ASX Announcement

10 September 2012

Composition of Abigroup Results

Lend Lease today announces that Senior Group Management and the Board have identified certain discrepancies and issues in relation to the reporting and recognition of profits and losses on two projects within the Abigroup operations in Australia. These discrepancies involve the potential under-reporting of the anticipated profit on one project and the potential under-reporting of the anticipated loss on another project.

Based on the information currently received by Senior Group Management and the Board, and noting that a review of these matters has not yet been completed, Senior Group Management and the Board have no reason to believe that these matters would have a net material impact on the Group's FY2012 financial position or results, or the Group's outlook.

Given the nature of these matters and the need to investigate them fully, and the steps which have now been taken regarding oversight and management of Abigroup outlined below, the company believes it is appropriate to advise the market at this stage.

Based on the information currently available, it appears that:

- the Group's full share of available profits from the D2G joint venture in Queensland as at 30 June 2012 was not disclosed to Senior Group Management, the Board or the external auditors. As a consequence, the extent of the anticipated profit on that project may not have been adequately recognised within the Group's results; and

- certain costs on the Peninsula Link Project in Victoria anticipated as at 30 June 2012 may not have been appropriately accounted for in determining the financial results of that project, and key information was not disclosed to Senior Group Management, the Board or the external auditors. As a consequence, the extent of the anticipated loss on that project may not have been adequately recognised within the Group's results.

Lend Lease is conducting an immediate and thorough investigation of these matters and all the surrounding circumstances in conjunction with the Group's external auditors. A number of executives responsible for oversight and management of Abigroup will stand aside during the investigation. Until further notice, responsibility for the operational and financial oversight of the Australian construction business, including Abigroup, has been assumed by Mr David Saxelby (Chief Operating Officer, Australia) and Mr Andrew Muller (Group Financial Controller), reporting respectively to Mr Mark Menhinnitt (Chief Executive Officer, Australia) and Mr Frank Krile (Chief Financial Officer, Australia).

Lend Lease Group Chief Executive Officer and Managing Director, Mr Steve McCann, said "We take seriously any potential reporting and compliance issues, and are committed to resolving this matter fully and as quickly as possible."

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