costs – trade payables	19	(1,087.5)	(1,204.0)
		(768.0)	**(985.9)**

	Note	June 2011 A$m	June 2010 A$m
12. Equity Accounted Investments			
Associates			
Investment in associates		349.4	368.8
Less: Impairment		(14.2)	(14.9)
Total associates		**335.2**	**353.9**
Joint Ventures			
Investment in joint ventures		222.4	580.0
Less: Impairment		(16.2)	(20.0)
Total joint ventures		**206.2**	**560.0**
Total equity accounted investments		**541.4**	**913.9**

Notes to the Consolidated Financial Statements continued

	Interest June 2011 %	Interest June 2010 %	Share of Profit/(Loss) After Tax June 2011 A$m	Share of Profit/(Loss) After Tax June 2010 A$m	Net Book Value June 2011 A$m	Net Book Value June 2010 A$m
12. Equity Accounted Investments continued						
a. Associates						
Australia						
Lend Lease Primelife Group[1]	100.0	100.0		3.7		
Lend Lease Real Estate Partners 3	25.0	25.0	3.3	0.3	51.8	51.4
Lend Lease Communities Fund 1	20.8	20.8	(2.1)	(1.0)	16.6	17.8
Other			4.7	6.8	5.4	5.3
Total Australia			**5.9**	**9.8**	**73.8**	**74.5**
Asia						
Asia Pacific Investment Company No. 2 Limited	21.1	21.1	20.0	16.5	121.7	116.6
CDR JV Ltd (313@somerset)	25.0	25.0	4.8	36.4	91.4	96.8
Triple Eight JV Ltd (Jurong Gateway)	25.0				50.4	
Other			0.4	0.8	7.7	7.5
Total Asia			**25.2**	**53.7**	**271.2**	**220.9**
Europe						
Lend Lease Overgate Partnership[2]		30.7	1.8	16.6		68.4
Other				2.5	3.9	4.5
Total Europe			**1.8**	**19.1**	**3.9**	**72.9**
Americas						
Other			1.4	1.3	0.5	0.5
Total Americas			**1.4**	**1.3**	**0.5**	**0.5**
Total			**34.3**	**83.9**	**349.4**	**368.8**
Less: Impairment					(14.2)	(14.9)
Total associates			**34.3**	**83.9**	**335.2**	**353.9**
b. Joint Ventures[3]						
Australia						
Caroline Springs Joint Venture	50.0	50.0	15.7	15.4	7.6	23.9
Casey 2 Joint Venture (Springbank)	50.0	50.0	4.6	0.8	23.3	20.6
Forde Development (ACT)	50.0	50.0	4.4	3.6	4.0	6.6
McKinnon Road Development	51.0	51.0	3.2	0.4	7.0	7.4
Pyrmont Trust (Jacksons Landing)	50.0	50.0	3.7	(2.1)	13.3	14.5
D2G Joint Venture	64.0		12.5		12.7	
V5 Trust – Convesso	50.0	50.0	(0.1)	(0.9)	21.8	14.9
Other			16.8	32.5	54.6	27.3
Total Australia			**60.8**	**49.7**	**144.3**	**115.2**
Europe						
Catalyst Healthcare (Manchester) Holdings Ltd	50.0	50.0	1.3	(0.3)	6.7	6.6
Majadahonda Hospital	25.0	25.0	2.2	1.6	16.4	11.6
Waste 2 Resources Ltd Liability Partnership	50.0	50.0		(6.0)		
Global Renewables Lancashire Holdings Limited	50.0		(5.4)		20.0	
Other			(7.3)	11.1	30.3	32.3
Total Europe			**(9.2)**	**6.4**	**73.4**	**50.5**
Americas						
King of Prussia Associates[4]	50.0	50.0	217.8	23.3		410.0
Other			6.3	6.1	4.7	4.3
Total Americas			**224.1**	**29.4**	**4.7**	**414.3**
Total			**275.7**	**85.5**	**222.4**	**580.0**
Less: Impairment					(16.2)	(20.0)
Total joint ventures			**275.7**	**85.5**	**206.2**	**560.0**

1 In December 2009, the Group acquired the remaining 56.8% interest in Primelife which is now classified as a controlled entity. Share of profit represents the amount attributable to the period prior to acquisition when the investment was classified as an associate.
2 In December 2010 the Group's interest in the Lend Lease Overgate Partnership was sold.
3 Where the Group has an ownership interest in a joint venture greater than 50% but does not have the capacity to control financial and operating decisions, the joint venture is not consolidated.
4 In May 2011 the Group entered into an agreement to dispose of its 50% interest in King of Prussia Associates, which was subsequently reclassified within the statement of financial position. Refer to Note 18 'Non Current Asset Held for Sale'.

Notes to the Consolidated Financial Statements continued

12. Equity Accounted Investments continued

c. Associates and Joint Ventures Additional Disclosures

	June 2011 Associates A$m	June 2011 Joint Ventures A$m	June 2010 Associates A$m	June 2010 Joint Ventures A$m
Lend Lease's Share of Results				
Revenue	114.3	771.3	142.8	719.8
Fair value revaluations	14.5	16.4	64.8	43.5
Expenses	(94.0)	(696.9)	(130.1)	(643.5)
Share of profit before tax	**34.8**	**90.8**	**77.5**	**119.8**
Income tax (expense)/benefit	(0.6)	3.4	6.4	(2.2)
Share of profit after tax	**34.2**	**94.2**	**83.9**	**117.6**
Other Adjustments				
Adjustments due to differences in accounting policies[1]		189.9		(4.8)
Movement in share of unrecognised losses		11.3		(25.8)
Fair value adjustments/other	0.1	(19.7)		(1.5)
Profit of equity accounted investments	**34.3**	**275.7**	**83.9**	**85.5**
Lend Lease's Share of Balance Sheet				
Current assets	72.8	652.3	36.6	708.6
Non current assets	741.0	1,387.9	630.2	2,266.1
Total assets	**813.8**	**2,040.2**	**666.8**	**2,974.7**
Current borrowings	36.6	19.6	157.0	53.9
Current other liabilities	52.0	386.2	28.1	342.5
Non current borrowings	343.7	1,147.6	103.9	2,096.1
Non current other liabilities	28.9	437.7	6.5	609.2
Total liabilities	**461.2**	**1,991.1**	**295.5**	**3,101.7**
Share of net assets/(liabilities)	**352.6**	**49.1**	**371.3**	**(127.0)**
Other Adjustments				
Due to differences in accounting policies and fair value adjustments on acquisitions[1]				397.6
Impairment	(14.2)	(16.2)	(14.9)	(20.0)
Unrecognised share of losses		84.2		152.2
Other	(3.2)	89.1	(2.5)	157.2
Net assets attributable to equity accounted investments	**335.2**	**206.2**	**353.9**	**560.0**
Commitments				
Share of capital expenditure and lease commitments contracted but not provided for and payable are as follows:				
Due within one year		3.8		2.4
Due between one and five years		1.0		0.1
Due later than five years				

1 Primarily relates to adjustments to King of Prussia Associates to align the investment property accounting policies with Australian Accounting Standards. In May 2011, the Group entered into an agreement to dispose of its 50% interest in King of Prussia Associates, which was subsequently reclassified within the statement of financial position. Refer to Note 18 'Non Current Asset Held for Sale'.

Notes to the Consolidated Financial Statements continued

	June 2011 A$m	June 2010 A$m
13. Investment Properties		
Retirement living properties	2,965.3	2,579.9
Retail properties	99.8	115.5
Assets under construction	150.9	125.5
Total investment properties	**3,216.0**	**2,820.9**

Reconciliations

Reconciliations of the carrying amount for investment properties are as follows:

	June 2011 A$m	June 2010 A$m
Carrying amount at beginning of financial year	2,820.9	147.7
Acquisition of consolidated entities		2,452.3
Acquisition of retirement living properties	202.8	20.2
Capital expenditure	112.2	29.4
Fair value gain/(loss) recognised through income statement	22.3	(31.8)
Transfer from inventories and property plant and equipment		72.3
Increase attributable to residents' capital	73.4	94.3
Foreign exchange rate/other movements	(15.6)	36.5
Carrying amount at end of financial year	**3,216.0**	**2,820.9**

Leases as Lessor

The future minimum lease payments receivable from retail property tenants under non cancellable operating leases are as follows:

	June 2011 A$m	June 2010 A$m
Less than one year	5.9	8.2
Between one and five years	20.7	28.4
Later than five years	14.1	23.1
Total future minimum lease payments receivable	**40.7**	**59.7**

Valuations

Refer to Note 1.8 'Investment Properties' for the basis of valuation of investment properties. The key assumptions used in the fair value assessments including those classified as assets under construction, have been derived from market evidence and are summarised as follows:

Retirement Living Properties

For retirement living properties the key long term assumptions adopted in the basis of valuation at the reporting date included:

- Weighted average discount rate of 13.2% (June 2010: 13.3%);
- Weighted average future growth rate of 3.9% (June 2010: 3.9%); and
- Average length of stay: 11 years for independent living units (June 2010: 11 years) and seven years for serviced apartments (June 2010: five years).

For retirement living properties included in assets under construction, the assumptions adopted in determining the fair values at 30 June 2011 included discount rates between 14% and 17% (June 2010: 14% and 17%) based on the stage of development and the assessed project risk, and a weighted average growth rate of 3.9% (June 2010: 3.9%).

Retail Properties

When determining the fair value of investment properties, the capitalisation rates used were between 7.4% and 12.5% for UK properties (June 2010: 8.1% and 10.8%) and between 7.0% and 8.8% for Australian properties (June 2010: 7.0% and 8.8%).

Notes to the Consolidated Financial Statements continued

	Note	June 2011 A$m	June 2010 A$m
14. Other Financial Assets			
Current Measured at Fair Value			
Available for Sale		12.1	11.7
Fair Value Through Profit or Loss – Designated at Initial Recognition			
Negotiable instruments		69.6	75.8
Derivatives		12.5	3.9
Total current		**94.2**	**91.4**
Non Current Measured at Fair Value			
Available for Sale			
Australian Prime Property Fund		48.0	46.9
Lend Lease Core Plus Fund		43.3	43.5
Lend Lease Retail Partnership		41.3	41.8
Other		95.8	107.8
		228.4	**240.0**
Fair Value Through Profit or Loss – Designated at Initial Recognition			
Unlisted equity investments		36.9	33.7
Held to Maturity		6.7	
Total non current		**272.0**	**273.7**
Total other financial assets		**366.2**	**365.1**
15. Property, Plant and Equipment			
Land, buildings and leasehold improvements		360.9	319.2
Less: Accumulated depreciation and impairment		(53.8)	(43.5)
		307.1	**275.7**
Plant and equipment		548.8	196.9
Less: Accumulated depreciation and impairment		(260.7)	(119.9)
		288.1	**77.0**
Total property, plant and equipment		**595.2**	**352.7**

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are as follows:

	Note	June 2011 A$m	June 2010 A$m
Land, Buildings and Leasehold Improvements			
Carrying amount at beginning of financial year[1]		275.7	86.3
Acquisition of consolidated entities	28b	38.6	229.2
Additions		19.7	3.6
Disposals		(7.4)	(3.2)
Transfer to investment properties			(21.9)
Depreciation		(8.9)	(13.4)
Effect of foreign exchange rate/other movements		(10.6)	(4.9)
Carrying amount at end of financial year		**307.1**	**275.7**

1 The carrying amount at 1 July 2009 (opening June 2010 balance) of A$86.3 million represents A$127.8 million of costs and A$41.5 million of accumulated depreciation and impairment.

Notes to the Consolidated Financial Statements continued

	Note	June 2011 A$m	June 2010 A$m
15. Property, Plant and Equipment continued			
Reconciliations continued			
Plant and Equipment			
Carrying amount at beginning of financial year[1]		77.0	43.8
Acquisition of consolidated entities	28b	216.7	32.4
Additions		42.0	12.1
Disposals		(13.2)	(1.6)
Transfer to investment properties			(0.3)
Depreciation		(32.4)	(15.6)
Effect of foreign exchange rate/other movements		(2.0)	6.2
Carrying amount at end of financial year		**288.1**	**77.0**

16. Intangible Assets

	Note	June 2011 A$m	June 2010 A$m
Goodwill	16a	1,077.3	437.3
Aged care bed licences	16b	168.6	159.0
Management agreements	16c	60.1	77.2
Other intangibles	16d	13.1	20.6
Total intangible assets		**1,319.1**	**694.1**
a. Goodwill			
Construction		1,056.3	437.3
Development		21.0	
Total goodwill		**1,077.3**	**437.3**

Reconciliations

Reconciliations of the carrying amounts for each category of goodwill are:

	Note	June 2011 A$m	June 2010 A$m
Construction			
Carrying amount at beginning of financial year		437.3	477.1
Acquisition of consolidated entity	28b	681.7	
Effect of foreign exchange rate/other movements		(62.7)	(39.8)
Carrying amount at end of financial year		**1,056.3**	**437.3**
Development			
Acquisition of consolidated entity	28b	24.0	
Effect of foreign exchange rate		(3.0)	
Carrying amount at end of financial year		**21.0**	**–**

Goodwill Allocation

Goodwill relating to the Construction business is allocated to cash generating units ('CGUs') identified according to regions as set out below.

	June 2011 A$m	June 2010 A$m
Construction		
Australia	701.8	20.1
Asia	7.3	7.3
Americas	131.5	165.6
Europe	215.7	244.3
Total goodwill	**1,056.3**	**437.3**

1 The carrying amount at 1 July 2009 (opening June 2010 balance) of A$43.8 million represents A$149.0 million of costs and A$105.2 million of accumulated depreciation and impairment.

Notes to the Consolidated Financial Statements continued

16. Intangible Assets continued

a. Goodwill continued

Impairment Tests and Key Assumptions Used – Construction

The recoverable amount of the Construction CGUs is determined based on value in use ('VIU') calculations. For the Construction CGUs, the assumptions used for determining the recoverable amount of each CGU are based on past experience and expectations for the future, utilising both internal and external sources of data and relevant industry trends.

No impairment arose as a result of the review of goodwill for the Construction CGUs for the year ended 30 June 2011. Based on information available and market conditions at 30 June 2011, a reasonably foreseeable change in the assumptions made in this assessment would not result in impairment of Construction goodwill.

The following describes the key assumptions on which management has based its cash flow projections when determining VIU relating to the Construction CGUs.

Cash Flows
The VIU calculations use pre tax cash flow projections based on actual operating results, and financial forecasts covering a five-year period which have been approved by management. These forecasts are based on management estimates to determine income, expenses, capital expenditure and cash flows for each CGU.

Growth Rate
The terminal value growth rate used to extrapolate the cash flows beyond the five-year period is 3.0% (June 2010: 3.0%). The growth rate reflects the forecast long term average growth rate for each CGU and the countries in which they operate.

Discount Rate
The discount rate applied to the cash flow projections is between 13.0% and 16.5% (June 2010: between 14.0% and 16.0%). The Group's weighted average cost of capital is used as a starting point for determining the discount rate, with appropriate adjustments for the risk profile relating to the relevant CGUs and the countries in which they operate. The discount rates used are pre tax.

	June 2011 A$m	June 2010 A$m
b. Aged Care Bed Licences		
Reconciliation		
Reconciliation of the carrying amounts of aged care bed licences are as follows:		
Carrying amount at beginning of financial year	159.0	
Acquisition of consolidated entities		95.0
Additions	9.6	64.0
Carrying amount at end of financial year	**168.6**	**159.0**

Impairment Tests and Key Assumptions Used – Aged Care Bed Licences

The recoverable amount of bed licences is determined based on VIU calculations with the aged care portfolio as the relevant cash generating unit. The assumptions used for determining the recoverable amount are based on past experience and expectations for the future, utilising both internal and external sources of data and relevant industry trends.

No impairment arose as a result of the review of aged care bed licences for the year ended 30 June 2011. Based on information available and market conditions at 30 June 2011, a reasonably foreseeable change in the assumptions made in this assessment would not result in impairment of the carrying value of aged care bed licences.

The following describes the key assumptions on which management has based its cash flow projections when determining VIU relating to aged care bed licences.

Notes to the Consolidated Financial Statements continued

16. Intangible Assets continued

b. Aged Care Bed Licences continued

Impairment Tests and Key Assumptions Used continued

Cash flows
The VIU calculations use pre tax cash flow projections based on actual operating results and financial forecasts covering a five-year period which have been approved by management. These forecasts are based on management estimates to determine income, expenses, capital expenditure, bond movements and other cash flows associated with aged care bed licences.

Growth rate
The forecast accommodation bond growth rate on bondable beds is 5.0% (June 2010: 5.0%). This is based on historical bond growth achieved across the portfolio and expected future growth. The growth rate on other cash flows is 3.0% (June 2010: 3.0%). These growth rates reflect the forecast long term average growth rate for aged care.

Discount Rate
The discount rate applied to the cash flow projections is 11.0% (June 2010: 11.0%). 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 CGU and the sector in which it operates. The discount rate used is pre tax.

	June 2011 A$m	June 2010 A$m
c. Management Agreements		
Management agreements	72.9	87.1
Less: Accumulated amortisation	(12.8)	(9.9)
Total management agreements	**60.1**	**77.2**
Reconciliation		
Reconciliation of the carrying amounts of management agreements are as follows:		
Carrying amount at beginning of financial year[1]	77.2	28.9
Acquisition of consolidated entities		64.9
Amortisation	(3.6)	(4.2)
Other	(13.5)	(12.4)
Carrying amount at end of financial year	**60.1**	**77.2**
d. Other Intangibles		
Other intangibles	37.9	37.9
Less: Accumulated amortisation and impairment	(24.8)	(17.3)
Total other intangibles	**13.1**	**20.6**
Reconciliation		
Reconciliation of the carrying amounts of other intangibles are as follows:		
Carrying amount at beginning of financial year[2]	20.6	20.0
Additions	2.7	9.3
Amortisation	(8.6)	(7.4)
Impairment		(0.5)
Effect of foreign exchange rate/other movements	(1.6)	(0.8)
Carrying amount at end of financial year	**13.1**	**20.6**

1 The carrying amount at 1 July 2009 (opening June 2010 balance) of A$28.9 million represents A$46.9 million of costs and A$18.0 million of accumulated amortisation.
2 The carrying amount at 1 July 2009 (opening June 2010 balance) of A$20.0 million represents A$30.4 million of costs and A$10.4 million of accumulated amortisation and impairment.

Notes to the Consolidated Financial Statements continued

	June 2011 A$m	June 2010 A$m
17. Defined Benefit Plan Asset[1]		
a. Balance Sheet Amounts		
The amounts recognised in the balance sheet are determined as follows:		
Fair value of plan assets	152.9	148.2
Present value of defined benefit obligations	(143.9)	(137.0)
Unrecognised actuarial loss	21.3	16.1
Recognised asset for defined benefit obligations	**30.3**	**27.3**
b. Reconciliation of the Fair Value of Plan Assets		
Fair value of plan assets at beginning of financial year	148.2	128.5
Expected return on plan assets	9.2	6.7
Actuarial (losses)/gains	(0.3)	14.6
Contributions by Group companies	6.2	6.3
Contributions by plan participants	1.6	1.9
Taxes and premiums paid	(1.2)	(1.5)
Transfers in	0.1	
Accumulation insurance premium met from surplus	(1.2)	
Benefits paid	(9.7)	(8.3)
Fair value of plan assets at end of financial year	**152.9**	**148.2**
c. Reconciliation of the Present Value of Funded Obligations		
Present value of funded obligations at beginning of financial year	137.0	133.4
Current service cost	6.1	5.5
Interest cost on benefit obligation	6.0	5.7
Contributions by plan participants	1.6	1.9
Actuarial losses	5.2	0.3
Taxes and premiums paid	(1.2)	(1.5)
Transfers in	0.1	
Accumulation insurance premium met from surplus	(1.2)	
Benefits paid	(9.7)	(8.3)
Present value of funded obligations at end of financial year	**143.9**	**137.0**
d. Expense Recognised in the Income Statement		
Current service cost	6.1	5.5
Interest cost on benefit obligation	6.0	5.7
Expected return on plan assets	(9.2)	(6.7)
Actuarial loss recognised	0.3	4.5
Net defined benefit plan expense	**3.2**	**9.0**
e. Actual Return on Plan Assets	**9.0**	**21.3**

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

Notes to the Consolidated Financial Statements continued

17. Defined Benefit Plan Asset continued

f. Categories of Plan Assets

	June 2011 %	June 2010 %
Cash	1.2	6.0
Equity instruments[1]	56.4	50.8
Fixed interest securities	38.7	39.0
Property	3.7	4.2
	100.0	**100.0**

g. Principal Actuarial Assumptions

	June 2011 %	June 2010 %
Discount rate (net)	4.5	4.4
Expected rate of return on assets[2]	7.0	6.5

1 The fair value of plan assets includes Lend Lease securities to the value of A$0.1 million (June 2010: A$0.1 million).
2 The expected rate of 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. The returns used for each asset class are net of tax, investment fees and administration expenses.

h. Employer Contributions

For the year ending 30 June 2012, total employer contributions to the plan are expected to be A$6.7 million.

i. Historical Summary

	Consolidated				
	June 2011 A$m	June 2010 A$m	June 2009 A$m	June 2008 A$m	June 2007 A$m
Plan assets	152.9	148.2	128.5	156.3	167.3
Defined benefit plan obligation	(143.9)	(137.0)	(133.4)	(126.4)	(116.1)
Surplus/(deficit)	**9.0**	**11.2**	**(4.9)**	**29.9**	**51.2**
Experience (losses)/gains arising on plan assets	(0.3)	14.6	(32.9)	(19.2)	17.2
Experience (losses)/gains arising on plan liabilities	(5.8)	1.4	3.0	(8.3)	(6.8)

18. Non Current Asset Held for Sale

In May 2011 the Group announced it had entered into a conditional agreement to dispose of its 50% interest in King of Prussia Associates, the owner of the King of Prussia shopping mall in the United States. Prior to commencing the disposal process, this investment was classified as an equity accounted investment (joint venture) by the Group. The transaction is subject to customary conditions and is expected to complete within the next 12 months.

	June 2011 A$m	June 2010 A$m
King of Prussia Associates	**496.5**	**–**

Notes to the Consolidated Financial Statements continued

	Note	June 2011 A$m	June 2010 A$m
19. Trade and Other Payables			
Current			
Trade creditors		1,651.4	1,413.6
Construction revenue – amounts due to customers[1]	11b	1,087.5	1,204.0
Unearned premium reserve[2]		3.1	15.8
Insurance claim reserve[2]		19.8	8.9
Related parties		65.2	54.8
Retentions and deferred payments		324.2	520.6
Other		111.9	77.4
Total current		**3,263.1**	**3,295.1**
Non Current			
Insurance claim reserve[2]		30.7	41.9
Related parties		4.3	1.2
Retentions and deferred payments		438.8	510.3
Other		152.0	156.1
Total non current		**625.8**	**709.5**
Total trade and other payables		**3,888.9**	**4,004.6**
20. Resident and Accommodation Bond Liabilities			
Current			
Gross resident liabilities		2,446.1	2,054.2
Deferred management fees receivable on owned sites		(368.4)	(197.5)
Total resident liabilities[3]		**2,077.7**	**1,856.7**
Accommodation bond liabilities		153.7	139.1
Total resident and accommodation bond liabilities[4]		**2,231.4**	**1,995.8**

1 Represents construction contracts where the total progress billings issued to clients (together with foreseeable losses if applicable) on a project exceed the costs incurred to date plus recognised profit on the contract.

2 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 current 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.

3 For retirement village properties, deferred management fees receivable on owned sites are offset against the gross resident liabilities as these amounts are settled net in the same transaction.

4 Resident and accommodation bond liabilities are required to be classified as current liabilities under Australian Accounting Standards, as residents may depart the accommodation at any time, notwithstanding that history has shown that residents stay for an average period of 11 years in independent living units (ILU), seven years in serviced apartments (SA) and three years in aged care facilities. Retirement village total resident liabilities of A$2,077.7 million, which is net of deferred management fees receivable, are repayable out of the amounts paid to the Group by incoming retirement village residents for the right to occupy retirement living and aged care properties (comprising both ILU and SA). The gross value of these retirement living properties, which are classified as non current assets, was A$2,965.3 million at 30 June 2011 (refer Note 13 'Investment Properties'). The fair value of retirement living properties was A$825.3 million, representing the gross investment property value, less resident liabilities and related deferred revenue.

Notes to the Consolidated Financial Statements continued

	June 2011 A$m	June 2010 A$m
21. Borrowings and Financing Arrangements		
a. Borrowings – Measured at Amortised Cost		
Non Current		
Commercial notes	735.0	879.9
Bank credit facilities	958.9	566.7
Total borrowings	**1,693.9**	**1,446.6**
b. Finance Facilities		
The Group has access to the following lines of credit.		
Commercial Notes		
Facility available	735.0	879.9
Amount of facility used	(735.0)	(879.9)
Amount of facility unused	–	–
Bank Credit Facilities		
Facility available	1,756.9	1,245.3
Amount of facility used	(958.9)	(566.7)
Amount of facility unused	**798.0**	**678.6**
Bank Overdrafts		
Facility available	17.7	10.0
Amount of facility used		
Amount of facility unused	**17.7**	**10.0**

Commercial notes include £300.0 million of 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 at 5.75% (all in rate) issued in the US private placement debt market maturing in October of 2012, 2015 and 2017.

Bank credit facilities include a committed bank facility maturing in July 2013 of £360.0 million (A$553.8 million) in the UK which was drawn to £150.0 million (A$230.8 million) at 30 June 2011, an A$975.0 million committed bank facility maturing in July 2014 (A$595.0 million) and July 2016 (A$380.0 million) which was drawn to A$500.0 million at 30 June 2011 and a fully drawn A$225.0 million term facility maturing in December 2015.

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

Consistent with prior years, the Group has not defaulted on any obligations of principal or interest in relation to its borrowing and financing arrangements and other financial liabilities (refer Note 23 'Other Financial Liabilities').

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

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

	Interest Exposure			Currency			
	Fixed A$m	Floating A$m	Total A$m	A$ A$m	US$ A$m	£ A$m	Total A$m
June 2011							
Less than one year							
Between one and five years	256.5	816.6	1,073.1	585.8	256.5	230.8	1,073.1
More than five years	478.5	142.3	620.8	133.8	23.4	463.6	620.8
Total	**735.0**	**958.9**	**1,693.9**	**719.6**	**279.9**	**694.4**	**1,693.9**
June 2010							
Less than one year							
Between one and five years	117.3	566.7	684.0	566.7	117.3		684.0
More than five years	762.6		762.6		234.8	527.8	762.6
Total	**879.9**	**566.7**	**1,446.6**	**566.7**	**352.1**	**527.8**	**1,446.6**

Notes to the Consolidated Financial Statements continued

	June 2011 A$m	June 2010 A$m
22. Provisions		
Current		
Employee benefits	177.6	104.3
Maintenance and warranty[1]	16.0	19.3
Restructure (including employee terminations)	31.3	22.4
Other	37.1	52.8
Total current	**262.0**	**198.8**
Non Current		
Employee benefits	24.1	14.0
Other	50.1	70.1
Total non current	**74.2**	**84.1**
Total provisions	**336.2**	**282.9**
Reconciliations		
Reconciliations of the carrying amounts of each class of provision, except for employee benefits, are as follows:		
Current		
Maintenance and Warranty		
Carrying amounts at beginning of financial year	19.3	28.7
Provisions written back during financial year	(4.0)	(2.2)
Payments made during financial year	(1.0)	(5.7)
Effect of foreign exchange rate/other movements	1.7	(1.5)
Carrying amount at end of financial year	**16.0**	**19.3**
Restructure (Including Employee Terminations)		
Carrying amounts at beginning of financial year	22.4	55.2
Provisions raised during financial year	37.2	10.9
Payments made during financial year	(27.2)	(40.9)
Effect of foreign exchange rate/other movements	(1.1)	(2.8)
Carrying amount at end of financial year	**31.3**	**22.4**
Other		
Carrying amounts at beginning of financial year	52.8	46.0
Provisions raised during financial year	23.0	26.3
Payments made during financial year	(33.2)	(37.2)
Effect of foreign exchange rate/other movements	(5.5)	17.7
Carrying amount at end of financial year	**37.1**	**52.8**
Non Current		
Other		
Carrying amounts at beginning of financial year	70.1	39.0
Provisions raised during financial year		9.6
Payments made during financial year	(12.3)	(10.8)
Effect of foreign exchange rate/other movements	(7.7)	32.3
Carrying amount at end of financial year	**50.1**	**70.1**

1 Represents maintenance and warranty 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.

Notes to the Consolidated Financial Statements continued

	June 2011 A$m	June 2010 A$m
23. Other Financial Liabilities		
Current		
Derivatives (measured at fair value)		
Forward foreign exchange contracts	4.1	19.6
Interest rate swap contracts	6.7	8.4
Finance leases	26.3	0.2
Other (measured at amortised cost)		23.3
Total current	**37.1**	**51.5**
Non Current		
Bluewater lease liability (measured at amortised cost)	126.4	146.7
Finance leases	75.0	0.2
Total non current	**201.4**	**146.9**
Total other financial liabilities	**238.5**	**198.4**

24. Defined Benefit Plan (Asset)/Liability[1]

	June 2011 A$m	June 2010 A$m
a. Balance Sheet Amounts		
The amounts recognised in the balance sheet are determined as follows:		
Present value of defined benefit obligations	593.1	671.2
Fair value of plan assets	(586.7)	(592.5)
Unrecognised actuarial losses	(8.7)	(60.7)
Recognised (assets)/liability for defined benefit obligations	**(2.3)**	**18.0**
b. Reconciliation of the Present Value of Defined Benefit Obligations		
Present value of defined benefit obligations at beginning of financial year	671.2	691.2
Current service cost	11.4	12.6
Interest cost on benefit obligation	31.6	35.5
Contributions by plan participants	0.2	0.2
Actuarial (gains)/losses	(3.5)	49.6
Benefits paid	(24.4)	(32.6)
Effect to foreign exchange rate movements	(93.4)	(85.3)
Present value of defined benefit obligations at end of financial year	**593.1**	**671.2**
c. Reconciliation of the Fair Value of Plan Assets		
Fair value of plan assets at beginning of financial year	592.5	559.2
Expected return on plan assets	29.7	27.9
Actuarial gains	41.4	62.8
Contributions by Group companies	31.7	43.2
Contributions by plan participants	0.2	0.2
Benefits paid	(24.4)	(32.6)
Effect of foreign exchange rate movements	(84.4)	(68.2)
Fair value of plan assets at end of financial year	**586.7**	**592.5**
d. Expense Recognised in the Income Statement		
Current service cost	11.4	12.6
Interest cost on benefit obligation	31.6	35.5
Expected return on plan assets	(29.7)	(27.9)
Net actuarial loss recognised in the period		1.4
Net defined benefit plan expense	**13.3**	**21.6**
e. Actual Return on Plan Assets	**68.9**	**92.3**

1 Relates to the Lend Lease Construction UK Pension Scheme.

Notes to the Consolidated Financial Statements continued

24. Defined Benefit Plan (Asset)/Liability continued

f. Categories of Plan Assets

	June 2011 %	June 2010 %
Equity instruments	38.8	34.2
Debt instruments	44.6	47.9
Other assets	16.6	17.9
	100.0	**100.0**

g. Principal Actuarial Assumptions

	June 2011 %	June 2010 %
Discount rate (net)	5.4	5.4
Expected rate of return on assets[1]	6.4	6.3

1 The long term rate of return on the pension plan assets is determined by looking at the expected long term return on each asset class based on analysis of historical markets. Assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The expected returns are net of investment manager expenses. The overall expected rate of return on assets is derived by weighting the expected rate of return for each asset over the asset allocation for the scheme.

h. Employer Contributions

For the year ending 30 June 2012, total employer contributions to the plan are expected to be A$15.7 million. In addition, a deficit contribution of A$13.8 million is expected to be paid.

i. Historical Summary

			Consolidated		
	June 2011 A$m	June 2010 A$m	June 2009 A$m	June 2008 A$m	June 2007 A$m
Plan assets	586.7	592.5	559.2	627.7	661.0
Defined benefit plan obligation	(593.1)	(671.2)	(691.2)	(686.2)	(778.3)
(Deficit)	**(6.4)**	**(78.7)**	**(132.0)**	**(58.5)**	**(117.3)**
Experience gains/(losses) arising on plan assets	41.4	62.8	(115.5)	(12.7)	18.5
Experience gains/(losses) arising on plan liabilities	(4.3)	17.2	(27.4)	(0.9)	(7.1)

Notes to the Consolidated Financial Statements continued

25. Issued Capital and Treasury Securities

	Lend Lease Corporation Limited				Lend Lease Trust			
	June 2011		June 2010		June 2011		June 2010	
	No. of Shares m	A$m	No. of Shares m	A$m	No. of Units m	A$m	No. of Units m	A$m
Issued Capital								
Issued capital at beginning of financial year	565.6	2,019.2	457.6	1,195.9	565.6	0.6		
Movements during financial year								
Equity issue net of transaction costs		(0.7)	104.7	792.6			104.7	0.1
Equity issue – other			0.1	0.3			0.1	
Distribution Reinvestment Plan	5.3	45.2	3.2	30.4	5.3			
Equity issue to effect stapling of the Company's shares to Lend Lease Trust units							460.8	0.5
Issued capital at end of financial year	**570.9**	**2,063.7**	**565.6**	**2,019.2**	**570.9**	**0.6**	**565.6**	**0.6**

Issuance of Securities

As at 30 June 2011 the Group had 570.9 million stapled securities on issue equivalent to the number of Lend Lease Corporation shares and Lend Lease Trust units on issue as at that date. The issued units of Lend Lease Trust are not owned by the Company and are therefore presented as non controlling interests in the consolidated statement of financial position within equity.

Security Accumulation Plans

The Group's Distribution Reinvestment Plan ('DRP') was reactivated in February 2011. The last date for receipt of an election notice for participation in the DRP is 15 September 2011. The issue price is the arithmetic average of the daily volume weighted average price of Lend Lease stapled securities traded (on the Australian Securities Exchange) for the period of six consecutive business days immediately following the record date for determining entitlements to distribution. If that price is less than 50 cents, the issue price will be 50 cents. Stapled securities issued under the DRP rank equally with all other stapled securities on issue.

Terms and Conditions

Issued capital for Lend Lease Corporation Limited comprises ordinary shares fully paid.

A stapled security represents one share in the Company stapled to one unit in Lend Lease Trust.

Stapled securityholders have the right to receive declared dividends from the Company and distributions from Lend Lease Trust and are entitled to one vote per stapled security at securityholders' meetings. Ordinary stapled securityholders rank after all creditors in repayment of capital.

The Group does not have authorised capital or par value in respect of its issued stapled securities.

	Lend Lease Corporation Limited				Lend Lease Trust			
	June 2011		June 2010		June 2011		June 2010	
	No. of Shares m	A$m	No. of Shares m	A$m	No. of Units m	A$m	No. of Units m	A$m
Treasury Securities[1]								
Balance at beginning of financial year	29.9	74.4	30.8	63.2	29.9			
Movements during financial year:								
Treasury securities acquired	1.9	16.3	0.3	2.6	1.9			
Treasury securities vested	(0.9)	(7.4)	(1.2)	(11.0)	(0.9)			
Movement on allocated treasury securities recognised directly in retained earnings and equity compensation reserve				19.6				
Issue of Lend Lease Trust units upon stapling of Company shares to Lend Lease Trust units[2]							29.9	
Balance at end of financial year	**30.9**	**83.3**	**29.9**	**74.4**	**30.9**	**–**	**29.9**	**–**

1 Represents unallocated Lend Lease stapled securities held by employee benefit vehicles, including employee security plans, which Lend Lease sponsors. The value reflects the original historical cost to the Group. The consolidated balance represents the Company shares which are disclosed in the statement of financial position as treasury securities as a reduction of equity. The Lend Lease Trust balance is disclosed in the statement of financial position within non controlling interests attributable to unitholders of Lend Lease Trust.

2 Units in Lend Lease Trust were issued at 0.1 cents per unit.

Notes to the Consolidated Financial Statements continued

	Note	June 2011 A$m	June 2010 A$m
26. Reserves			
Fair Value Revaluation Reserve			
Opening balance at beginning of financial year		37.8	44.5
Comprehensive income for the year			
Revaluation gain recognised in equity		2.6	6.7
Revaluation gain transferred to income statement on asset disposal			(17.0)
Revaluation loss on asset impairment transferred to the income statement			4.0
Effect of foreign exchange rate movements/other movements		(0.5)	(0.4)
Closing balance at end of financial year	26a	**39.9**	**37.8**
Hedging Reserve			
Opening balance at beginning of financial year		(88.2)	(58.1)
Comprehensive income for the year			
Movements attributable to effective cash flow hedges on equity accounted investments		(10.0)	(37.3)
Transfer of ineffective cash flow hedge movement to income statement			(1.1)
Hedging loss transferred to income statement on asset disposal		35.7	
Effect of foreign exchange rate/other movements		17.1	8.3
Closing balance at end of financial year	26b	**(45.4)**	**(88.2)**
Foreign Currency Translation Reserve			
Opening balance at beginning of financial year		(80.5)	(24.4)
Comprehensive income for the year			
Movements attributable to translation of foreign operations		(162.3)	(57.6)
Transfer of foreign currency translation reserve to income statement on return of capital			1.5
Closing balance at end of financial year	26c	**(242.8)**	**(80.5)**
Non Controlling Interest Acquisition Reserve			
Opening balance at beginning of financial year		(110.9)	(121.0)
Comprehensive income for the year			
Effect of foreign exchange rate/other movements		24.6	10.1
Closing balance at end of financial year	26d	**(86.3)**	**(110.9)**
Other Reserve			
Opening balance at beginning of financial year		110.4	104.6
Transaction with owners for the year			
Net proceeds from renounceable entitlement offer received by Lend Lease sponsored employee security plans			7.1
Effect of foreign exchange rate/other movements		1.3	(1.3)
Closing balance at end of financial year	26e	**111.7**	**110.4**
Equity Compensation Reserve			
Opening balance at beginning of financial year		48.0	35.6
Transactions with owners for the year			
Movements attributable to allocation and vesting of securities		12.1	12.4
Closing balance at end of financial year	26f	**60.1**	**48.0**
Other Compensation Reserve			
Closing balance at beginning and end of financial year	26g	**54.4**	**54.4**
Total reserves		**(108.4)**	**(29.0)**

Notes to the Consolidated Financial Statements continued

26. Reserves continued

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 financial assets 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 recognises the foreign currency differences, net of income tax, arising from the translation of foreign operations, the translation of transactions that hedge the Group'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. Non Controlling Interest Acquisition Reserve

The non controlling interest acquisition reserve arises from the additional acquisition of non controlling interests, subsequent to obtaining control of the acquired 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.

e. Other Reserve

Other reserve includes realised capital profits on the disposal of assets which did not attract capital gains tax. In addition, gains realised by Lend Lease sponsored employee security plans upon renouncing their rights to participate in the Group's single bookbuild accelerated renounceable entitlement offer in March 2010 have been recognised in other reserve.

f. Equity Compensation Reserve

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

g. Other Compensation Reserve

Unallocated Lend Lease securities 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 securities 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 securities and the market value is recognised in retained earnings as a 'gain/(loss) on utilisation of treasury securities'.

Notes to the Consolidated Financial Statements continued

27. Contingent Liabilities

The Group has the following contingent liabilities:

There are a number of legal claims and exposures that 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, that 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, the Company guarantees the performance of particular Group entities in respect of their obligations. This includes bonding and bank guarantee facilities used primarily by the Construction business as well as performance guarantees for certain Development business commercial built-form developments. 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.

A contingent liability exists in relation to the Lend Lease Retirement Benefit Fund. This is disclosed in detail in Note 34b 'Lend Lease Employee Benefit Vehicles'.

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 Lend Lease (US) Construction LMB Inc. formerly known as Bovis Lend Lease LMB, Inc. ('LL LMB') (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. The number of claimants who have brought proceedings against LL LMB is approximately 16,337 (comprising 9,845 first named claimants and 6,492 derivative claimants – for example, spouses).

LL LMB is one of the beneficiaries of the approximately US$1.0 billion captive insurance policy (administered by the WTC Captive) established by the US Congress to protect the City of New York and its contractors against liabilities that may arise from the clean-up. LL LMB and other defendants have also benefited from certain project specific insurance.

On 23 June 2010, Judge Hellerstein signed an 'Order Approving Modified and Improved Agreement of Settlement'. The settlement agreement (as amended from the agreement announced on 12 March 2010) between counsel representing the claimants in these proceedings, the WTC Captive and counsel representing the defendants insured by the WTC Captive (including LL LMB) requires the WTC Captive to contribute a total of US$712.5 million (plus US$3.5 million in administrative costs), subject to certain conditions. The agreement does not impose any financial obligations on LL LMB. The settlement became fully effective on 5 January 2011 upon the signing by the parties of the Affirmation of Final Settlement recognising that more than 95% of the plaintiffs who have brought claims against the defendants insured by the WTC Captive have accepted the settlement terms and have 'opted in' to the settlement, and all other necessary conditions have been satisfied.

Additionally, on 2 January 2011, the US President signed the James Zadroga 9/11 Health and Compensation Act of 2010 into law. Among other things, this legislation re-opens the September 11th Victim Compensation Fund, such that current claimants may also now be eligible to seek compensation from the United States government. The Act also limits the liability of the City of New York and various contractors, including LL LMB, for claims related to the clean up operations. The Regulations, which make the Act operative, are currently being promulgated.

LL LMB may still need to defend claims made by plaintiffs who do not opt into the settlement, who are ineligible or otherwise decline to participate in the re-opened Victim Compensation Fund, or who bring new claims against LL LMB. As at 30 June 2011, there were 198 such claims, of which 30 name LL LMB as a defendant. To establish any liability on the part of LL LMB, the claimants must prove that LL LMB owed them a duty of care, breached that duty, and that their injuries were caused by the conduct of LL LMB. Any such litigation therefore would still need to proceed through a number of stages before any liability could attach to LL LMB. As with all litigation, to the extent that the claimants are able to establish liability against LL LMB, 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. It is also not possible at this time to ascertain how the limitation of liability in the Zadroga Act will apply to any particular claim against LL LMB going forward but, as to contractors such as LL LMB, the Act limits liability to those amounts remaining in the WTC Captive Insurance Company plus any insurance coverage that was available and applicable on 11 September 2001 for the particular contractor.

In April 2009, LL LMB received notice of investigations being conducted by the US Attorney's Office for the Eastern District of New York and the New York County District Attorney's Office. The investigations relate to allegations regarding, among other things, payroll and billing practices on construction projects and LL LMB's use of minority-owned business enterprises. In July 2011, LL LMB received notice that the US Attorney's Office for the Southern District of New York is conducting a civil investigation into payroll and billing practices at federally-funded construction projects. LL LMB is co-operating with the authorities in their investigations. Until the investigations are complete, it is not possible to quantify what the financial consequences associated with this matter will be. Lend Lease has engaged independent advisers to conduct a review of LL LMB's practices and has recognised a provision to cover legal costs and make-good payments.

Notes to the Consolidated Financial Statements continued

28. Consolidated Entities

a. Investments in Consolidated Entities

The material consolidated entities of the Group listed below were wholly owned during the current and prior year:

Parent Entity
Lend Lease Corporation Limited

Australia
Lend Lease Project Management and Construction (Australia) Pty Limited
Lend Lease (Australia) Communities Limited
Lend Lease Development Pty Limited
Lend Lease Millers Point Trust
Lend Lease Primelife Limited
Lend Lease Real Estate Investments Limited
Lend Lease Securities and Investment Pty Limited
Lend Lease Finance Limited
Lend Lease International Pty Limited
Lend Lease Singapore Investments Pty Limited
Lend Lease Trust
Lend Lease Infrastructure Holdings Pty Limited (newly incorporated during the year)

Europe
Lend Lease Construction Holdings (EMEA) Limited
Bovis Lend Lease International Limited
Lend Lease Construction (EMEA) Limited
Bovis Lend Lease Overseas Holdings Limited
Blueco Limited
Lend Lease Europe Holdings Limited
Lend Lease Europe Limited
Lend Lease Infrastructure (EMEA) Limited
Lend Lease Residential Group (EMEA) Limited
Lend Lease Residential (GC) plc
Lend Lease Europe Finance plc

Asia
Lend Lease Singapore Pty Limited[1]

Americas
Lend Lease (US) Construction Holdings, Inc.
Lend Lease (US) Construction, Inc.
Lend Lease (US) Construction, LMB, Inc.
ML Bovis Holdings Limited
Lend Lease (US) Public Partnerships, LLC
Yarmouth Lend Lease King of Prussia, Inc.
Lend Lease (US) Holdings, Inc.
Lend Lease Americas Holdings, Inc.
Lend Lease (US) Services, Inc.
Lend Lease (US) Capital, Inc.

1 Lend Lease Singapore Pty Limited is incorporated in Singapore.

b. Acquisitions

During the year the consolidated entity acquired an interest in the following entities:

	Ownership Interest Acquired %	Date Acquired
June 2011		
Australia		
Lend Lease Infrastructure Pty Limited (formerly Valemus Australia Pty Limited)	100	10 Mar 11
Americas		
The DASCO Companies, LLC	100	17 Feb 11
June 2010		
Australia		
Lend Lease Trust (formerly Sheffield Diversified Fund No. 2)[1]	100	2 Oct 09
Lend Lease Trust No. 2 (formerly Sheffield Diversified Fund No.1)[1]	100	2 Oct 09
Lend Lease Responsible Entity Limited (formerly Sheffield Funds Management Limited)	100	2 Oct 09
Lend Lease Primelife Group	56.8	15 Dec 09

1 On 2 October 2009, Lend Lease Corporation Limited acquired 100% of the voting interests in Lend Lease Trust and Lend Lease Trust No. 2. Subsequent to the acquisition of Lend Lease Trust, the units of Lend Lease Trust were stapled to shares in Lend Lease Corporation Limited as set out in Note 1 'Significant Accounting Policies'.

Notes to the Consolidated Financial Statements continued

28. Consolidated Entities continued

b. Acquisitions continued

Acquisition of Lend Lease Infrastructure Pty Limited (formerly Valemus Australia Pty Limited)

On 10 March 2011 the Group completed the acquisition of 100% of Valemus Australia Pty Limited ('Valemus'), the parent company of Abigroup, Baulderstone and Conneq. Following the acquisition, Valemus Australia Pty Limited was renamed Lend Lease Infrastructure Pty Limited with Abigroup, Baulderstone and Conneq which together now form the Group's infrastructure business in Australia, continuing to operate as separate business units within the Australian Construction reporting segment.

These businesses are providers of services in the engineering and construction markets and the acquisition is consistent with the Group's strategic direction of increasing its capabilities in both these markets.

The following summarises the consideration transferred to complete the acquisition:

	A$m
Cash consideration [1]	874.0
Transfer of parent company receivables [2]	192.6
Total consideration transferred[3]	**1,066.6**

1 Net cash outflow (excluding transaction costs) in the cash flow statement of (A$629.4 million) to acquire Valemus represents cash consideration paid (A$874.0 million) net of cash acquired (A$244.6 million). Transaction costs of A$20.5 million have been included in 'Other expenses' in the Group income statement.
2 Immediately prior to acquisition, Valemus was owed A$192.6 million by its parent, Bilfinger Berger SE. At settlement the Group assumed this receivable balance and accordingly the cash consideration transferred to complete the acquisition was reduced.
3 Amount comprises A$960.0 million base consideration plus A$80.0 million plus A$5.0 million per month from 1 October 2010 to completion (A$26.6 million) in lieu of 2010 profits of Valemus not distributed.

The amounts recognised as at the acquisition date for the identifiable assets acquired and liabilities assumed are shown below.

Identifiable assets acquired and liabilities assumed	**Fair Value A$m**
Cash and cash equivalents	244.6
Trade and other receivables	679.9
Inventories	148.4
Property, plant and equipment	255.3
Deferred tax asset	68.0
Equity accounted investments	52.5
Finance lease liabilities	(98.9)
Payables	(862.0)
Provisions	(88.3)
Deferred tax liability	(14.6)
Total net identifiable assets	**384.9**
Total consideration transferred	1,066.6
Goodwill on acquisition	**681.7**

The goodwill is attributable to several factors including Valemus' substantial future project pipeline and the synergies and scale benefits from combining the acquired operations with those of the existing Construction business of the Group. The goodwill arising from the transaction is not deductible for tax purposes.

Indemnities have been provided to the Group by the previous owners of Valemus (an indemnity asset of A$26.2 million has been recognised at the date of acquisition). Whilst the underlying financial terms of the indemnities remain confidential, negotiation of such an arrangement is customary for a transaction of this type. The net financial impact of the indemnity arrangement in the post acquisition period to 30 June 2011 and for future periods covered by the term of the indemnity is not material to the results of the Group.

The financial and operational integration of the infrastructure business into the Group is continuing and is expected to be finalised by 31 December 2011. Accordingly, at 30 June 2011 the fair values ascribed to the net identifiable assets remain provisional as permitted by Australian Accounting Standards.

Gross contractual amounts due for trade and other receivables include A$423.0 million of trade receivables of which A$3.1 million is expected to be uncollectible at the acquisition date.

In the period from 10 March 2011 to 30 June 2011, the infrastructure business contributed revenue of A$1.3 billion and profit after tax of A$32.3 million (excluding transaction costs and the cost to the Group of funding the transaction). If the acquisition had occurred on 1 July 2010, management estimates that the Group's consolidated revenue and profit after tax for the full year would have been A$11.3 billion and A$555.4 million respectively.

There were no significant additional accounting policies impacting the Group as a result of the acquisition.

Notes to the Consolidated Financial Statements continued

28. Consolidated Entities continued

b. Acquisitions continued

Acquisition of The DASCO Companies, LLC

On 17 February 2011, the Group obtained control of The DASCO Companies, LLC ('DASCO'), a provider of development, financing, leasing and management services in the healthcare real estate sector in the United States. The acquisition is in line with the Group's continuing strategy to leverage its integrated property delivery model.

Identifiable assets acquired and liabilities assumed	Fair value A$m
Net identifiable assets	0.1
Total purchase consideration	24.1
Goodwill on acquisition	**24.0**

The total purchase consideration comprises A$8.6 million cash and A$15.5 million estimated contingent consideration. The contingent consideration represents the fair value of deferred earn out payments linked to future financial performance of DASCO. The goodwill is attributable to the development of future investment projects and is expected to be deductible on a straight line basis over a period of up to 15 years for tax purposes.

c. Disposals

	Ownership Interest Disposed %	Date Disposed	Consideration Received A$m
June 2011			
During the year the consolidated entity disposed of its interest in the following entities. The operating results to the date of disposal have been included in consolidated profit.			
Australia			
LLD (Coolum Western) Pty Limited	100	23 Dec 10	13.4
Coeur de Lion Holdings Pty Limited[1]	50	23 Dec 10	5.0
June 2010			
During the year, the consolidated entity disposed of its interests in the following entity. The operating results to that date were included in consolidated profit.			
Europe			
First Base Adelaide Wharf	45	29 Jun 10	0.2

1 The Group still holds 100% in Coeur de Lion Holdings Pty Limited but due to the agreement in place where the economic outcomes are shared with Sekisui House Australia, this has been deconsolidated and is now classified as an equity accounted investment.

	Consolidated June 2011 A$m	Consolidated June 2010 A$m
Details of the disposals of consolidated entities are as follows:		
Sale Proceeds		
Cash received	13.4	0.2
Total sale proceeds	**13.4**	**0.2**
Net Assets of Entities Disposed		
Cash and cash equivalents	3.2	0.2
Trade and other receivables	2.4	1.1
Inventories	9.8	
Property, plant and equipment	14.9	
Deferred tax assets	4.5	
Other assets	1.8	
Trade and other payables	(9.6)	(1.3)
Deferred tax liabilities	(1.8)	
Provisions	(16.5)	
Net assets disposed	**8.7**	**–**
Cash Flows Resulting from Sale		
Cash consideration	13.4	0.2
Cash disposed	(3.2)	(0.2)
Net inflows of cash	**10.2**	**–**

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.

From 1 July 2010, the Group moved to a regional management structure focused on four major geographic regions: Australia, Asia, Europe and the Americas, to better support the Group's integrated model and provide a platform to develop regional investment opportunities. The Group has identified these operating segments based on the internal reports that are reviewed and used by the Group Chief Executive Officer and Managing Director (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The regional business units operate across four lines of business, as follows:

Development
The Development business operates in all four major geographic regions and is involved in the development of master-planned urban communities, inner-city mixed-use developments, apartments, retail and the Retirement Living and Aged Care sector.

Construction
The Construction business operates in all four major geographic regions providing project management, engineering and construction services.

Investment Management
The Investment Management business operates in all four major geographic regions and provides real estate investment management, retail property management and asset management services. This business includes the Group's ownership interests in property investments held directly or indirectly through investments in the Group's managed funds.

Infrastructure Development
The Infrastructure Development business operates in Australia, Europe and the Americas and manages and invests in large public private partnership projects.

Segment performance is based on operating profit after tax. Operating profit after tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain reportable segments relative to other entities that operate within these industries. The Group does not consider corporate activities to be an operating segment. Financial information regarding the performance of each reportable segment and a reconciliation of these reportable segments to the financial statements is included below.

	Operating Result Before Tax		Income Tax Expense		Operating Result After Tax	
	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m
Australia	359.2	308.0	(77.8)	(61.1)	281.4	246.9
Asia	54.0	40.6	(7.9)	(7.4)	46.1	33.2
Europe	156.0	167.7	(18.6)	(49.1)	137.4	118.6
Americas	246.5	51.9	(89.9)	(21.2)	156.6	30.7
Total segment	**815.7**	**568.2**	**(194.2)**	**(138.8)**	**621.5**	**429.4**
Reconciling items						
Corporate activities	(195.7)	(154.1)	59.5	48.3	(136.2)	(105.8)
Property investment revaluations	10.7	33.7	(3.2)	(11.7)	7.5	22.0
Statutory result attributable to securityholders	**630.7**	**447.8**	**(137.9)**	**(102.2)**	**492.8**	**345.6**
Other non controlling interests	0.8	3.0	(0.4)	(0.4)	0.4	2.6
Statutory result	**631.5**	**450.8**	**(138.3)**	**(102.6)**	**493.2**	**348.2**

Notes to the Consolidated Financial Statements continued

29. Segment Reporting continued

The following tables set out other financial information by reportable segment.

	Segment Revenue June 2011 A$m	Interest Revenue June 2011 A$m	Interest Expense June 2011 A$m	Share of Results EAI[1] June 2011 A$m	Depreciation and Amortisation June 2011 A$m	Material Non Cash Items[2] June 2011 A$m	Non Current Segment Assets[3] June 2011 A$m	Group Total Assets June 2011 A$m
Australia	5,099.5	2.5		66.7	(31.1)	(66.2)	5,910.0	8,200.9
Asia[4]	422.3			25.2	(0.3)	(6.2)	297.5	532.9
Europe[5]	1,488.5	18.7	(1.6)	(7.4)	(10.0)	(18.8)	1,095.6	1,649.3
Americas	1,934.7			225.5	(3.1)	(13.2)	262.4	1,462.2
Total segment	**8,945.0**	**21.2**	**(1.6)**	**310.0**	**(44.5)**	**(104.4)**	**7,565.5**	**11,845.3**
Corporate activities	69.1	57.6	(113.4)		(7.6)	23.2	66.2	303.7
Statutory result	**9,014.1**	**78.8**	**(115.0)**	**310.0**	**(52.1)**	**(81.2)**	**7,631.7**	**12,149.0**

	Segment Revenue June 2010 A$m	Interest Revenue June 2010 A$m	Interest Expense June 2010 A$m	Share of Results EAI[1] June 2010 A$m	Depreciation and Amortisation June 2010 A$m	Material Non Cash Items[2] June 2010 A$m	Non Current Segment Assets[3] June 2010 A$m	Group Total Assets June 2010 A$m
Australia	3,730.3	4.0	(2.2)	59.5	(12.0)	(30.0)	4,484.9	5,581.1
Asia[4]	423.9			53.7	(0.3)	(2.2)	229.0	446.1
Europe[5]	2,498.0	19.2	(1.5)	25.5	(14.3)	(26.9)	1,257.5	2,030.5
Americas	3,862.2	0.1		30.7	(5.1)	(30.5)	742.9	1,771.0
Total segment	**10,514.4**	**23.3**	**(3.7)**	**169.4**	**(31.7)**	**(89.6)**	**6,714.3**	**9,828.7**
Corporate activities	55.6	41.5	(78.5)		(8.1)	(40.9)	84.8	1,537.7
Statutory result	**10,570.0**	**64.8**	**(82.2)**	**169.4**	**(39.8)**	**(130.5)**	**6,799.1**	**11,366.4**

1 Equity accounted investments.
2 Excludes depreciation and amortisation
3 Non current segment assets exclude deferred tax assets, financial instruments and pension assets and are based on the geographical location of assets.
4 The majority of revenue and non current assets from Asia are attributable to Singapore.
5 The majority of revenue and non current assets from Europe are attributable to the UK.

Line of Business

The analysis of revenue by line of business is as follows:

	Revenue June 2011 A$m	Revenue June 2010 A$m
Development	754.6	744.6
Construction	7,335.0	8,530.8
Investment Management	171.7	170.0
Infrastructure Development	683.7	1,069.0
Total segment	**8,945.0**	**10,514.4**
Corporate Activities	69.1	55.6
Total revenue	**9,014.1**	**10,570.0**

No revenue from transactions with a single external customer amount to 10% or more of the Group's revenue.

Notes to the Consolidated Financial Statements continued

30. Capital Risk Management

The Group assesses capital management as part of its broader strategic plan. The Group focuses on interrelated financial parameters, including return on equity, earnings growth and borrowing capacity. The Group also monitors its gearing ratio, interest coverage ratio and weighted average cost of debt. These are all taken into account when the Group makes decisions on how to invest its capital and evaluate its existing investments.

The Group's capital includes total equity, borrowings, and other interest bearing liabilities. When investing capital, the Group's objective is to deliver strong total securityholder returns and to maintain an investment grade credit rating by maintaining an appropriate financial profile. The S&P/Moody's long term credit rating at 30 June 2011 is BBB-/Baa3 (June 2010: BBB-/Baa3). The Group was also in compliance with its financial covenants in respect of its borrowing facilities.

The capital structure of the Group can be changed by equity issuance, paying distributions to securityholders, the distribution reinvestment plan and changing the level of debt.

31. International Currency Management and Financial Instruments

The Group operates across numerous jurisdictions and markets. The Lend Lease Financial Markets Risk Committee oversees the management of the Group's foreign currency, credit, interest rate and liquidity risk exposures, within the parameters of a 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.

a. Foreign Currency

Foreign Currency Risk
Foreign currency risk is the risk in local currency terms that the value of a financial commitment or a recognised asset or liability, will fluctuate due to changes in foreign currency exchange rates.

The Group is exposed to foreign currency risk primarily from foreign currency earnings, net investments in foreign operations, and transactions settled in foreign currency. The Group manages these exposures using both physical (this includes borrowings in the relevant foreign currency which act as a natural hedge for the net investments held in these foreign currencies) and derivative financial instruments (mainly forward foreign exchange contracts) to hedge foreign currency exposures. Speculative trading is not permitted.

The Group currently applies hedge accounting under AASB 139 *Financial Instruments: Recognition and Measurement* on a very limited basis as the majority of forward foreign exchange contracts relate to cross border intercompany loans and transactions which mainly net off in the income statement. The Group has minimal hedges designated as fair value and cash flow hedges (refer to Note 1.22 'Derivative Financial Instruments and Hedging Activities' for the accounting treatment of such hedges).

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 until realised. The Group does not generally use derivatives to hedge net investments in foreign operations.

The net asset exposure by currency is detailed below:

June 2011	AUD m	USD m	GBP m	SGD m	EUR m	NZD m	Other m
Net asset exposure (local currency)	2,585.8	66.0	113.7	410.6	100.1	369.3	84.0
June 2010							
Net asset exposure (local currency)	2,100.1	46.8	211.0	327.2	88.7	312.9	185.7

Notes to the Consolidated Financial Statements continued

31. International Currency Management and Financial Instruments continued

a. Foreign Currency continued

Foreign Currency Derivatives (Not Hedge Accounted)
The Group's foreign exchange derivative contracts held at reporting date to hedge specific foreign currency exposures are as follows:

	Weighted Average Exchange Rate		Gross Receivable/(Payable) Under Contracts	
	June 2011 (A$1=)	June 2010 (A$1=)	June 2011 A$m	June 2010 A$m
Contracts to (buy)/sell the following currencies at an agreed exchange rate :				
buy GBP	0.66	0.60	(59.0)	(69.9)
sell GBP	0.65	0.59	117.2	450.1
buy USD	1.05	0.86	(365.6)	(328.5)
sell USD	1.07	0.88	32.2	38.0
buy EUR	0.76	0.71	(24.7)	(32.0)
sell EUR	0.75	0.70	59.0	70.0
buy SGD	1.29	1.20	(38.7)	(32.4)
sell SGD	1.30	1.21		16.6
sell New Zealand dollars	1.30	1.27	201.7	205.9
sell Canadian dollars	1.03	0.90	8.8	6.8
buy Canadian dollars	1.02	1.02	(3.1)	
Total			**(72.2)**	**324.6**

All contracts to buy or sell foreign currency mature within one year.

Sensitivity Analysis
The sensitivity analysis of the Group's Australian dollar denominated income statement and balance sheet to foreign currency movements is based on a 10% fluctuation (June 2010: 10% fluctuation) on the average rates during the financial year and the spot rate at balance date respectively. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10% movement in the average foreign exchange rates would have impacted the Group's profit after tax as follows:

	10% Weakening		10% Strengthening	
	Increase/ (Decrease) in Profit After Tax June 2011 A$m	Increase/ (Decrease) in Profit After Tax June 2010 A$m	Increase/ (Decrease) in Profit After Tax June 2011 A$m	Increase/ (Decrease) in Profit After Tax June 2010 A$m
USD	14.9	2.4	(13.7)	(1.9)
GBP	12.6	10.7	(10.2)	(8.8)
SGD	5.8	7.2	(5.1)	(5.9)
EUR	(1.5)	(0.8)	1.2	0.7
	31.8	**19.5**	**(27.8)**	**(15.9)**

A 10% movement in the foreign exchange spot rates at balance date would have impacted the Group's net assets as follows:

	10% Weakening Increase in Net Assets		10% Strengthening (Decrease) in Net Assets	
	June 2011 A$m	June 2010 A$m	June 2011 A$m	June 2010 A$m
USD	7.1	6.1	(5.8)	(5.0)
GBP	17.8	41.9	(17.0)	(34.2)
SGD	31.1	29.6	(27.9)	(24.2)
EUR	14.2	14.1	(11.6)	(11.5)
NZD	28.0	27.8	(25.1)	(22.8)
	98.2	**119.5**	**(87.4)**	**(97.7)**

Notes to the Consolidated Financial Statements continued

31. International Currency Management and Financial Instruments continued

b. Credit Risk

Credit risk represents the risk that a counterparty will not be able to complete its obligations in respect of a financial instrument, resulting in a financial loss to the Group. The Group has exposure to credit risk from recognised financial assets.

The maximum exposure to credit risk at balance date on financial instruments 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 so that sales of products and services are made to customers with an appropriate credit history.

Credit risk on financial instruments is managed under a Board approved credit policy that determines acceptable counterparties. Derivative counterparties and cash deposits are limited to recognised financial intermediaries with a minimum investment grade credit rating as determined by a recognised rating agency. The policy sets out credit limits for each counterparty based on these ratings.

There was an impairment of A$1.2 million recorded during the year against other financial assets (June 2010: A$8.1 million).

Refer to Note 10 'Loans and Receivables' for information relating to impairment on loans and receivables.

Collateral

In certain circumstances, the Group will hold either financial or non financial assets as collateral to further mitigate the potential credit risk on selected transactions. During the period, the Group did not hold financial or non financial assets as collateral to mitigate potential credit risk as a result of default by a counterparty or otherwise (June 2010: a trade debtor of A$27.0 million was secured by a first registered mortgage over land parcels).

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 market interest rates. The Group uses physical and derivative financial instruments to assist in managing its interest rate risk. Speculative trading is not permitted.

The Group's exposure to interest rate risk on its financial assets and liabilities is set out as follows:

	Carrying Amount	
	June 2011 A$m	June 2010 A$m
Fixed Rate		
Financial assets	220.7	239.7
Financial liabilities	(1,235.6)	(902.4)
	(1,014.9)	**(662.7)**
Variable Rate		
Financial assets	1,043.3	1,661.6
Financial liabilities	(1,103.9)	(728.6)
	(60.6)	**933.0**

Sensitivity Analysis

At 30 June 2011 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$5.0 million (June 2010: A$4.4 million increase in the Group's profit after tax and retained earnings). A one percentage point decrease in interest rates would have decreased the Group's profit after tax and retained earnings by A$3.9 million (June 2010: A$4.1 million decrease in the Group's profit after tax and retained earnings). The increase or decrease in interest income/expense is proportional to the increase or decrease in interest rates. Interest rate derivatives have been included in this calculation.

Notes to the Consolidated Financial Statements continued

31. International Currency Management and Financial Instruments continued

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 aims to manage its liquidity risk exposure by maintaining sufficient levels of cash and committed credit facilities to meet financial commitments as and when they fall due.

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.

The Group's main liquidity risk is the ability to refinance its current borrowings; at 30 June 2011 all borrowings are non current. During the period, the A$570.0 million club facility maturing in December 2011 was replaced with a A$975.0 million facility comprising two tranches:

i. A$595 million tranche maturing in July 2014; and
ii. A$380 million tranche maturing in July 2016.

As disclosed in Note 27 'Contingent Liabilities', in certain circumstances the Company guarantees the performance of particular Group entities in respect of their obligations including bonding and bank guarantees. Issued bank guarantees have cash collateralisation requirements if the bank guarantee facility is not renewed by the provider. At 30 June 2011, the Group does not anticipate a significant liquidity risk in relation to these facilities in the next 12 months.

The Group has provided collateral of A$16.2 million (June 2010: A$114.1 million) against letter of credit facilities.

The following are the contractual cash flow maturities of financial liabilities (excluding financial guarantees), including estimated interest payments and excluding the impact of netting agreements.

	Note	Carrying Amount A$m	Contractual Cash Flows A$m	Less than One Year A$m	One to Two Years A$m	Two to Five Years A$m	More than Five Years A$m
June 2011							
Non Derivative Financial Liabilities							
Trade and other payables	19[1,2]	2,699.7	2,729.0	2,180.0	123.3	240.1	185.6
Resident and accommodation bond liabilities[3]	20	2,231.4	2,231.4	2,231.4			
Borrowings and financing arrangements	21	1,693.9	2,335.6	97.1	200.5	1,222.0	816.0
Other financial liabilities	23	227.7	251.8	36.1	38.3	175.8	1.6
Total		**6,852.7**	**7,547.8**	**4,544.6**	**362.1**	**1,637.9**	**1,003.2**
Derivative Financial Liabilities							
Foreign exchange contracts:	23						
Outflow		(9.9)	(718.2)	(718.2)			
Inflow		5.8	715.0	715.0			
Interest rate derivatives:	23						
Outflow		(6.7)	(6.7)	(2.3)	(1.8)	(2.6)	
Total		**(10.8)**	**(9.9)**	**(5.5)**	**(1.8)**	**(2.6)**	–
June 2010							
Non Derivative Financial Liabilities							
Trade and other payables	19[1,2]	2,623.5	2,744.7	2,041.6	136.4	253.9	312.8
Resident and accommodation bond liabilities[3]	20	1,995.8	1,995.8	1,995.8			
Borrowings and financing arrangements	21	1,446.6	2,018.3	97.9	650.2	259.4	1,010.8
Other financial liabilities	23	170.4	179.7	27.3	2.6	149.8	
Total		**6,236.3**	**6,938.5**	**4,162.6**	**789.2**	**663.1**	**1,323.6**
Derivative Financial Liabilities							
Foreign exchange contracts:	23						
Outflow		(36.5)	(850.8)	(850.8)			
Inflow		16.9	832.9	832.9			
Interest rate derivatives:	23						
Outflow		(8.4)	(9.5)	(2.7)	(2.3)	(4.5)	
Total		**(28.0)**	**(27.4)**	**(20.6)**	**(2.3)**	**(4.5)**	–

1 The carrying amount of trade and other payables excludes A$1,111.0 million of current and A$78.2 million of non current amounts (June 2010: A$1,259.2 million of current and A$121.9 million of non current amounts) as they do not meet the definition of a financial liability under the Australian Accounting Standards.
2 The repayment of these amounts will be funded through collection of outstanding loans and receivables: June 2011: A$2,054.3 million (June 2010: A$2,134.9 million).
3 Resident and accommodation bond liabilities are required to be classified as less than one year as any resident may depart at any time. The balance includes retirement village total resident liabilities of A$2,077.7 million (June 2010: A$1,856.7 million), which is net of deferred management fees receivable, and is repayable out of the amounts paid to the Group by incoming retirement village residents for the right to occupy retirement living and aged care properties. (Refer Note 13 'Investment Properties' and Note 20 'Resident and Accommodation Bond Liabilities').

Other contractually committed cash flows the Group is exposed to are detailed in Note 32 'Commitments'.

Notes to the Consolidated Financial Statements continued

31. International Currency Management and Financial instruments continued

e. Fair Values of Financial Assets and Liabilities

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 the following non current borrowings.

	Note	June 2011 Carrying Amount A$m	June 2011 Fair Value A$m	June 2010 Carrying Amount A$m	June 2010 Fair Value A$m
Liabilities					
Non Current					
Commercial notes	21	735.0	750.1	879.9	904.6

The fair value of commercial notes has been calculated by discounting the expected future cash flows by the appropriate government bond rates and credit margin applicable to the relevant term of the commercial note.

Basis of Determining Fair Value

The determination of fair values of financial instruments that are not measured at cost or amortised cost in the financial report are summarised as follows:

- The fair value of unlisted equity investments is determined based on an assessment of the underlying net assets, future maintainable earnings and any special circumstances pertaining to the particular investment;
- The fair value of unlisted investments in property funds has been determined by reference to the fair value of the underlying properties which are valued by independent appraisers;
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted valuation techniques, these include the use of recent arm's length transactions, reference to other assets that are substantially the same, and discounted cash flow analysis; and
- The fair value of derivative instruments comprises forward foreign exchange contracts, which are valued using forward rates at balance date, and interest rate swap contracts, which are measured at the present value of future cash flows estimated and discounted based on applicable yield curves derived from quoted interest rates.

Fair Value Measurements

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

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

		Consolidated Carrying Amount			
	Note	Level 1 A$m	Level 2 A$m	Level 3 A$m	Total A$m
June 2011					
Financial Assets					
Available for sale		11.7	0.4	228.4	240.5
Fair value through profit and loss – negotiable instruments		69.6			69.6
Fair value through profit and loss – unlisted equity investments				36.9	36.9
Held to maturity non current receivable				6.7	6.7
Derivatives			12.5		12.5
	14	**81.3**	**12.9**	**272.0**	**366.2**
Financial Liabilities					
Derivatives	23		**10.8**		**10.8**

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

Notes to the Consolidated Financial Statements continued

31. International Currency Management and Financial instruments continued

e. Fair Values of Financial Assets and Liabilities continued

Fair Value Measurements continued

	Note	Level 1 A$m	Level 2 A$m	Level 3 A$m	Total A$m
		Consolidated Carrying Amount			
June 2010					
Financial Assets					
Available for sale		9.8	1.9	240.0	251.7
Fair value through profit and loss – negotiable instruments		75.8			75.8
Fair value through profit and loss – unlisted equity investments				33.7	33.7
Derivatives			3.9		3.9
	14	**85.6**	**5.8**	**273.7**	**365.1**
Financial Liabilities					
Derivatives	23		**28.0**		**28.0**

Reconciliation

Reconciliation of the carrying amount for Level 3 financial instruments is set out as follows:

	Available for Sale June 2011 A$m	Unlisted Equity Investments June 2011 A$m	Held to Maturity June 2011 A$m	Available for Sale June 2010 A$m	Unlisted Equity Investments June 2010 A$m	Held to Maturity June 2010 A$m
Carrying amount at beginning of financial year	240.0	33.7		372.0	12.4	
Additions	24.6	3.2	6.7	20.9	27.7	
Disposals				(153.1)		
Revaluation gain recognised in other comprehensive income	3.1			9.2		
Effect of foreign exchange rate/other movements	(39.3)			(9.0)	(6.4)	
Carrying amount at end of financial year	**228.4**	**36.9**	**6.7**	**240.0**	**33.7**	–

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, increases or decreases in the future. The Group is exposed to equity price risk on all traded and or non traded financial instruments measured at fair value.

Notes to the Consolidated Financial Statements continued

	June 2011 A$m	June 2010 A$m

32. Commitments[1]

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.

a. Operating Lease Commitments

The estimated aggregate amount of non cancellable operating lease expenditure agreed or contracted but not provided for in the financial statements is as follows:

	June 2011 A$m	June 2010 A$m
Land and buildings – self occupied	259.2	187.4
Plant and equipment	25.8	11.4
	285.0	**198.8**

At balance date, commitments in relation to non cancellable operating leases are payable as follows:

	June 2011 A$m	June 2010 A$m
Due within one year	60.6	47.6
Due between one and five years	169.4	114.7
Due later than five years	55.0	36.5
	285.0	**198.8**

b. Finance Lease Commitments

At balance date, commitments in relation to the finance leases are payable as follows:

	June 2011 A$m	June 2010 A$m
Due within one year	26.3	0.2
Due between one and five years	199.8	146.8
Due later than five years	1.6	0.1
Recognised as a liability	**227.7**	**147.1**

Lease liabilities provided for in the financial statements are as follows:

	June 2011 A$m	June 2010 A$m
Current	26.3	0.2
Non current	201.4	146.9
	227.7	**147.1**

c. Investments

At balance date capital commitments existing in respect of interests in equity accounted investments and other investments contracted but not provided for in the financial statements are as follows:

	June 2011 A$m	June 2010 A$m
Due within one year	52.5	111.1
Due between one and five years	88.1	117.8
Due later than five years	1.9	4.3
	142.5	**233.2**

1 The commitments outlined in this note do not include the commitments of the entities accounted for using the equity method (refer to Note 12 'Equity Accounted Investments').

Notes to the Consolidated Financial Statements continued

33. Notes to the Statement of Cash Flows

Reconciliation of Profit After Tax to Net Cash Provided by Operating Activities

	June 2011 A$m	June 2010 A$m
Profit After Tax (Including Non Controlling Interest)	**493.2**	**348.2**
Amortisation and depreciation	52.1	39.8
Net gain on sale of financial assets	(0.2)	(24.0)
Net gain on sale of other assets	(127.3)	(53.2)
Net gain on sale of controlled entities	(4.7)	
(Write back) of investments accounted for using the equity method	(1.7)	(12.6)
Impairment of other financial assets	1.2	12.1
Net unrealised foreign exchange (gain)/loss and currency hedging costs	(38.0)	18.3
Net fair value gain on fair value through profit and loss asset/liabilities	(12.2)	(8.7)
Profit of equity accounted investments	(310.0)	(169.4)
Discount on acquisition of controlled entity		(48.3)
Dividends/distributions from equity accounted investments	121.9	99.2
Impairment of goodwill and intangibles		0.5
Fair value (gain)/loss on investment properties	(22.3)	31.8
Other	(9.5)	2.3
Net cash provided by operating activities before changes in assets and liabilities	**142.5**	**236.0**

Changes in Assets and Liabilities Adjusted for Effects of Purchase and Disposal of Subsidiaries and Operations During the Financial Year

	June 2011 A$m	June 2010 A$m
Decrease in receivables	500.9	622.4
Increase in inventories	(87.0)	(366.0)
Increase in other assets	(27.8)	(52.5)
Increase in net defined benefit plan assets/liabilities	(20.8)	(25.0)
Decrease in payables	(670.7)	(180.4)
Decrease in other liabilities	(14.2)	(48.4)
Decrease in deferred tax items	109.3	46.1
Decrease/(increase) in current tax asset/liability	13.5	(37.5)
Decrease in other provisions	(12.2)	(28.7)
Decrease in other intangibles	24.3	1.7
Net cash (used in)/provided by operating activities	**(42.2)**	**167.7**

Notes to the Consolidated Financial Statements continued

34. Employee Benefits

a. Lend Lease Employee Security Plans

Currently employees own approximately 6.39% of the issued capital of the Group through various Lend Lease employee security plans, details of which are outlined below.

- Australia: Employee Share Acquisition Plan ('ESAP'): ESAP was established in December 1988 for the purpose of employees acquiring securities in the Group and is funded by Lend Lease subscriptions. Those subscriptions have been used to acquire securities in the Group at market value on behalf of employees, who may be nominated as members of ESAP. Employees may also be allocated securities by way of bonus arrangements on the basis of individual, corporate and business unit performance.
- 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. Securities 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 the Group securities at market value on behalf of employees. The value of allocations to employees is ultimately based on a combination of the Group security price and the respective currencies and Australian dollar exchange rates.
- In 2002, two UK-based Inland Revenue approved Share Incentive Plans ('SIP') were established for the acceptance of employee profit share contributions used to acquire the Group securities for UK-based Group employees. These plans are currently not accepting new contributions whilst Lend Lease makes all profit share payments to employees in cash.

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/Distributions and/or Voting Rights
Generally, employees in the various operating security plans are entitled to dividends/distributions and voting rights for allocated securities. The plans reflect this intention subject to regulatory, legal and tax constraints. Voting and dividend/distribution rights on any unallocated securities reside with the trustees of the relevant security 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 and tax jurisdiction within which the trust operates.

b. Lend Lease Employee Benefit Vehicles

In addition to the plans discussed above, Lend Lease has established a range of employee share ownership vehicles, including Lend Lease Retirement Benefit Fund ('RBF') and Lend Lease Employee Investment Trust ('EIT').

RBF was established in 1984 with shareholder approval for the benefit of employees. The balance of the assets of RBF at 30 June 2011 was 14.9 million (June 2010: 14.9 million) Group stapled securities. The Lend Lease securities in RBF are not available for allocation to employees other than in the event of a change of control of the Group and, in accordance with RBF's trust deed, the capital of the trust is not available to the Group.

The RBF trustee is independent of the Group. In the event of a change of control, the RBF Trustee may distribute RBF funds to employees who cease to be employees during the 12 months after a change of control. The RBF trustee has discretion as to how RBF funds are distributed following a change of control. Under Australian Accounting Standards, RBF, while not legally controlled, is required to be consolidated for accounting purposes and payments from it on a change of control will impact the Group's financial statements. Any payments that the RBF trustee may make as a result of a change of control of the Group are an obligation of RBF and not the Group. Any payments made will need to be funded by RBF and therefore cannot exceed the value of the assets of RBF, which was A$141.8 million at 30 June 2011 (June 2010: A$117.5 million). However, as RBF is consolidated by the Group, this potential obligation is disclosed as a contingent liability.

EIT was established in 1985 to enable employees to invest in the Group. At 30 June 2011, 10.9 million (June 2010: 11.6 million) Group securities were held by EIT, of which 10.6 million securities were available for allocation to employees. In accordance with EIT's trust deed, the capital of the EIT is not available to the Group.

As with RBF, Australian Accounting Standards require consolidation of EIT for accounting purposes, regardless of the control of EIT by an independent trustee. Therefore payments from EIT impact the Group's financial statements. On a change of control, the EIT trustee may (but is 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 Group, and cannot exceed the assets of the EIT of A$101.8 million as at 30 June 2011 (June 2010: A$92.1 million). 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 trustee.

It should be noted that given the timing and basis on which these vehicles purchased their Group securities, any capital gains tax payable on the Lend Lease securities sold by these vehicles 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.

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 incentive plan whereby a number of employees receive benefits which are dependent upon the achievement of both Lend Lease financial targets and also individual goals. The total value of the potential benefit varies by executive and is tested against relevant market levels for each role.

The STI plan comprises a cash element which is paid in September following year end. For more senior employees where potential benefit is typically higher the plan also includes a deferred element. Deferral periods are for one or two years. The deferred element is normally awarded as Lend Lease securities and in some instances as cash. Securities are held in trust on behalf of the employee for the deferral period. For employees to receive the full deferral they must be employed by the Group at the date of vesting.

Long Term Incentives (LTI)
The LTI plan is designed to:

– Align executives with the long term interests of Lend Lease securityholders; and
– Retain high calibre executives by providing competitive rewards that relate to the performance of the Group, the individual executive and the Group security price.

An annual grant of 'performance securities' is made to a limited number of executives in September each year. The Personnel & Organisation Committee intends that performance securities can be converted to Lend Lease securities if the performance hurdle is achieved over a three-year and four-year period.

In the event of a change in control of Group, 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.

Arrangements for LTI Awards Granted in the June 2009 Financial Year
For awards granted 1 September 2008 the performance hurdle is based on three equal measures: long term profitability as measured by EPS; TSR compared to the TSR of the individual ASX 100 listed companies as at the commencement of the performance period; and a retention component. The performance measures are:

– TSR measured against the ASX 100 companies (with 50% vesting at median performance, rising proportionately to 100% on reaching top quartile performance);
– EPS on the basis of EPS reported in the Group's financial statements adjusted for exclusion of treasury shares, and exclusion of unrealised carrying value adjustments, write-off of goodwill, movements in the value of investment properties, savings implementation costs and one-off benefits from the UK Pension Plan; and
– Retention component which will vest if the executive remains in employment with Lend Lease for three years from the grant date.

Each of the three components is measured and can vest independently. The executive must remain with the Group until vesting date for the award to vest. The period may be shortened if an executive is a 'good leaver'.

Arrangements for LTI Awards Granted in the June 2010 Financial Year
For awards granted 1 September 2009 the performance hurdle is based on two equal measures: long term profitability as measured by EPS and TSR compared with the TSR of the individual ASX 100 listed companies as at the commencement of the performance period. The performance measures are:

– TSR measured against the ASX 100 companies (with 50% vesting at median performance, rising proportionately to 100% on reaching top quartile performance); and
– EPS on the basis of EPS reported in the Group's financial statements adjusted for exclusion of treasury shares.

Each of the two performance hurdles is measured and can vest independently. 50% of the award is measured after three years, the remaining 50% of the award is measured after four years. The executive must remain with the Group until vesting date for the award to vest. The period may be shortened if an executive leaves employment by reason of death or total and permanent disability. Where employment ceases for redundancy or other circumstances as determined by the Personnel & Organisation Committee a pro-rata award may be retained subject to the original vesting date and performance conditions.

Arrangements for LTI awards in the June 2011 Financial Year
For awards granted 1 September 2010 the performance hurdle is based on TSR compared with the TSR of the individual ASX 100 listed companies at the commencement of the performance period. TSR is measured against ASX 100 companies (with 50% vesting at median performance, rising proportionately to 100% on reaching top quartile performance).

50% of the award is measured after three years, the remaining 50% of the award is measured after four years. The executive must remain with the Group until vesting date for the award to vest. The period may be shortened if an executive leaves employment by reason of death or total and permanent disability. Where employment ceases for redundancy or other circumstances as determined by the Personnel & Organisation Committee a pro-rata award may be retained subject to the original vesting date and performance conditions.

Notes to the Consolidated Financial Statements continued

34. Employee Benefits continued

c. Share Based Payments continued

Other LTI Awards
A limited number of other LTI awards have been granted to executives by the Personnel & Organisation Committee. These awards tend to have performance hurdles based on internal business unit performance targets, such as earnings before tax, operating margin and 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 Board has approved a profit share plan for 55 senior infrastructure business employees. Payments under the plan are subject to earnings before tax targets and continuing employment. Payments to individual employees will be made over periods ranging from 18 months to four and a half years depending on the employee's role and level in the Group. If all targets are met, the total value paid to all participants will be approximately A$12.0 million. In addition, the Board has approved retention payments totalling less than A$1.0 million spread over three years to offset agreed reductions in fixed remuneration at acquisition.

Retention Awards
When the Board believes an employee is an outstanding performer and Lend Lease and its security holders 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.

Amounts Recognised in the Financial Statements
LTI awards are valued using a Monte-Carlo simulation methodology where the security price can be projected based on the assumptions underlying the Black-Scholes formula. Retention awards are valued by discounting the security price by the expected dividends assumed to be paid from the valuation date until the vesting date (if applicable). The model inputs include the Lend Lease Group security price, a risk free interest rate, expected volatility and dividend yield.

During the financial year ended 30 June 2011, a A$18.3 million expense was recognised in the income statement in relation to equity settled security based payment awards (June 2010: A$17.5 million).

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

Security Holdings Financial Year Ended 30 June 2011

	Year	Securities Held at Beginning of Financial Year	Securities Received During the Year[1,2]	Other Net Change to Securities	Securities Held at End of Financial Year
Non Executive Directors					
D Crawford	2011	73,593		130	73,723
	2010	48,128	25,465		73,593
P Colebatch	2011	18,323			18,323
	2010	10,891	7,432		18,323
G Edington	2011	40,068			40,068
	2010	31,323	8,745		40,068
P Goldmark	2011	24,794			24,794
	2010	20,703	4,091		24,794
J Hill	2011	14,324			14,324
	2010	10,233	4,091		14,324
D Ryan	2011	31,273			31,273
	2010	21,242	10,031		31,273
Former					
M Selway[3]	2010	6,488	4,089	(10,577)	
Executive Director					
S McCann	2011	185,809	58,827	(100,000)	144,636
	2010	73,301	112,508		185,809
Executives					
S Charlton	2011	5,000			5,000
	2010		5,000		5,000
B Soller	2011	37,824	13,826		51,650
	2010	12,407	25,417		37,824
D Labbad	2011	431	11,667		12,098
R Leaver	2011	25,875	19,991	(25,165)	20,701
M Menhinnitt	2011	107,846	14,399		122,245
R McNamara	2011		4,706		4,706
E Ooi[4]	2011	160,787	33,485	(6,042)	188,230
Total	2011	725,947	156,901	(131,077)	751,771
Total	2010	234,716	206,869	(10,577)	431,008

1 Non Executive Directors' security allocations relating to retirement benefits were made in arrears on 1 January each year. This plan was discontinued from 1 January 2010. Refer to Section 3i. of the Directors' Report for further details.
2 For the Executive Director and executives, relates to security entitlements under employee benefit vehicles.
3 M Selway retired effective 10 February 2010.
4 E Ooi ceased to be key management personnel effective 1 April 2011.

Key Management Personnel Compensation

The key management personnel compensation included in 'Employee Benefit Expenses' (refer to Note 4 'Operating Expenses') is as follows:

	June 2011 A$000s	June 2010 A$000s
Short term employee benefits	15,817	6,971
Post employment benefits	377	148
Share based payments	4,466	2,917
Other long term benefits	70	37
	20,730	**10,073**

Loans to Key Management Personnel

No loans were made to key management personnel or their 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.

Notes to the Consolidated Financial Statements continued

36. Non Key Management Personnel Related Party Information

Consolidated Entities

Lend Lease Corporation Limited

Lend Lease Corporation Limited provides a wide range of corporate services to its consolidated entities. Corporate management fees are charged to these entities for these services. 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 to Note 17 'Defined Benefit Plan Asset') and security based payment plans (refer to Note 26 'Reserves' and Note 34 'Employee Benefits'); and
- Finance and treasury services, which includes working capital facilities and long term financing. Interest is earned or incurred only on long term loans provided to or drawn with subsidiaries based on project specific risks and returns. Outstanding balances arising from working capital facilities and long term financing are typically repayable on demand. In addition, financial guarantees are provided on the borrowings of subsidiaries for which guarantee fees are charged under normal terms and conditions.

The following represents the transactions that occurred during the financial year and the balances outstanding at the year end between Lend Lease Corporation Limited and its consolidated entities.

	Company	
	June 2011 A$m	June 2010 A$m
Transactions		
Corporate management fees	36.8	34.0
Guarantee fees	11.2	12.1
Dividend income	12.7	73.1
Interest income	3.5	
Interest expense	4.0	
Outstanding balances (net of provisions raised)		
Receivables	4,876.9	4,084.6
Payables	2,113.6	1,353.3

Consolidated Entities

Transactions that occurred during the financial year between entities in the Lend Lease Group included:

- 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.

Notes to the Consolidated Financial Statements continued

36. Non Key Management Personnel Related Party Information continued

Associates and Joint Venture Entities

Interests held in associates and joint venture entities by Lend Lease are set out in Note 12 'Equity Accounted Investments' to the financial statements.

Transactions between the Lend Lease Group and its associates and joint venture entities principally relate to:

- Development business: development management services and the sale and purchase of development properties with Lend Lease managed funds;
- Investment Management: provision of strategic investment advice, asset management, retail property management and investment portfolio management services;
- Construction: provision of construction, project management and design services; and
- Infrastructure Development 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.

A subordinated non interest bearing loan has been provided to a joint venture and at 30 June 2011 the loan balance was A$25.4 million (June 2010: A$31.3 million). A non interest bearing loan has also been provided to a joint venture and at 30 June 2011 the loan balance was A$30.3 million (June 2010: A$26.4 million).

Except as noted above, transactions and outstanding balances are typically on normal terms and conditions.

Revenue earned by Lend Lease during the year as a result of transactions with its associates and joint venture entities is as follows:

	June 2011 A$m	June 2010 A$m
Revenue		
Provision of services		
Associates	15.5	141.4
Joint venture entities	322.3	550.0

Other transactions and outstanding balances with associates and joint venture entities have been disclosed in Note 2 'Revenue', Note 3 'Other Income', Note 4 'Operating Expenses', Note 5 'Finance Revenue and Finance Costs', Note 10 'Loans and Receivables' and Note 19 '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 to above and Note 12 'Equity Accounted Investments'), Lend Lease holds interests in property funds which are classified as available for sale financial assets (refer to Note 14 'Other Financial Assets').

Transactions between the Lend Lease Group and such property funds classified as available for sale are priced on a commercial basis. These transactions relate principally to:

- Investment management: provision of strategic investment advice, asset management and investment portfolio management services;
- 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
- Development 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 2011 A$m	June 2010 A$m
Revenue		
Provision of services	65.4	51.2

Notes to the Consolidated Financial Statements continued

37. Parent Entity Disclosures

The following summarises the financial information of the Group's parent entity, Lend Lease Corporation Limited ('the Company'), as at and for the year ended 30 June 2011.

	Company	
	June 2011 A$m	June 2010 A$m
Results		
Loss after tax	(55.7)	(49.6)
Other comprehensive expense after tax		(0.2)
Total comprehensive expense after tax	**(55.7)**	**(49.8)**
Financial Position		
Assets/Liabilities		
Current assets	4,861.8	4,269.3
Non current assets	840.9	836.3
Total assets	**5,702.7**	**5,105.6**
Current liabilities	2,186.5	1,419.5
Non current liabilities	53.0	30.4
Total liabilities	**2,239.5**	**1,449.9**
Net assets	**3,463.2**	**3,655.7**
Issued capital	2,063.7	2,019.2
Treasury securities	(90.5)	(79.9)
Reserves	213.5	203.3
Retained earnings	1,276.5	1,513.1
Total equity	**3,463.2**	**3,655.7**

Parent Entity Contingencies

In respect of the contingent liabilities of the Group disclosed in Note 27 'Contingent Liabilities', the Company participates in the provision of guarantees of Group entities and manages the legal action in relation to the World Trade Center.

38. Events Subsequent to Balance Date

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

Directors' Declaration

In the opinion of the Directors of Lend Lease Corporation Limited ('the Company'):

1. The financial statements and notes and the remuneration disclosures contained in the Remuneration Report in the Directors' Report are in accordance with the *Corporations Act 2001*, including:
   a. Giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2011 and of their performance for the financial year ended on that date; and
   b. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.1.
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 Group Chief Executive Officer and Group Chief Financial Officer for the financial year ended 30 June 2011.

Signed in accordance with a resolution of the Directors:

D A Crawford, AO	**S B McCann**
Chairman	Managing Director

Sydney, 26 August 2011

Directors' Declaration

In the opinion of the Directors of Lend Lease Corporation Limited ('the Company'):

1. The financial statements and notes and the remuneration disclosures contained in the Remuneration Report in the Directors' Report are in accordance with the *Corporations Act 2001*, including:
    a. Giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2011 and of their performance for the financial year ended on that date; and
    b. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.1.
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 Group Chief Executive Officer and Group Chief Financial Officer for the financial year ended 30 June 2011.

Signed in accordance with a resolution of the Directors:

D A Crawford, AO
Chairman

S B McCann
Managing Director

Sydney, 26 August 2011

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 the Group comprising Lend Lease Corporation Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year, which comprises the consolidated statement of financial position as at 30 June 2011, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 38 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply 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 of the financial report that gives a true and fair view 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, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards 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 11 to 34 of the directors' report for the year ended 30 June 2011. 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 2011, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Chris Hall
Partner

Sydney

26 August 2011