ASX Announcement

2011 Sustainability Report

7 December 2011

A copy of the 2011 Sustainability Report is attached. This document is also available online at www.lendlease.com.

ENDS

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MESSAGE FROM STEVE MCCANN

Welcome to Lend Lease's 2011 Sustainability Report.

Sustainability is part of how we do business at Lend Lease. Every day we consider the environmental, social, ethical and financial impacts of what we do.

Safety first

Operating Incident & Injury Free is the most important challenge we face, and it is essential to the ongoing success of our operations. Our Asia, EMEA and Americas businesses reported no fatalities in the 2011 financial year, however we deeply regret that one person lost his life in our Australian operations.

Over the past five years, our efforts to make safety the responsibility of every individual, not only the safety teams, have resulted in improved incident frequency rates and an 80 per cent reduction in our fall of person incidents. This year, we focused on safety leadership, improving our operating disciplines and driving appropriate behaviours to embed a positive safety culture.

We will continue to prioritise safety and drive uncompromising leadership through our businesses.

Caring for our environment

We are constantly identifying, understanding and mitigating the environmental impacts of our projects. This year we continued to invest in clean technologies, expanded our green building practices and helped lead the industry through partnerships and advocacy to generate environmental change. We are proud to be one of fourteen organisations partnering with the United States administration, under President Obama, to increase energy efficiency under the Better Buildings Challenge.

In the past year, we implemented an integrated Environmental, Health and Safety (EH&S) Management System that provides us with a company-wide global framework to identify risk, manage the impact of our activities, and continuously improve our performance. We are also well advanced in integrating our new infrastructure business, where we are sharing policies, procedures and operating disciplines to share best practice in EH&S and other functions across our operations.

Recognising our people

All around the world, our people create, innovate and collaborate every day. We aim to attract and retain people with the right expertise and fit with our values, and provide them with work that is challenging and rewarding. As part of this approach, we have introduced a goal focused performance management system to align business and individual performance with employee rewards and recognition.

We create inclusive and diverse working environments where people are respected for who they are and what they achieve, irrespective of difference. We have already reached our June 2012 gender diversity target, with 23 per cent of senior executive positions in the top four levels of management now held by women.

Engaging with the community

Our projects have a lasting impact on the people and places around them, so we spend a lot of time engaging with the community to drive outcomes. Proactive community relations are a hallmark of all our projects, and we also collaborate with governments, education providers and businesses to increase the flow on benefits for locals. Through Lend Lease's Foundation, we also host programs throughout the year that provide skills, expertise and support to the local communities that we operate in.

Creating Securityholder Value

Our commitment to safety and sustainability will continue to underpin our activities in 2012 and beyond. With this approach, we are well on the way to becoming the leading international property and infrastructure group.

Regards,

Steve McCann

GROUP CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

ABOUT LEND LEASE

Profile

Lend Lease is a leading, fully integrated international property and infrastructure group with operations in Australia, Asia, the Americas, Europe and the Middle East.

We work with clients and investors on everything from funding a project right through to developing and constructing state-of-the-art buildings and infrastructure, including hospitals, roads and rail. We also create vibrant residential communities, productive workplaces and retail destinations.

We can do this because Lend Lease offers the complete range of services across the property and infrastructure spectrum including development; construction; investment management; and asset & property management.

Our projects span all key sectors from retail and commercial to residential and infrastructure. We're also involved in partnerships with the public sector to deliver essential infrastructure such as hospitals and military communities through the Public Private Partnerships procurement model.

Using a collaborative approach we guide clients and investors beyond just maximising value to innovative, sustainable solutions. We combine our global expertise with best practice project management and a strong understanding of local markets. We work in partnership with our clients, stakeholders and the wider community to deliver projects with the best possible outcomes for everyone.

Safety First

Safety is our number one priority and Lend Lease is committed to operating Incident & Injury Free. This is central to our business approach and it is embedded in all our decision-making.

Sustainable Leadership

Sustainability has always defined the way we do business. We consider the environmental, social, ethical and financial impacts of every decision we make. We strive to do meaningful work that protects our natural environment, supports responsible economic growth and improves the quality of people's lives.

Our Values

Our values underpin the way we do business. They drive the way we engage with each other, our clients, partners and stakeholders.

- Respect;
- Integrity;
- Innovation;
- Collaboration;
- Excellence; and
- Trust.

VALUE CHAIN

Our clients, partners and investors can choose to leverage our strengths and local expertise at one stage of the property and infrastructure spectrum from development, investment management, construction, and asset & property management, or partner with us through the complete journey. We also own and co-invest in both property and infrastructure.

LEND LEASE APPROACH

Our approach to sustainability supports our aim to be the leading international property and infrastructure group. We are committed to building a sustainable built environment which benefits our people, the communities in which we operate, our investors and the environment.

Sustainability is at the heart of everything we do. We consider the social, environmental, ethical and financial aspects of every decision we make. We aim to protect our natural environment, while supporting responsible economic growth to improve the quality of people's lives both now and into the future.

Operate Incident & Injury Free

Our vision is to operate Incident & Injury Free wherever we have a presence and we work hard to reinforce the leadership, commitment and diligence needed to identify risks and eliminate incidents across all of our operations.

People are our greatest asset

We are focussed on attracting and retaining the best people at every level of our business. Our aim is to develop and engage a diverse and skilled workforce and to develop leaders who will contribute to our future growth and success.

Innovation is one of our core values

We challenge and seek to find a better solution, think outside the box and dare to do things differently. We are innovative and creative – we don't just do it because we did it yesterday.

Creating sustainable communities

We seek to engage openly and honestly with our communities; to address their concerns; to respect local laws, customs and culture; and to leave a positive legacy through integrated and sustainable development that leads to improved health, prosperity and living standards.

Environmental excellence

We are committed to identifying, understanding and mitigating the environmental impacts of our activities. We aim to transform the built environment – both new and existing - through green building practices, investment in clean technology and a commitment to environmental excellence.

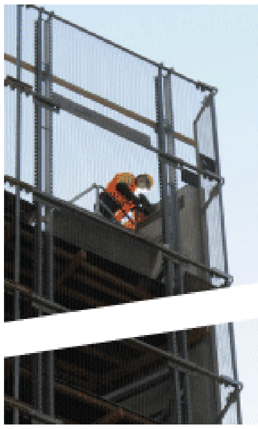
High standards of responsibility and accountability

We operate to the highest corporate governance, accountability and responsibility in partnership with our stakeholders. Our culture supports entrepreneurial leadership, a rigorous approach to risk management and a strong framework for sustainable development to create lasting value for our securityholders.

Working for a sustainable built environment

By providing leadership, expertise and guidance on sustainable development in partnership with industry and other key stakeholders we aim to set new performance benchmarks that consider the economic, environmental and social impacts.

80 per cent reduction in the number of fall of person incidents since 2005



2011 HIGHLIGHTS SUMMARY

Read more in the Measuring Our Performance section.

This Sustainability Report covers our performance for the 2011 financial year.

In March 2011 Lend Lease acquired Valemus Australia, comprising Abigroup, Baulderstone and Conneq. The integration of this business in Australia is on-going, with performance for the Australian infrastructure business being reported from March 2011, unless stated otherwise.

Safety

- Almost 400 of our regional and group management team were trained in our Uncompromising Leadership Program in 2011;
- Over the past five years, a material improvement in our lost time incident frequency rates;
- 80 per cent reduction in the number of fall of person incidents since 2005;
- One fatality at managed operations in Australia, compared with an average of six over the previous ten years and nine in 2009; and
- No fatalities in Asia, Europe Middle East and Africa (EMEA) or the Americas.

Environment

- Over 1500 Green Trained Building professionals; and
- We are participating in President Obama's Better Buildings Challenge, an energy-efficiency program developed to create jobs, save money, reduce the US's dependence on foreign oil and make our air cleaner.

People

- 32 per cent of Lend Lease employees are women;*
- 23 per cent of senior executive positions are held by women, an increase from 17 per cent since 1 July 2010;**
- 98 per cent of managers had received Pay for Performance (P4P) training; and
- 75 per cent of employees completed the Global Employee Engagement Survey.

* excludes employees from Lend Lease's infrastructure business in Australia and our retirement living and aged care business.
** women in the top four tiers of management.

Social and Community

- 80 per cent of Lend Lease employees accessed Foundation programs, an increase of 7 per cent on 2010 participation levels;
- 4,000 Lend Lease employees supported over 250 Community Day projects around the world for Community Day September 2010;
- Lend Lease and employees donated AU$250,000 to the Premier's Relief Appeal for the Queensland floods in Australia; and
- Lend Lease and employees donated AU$133,000 to Red Cross Japan and Pacific Disaster Appeal to support the earthquake and tsunami recovery efforts.

OUR STAKEHOLDERS

As an international property and infrastructure group, our business activities have a significant impact on people, society and the environment.

We understand the importance of having regular and transparent dialogue with all our stakeholders to ensure that we understand their issues and respond to their concerns appropriately. It helps us to stay on top of emerging trends and sensitive issues. By staying closely attuned to their needs and aspirations, our aim is to be the leading international property and infrastructure group.

Our stakeholders are diverse. They include our employees and their families; securityholders, the investment community and the media; business and joint-venture partners; governments and regulators; customers, contractors and suppliers; the non-governmental organisations that are interested in what we are doing; and the people who live in the communities in which we operate.

We are committed to developing and sustaining genuine relationships with all of our stakeholders so that together we can deliver sustainable solutions and shared value for everyone.

Our approach is guided and underpinned by Lend Lease's core values of respect, integrity, innovation, collaboration, excellence and trust. These values are critical to our culture and as such are upheld through their inclusion in the role description for every Lend Lease employee.

CORPORATE GOVERNANCE

Corporate Governance | Core Values

Clear governance and effective communication ensure that we adhere to consistently high standards of ethics and sustainable development performance.

Since we released our first Sustainability Report in 2006, we have continued to learn, share and improve our performance and develop the framework through which we measure and report on our progress.

Governance

Lend Lease is committed to exceptional corporate governance policies and practices which are fundamental to the long term success and prosperity of Lend Lease and its subsidiaries (the Group). Lend Lease continually reviews its governance practices to address its obligations as a responsible corporate entity.

Reference in this Corporate Governance Statement to the Board, is a reference to the Board of Directors of Lend Lease Corporation Limited and Lend Lease Responsible Entity Limited, which is the responsible entity of the Lend Lease Trust (unless indicated otherwise).

Throughout the year, Lend Lease's corporate governance framework complied fully with the ASX Corporate Governance Council's Principle and recommendations.

Lend Lease achieved 91 per cent for Corporate Governance in the 2011 World Dow Jones Sustainability Index. The average score was 73 per cent and the highest score was 92 per cent.

The Board

The Board Charter sets out the role, structure, responsibilities and operation of the Board as well as the function and division of responsibilities between the Board and senior management.

The main responsibilities reserved to the Board include the following:

- Approval of business strategy;
- Approval of business plans;
- Approval and monitoring of major investments or divestitures;
- Determining capital structure and distribution policy;
- Overseeing and approving half year and annual reporting;
- Overseeing risk management, internal control and compliance systems;
- Reviewing performance of the Group CEO and Executive Management Team;
- Succession planning for the Group CEO;
- Non Executive Director selection;
- Reviewing Board performance; and
- Reviewing certain governance policies.

The Board Charter sets out these responsibilities in further detail.

The board delegates authority for all other functions and matters necessary for the day-to-day management of the Group to the Group CEO. The Group CEO then delegates to senior management as required.

Limits of authority have been put in place by the Board for the Group CEO and senior management and the Group CEO is accountable to the Board for the authority to other levels of management.

Board Sustainability Committee

In November 2006, the Board established a Sustainability Committee to provide focus and guidance on our sustainable development strategy and the challenges and opportunities presented by the sustainability agenda.

The Sustainability Committee currently includes three Non-Executive Directors: Julie Hill (Chair), Gordon Edington and Peter Goldmark.

The Sustainability Committee has the following responsibilities:

Health and Safety

- Oversee the Global Health and Safety performance of Lend Lease; and
- Review the effectiveness of policies and initiatives designed to ensure the wellbeing of employees and the workforce.

Corporate Social Responsibility

- Review the effectiveness of policies on corporate social responsibility, workplace diversity and equal opportunity.

Environment

- Oversee the global environmental performance of the Group; and
- Review the effectiveness of Group policies and initiatives designed to deliver best-practice environmentally sustainable solutions.

Foundation

- Monitor the activities and programs of Lend Lease's Foundation to ensure that its activities are directed towards opportunities for the development and wellbeing of Lend Lease employees, their families and their communities; and
- Review the performance of Foundation to ensure consistency with sustainability objectives.

Compliance

- Assist the Board in its oversight of the Group's compliance with applicable legal and regulatory requirements in relation to environmental matters, socially responsible initiatives, and health & safety issues.

Executive Management Structure

The management structure of Lend Lease consists of the Group Chief Executive Officer & Managing Director (Group CEO) and the Senior Leadership team (SLT).

The SLT comprises the Group CEO, the Group Director of Operations, the Group Chief Financial Officer, the Group Head of Strategy and Mergers & Acquisitions, the Group General Counsel and Company Secretary, the four regional CEOs, the heads of the development and investment management businesses. The SLT is responsible for managing the Group's performance and key business issues in line with the Groups' long term strategy.

The SLT meet face-to-face on a regular basis and each meeting is chaired by the Group CEO.

CORE VALUES

Corporate Governance | Core Values

Lend Lease was founded on a principle of a 'community of interest', which encompassed respect for employees, engagement with the community and a commitment to the future health and prosperity of our planet.

"The time is not far off when companies will have to justify their worth to society with greater emphasis being placed on environmental and societal impact than straight economics."

Dick Dusseldorp, Founder, Lend Lease, 1973

Our core values are:

Respect

We respect the ideas, cultures, views, knowledge and the health and safety of all people.

Integrity

Integrity is non-negotiable. We don't do it if it compromises the individual or the company's integrity. In particular, we will not compromise on safety either within our organisation or in doing business with any of our clients or suppliers.

Innovation

We challenge and seek to find a better solution, think outside the box and dare to do things differently. We are innovative and creative – we don't just do it because we did it yesterday.

Collaboration

We redefine the way our business works by truly sharing knowledge, building on this and drawing insights. Through teamwork we value the insights of others and build on them - we truly take the time to help.

Excellence

We strive for excellence in all we do. It is evident not only in the products and services we deliver, but in how we deliver them. We embody excellence - whether it be in the decisions we make, the products we build, or the service we deliver. On construction sites in particular, but everywhere, excellence equals zero incidents.

Trust

We insist on transparency and accountability from our people so that our business can achieve its goals. We build trusted relationships with our clients, partners and colleagues. We earn each other's trust and the trust of our securityholders, partners and the communities in which we operate to do our best to deliver in their best interests.

SUSTAINABILITY ASPIRATIONS

We developed our Sustainability Aspirations to define long term objectives against which we can track our progress and report our performance in the consistent delivery of environmental and socially sustainable outcomes in the places we create – as the builder, manager, owner, tenant or investor.

Environmental

Aspiration 1
Environmental considerations inform all our investment decisions

Aspiration 2
All our office tenancies achieve independently assessed green ratings

Aspiration 3
All buildings and communities we produce and/or operate are independently rated as achieving Green Building status

Aspiration 4
All business operations (Lend Lease tenancies) are zero net carbon, water and waste as a minimum

Aspiration 5
All buildings we develop and/or operate are zero net carbon, water and waste as a minimum

Social

Aspiration 6
We support local communities by creating long term job opportunities and building social infrastructure that stimulate their economies

Aspiration 7
Everywhere and in everything we do we operate with our values and ethics

Aspiration 8
We exhibit our values and aspirations through our charitable and humanitarian initiatives

Aspiration 9
We only engage with organisations that are aligned with our aspirations, ethics and values

Aspiration 10
We have eliminated all deaths and injuries from our workplaces

Aspiration 11
We create healthy and safe buildings and communities

Aspiration 12
We operate in accordance with the UN Global Compact 10 Principles

Aspiration 13
We ensure that our suppliers operate in accordance with the UN Global Compact 10 Principles

Aspiration 14
We are a leader in our industry in providing all employees with learning and personal development opportunities

Aspiration 15
We are recognised as a top-performing company for facilitating learning and professional development with our suppliers

Aspiration 16
We have a flexible and diverse workplace

Economic

Aspiration 17
We are recognised as a best-in-class performer by the Global Reporting Initiative

Aspiration 18
Our commitment to sustainability attracts ongoing investment

Aspiration 19
Our Environmental, Health and Safety management system sets the benchmark in international best practice

Aspiration 20
We reward employees fairly for their performance

Aspiration 21
Our securityholders and investors benefit from top-quartile returns

Aspiration 22
We reward our suppliers fairly for performance

Aspiration 23
All our investment decisions are driven by economic considerations and the need to make a positive impact

SUSTAINABILITY ADVISORY SERVICE

Sustainability Solutions

Leadership and innovation are the founding principles for Lend Lease's new advisory practice, Sustainability Solutions.

The Sustainability Solutions team is committed to enhancing Lend Lease's position as a leading international property and infrastructure group, and delivering immediate and long-term value for our clients, strategic partners and the communities in which we operate, by optimising environmental, social and economic outcomes for the built environment.

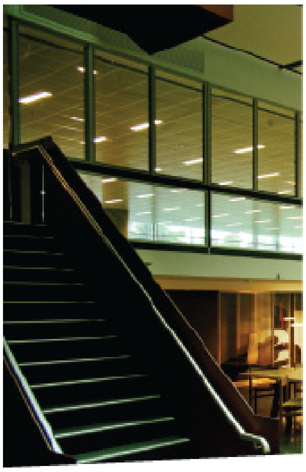
Sustainability Solution's global reach provides an understanding of market dynamics and best practice that is inherently portable.

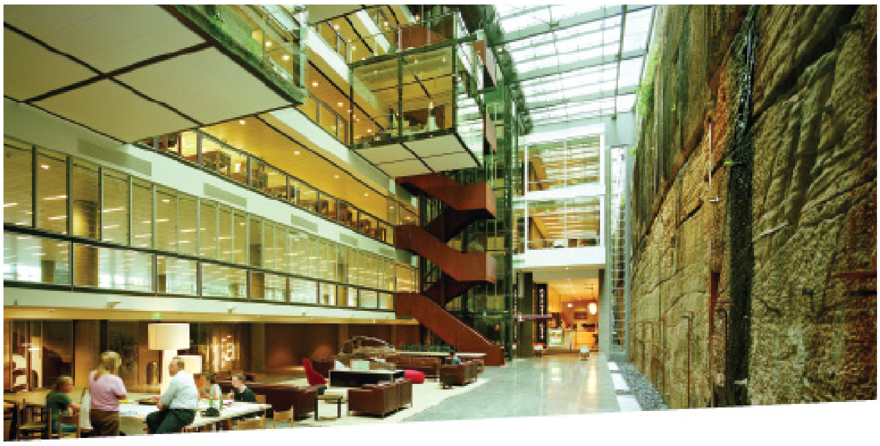
Led by three of the world's top experts in green buildings and sustainable development the advisory practice was formed to partner with businesses across the Group to drive world-leading next generation sustainability solutions for Lend Lease projects and to originate new business opportunities.

Its work spans strategic advice; specialist technical solutions; sustainability positioning and messaging; stakeholder engagement; and business origination,

Currently the Sustainability Solutions team is providing a world's best practice approach to sustainability for key Lend Lease projects, including the Jem™ development in Singapore, Victoria Harbour in Australia, and the Elephant & Castle redevelopment and The International Quarter in London.

The team is also designing innovative commercial structures to advance sustainability, including models for the next generation energy and water solutions; establishing better measurement and reporting processes to enable informed investment and policy decision-making; and developing effective market mechanisms for policymakers to drive large-scale greening of existing buildings.





MEASURING OUR PERFORMANCE

Integrated Reporting

At Lend Lease, we strive for honesty and transparency in everything we do. We began reporting our sustainability performance in 2006, benchmarking our environmental and social performance against a range of robust and meaningful global indicators.

The Lend Lease Sustainability Report 2011 is aligned with our financial reporting. It provides a complete and balanced view of the safety, environmental and social issues, opportunities and initiatives that matter most to us and our key stakeholders.

Each year we provide information to the Dow Jones Sustainability Index, and other organisations that help stakeholders understand the economic, environmental and social performance of companies.

Dow Jones Sustainability Indexes
Member 2011/12

The principle of materiality

Our sustainability metrics and their boundaries are determined according to the principle of materiality, which goes beyond that of financial impact alone to establish the relevance and significance of environmental and social issues that are important to our stakeholders.

We determine what is material to our business through a combination of internal performance metrics, and the monitoring and evaluation of the external context within which we manage our business operations. This includes stakeholder engagement, research and analysis, monitoring of media coverage, industry reporting of material issues and policy, and regulatory trends.

Internal Reporting

Internal reporting and analysis helps us to evaluate the performance of an individual construction project or building; identify corporation-level risks and opportunities; and ultimately, informs the Group strategy.

At a corporation level, internal reporting and analysis allows us to track our progress whilst also identifying market opportunities or potential risks.

To stay at the leading edge of non-financial management and reporting demands constant focus, including the regular trial of new metrics. For example when we started to benchmark the water efficiency of our buildings against regional regulatory standards we found those standards do not always exist in many countries – therefore global benchmarks have been established to enable measurement and reporting of our impacts and performance.

Smarter Systems

Lend Lease continues to use an innovative online system that was developed in-house to capture and analyse all the data and information that we generate. This system helps us better understand our business across four related areas: health and safety, environment; finance; and people. The collection of data and information created by our activities allows us to analyse our impacts. Our performance reporting system enables us to close the gap between strategy and execution, and connecting employees and stakeholders to the information they need to deliver projects, and manage our assets and funds sustainably.

Global Reporting Initiative Construction and Real Estate Sector Supplement

As part of its commitment to measuring, reporting and improving sustainability, Lend Lease has actively supported the development of tailored sustainability reporting guidelines for the sector under the **Global Reporting Initiative** (GRI).

The GRI has provided a comprehensive sustainability reporting framework for organisations around the world since 2000, and since 2006 Lend Lease has supported the development of Construction and Real Estate Sector Supplement (CRESS) to make sustainability reporting more relevant and globally consistent for the sector, by recognising its unique sustainability impacts.

The final version of the Construction and Real Estate Sector Supplement (CRESS) was launched in September 2011, covering the following key issues for the sector:

- Product and service labeling, including building and materials certification;
- Building energy intensity, water intensity and CO2 emissions relating to buildings in use;
- Management and remediation of contaminated land;
- Labor health and safety issues when operating in insecure environments and
- Contractor/subcontractor labor supply chain issues.

Lend Lease is currently undertaking a comprehensive evaluation of the CRESS.

For more information on the Construction and Real Estate Sector Supplement and its development, visit the GRI website.

Dow Jones Sustainability World Index

In 2001, Lend Lease was the first Australian property company to be included on the Dow Jones Sustainability World Index (DJSI World). Since then, we have regularly been included on the Index.

The DJSI World comprises the leading companies in terms of sustainability around the world. It captures the top 10 per cent of 2,500 of the biggest companies on the basis of long-term economic, environmental and social criteria.

The value of sustainability and good governance to running a successful business are shown by comparing returns from companies in the Index with the rest of the market. Since 1999, companies on the DJSI World have out-performed the market.

Lend Lease's sustainability leadership has again been recognised on the 2011 DJSI, this year achieving the highest score (100 per cent) across the real estate sector for the 'environmental policy and management system' category.

Lend Lease also maintained its position as a leader in 'biodiversity', achieving the highest score (99 per cent) of all participants for the third consecutive year.

Lend Lease achieved an overall score of 80 per cent, two per cent higher than last year, and well ahead of the average industry score of 45 per cent. The higher score was due to a significant improvement in the Group's environmental performance, which is one of the three categories assessed to determine the final result.

The results reflect the Group's longstanding commitment and achievements in sustainable practices for the benefit of future generations.

Lend Lease was the first Australian property company to be included on the DJSI in 2001. This is the tenth year we have participated in DJSI and our continued recognition by the index reflects the commitment by every part of our business to continually improve our environmental and social performance.

Lend Lease is the only company in its sector classification (Real Estate Holding & Development, Financial Services) to operate on a global scale. This makes our non-financial reporting more challenging, given the unique social and environmental priorities in each of the countries in which we operate.

Additional Reporting

In addition to regular participation in the above reporting activities, Lend Lease also participates in a number of other frameworks as requested. These include assessments of corporate non-financial performance by analysts who research company performance on behalf of investors and subscribers.

ENVIRONMENT HEALTH & SAFETY MANAGEMENT SYSTEM

Lend Lease is committed to operating Incident & Injury Free wherever we have a presence, and aspires to leave a positive impact on the environment in all that we do.

Our Environment Health & Safety (EH&S) vision is supported by clearly defined operating disciplines, the group's overarching core values, and a range of specific environmental, health and safety behaviours.

To bring these elements together people must behave and operate in a manner which ensures we never compromise on our safety and environmental aspirations. This Uncompromising Leadership approach is critical in delivering on our vision.

Vision

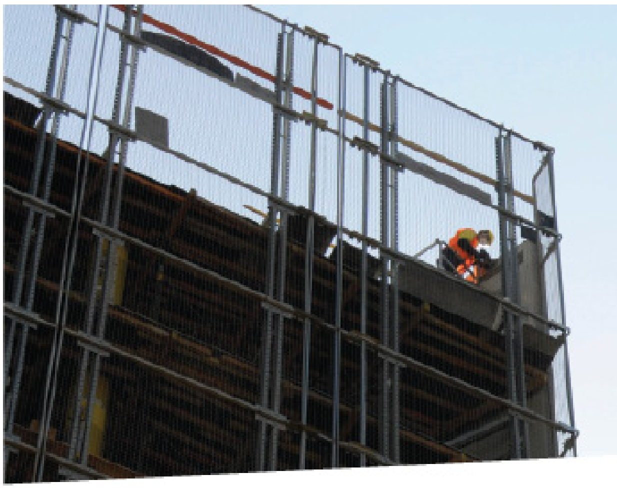
Operate Incident & Injury Free wherever we have a presence and aspire to leave a positive impact on the environment.

Operating Discipline

Implement and embed world class processes to support our vision. Our EH&S management system outlines the framework for managing our health wellbeing, safety and environmental impacts at all levels of our organisation and identifies the Group and Regional governance procedures and responsibilities. Our Global Minimum Requirements (GMRs) are a key component of our management system and these set out the minimum standards for controlling the risks associated with all of our operations.

Behaviours

A set of specific EH&S behaviours which provide guidance on; what the person needs to do, how they should be doing it, and how they may be perceived when doing it.



HEALTH & SAFETY

At Lend Lease, our vision is to operate Incident & Injury Free wherever we have a presence. This is central to our business approach and it is embedded in all our decision-making.

As an international property and infrastructure business, it is critical that everyone shares our values and behaviours to safety if we are to manage and mitigate the risks associated with our industry.

Safety is at the heart of everything we do and this year, we have continued to focus on safety leadership, our operating disciplines and positive behaviours. These provide assurance that we are able to drive cultural change.

Operational Integrity and Assurance

During the year, we have enhanced our management systems and processes into an integrated environmental, health and safety system to gain greater operational integrity and transparency, and to continue to drive the desired levels of environmental, health and safety compliance on all our projects.

For several years now, we have tracked our safety performance against our Global Minimum Requirements (GMRs) for health and safety. These prescribe physical and operational standards for virtually all business activities.

We believe that all work-related injuries and illnesses are preventable. The monitoring and measuring of our GMRs help us to evaluate and improve our performance. It allows us to identify areas that require corrective action and to determine the underlying causes that contribute to incidents so we can eliminate them.

Our aim is to ensure that all of our operations worldwide are consistently managed to the highest international and leading practice standards, which is why we have put in place the right accountabilities and governance framework, standards and tools to embed safety across all our business practices.

Uncompromising Leadership

This year a primary focus has been on embedding exceptional safety leadership through our Uncompromising Leadership program. Uncompromising Leadership is about setting an example and taking a strong stance when faced with any situation that compromises the safety of employees and contractors. We believe that there is no compromise between safety and business success, and that the behaviours of our people are critical to achieving our vision to become Incident & Injury Free.

For us, a culture of safety starts at the top. Uncompromising leaders see safety as their individual responsibility and encourage others to identify and mitigate the risks that exist within the construction industry. Our expectation is that senior management visibly demonstrates their commitment to safety by personally endorsing our safety initiatives and actively engaging with all of our stakeholders to ensure that health and safety is an integral part of our business.

Throughout the year, almost 400 managers and senior staff were trained in our Uncompromising Leadership program. More than 800 people have completed the program since its inception in mid-2009.

A culture of continuous safety improvement

Our safety strategy provides an integrated approach to operating Incident & Injury Free. We aim to embed our uncompromising safety culture across our international business so that it takes precedence over all aspects of our projects, including schedule, cost and delivery.

We promote participation in all aspects of safety management to all employees and contractors. All employees undertake our Safety Passport training course as minimum safety training.

We encourage all employees and contractors to see safety as their individual responsibility and to make meaningful contributions to the safety effort across our business. We actively promote a culture of ‘no fear reporting’ on our projects so that everyone feels empowered to challenge unsafe behaviours and report incidents.

Safety performance

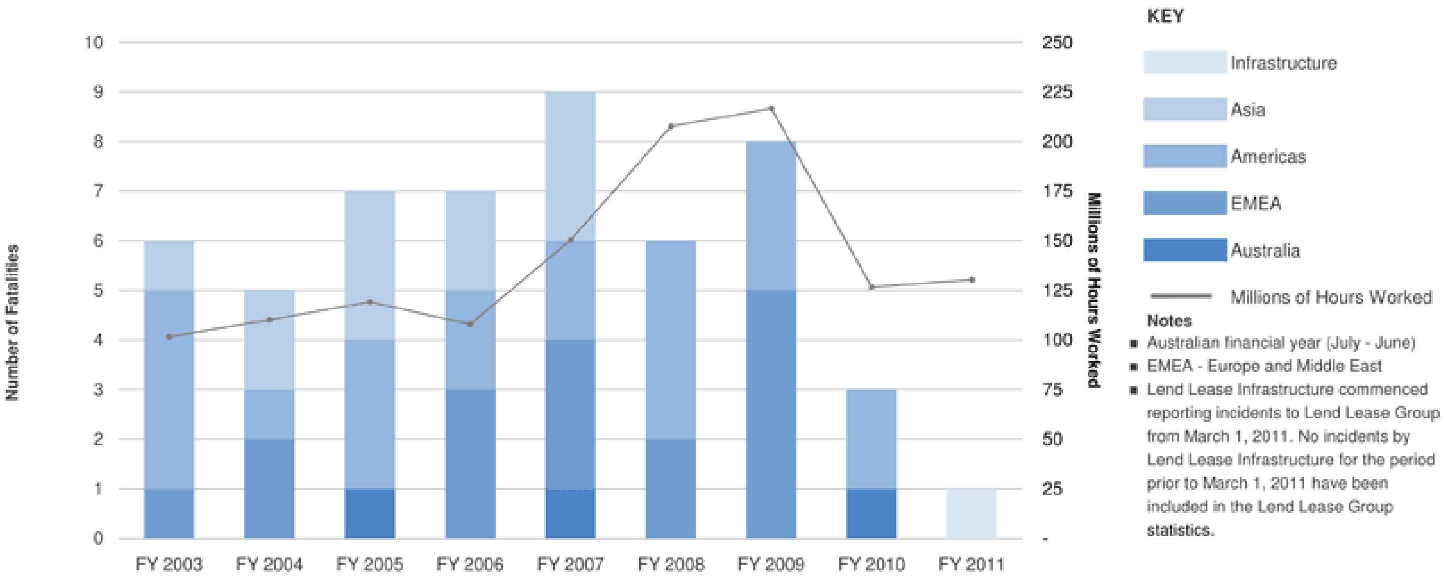
We deeply regret that one person lost their life this financial year on one of our operations. The fatal incident occurred on the last day of the 2011 financial year within Lend Lease’s infrastructure business in Queensland, Australia. For the financial year to date we have regrettably experienced a double fatality in our Spanish Project Management and Construction business in our EMEA region.

As in previous years, falls related incidents were the most prevalent across our portfolio. However, of the 108 “critical incidents” (Lend Lease defines critical incidents as; those with the potential to cause harm, or those which have resulted in, a permanent disabling injury) recorded over the year, the most common circumstance across the Group portfolio was the fall of materials. The number and rate of fall of person incidents represents a reduction of 40 per cent since the 2010 financial year, and a total reduction of over 80 per cent when compared with the 2005 number. This is a significant improvement, however no incident is acceptable and we will continue to strive for further improvement in all areas.

In response to our results, our Global Minimum Requirements (GMRs) have been revised to ensure that there are clear processes in place to manage the identification of risks associated with each activity (with revised protocols for high risk activities); revised requirements for worker competence; improved clarity around contractor management requirements; specific details related to change management; and the implementation of a 'Safe Start' process for all activities. A new physical standard section has also been added that deals exclusively with the standards required to prevent the fall of materials.

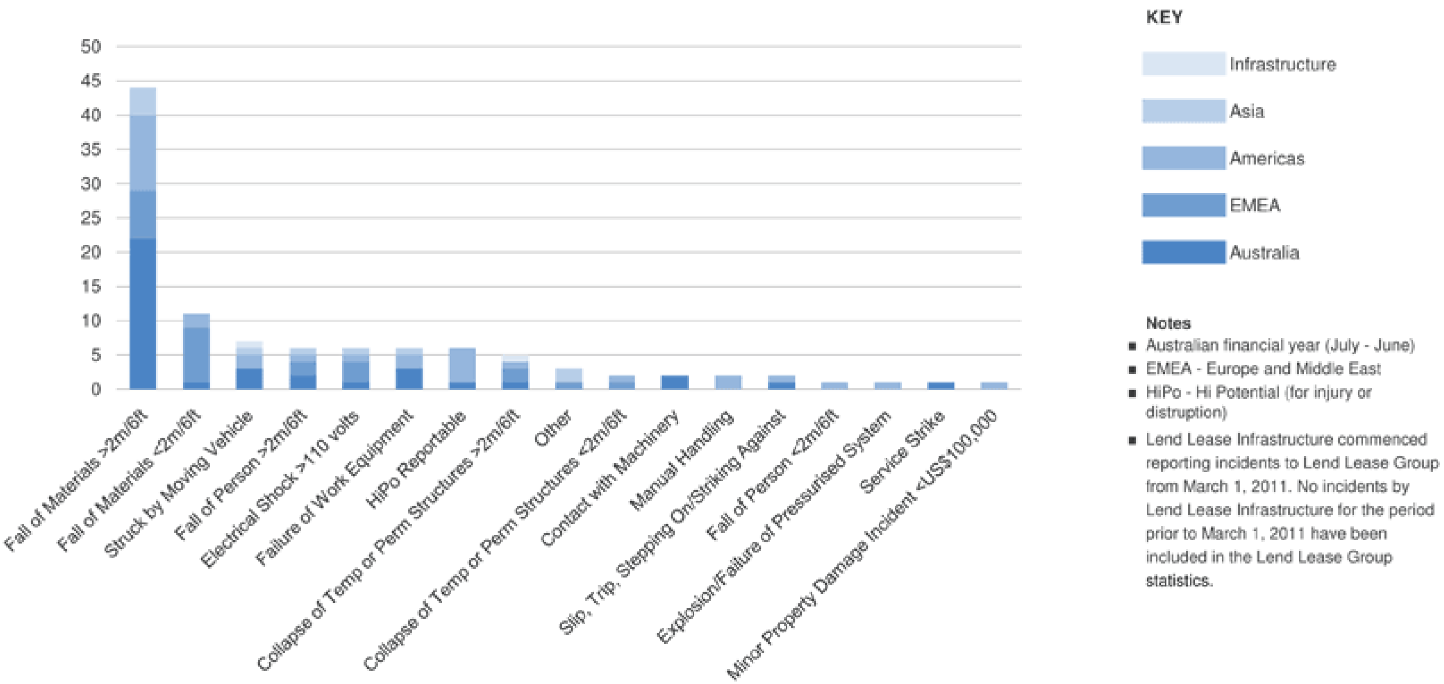
We will continue to promote safety improvements through these initiatives and personal commitment of uncompromising safety leadership in our aspiration to become Incident & Injury Free.

Fatalities 2007 - 2011



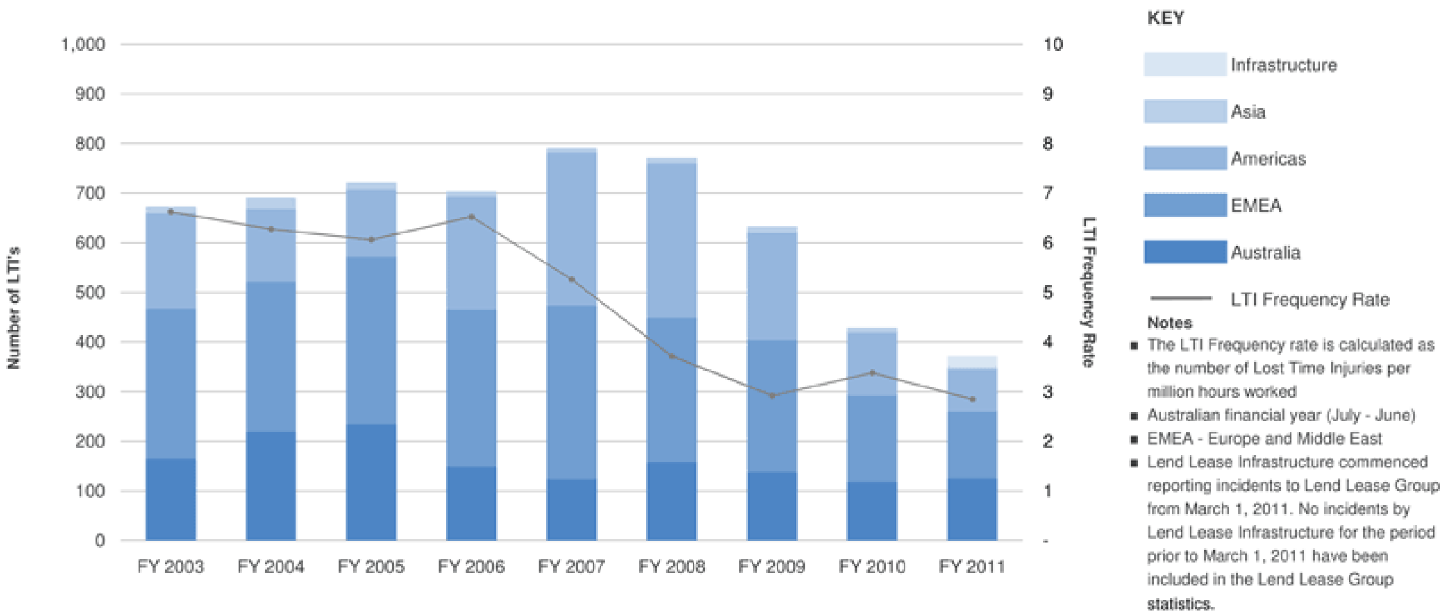
- A marked decreased in the number and rate of fatal incidents has occurred since the 2009 financial year.

Incident circumstances



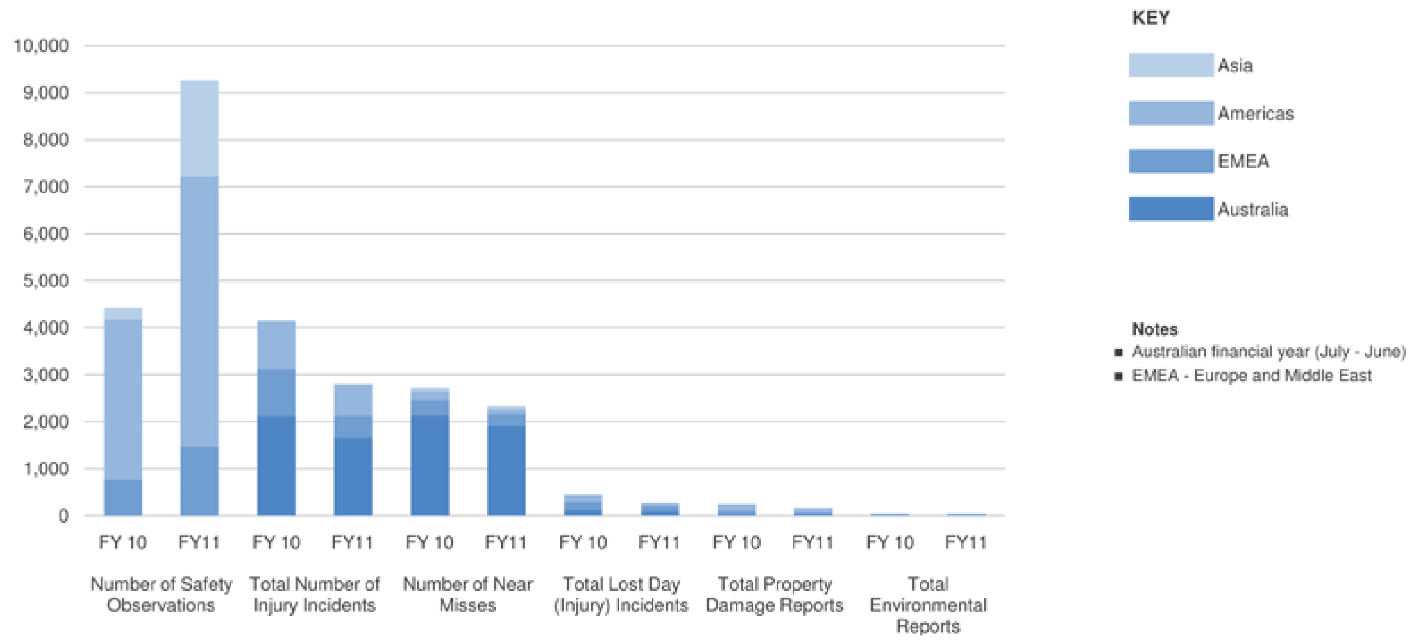
The fall of materials was the most common circumstance of critical incidents across all Group operations, representing 51 per cent of all critical incidents. Whilst the rate of this circumstance has remained static, the number and rate of fall of person incidents has decreased by over 80 per cent in the past five years.

Lost Time Injuries 2007 - 2011



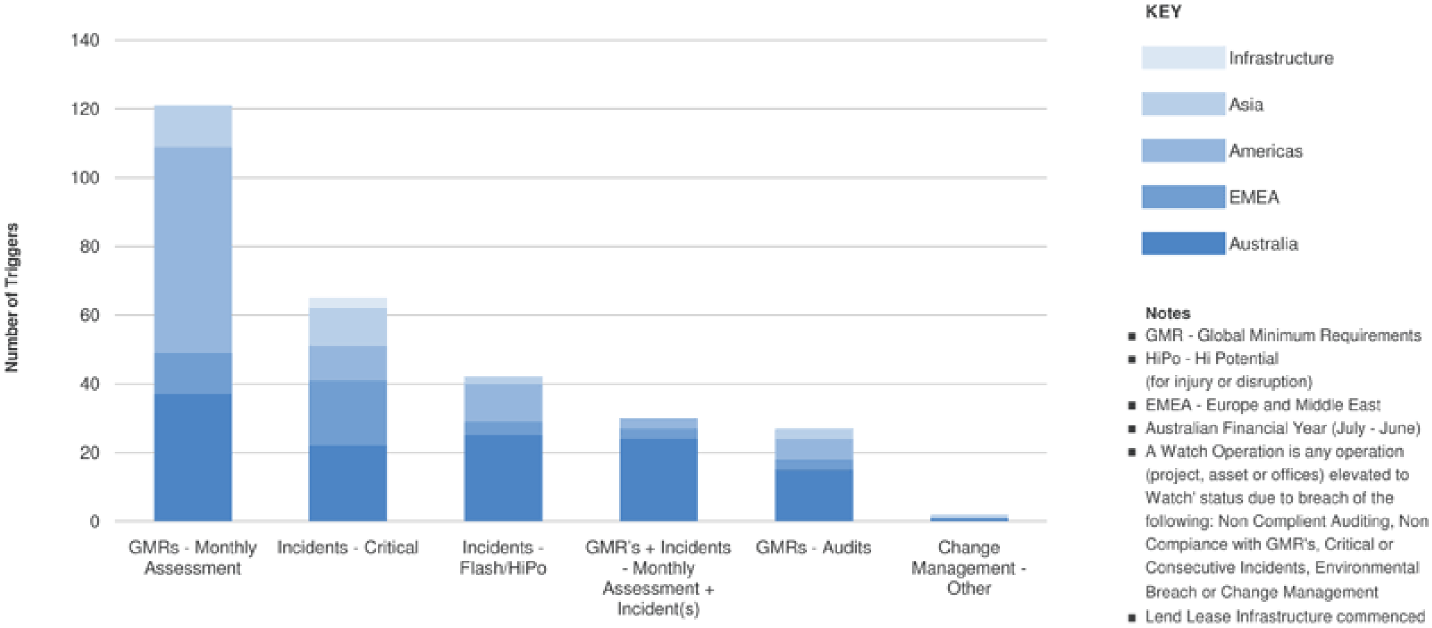
During the year, we achieved an overall reduction in the number and rate of Lost Time Injuries (LTIs) across Group operations compared to the previous financial year. The Group portfolio averaged an improved Lost Time Injury Frequency Rate (LTIFR – calculated per 1,000,000 work-hours) of 2.86 compared to 3.38 for the 2010 financial year. A total of 371 LTIs were recorded during the year compared to 428 in the previous year. The LTIFR has decreased across the Australia, Asia and Americas regions.

Safety Indicators



Our lead type indicators (safety observations) more than doubled with respect to 2010. This indicates the impact of our focus on promoting the right behaviours across our operations. Both our Total number of injury incidents along with our Lost Day incidents reduced over the 2011 period.

Watch Operations Triggers



Notes

- GMR - Global Minimum Requirements
- HiPo - Hi Potential (for injury or disruption)
- EMEA - Europe and Middle East
- Australian Financial Year (July - June)
- A Watch Operation is any operation (project, asset or offices) elevated to Watch' status due to breach of the following: Non Complient Auditing, Non Compiance with GMR's, Critical or Consecutive Incidents, Environmental Breach or Change Management
- Lend Lease Infrastructure commenced reporting incidents to Lend Lease Group from March 1, 2011. No incidents by Lend Lease Infrastructure for the period prior to March 1, 2011 have been included in the Lend Lease Group statistics.

The focus on lead indicators (Monthly and Quarterly assessments and audits) ensures safety non conformances and deviations from agreed operating procedures are being identified by our operations teams, prior to these situations converting themselves into incidents. This focus ensures that we are in a position to proactively manage safety as opposed to being fully reliant on lag data to manage its performance.

HEALTH & SAFETY CASE STUDY

Stamford American International School, Singapore

For Lend Lease, Stamford American International School's new 28,000m2 campus in Singapore – a state-of-the-art learning facility and an exemplar of sustainability for the region, was an opportunity to create a safe and inclusive work environment.

The safety, wellbeing and productivity of the workforce was pivotal to the project's success but with a culturally diverse mix of people on site, one of our greatest challenges was to create a common understanding of what it takes to be a good safety leader.

We worked hard to embed Incident & Injury Free into every aspect of the project through daily toolbox talks, mock-up safety drills and a prominent display of visual safety notices around the site. We fostered a culture of 'no fear reporting' and encouraged people to make meaningful contributions to the safety effort, which added value to the project.

One of our first priorities was to provide first-class site amenities, including shaded walkways, rest areas with fans and televisions, clean toilets, personal lockers, water coolers, air-conditioned meeting rooms and a first-aid room.

We also promoted a culture of health and wellness through daily exercise sessions, regular medical check-ups, and talks to promote healthy eating and lifestyle choices.

Workers were delighted with the facilities and took pride in keeping them clean. There was a marked improvement in morale, enhanced employee relationships, greater productivity and reduced absenteeism across the project.

The site has proved to be a shining example of best practice across the Asian region, prompting other sites to implement similar initiatives.

HEALTH & SAFETY CASE STUDY

MediaCityUK, Manchester, United Kingdom

Every construction site has its safety challenges but to appreciate the enormity of Lend Lease's task as the management contractor for MediaCityUK, it is important to consider the scale and complexity of this mixed-use development.

Spanning a 36-acre site on the banks of Manchester's historic shipping canal, MediaCityUK is the new home for the BBC, ITV, Coronation Street, SIS and the University of Salford. It features one of Europe's biggest HD studio developments, 400 apartments and a Holiday Inn. It is also the world's first BREEAM* accredited Sustainable Community.

When construction began in 2007, Lend Lease's biggest challenge was to ensure that more than 2,500 people got to and from work safely each day and were able to work safely onsite. We also had the logistical challenge of unloading and safely distributing 250 daily deliveries.

From day one, we approached safety performance with military-style precision, paying particular attention to fall prevention, crane management, vehicle and pedestrian segregation, and logistics.

We used the Beta Guard Scaffold Tower to eliminate some of the risk from working at height, an industry-first in Europe, and were instrumental in persuading the Olympic Delivery Authority to make this a standard requirement at the site of the Athletes Village for the London 2012 Olympic Games.

We were also the first to implement the mandatory tethering of hand tools, an initiative which has since been adopted as standard across the UK business.

Our focus is always to promote health, productivity and increased job satisfaction across our projects and we set a new benchmark here, with the introduction of one of the first on-site health clinics in the UK.

Through meticulous planning, expertise, innovation and collaborative effort, MediaCityUK has moved us closer to our vision of operating Incident & Injury Free.

* BREEAM – The Building Research Establishment Environmental Assessment Method and rating system for measuring the environmental performance of buildings in the United Kingdom.

HEALTH & SAFETY CASE STUDY

Gold Coast University Hospital, Australia

The Gold Coast University Hospital project team in Queensland, Australia has developed a proactive, best practice safety strategy to challenge and improve project and industry-wide safety standards.

From the beginning, the team established a framework and an environment which has helped them strive for health and safety excellence on the project. With clear communication and commitment to their goals, the team has created innovative solutions that have contributed to industry best practice.

The team's priority was aligning and creating a safety culture across the entire project, setting clear expectations, defining roles and responsibilities, and creating a broad and inclusive vision through communication. A Project Safety Leadership Team coordinates health and safety across the workforce, proving to be invaluable when engaging with a wide range of stakeholders, encouraging them to actively contribute to ideas and identify opportunities that go well beyond current safety practices.

Lend Lease took up the challenge to manage the design and construction of the Gold Coast University Hospital in November 2008. Scheduled for completion in 2012, the nine storey, 750 bed leading edge facility will form an integral part of the new health and knowledge precinct planned for the area.

HEALTH & SAFETY CASE STUDY

The Friction Clamp, Americas

Falls from heights in residential construction is an issue that Lend Lease was determined to resolve. There was no product on the market that meet this specific need so the challenge of finding a passive fall protection solution was undertaken.

Over the years Lend Lease had experimented with several fall protection systems in the Americas, but the existing systems could not fully address all fall protection requirements and provide efficient production techniques. The Super Anchor roof anchor system became the standard across all residential projects as a means to incorporate safer work practices for both construction and maintenance work. The roof anchor system was highly beneficial for roofers and maintenance workers who will subsequently inspect the homes over the 50 year life span. The system did have limitations and still was not a complete solution to preventing fall hazards.

Next the Frame Pro system was implemented which provided a great horizontal working platform around the eave perimeter of the building for framers and roofers but did not work at the gables. The Frame Pro bracket installation also interfered with window and house wrap installation.

Finally the Friction Clamp was put in use which provides fall protection for roofers but also allows installation of house wrap and windows as well as easier material loading access into the 2nd floor of the units.

The Friction Clamp helps to secure a guardrail which provides fall protection for roofers; allows installation of house cladding and windows; and facilitates easier material loading access to the floors above ground.

The Friction Clamp works because it's simple, doesn't need cumbersome attachments and comes with a one page easy to follow instruction sheet.

The Friction Clamp provides a win-win solution– quicker construction and safer working conditions.

ENVIRONMENT

Environment - Reporting

Wherever we work in the world, we strive to leave a positive environmental legacy and continually seek out opportunities to protect and improve the environment by conserving resources and reducing energy consumption.

We are committed to measuring, monitoring and reporting our environmental performance so that we can mitigate risk and continuously improve our performance.

Environmental Health & Safety Management System

In accordance with our Environment Policy Statement, we have incorporated our systems and processes into an integrated Environment, Health and Safety Management System.

This provides a framework for the Group to comply with global regulatory and compliance requirements through consistent identification, analysis and evaluation of risks.

Risk Management

Our approach to risk is guided by the International Management Standard ISO 31000 and adopts an enterprise management framework, which we continue to refine and strengthen.

Lend Lease maintains a Corporate Risk Register which lists all risks. We assess the magnitude of environmental risk as:

- Very large: Major, irreversible environmental damage with on and offsite impacts. Major clean-up needed; government or statutory body penalties or litigation; catastrophic impact on local community or community outrage;
- Large: Major, recoverable environmental damage, with on and offsite impacts. Clean-up required; government or statutory body investigation; major impact on local community with major concerns raised;
- Medium: Moderate environmental damage with impact focused onsite. Minor offsite clean-up also required; government or statutory body involved; limited impact on community, with minor concerns raised;
- Small: Minor environmental damage with impact focused on-site. Limited off-site clean-up required; government or statutory body informed but not involved; some community concerns raised but no impact;
- Very Small: Minor environmental damage with no off-site impact; and
- Negligible: Minor on-site spill.

We closely manage and monitor all environmental risks that are included in our Group Risk Register.

Country Risk Assessment

Lend Lease follows a Country Risk Assessment procedure prior to determining whether we will establish a presence in a new location or region. The assessment includes a high level due diligence review of political, operational risk conditions.

If proceeding, we perform a more detailed due diligence assessment. Environmental considerations include climate change vulnerability; water and energy security; environmental legislation; stakeholder sentiment and environmental liabilities.

Corporate Investment Pipeline and Project Conversion Process

The 'Corporate Investment Pipeline' manages investment papers prepared internally by the Lend Lease businesses that request investment by Lend Lease Group. This will typically include activities such as development, public private partnership, investment or divestment.

The 'Project Conversion Process' oversees the project management and construction and infrastructure projects from the bids and tender stages through design and into delivery, completion and if applicable operation.

All proposals, bid and tenders must be internally subjected to the following sustainability considerations:

- Biological Diversity (Biodiversity) – Threatened or endangered species;
- Climate Change – Severe weather at risk geographies;
- Communities – Indigenous and sensitive communities;
- Green Building – What Green Building Rating will the project achieve;
- Heritage and Archaeology – Items of heritage protection, artefacts/ archaeological significance;
- Human Rights – Human rights sensitive regions;
- Land Use Quality – Prime agricultural land, contaminated land risks, acidic or saline land;
- Natural Resources – Constrained by natural resources;
- Stakeholder Opposition – Subject of environmental lobby group or community opposition; and
- Waste & Emissions – Generation of toxic or significant solid/ liquid/ gas wastes or emissions.

The stakeholder engagement strategies relating to project activities or investment decision making focus on engaging our stakeholders helps Lend Lease understand what is expected of us and what concerns they have. Engagement enables communication through listening, discussing and responding so that an understanding can be reached. It enables our risk management process to focus on broader issues. It also helps us to identify emerging issues and opportunities for the proposal or any new projects or investments as well as assists us improve our performance in a strategic collaborative manner.

The following stakeholder opposition considerations require assessment:

- Community or Special Interest Groups – Is the investment or project likely to have adverse impacts on the community and receive significant opposition?
- Environmental Groups – Will the investment or proposal have detrimental impacts to the environment that will attract the attention of environmental action groups?
- Planning – Will the investment or proposal contravene or conflict with local planning conditions or present significant concern to local planning authorities?
- Regulators – Is the investment or proposal likely to receive any obvious opposition from local or regional regulatory authorities or utility providers?

Where the proposal indicates a potential risk may exist, investment or project-specific due diligence investigations are performed to further assess the risk and identify any relevant mitigation measures required.

To ensure this process is effective, Lend Lease operates limits of authority and approval gates for employees with environmental or sustainability management responsibility and limits of authority. These approval gates are aligned to key roles and responsibilities within the organisation and integrated into critical decision-making milestones.

Investment Management - Environmental Due Diligence

Since June 2007, our investment management businesses in Australia, EMEA and Asia have operated in accordance with a Sustainable Responsible Investment Policy. In February 2008, our investment management business also became a signatory to the Principles for Responsible Investment — the first global property investment manager to do so.

The Sustainable Responsible Investment Policy includes a requirement for formal evaluation of the impacts and risks of environmental, social, and safety issues in its investment and management decision making, as well as for measuring and reporting on environmental and safety criteria.

Our investment management business also conducts due diligence audits on all property acquisitions and divestments, including environmental regulatory compliance, building energy efficiency performance and green building ratings.

Environmental Management in our Operations

Lend Lease recognises that our design, construction, operation and investment activities, and those of our supply chain, could all have the potential to negatively impact the environment. We accept that, collectively, we have a responsibility to future generations to reduce our impact on the environment.

Prior to conducting any project operations or activities, our employees complete a Risk Assessment. This process identifies the potential environmental aspects and impacts of the project, office or asset. Once identified, the risks are documented and a plan is developed and implemented to improve environmental performance.

Project Environment, Health & Safety Plans

Lend Lease implements project specific Environment, Health and Safety Plans on all our development and construction projects. This plan identifies environmental legislation and impacts, prevention/ mitigation measures and protocols for managing environmental risks during the project.

Green Office Guide

To ensure continual improvement in environmental performance of the offices in which we operate, Lend Lease implements Green Office Guides. The Green Office Guides complement the existing green building rating of the office by providing an operational focus on key environmental areas of energy, water and waste (including emissions) risk and opportunity.

Asset Operational Environmental Management Plan

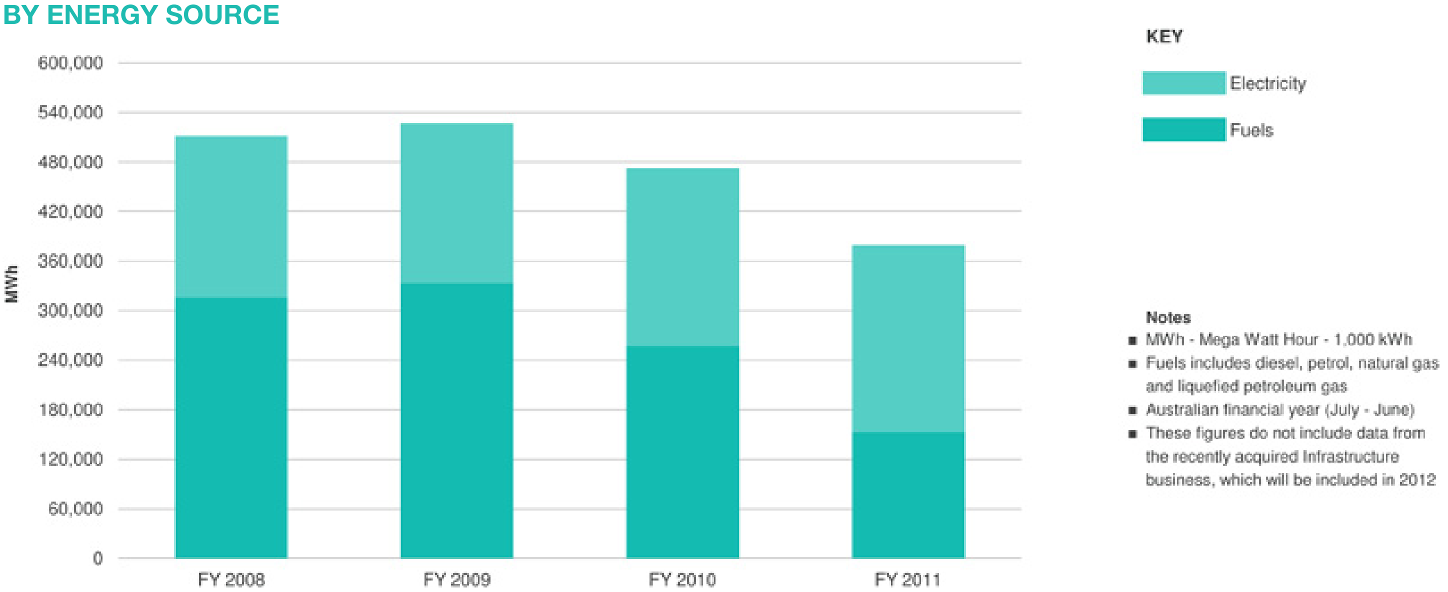
Asset operational environmental management plans are implemented on our assets under management to ensure environmental risks and opportunities are appropriately identified and managed consistently.

These plans are asset specific, identifying operational environmental risks and ensuring they are managed on a daily basis with opportunities being identified for current and future capital expenditure planning.

Environmental performance data for Australia and UK (part of EMEA) has been third party verified in line with regional legislation.

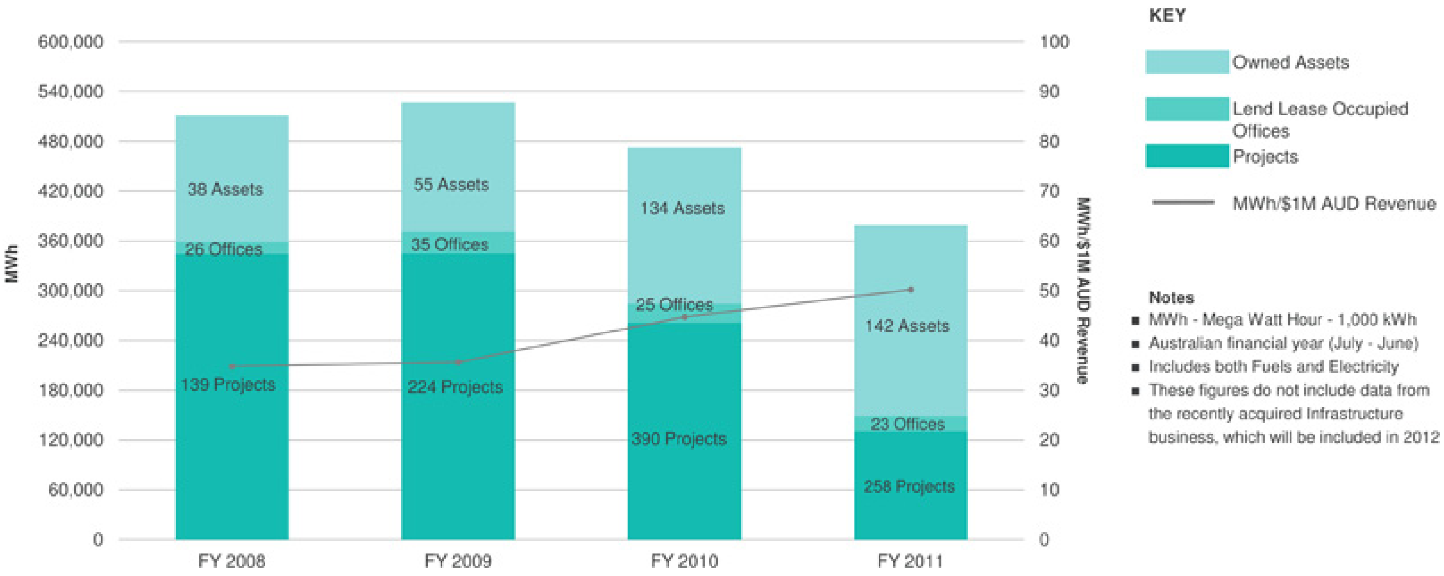
Energy

BY ENERGY SOURCE



Notes
- MWh - Mega Watt Hour - 1,000 kWh
- Fuels includes diesel, petrol, natural gas and liquefied petroleum gas
- Australian financial year (July - June)
- These figures do not include data from the recently acquired Infrastructure business, which will be included in 2012

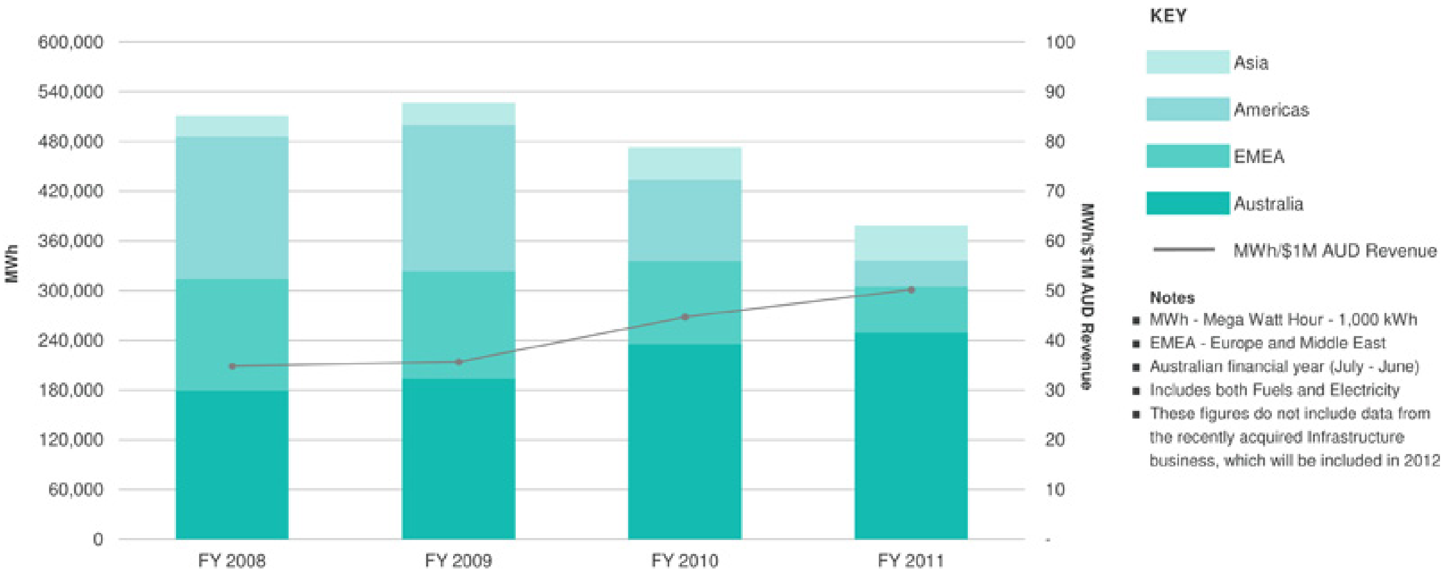
BY ACTIVITY TYPE



The above graph shows the energy balance of Lend Lease's activities continues to shift from fuel based construction activities towards electricity use associated with owned assets including recent acquisitions of large commercial, retail, aged care and retirement villages. This trend highlights energy efficiency as an increasing opportunity for Lend Lease.

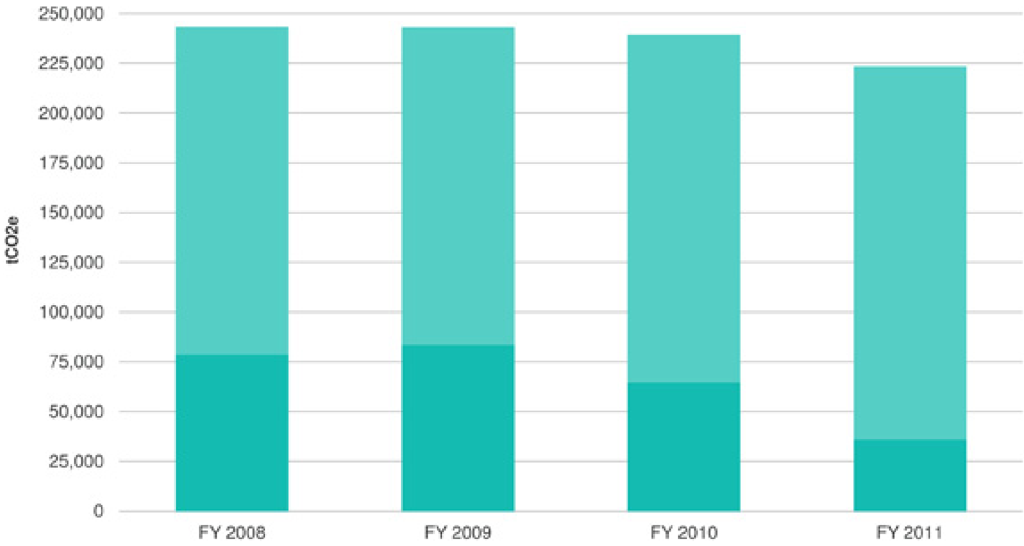
Lend Lease's Australia operations are registered and continue to report their performance under the requirements of the Energy Efficiency Opportunities Act 2006.

BY REGION



Greenhouse gas emissions

BY EMISSIONS SOURCE



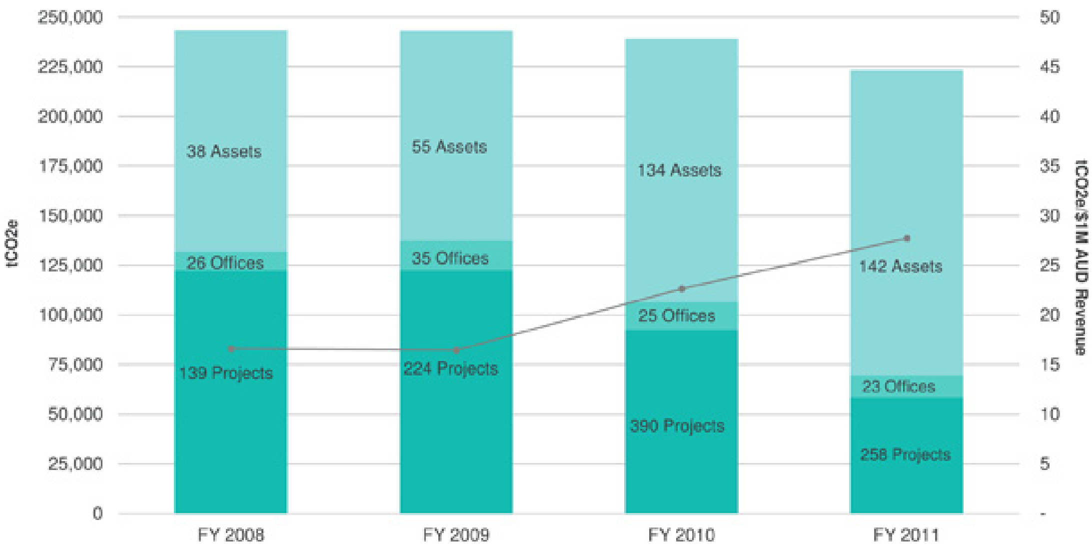
KEY

- Scope 2 (Electricity)
- Scope 1 (Fuels)

Notes

- tCO2e - tonnes of Carbon Dioxide equivalent
- EMEA - Europe and Middle East
- Australian financial year (July - June)
- These figures do not include data from the recently acquired Infrastructure business, which will be included in 2012

BY ACTIVITY TYPE



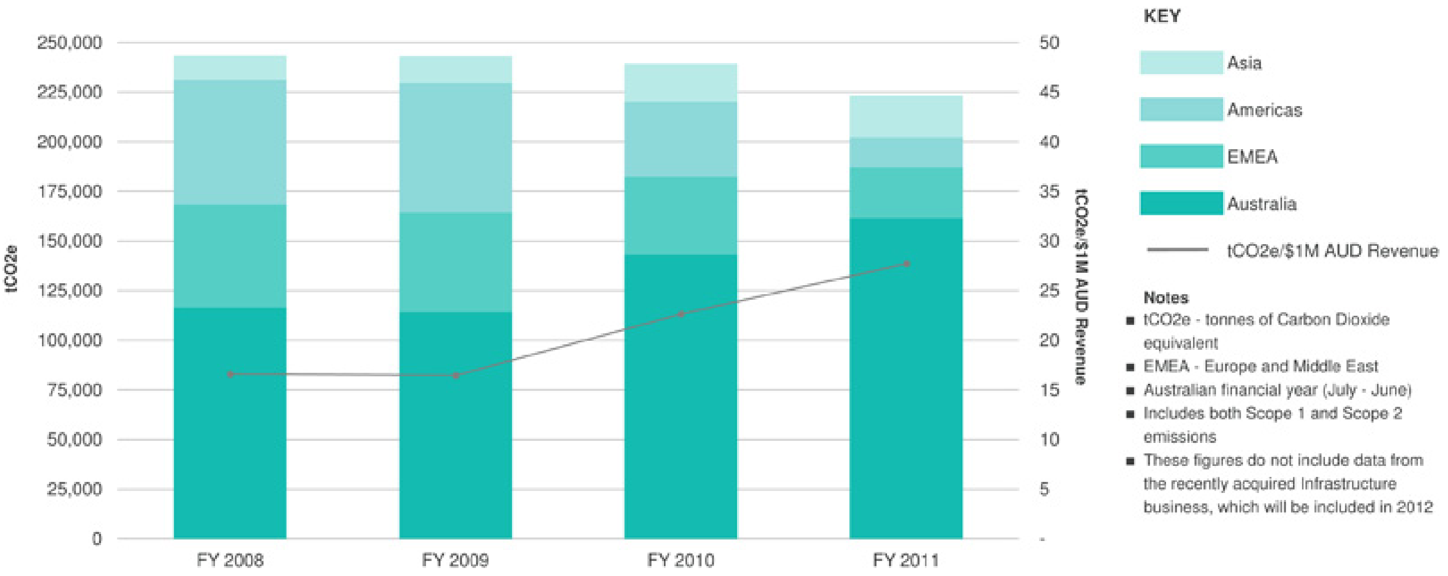
KEY

- Owned Assets
- Lend Lease Occupied Offices
- Projects
- tCO2e/$1M AUD Revenue

Notes

- tCO2e - tonnes of Carbon Dioxide equivalent
- EMEA - Europe and Middle East
- Australian financial year (July - June)
- Includes both Scope 1 and Scope 2 emissions
- These figures do not include data from the recently acquired Infrastructure business, which will be included in 2012

BY REGION

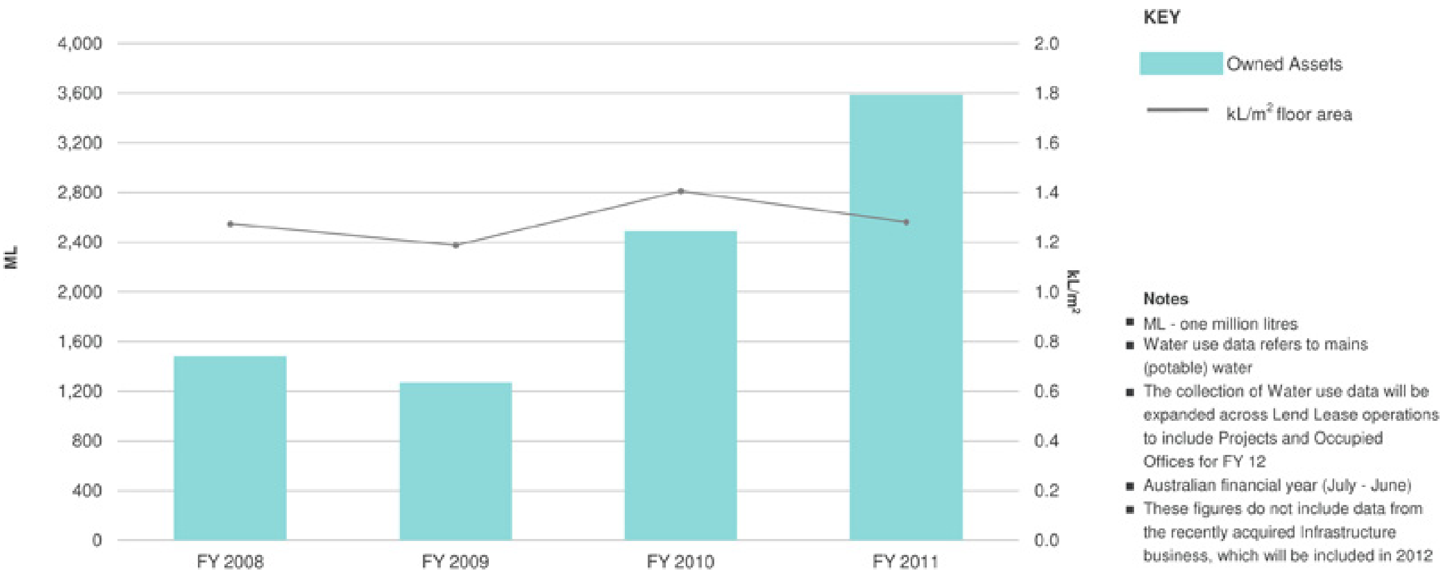


The graph shows that Lend Lease's operations in the Australia and EMEA region continue to comprise the most significant proportion of the Group's total greenhouse gas emissions.

Currently, Lend Lease's operations in both Australia and EMEA are registered and continue to report energy and greenhouse gas emissions under the National Greenhouse and Energy Reporting Act 2007 and the Carbon Reduction Commitment Scheme 2010, respectively. Beyond compliance, Lend Lease is using this information to inform business decision making and new investments.

Water use

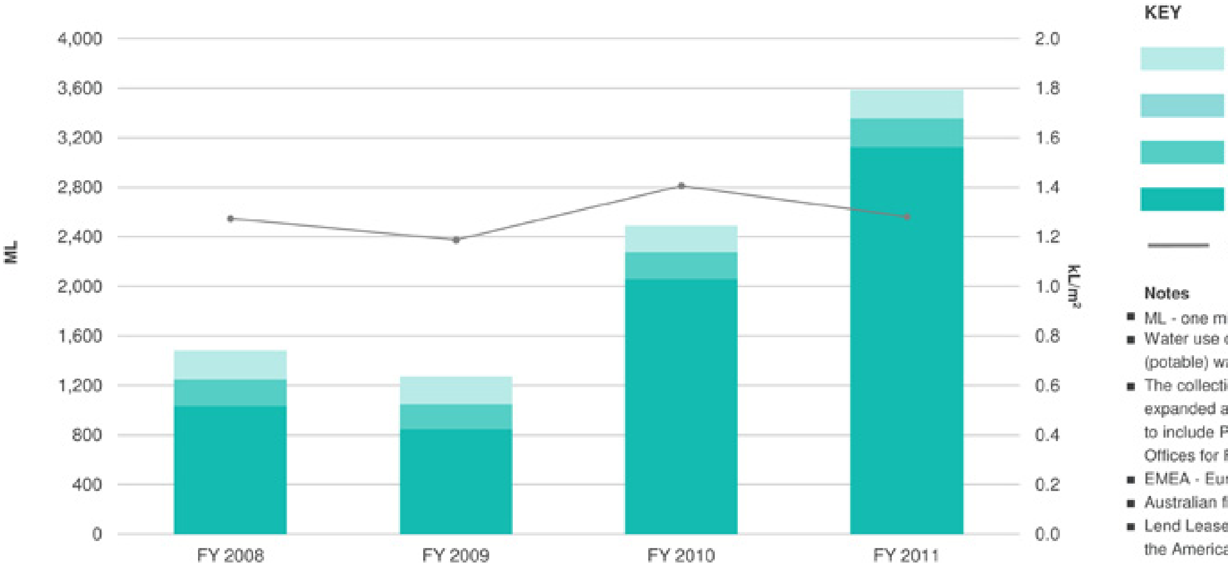
BY ACTIVITY TYPE



The above graph shows the overall consumption of water by Lend Lease's owned assets has continually increased over the past three years. This trend is a result of continued growth and acquisitions by Lend Lease including retirement living and aged care, retail and commercial assets. The denoted trend line also shows that the water intensity (kL/m2) of Lend Lease's operations over the past four years has remained consistent.

As noted in the graph, Lend Lease intends to expand its collection of water consumption data across its broader operations over the coming financial year.

BY REGION

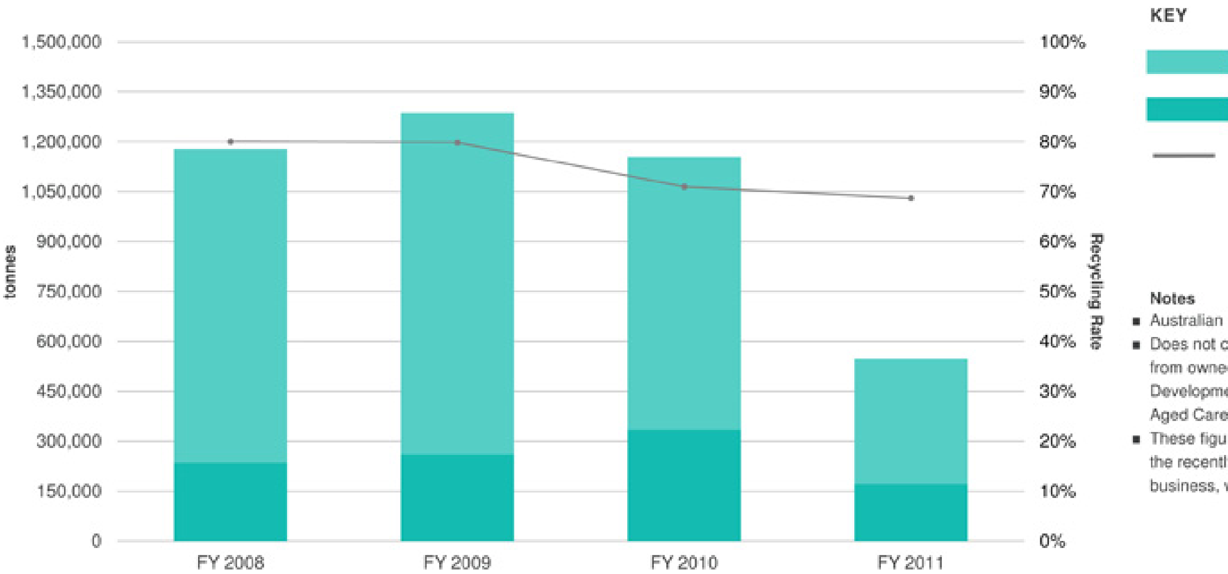


Notes

- ML - one million litres
- Water use data refers to mains (potable) water
- The collection of Water use data will be expanded across Lend Lease operations to include Projects and Occupied Offices for FY 12
- EMEA - Europe and Middle East
- Australian financial year (July - June)
- Lend Lease has no Owned Assets in the Americas for water reporting

Waste

BY DESTINATION

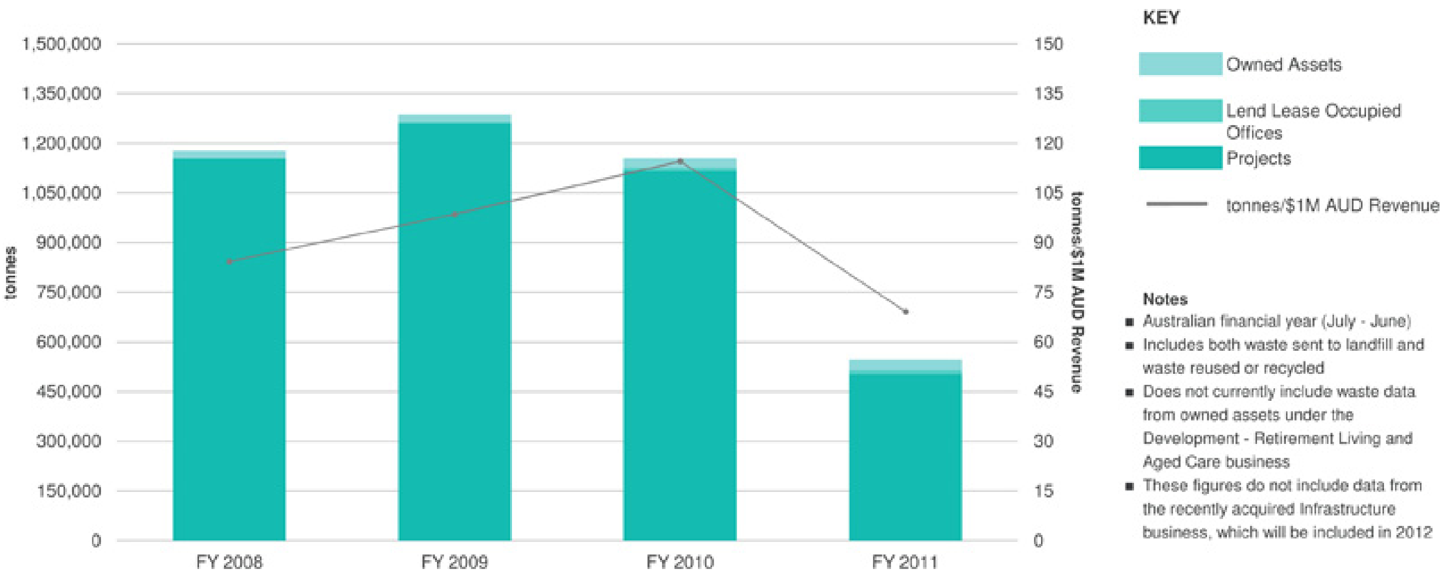


Notes

- Australian financial year (July - June)
- Does not currently include waste data from owned assets under the Development - Retirement Living and Aged Care business
- These figures do not include data from the recently acquired Infrastructure business, which will be included in 2012

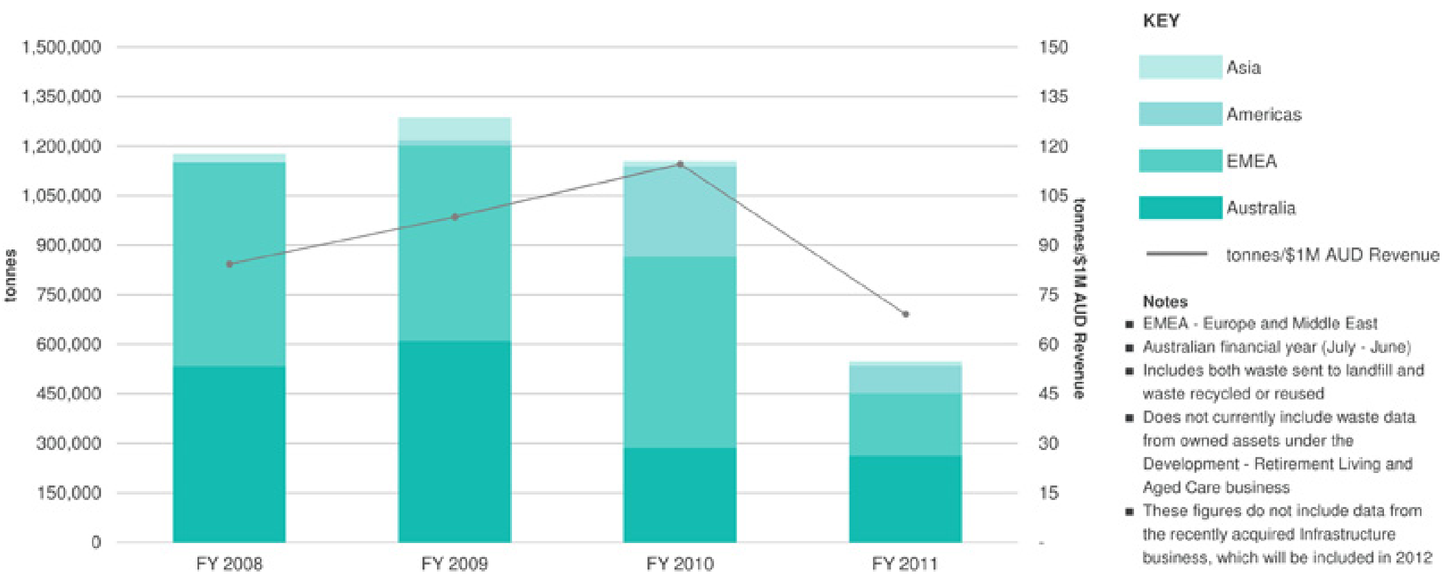
The graph illustrates Lend Lease's performance in terms of overall generation of waste from its operations. Results for FY11 demonstrate a decrease of more than 50% in the generation of waste based on a year-on-year comparison as a result of the Group's environmental focus. This decrease in waste generation contributed to the downward trends in landfill and recycling.

BY ACTIVITY TYPE



The Group's continued focus on waste reduction resulted in a 50% decrease in the intensity of waste generation associated with Lend Lease's project management and construction activities; 50 tonnes in FY11 (per $AUD million) compared with 110 tonnes in FY10 (per $AUD million). Lend Lease's waste intensity is also measured by comparing waste generated from operations to its total operating revenue (per $AUD million). The Group's environmental initiatives, including leaner procurement and production activities, delivered a 40% drop in the overall waste intensity for FY11.

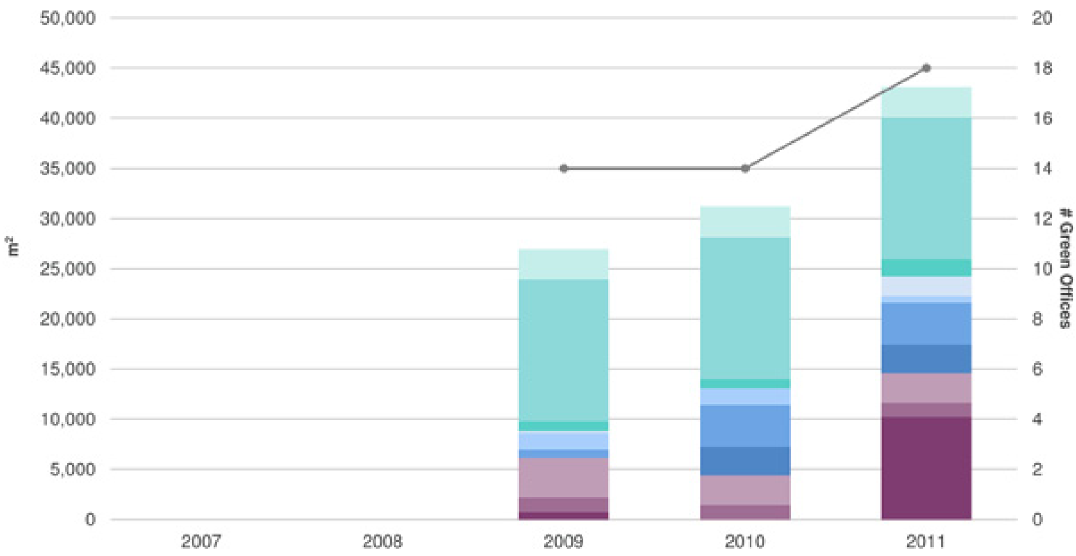
BY REGION



Waste generation is also measured according to region. The largest decrease in waste for FY11 was demonstrated by Lend Lease's operations in Europe and the Middle East which fell by more than 60% followed by operations in the Americas which saw a decrease of 45%. Waste management programs in Asia and Australia continued to manage this aspect of environmental impact.

Green building projects

LEND LEASE OCCUPIED OFFICES



KEY

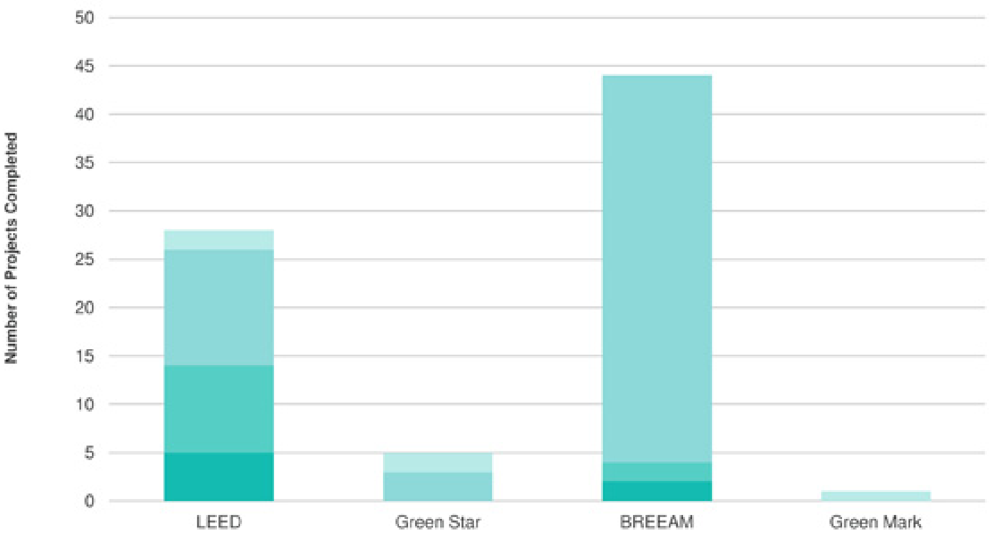
LEED	Green Star	BREEAM
Platinum	6 Stars	Outstanding
Gold	5 Stars	Very Good / Excellent
Silver	4 Stars	Good
Certified		Pass

Green Offices

Notes

- Note that due to their differences, it is not accurate to compare a rating from one scheme against another. For example, a LEED Platinum rating is not comparible with a BREEAM Outstanding rating.
- Financial year 2011 data for all regions except the Americas, which is calendar year 2010 data
- Data unavailable prior to 2009

PROJECTS COMPLETED



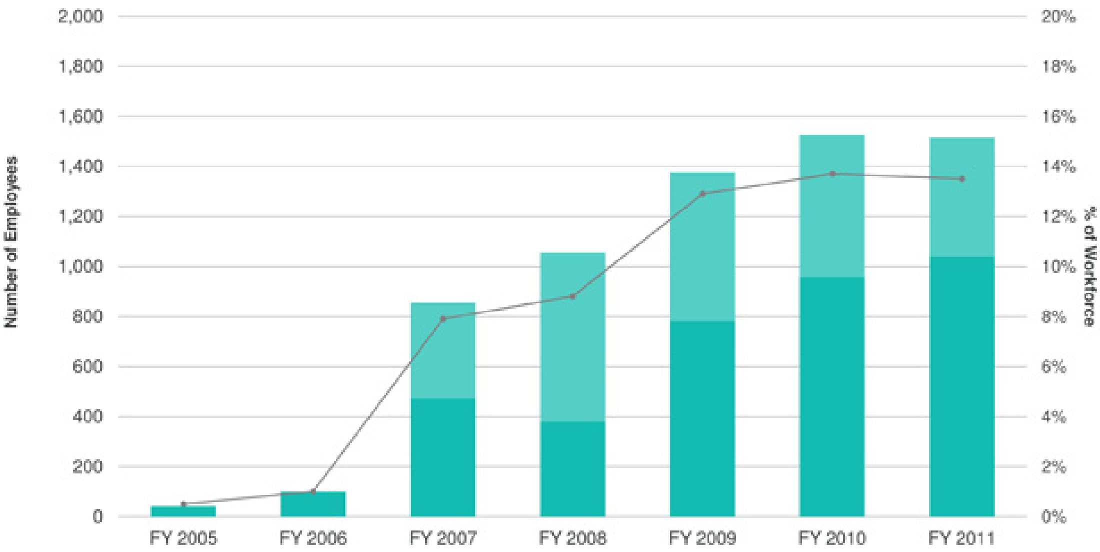
KEY

LEED	Green Star	BREEAM	Green Mark
Platinum	6 Stars	Outstanding	Platinum
Gold	5 Stars	Very Good / Excellent	Gold Plus
Silver	4 Stars	Good	Gold
Certified		Pass	Certified

Notes

- Note that due to their differences, it is not accurate to compare a rating from one scheme against another. For example, a LEED Platinum rating is not comparible with a BREEAM Outstanding rating.
- Financial year 2011 data for all regions except the Americas, which is calendar year 2010 data
- Includes ratings which apply to both the design stage and proof at practical completion, across all possible categories (e.g. Retail, Commercial, Tenancy)
- It is not possible to have a 3 star rated building under Green Star

GREEN TRAINED EMPLOYEE



KEY

Number of Employees **accredited** in Green Building Council accredited schemes (i.e. Green Star, LEED, BREEAM, Green Mark)

Number of Employees **trained** in Green Building Council accredited schemes (i.e. Green Star, LEED, BREEAM, Green Mark)

% of Workforce trained or accredited in Green Building Council endorsed schemes (i.e. Green Star, LEED, BREEAM, Green Mark)

Notes

- Financial year 2011 data for all regions except the Americas, which is calendar year 2010 data

ENVIRONMENT CASE STUDY

Darling Quarter, Sydney, Australia

Darling Quarter is a large-scale commercial, retail and cultural precinct located at the eastern edge of Sydney's Darling Harbour, the most visited tourist destination in Australia.

Designed, developed and constructed by Lend Lease in partnership with the Sydney Harbour Foreshore Authority, and owned by the Lend Lease managed Australian Prime Property Fund, this AU$560 million development forms a vital link between Darling Harbour and Sydney's CBD and Chinatown, and will be critical to the future sustainability of the area.

It has set a new benchmark for green precincts, achieving a Six Star Green Star Version 2 Office Design rating and displaying innovative practices in architecture, interior design and sustainability.

Commonwealth Bank Place - soon to be home to 6,000 Commonwealth Bank employees - features two eight-storey campus-style office buildings, which deliver optimum environmental efficiencies including chilled beam air conditioning, blackwater system and rainwater collection, innovative sunshade solutions, a tri-generation plant and an integrated activity based fit-out.

Darling Quarter pioneers innovation in social sustainability through its dedicated public space, including a community green, a children's theatre, extensive retail and food facilities, and a spectacular children's playground, one of the first large-scale play areas in the world to integrate explorative play equipment with interactive water play.

Lend Lease has transformed a previously moribund area into a vibrant and thriving hub, with a pedestrian friendly environment to support physical activity and social interaction. All this combines to make Darling Quarter a green precinct that is fully inclusive and accessible to all.

ENVIRONMENT CASE STUDY

Better Buildings Challenge, Americas

In February 2011, President Obama launched the Better Buildings Challenge aimed at harnessing the creativity and ingenuity of leaders across the public and private sector to make America's existing buildings twenty per cent more efficient by 2020.

Part of the President's vision for the future is to reduce American dependency on foreign oil through investment in innovative clean-energy technologies. The aim is to give American businesses a competitive edge in the global economy, saving billions of dollars in energy costs to reinvest in jobs across the country.

As one of 14 inaugural partner organisations, Lend Lease is working with the US Department of Energy to reduce energy consumption on more than 65.3 million square feet of real estate located on military installations nationwide.

The new Sustainability Solutions business worked with our American business to secure the opportunity to be a partner to the initiative.

Through this partnership, we will establish best practices for energy efficiency within mixed-use community developments across the country, which will create a variety of new job opportunities.Leading organizations are making substantial commitments to energy efficiency in order to improve their buildings, save money, and increase competitiveness. More efficient commercial buildings will reduce U.S. dependence on foreign oil, protect the environment, and stimulate economic growth through cost savings, investment in new technologies, and American job creation.

We will seek out key game changing strategies to help us evaluate the next generation of efficiency opportunities, and we will look to capitalise on the expertise of our own team members from around the world.

Our Public Partnerships business is known for its commitment to fostering sustainability in all areas of development on its projects. The company has earned its position as the leading Military Housing Privatization Initiative developer by creating smart solutions that protect the environment, create significant social returns and deliver superior financial results for its partners.

The Lend Lease Military Housing project comprises communities in 12 states on 20 military installations spanning from Alaska to Hawaii.

Lend Lease currently manages the nation's two largest solar powered communities at Island Palm Communities in Hawaii and Soaring Heights in Arizona, providing an estimated 12.6 mega watts of renewable energy that equates to between 30 and 75% of the communities' energy use.

ENVIRONMENT CASE STUDY

Green Move in Singapore, Asia

Buildings are an important part of our lives, ninety percent of which is spent indoors. The built environment is a major factor in determining our health; a healthy green building provides a healthy workplace providing significant productivity benefits.

Lend Lease's Asian headquarters recently relocated into a green building that has been awarded the Building & Construction Award Green Mark Platinum status, the highest green building award in Singapore.

In line with our efforts to be a truly sustainable company, we have ensured that the workplace is environmentally friendly not only from the outside but also from the inside. This includes innovative special green features embedded in collaborative workspace designs to provide a safe, sustainable and conducive work environment for our employees and guests.

In the months ahead of the move into the new office, employees were encouraged to recycle all plastic and paper. At the end of the green move process, a certificate of destruction was presented with the conversion of the number of trees saved from the recycling initiatives. On a social note, existing movable furniture and items were all put up for bidding by our employees and proceeds were donated to local charitable organisations.

It is through these actions that we exhibit our social values and aspirations in contributing to the local community in need.

OUR PEOPLE

At Lend Lease we aim to attract, develop and retain the best people at every level of our business in order to deliver our projects safely, protect the environment and create lasting value for our investors.

We aim to be an employer of choice and make every effort to remain competitive in terms of career opportunities, remuneration and training. We foster a fair and non-discriminatory work environment where everyone is valued and encouraged to realise their full potential.

Throughout the year, we have focused on building an engaged and productive workforce with the necessary skills and competencies to manage our future growth.

Our aim is always to inspire and motivate our people to achieve extraordinary things.

Performance Management

Lend Lease recognises that remuneration, recognition and career development are linked to delivering business results. In 2011, we introduced Pay 4 Performance (P4P), a fully integrated performance and compensation review cycle, to align business and individual performance with employee rewards and recognition and to ensure greater transparency, fairness and consistency.

P4P ensures that all employees receive regular performance reviews, with specific actions, timetables and metrics to provide direction and measurement against progress. By June 2011, 98 per cent of management had received training in how to conduct performance reviews and give effective feedback.

Leadership Development

Effective leadership is critical to Lend Lease's performance now, and into the future. We seek to attract, identify and retain high potential employees at every level of our business, and provide them with the necessary strategic, operational and personal skills to develop into our leaders of tomorrow.

This year, we introduced a new leadership competencies framework. This framework is now used in our recruitment processes to help us identify and assess the best talent, and also nurture it.

Throughout the year, our top leaders participated in leadership development assessments and we will continue to support them in their efforts to reach their full potential.

Talent Management

At Lend Lease, we define talent management as identifying, attracting, retaining, developing and rewarding high performing employees with exceptional leadership skills – individuals who are the future leaders of our company.

Talent management involves identifying high performers; assessing their performance against the leadership framework; assessing readiness for leadership roles; learning and development programs targeting future leaders and recognising and rewarding high performers to encourage loyalty. Our talent management programs directly feed leadership succession plans.

Effective talent management is good for the individual, and for business. It reduces employee turnover; builds business and profit; and helps to attract and retain high potential people.

Employee Engagement

Lend Lease has a strong ethos of investing in people. We believe that work is more than a place that people go every day. It should be a place where people feel motivated, inspired and encouraged to be the best they can be.

Our focus throughout the year has been to maintain an engaged and enthusiastic workforce where people flourish.

One of the tools we use to measure employee engagement is our Employee Engagement Survey, which takes place globally every two years. The results are used to inform the development of our human resource plans and working practices.

In 2011, 75 per cent of Lend Lease employees participated in the survey, achieving an Employee Engagement score of 77 per cent.

We continued to outperform the industry average in the overall engagement scores, specifically:

- Our commitment to safety – understanding our safety journey and commitment to achieving our Incident & Injury Free vision;
- Demonstrating leadership in sustainability; and
- Diversity & Inclusion – specifically, working in an environment that recognises and respects all the ways in which we differ.

Since our 2009 survey we have also improved in the areas of:

- Empowerment, where employees feel it is safe to speak up and innovative ideas are encouraged; and
- Communication, where employees understand the goals and objectives of their business units.

Opportunities for improvement

Lend Lease will continue to respond to employee feedback with a strong focus on:

- Continuing to build on a performance culture by focusing on clear performance and development areas. The Group is also placing an increased focus on career development;
- Building more efficient processes; and
- Building a stronger focus on understanding our customers' needs.

Our Group Chief Executive Officer & Managing Director and the Executive Management Team are committed to ensuring all feedback is addressed. Action plans have been developed to address key themes.

Our employee engagement surveys are a vital tool in understanding and addressing employee sentiment. By understanding what matters to employees most, we can see where we are doing well and more importantly understand where we can do better.

Our business transformation project, which began in 2011, will continue to focus on improving process efficiencies, particularly in relation to Finance, Human Resources (HR) and Information & Communication Technology.

A client research framework will be implemented to gain a better understanding of our customers and their needs.

We will place greater focus on building and supporting career paths. This includes more guidance on employee roles and how they will be supported in, and rewarded for achieving goals.

Rewarding excellence

Lend Lease believes strongly in rewarding people who achieve excellence in social, economic, environmental and safety goals, through exceptional effort and dedication.

We continue to recognise the dedication and commitment of our people through our annual Incident & Injury Free and Employee Excellence Awards. These Awards recognise individuals and teams who embody our values and go beyond what is required, focusing on safety and the care of fellow employees, the community and the environment to create a positive legacy for all.

People processes

In 2011 we introduced several processes to enhance our employee experience. This included the introduction of an on-line portal to help navigate and support employees in supporting their human resources needs. This is called HR Link which is accessible to all employees via the Lend Lease intranet. It allows our people to access all human resources information, including policies, processes, and procedures.

HR Link also serves as a vehicle to communicate directly and regularly to employees, and helps us to improve the quality of our service and support. It allows people to quickly find others with the expertise to help them solve specific professional queries.

OUR PEOPLE

Diversity and Inclusion

We define diversity as all the ways in which we differ.

As an international property and infrastructure group, our people reflect the diverse ethnic and cultural makeup of the countries in which we work. Our strength as a business is based upon our ability to leverage the many differences and perspectives that our people bring to the workplace to spark innovation and drive growth.

Diversity Performance

The Lend Lease Board reports on Lend Lease's gender diversity performance in accordance with the Australian Securities Exchange Corporate Governance Principles and Recommendations. We have established measurable objectives for gender diversity and we are proud of our success in recruiting female employees.

Proportion of women on the Lend Lease Board

- Two out of eight Board Directors are women.

Proportion of employees who are women

- At the end of the financial year, 32 per cent of our employees were women.*

Proportion of women in senior executive positions

- At 1 July 2010, 17 per cent of senior executive positions were held by women; **
- At this time we set a target of 23 per cent by the 30 June 2012; ***
- At 30 June 2011, we had already reached our target, with 23 per cent of senior executive positions held by women; and
- Lend Lease is committed to maintaining this level during the current financial year.

* excludes employees from Lend Lease's infrastructure business in Australia and our retirement living and aged care business.
** women in the top four tiers of management.
*** excludes employees in Lend Lease's Australian infrastructure business.

Diversity Governance

Each of the regions where we operate has its own diversity council, which is chaired by a Regional CEO or Senior business leader and a Diversity Manager. Diversity councils are steering committees that facilitate a diverse, collaborative and inclusive culture. They provide the opportunity for discussion on ways to increase diversity and achieve best practice in terms of diversity policies.

The diversity councils also oversee the activities of regionally based employee resource groups that represent and engage with employees directly on diversity related matters. Representatives from our employee resource groups sit on our diversity councils, together with a small number of human resource and senior management representatives. Our employee resource groups represent a range of diversity types such as age and intergenerational diversity, all abilities, cultural diversity, lesbian, gay, bisexual, transgender and intersex; and women in the workplace.

OUR PEOPLE

Learning and Development

Lend Lease is committed to attracting, developing and retaining great people, and supporting them to achieve their goals. We seek to foster a continuous learning culture, to encourage our people to improve their professional competencies and to be proactive in their personal development. Without passionate, high performing teams our business would not reach its full potential.

We encourage our employees to take ownership of their development by using the 70:20:10 learning approach, where 70 per cent of learning is derived from experiences, projects and working through tasks; 20 per cent of learning is derived from relationships such as manager interactions, mentoring and networking and 10 per cent of learning comes from traditional development activities such as training, seminars, conferences and courses.

The delivery of Lend Lease's learning and development programs is underpinned by:

- A specialist learning and development team with the skills and capabilities to assist the business and individuals to identify their learning needs and design the best development solutions to meet these needs;
- A globally consistent leadership framework to identify, assess and nurture leadership capability across all layers of the business; and
- A business model and practices that promotes a continuous learning culture.

OUR PEOPLE

Foundation

In 1983, Lend Lease Chairman Stuart Hornery created Foundation, to attract and retain talented employees and to differentiate Lend Lease from its peers. Today, Foundation offers programs and initiatives that actively invest in improving quality of life by providing skills, expertise and support to local communities.

Foundation programs are open to all employees, and in some cases, their families. Programs are developed based on employee and business needs.

Foundation hosts global and regional programs throughout the year, which focus on the following themes:

- Health and Wellbeing – these programs offer practical tips for maintaining a healthy work/life balance, enhancing physical, mental and emotional wellbeing;
- Personal Development – these programs support personal and interpersonal development, helping employees reach personal and professional goals; and
- Community – these programs engage with communities in which we live and work. Many programs are focused on creating long-term partnerships and matching employees' skills with community needs.

During 2011, 80 per cent of Lend Lease employees accessed Foundation programs, an increase of 7 per cent on 2010 participation levels. In the 2010 calendar year we ran 467 programs in 16 countries.

Global Foundation Programs

Our global Foundation programs create a unified community with a common focus – to use our collective knowledge, skill and passion to improve our own lives and the communities where we live and work. Global programs include:

- Springboard;
- Community Day; and
- Vacation Intern Program.

Springboard

Springboard brings employees from different cultures and businesses together for an intensive four-day personal development experience. Around 300 employees participate in eight Springboard programs each year. The 2011 program – Springboard Far North Queensland – centres round the theme of community sustainability and partners with Mossman Community Centre in far north Queensland, Australia. All activities are designed to generate a positive legacy for our community partner.

Community Day

We think it's important to understand and contribute to the communities in which we operate. Since 1996, every September we have held an annual Community Day. It's a day when our employees are invited to take time out to match their skills and experiences to many worthwhile causes that need our assistance.

This popular initiative matches employees' skills with community needs and supports a range of projects that address social, economic and environmental issues. Each year teams of employees design, build, garden, clean, demolish, pack, plan, paint, repair and teach, alongside our community partners and often our subcontractors and business partners.

All employees are encouraged to participate, and since its inception, over 500,000 hours have been volunteered across hundreds of community projects around the world. In September 2010, over 4,000 Lend Lease employees supported over 250 Community Day projects around the world.

Vacation Intern Program

The Vacation Intern Program offers paid summer internships to family members of employees who are studying at university. Interns spend around six weeks working on a variety of projects across the business. This annual program gives students the opportunity to develop their professional and inter-personal skills, and Lend Lease benefits from the thoughts of fresh, enthusiastic minds. Twenty-eight interns participated in our Vacation Intern Program during 2011.

OUR PEOPLE CASE STUDY

Vacation Intern Program

Scott Dane is 20 years old and studying for a Bachelor of Engineering and Bachelor of Commerce at Sydney University. Scott took part in the Vacation Intern Program in Australia in 2010.

Scott's grandfather Edward Ward joined Civil & Civic (to later become Lend Lease) in 1956, and worked for Lend Lease for 35 years on a number of Lend Lease's iconic projects including Caltex House and MLC Centre. Scott's uncle, Peter Ward, began as an apprentice for Civil & Civic in 1981, and continues to work for Lend Lease in Queensland.

Scott is hoping to one day become a third generation full time employee. During his summer internship, Scott Dane worked in construction management on Sydney's Darling Walk project.

"The Vacation Intern Program gave me an invaluable and in-depth experience, with an industry I want to build a career in. And I have learnt how to thrive in an onsite environment, through taking every chance to show that I am willing to learn and help where I can.

OUR PEOPLE CASE STUDY

Springboard

Andy Rampton is Head of Risk, EMEA. Andy took part in Springboard Far North Queensland in September 2010. Prior to joining Lend Lease in 2007 Andy had heard about Springboard through his interactions with Lend Lease in his previous companies. “People seemed to speak about it in almost reverential tones – I knew I’d have to experience it for myself,” says Andy.

Andy took two major learnings from the program. One was the value of getting to know the people you’re going to work with, and the positive impact this can have on an outcome.

“Initially, I was a little dubious about the benefit of this. We were all chomping at the bit wanting to get stuck into our projects because there wasn’t much time. However we were encouraged to sit down and talk with our community participants. The couple of hours we spent getting to know each other benefitted the remainder of the two days immeasurably, both in terms of enjoyment and productivity.”

The second learning related to the benefits of working as an integrated team. “At Lend Lease we talk about ‘an integrated model’ a great deal. Springboard is the integrated model in action. It takes people out of their comfort zone and engenders an “all in it together” mentality. Barriers are broken down, relationships are formed and people work together towards common objectives.”

SOCIAL & COMMUNITY

Our contribution to local communities extends way beyond the buildings we create. We seek to make a positive difference wherever we have a presence because we know that working to achieve the greatest benefit for our people, clients, communities and the environment contributes to our own success.

Our contribution

Concern for, and pride in, the impact we have on the communities in which we operate continues to be a hallmark of the way we do business at Lend Lease.

Making a sustainable difference to the world we live in is one of the reasons our employees want to work for us. We are proud that so many of our employees regularly volunteer their time and expertise to help local communities.

Giving

We support a range of causes. Financially, during 2011, Lend Lease and our employees made substantial cash donations to:

- Premier's Relief Appeal – supporting the Queensland floods in Australia in late 2010 and early 2011. Combined, Lend Lease and employees donated AU$250,000; and
- Red Cross Japan and Pacific Disaster Appeal – supporting the March 2011 earthquake and Tsunami relief programs. Combined, Lend Lease and employees donated AU$133,000.

In both cases, Lend Lease matched dollar for dollar for employee donations.

Community Grants

We strive to play a positive role in the community, and encourage our employees to do the same.

Foundation's Community Grants program is a part of our commitment to give back to the communities in which we live and work. Community Grants provide funding for a project or need of a community group in which employees are directly and significantly involved, both with time and effort.

Individuals or teams requesting Community Grants must be permanent employees, with a minimum service of one year, and must have volunteered for that community organisation for at least one year, volunteering a minimum of 50 hours individual service.

Through Foundation we contributed AU$185,000 in community grants to charities and not-for-profit organisations around the world during 2011.

Community Day

Since 1996, we have held an annual Foundation Community Day across the world. It's a day when our employees, and in some cases, their families are encouraged to support many different community groups and organisations that need our help, from local schools, to shelters for abused women and children, to homeless centres, to environmental regeneration projects.

We are particularly proud to put our construction skills to good use by upgrading important community facilities, building cubby houses for children's hospitals, providing sanitation for schools in developing areas, and building housing for low-income families.

Employees value this highly rewarding experience, where they can personally make a difference to the community, learn new skills, build on a strong team spirit and learn more about the communities around them.

The success of Community Day is based on two basic principles – matching community need with employee skills, and building sustainable partnerships with communities that create shared value. It's about rolling up our sleeves and getting involved. And to date, we estimate that our people have volunteered more than 500,000 hours of their time to community initiatives via Community Day alone.

SOCIAL & COMMUNITY CASE STUDY

The Learning Shop at Bluewater, United Kingdom

A key challenge for Lend Lease is to ensure that its initiatives are sustainable beyond the life of a project. The Learning Shop at Bluewater in Kent, United Kingdom, is a shining example of an investment that has helped a community to thrive while bringing long-term economic benefits.

More than twelve years ago, when Lend Lease set up The Learning Shop at Bluewater in conjunction with Jobcentre Plus and North West Kent College, its objective was to deliver world-class training, development, recruitment and business opportunities, with a particular focus on retail, hospitality and customer service.

Today, it has brokered more than 25,000 jobs and 14,000 training solutions, and is the provider of choice for local people to job search for retail, hospitality and customer service roles at Bluewater, one of the premier retail and leisure destinations in the United Kingdom. Over 6000 people visit our online job website each month, and our advisors offer advice and guidance on career aspirations and training opportunities.

In 2010, a number of employees joined forces with The Learning Shop on Community Day to deliver the Employability at Bluewater Project. The 2011 Community Day project was focused on providing guidance and support to the unemployed, assisting them with preparing resumes, interview skills and providing general career advice. The idea was generated by our HR team, and is a perfect example of how employees can apply their specialist skills for the benefit of a local community.

The Community Day team was made up of volunteers from the HR function and senior managers. All agreed that this project utilised their professional skills more than any other Community Day project, and for this reason, it was highly engaging and rewarding.

More than 60 people from the local community were given free specialist advice ranging from ten to ninety minute sessions to help them with their employability issues. The day was a great success – a number of participants even took up the offer of ongoing mentoring, and one of the individuals secured employment not long after the workshop.

Plans are underway to run the employability service on a monthly basis, with Lend Lease at the heart of this collaborative community project.

SOCIAL & COMMUNITY CASE STUDY

Fairbanks Community Food Bank, Alaska

In 2010, Lend Lease began partnering with the Fairbanks Community Food Bank in Alaska. Its vision is to provide food assistance to everyone who meets federal poverty guidelines so that no one in the Tanana Valley dies of starvation and no child goes hungry.

Its day-to-day work is focused on providing food, to the hungry, and in particular, distributing surplus food that would ordinarily be discarded, to needy individuals, families and agencies.

During Community Day this year, Lend Lease donated 307 pounds of food to the Food Bank, with 16 employees from our North Haven military housing project in Alaska sorting and boxing the food.

The partnership has continued to strengthen, and in February 2011, a further team of volunteers worked with corporate teams from other local organisations to create and deliver 75 food orders for families in need.

Being able to give something back to our local community and learn about how important the Food Bank is was an invaluable experience for all. Over 50 volunteers are needed each day to help fight hunger in this region, and Lend Lease is pleased to contribute and help address this growing need.

SOCIAL & COMMUNITY CASE STUDY

You Dao Foundation, China

Lend Lease has been supporting the You Dao Foundation in China since July 2009. The You Dao Foundation is dedicated to providing a better environment and venue for internal migrant workers and their families, especially in relation to their children's education and play activities. The You Dao Foundation is particularly relevant to Lend Lease because a high proportion of workers on our construction sites in China are migrants.

The first project involved helping the You Dao Foundation to landscape their Qingcun Kindergarten. Lend Lease organised subcontractors to undertake pre-works including cutting and pruning trees. With our assistance, labour was free and materials were much cheaper. Lend Lease volunteers also assisted with landscaping, painting and decorating.

For Community Day this year, a number of Lend Lease volunteers spent the day supporting the You Dao Foundation's Community Center renovation and fit out. Our China office project managed and sponsored the major labour costs associated with this renovation.

We are hoping to work with the You Dao Foundation again, and in particular we are looking into projects that focus more on supporting the migrant workers' children.

OUR PARTNERSHIPS

Advocacy | Working with Industry | Supply Chain | Community Engagement

Beyond our partnerships with our employees and the communities in which we operate, our key partnerships include those with our securityholders, supply chain, competitors, governments, public authorities and industry bodies.

We have a proud history of successful partnerships underpinned by our core values of respect, integrity, innovation, collaboration, excellence and trust.

Partnerships enhance our performance, spark innovation, sustain our communities and deliver lasting value. Our ability to forge strong partnerships is critical to our future growth.

Advocacy

We work across highly regulated sectors including workplace relations, environmental compliance, occupational health and safety, corporations and taxation law, and aged care regulation. Everything we do, and our capacity to meet corporate objectives and achieve commercial success, is in some way impacted by government legislation, policy and activity.

It is imperative that we maintain a continuous dialogue with governments across the world if we are to contribute to the development of legislation and regulation that is relevant to our business activities. We must continue to speak out on matters that affect our business interests and those of our stakeholders in order to lift industry standards.

Lend Lease actively engages with industry and other business organisations to share experiences and knowledge; identify common issues; and advocate for change across the broader industry and corporate sector.

Only by leveraging our partnerships to advocate for policies and standards that will help us improve the sustainability of both our business and the industry, can we tackle the sustainability challenges and opportunities presented by big issues such as climate change.

Environment - Advocacy

Lend Lease is committed to improving the sustainability of the built environment by transforming the way it is planned, developed, constructed, maintained and operated.

As our operational footprint grows, we want to be at the forefront of finding solutions to climate change; solutions which are not only environmentally sustainable, but embrace the built environment's potential to have positive social and economic effects.

We are actively investing in clean technologies, expanding our green building practices and leading the way through partnerships that generate real environmental change.

Working in Partnership for a Better Built Environment

We believe that by working in partnership with decision makers and like-minded organisations we can achieve a better built environment and provide better value for our business.

This year, we continued to work towards improved environmental performance, and partnered with some of the world's leading thinkers on the built environment, climate change and sustainability to ensure that our sector makes a meaningful contribution to the reduction of greenhouse gas emissions.

We have also continued to advocate for an industry-wide standard to monitor and calibrate the energy efficiency of our sector. Throughout the year, we worked closely with partners and stakeholders on the development of international energy and greenhouse gas emissions reporting standards to be adopted by global reporting frameworks and governments around the world.

In the past year Lend Lease has participated in and contributed to the work of the following organizations including:

- World Green Building Council;
- UK Green Building Council – Chair;
- US Green Building Council - Director;
- Australian Green Building Council– Director;
- St James Ethics Centre Foundation - Director;
- United Nations Environment Program Sustainable Building & Climate Initiative (UNEPSBCI) – Chair;
- Member, The United Nations Environment Program Finance Initiative Property Working Group;
- Member, The United Nations Principles for Responsible Investment;
- Member, The Global Reporting Initiative Real Estate and Construction Sector Supplement Working Group;
- Singapore Urban Redevelopment Authority's International Panel of Experts;
- Member, The Australian Government's Department of Climate Change & CSIRO Climate Adaptation National Research Flagship Stakeholder Group;
- Member, The Australian Government's Business Roundtable on Climate Change;
- Member, Clinton Foundation Climate Positive Development Program Advisory Council;
- Member, Advisory Board for the Pacific Institute for Climate Solutions;
- Member, New South Wales State Government Climate Change Council;
- Member, City of Sydney Design Advisory Committee;
- Member, The Property Council of Australia's National Sustainability Roundtable;
- Member, Green Building Council of Australia's Advocacy Committee;
- Member, United Nations Environment Program Sustainable Building & Climate Initiative Advocacy and Technical Committees;
- Member, US Studies Centre Council of Advisors; and
- Ambassador, 1 Million Women campaign.

Our employees are also founding members of Green Building Councils in the USA, UK, United Arab Emirates, Argentina and Australia and have assisted with establishment of Green Building Councils in Spain, Romania, Netherlands, Poland, Italy, China and Malaysia, New Zealand, Mexico and South Africa.

OUR PARTNERSHIPS

Working with Industry Leaders

Advocacy | Working with Industry | Our Supply Chain | Community Engagement

Lend Lease are proud to have three major projects accepted as Climate Positive Candidates in the Climate Positive Development Program. Of the participating projects globally, Lend Lease's projects include; Victoria Harbour, Docklands, Melbourne; Elephant and Castle, London, UK and Barangaroo South, Sydney.

The Climate Positive Development Program is a partnership between the C40 Cities Climate Leadership Group (C40), the Clinton Climate Initiative, and the U.S. Green Building Council. It was created to support the development of large-scale urban projects that will reduce greenhouse gas emissions in an economically viable manner. The creation of the new development will thus reduce overall carbon emissions in the community — a Climate Positive outcome.

The American Better Buildings Challenge

In the Americas, Lend Lease is participating in President Obama's Better Buildings Challenge, an energy-efficiency program developed to create jobs, save money, reduce the US's dependence on foreign oil and make our air cleaner.

City of Sydney's Better Buildings Partnership - Australia

The Better Buildings Partnership is about bringing together major property owners and managers to work collaboratively to improve the sustainability of Sydney's existing commercial and public sector buildings. One of Lend Lease's managed funds, Australian Prime Property Funds (APPF) Commercial owns buildings in Sydney and we saw this as a great way to collaborate with our peers to support the reduction of greenhouse gas emissions from existing building stock.

Lend Lease Real Estate Investments Limited, on behalf of APPF Commercial, became a foundation member of the Better Buildings Partnership and will work towards improving sustainability initiatives in the buildings it owns, in line with the Memorandum of Understanding signed.

The objectives of the Better Buildings Partnership are well aligned with the sustainability aspirations of APPF Commercial and the broader Lend Lease business.

Advocating through the Public Policy Process

Lend Lease plays a significant role in leading advocacy activities on a number of sustainability-related policy areas through engagement with regulators, policymakers and the media.

As well as promoting and protecting the interests of Lend Lease, these activities are aimed at promoting sustainability objectives in the built environment, and particularly at enabling the industry to be part of the solution to climate change.

We have made many representations to governments in all regions as well as submissions to government consultations, enquiries and requests for information.

Our Carbon Position

Lend Lease advocates a sector specific market mechanism for the non-residential building sector that would put a price on carbon in buildings, and provide accurate measurement, reporting and benchmarking tools.

We believe that climate change policies should:

- Deliver positive environmental outcomes and be aligned with global action;
- Put a priority on cost effective market mechanisms;
- Be informed by, and based upon, accurate measurement, reporting and verification methodologies;
- Cover a broad range of carbon abatement and adaptation activities that includes all sources and all sectors of the economy; and
- Ensure equitable pricing implementation and that compliance costs and administrative burdens are kept to a minimum.

OUR PARTNERSHIPS

Our Supply Chain

Advocacy | Working with Industry | **Our Supply Chain** | Community Engagement

Managing the sustainability of our business extends beyond the boundary of our direct activities and operations. As we continue to grow and evolve our global business, we are aligning our approach to sustainability across our supply chain to achieve our aspirations and targets.

We interrogate every opportunity to demonstrate a positive impact on the environment in all our activities and developments, as well as those of our supply chain. We work closely with suppliers to ensure that they demonstrate compliance with social, ethical and environmental considerations.

We expect our suppliers to have human rights policies and records consistent with the requirements of Lend Lease's Global Environment and Health and Safety Policies. We want to be Incident and Injury Free wherever we operate, and with any of the contractors, and services we procure.

We also expect our suppliers to have an Environmental Management System that ensures compliance with our global standards of operation and minimal impact on the environment. We consider the environmental performance of the supplier and the sustainability of products and services in our selection process.

Our overall objective is to procure products from and to do business with, suppliers that are aligned with our aspiration to be a global sustainable leader. By engaging with every part of our supply chain, we will become a more cohesive business.

We currently engage with our supply chain through:

- Researching Our Supply Chain's Environmental Impacts;
- Establishing a Global Working Group on Strategic Procurement;
- Fair Reward For Our Suppliers;
- Recognition of Our Suppliers;
- Developing a Supply Chain Accreditation Program; and
- Product and Material Selection.

United Nations Global Compact

Lend Lease recognises the rights of our employees and contractors to fair remuneration, equal pay for equal work, freedom of association, safe and healthy workplaces, non-discrimination and protection of their legal rights.

The United Nations has developed a global agreement, or compact, with businesses to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption.

We support the compact and its principles as it connects us to a growing international movement in business on human rights, enables us to share knowledge and leading practices. It helps us to contribute to a more stable and inclusive global market and helps us build prosperous and thriving communities.

Establishing a Global Working Group on Strategic Procurement

One of the many challenges in being an international organisation is making sure our sustainability efforts in one business unit or country are consistent with another, interacting with our supply chain is no exception.

To address this, we are looking at establishing a global working group on Strategic Procurement. This Working Group will comprise employees from different roles across the business, involved in sustainability, design and/or procurement. The common goal of the working group will be to identify and share strategic procurement initiatives, encourage innovation and knowledge sharing across the business.

Fair Reward For Our Suppliers

At Lend Lease, we appreciate the value of the work and services provided by our suppliers and aim to ensure that they are fairly rewarded across our organisation.

We aim to:

- Create reports that track required payment dates and payments made for managers;
- Report on actual performance, i.e., percentage of payments made within specified time frames; and
- Use our Management Reporting Tool to measure and report our performance.

Recognition of Our Suppliers

Our Incident & Injury Free and Employee Excellence Awards recognise outstanding achievements in safety, sustainability, leadership and business performance by not just our employees and projects, but also by our suppliers and project partners.

Award categories include:

- Leadership in Safety;
- Leadership in Innovation;
- Leadership in Environmental Sustainability;
- Leadership in Diversity; and
- Leadership in Collaboration & Partnerships.

Regional Award winners are automatically nominated to participate in a Global Awards scheme, as a means to communicate best practice and achievements globally.

This recognition is critical to encouraging a culture of innovation and the replication of best practice, and it highlights the opportunity Lend Lease has to share and learn from our extended supply and partner stakeholders.

OUR PARTNERSHIPS

Community Engagement

Advocacy | Working with Industry | Our Supply Chain | Community Engagement

Our aim is always to build enduring relationships with local communities wherever we have a presence. We believe that good management of our community relationships is as important to our business success as the management of our operations.

Lend Lease is committed to engage openly, honestly and transparently with the communities involved with, or impacted by our business. We endeavour to respect local laws, cultures and customs, and we seek community involvement in addressing concerns, risks or opportunities, which arise from our work.

Many of our employees and contractors live in the local communities in which we operate. This means that we often have a shared interest in ensuring that our work and community priorities align.

We employ a consistent and proactive process of community engagement as part of our sustainability approach, and risk management and planning process.

Our aim is to build enduring and respectful relationships that leave a positive and sustainable legacy.

Our approach

Community engagement is integrated into all our project and operational planning, beginning with a community assessment to identify key stakeholders to establish priority issues such as areas of cultural heritage, and provide insight into how we can best serve the needs of the community, including local employment and training opportunities.

This is followed by active community engagement and consultation procedures to help us plan and develop programs that respond to community and business priorities.

We have clear and consistent guidelines on our standards and expectations and we regularly monitor and revise them to ensure that our stakeholder processes are robust and effective throughout the life cycle of our projects.

Effective two-way dialogue

We have established tools to ensure we have ongoing effective two-way communication with all stakeholders on our projects. These include newsletters, notice boards, community meetings, site visits, recognition systems, family days, community days and school visits.

Meaningful and ongoing dialogue with our communities and stakeholders generates support for our activities and enhances our corporate reputation. It also provides important feedback that helps with our planning and review processes.

All our managed operations have a stakeholder and customer complaints handling charter to ensure that all challenges and opportunities are registered, evaluated and responded to appropriately. Our approach is underpinned by recognition and respect of mutual interests.

Making a sustainable difference

One of the priorities for Lend Lease is to support local communities through community-based projects that contribute to the development of sustainable livelihoods without creating dependency.

We seek to establish community assistance programs that include the training and development of appropriate skills and technologies; support for community-based health and welfare initiatives; employment opportunities for local people; and the promotion of social and cultural heritage initiatives that lead to local enterprise.

Securityholders

Lend Lease communicates regularly with its securityholders as part of its commitment to honesty, transparency and good corporate governance.

Our Chairman, Group Chief Executive Officer & Managing Director, Group Director of Operations and Group Chief Financial Officer conduct regular meetings with our securityholders, the media and the investment community.

We recognise the importance of maintaining investor confidence through full and timely disclosure to our securityholders and the market of relevant and accurate information about our activities, in line with our External Communications and Continuous Disclosure Policy, which sets out the protocols applicable to Directors, executive officers and employees.

Further information on this can be found in the Lend Lease Annual Review to Securityholders, within the External Communications and Continuous Disclosure Policy and within the Corporate Governance section of the Lend Lease website.

Lend Lease also has a formal feedback and enquiry handling procedure, which is managed by the Investor Relations team through the company website, the Annual General Meeting and ad hoc calls and correspondence. This valuable feedback is communicated to the Board.

We also engage with securityholders through our reporting to the Dow Jones Sustainability World Index.

Industry

We actively engage with industry stakeholders - particularly through our support of Green Building Councils and other real estate, construction and infrastructure industry organisations and events - to promote issues that are central to our business strategy such as climate change, energy efficiency, clean technology and resource conservation. These activities provide unique opportunities to engage with key stakeholders and communicate our advocacy positions.

Recent events include:

- Green Cities 2011 – Australia;
- MIPIM 2011 – France, our Asian investment management business sponsored the Singaporean booth;
- Shanghai World Expo 2010 – Gold Sponsor of the Australia Pavilion;
- Inaugural Singapore Green Building Conference - 2010 – Platinum Sponsor;
- The International Green Building Conference – Singapore – Diamond Sponsor;
- Greenbuild 2010 – USA, Exhibitor;
- Greenbuild 2011 – Canada;
- World Green Building Council Annual Reception Partner;
- 1 Million Women – first birthday host organisation; and
- Urban Land Institute – USA – Exhibitor.

BuildingConfidence
empowered by Achilles

OUR PARTNERSHIPS CASE STUDY

Developing a Supply Chain Accreditation Program, EMEA

We understand the value of working collaboratively with our suppliers across the construction industry to raise standards, including environmental, economic and social sustainability performance.

In the United Kingdom, Lend Lease has partnered with Achilles Information Ltd, one of the world's leading managers of supplier information on risk and procurement, to develop the Building Confidence Accreditation Program, a supplier pre-qualification and accreditation service for the United Kingdom's construction industry.

The program is designed to assess the construction industry supply chain in safety, environmental, sustainability, quality, occupational health and financial areas, with the aim of enabling major contractors and clients in the construction industry to:

- Improve supply chain performance
- Advance knowledge of key contractors and suppliers
- Increase supplier diversity
- Demonstrate corporate social responsibility in the supply chain
- Conform with industry best practice

Building Confidence uses web-based technologies to increase operational efficiencies and reduce the costs associated with pre-qualification for clients, major contractors and their suppliers. Industry-leading auditors conduct on-site audits to help suppliers measure their own performance and share this data with their clients and major contractors.

Building Confidence is fast becoming recognised as the standard for supplier excellence within the construction industry. It is being successfully implemented in the United Kingdom with other members of the property industry, with major contractors using the service to evaluate their supply chains, improve their performance and forge long-term relationships with key suppliers.

Overhauling the procurement process and adding sustainability criteria to the process has allowed Lend Lease to have greater visibility and control over the complexities of supply chain operations and their environmental impact.

Lend Lease

Our aim is to have a positive environmental, social and economic impact

OUR PARTNERSHIPS CASE STUDY

Product and Material Selection, Americas

Our ability to reduce our environmental footprint is linked to the types of materials and products we use. It is critical therefore that we ensure our supply chain is aligned with our sustainability initiatives.

In the America's, Lend Lease's Strategic Sourcing Procurement Program serves as a framework to evaluate the entire procurement process and to promote real change across our supply chain. Vendors are required to submit documentation on their Environmental and Sustainability Plans, energy star rating and commitment to waste reduction and energy and water conservation. Every member of our Strategic Sourcing Program contributes to Green Building and/or LEEDs points in some fashion.

The program has been extremely successful in greening our supply chain. Partnerships have included Sherwin Williams' launch of low VOC paint, Rinnai's tankless water heaters, MaxLite's compact fluorescent bulbs and our partnership with Moen to provide low-flow water fixtures.

Through our project management & construction multi-site business, we are currently surveying the products and materials offered by our key suppliers to target the removal of any toxic, hazardous or harmful substances.

We are also addressing our procurement of sustainable timber to ensure that all timber used on our construction projects is from sustainable forests. We are working closely with stakeholders to eliminate the use of illegal timber on projects; eliminate the use of timber from uncertified high-conservation-value forests on projects; and increase the proportion of timber from certified sources such as the Forest Stewardship Council (FSC).

We are training our people on how to meet the requirements of this policy, and we are engaging key supply chain partners to support the policy's implementation.

Our aim is to have a positive environmental, social and economic impact on the forests and communities involved in the timber trade.

OUR PARTNERSHIPS CASE STUDY

Lend Lease becomes Foundation Member of China Green Building Council, Asia

While cities only occupy just two percent of the world's landmass, over half the world's population live there and that figure is expected to grow to over 70 percent by 2050 with the greatest growth coming from Asia – in particular China with urbanisation rate at a scale never seen before.

China has introduced government projects, regulations and incentives as part of China's 12th Five Year plan with a clear mandate to drive a Low Carbon Economy.

In March 2011, Lend Lease in Asia became a foundation member of the Foreign Chapter of China Green Building Council (CGBC). As such, we use our partnerships with government and stakeholders to advocate for policies and standards that will help us improve the sustainability of both our business and the industry.

Lend Lease has always been actively involved in collaborations with partners, stakeholders and government bodies in achieving the common goals towards sustainable developments and we see our Foundation Membership with China Green Building Council as an important platform to facilitate that goal in China and across Asia moving forward.

OUR PARTNERSHIPS CASE STUDY

Total Resident Management System (TRAX), Australia

TRAX is a business led IT solution that captures and links resident care and revenue collection electronically, replacing the paper based recording system. The system ensures consistency and quality of documentation across all Lend Lease's aged care facilities which is vital for maintaining and operation excellence both in the care and funding domains.

The TRAX journey began when Lend Lease's retirement living and aged care business recognised an opportunity to identify a system that would improve business performance. All current aged care IT systems available on the market were reviewed. None were found to address all requirements. TRAX was unique due to its scalability and single based platform. From finance and resident management through to clinical care, all data can be captured centrally, updated in real time, ensuring resident information is accurate and current and funding is maximised as a result of concise documentation of care needs.

Following a successful pilot, the system was rolled out with extensive training and support of staff across the 32 retirement living and aged care facilities completing the rollout in 2010.

The Trax system promotes a person centred care approach through assessing the individual needs of the resident. Care plans are generated based on the resident's response during the tailored resident assessment process. Resident information is recorded by nursing staff using wireless tablet PC's which enables documentation at the point of care such as in the privacy of a residents room, at the bedside, dining room or resident courtyard. This mobile functionality enhances resident centred care and has freed nursing staff up from having to complete their documentation at the nurses' station away from the residents.

OUR PARTNERSHIPS CASE STUDY

BeOnsite, EMEA

Our UK business is addressing the growing skills shortage in the construction industry with our not-for-profit company BeOnsite. Sponsored by our UK project management & construction business, the organisation aims to offer on-site industry-specific training and employment to people looking for employment, especially young people and those considered long term unemployed.

Set up with support from our supply chain, BeOnsite is a partnership with Jobcentre Plus, ConstructionSkills, the London Development Agency and the Learning and Skills Council.

ConstructionSkills estimates more than 85,000 new entrants per year are needed within the United Kingdom's construction industry, and many of these entrants will need new skills with an increasing focus on new prefabricated building techniques, smart buildings, sustainable development and environmental technologies.

A key objective is to work closely with the supply chain to map the exact skills that are needed and then identify how these skills will be provided through specialist-accredited training providers, giving companies a direct opportunity to shape the learning and skilling of potential and current employees.

BeOnsite pays particular attention to the skills gaps where no specific training currently exists. It also provides a coordinated single point of contact for access to local labour.

For many people, particularly the long term unemployed, BeOnsite provides a unique opportunity: training for jobs where there is a very real shortage of qualified workers, and the full support of both people in the industry and the community in which the industry operates.

BeOnsite takes full responsibility for supporting and employing the trainees on their journey from joblessness to employment.

Since its inception in 2007, BeOnsite has led to more than 12,000 people finding construction employment and a further 26,000 people securing retail roles.

OUR PARTNERSHIPS CASE STUDY

Lend Lease's Reconciliation Action Plan – Respect, Relationships, Opportunities, Australia

As an organisation that is committed to diversity in our business, we take very seriously the need to increase the representation of First Australians in our industry and we have taken a generational approach to the development of our Reconciliation Action Plan (RAP).

Much like creating a vision for a long term development project, we started by imagining how the property sector might look in 2020 with more Indigenous architects, planners, urban designers, environmental engineers, facilities managers, and so on.

The RAP has been developed through many conversations with Indigenous communities and organisations and will only be meaningful through collaborating with them.

With the initial focus on reaching school students, we have partnered with Yalari, an organisation that provides secondary scholarships to Indigenous children from regional and remote communities.

We have also participated in activities and events with AIME, the Australian Indigenous Mentoring Experience, which pairs university students with school students from year 8 - 12 in a mentoring relationship that encourages kids to finish school and explore further tertiary and vocational education.

We have started our first Indigenous intern in our communities business through Career Trackers, a service that matches Aboriginal and Torres Strait Islander university students in a 12 week internship with employers in their sector of career interest.

Our Regional Leadership Team and over 70 of our senior business leaders recently spent time at the National Centre of Indigenous Excellence (NCIE), Redfern, experiencing first-hand this new game-changing approach to breaking the cycle of disadvantage in the lives of Indigenous families. We have agreed a three year partnership with NCIE and some of our employees have spent Lend Lease Community Day at the Centre for the past two years, building relationships with the community organisations based there.

GLOSSARY

BREEAM – The Building Research Establishment Environmental Assessment Method and rating system for measuring the environmental performance of buildings in the United Kingdom

Capital recycling – Sale of larger assets such as retail centres or co-investments in funds and investment of the capital from sale into higher yielding opportunities. Capital recycling is an ongoing part of the business and contributes to profit

Construction backlog revenue – The balance of work to be completed under existing construction contracts Development backlog – Allotments that are yet to be developed, but which have signed development agreements in place

Development backlog – Allotments that are yet to be developed, but which have signed development agreements in place

Development pipeline – Development projects that have not yet commenced, nor been formally awarded, but where the Group has been named as the preferred bidder or an exclusive agreement has been entered into

EMEA – Europe, Middle East & Africa

Financial close – The point at which the parties to a project procured under a public sector infrastructure development contract are irrevocably committed through the execution of unconditional contracts

Green Star rating – Green Star is a national voluntary environmental rating system used by the Green Building Council of Australia to evaluate the environmental design and achievements of buildings

LEED – Leadership in Energy and Environmental Design, an internationally-recognised green building certification system used in the Americas and Asia

New work secured revenue – Estimated revenue to be earned from construction contracts secured during the period. When formal contracts are signed, the new work secured becomes part of construction backlog revenue

Public Private Partnerships (PPP) – A joint procurement arrangement for infrastructure development contracts between the public and private sectors

Zoned – Land that has received planning approval from the relevant authority