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The Manager
Companies Section
ASX Limited

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Results for announcement to the market
Preliminary Half Year Report

Lend Lease Group today announces its results for the half year ended 31 December 2011.

Attached are the following documents:

- Preliminary Half Year Report (Appendix 4D)

- Half Year Consolidated Financial Report
  - Management Discussion & Analysis of Financial Condition and Results of Operations
  - Portfolio Report
  - Five Year Profile
  - Directors' Report
  - Consolidated Financial Statements
  - Independent Auditor's Review Report

ENDS

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Lend Lease Group

Appendix 4D

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

Preliminary Half Year Report for the period ended 31 December 2011
(previous corresponding period being the period ended 31 December 2010)

Results for Announcement to the Market

Profit After Tax

	6 months December 2011 A$m	6 months December 2010 A$m	% Change
Revenue	5,788.4	4,318.7	34.0
Profit after tax attributable to securityholders	217.8	226.5	(3.8)

Stapling arrangement

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

Distributions

	Amount per security	Franked amount per security
Interim distribution – payable 30 March 2012	16.0 cents	0.0 cents

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

The record date for determining entitlement to the interim distribution is 9 March 2012 ('Record Date') and the distribution is payable on 30 March 2012. There were no distributions declared or paid by LLT in respect of the period ended 31 December 2011.

The Group's Distribution Reinvestment Plan ('DRP') was reactivated in February 2011. The last date for receipt of an election notice for participation in the DRP is 8 March 2012. Subject to the rules of the DRP, the issue price is the arithmetic average of the daily volume weighted average price of Lend Lease stapled securities traded (on the Australian Securities Exchange) for the period of nine consecutive business days immediately following the Record Date. Stapled securities issued under the DRP rank equally with all other stapled securities on issue.

Additional Information

	December 2011	June 2011
Net tangible assets per security	A$4.07	A$4.05

The remainder of the information requiring disclosure to comply with listing rule 4.2A.3 is contained in the attached December 2011 Management Discussion and Analysis and December 2011 Half Year Consolidated Financial Report.

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

Table of Contents

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

The following management discussion and analysis is based on the Lend Lease Group (the Group) Consolidated Financial Statements for the half year ended 31 December 2011 and should be read in conjunction with those financial statements. All currency amounts in the MD&A are expressed in Australian dollars unless otherwise specified.

Overview

Introduction

Lend Lease is a leading international property and infrastructure group. The Group has clear priorities and is currently focused on delivery and execution of its major projects, successful integration of the infrastructure business in Australia, disciplined portfolio management and positioning of its offshore businesses for market recovery.

The Group operates a regional management structure focused on four major geographic regions: Australia, Asia, Europe and the Americas. The regional business units operate across four lines of business, as follows:

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

Results Summary

	Revenue		EBITDA		Profit/(Loss) After Tax[1,2]	
	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m
Australia	3,807.2	2,223.8	272.1	186.6	207.1	136.7
Asia	379.2	166.1	37.0	21.7	28.8	15.8
Europe	643.3	851.7	49.8	97.2	43.0	94.6
Americas	969.8	1,088.0	52.5	44.8	18.1	28.9
Total Operating Businesses	5,799.5	4,329.6	411.4	350.3	297.0	276.0
Group Services	0.4	6.3	(47.2)	(44.4)	(35.8)	(36.0)
Group Treasury	17.8	30.8	(13.1)	(2.8)	(39.2)	(18.3)
Group Amortisation					(1.2)	(1.5)
Total Corporate	18.2	37.1	(60.3)	(47.2)	(76.2)	(55.8)
Total Operating[3]	5,817.7	4,366.7	351.1	303.1	220.8	220.2
Property Investment Revaluations			(1.5)	8.8	(3.0)	6.3
Total Statutory	5,817.7	4,366.7	349.6	311.9	217.8	226.5

1 Profit after tax is after adjusting for the profit attributable to non controlling interests of A$1.6 million (December 2010: A$0.9 million).
2 The foreign exchange rates applied to the Income Statement for the period to 31 December 2011 are A$1 = £0.65 (December 2010: A$1 = £0.60), A$1 = US$1.04 (December 2010: A$1 = US$0.96) and A$1 = S$1.30 (December 2010: A$1 = S$1.25).
3 The Group's Statutory results are prepared in accordance with International Financial Reporting Standards (IFRS). The Operating results are non-IFRS measures which are used by the Group to measure and assess performance, and make decisions on the allocation of resources. The operating results exclude unrealised property investment revaluation gains and losses. Non-IFRS measures have not been subject to audit or review.

The Group's operating profit after tax for the half year ended 31 December 2011 increased by 0.3% to A$220.8 million. Operating profit after tax was negatively impacted by foreign exchange movements of A$4.8 million due to a strengthening of the Australian dollar compared with the prior period.

The Group's statutory profit after tax for the half year ended 31 December 2011 was A$217.8 million (December 2010: A$226.5 million), which includes net property investment revaluation losses after tax of A$3.0 million (December 2010: profit after tax of A$6.3 million).

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

Overview

Results Summary

The Group made further progress implementing its strategy in the period, seeing the benefit of earnings from the integration of the infrastructure business in Australia, recycling assets in Australia, Americas and Europe, and continuing to achieve key milestones on the planning, delivery and execution on key development projects in Australia, Asia and Europe.

Australia

In Australia, profit after tax increased by A$70.4 million to A$207.1 million primarily due to higher profit from the Construction business, which included the results of the infrastructure business that was acquired on 10 March 2011. The results also include the sale of the New Zealand Retail Portfolio to Lend Lease Real Estate Partners New Zealand Fund (LLREPNZ) and the sale of the Group's equity interest in the South Australian New Schools PPP project.

The Australian business continued to progress its development pipeline. On 8 August 2011, the New South Wales (NSW) Government released the Barangaroo Review. The Review confirmed the planning consent for Barangaroo South and the findings provide improved certainty to enable the A$6 billion project to proceed on schedule. Planning approvals for the basement and first tower have been granted and construction work commenced in October 2011. Discussions with potential major tenants and capital partners are well advanced.

The integration of the infrastructure business continues to progress well and the business is delivering results in line with expectations determined by the Group during the acquisition process. The infrastructure business had secured backlog revenue of A$6.8 billion as at 31 December 2011, including the Queensland Children's Hospital which has a contract value of A$885 million and a A$531 million roads contract for the duplication of a section of the Pacific Highway in Northern NSW, secured in October 2011. Together with project management and construction, which has a solid pipeline of internal development work and a number of government projects, the combined Construction business in Australia had total backlog revenue of A$9.9 billion as at 31 December 2011.

Consumer sentiment continues to impact the residential market in Australia, resulting in lower enquiry levels, longer conversion times and lower trading levels in the half year ended 31 December 2011. However, the Group continues to invest in growth opportunities and increased its presence in Western Australia (WA), being selected by the Metropolitan Redevelopment Authority (MRA) as the preferred proponent for the A$1.0 billion Waterbank mixed-use redevelopment in Perth.

Asia

In Asia, profit after tax increased by A$13.0 million to A$28.8 million. The improved result is primarily due to the Group's development projects in the region and the recognition of deferred proceeds and completion adjustments from the sale of the Group's 25% ownership interest in the PoMo retail shopping centre in Singapore.

There are relatively strong market fundamentals in the Asia region and the Group secured a number of projects in the Construction business, including a new telecommunication project rollout in Japan.

Europe

In Europe, profit after tax decreased by A$51.6 million to A$43.0 million. The prior period result included the sale of the Group's interest in 11 UK PPP assets to the Lend Lease PFI/PPP Infrastructure Fund LP (the UKIF), sale of the Group's interest in the Pier Walk Office Building at Greenwich and sale of its stake in the Lend Lease Overgate Partnership. The current period result includes the sale of equity in a further three UK healthcare and education PPP assets to the UKIF and sale of the Group's ownership interest in the Chelmsford Meadows shopping centre.

Uncertainty regarding the European debt crisis and tough economic conditions continue to make trading difficult across the Group's UK and Europe business. However, the business remains well placed with its major UK urban regeneration projects expected to contribute earnings as the market recovers.

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

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Americas

In the Americas, profit after tax decreased by A$10.8 million to A$18.1 million. During the period, the business completed the sale of the Group's 50% ownership interest in the King of Prussia shopping mall, secured additional development scope at the US Department of the Army Island Palm Communities project in Hawaii, and was awarded the final phase of the US Department of the Army's Privatization of Army Lodging (PAL) program which will add a further 8,200 hotel rooms to the Group's portfolio.

In the Construction business, the Group has seen some signs of a market recovery, however conditions are uneven. The business in New York has been impacted by the investigation by the US Attorney's Office for the Eastern District of New York into billing practices and its use of minority owned enterprises.

Corporate

Group Services costs after tax decreased by A$0.2 million to A$35.8 million and include costs associated with the Group's business transformation program.

Group Treasury costs increased principally due to the increase in debt and finance lease costs following the acquisition of the infrastructure business in March 2011 and reduced interest income on the Group's cash balances.

Securityholder Returns

		December 2011	December 2010
Earnings per security (EPS) on statutory profit after tax[1]	cents	38.1	40.0
EPS on operating profit after tax[1]	cents	38.6	38.9
Return on equity (ROE) on statutory profit after tax[2]	%	5.9	6.7

1 EPS is calculated using the weighted average number of securities on issue, including treasury securities.
2 ROE is calculated as the half year statutory profit after tax divided by the weighted average equity for the period. As the calculation is based on half year statutory profit after tax, it does not represent an annual return on equity.

Distributions

An interim distribution of 16 cents per security, unfranked, will be paid on 30 March 2012 (December 2010: 20 cents per security, 50% franked). This represents a payout ratio of 41% of operating profit after tax for the half year ended 31 December 2011.

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

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Group Funding

		December 2011	June 2011
Net debt[1,5]	A$m	314.4	875.4
Gross borrowings to total tangible assets[2,5]	%	14.7	17.7
Net debt to total tangible assets, less cash[3,5]	%	3.4	8.9
Interest coverage[4]	times	6.5	6.7

1 Borrowings, including certain other financial liabilities, less cash.
2 Borrowings, including certain other financial liabilities, divided by total tangible assets.
3 Net debt divided by total tangible assets, less cash.
4 Operating EBITDA plus interest income, divided by interest finance costs, including capitalised finance costs.
5 The foreign exchange rates applied to the Statement of Financial Position as at 31 December 2011 are A$1 = £0.64 (June 2011: A$1 = £0.65), A$1 = US$1.03 (June 2011: A$1 = US$1.07) and A$1 = S$1.31 (June 2011: A$1 = S$1.32).

The Group had net debt as at 31 December 2011 of A$314.4 million, including certain other financial liabilities of A$233.4 million (June 2011: A$227.7 million).

The average maturity of the Group's drawn debt at 31 December 2011 was 5.1 years, with the earliest maturity date being October 2012. As at 31 December 2011, the mix of borrowings, adjusted for interest rate swaps and including other financial liabilities, is 77% at fixed rates and 23% at floating rates. During the half year ended 31 December 2011 the Group repaid A$377.7 million of borrowings.

In July 2011 the Group secured a three year A$700.0 million syndicated bonding facility; this facility replaced a bridge facility put in place at the time of the infrastructure business acquisition. This facility limit was further increased in November 2011 when an additional A$255.0 million in bonding facilities was secured by the Group.

The Group is in a strong liquidity position with cash and cash equivalents of A$1,251.2 million as at 31 December 2011. In addition, the Group had undrawn committed bank facilities of A$1,205.3 million.

Cash Flow

	December 2011 A$m	December 2010 A$m
Net cash provided by/(used in) operating activities	208.1	(119.2)
Net cash provided by investing activities	459.8	50.7
Net cash (used in) financing activities	(471.9)	(70.8)
Effect of foreign exchange rate movements on cash and cash equivalents	9.0	(57.2)
Net increase/(decrease) in cash and cash equivalents	**205.0**	**(196.5)**

Operating cash inflows of A$208.1 million represent the underlying cash flows from the Group's operating businesses. The improvement in operating cash flows has largely been driven by an increase in revenue and the timing of cash receipts and payments on construction contracts in all regions. This includes operating cash flows from the infrastructure business in Australia for the period. Operating cash flows also include A$237.1 million of investment in new development projects.

Investing cash inflows of A$459.8 million includes the proceeds from the sale of the Group's ownership interests in the King of Prussia and Chelmsford Meadows shopping malls and the UK PPP assets, partly offset by new investments in the period.

Financing cash outflows of A$471.9 million primarily relates to a A$377.7 million repayment of the Group's borrowings and distribution payments in the period.

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

Overview

Investments

	Lend Lease Share of Income[1] December 2011 A$m	Lend Lease Share of Income[1] December 2010 A$m	Market Value[2] December 2011 A$m	Market Value[2] June 2011 A$m
Australia	13.1	10.0	189.8	315.8
Asia	5.2	7.3	337.0	322.0
Europe	24.5	23.3	812.9	851.4
Americas	6.7	16.6		496.5
Total	49.5	57.2	1,339.7	1,985.7

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

The Group held property investments, directly or indirectly, with a market value of A$1.3 billion as at 31 December 2011. The market value of property investments has been impacted by positive foreign exchange movements of A$38.6 million during the period.

The decrease in value of the Australia investments is primarily due to the sale of the Group's ownership interest in the New Zealand Retail Portfolio during December 2011 for a consideration of A$153.9 million (NZ$197.0 million).

The decrease in the Europe assets is due to the sale of the Group's interest in the Chelmsford Meadows shopping centre for a consideration of A$64.0 million.

The value of 100% of Bluewater at 31 December 2011 increased by 2% to £1,600.2 million (A$2,500.3 million). The value of the Group's 30% direct interest in Australian dollars, increased by 3% to A$750.1 million, due to positive foreign exchange movements. As Bluewater is held as inventory, the asset is measured at cost in the financial statements, which at 31 December 2011 was A$415.6 million (June 2011: A$399.5 million).

In August 2011, the Group completed the sale of its 50% ownership interest in the King of Prussia shopping mall.

Property Investment Revaluations

	Unrealised Revaluation Gain/(Loss) Before Tax December 2011 A$m	Unrealised Revaluation Gain/(Loss) Before Tax December 2010 A$m	Unrealised Revaluation Gain/(Loss) After Tax December 2011 A$m	Unrealised Revaluation Gain/(Loss) After Tax December 2010 A$m
Australia	(0.8)	0.1	(0.8)	0.1
Asia	5.2	7.9	3.7	5.5
Europe	(5.9)	0.8	(5.9)	0.7
Total Property Investment Revaluations	(1.5)	8.8	(3.0)	6.3

Property investment revaluations relate to unrealised gains and losses on property investments held by the Group and are based on the Group's assessment of the market value of its interest in the underlying assets. The net unrealised revaluation loss after tax of A$3.0 million recognised in the current period was primarily attributable to a decrease in the market value of the Group's interest in urban regeneration projects in the UK, partly offset by an increase in the market value of the Group's retail property investments in Singapore.

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

Australia

Key Financial Results

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

	Revenue		EBITDA		Profit/(Loss) After Tax	
	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m
Development	257.2	428.3	53.7	102.9	66.9	79.8
Construction	3,332.4	1,749.5	170.2	64.1	105.4	43.5
Investment Management	207.6	45.6	37.3	24.9	27.0	17.2
Infrastructure Development	10.0	0.4	10.9	(5.3)	7.8	(3.8)
Total Australia	3,807.2	2,223.8	272.1	186.6	207.1	136.7

In Australia, profit after tax increased by A$70.4 million to A$207.1 million primarily due to higher profit from the Construction business, which includes the results of the infrastructure business that was acquired on 10 March 2011. The results also include the sale of the New Zealand Retail Portfolio to LLREPNZ and the sale of the Group's equity interest in the South Australian New Schools PPP project. Profit after tax in the Development segment includes the recognition of previously unrecognised tax deductions associated with the retirement living and aged care business.

Development

Residential and Commercial

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

	Residential Land Lots		Residential Built-Form		Commercial[3]		Total	
	December 2011	December 2010	December 2011	December 2010	December 2011	December 2010	December 2011	December 2010
Settlements[1]								
Number of units	805	1,116	17	138			822	1,254
Gross sales value (A$m)	196.3	249.5	33.0	182.6	38.5	152.1	267.8	584.2
Pre-sales[1,2]								
Number of units	1,625	1,413	710	457			2,335	1,870
Gross sales value (A$m)	343.0	308.3	646.0	441.5	81.5	52.8	1,070.5	802.6

1 Includes 100% of joint venture projects and therefore will not necessarily correlate with the Group's profit after tax.
2 Pre-sales represents contracts entered into prior to 31 December 2011 that have not settled and therefore do not form part of profit after tax in the current period. These sales are expected to settle in future periods.
3 The number of units settled and pre-sales number of units are not relevant measures for the commercial segment above.

	December 2011	June 2011
Number of projects	37	37
Backlog - residential (number of units)[1]		
– Zoned	71,740	56,040
– Unzoned	995	17,540
Backlog – residential (units)	72,735	73,580
Backlog – commercial (sqm/000s)	6,162	6,132

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

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

Australia

Development

Retirement Living and Aged Care

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

Retirement Living[1]	December 2011	June 2011
Number of retirement villages	70	70
Number of retirement units	12,507	12,408

Retirement Living[1]	December 2011	December 2010
Number of primary retirement units settled	89	92
Gross sales value of primary retirement units settled (A$m)	39.0	38.7
Number of resale retirement units settled	371	365
Gross sales value of resale retirement units settled (A$m)	115.9	114.4

Aged Care[1]	December 2011	June 2011
Number of aged care facilities	30	30
Number of aged care beds	2,317	2,317
Aged care occupancy (%)	94.7	94.5

	December 2011	June 2011
Development backlog[1]		
Retirement village units (with planning approval)	1,277	1,257
Aged care beds (with licences)	648	299

1 Includes 100% of Group-owned, joint venture and managed properties.

Summary of trading for the development businesses in the period:

- The number of residential land lots settled decreased by 28% from the prior period to 805 units principally as a result of fewer settlements in Victoria and South Australia, reflecting current market conditions and a number of projects approaching completion. The total number of residential land lot pre-sales increased by 15% on the prior period to 1,625 units and these are expected to be recognised as sales in future periods;
- The average sales price per residential land lot increased by 9% to A$243,850 reflecting a change in the product mix compared to the prior period;
- Residential built-form unit settlements declined due to the timing of project completions. The prior period primarily included settlements at Sugar Dock at Jacksons Landing in Sydney following its completion in December 2010. The current period includes further settlements at Sugar Dock and Edgewater in Victoria;
- The average sales price per residential built-form unit increased by 47% to A$1,941,200 reflecting a number of high-value apartments at Sugar Dock settled in the current period;
- Retirement living achieved resales of 371 units across its owned and managed retirement village portfolio. As at 31 December 2011, retirement living held reservations for 227 retirement unit resales and 113 primary retirement unit sales which are expected to be completed in future periods;
- The aged care operations were 94.7% occupied as at 31 December 2011 (June 2011: 94.5%).

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

Australia

Development

Key trading events in the period include:

- On 8 August 2011, the NSW Government released the Barangaroo Review. The Review confirmed the planning consent for Barangaroo South and the findings provide improved certainty that will enable the A$6 billion project to proceed on schedule. Planning approvals for the basement and first tower have been granted and construction work commenced in October 2011. Discussions with potential major tenants and capital partners are well advanced;
- The Group was selected by the Metropolitan Redevelopment Authority (MRA) as the preferred proponent for the Waterbank site redevelopment in Perth, WA. The project is a four-hectare mixed-use precinct on the banks of the Swan River and is proposed to include over 700 residential apartments, a hotel, commercial offices, retail and substantial public spaces for residents and visitors. The project will be staged over 10 years and has an end development value of circa A$1 billion. The Group will work with MRA to negotiate and conclude a Project Delivery Agreement in the coming months;
- The Group sold a commercial development located at 850 Collins Street, Melbourne. The building, an A-grade commercial office building in Victoria Harbour, is currently under construction. On completion, the building will comprise eight-levels of office space and ground-floor retail. Global engineering firm Aurecon has pre-committed to leasing five of the office floors;
- The Group signed the development agreement for the Atherstone master-planned urban community project in Melton, Victoria. The project will comprise circa 4,500 dwellings with an estimated end value of A$1.2 billion;
- The Queensland Government has gazetted the Yarrabilba Development Scheme, clearing the way for a new community of more than 45,000 people. The gazetted Development Scheme covers the entire site of the Group's proposed Yarrabilba development, a master-planned urban community located south-east of Brisbane, Queensland. This is a significant planning development resulting in 14,185 residential land lots and 2,360 residential built-form units of backlog moving from unzoned to zoned;
- The Group acquired an urban development site at Logan Reserve, south-east of Brisbane, Queensland. The site is 48.3 hectares and will deliver approximately 500 lots;
- The Group secured a four-hectare retirement village site in Isabella Plains, in the Australian Capital Territory, to develop 124 retirement units;
- The Group was awarded 349 aged care bed licences from the Department of Health and Aging 2011 Aged Care Approval Round, with 145 of the awarded bed licences for the expansion of existing facilities and the remaining 204 awarded bed licences for new developments. This provides a strong growth pipeline for the retirement living and aged care business.

Construction

	December 2011	December 2010
Profit after tax (A$m)	105.4	43.5
Gross profit margin (GPM) (A$m)	286.4	97.9
New work secured revenue (A$m)	5,057.2	750.3

	December 2011	June 2011
Backlog revenue (A$m)	9,923.1	8,615.0

Key trading events in the period include:

- Profit after tax increased by A$61.9 million to A$105.4 million and includes the results of the infrastructure business acquired in March 2011. The integration of the infrastructure business continues to progress well and the business is delivering results in line with expectations determined by the Group during the acquisition process;
- Key projects in the period included the Gold Coast University Hospital and Brisbane Supreme Court in Queensland, the New Royal Children's Hospital in Melbourne, Convesso in Victoria Harbour, the Ipswich Motorway upgrade in Queensland, the Hume Highway upgrade and Hunter Expressway in NSW, and the Commonwealth New Building Project in Canberra;
- Backlog revenue is the expected revenue to be realised in future financial periods from contracts committed at the end of the period. Backlog revenue at 31 December 2011 of A$9.9 billion includes A$6.8 billion backlog revenue from the infrastructure business, with key projects including the Hunter Expressway and Pacific Highway upgrade from Tintenbar to Ewingsdale in NSW, the Queensland Children's Hospital and upgrade to the Ipswich Motorway in Queensland, the Adelaide Oval Redevelopment in South Australia, and a new correctional and mental health facility in the Northern Territory. The project management and construction business backlog revenue at 31 December 2011 includes the basement works and first commercial tower at Barangaroo South now under construction, Gold Coast University Hospital, the Craigieburn Town Centre in Victoria and the National Broadband Network rollout in Western Australia, South Australia and the Northern Territory.

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

Australia

Investment Management

	December 2011	December 2010
Profit after tax (A$m)	27.0	17.2

	December 2011	June 2011
Funds under management (FUM)[1] (A$b)	8.5	7.7
Assets under management (AUM)[2] (A$b)	5.1	4.8

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

Key trading events in the period include:

- Profit after tax increased by A$9.8 million to A$27.0 million, primarily due to the profit from the sale of the Group's interest in the New Zealand Retail Portfolio and strong performance from the Australian platform;
- The Group launched LLREPNZ in October 2011. The fund is a wholesale investment vehicle that has equity commitments of A$90.0 million. The Group has a 5.3% interest in LLREPNZ;
- LLREPNZ acquired the Group's interest in the New Zealand Retail Portfolio for a consideration of A$153.9 million (NZ$197.0 million) in December 2011. These properties were originally purchased by the Group in April 2010 as part of the Lend Lease led consortium acquisition of the ING Retail Property Fund assets;
- Practical completion was reached on the A$220.0 million Caneland Central extension in Mackay, Queensland during the period. The asset is 100% owned by APPF Retail.

Infrastructure Development

Key trading events in the period include:

- Profit after tax in the current period increased by A$11.6 million to A$7.8 million principally due to the profit on the sale of the Groups 50% equity interest in the South Australian New Schools PPP project for consideration of A$21.6 million and financial close being achieved on the A$140.0 million Queen Elizabeth II Medical Centre Car Park Project in Perth, Western Australia;
- The Group holds a 34.7% equity interest in the Queen Elizabeth II Medical Centre Car Park Project. The consortium will develop, operate and manage a new multi-deck car park facility;
- The Group was announced as preferred bidder for the Darwin Marine Supply Base project in the Northern Territory during the period.

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

Asia

Key Financial Results

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

	Revenue		EBITDA		Profit/(Loss) After Tax	
	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m
Development	7.9	2.3	4.8	(0.2)	3.8	(0.2)
Construction	363.5	154.7	18.1	17.0	11.7	10.7
Investment Management	7.8	9.1	14.1	4.9	13.3	5.3
Total Asia	379.2	166.1	37.0	21.7	28.8	15.8

In Asia, profit after tax increased by A$13.0 million to A$28.8 million primarily due to an increase in fees from development projects and the recognition of deferred proceeds and completion adjustments associated with the April 2011 sale of the Group's 25% interest in the PoMo retail centre. Profit after tax was negatively impacted by foreign exchange movements of A$1.1 million.

Development

	December 2011	June 2011
Number of development projects	2	2
Backlog – commercial and retail (sqm/000s)	144	144

During the period, the Group continued to progress its key mixed-use development projects, including JEM™ in Singapore and Setia City Mall in Malaysia. JEM™ has fully leased the 28,500 sqm of available office space to the Ministry of National Development and is well progressed on the retail leasing.

Construction

	December 2011	December 2010
Profit after tax (A$m)	11.7	10.7
Gross profit margin (A$m)	34.5	30.1
New work secured revenue (A$m)	312.6	412.0
	December 2011	**June 2011**
Backlog revenue (A$m)[1]	684.9	746.9

1 Although backlog revenue is realised over several years, the average foreign exchange rate for the current period has been applied to the closing backlog revenue balance in its entirety as the average rates for later years cannot be predicted.

Key trading events in the period include:

- Profit after tax increased by A$1.0 million to A$11.7 million. Key contributors to GPM in Asia included telecommunications rollouts across Japan, the JEM™ mixed-use development and Stamford American International School in Singapore and Corning Display Technologies in Taiwan;
- The new work secured revenue in the period principally comprises telecommunications roll out work in Japan, the Singapore Pools commercial project in Singapore and additional work on the Corning Display Technologies LCD glass manufacturing facility project in Taiwan;
- Backlog revenue as at 31 December 2011 includes JEM™, Stamford American International School and the Singapore Pools projects in Singapore, telecommunications roll out projects in Japan, Corning Display Technologies in Taiwan, and KL Eco City and Setia City Mall in Malaysia.

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

Asia

Investment Management

	December 2011	December 2010
Profit after tax (A$m)	13.3	5.3

	December 2011	June 2011
Funds under management (FUM)[1] (A$b)	2.1	2.0
Assets under management (AUM)[2] (A$b)	1.7	1.6

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

Key events in the period include:

– Profit after tax increased by A$8.0 million to A$13.3 million principally due to the recognition of deferred proceeds and adjustments associated with the April 2011 sale of the Group's 25% interest in the PoMo retail centre.

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

Europe

Key Financial Results

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

	Revenue		EBITDA		Profit After Tax	
	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m
Development	10.2	12.7	(4.0)	5.6	(2.0)	4.8
Construction	531.7	747.8	13.0	11.2	6.9	4.4
Investment Management	35.8	34.3	26.5	26.3	18.7	27.1
Infrastructure Development	65.6	56.9	14.3	54.1	19.4	58.3
Total Europe	643.3	851.7	49.8	97.2	43.0	94.6

In Europe, profit after tax decreased by A$51.6 million to A$43.0 million predominantly due to a reduction in the profit from the sale of assets compared to the prior period. The prior period included the sale of the Group's interest in 11 UK PPP assets to the Lend Lease PFI/PPP Infrastructure Fund LP (the UKIF), sale of the Group's interest in the Pier Walk Office Building at Greenwich and sale of its stake in the Lend Lease Overgate Partnership. The current period result includes the sale of equity in a further three operational UK healthcare and education PPP assets to the UKIF and the sale of the Group's ownership interest in the Chelmsford Meadows retail asset. Profit after tax was negatively impacted by foreign exchange movements of A$4.0 million.

Development

	December 2011	December 2010
Profit after tax	(2.0)	4.8
Number of units settled[1]	10	53
Gross sales value of units settled (A$m)[1,2]	5.3	10.0
Number of pre-sales[1,3]	233	228
Gross sales value of pre-sales (A$m) [1,3]	12.3	10.8

	December 2011	June 2011
Number of projects	22	23
Backlog (number of units)[4]		
– Zoned (with planning approval)	12,199	12,209
– Unzoned (awaiting planning approvals)	3,236	2,783
Backlog – residential (units)	15,435	14,992
Backlog – commercial (sqm/000s)	733	778

1 Includes 100% of joint venture projects and therefore will not necessarily correlate with the Group's profit after tax.
2 Gross sales value of units settled reflects residential and non residential revenue from projects.
3 Pre-sales represent contracts entered into prior to 31 December 2011 that have not settled and therefore do not form part of profit after tax in the current period. These sales are expected to settle in future periods.
4 Backlog includes the total number of units in both Group-owned and joint venture projects. The actual number of units for any particular project can vary as planning approvals are obtained.

Key trading events in the period include:

- Profit after tax decreased by A$6.8 million to a loss after tax of A$2.0 million. The prior period result included the sale of the Group's investment in Pier Walk office building at Greenwich Peninsula;
- Settlements relate to the sale of remaining inventory in the UK residential business. The Group has 14 completed units left to sell;
- During the period, the Group continued to progress its key urban regeneration projects, including Elephant and Castle, Stratford International Quarter and Greenwich Peninsula, which are expected to contribute earnings in future periods.

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

Europe

Construction

	December 2011	December 2010
Profit after tax (A$m)	6.9	4.4
Gross profit margin (A$m)	50.3	54.2
New work secured revenue (A$m)	411.6	764.5
	December 2011	**June 2011**
Backlog revenue (A$m)[1]	1,283.9	1,454.6

1 Although backlog revenue is realised over several years, the average foreign exchange rate for the current period has been applied to the closing backlog revenue balance in its entirety as the average rates for later years cannot be predicted.

Key trading events in the period include:

- Profit after tax increased by A$2.5 million to A$6.9 million despite continued difficult trading conditions. Key contributors to GPM in the period included the Athletes' Village for the London 2012 Olympic and Paralympic Games, the Birmingham Building Schools for the Future (BSF) Programme, UK Ministry of Defence projects and the BP Global Alliance project across Europe;
- New work secured revenue for the period to 31 December 2011 includes securing eight schools projects within the Birmingham BSF Programme, Banco Popular Phase 2 in Spain and the Lichfield project for the UK Ministry of Defence.

Investment Management

	December 2011	December 2010
Profit after tax (A$m)	18.7	27.1

	December 2011	June 2011
Funds under management (FUM)[1] (A$b)	1.2	1.2
Assets under management (AUM)[2] (A$b)	3.1	3.1

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

Key trading events in the period include:

- Profit after tax decreased by A$8.4 million to A$18.7 million. The current period result includes the sale of the Group's interest in the Chelmsford Meadows retail asset, which was completed in December 2011, with the Group realising proceeds of A$64.0 million. The prior period result included the sale of the Group's ownership interest in the Lend Lease Overgate Partnership;
- The UKIF acquired three additional PPP assets from the Group during the period to 31 December 2011 for consideration of A$46.1 million. The Group has a 10% co-investment in the UKIF.

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

Europe

Infrastructure Development

	December 2011	December 2010
Profit after tax (A$m)	19.4	58.3
Gross profit margin (A$m)[1]	5.1	3.5
Equity returns (A$m)[2]	22.6	108.4

	December 2011	June 2011
Number of projects[3]	24	24
Invested equity (A$m)	105.9	118.7
Committed equity (A$m)	30.3	30.6
Backlog revenue (A$m)[4]	834.0	776.2

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

Key trading events in the period include:

– Sale of the Group's equity interest in a further three operational healthcare and education PPP assets in the UK to the UKIF for a consideration of A$46.1 million;
– The business achieved financial close on the Birmingham BSF Phase 1B project during the period.

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

Americas

Key Financial Results

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

	Revenue		EBITDA		Profit/(Loss) After Tax	
	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m
Development	1.3		(2.7)	(0.9)	(0.6)	(0.5)
Construction[1]	951.0	1,062.1	23.7	21.7	(1.3)	11.7
Investment Management	0.1	0.3	19.8	15.9	11.5	12.4
Infrastructure Development[1]	17.4	25.6	11.7	8.1	8.5	5.3
Total Americas	969.8	1,088.0	52.5	44.8	18.1	28.9

1 The results for the half year ended 31 December 2011 include all construction activities, across both the Project Management and Construction and Infrastructure Development businesses, to reflect changes to the regional management structure in the period. The December 2010 comparative results have also been reallocated from the Infrastructure Development segment to enable appropriate comparison of performance between the current and prior reporting periods (refer to Appendix 1, page 19 for details of reallocations).

In the Americas, profit after tax decreased by A$10.8 million to A$18.1 million. The decrease in profit is primarily due to the impact of the investigation by the US Attorney's Office for the Eastern District of New York into billing practices of the Construction business and its use of minority owned enterprises. This was partly offset by the increased development scope at the US Department of the Army's Island Palm Communities project in Hawaii within Infrastructure Development. Profit after tax was negatively impacted by foreign exchange movements of A$1.2 million.

Development

Lend Lease DASCO

The DASCO business was acquired in the prior financial year on 17 February 2011 and focuses on the developing, financing, leasing and managing of property in the healthcare sector. The business incurred a loss after tax of A$0.6 million during the current period, primarily consisting of overhead costs associated with establishing the pipeline of projects. Construction of the business' first project as part of the Group, Bon Secours St Francis Watkins Centre, commenced during the period.

Residential and Commercial

The residential and commercial development business focuses on large-scale urban greenfield development and regeneration opportunities. The business has one project, Horizon Uptown in Denver, Colorado. The project will be launched when market conditions are more favourable. The business recorded a break-even result in the period (December 2010: loss after tax of A$0.5 million).

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

Americas

Construction

	December 2011	December 2010
Profit after tax (A$m)[1]	(1.3)	11.7
Gross profit margin (A$m)[1]	70.4	62.9
New work secured revenue (A$m)[1]	899.0	1,244.2
	December 2011	**June 2011**
Backlog revenue (A$m)[1,2]	4,266.7	4,501.1

1 The Construction segment includes the results for the half year ended 31 December 2011 of all construction activities, across both the Project Management and Construction and Infrastructure Development businesses, to reflect changes to the regional management structure in the period. The December 2011 results include the following construction activities previously included in the Infrastructure Development business: Profit after tax A$12.7 million (December 2010: A$14.9 million); Gross profit margin A$29.3 million (December 2010: A$26.8 million); New work secured revenue A$239.0 million (December 2010: A$305.2 million); and Backlog revenue A$1,536.2 million (June 2011: A$1,563.7 million).

2 Although backlog revenue is realised over several years, the average foreign exchange rate for the current period has been applied to the closing backlog revenue balance in its entirety as the average rates for later years cannot be predicted.

Key trading events in the period include:

- Trading conditions in the construction market remain difficult. The Construction business profit after tax decreased by A$13.0 million to a loss after tax of A$1.3 million during the period. The business in New York has been impacted by the investigation by the US Attorney's Office for the Eastern District of New York into billing practices and its use of minority owned enterprises;
- Key projects secured during the period include the construction of a mixed-use project on 57th Street in New York (Carnegie 57th Street), and the construction of a new medical office building for Northwestern Memorial Hospital, along with an increase in the scope of work in the Infrastructure Development US Department of the Army Island Palm Communities project in Hawaii and Fort Hood projects in Texas;
- Backlog revenue totals A$4.3 billion at 31 December 2011 including key projects such as the Carnegie 57th Street and 45th Street mixed-use projects in New York, Northwestern Memorial Hospital, the National September 11 Memorial and Museum, and JFK – Terminal 4 redevelopment for Delta Air Lines, as well as A$1.5 billion of construction from the Infrastructure Development pipeline.

Investment Management

Profit after tax decreased by A$0.9 million to A$11.5 million.

On 25 August 2011, the Group completed the sale of its 50% ownership interest in the King of Prussia shopping mall. Profit after tax recognised in the period to 31 December 2011 represents the Group's share of operating income from the mall prior to completion and completion adjustments arising from finalisation of the sale.

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

Americas

Infrastructure Development

The key financial results for Infrastructure Development are detailed below.

	December 2011	December 2010
Profit after tax (A$m)[1]	8.5	5.3
Gross profit margin (A$m)[1,2]	16.7	23.0
Equity returns (A$m)[1]		2.0
New work secured revenue (A$m)[1]	36.1	12.0

	December 2011	June 2011
Number of projects[3]	26	26
Invested equity (A$m)	49.3	50.8
Committed equity (A$m)	45.1	46.5
Backlog revenue[1,4]	208.4	186.2
Backlog (number of units under management)		
– Operational (secured)	44,395	44,285
– Preferred bidder (awarded)	13,300	5,430
Total Backlog	57,695	49,715

1 The results for the Infrastructure Development construction activities for the half year ended 31 December 2011 are disclosed within the Construction segment. The December 2010 comparative information has also been reallocated to the Construction segment to enable appropriate comparison of performance between the current and prior reporting periods (refer to page 16 for details of reallocations).
2 Gross profit margin relates to development and asset management services provided.
3 Number of projects includes extensions of existing projects and projects where the Group is the preferred bidder.
4 Backlog disclosed includes 10 years of backlog from facilities management, even though the contracts run for up to 50 years. Although backlog is realised over several years, the average foreign exchange rate for the current period has been applied to the closing backlog balance in its entirety as the average rates for later years cannot be predicted. In local currency, the backlog revenue is US$216.9 million (June 2011: US$186.2 million).

Key trading events in the period include:

- Being appointed to implement the third and final US$200 million phase of the US Department of the Army's Privatization of Army Lodging (PAL) program;
- Approval from the US Department of the Army was received for a US$168.0 million modification to the development scope at its Island Palm Communities project in Hawaii;
- Profit after tax for the period includes costs incurred in bidding for new project opportunities.

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

Corporate

Key Financial Results

The key financial results for Corporate are summarised below.

	Revenue		EBITDA		Profit/(Loss) After Tax	
	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m
Group Services	0.4	6.3	(47.2)	(44.4)	(35.8)	(36.0)
Group Treasury	17.8	30.8	(13.1)	(2.8)	(39.2)	(18.3)
Group Amortisation					(1.2)	(1.5)
Total Corporate	18.2	37.1	(60.3)	(47.2)	(76.2)	(55.8)

Group Services

Group Services costs after tax decreased by A$0.2 million to A$35.8 million and include costs associated with the Group's business transformation program.

Group Treasury

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

	Profit/(Loss) Before Tax		Profit/(Loss) After Tax	
	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m
Interest revenue	17.8	30.8	12.8	22.2
Interest expense and other costs	(67.9)	(56.7)	(47.7)	(37.8)
Net hedge (cost)	(6.2)	(2.8)	(4.3)	(2.7)
Total Group Treasury	(56.3)	(28.7)	(39.2)	(18.3)

Interest Revenue and Expenses

Interest revenue after tax decreased by A$9.4 million to A$12.8 million in the current period, due to lower average cash balances and interest rates compared to the prior period. The interest rate on invested cash averaged 3.5% per annum for the period (December 2010: 4.4%).

Interest expense and other costs after tax increased by A$9.9 million to A$47.7 million in the current period, due to the increase in gross debt and finance lease costs following the acquisition of the infrastructure business in March 2011.

Hedging and Foreign Exchange Exposure

The Group hedges material foreign currency cash flows. Any foreign exchange gains or losses arising on the underlying cash flow or the hedging of business unit cash flows are allocated to the business unit's operating profit.

The Group uses natural hedging, where possible, to minimise its exposure to movement in foreign currency denominated net assets. The impact of foreign exchange movements on the Group's net assets is accounted for in the Foreign Currency Translation Reserve (FCTR). In the period, the FCTR increased by A$23.1 million.

Group Liquidity

At 31 December 2011, the Group was in a strong liquidity position, with cash and cash equivalents of A$1,251.2 million (June 2011: A$1,046.2 million) and undrawn committed bank facilities of A$1,205.3 million (June 2011: A$815.7 million). The Group's net debt position as at 31 December 2011 was A$314.4 million (June 2011: A$875.4 million), including certain other financial liabilities of A$233.4 million (June 2011: A$227.7 million).

The average maturity of the Group's drawn debt at 31 December 2011 is 5.1 years, with the earliest maturity date being October 2012. As at 31 December 2011, the mix of borrowings, adjusted for interest rate swaps and including other financial liabilities, is 77% at fixed rates and 23% at floating rates. During the period to 31 December 2011 the Group repaid A$377.7 million of borrowings.

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

Appendix 1

Operating Results by Region Detail

	Revenue		EBITDA		Profit/(Loss) Before Tax[1]		Profit/(Loss) After Tax[2]	
	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m
Australia								
Development	257.2	428.3	53.7	102.9	47.9	98.0	66.9	79.8
Construction	3,332.4	1,749.5	170.2	64.1	144.6	62.5	105.4	43.5
Investment Management	207.6	45.6	37.3	24.9	37.1	24.4	27.0	17.2
Infrastructure Development	10.0	0.4	10.9	(5.3)	11.1	(5.4)	7.8	(3.8)
Total Australia	3,807.2	2,223.8	272.1	186.6	240.7	179.5	207.1	136.7
Asia								
Development	7.9	2.3	4.8	(0.2)	4.8	(0.2)	3.8	(0.2)
Construction	363.5	154.7	18.1	17.0	17.7	16.9	11.7	10.7
Investment Management	7.8	9.1	14.1	4.9	14.1	4.9	13.3	5.3
Total Asia	379.2	166.1	37.0	21.7	36.6	21.6	28.8	15.8
Europe								
Development	10.2	12.7	(4.0)	5.6	(1.9)	4.3	(2.0)	4.8
Construction	531.7	747.8	13.0	11.2	10.8	8.4	6.9	4.4
Investment Management	35.8	34.3	26.5	26.3	26.4	26.3	18.7	27.1
Infrastructure Development	65.6	56.9	14.3	54.1	21.1	61.9	19.4	58.3
Total Europe	643.3	851.7	49.8	97.2	56.4	100.9	43.0	94.6
Americas								
Development	1.3		(2.7)	(0.9)	(2.8)	(0.9)	(0.6)	(0.5)
Construction[3]	951.0	1,062.1	23.7	21.7	22.8	20.4	(1.3)	11.7
Investment Management	0.1	0.3	19.8	15.9	19.9	15.9	11.5	12.4
Infrastructure Development[3]	17.4	25.6	11.7	8.1	12.7	9.0	8.5	5.3
Total Americas	969.8	1,088.0	52.5	44.8	52.6	44.4	18.1	28.9
Total Operating Businesses	5,799.5	4,329.6	411.4	350.3	386.3	346.4	297.0	276.0
Corporate								
Group Services	0.4	6.3	(47.2)	(44.4)	(47.2)	(46.2)	(35.8)	(36.0)
Group Treasury	17.8	30.8	(13.1)	(2.8)	(56.3)	(28.7)	(39.2)	(18.3)
Group Amortisation					(1.2)	(1.5)	(1.2)	(1.5)
Total Corporate	18.2	37.1	(60.3)	(47.2)	(104.7)	(76.4)	(76.2)	(55.8)
Total Operating	5,817.7	4,366.7	351.1	303.1	281.6	270.0	220.8	220.2
Property Investment Revaluations			(1.5)	8.8	(1.5)	8.8	(3.0)	6.3
Total Statutory	5,817.7	4,366.7	349.6	311.9	280.1	278.8	217.8	226.5

1 Profit before tax is before adjusting for the amount attributable to non controlling interests.
2 Profit after tax is after adjusting for the profit after tax attributable to non controlling interests of A$1.6 million (December 2010: A$0.9 million).
3 The Construction segment includes the results of all construction activities, across both the Project Management and Construction and the Infrastructure Development businesses to reflect changes to the regional management structure in the half year to 31 December 2011. The December 2011 results include the following from the construction activities of the Infrastructure Development business: Revenue A$211.5 million (December 2010: A$311.7 million); EBITDA A$25.6 million (December 2010: A$25.4 million); Profit before tax A$25.7 million (December 2010: A$25.4 million); and Profit after tax A$12.7 million (December 2010: A$14.9 million).

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

Appendix 2

Operating Results by Line of Business Detail

	Revenue		EBITDA		Profit/(Loss) Before Tax[1]		Profit/(Loss) After Tax[2]	
	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m
Development								
Australia	257.2	428.3	53.7	102.9	47.9	98.0	66.9	79.8
Asia	7.9	2.3	4.8	(0.2)	4.8	(0.2)	3.8	(0.2)
Europe	10.2	12.7	(4.0)	5.6	(1.9)	4.3	(2.0)	4.8
Americas	1.3		(2.7)	(0.9)	(2.8)	(0.9)	(0.6)	(0.5)
Total Development	276.6	443.3	51.8	107.4	48.0	101.2	68.1	83.9
Construction								
Australia	3,332.4	1,749.5	170.2	64.1	144.6	62.5	105.4	43.5
Asia	363.5	154.7	18.1	17.0	17.7	16.9	11.7	10.7
Europe	531.7	747.8	13.0	11.2	10.8	8.4	6.9	4.4
Americas	951.0	1,062.1	23.7	21.7	22.8	20.4	(1.3)	11.7
Total Construction	5,178.6	3,714.1	225.0	114.0	195.9	108.2	122.7	70.3
Investment Management								
Australia	207.6	45.6	37.3	24.9	37.1	24.4	27.0	17.2
Asia	7.8	9.1	14.1	4.9	14.1	4.9	13.3	5.3
Europe	35.8	34.3	26.5	26.3	26.4	26.3	18.7	27.1
Americas	0.1	0.3	19.8	15.9	19.9	15.9	11.5	12.4
Total Investment Management	251.3	89.3	97.7	72.0	97.5	71.5	70.5	62.0
Infrastructure Development								
Australia	10.0	0.4	10.9	(5.3)	11.1	(5.4)	7.8	(3.8)
Europe	65.6	56.9	14.3	54.1	21.1	61.9	19.4	58.3
Americas	17.4	25.6	11.7	8.1	12.7	9.0	8.5	5.3
Total Infrastructure Development	93.0	82.9	36.9	56.9	44.9	65.5	35.7	59.8
Total Operating Businesses	5,799.5	4,329.6	411.4	350.3	386.3	346.4	297.0	276.0
Corporate								
Group Services	0.4	6.3	(47.2)	(44.4)	(47.2)	(46.2)	(35.8)	(36.0)
Group Treasury	17.8	30.8	(13.1)	(2.8)	(56.3)	(28.7)	(39.2)	(18.3)
Group Amortisation					(1.2)	(1.5)	(1.2)	(1.5)
Total Corporate	18.2	37.1	(60.3)	(47.2)	(104.7)	(76.4)	(76.2)	(55.8)
Total Operating	5,817.7	4,366.7	351.1	303.1	281.6	270.0	220.8	220.2
Property Investment Revaluations			(1.5)	8.8	(1.5)	8.8	(3.0)	6.3
Total Group	5,817.7	4,366.7	349.6	311.9	280.1	278.8	217.8	226.5

1 Profit before tax is before adjusting for the amount attributable to non controlling interests.
2 Profit after tax is after adjusting for the profit after tax attributable to non controlling interests of A$1.6 million (December 2010: A$0.9 million).

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

Appendix 3

Operating Results by Region Detail in Local Currency[1]

	Revenue		EBITDA		Profit/(Loss) Before Tax[2]		Profit/(Loss) After Tax[3]	
	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m
Australia								
Development	257.2	428.3	53.7	102.9	47.9	98.0	66.9	79.8
Construction	3,332.4	1,749.5	170.2	64.1	144.6	62.5	105.4	43.5
Investment Management	207.6	45.6	37.3	24.9	37.1	24.4	27.0	17.2
Infrastructure Development	10.0	0.4	10.9	(5.3)	11.1	(5.4)	7.8	(3.8)
Group Services and Amortisation	0.4	6.3	(47.2)	(44.4)	(48.4)	(47.7)	(37.0)	(37.5)
Group Treasury	14.8	27.6	(12.9)	(2.5)	(29.3)		(20.0)	0.7
Total Australia	3,822.4	2,257.7	212.0	139.7	163.0	131.8	150.1	99.9

	Revenue		EBITDA		Profit/(Loss) Before Tax[2]		Profit/(Loss) After Tax[3]	
	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m	December 2011 A$m	December 2010 A$m
Asia								
Development	7.9	2.3	4.8	(0.2)	4.8	(0.2)	3.8	(0.2)
Construction	363.5	154.7	18.1	17.0	17.7	16.9	11.7	10.7
Investment Management	7.8	9.1	14.1	4.9	14.1	4.9	13.3	5.3
Group Treasury	0.2	0.2			0.2	0.2	0.1	0.1
Total Asia	379.4	166.3	37.0	21.7	36.8	21.8	28.9	15.9

	Revenue		EBITDA		Profit/(Loss) Before Tax[2]		Profit/(Loss) After Tax[3]	
	December 2011 £m	December 2010 £m	December 2011 £m	December 2010 £m	December 2011 £m	December 2010 £m	December 2011 £m	December 2010 £m
Europe								
Development	6.6	7.6	(2.6)	3.4	(1.2)	2.6	(1.3)	2.9
Construction	345.6	448.7	8.5	6.7	7.0	5.0	4.5	2.6
Investment Management	23.3	20.6	17.2	15.8	17.2	15.8	12.2	16.3
Infrastructure Development	42.6	34.1	9.3	32.5	13.7	37.1	12.6	35.0
Group Treasury	0.1	0.1	(0.2)	(0.4)	(13.8)	(13.6)	(10.3)	(9.9)
Total Great British Pounds	418.2	511.1	32.2	58.0	22.9	46.9	17.7	46.9
Total Australian Dollars[4]	643.4	851.9	49.5	96.7	35.2	78.1	27.3	78.2

	Revenue		EBITDA		Profit/(Loss) Before Tax[2]		Profit/(Loss) After Tax[3]	
	December 2011 US$m	December 2010 US$m	December 2011 US$m	December 2010 US$m	December 2011 US$m	December 2010 US$m	December 2011 US$m	December 2010 US$m
Americas								
Development	1.4		(2.8)	(0.9)	(2.9)	(0.9)	(0.6)	(0.5)
Construction	989.0	1,019.6	24.6	20.8	23.7	19.6	(1.4)	11.2
Investment Management	0.1	0.3	20.6	15.3	20.7	15.3	12.0	11.9
Infrastructure Development	18.1	24.6	12.2	7.8	13.2	8.6	8.8	5.1
Group Treasury	2.8	2.7	0.1	0.2	(6.2)	(5.8)	(3.7)	(2.5)
Total US Dollars	1,011.4	1,047.2	54.7	43.2	48.5	36.8	15.1	25.2
Total Australian Dollars[4]	972.5	1,090.8	52.6	45.0	46.6	38.3	14.5	26.2

1 Local currency results exclude foreign exchange movements other than Great British Pounds and US Dollars.
2 Profit before tax is before adjusting for the amount attributable to non controlling interests.
3 Profit after tax is after adjusting for the profit after tax attributable to non controlling interests of A$1.6 million (December 2010: A$0.9 million profit).
4 The foreign exchange rates applied to the Income Statement for the period to 31 December 2011 are A$1 = £0.65 (December 2010: A$1 = £0.60), A$1 = US$1.04 (December 2010: A$1 = US$0.96) and A$1 = S$1.30 (December 2010: A$1 = S$1.25).

Portfolio Report

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The Portfolio Report is based on the Lend Lease Group Consolidated Financial Statements for the half year ended 31 December 2011 and should be read in conjunction with those financial statements.

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

Portfolio Report
Australia

Development – Overview

	December 2011	June 2011
Number of development projects	37	37
Number of retirement villages[1]	70	70
Number of aged care facilities[1]	30	30
Backlog[2]		
Residential – Land units		
– Zoned	59,550	46,570
– Unzoned		14,185
Subtotal Residential – Land units	59,550	60,755
Residential – Built-form units		
– Zoned	12,190	9,470
– Unzoned	995	3,355
Subtotal Residential – Built-form units	13,185	12,825
Total Residential Units	**72,735**	**73,580**
Commercial (sqm/000s)[3]		
– Zoned	6,162	4,215
– Unzoned		1,917
Total Commercial	**6,162**	**6,132**
Retirement Village Units	**1,277**	**1,257**

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

Portfolio Report
Australia

Development – Residential and Commercial Project Listing

Project	Location[1]	Ownership Interest	Estimated Completion Date[2]	Backlog Land Units[3]	Backlog Built-Form Units[3]	Estimated Commercial Backlog sqm/000s[4]
Zoned Projects						
Woodlands[5]	Qld	Service agreement	2014	405	50	
Forest Gardens	Qld	Land management (50% interest)	2015	110		7
Varsity Lakes	Qld	Land management	2013		20	22
Springfield Lakes	Qld	Land management	2020	4,710	1,535	108
RNA Showgrounds	Qld	Land management	2026		1,870	145
Rocky Springs	Qld	Land management	2042	11,735	420	1,115
Yarrabilba	Qld	Staged acquisition	2041	14,665	2,400	1,936
Fernbrooke	Qld	Land management (50% interest)	2015	720	165	4
Logan Reserve	Qld	Owned	2016	430	80	3
Lennox Head	NSW	Service agreement	2023	445		129
Bingara Gorge	NSW	Land management	2022	990		88
St Marys – Ropes Crossing[5]	NSW	Service agreement	2015	905	210	
St Marys – Jordan Springs	NSW	Owned	2021	2,090	275	86
St Marys – Other Precincts	NSW	Owned	2021	1,240		571
Nelsons Ridge	NSW	Land management	2015	180	5	
Jacksons Landing	NSW	Owned (50% interest)	2012		150	16
Rouse Hill	NSW	Land management (50% interest)	2016	195	895	116
St Patricks	NSW	Land management (50% interest)	2013		5	
Barangaroo South[6]	NSW	Staged payments	2023		775	390
Calderwood	NSW	Land management	2038	4,585		293
Forde	ACT	Owned (25% interest)	2012	115	10	
Springbank Rise	ACT	Owned (50% interest)	2015	540	215	1
Edgewater	Vic	Owned	2014		70	
Subtotal zoned (carried forward)				44,060	9,150	5,030

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

Portfolio Report
Australia

Development – Residential and Commercial Project Listing continued

Project	Location[1]	Ownership Interest	Estimated Completion Date[2]	Backlog Land Units[3]	Backlog Built-Form Units[3]	Estimated Commercial Backlog sqm/000s[4]
Subtotal zoned projects (brought forward)				44,060	9,150	5,030
Craigieburn Town Centre	Vic	Owned	2013	195	135	
Pakenham Valley	Vic	Land management	2013	185		25
Caroline Springs	Vic	Land management (50% interest)	2012	5		
Laurimar	Vic	Owned	2014	540	20	
Atherstone	Vic	Land management	2024	4,500		131
Victoria Harbour			2029			
– Convesso	Vic	Owned (50% interest)	2012		220	2
– Serrata	Vic	Owned (50% interest)	2012		145	
– Merchant Street Retail	Vic	Owned	2012			4
– Still to commence	Vic	Land management	Various		1,990	115
Melton East	Vic	Staged acquisition	2017	805		26
Werribee	Vic	Land management	2022	3,815		555
Blakes Crossing	SA	Staged acquisition	2017	960	80	51
Mawson Lakes	SA	Land management (50% interest)	2012	5	15	13
Springwood (formerly named Gawler)	SA	Staged acquisition	2020	2,410	80	56
Alkimos	WA	Land management	2021	2,070	355	154
Total zoned				59,550	12,190	6,162
Unzoned Projects						
Richmond	Vic	Owned (100% interest)			520	
Armadale	Vic	Land management (50% interest)			475	
Total unzoned				–	995	–
Total				59,550	13,185	6,162

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

Portfolio Report
Australia

Development – Retirement Living and Aged Care Project Listing

Development	Ownership Interest	Location[1]	Estimated completion date[2]	Backlog Units[3]
Retirement Village Units Development Backlog				
The Terraces	100%	Qld	2012	1
The Lakes	100%	Qld	2014	26
Coastal Waters	100%	NSW	2016	213
Closebourne at Morpeth	100%	NSW	2016	262
Nelson's Grove	100%	NSW	2014	83
Rochford Place	100%	NSW	2015	133
Isabella Plains	100%	ACT	2017	124
Caesia Gardens	100%	Vic	2015	69
Evelyn Ridge	100%	Vic	2015	68
Waterford Park	100%	Vic	2013	30
Woodlands Park	100%	Vic	2014	117
Elliot Gardens	100%	SA	2012	2
Trinity Green	100%	SA	2014	42
Parkland Ellenbrook	100%	WA	2015	107
Total retirement village units development backlog				**1,277**

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

Portfolio Report

Australia

Development – Retirement Living and Aged Care Portfolio Summary

Retirement Villages

	Owned		Managed/Leased/Other		Total	
Location[1]	Number of Sites	Units/Beds	Number of Sites	Units/Beds	Number of Sites	Units/Beds[2]
Qld	4	732	11	3,283	15	4,015
NSW	11	1,820	2	661	13	2,481
Vic	20	2,508	4	666	24	3,174
SA	4	438			4	438
WA	9	1,404			9	1,404
NZ	5	995			5	995
Total retirement villages	53	7,897	17	4,610	70	12,507

Aged Care

	Owned		Managed/Leased/Other		Total	
Location[1]	Number of Sites	Units/Beds	Number of Sites	Units/Beds	Number of Sites	Units/Beds[2]
Qld	1	89	1	49	2	138
NSW	13	1,085			13	1,085
Vic	14	1,032			14	1,032
SA	1	62			1	62
Total aged care	29	2,268	1	49	30	2,317

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

Portfolio Report

Australia

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

Project	Location[2]	Client	Contract Type[3]	Construction Value A$m	Secured Date[4]	Completion Date[5]	Sector	Description
Gold Coast University Hospital	Qld	Queensland Health	GMP	1,227	2010	2013	Healthcare	Design and construction of a new hospital
The New Royal Children's Hospital	Vic	Children's Hospital Partnership	LS	1,080	2008	2015	Healthcare	Design and construction of a new children's hospital in Melbourne
Barangaroo South	NSW	Lend Lease/Barangaroo Development Authority	GMP	985	2012	2015	Commercial	Design and construction of basement, infrastructure works and the first commercial office building
Commonwealth New Build	ACT	Federal Government	MC	541	2008	2013	Government	Design and construction of a 40,000sqm commercial office building
Brisbane Supreme Court	Qld	Queensland Government	GMP	527	2009	2012	Government	Design and construction of a new Supreme and District Court buildings
Liverpool Hospital	NSW	NSW Government	MC	318	2008	2012	Healthcare	Hospital redevelopment
Melbourne Markets	Vic	Victorian Government	GMP	300	2010	2013	Government	Design and construction of a 120,000sqm wholesale market/distribution facility
Mulwala Redevelopment Project	NSW	Commonwealth Department of Defence	GMP	318	2007	2013	Government	Redevelopment of propellant manufacturing facility
Craigieburn Town Centre	Vic	Australian Prime Property Fund/Lend Lease	GMP	220	2012	2013	Retail	Design and construction of a new town centre
National Broadband Network[6]	WA/SA/NT	Federal Government	MC	153	2012	2014	Telecom-munication	Rollout of passive fibre network in WA, SA and NT
Convesso	Vic	Lend Lease/HOSTPLUS	GMP	145	2011	2012	Residential	Design and construction of 220 apartments at Victoria Harbour
4 National Circuit	ACT	ISPT	GMP	146	2011	2013	Commercial	Design and construction of a 30,000sqm commercial office building including fit out works
University of NSW – Wallace Wurth	NSW	University of NSW	GMP	122	2012	2014	Education	Refurbishment and expansion of existing building

1 Disclosure of major projects is subject to client approval. This could impact the projects available for disclosure.
2 Locations are Queensland (Qld); Victoria (Vic); Australian Capital Territory (ACT); New South Wales (NSW); South Australia (SA), Western Australia (WA); and Northern Territory (NT).
3 Contract types are Guaranteed Maximum Price (GMP); Lump Sum (LS); and Managing Contractor (MC).
4 Secured date represents the financial year in which the project was secured.
5 Completion date represents the expected financial year in which the project will be completed.
6 Represents the Group's interest in the project joint venture.

Portfolio Report
Australia

Construction – Infrastructure – Major Projects[1]

Project	Location[2]	Client	Contract Type[3]	Construction Value A$m	Secured Date[4]	Completion Date[5]	Sector	Description
Origin Alliance[6]	Qld	Department of Transport and Main Roads, Queensland	ALL	908	2008	2013	Roads	Upgrade of Ipswich Motorway
Queensland Children's Hospital	Qld	Queensland Health	GMP	885	2010	2014	Healthcare	Design and construction of a new hospital
Peninsula Link	Vic	Southern Way Pty Ltd	D&C	655	2010	2013	Roads	Construction of a section of new freeway in Melbourne
Tintenbar To Ewingsdale, Pacific Highway, Northern NSW	NSW	Roads & Maritime Services	D&C	531	2012	2015	Roads	Construction of a new 16.3km section of the highway, several bridges and a 400m tunnel
Hunter Expressway	NSW	Roads & Maritime Services	D&C	468	2011	2014	Roads	Construction of a section of new freeway, Hunter region of NSW
Adelaide Desalination Plant[6]	SA	South Australia Water	D&C	428	2009	2013	Water	Construction of a desalination plant
Adelaide Oval Redevelopment	SA	Department of Planning, Transport & Infrastructure	D&C	350	2012	2014	Entertainment / Recreational	Redevelopment of existing oval into a 50,000 seat multipurpose stadium
Mackay Base Hospital	Qld	Queensland Health	MC	325	2011	2014	Healthcare	Extension to and redevelopment of existing hospital
Cairns Base Hospital	Qld	Queensland Health	MC	318	2011	2014	Healthcare	Design and construction of new buildings, alterations and refurbishment of existing hospital
Adelaide Convention Centre Redevelopment	SA	Department of Planning, Transport & Infrastructure	MC	303	2011	2017	Commercial	Redevelopment and extension of existing Convention Centre
Regional Rail Link E[6]	Vic	Department of Transport Victoria	D&C	255	2012	2015	Rail	Design and construction of 25km of civil, track, structural and station works, from Deer Park to West Werribee
Bulk Water[6]	ACT	ACTEW Corporation	ALL	239	2008	2012	Water	Enlargement of existing dam, pipelines and pumping station

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

Portfolio Report
Australia

Construction – Infrastructure – Major Projects[1]

Project	Location[2]	Client	Contract Type[3]	Construction Value A$m	Secured Date[4]	Completion Date[5]	Sector	Description
Water Resources Alliance[6]	Vic	Melbourne Water	ALL	218	2009	2013	Water	Management of Melbourne Water capital works program over five years
Banora Point	NSW	Roads & Maritime Services	ALL	206	2010	2012	Roads	Upgrade to a section of the Pacific Highway, northern NSW
Woomargama	NSW	Roads & Maritime Services	ALL	205	2009	2012	Roads	Upgrade to a section of the Hume Highway, south-west NSW
Bulahdelah Bypass	NSW	Roads & Maritime Services	LS/SOR	203	2010	2013	Roads	Construction of a new section of highway, mid-north coast of NSW
Macleay River Bridges	NSW	Roads & Maritime Services	D&C	186	2011	2013	Bridges	Upgrade to a section of the Pacific Highway, mid-north coast of NSW
Holbrook Bypass	NSW	Roads & Maritime Services	SOR	153	2011	2013	Roads	Upgrade to a section of the Hume Highway, south-west NSW
City Central Tower 8	SA	Caversham Property Development	LS	155	2010	2013	Commercial	Construction of a 17-storey office building
Lawson	NSW	Roads & Maritime Services	ALL	148	2009	2012	Roads	Upgrade to a section of the Great Western Highway, west of Sydney
Wiggins Island[6]	Qld	Wiggins Island Coal Export Terminal Pty Limited	LS	145	2012	2013	Mining	Bulk Earthworks and site preparation
Eastern Treatment Plant[6]	Vic	Melbourne Water	ALL	136	2011	2013	Water	Tertiary upgrade of Eastern Treatment Plant
Flinders Medical Centre Redevelopment	SA	Department of Planning Transport & Infrastructure	MC	136	2008	2012	Healthcare	Redevelopment of existing hospital
Walter & Eliza Hall Institute Redevelopment	Vic	Walter & Eliza Hall Institute of Medical Research	LS	130	2009	2012	Healthcare	Construction of an eight-level 29,000sqm building and refurbishment of existing buildings
Tonsley TAFE	SA	Department of Planning Transport & Infrastructure	MC	108	2012	2014	Education	Refurbishment of existing facility to provide a new TAFE interactive educational facility
Mains Road & Kessels Road Intersection Upgrade	Qld	Department of Transport and Main Roads QLD	D&C	106	2012	2014	Roads	Construction of an underpass at the existing intersection

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

Portfolio Report

Australia

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

Fund	Fund Type	December 2011 A$b	June 2011 A$b
Australian Prime Property Funds	Core	6.2	5.6
Lend Lease Core Plus Fund	Core Plus	0.5	0.5
Lend Lease Communities Fund 1	Value Add	0.1	0.1
Lend Lease Real Estate Partners Funds	Enhanced	0.6	0.4
Managed Investment Mandates	Core	1.1	1.1
Total FUM		8.5	7.7

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

	December 2011 A$b	June 2011 A$b
FUM at the beginning of the period	7.7	7.1
Additions	0.8	0.7
Reductions	(0.1)	(0.2)
Net revaluations	0.1	0.1
FUM at the end of the period	8.5	7.7

Investment Management – Investments

	Region	Lend Lease Interest %	Market Value[1] December 2011 A$m	Market Value[1] June 2011 A$m
Pakenham Place	Australia	25.0	10.0	10.8
Craigieburn	Australia	25.0	13.7	11.5
Australian Prime Property Funds	Australia	Various[2]	48.8	48.0
Lend Lease Real Estate Partners Funds	Australia	Various[2]	59.3	51.9
Lend Lease Core Plus Fund	Australia	13.8	43.7	43.3
Lend Lease Communities Fund 1	Australia	20.8	9.6	10.2
New Zealand Retail Portfolio[3]	New Zealand			140.1
Lend Lease Real Estate Partners New Zealand Fund[3]	New Zealand	5.3	4.7	
Total Investments			189.8	315.8

1 Market value represents the Group's assessment of the value of the underlying assets.
2 The Group holds varying proportional interests in the Australian Prime Property Funds (APPF) and Real Estate Partners Funds (REP).
3 During the period, the Group sold the New Zealand Retail Portfolio to Lend Lease Real Estate Partners New Zealand Fund (LLREPNZ). LLREPNZ was launched in October 2011 and the Group holds a 5.3% investment in the fund.

Portfolio Report
Australia
Investment Management – Assets Under Management

Shopping Centres	Managed on Behalf of	GLA sqm/000s[1]	Market Value[2] December 2011 A$m	Market Value[2] June 2011 A$m
Cairns Central, Qld	APPF Retail	52.8		
Caneland Central, Qld	APPF Retail	63.6		
Sunshine Plaza, Qld	APPF Retail/Other Joint Owners	73.3		
Erina Fair, NSW	APPF Retail/Other Joint Owners	112.3		
Macarthur Square, NSW	APPF Retail/Other Joint Owners	93.5		
Mid City (retail), NSW	APPF Retail/Other Joint Owners	9.1		
Greensborough Plaza, Vic	APPF Retail	58.2		
Caroline Springs Square, Vic	APPF Retail/Lend Lease Core Plus Fund	21.0	5,127.9	4,840.3
Pakenham Place, Vic	APPF Retail/Lend Lease	15.8		
Lakeside Joondalup, WA	APPF Retail/Other Joint Owners	71.1		
Menai Marketplace, NSW	REP3	16.8		
Settlement City, NSW	REP3	19.2		
Southlands Boulevarde, WA	REP3	20.9		
Armadale Shopping City, WA	REP3	31.0		
Northgate, WA	REP3	15.9		
Stud Park, Vic	Other Owner	26.8		
Total		701.3	5,127.9	4,840.3

1 GLA represents the gross lettable area of the centres.
2 Market value represents the Group's assessment of the value of the underlying assets.
3 The potential gross estimated cost of the development pipeline across the Australian portfolio is approximately A$1.5 billion with an estimated developable GLA of 185,000sqm.

Portfolio Report
Australia

Infrastructure Development

Project[3]	Location	Status	Actual Financial Close Date	Operational Term Years	Construction Value[1] A$m	Percentage of Construction Complete %	Facilities Management Revenue Backlog A$m	Invested Equity A$m	Committed Equity[2] A$m
Healthcare									
Queen Elizabeth II Medical Centre Car Park	Perth	Construction	Jul-11	26	140	15	31.5		15.0
Total					140		31.5	–	15.0

1 Represents total construction value over the contract duration.
2 Committed equity refers to equity contributions the Group has a future commitment to invest.
3 The Group sold its 50% equity interest in the South Australian Schools PPP project during the period.
4 The Group was announced as preferred bidder for Darwin Marine Supply Base project during the period.

Portfolio Report
Asia

Development – Project Listing

Project	Location	Ownership Interest	Estimated Completion Date	Estimated Commercial / Retail Backlog sqm/000s
JEM™	Singapore	25% Direct, 7.6% Indirect	2013	79
Setia City Mall	Malaysia	5.1% Indirect	2012	65
Total				144

Construction – Major Projects[1]

Project	Location	Client	Contract Type[2]	Construction Value A$m	Secured Date[3]	Completion Date[4]	Sector	Description
JEM™	Singapore	Lend Lease Retail Investments 3 Pte Ltd/ Lend Lease Commercial Investments Pte Ltd	GMP	327	2011	2013	Mixed use	Mixed use retail/commercial development in Jurong, Singapore
Merck New Manufacturing Base	China	Merck Sharp & Dohme	EPCM	Confidential	2011	2012	Industrial	Greenfield pharmaceutical packaging facility and infrastructure
Setia City Mall	Malaysia	Greenhill Resources	CM	120	2010	2012	Retail	Construction of 65,000sqm retail shopping centre
KL Eco City	Malaysia	KL Eco City (subsidiary of SP Setia Bhd)	PM	Confidential	2008	2016	Mixed use	Project management of mixed-use development with transport terminal
Corning Taichung Phase 5AB&6S	Taiwan	Corning Display Technologies Taiwan, Co, Ltd	CM	Confidential	2011	2012	Industrial	LCD glass manufacturing facility
Stamford American International School	Singapore	Stamford American International School	GMP	88	2009	2012	Education	Design and construction of new international school
Softbank Fast Pole	Japan	Softbank Mobile	MC	81	2011	2012	Telecom-munication	Initial phase for the design and supply of concrete telecommunications poles

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

Portfolio Report
Asia

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

Fund	Fund Type	December 2011 S$b	June 2011 S$b	December 2011 A$b	June 2011 A$b
Asia Pacific Investment Company No. 2 Limited	Core Plus	1.1	1.1	0.9	0.9
Lend Lease Asian Retail Investment Fund (ARIF)	Core/Value Add	1.6	1.5	1.2	1.1
Total FUM		2.7	2.6	2.1	2.0

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

	December 2011 S$b	June 2011 S$b	December 2011 A$b	June 2011 A$b
FUM at the beginning of the period	2.6	2.0	2.0	1.6
Foreign exchange movement[1]				(0.2)
Additions	0.1	0.5	0.1	0.5
Reductions				
Net revaluations		0.1		0.1
FUM at the end of the period	2.7	2.6	2.1	2.0

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

Portfolio Report
Asia

Investment Management – Investments

	Lend Lease Interest %	Market Value[1] December 2011 S$m	Market Value[1] June 2011 S$m	Market Value[1] December 2011 A$m	Market Value[1] June 2011 A$m
Asia Pacific Investment Company No. 2 Limited	21.1	167.0	160.6	127.5	121.7
313@somerset[2]	25.0	126.8	124.3	96.8	94.2
JEM™ [3]	25.0	81.0	76.7	61.8	58.1
Lend Lease Asian Retail Investment Fund					
- ARIF 1 (Somerset)[2]	10.1	38.1	37.6	29.1	28.5
- ARIF 2 (Setia)[4]	10.1	3.6	1.5	2.7	1.1
- ARIF 3 (Jurong Gateway)[3]	10.1	25.0	24.3	19.1	18.4
Total Investments		441.5	425.0	337.0	322.0

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

Investment Management – Assets Under Management

Shopping Centres	Managed on Behalf of	GLA[1] sqm/000s	Market Value[2] December 2011 S$m	Market Value[2] June 2011 S$m	Market Value[2] December 2011 A$m	Market Value[2] June 2011 A$m
Parkway Parade, Singapore	Asia Pacific Investment Company No. 2 Limited	52.5	1,027.0	974.2	784.0	738.0
313@somerset, Singapore	ARIF/Lend Lease	27.1	1,150.0	1,150.0	877.9	871.2
Total		79.6	2,177.0	2,124.2	1,661.9	1,609.2

1 GLA represents the gross lettable area of the centres.
2 Market value represents the Group's assessment of the value of the underlying assets.
3 The potential gross estimated cost of the development pipeline across the Asian portfolio is approximately A$1.3 billion with an estimated additional developable GLA of 144,000 sqm.

Portfolio Report
Europe

Development – Project Listing

Project	Location	Ownership Interest	Estimated Completion Date[1]	Backlog Land Units[2]	Backlog Built-Form Units[2]	Estimated Commercial Backlog sqm/000s
Zoned Projects						
UK Residential Projects	UK	Various	Various		2,127	11
Greenwich Peninsula	UK	51%	2030	4,772	5,000	332
Stratford International Quarter	UK	50%	2026		300	370
Total zoned				4,772	7,427	713
Unzoned Projects						
UK Residential Projects	UK	100%	Various		257	
Elephant and Castle	UK	100%	2025		2,979	20
Total unzoned				–	3,236	20
Total Development[3]				4,772	10,663	733

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

Portfolio Report
Europe

Construction – Major Projects[1]

Project	Location	Client	Contract Type[2]	Construction Value £m[3]	Secured Date[4]	Completion Date[5]	Sector	Description
BP	Pan-Europe	BP	PM	895	2009	2014	Retail	Framework agreement to maintain BP service stations across Europe
Athletes' Village	London	Lend Lease/Olympic Development Authority	CM	851	2008	2014	Residential	Athletes' Village for the London 2012 Olympic and Paralympic Games, then conversion post-Olympics
MoD SLAM – Phase 2	UK	Defence Estates	GMP	499	Various	2013	Government	New and upgraded single living accommodation for the military
South West Prime Contract	South West England	Defence Estates	GMP	338	Various	2013	Government	Provision of estate management and project management services
Regent's Place – North East Quadrant	London	British Land plc	CM	180	2012	2013	Mixed use	Construction of 50,000sqm of office, retail and residential buildings
Scottish National Arena	Glasgow	Scottish Exhibition and Conference Centre Ltd	LS	78	2011	2013	Commercial	Construction of exhibition and conference centre

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

Portfolio Report
Europe

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

Fund	Fund Type	December 2011 £b	June 2011 £b	December 2011 A$b	June 2011 A$b
Lend Lease Retail Partnership	Core	0.7	0.6	1.0	1.0
Lend Lease PFI/PPP Infrastructure Fund LP (UKIF)	Core	0.1	0.1	0.2	0.1
Chelmsford Meadows Limited Partnership[2]	Value Add		0.1		0.1
Total FUM		0.8	0.8	1.2	1.2

1 FUM represents the gross market value of real estate and other related assets managed on behalf of investors.
2 During the period, the Group sold its 75% interest in the Chelmsford Meadows retail asset.

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

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

Portfolio Report

Europe

Investment Management – Investments

	Lend Lease Interest %	Market Value[1] December 2011 £m	Market Value[1] June 2011 £m	Market Value[1] December 2011 A$m	Market Value[1] June 2011 A$m
Bluewater[2]	30.0	480.1	472.3	750.1	726.6
Warrington Retail Limited Partnership[3]	50.0				
Chelmsford Meadows Unit Trust[4]			40.3		62.0
Clarence Dock	100.0	0.6	0.8	1.0	1.3
Lend Lease Retail Partnership	4.1	27.1	26.9	42.4	41.3
Lend Lease PFI/PPP Infrastructure Fund LP (UKIF)	10.0	7.0	6.0	10.9	9.2
Lend Lease Global Properties, SICAF & LL Global Real Estate Advisers	24.8	5.1	0.2	8.0	0.4
Cohen & Steers, SICAV	7.7	0.3	6.9	0.5	10.6
Total		520.2	553.4	812.9	851.4

1 Market value represents the Group's assessment of the value of the Group's interest in the underlying assets.
2 The market value at 31 December 2011 of 100% of Bluewater was £1,600.2 million (A$2,500.3 million). Bluewater is treated as inventory in the financial statements and is therefore reflected at cost, which at 31 December 2011 was A$415.6 million.
3 The market value of the Warrington Retail Limited Partnership net assets was below zero at 31 December 2011 and, as a result, the Group's investment has been written down to nil.
4 During the period, the Group sold its 75% interest in the Chelmsford Meadows Unit Trust.

Portfolio Report
Europe

Investment Management – Assets Under Management

Shopping Centres	Managed on Behalf of	GLA[1] sqm/000s	Market Value[2] December 2011 £m	Market Value[2] June 2011 £m	Market Value[2] December 2011 A$m	Market Value[2] June 2011 A$m
Bluewater, Kent	Lend Lease Retail Partnership/Lend Lease	163.7	1,600.2	1,574.4	2,500.3	2,422.2
Touchwood, Solihull	Lend Lease Retail Partnership	60.4	252.5	251.8	394.1	387.3
Golden Square, Warrington	Warrington Retail Unit Trust	68.9	133.2	134.5	208.1	207.0
Clarence Dock, Leeds	Lend Lease Real Estate Investment Services	9.3	0.6	0.8	0.9	1.2
The Meadows, Chelmsford[3]	Chelmsford Meadows Unit Trust			53.7		82.6
Total[4]		302.3	1,986.5	2,015.2	3,103.4	3,100.3

1 GLA represents the gross lettable area of the centres.
2 Market value represents the Group's assessment of the value of the underlying assets.
3 During the period, the Group sold its 75% interest in the Chelmsford Meadows Unit Trust.
4 The potential gross estimated cost of the development pipeline across the UK portfolio is approximately A$0.3 billion with an estimated additional developable GLA of 40,000sqm.

Portfolio Report
Europe

Infrastructure Development – Project Listing

Project	Location	Status	Actual Financial Close Date	Operational Term Years	Estimated Construction Value[1] £m	Percentage of Construction Complete %	Facilities Management Revenue Backlog[2] £m	Invested Equity £m	Committed Equity[3] £m
Healthcare									
Calderdale Hospital[4]	UK	Operational	Jul–98	33	87	100	44		
Worcester Hospital[4]	UK	Operational	Mar–99	33	82	100	58		
Hexham Hospital – Phases 1 and 2[4]	UK	Operational	Apr–01	32	29	100	11		
Burnley Hospital[4]	UK	Operational	Oct–03	30	27	100	15		
Leeds Hospital[4]	UK	Operational	Oct–04	33	175	100	45		
Hexham Hospital – Phase 3[4]	UK	Operational	Jul–06	27	24	100	8		
Manchester Hospital[4,5]	UK	Operational	Dec–04	38	393	100	37		
Majadahonda Hospital	Spain	Operational	Apr–05	30	187	100	5	4.0	
Brescia 2	Italy	Under construction	Mar-11	33	91	19		0.4	2.8
Subtotal (carried forward)					1,095		223	4.4	2.8

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

Portfolio Report
Europe

Infrastructure Development – Project Listing continued

Project	Location	Status	Actual Financial Close Date	Operational Term Years	Estimated Construction Value[1] £m	Percentage of Construction Complete %	Facilities Management Revenue Backlog[2] £m	Invested Equity £m	Committed Equity[3] £m
Subtotal healthcare projects (brought forward)					1,095		223	4.4	2.8
Education									
Newcastle Schools[4]	UK	Operational	Mar–02	27	50	100	19		
Lincoln Schools[4]	UK	Operational	Sep–01	31	20	100	7		
Lilian Baylis School[4]	UK	Operational	Feb–03	27	13	100	7		
Lancashire Schools Phase 1[4]	UK	Operational	Dec–06	25	81	100	27		
Lancashire Schools Phase 2[4]	UK	Operational	Dec–07	25	34	100	8		
Lancashire Schools Phase 2A[4,5]	UK	Under construction	Jul–08	25	59	100	13		
Lancashire Schools Phase 3[5]	UK	Under construction	Jun–09	25	69	99	13		
Cork Maritime College[4]	Ireland	Operational	Feb–03	27	30	100	11		
Birmingham BSF Phase 1A	UK	Under construction	Aug–09	25	69	97	29	4.6	
Birmingham BSF Phase 1B	UK	Under construction	Jul–11	24	78	17	17		3.2
Accommodation									
Treasury 1[4]	UK	Operational	May–00	37	114	100	41		
Treasury 2[4]	UK	Operational	Jan–03	35	148	100	47		
Sheffield University	UK	Operational	May–06	40	169	100	32	9.1	
Waste									
Lancashire Waste	UK	Under construction	Mar–07	25	252	99		49.7	
South Tyne and Wear Waste	UK	Under construction	Apr–11	25	175	6			13.4
Total					2,456		494	67.8	19.4

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

Portfolio Report
Americas

Development – Project Listing

Project	Location	Ownership Interest	Secured Date[1]	Estimated Completion Date[2]	Backlog Land Units[3]	Backlog Built-Form Units[3]	Estimated Commercial Backlog sqm/000s
Horizon Uptown	Colorado	100%	2006	2030	3,860		371
Total Communities					3,860	–	371

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

Project	Location	Ownership Interest	Secured Date[1]	Estimated Completion Date[2]	Estimated Commercial Backlog sqm/000s
Bon Secours St Francis Watkins Centre[3]	Virginia	96%	2011	2012	9
Total Healthcare					9

1 Secured date represents the financial year in which the Group was announced as the preferred proponent for the project.
2 Estimated completion date for healthcare projects represents the estimated financial year in which construction will be completed.
3 Reduced ownership interest from 100% at June 2011 to 96% at December 2011 reflects investment from non-controlling parties during the current period.

Portfolio Report
Americas

Construction – Major Projects[1]

Project	Location	Client	Contract Type[2]	Construction Value US$m	Secured Date[3]	Completion Date[4]	Sector	Description
National Sept. 11 Memorial/ Foundation/Port Authority	New York	National Sept. 11 Memorial and Museum at the World Trade Centre	CM	770	2006	2012	Other	Memorial and museum at the World Trade Center in New York
Extell – Carnegie 57th Street	New York	Extell Development Company	GMP	400	2010	2014	Mixed Use	74-storey high-rise hotel/residential tower with retail in Manhattan with 210 hotel rooms and 135 apartments
Mount Sinai School of Medicine	New York	Mount Sinai Hospital & Mount Sinai School of Medicine	CM	270	2008	2012	Healthcare	43,000sqm research/clinical facility
North Shore – Long Island Jewish Women's Bed Tower Hospital	New York	North Shore – Long Island Jewish Health System	GMP	223	2008	2012	Healthcare	29,000sqm women's hospital
JFK – Terminal 4	New York	Delta Air Lines, Inc.	CM	186	2011	2013	Aviation	Renovation and construction of a new airline terminal
NMH Outpatient Care	Illinois	Northwestern Memorial Hospital	GMP	175	2011	2013	Healthcare	60,400sqm (22-storey) medical office building with 350 parking spaces.
UNC Bell Tower Development	North Carolina	University of North Carolina	GMP	171	2008	2012	Education	22,800sqm science lab
Extell – 45th Street	New York	Extell Development Company	GMP	148	2011	2014	Hotel	28,800sqm hotel
500 Lake Shore Drive	Illinois	Related BIT 500 Lake Shore Owner LLC	GMP	111	2012	2013	Residential	43-storey residential tower, with two floors of parking
Admiral at the Lake	Illinois	The Admiral at the Lake	GMP	103	2011	2013	Senior Living	32-storey continuing care retirement community
CCSF Chinatown	California	City College of San Francisco	GMP	103	2011	2012	Education	18,500sqm classroom building

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

Portfolio Report
Americas

Construction – Major Projects[1]

Project	Location	Client	Contract Type[2]	Construction Value US$m	Secured Date[3]	Completion Date[4]	Sector	Description
Dermot – 29 Flatbush	New York	Dermot Company	GMP	103	2011	2013	Residential	44-storey residential building, with 20% of units designated for low-income residents
Wake Forest Cancer Center Expansion	North Carolina	Wake Forest University	GMP	80	2011	2013	Healthcare	6-storey vertical expansion of existing cancer centre
Bonita Springs	Florida	Santa Fe Senior Living	GMP	66	2012	2013	Senior Living	35,600sqm continuing care retirement community, including 144 one, two and three bedroom apartment homes and lifetime access to on-site healthcare
7-Eleven Construction Services[5]	National	7-Eleven Inc.	CM	52	2012	2013	Retail	Interior remodelling and construction of more than 230 7-Eleven stores

1 Disclosure of major projects is subject to client approval. This could impact the projects available for disclosure. Refer to the Infrastructure Development section below for details of construction projects within that segment.
2 Contract types are Guaranteed Maximum Price (GMP); and Construction Management (CM).
3 Secured date represents the financial year in which the project was secured.
4 Completion date represents the expected financial year in which the project will be completed.
5 The 7-Eleven Construction Services project is a three year agreement. The construction value reflects the first year of the agreement.

Portfolio Report

Americas

Investment Management – Investments

	Lend Lease Interest %	Market Value December 2011 US$m	Market Value[2] June 2011 US$m	Market Value December 2011 A$m	Market Value June 2011 A$m
King of Prussia[1]			531.3		496.5
Total		–	531.3	–	496.5

1 The Group finalised the sale of its equity interest in the King of Prussia shopping mall on 25 August 2011.
2 At 30 June 2011, market value was based on the expected net sale proceeds to be received as a result of entering into the sale agreement, net of associated transaction costs.

Infrastructure Development – Military Housing – Project Listing

Project	Location	Service	Status	Actual Financial Close Date	Estimated Capital Spend[1] US$m	Percentage of Construction Completed %	Invested Equity US$m	Committed Equity[2] US$m	Units Under Management
Fort Hood	Texas	Army	Operational	Oct–01	220	100	6.0		6,200
Tri-Command	South Carolina	Marine Corps	Operational	Feb–03	140	100	3.3		1,700
Fort Campbell	Kentucky	Army	Operational	Dec–03	200	100	6.0		4,250
Hickam	Hawaii	Air Force	Operational	Feb–05	250	100			1,400
Island Palm Communities	Hawaii	Army	Operational	Apr–05	2,171	62	8.0		7,800
Fort Drum	New York	Army	Operational	May–05	225	100		5.0	3,100
Camp Lejeune	North Carolina/ New York	Marine Corps	Operational	Oct–05	358	100	7.5		3,300
Camp Lejeune Phase 2	North Carolina/ New York	Marine Corps	Operational	Nov–06	129	75	2.5		1,050
Fort Knox[3]	Kentucky	Army	Operational	Feb–07	212	72		3.0	2,530
Fort Campbell Additional Scoring	Kentucky	Army	Operational	May–07	101	100			200
Fort Hood Stage 2 (Patton Wainwright)	Texas	Army	Operational	May–07	76	100			200
Air Combat Command Group II[3]	Arizona/ New Mexico	Air Force	Operational	Jul–07	224	98	11.0		2,200
Fort Drum Unaccompanied Officer Quarters	New York	Army	Operational	Jul–07	20	100			200
Subtotal (carried forward)					4,326		44.3	8.0	34,130

1 Changes in estimated capital spend are due to adjustments made to contract values during the development period.
2 Committed equity represents future contributions that the Group has a commitment to invest.
3 Units under management have been revised from prior period reports to reflect the expected number of units at the end of the initial development period of the project.

Portfolio Report

Americas

Infrastructure Development – Military Housing – Project Listing continued

Project	Location	Service	Status	Actual/ Expected Financial Close Date	Estimated Capital Spend[1] US$m	Percentage of Construction Completed %	Invested Equity US$m	Committed Equity[2] US$m	Units Under Management
Subtotal (brought forward)					4,326		44.3	8.0	34,130
Hickam Phase 2	Hawaii	Air Force	Operational	Aug–07	442	59		25.5	1,100
Tri-Group	Colorado/ California	Air Force	Operational	Sep–07	235	82		11.0	1,450
Camp Lejeune Phase 3	North Carolina/ New York	Marine Corps	Operational	Nov–07	229	43	4.5		2,000
Fort Drum Additional Scoring	New York	Army	Operational	Jun–08	170	100			550
PAL Group A Phase 1	Various	Army	Operational	Aug–09	57	100	2.0		3,200
Wainwright/Greely Phase 1	Alaska	Army	Operational	Apr-09	53	100		2.0	1,800
Wainwright/Greely Phase 2	Alaska	Army	Operational	Sep-10	256	12			
Fort Knox Additional Scoring	Kentucky	Army	Operational	Oct-10	43	2			35
Fort Drum Project Sustainment Plan	New York	Army	Operational	Sep-11	73	6			130
PAL Group A Phase 2 & Group B	Various	Army	Preferred bidder	Jan-12	125				5,100
Fort Hood Stage 3 (Chaffee Village 1)	Texas	Army	Preferred bidder	Mar-12	23				
Camp Lejeune Phase 6	North Carolina	Marine Corps	Preferred bidder	Feb-12	78				
PAL Group C	Various	Army	Preferred bidder	Jun-13	200				8,200
Total					6,310		50.8	46.5	57,695

1 Changes in estimated capital spend are due to adjustments made to contract values during the life of the development period.
2 Committed equity represents future contributions that the Group has a commitment to invest.

Portfolio Report

Key Portfolio Metrics by Line of Business

Development

	Australia		Asia		Europe		Americas		Total	
	December 2011	June 2011	December 2011	June 2011	December 2011	June 2011	December 2011	June 2011	December 2011	June 2011
Number of development projects	37	37	2	2	22	23	2	1	63	63
Number of retirement villages[1]	70	70							70	70
Number of aged care facilities[1]	30	30							30	30
Development Backlog[2]										
Residential – Land units										
– Zoned	59,550	46,570			4,772	4,772	3,860	3,860	68,182	55,202
– Unzoned		14,185								14,185
Subtotal Residential – Land units	59,550	60,755	–	–	4,772	4,772	3,860	3,860	68,182	69,387
Residential – Built-form units										
– Zoned	12,190	9,470			7,427	7,437			19,617	16,907
– Unzoned	995	3,355			3,236	2,783			4,231	6,138
Subtotal Residential – Built-form units	13,185	12,825	–	–	10,663	10,220	–	–	23,848	23,045
Total Residential Units	72,735	73,580	–	–	15,435	14,992	3,860	3,860	92,030	92,432
Commercial (sqm/000s)[3]										
– Zoned	6,162	4,215	144	144	713	739	380	371	7,399	5,469
– Unzoned		1,917			20	39			20	1,956
Commercial (sqm/000s)	6,162	6,132	144	144	733	778	380	371	7,419	7,425
Retirement Village Units	1,277	1,257							1,277	1,257

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

Portfolio Report

Key Portfolio Metrics by Line of Business

Construction

New Work Secured and Backlog Revenue

	New Work Secured Revenue[1] December 2011 A$m	New Work Secured Revenue[1] December 2010 A$m	Backlog Revenue[2] December 2011 A$m	Backlog Revenue[2] June 2011 A$m
Australia	5,057.2	750.3	9,923.1	8,615.0
Asia	312.6	412.0	684.9	746.9
Europe	411.6	764.5	1,283.9	1,454.6
Americas[3]	899.0	1,244.2	4,266.7	4,501.1
Total Group	6,680.4	3,171.0	16,158.6	15,317.6

1 New work secured revenue is the total revenue to be earned from projects secured during the year.
2 Although backlog revenue is realised over several years, the average foreign exchange rate for the current year has been applied to the closing backlog revenue balance in its entirety, as the average rates for later years cannot be predicted. In local currency, the Americas backlog revenue was US$4,102.6 million (June 2011: US$4,501.1 million) and the European backlog revenue was £834.5 million (June 2011: £916.4 million).
3 The Americas construction segment includes the results for the half year ended 31 December 2011 of all construction activities, across both the project management and construction and Infrastructure Development businesses, to reflect changes to the regional management structure in the period. The December 2011 results include the following from the construction activities of the Infrastructure Development business: New work secured revenue A$239.0 million (December 2010: A$305.2 million); and Backlog Revenue A$1,536.2 million (June 2011: A$1,563.7 million).

Backlog Realisation

	Period Ending June 2012 %	Year Ending June 2013 %	Post June 2013 %	Total %
Australia	35	42	23	100
Asia	41	55	4	100
Europe	42	41	17	100
Americas	25	40	35	100
Total Group	33	42	25	100

Portfolio Report

Key Portfolio Metrics by Line of Business

Investment Management

Investments

Region	Market Value[1] December 2011 A$m	Market Value[1] June 2011 A$m
Australia	189.8	315.8
Asia	337.0	322.0
Europe	812.9	851.4
Americas		496.5
Total Group	1,339.7	1,985.7

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

Funds Under Management (FUM)[1]

Region	December 2011 A$b	June 2011 A$b
Australia	8.5	7.7
Asia	2.1	2.0
Europe	1.2	1.2
Total Group	11.8	10.9

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

Assets Under Management

	Number of Centres		Assets Under Management (Market Value A$m)[1]		GLA Under Management (sqm/000s)[2]	
	December 2011	June 2011	December 2011	June 2011	December 2011	June 2011
Australia	16	15	5,127.9	4,840.3	701.3	661.1
Asia	2	2	1,661.9	1,609.2	79.6	79.6
Europe	4	5	3,103.4	3,100.3	302.3	311.6
Total Group	22	22	9,893.2	9,549.8	1,083.2	1,052.3

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

Portfolio Report

Key Portfolio Metrics by Line of Business

Infrastructure Development

Australia	Number of Projects		Invested Equity A$m		Committed Equity[1] A$m		Facilities Management Revenue Backlog A$m	
	December 2011	June 2011	December 2011	June 2011	December 2011	June 2011	December 2011	June 2011
Operational (secured)	1	1		13.4	15.0		31.5	
Preferred bidder (awarded)	1	1						
Total	2	2	–	13.4	15.0	–	31.5	–

1 Committed equity refers to equity that the Group has a future commitment to invest.

Europe	Number of Projects[1]		Invested Equity £m		Committed Equity[2] £m		Facilities Management Revenue Backlog[3] £m	
	December 2011	June 2011	December 2011	June 2011	December 2011	June 2011	December 2011	June 2011
Operational (secured)	24	24	67.8	74.8	19.4	19.3	494.0	489.0
Preferred bidder (awarded)								
Total	24	24	67.8	74.8	19.4	19.3	494.0	489.0

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

Americas	Number of Projects[1]		Estimated Capital Spend[2] US$b		Invested and Committed Equity[3] US$m		Units Under Management	
	December 2011	June 2011	December 2011	June 2011	December 2011	June 2011	December 2011	June 2011
Operational (secured)	22	21	5.9	5.6	97.3	97.3	44,395	44,285
Preferred bidder (awarded)	4	5	0.4	0.9			13,300	5,430
Total	26	26	6.3	6.5	97.3	97.3	57,695	49,715

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

Five Year Profile

		Half Year December 2011	Half Year December 2010	Half Year December 2009	Half Year[1] December 2008	Half Year[1] December 2007
Profitability						
Revenue	A$m	**5,788**	**4,319**	**5,557**	**7,772**	**7,544**
Statutory profit/(loss) before tax	A$m	**280**	**279**	**289**	**(682)**	**307**
Operating profit before tax[2]	A$m	**282**	**270**	**263**	**215**	**308**
Statutory profit/(loss) after tax	A$m	**218**	**227**	**205**	**(606)**	**246**
Operating profit after tax[2]	A$m	**221**	**220**	**188**	**176**	**250**
Operating EBITDA[2]	A$m	351	303	284	225	318
Earnings per security on statutory profit/(loss)[3]	cents	38.1	40.0	43.7	(150.4)	61.4
Earnings per security on operating profit[2,3]	cents	38.6	38.9	40.1	43.8	62.2
Statutory profit/(loss) after tax to securityholders' equity for the period (ROE)[4]	%	5.9	6.7	8.2	(22.1)	7.9
Distribution per security[5]	cents	16.0	20.0	20.1	25.0	43.0
Distribution payout ratio on operating profit after tax[2,5]	%	41	51	49	64	69
Corporate Strength						
Total assets	A$m	12,027	10,499	9,749	9,832	9,276
Cash	A$m	1,251	1,439	968	1,563	727
Borrowings	A$m	1,332	1,322	1,549	1,777	1,023
Current assets	A$m	3,682	3,401	3,266	5,320	4,559
Non current assets	A$m	8,345	7,098	6,484	4,512	4,717
Current liabilities	A$m	6,029	5,265	5,278	4,952	3,916
Non current liabilities	A$m	2,280	1,751	1,976	2,446	2,079
Total equity	A$m	3,718	3,483	2,495	2,435	3,281
Cash flows provided by/(used in) operations	A$m	208	(119)	107	195	185
Net assets per security	A$	6.50	6.16	5.41	6.03	8.18
Net tangible assets per security	A$	4.07	5.03	3.92	4.61	6.29
Ratio of current assets to current liabilities[6]	times	0.61	0.65	0.62	1.07	1.16
Net debt to total tangible assets, less cash[7]	%	3.4	0.4	9.3	5.3	7.1
Borrowings to total equity	%	35.8	38.0	62.1	73.0	31.2
Borrowings to total equity plus borrowings	%	26.4	27.5	38.3	42.2	23.8
Gross borrowings to total tangible assets[7]	%	14.7	14.9	19.0	21.3	15.1
Borrowings to total market capitalisation	%	32.5	27.1	32.7	61.1	14.7
Securities on issue	m	572	566	461	404	401
Number of securityholders	no.	53,728	55,062	53,532	52,605	50,282
Number of equivalent full-time employees[8]	no.	18,470	10,954	11,680	11,737	11,485
Securityholders' Returns and Statistics						
Proportion of securities on issue to top 20 securityholders	%	77.0	74.7	73.8	75.9	75.6
Securityholdings relating to employees[9]	%	6.5	6.3	7.5	9.1	9.3
Total distributions declared[5]	A$m	92	113	93	114	173
Security price as at 31 December as quoted on the Australian Securities Exchange	A$	7.16	8.63	10.27	7.20	17.30

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

2 Operating profit excludes net unrealised property investment revaluations of A$1.5 million loss before tax, A$3.0 million loss after tax (December 2010: A$8.8 million gain before tax, A$6.3 million gain after tax).

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

4 Return of equity (ROE) is calculated as the half year statutory profit/(loss) after tax divided by the weighted average equity for the period. As the calculation is based on half year statutory profit after tax, it does not represent an annual return on equity.

5 December 2009 distribution includes the 'in specie' dividend of A$0.5 million following the stapling of LLT units to shares in the company in November 2009.

6 December 2011, December 2010 and December 2009 ratios include resident and accommodation bond liabilities recognised following the Primelife acquisition. These are required to be classified as current liabilities as any resident may depart within 12 months.

7 Net debt and gross borrowings include certain other financial liabilities of A$233.4 million.

8 December 2011 includes equivalent full-time employees of the infrastructure business following the acquisition of Valemus Australia Pty Limited on 10 March 2011.

9 Securities held through employee benefit vehicles.

Directors' Report

The Directors present their Report together with the Half Year Consolidated Financial Report of the consolidated entity, being Lend Lease Corporation Limited ('the Company'') and its controlled entities including Lend Lease Trust (together referred to as the 'consolidated entity' or the 'Group'), for the six months ended 31 December 2011 and the Auditor's Report thereon.

1. Directors

The name of each person who has been a Director of the Company at any time between 1 July 2011 and the date of this Report are:

D A Crawford AO, Chairman	Director since 2001, Chairman since 2003
S B McCann, Managing Director	Managing Director since 2009
P M Colebatch	Director since 2005
G G Edington	Director since 1999
P C Goldmark	Director since 1999
J A Hill	Director since 2006
D J Ryan AO	Director since 2004
J S Hemstritch	Appointed 1 September 2011
M J Ullmer	Appointed 1 December 2011

2. Review of Operations and Consolidated Results

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

For the six months ended 31 December 2011, the consolidated entity reported a profit after tax of A$217.8 million attributable to Lend Lease securityholders compared to the profit after tax for the six months ended 31 December 2010 of A$226.5 million.

An unfranked interim distribution of A$91.5 million (December 2010: A$113.1 million, 50% franked) has been approved by the Directors. The interim distribution of 16 cents per security will be paid on 30 March 2012 (December 2010: 20 cents per security paid on 30 March 2011).

3. Events Subsequent to Balance Date

There are no material events subsequent to the end of the financial period.

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

The Lead Auditor's Independence Declaration is set out on page 2 and forms part of the Directors' Report for the six months ended 31 December 2011.

5. Rounding Off

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

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

D A Crawford AO
Chairman

S B McCann
Managing Director

Sydney, 20 February 2012

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

To: the Directors of Lend Lease Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2011 there have been:

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

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

KPMG

KPMG

Stuart Marshall
Partner

Sydney

20th February 2012

Consolidated Financial Statements

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Income Statement
Half Year ended 31 December 2011

	Note	6 months December 2011 A$m	6 months December 2010 A$m
Revenue	2	5,788.4	4,318.7
Cost of sales		(5,122.7)	(3,859.6)
Gross profit		**665.7**	**459.1**
Other income	3	75.3	148.0
Other expenses		(485.4)	(361.1)
Results from operating activities		**255.6**	**246.0**
Finance revenue	5	29.3	48.0
Finance costs	5	(61.2)	(60.2)
Net finance (costs)		**(31.9)**	**(12.2)**
Share of profit of equity accounted investments	10	56.4	45.0
Profit before tax		**280.1**	**278.8**
Income tax expense	6	(60.7)	(51.4)
Profit after tax		**219.4**	**227.4**
Profit after tax attributable to:			
Members of Lend Lease Corporation Limited		217.8	226.5
Non controlling interests attributable to unitholders of Lend Lease Trust			
Profit after tax attributable to securityholders		217.8	226.5
Other non controlling interests		1.6	0.9
Profit after tax		**219.4**	**227.4**
Basic/Diluted Earnings Per Lend Lease Corporation Limited Share			
Shares excluding treasury shares (cents)	8	40.3	42.2
Shares on issue (cents)	8	38.1	40.0

Consolidated Financial Statements continued

Statement of Comprehensive Income

Half Year ended 31 December 2011

	Note	6 months December 2011 A$m	6 months December 2010 A$m
Profit After Tax		219.4	227.4
Other Comprehensive Income/(Expense) After Tax			
Movements in Fair Value Revaluation Reserve	15	(1.0)	(0.7)
Movements in Hedging Reserve	15	(49.7)	47.6
Movements in Foreign Currency Translation Reserve	15	23.1	(109.2)
Movements in Non Controlling Interest Acquisition Reserve	15	(1.8)	18.0
Other comprehensive expense		(29.4)	(44.3)
Total comprehensive income after tax		190.0	183.1
Total comprehensive income after tax attributable to:			
Members of Lend Lease Corporation Limited		188.3	186.0
Non controlling interests attributable to unitholders of Lend Lease Trust			
Total comprehensive income after tax attributable to securityholders		188.3	186.0
Other non controlling interests		1.7	(2.9)
Total comprehensive income after tax		190.0	183.1

Consolidated Financial Statements continued

Statement of Financial Position
As at 31 December 2011

	Note	December 2011 A$m	June 2011 A$m
Current Assets			
Cash and cash equivalents		1,251.2	1,046.2
Loans and receivables		1,680.0	1,724.0
Inventories	9	628.5	692.5
Other financial assets		73.0	94.2
Other assets		49.6	43.6
Non current asset held for sale	12		496.5
Total current assets		3,682.3	4,097.0
Non Current Assets			
Loans and receivables		288.4	330.3
Inventories	9	1,727.6	1,578.7
Equity accounted investments	10	534.7	541.4
Investment properties	11	3,286.2	3,216.0
Other financial assets		282.8	272.0
Deferred tax assets		100.5	115.7
Property, plant and equipment		629.4	595.2
Intangible assets		1,391.8	1,319.1
Defined benefit plan asset		37.7	32.6
Other assets		65.8	51.0
Total non current assets		8,344.9	8,052.0
Total assets		12,027.2	12,149.0
Current Liabilities			
Trade and other payables		3,253.1	3,263.1
Resident and accommodation bond liabilities		2,323.3	2,231.4
Current tax liabilities		40.9	0.8
Provisions		258.6	262.0
Borrowings and financing arrangements	13	97.1	
Other financial liabilities		56.3	37.1
Total current liabilities		6,029.3	5,794.4
Non Current Liabilities			
Trade and other payables		649.9	625.8
Provisions		121.4	74.2
Borrowings and financing arrangements	13	1,235.1	1,693.9
Other financial liabilities		210.8	201.4
Deferred tax liabilities		62.7	126.7
Total non current liabilities		2,279.9	2,722.0
Total liabilities		8,309.2	8,516.4
Net assets		3,718.0	3,632.6
Equity			
Issued capital	14	2,070.2	2,063.7
Treasury securities	14	(92.5)	(83.3)
Reserves	15	(137.4)	(108.4)
Retained earnings		1,860.6	1,725.6
Total equity attributable to members of Lend Lease Corporation Limited		3,700.9	3,597.6
Non controlling interests attributable to unitholders of Lend Lease Trust		0.6	0.6
Total equity attributable to securityholders		3,701.5	3,598.2
Other non controlling interests		16.5	34.4
Total equity		3,718.0	3,632.6

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statement of Changes in Equity
Half Year ended 31 December 2011

	Note	6 months December 2011 A$m	6 months December 2010 A$m
Issued Capital and Treasury Securities			
Issued Capital			
Opening balance at beginning of financial period		2,063.7	2,019.2
Transactions with owners for the period			
Equity issue via institutional placement (net of transaction costs)			(0.7)
Distribution Reinvestment Plan (DRP)		6.5	
Closing balance at end of financial period	14	2,070.2	2,018.5
Treasury Securities			
Opening balance at beginning of financial period		(83.3)	(74.4)
Transactions with owners for the period			
Treasury securities acquired		(21.9)	(1.1)
Treasury securities vested		12.7	7.5
Movement on allocated treasury securities recognised directly in retained earnings and equity compensation reserve			(0.8)
Closing balance at end of financial period	14	(92.5)	(68.8)
Total issued capital and treasury securities		1,977.7	1,949.7
Reserves			
Fair Value Revaluation Reserve			
Opening balance at beginning of financial period		39.9	37.8
Movements during the period		(1.0)	(0.7)
Closing balance at end of financial period	15	38.9	37.1
Hedging Reserve			
Opening balance at beginning of financial period		(45.4)	(88.2)
Movements during the period		(49.7)	47.6
Closing balance at end of financial period	15	(95.1)	(40.6)
Foreign Currency Translation Reserve			
Opening balance at beginning of financial period		(242.8)	(80.5)
Movements during the period		23.1	(109.2)
Closing balance at end of financial period	15	(219.7)	(189.7)
Non Controlling Interest Acquisition Reserve			
Opening balance at beginning of financial period		(86.3)	(110.9)
Movements during the period		(1.8)	18.0
Closing balance at end of financial period	15	(88.1)	(92.9)
Other Reserve			
Opening balance at beginning of financial period		111.7	110.4
Effect of foreign exchange rate/other movements		(0.3)	1.4
Closing balance at end of financial period	15	111.4	111.8
Equity Compensation Reserve			
Opening balance at beginning of financial period		60.1	48.0
Movements attributable to allocation and vesting of securities		0.7	1.4
Closing balance at end of financial period	15	60.8	49.4
Other Compensation Reserve			
Balance at beginning and end of financial period	15	54.4	54.4
Total reserves	15	(137.4)	(70.5)

Consolidated Financial Statements continued

Statement of Changes in Equity continued

Half Year ended 31 December 2011

	6 months December 2011 A$m	6 months December 2010 A$m
Retained Earnings		
Opening balance at beginning of financial period	1,725.6	1,404.5
Profit attributable to members of Lend Lease Corporation Limited	217.8	226.5
Transactions with owners for the period		
Distributions paid	(79.1)	(67.9)
Distributions on treasury securities	3.9	3.2
Distributions under DRP	(6.5)	
Movement on allocated treasury securities recognised directly in retained earnings	(1.1)	1.1
Closing balance at end of financial period	**1,860.6**	**1,567.4**
Non Controlling Interests Attributable to Unitholders of Lend Lease Trust		
Balance at beginning and end of financial period	**0.6**	**0.6**
Other Non Controlling Interests		
Opening balance at beginning of financial period	34.4	39.6
Profit attributable to non controlling interests	1.6	0.9
Transactions with owners for the period		
Movements attributable to dividends/distributions received	(0.2)	(0.6)
Movements attributable to disposal	(19.4)	
Effect of foreign exchange rate/other movements	0.1	(3.8)
Closing balance at end of financial period	**16.5**	**36.1**
Total equity	**3,718.0**	**3,483.3**
Total Comprehensive Income After Tax for the Financial Period		
Attributable to:		
Members of Lend Lease Corporation Limited	188.3	186.0
Non controlling interests attributable to unitholders of Lend Lease Trust		
Total comprehensive income after tax attributable to securityholders	**188.3**	**186.0**
Other non controlling interests	1.7	(2.9)
Total comprehensive income after tax	**190.0**	**183.1**

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statement of Cash Flows

Half Year ended 31 December 2011

	6 months December 2011 A$m	6 months December 2010 A$m
Cash Flows from Operating Activities		
Cash receipts in the course of operations	5,609.1	4,593.8
Cash payments in the course of operations	(5,351.9)	(4,730.0)
Property development receipts	227.6	260.4
Property development expenditure	(237.1)	(229.4)
Interest received	19.6	45.7
Interest paid	(76.6)	(63.4)
Dividends/distributions received	57.7	33.5
Income tax paid in respect of operations	(40.3)	(29.8)
Net cash provided by/(used in) operating activities	208.1	(119.2)
Cash Flows from Investing Activities		
Sale of asset held for sale	527.1	
Sale/redemption of investments	111.4	283.2
Acquisition of investments	(101.8)	(176.8)
Sale of investment properties	64.0	3.1
Acquisition of/capital expenditure on investment properties	(69.8)	(36.6)
Net loans to related parties	(30.0)	(9.0)
Disposal of consolidated entities (net of cash disposed)		15.1
Disposal of property, plant and equipment	1.7	2.6
Acquisition of property, plant and equipment	(28.3)	(19.6)
Acquisition of intangible assets	(13.8)	(8.9)
Other investing activities	(0.7)	(2.4)
Net cash provided by investing activities	459.8	50.7
Cash Flows from Financing Activities		
Repayment of borrowings	(377.7)	
Distributions paid	(75.2)	(64.7)
Other financing activities	(19.0)	(6.1)
Net cash (used in) financing activities	(471.9)	(70.8)
Other Cash Flow Items		
Effect of foreign exchange rate movements on cash and cash equivalents	9.0	(57.2)
Net increase/(decrease) in cash and cash equivalents	205.0	(196.5)
Cash and cash equivalents at beginning of financial period	1,046.2	1,635.9
Cash and cash equivalents at end of financial period	1,251.2	1,439.4

The accompanying notes form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies

Lend Lease Corporation Limited ('the Company') is domiciled in Australia. The consolidated financial report of the Company for the half year ended 31 December 2011 comprises the Company and its controlled entities including Lend Lease Trust (together referred to as the 'consolidated entity' or the 'Group').

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

The half year consolidated financial report was authorised for issue by the Directors on 20 February 2012.

1.1 Statement of Compliance

The half year consolidated financial report is a general purpose financial report that has been prepared in accordance with AASB 134 *'Interim Financial Reporting'* and the *Corporations Act 2001*. The half year consolidated financial report of the Group also complies with the recognition and measurement requirements of International Financial Reporting Standards (IFRS) and Interpretations adopted by the International Accounting Standards Board.

The half year consolidated financial report should be read in conjunction with the 30 June 2011 annual consolidated financial report and any public announcements by the Group during the half year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*. The half year consolidated financial report does not include all of the information required for a full financial report.

Certain comparative amounts have been reclassified to conform with the current period presentation.

1.2 Basis of Preparation

The half year consolidated financial report is presented in Australian dollars and is prepared under the historical cost basis except for the following assets and liabilities, which are stated at their fair value: derivative financial instruments, fair value through profit or loss investments, available for sale investments, investment property, resident liabilities and liabilities for cash settled share based compensation plans.

The preparation of an interim financial report that complies with AASB 134 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and income and expenses.

These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The accounting policies have been consistently applied by all entities in the Group and are consistent with those applied in the 30 June 2011 annual consolidated financial report.

Under Australian Accounting Standards, resident and accommodation bond liabilities are required to be classified as current liabilities as residents may depart the accommodation at any time, notwithstanding that history has shown that residents stay for an average period of 11 years in Independent Living Units (ILU), seven years in Serviced Apartments (SA) and three years in Aged Care facilities.

Notes to the Consolidated Financial Statements continued

	6 months December 2011 A$m	6 months December 2010 A$m
2. Revenue		
Revenue from the provision of services		
Construction	5,176.4	3,714.0
Development	180.5	178.2
Infrastructure Development	84.5	73.1
Investment Management	56.1	51.0
Total revenue from the provision of services	5,497.5	4,016.3
Revenue from the sale of development properties	243.9	229.1
Rental revenue	40.7	36.1
Other revenue	6.3	37.2
Total operating revenue	5,788.4	4,318.7
3. Other Income		
Net gain on disposal of equity accounted investments	31.8	113.2
Fair value gain on remeasurement of investment properties	17.2	24.7
Net gain on disposal of other assets and liabilities	14.2	
Fair value gain on derivative contracts held for trading	0.1	3.6
Other	12.0	6.5
Total other income	75.3	148.0
4. Operating Expenses		
Profit before income tax includes the following operating expense items:		
Net defined benefit plan expense	5.4	8.0
Expenses include impairments/provisions raised/(written back) relating to:		
Loans and receivables	2.9	8.9
Other financial assets		0.2
Property inventories	(17.0)	(0.8)
Operating lease expense	41.7	32.9
Depreciation and amortisation	37.6	20.9
Net foreign exchange loss/(gain)	6.1	(5.8)
5. Finance Revenue and Finance Costs		
Finance Revenue		
Related parties	11.3	12.4
Other corporations	16.6	30.5
Total interest finance revenue	27.9	42.9
Interest discounting	1.4	5.1
Total finance revenue	29.3	48.0
Finance Costs		
Other corporations	(58.7)	(53.6)
Less: Capitalised interest finance costs	3.1	0.5
Total interest finance costs	(55.6)	(53.1)
Non interest finance costs	(5.5)	(5.7)
Interest discounting	(0.1)	(1.4)
Total finance (costs)	(61.2)	(60.2)
Net finance (costs)	(31.9)	(12.2)

Notes to the Consolidated Financial Statements continued

	6 months December 2011 A$m	6 months December 2010 A$m
6. Taxation		
Income Tax Expense		
Recognised in the Income Statement		
Current Tax Expense		
Current period	125.7	54.6
Adjustments for prior periods	(1.0)	(0.6)
Benefits of tax losses recognised	(7.1)	(21.2)
	117.6	32.8
Deferred Tax Expense		
Origination and reversal of temporary differences	(56.9)	18.6
Total income tax expense	60.7	51.4
Reconciliation of Income Tax Expense		
Profit before tax	280.1	278.8
Income tax using the domestic corporation tax rate (30%)	84.0	83.6
Non assessable dividends/income	(7.5)	(8.9)
Profit accounted for using the equity method	(2.4)	(4.3)
Non allowable expenses	6.9	11.3
Other net recovery of tax losses	(3.4)	(14.1)
Tax temporary differences not recognised in the period	2.8	9.6
Temporary differences (recognised/recovered)/written off	(21.6)	(3.0)
Variation in tax rates	4.4	7.4
Non assessable gain on disposal of investments	(6.9)	(28.3)
Over provision in prior periods	(1.0)	(0.6)
Other	5.4	(1.3)
Income tax expense	60.7	51.4

Notes to the Consolidated Financial Statements continued

	Cents Per Share	Franked Amount Per Share %	Company 6 months December 2011 A$m	Company 6 months December 2010 A$m
7. Distributions[1, 2]				
Parent Company Interim Dividend				
December 2011 – declared subsequent to reporting date (payable 30 March 2012)[3]	16.0		91.5	
December 2010 – paid 30 March 2011	20.0	50		113.1
			91.5	**113.1**

	Cents Per Share	Franked Amount Per Share %	6 months June 2011 A$m	6 months June 2010 A$m
Parent Company Final Dividend				
June 2011 – paid 30 September 2011	15.0		85.6	
June 2010 – paid 24 September 2010	12.0	100		67.9
			85.6	**67.9**

1 No distributions were declared by LLT for the half year ended 31 December 2011 (December 2010: nil).
2 Includes distributions paid on treasury shares.
3 No provision for this distribution has been recognised in the statement of financial position at 31 December 2011 as it was declared after the end of the financial period.

		December 2011 Shares Excluding Treasury Shares	December 2011 Shares on Issue	December 2010 Shares Excluding Treasury Shares	December 2010 Shares on Issue
8. Earnings Per Stapled Security/Share[1]					
Basic/Diluted Earnings Per Share (EPS)					
Profit attributable to members of Lend Lease Corporation Limited used in calculating basic/diluted EPS	A$m	217.8	217.8	226.5	226.5
Weighted average number of ordinary shares	m	540.1	571.4	536.1	565.6
Basic/diluted EPS	cents	40.3	38.1	42.2	40.0

1 The earnings per stapled security are equivalent to the earnings per share for the half year ended 31 December 2011 as the earnings attributable to LLT for the same period were nil (December 2010: nil).

Notes to the Consolidated Financial Statements continued

	Note	December 2011 A$m	June 2011 A$m
9. Inventories			
Current			
Development properties	9a	332.8	361.0
Construction work in progress	9b	280.7	319.5
Other		15.0	12.0
Total current		628.5	692.5
Non Current			
Development properties	9a	1,727.6	1,578.7
Total inventories		2,356.1	2,271.2
a. Development Properties			
Australia		1,477.6	1,399.6
Europe		552.5	528.9
Americas		30.3	11.2
Total development properties		2,060.4	1,939.7
b. Construction Work in Progress			
Construction work in progress comprises:			
Contract costs incurred to date		58,430.3	56,438.6
Profit recognised to date		6,782.5	6,722.0
		65,212.8	63,160.6
Less: Progress billings received and receivable on contracts		(66,093.8)	(63,928.6)
Net construction work in progress		(881.0)	(768.0)
Costs in excess of billings – inventories		280.7	319.5
Billings in excess of costs – trade payables		(1,161.7)	(1,087.5)
		(881.0)	(768.0)
10. Equity Accounted Investments			
Associates			
Investment in associates		367.5	349.4
Less: Impairment		(14.2)	(14.2)
Total associates		353.3	335.2
Joint Ventures			
Investment in joint ventures		197.9	222.4
Less: Impairment		(16.5)	(16.2)
Total joint ventures		181.4	206.2
Total equity accounted investments		534.7	541.4

Notes to the Consolidated Financial Statements continued

	Interest December 2011 %	Interest June 2011 %	Share of Profit/(Loss) After Tax December 2011 A$m	Share of Profit/(Loss) After Tax December 2010 A$m	Net Book Value December 2011 A$m	Net Book Value June 2011 A$m
10. Equity Accounted Investments continued						
a. Associates						
Australia						
Lend Lease Real Estate Partners 3	25.0	25.0	1.6	1.3	59.3	51.8
Lend Lease Communities Fund 1	20.8	20.8	(0.6)	(0.6)	16.3	16.6
Other			1.6	2.7	4.5	5.4
Total Australia			**2.6**	**3.4**	**80.1**	**73.8**
Asia						
Asia Pacific Investment Company No. 2 Limited	21.1	21.1	8.7	11.5	127.5	121.7
CDR JV Ltd (313@somerset)	25.0	25.0	2.1	3.4	93.6	91.4
Triple Eight JV Ltd (Jem)	25.0	25.0	(0.4)		53.5	50.4
LLJV (Jem)			(0.1)	0.4	8.3	7.7
Total Asia			**10.3**	**15.3**	**282.9**	**271.2**
Europe						
Other				2.0	4.0	3.9
Total Europe			**–**	**2.0**	**4.0**	**3.9**
Americas						
Other			0.6	0.6	0.5	0.5
Total Americas			**0.6**	**0.6**	**0.5**	**0.5**
Total			**13.5**	**21.3**	**367.5**	**349.4**
Less: Impairment					(14.2)	(14.2)
Total associates			**13.5**	**21.3**	**353.3**	**335.2**
b. Joint Ventures[1]						
Australia						
V5 Trust – Convesso	50.0	50.0	0.1		34.5	21.8
Casey 2 Joint Venture (Springbank)	50.0	50.0	1.3	0.8	20.6	23.3
Pyrmont Trust (Jacksons Landing)	50.0	50.0	(0.2)	5.2	12.1	13.3
D2G Joint Venture	64.0	64.0	18.5		5.6	12.7
Caroline Springs Joint Venture	50.0	50.0	2.4	6.5	5.5	7.6
Forde Development (ACT)	50.0	50.0	3.3	3.3	4.5	4.0
Abigroup GHL Joint Venture	75.0	75.0	5.4		3.0	2.6
Other			8.6	2.5	64.2	59.0
Total Australia			**39.4**	**18.3**	**150.0**	**144.3**
Europe						
Catalyst Healthcare (Manchester) Holdings Ltd		50.0		0.9		6.7
Majadahonda Hospital	25.0	25.0	1.1	1.2	13.0	16.4
Waste 2 Resources Ltd Liability Partnership	50.0	50.0		(12.0)		
Global Renewables Lancashire Holdings Limited	50.0	50.0	2.0		1.7	20.0
Other			(0.1)	(1.9)	30.6	30.3
Total Europe			**3.0**	**(11.8)**	**45.3**	**73.4**
Americas						
King of Prussia Associates[2]		50.0		16.3		
Other			0.5	0.9	2.6	4.7
Total Americas			**0.5**	**17.2**	**2.6**	**4.7**
Total			**42.9**	**23.7**	**197.9**	**222.4**
Less: Impairment					(16.5)	(16.2)
Total joint ventures			**42.9**	**23.7**	**181.4**	**206.2**
Total equity accounted investments			**56.4**	**45.0**	**534.7**	**541.4**

1 Where the Group has an ownership interest in a joint venture greater than 50% but does not have the capacity to control financial and operating decisions, the joint venture is not consolidated.

2 In May 2011 the Group entered into an agreement to dispose of its 50% interest in King of Prussia Associates. At 30 June 2011 the Group's interest in King of Prussia Associates was reclassified within the Statement of Financial Position to 'Non Current Asset Held for Sale' (refer to Note 12). In August 2011, the Group's interest was sold.

Notes to the Consolidated Financial Statements continued

11. Investment Properties

	December 2011 A$m	June 2011 A$m
Retirement living properties	3,089.3	2,965.3
Retail properties	14.9	99.8
Assets under construction	182.0	150.9
Total investment properties	**3,286.2**	**3,216.0**

The gross fair value of retirement living properties was A$3,089.3 million at 31 December 2011 (30 June 2011: A$2,965.3 million). The net value of retirement living properties was A$874.3 million (30 June 2011: A$825.3 million), representing the gross investment property fair value, less resident liabilities and related deferred revenue.

12. Non Current Asset Held for Sale

In May 2011 the Group announced it had entered into a conditional agreement to dispose of its 50% interest in King of Prussia Associates, the owner of the King of Prussia shopping mall in the United States. Prior to commencing the disposal process, this investment was classified as an equity accounted investment (joint venture) by the Group. The transaction completed in August 2011.

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

13. Borrowings and Financing Arrangements

a. Borrowings – Measured at Amortised Cost

	December 2011 A$m	June 2011 A$m
Current		
Commercial notes	**97.1**	–
Non Current		
Commercial notes	656.2	735.0
Bank credit facilities	578.9	958.9
Total non current	**1,235.1**	**1,693.9**
Total borrowings	**1,332.2**	**1,693.9**

b. Finance Facilities

The Group has access to the following lines of credit:

	December 2011 A$m	June 2011 A$m
Commercial Notes		
Facility available	753.3	735.0
Amount of facility used	(753.3)	(735.0)
Amount of facility unused	**–**	**–**
Bank Credit Facilities		
Facility available	1,766.4	1,756.9
Amount of facility used	(578.9)	(958.9)
Amount of facility unused	**1,187.5**	**798.0**
Bank Overdrafts		
Facility available	17.8	17.7
Amount of facility used		
Amount of facility unused	**17.8**	**17.7**

Commercial notes include £300.0 million of 6.125% annual coupon guaranteed notes due 12 October 2021 that were issued in October 2006 in the UK public bond market and US$300.0 million of guaranteed senior notes at 5.75% (all in rate) issued in the US Private Placement debt market maturing in October of 2012, 2015 and 2017.

Bank credit facilities include a committed syndicated bank facility maturing in July 2013 of £360.0 million in the UK which was undrawn at 31 December 2011, an A$975.0 million committed bank facility maturing in July 2014 (A$595.0 million) and July 2016 (A$380.0 million) which was drawn to A$350.0 million at 31 December 2011 and a fully drawn A$225.0 million term facility maturing in December 2015.

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

Notes to the Consolidated Financial Statements continued

14. Issued Capital and Treasury Securities

	Lend Lease Corporation Limited				Lend Lease Trust			
	December 2011		June 2011		December 2011		June 2011	
	No. of Shares m	A$m	No. of Shares m	A$m	No. of Units m	A$m	No. of Units m	A$m
Issued Capital								
Issued capital at beginning of financial period	570.9	2,063.7	565.6	2,019.2	570.9	0.6	565.6	0.6
Movements during financial period:								
Equity issue (net of transaction costs)				(0.7)				
Distribution Reinvestment Plan	0.9	6.5	5.3	45.2	0.9		5.3	
Issued capital at end of financial period	571.8	2,070.2	570.9	2,063.7	571.8	0.6	570.9	0.6

Issuance of Securities

As at 31 December 2011 the Group had 571.8 million stapled securities on issue equivalent to the number of Lend Lease Corporation shares and LLT units on issue as at that date. The issued units of LLT are not owned by the Company and are therefore presented as non controlling interests in the consolidated statement of financial position within equity.

Security Accumulation Plans

The Group's Distribution Reinvestment Plan (DRP) was reactivated in February 2011. Subject to the rules of the DRP, the issue price is the arithmetic average of the daily volume weighted average price of Lend Lease stapled securities traded (on the Australian Securities Exchange) for the period of nine consecutive business days immediately following the record date for determining entitlements to distribution. Stapled securities issued under the DRP rank equally with all other stapled securities on issue.

Terms and Conditions

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

A stapled security represents one share in the Company stapled to one unit in LLT.

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

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

	Lend Lease Corporation Limited				Lend Lease Trust			
	December 2011		June 2011		December 2011		June 2011	
	No. of Shares m	A$m	No. of Shares m	A$m	No. of Units m	A$m	No. of Units m	A$m
Treasury Securities[1]								
Balance at beginning of financial period	30.9	83.3	29.9	74.4	30.9		29.9	
Movements during financial period:								
Treasury securities acquired	2.7	21.9	1.9	16.3	2.7		1.9	
Treasury securities vested	(2.0)	(12.7)	(0.9)	(7.4)	(2.0)		(0.9)	
Balance at end of financial period	31.6	92.5	30.9	83.3	31.6	–	30.9	–

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

Notes to the Consolidated Financial Statements continued

	6 months December 2011 A$m	6 months December 2010 A$m
15. Reserves		
Fair Value Revaluation Reserve		
Opening balance at beginning of financial period	39.9	37.8
Comprehensive income for the period		
Revaluation (loss)/gain recognised in equity	(1.0)	0.2
Effect of foreign exchange rate/other movements		(0.9)
Closing balance at end of financial period	**38.9**	**37.1**
Hedging Reserve		
Opening balance at beginning of financial period	(45.4)	(88.2)
Comprehensive income for the period		
Movements attributable to effective cash flow hedges on equity accounted investments/other	(52.6)	12.2
Transfer of ineffective cash flow hedge movement to income statement	0.1	(1.5)
Hedging loss transferred to income statement on asset disposal	7.7	35.4
Effect of foreign exchange rate/other movements	(4.9)	1.5
Closing balance at end of financial period	**(95.1)**	**(40.6)**
Foreign Currency Translation Reserve		
Opening balance at beginning of financial period	(242.8)	(80.5)
Comprehensive income for the period		
Movements attributable to translation of foreign operations	23.1	(109.2)
Closing balance at end of financial period	**(219.7)**	**(189.7)**
Non Controlling Interest Acquisition Reserve		
Opening balance at beginning of financial period	(86.3)	(110.9)
Comprehensive income for the period		
Effect of foreign exchange rate/other movements	(1.8)	18.0
Closing balance at end of financial period	**(88.1)**	**(92.9)**
Other Reserve		
Opening balance at beginning of financial period	111.7	110.4
Transaction with owners for the period		
Effect of foreign exchange rate/other movements	(0.3)	1.4
Closing balance at end of financial period	**111.4**	**111.8**
Equity Compensation Reserve		
Opening balance at beginning of financial period	60.1	48.0
Transactions with owners for the period		
Movements attributable to allocation and vesting of securities	0.7	1.4
Closing balance at end of financial period	**60.8**	**49.4**
Other Compensation Reserve		
Closing balance at beginning and end of financial period	**54.4**	**54.4**
Total reserves	(137.4)	(70.5)

Notes to the Consolidated Financial Statements continued

16. Contingent Liabilities

The Group has the following contingent liabilities:

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

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

The Group has, over the years, established a range of employee share ownership vehicles which include the Lend Lease Retirement Benefit Fund (RBF) and the Lend Lease Employee Investment Trust (EIT). In the event of a change of control, the RBF and EIT Trustees may distribute the funds of these Trusts to employees who cease to be employees during the 12 months after a change of control. Any payments made need to be funded by these Trusts and cannot exceed the value of the assets of the Trusts. As RBF and EIT are consolidated by the Company, this potential obligation is disclosed as a contingent liability. Full details are disclosed in the 30 June 2011 annual consolidated financial report.

In September 2004, a class action was filed against a number of parties who responded to the World Trade Center emergency and debris removal following the events of 9/11. The action was brought against more than 50 defendants, including the City of New York and Lend Lease (US) Construction LMB Inc. formerly known as Bovis Lend Lease LMB, Inc. ('LL LMB') (a subsidiary of Lend Lease). Judge Alvin K Hellerstein of the United States Federal Court for the Southern District of New York refused to certify the class action and as such the litigation proceeds as a consolidated action by individual claimants. The number of claimants who have brought proceedings against LL LMB is approximately 16,337 (comprising 9,845 first named claimants and 6,492 derivative claimants – for example, spouses).

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

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

Additionally, on 2 January 2011, the US President signed the James Zadroga 9/11 Health and Compensation Act of 2010 into law. Among other things, this legislation re-opens the September 11th Victim Compensation Fund, such that current claimants may also now be eligible to seek compensation from the United States government. The Act also limits the liability of the City of New York and various contractors, including LL LMB, for claims related to the clean-up operations. The Regulations, which made the Act operative, became effective on 3 October 2011. Under the Zadroga Act, in order to claim benefits under the 9/11 Victim Compensation Fund, anyone with a pending 9/11 related lawsuit must have withdrawn from such lawsuit by 2 January 2012.

LL LMB may still need to defend claims made by plaintiffs who do not opt into the settlement, who are ineligible or otherwise decline to participate in the re-opened Victim Compensation Fund, or who bring new claims against LL LMB. As at 6 January 2012, there were 90 such claims, of which 60 name LL LMB as a defendant. To establish any liability on the part of LL LMB, the claimants must prove that LL LMB owed them a duty of care, breached that duty, and that their injuries were caused by the conduct of LL LMB. Any such litigation therefore would still need to proceed through a number of stages before any liability could attach to LL LMB. As with all litigation, to the extent that the claimants are able to establish liability against LL LMB, it is not possible at this stage to quantify what that liability may or may not be or whether or not that liability will be entirely covered by insurance. It is also not possible at this time to ascertain how the limitation of liability in the Zadroga Act will apply to any particular claim against LL LMB going forward but, as to contractors such as LL LMB, the Act limits liability to those amounts remaining in the WTC Captive Insurance Company plus any insurance coverage that was available and applicable on 11 September 2001 for the particular contractor.

Notes to the Consolidated Financial Statements continued

16. Contingent Liabilities continued

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

17. Consolidated Entities

a. Acquisitions

During the current and prior period, there were no acquisitions of consolidated entities.

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

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

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

The fair values ascribed to the net identifiable assets of Valemus were considered provisional at 30 June 2011, as permitted by Australian Accounting Standards. In the six months to 31 December 2011 the fair values of these assets and liabilities have been finalised resulting in an increase to goodwill on acquisition from A$681.7 million to A$723.7 million. The goodwill is attributable to several factors including Valemus' substantial future project pipeline and the synergies and scale benefits from combining the acquired operations with those of the existing Construction business of the Group. The goodwill arising from the transaction is not deductible for tax purposes.

	Ownership Interest Disposed %	Date Disposed	Consideration Received A$m
b. Disposals			
December 2011			
During the period there were no disposals of consolidated entities.			
December 2010			
Australia			
LLD (Coolum Western) Pty Limited	100	23 Dec 10	13.4
Coeur de Lion Holdings Pty Limited[1]	50	23 Dec 10	5.0

1 The Group still holds 100% in Coeur de Lion Holdings Pty Limited but due to the agreement in place where the economic outcomes are shared with Sekisui House Australia, this has been deconsolidated and is now classified as an equity accounted investment, refer Note 10 'Equity Accounted Investments'.

Notes to the Consolidated Financial Statements continued

18. Segment Reporting

The segment results are discussed and analysed in the Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) included with this report.

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

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

Development
The Development business operates in all four major geographic regions and is involved in the development of master-planned urban communities, inner-city mixed-use developments, apartments, retail and the retirement living and aged care sector.

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

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

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

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

	Segment Revenue		Operating Result After Tax (Excluding Minority Interests)	
	6 months December 2011 A$m	6 months December 2010 A$m	6 months December 2011 A$m	6 months December 2010 A$m
Australia	3,807.2	2,223.8	207.1	136.7
Asia	379.2	166.1	28.8	15.8
Europe	643.3	851.7	43.0	94.6
Americas	969.8	1,088.0	18.1	28.9
Total segment	5,799.5	4,329.6	297.0	276.0
Reconciling items				
Corporate activities	18.2	37.1	(76.2)	(55.8)
Property investment revaluations			(3.0)	6.3
Statutory result attributable to securityholders	5,817.7	4,366.7	217.8	226.5

19. Events Subsequent to Balance Date

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

Directors' Declaration

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

1. The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
   a. Giving a true and fair view of the financial position of the Company and its controlled entities as at 31 December 2011 and of their performance for the half year ended on that date; and
   b. Complying with Australian Accounting Standard AASB 134 *'Interim Financial Reporting'* and the *Corporations Regulations 2001*.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

D A Crawford, AO
Chairman

S B McCann
Managing Director

Sydney, 20 February 2012

Independent auditor's review report to the members of Lend Lease Corporation Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Lend Lease Corporation Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2011, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year (the Group).

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Lend Lease Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lend Lease Corporation Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Stuart Marshall
Partner

Sydney

20th February 2012