Lend Lease

ASX Announcement

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

23 August 2013

Lend Lease Group today announces its results for the year ended 30 June 2013. Attached are the following documents:

- Preliminary Final Report (Appendix 4E)

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

ENDS

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Lend Lease Group

Appendix 4E

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

Preliminary Final Report for the financial year ended 30 June 2013
(previous corresponding period being the financial year ended 30 June 2012)

Results for Announcement to the Market

Profit After Tax

	June 2013 A$m	June 2012 A$m	% Change
Revenue	12,208.9	11,547.5	5.7
Profit after tax attributable to securityholders	551.6	501.4	10.0

Stapling of the Company Shares and LLT Units

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 separately in the consolidated entity Statement of Financial Position within equity, notwithstanding that the unitholders of LLT are also the shareholders of the Company.

Dividends/Distributions

	Amount per security	Franked amount per security
Interim dividend/distribution – paid 27 March 2013	22.0 cents	0.0 cents
Final dividend/distribution – payable 27 September 2013	20.0 cents	0.0 cents
Total amount per security	**42.0 cents**	**0.0 cents**

The final dividend/distribution is comprised of an unfranked dividend of 19.009245 cents per share payable by the Company, sourced from the Conduit Foreign Income ('CFI') account, and a trust distribution of 0.990755 cents per unit payable by LLT.

The record date for determining entitlement to the final distribution is 11 September 2013 ('Record Date') and the distribution is payable on 27 September 2013.

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 11 September 2013. 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 seven 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

	June 2013	June 2012
Net tangible assets per security	A$5.33	A$4.38

The Annual General Meeting

The Annual General Meeting will be held in the Grand Ballroom, Four Seasons Hotel, 199 George Street, Sydney, NSW at 10:00am on Friday 15 November 2013. The Annual Report will be available in September 2013.

The remainder of the information requiring disclosure to comply with listing rule 4.3A is contained in the attached June 2013 Management Discussion and Analysis and the audited June 2013 Annual Consolidated Financial Report.

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

Table of Contents

The following management discussion and analysis (MD&A) is based on the Lend Lease Group (the Group) Consolidated Financial Statements for the year ended 30 June 2013 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.

The Group's Statutory results are prepared in accordance with International Financial Reporting Standards (IFRS) and are presented in the audited and reviewed consolidated financial statements. The Operating results are non-IFRS measures which are used by the Group to measure and assess performance, and to make decisions on the allocation of resources. The operating results exclude certain unrealised property investment revaluation gains and losses, which are identified in the audited consolidated financial statements.

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

Overview

Introduction

Lend Lease's vision is to create the best places, which supports its strategic direction 'to be the leading international property and infrastructure group'. Our core lines of business are development, construction, investment management, services and ownership of property and infrastructure assets. The Group has clear priorities and is currently focused on the delivery and execution of its major projects, disciplined portfolio management, driving operational efficiencies and allocating capital to key growth platforms.

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

- **Development:** involves the development of urban communities, inner-city mixed-use developments, apartments, retirement, retail, commercial and healthcare assets;
- **Construction:** involves project management, building, engineering and construction services;
- **Investment Management:** involves property and infrastructure investment management, property management and asset management and includes the Group's ownership interests in property and infrastructure investments; and
- **Infrastructure Development:** arranges, manages and invests in Public Private Partnership (PPP) projects.

2013 Key Highlights

	Operating Profit after Tax A$m	Underlying Operating Cash flow A$m	Operating ROE %	Net Debt A$m	Gearing %	Operating EPS cents	Dividends / Distributions cents
2013	553.0	472.7	13.5	691.9	6.1	96.3	42
2012	507.2	(11.2)	13.6	655.2	6.3	88.7	38
Percentage movement	+9%	Large	-0.1%	+6%	-0.2%	+9%	+11%

The Group made further progress implementing its strategy during the year with the following key achievements:

Development:

- **Estimated pipeline end value** of A$37.4 billion (June 2012: A$37.2 billion);
- Progress on **Barangaroo South** in Australia:
  - Tenant pre-commitments of 71% for the commercial floor space in the first two towers (77% including current Memorandums of Understanding);
  - Working with Crown Limited to reach an agreement to develop an international hotel;
  - Planning approval for the first two residential towers;
- Sale of the Group's 25% interest in the **Jem®** retail asset in Singapore, which opened in June 2013;
- Commencement of activity at **Elephant & Castle** in the UK:
  - Planning approval for the £1.5 billion regeneration masterplan achieved;
  - Launch of the first two residential buildings, One The Elephant and Trafalgar Place, with 61% pre-sales achieved;
- Divestment of the Group's interest in Greenwich Peninsula Regeneration Limited in the UK.

Construction:

- **Securing new work** of A$12.7 billion including Sunshine Coast University Hospital; New Bendigo Hospital; and the Pacific Highway Nambucca Heads to Urunga upgrade in Australia; Kingsgate House in the UK; and 432 Park Avenue and Privatized Army Lodging (PAL) Group C in the US;
- Successful completion of the construction of **Jem®**, a retail and office asset in Singapore;
- Closing **backlog revenue** of A$16.2 billion (June 2012: A$15.1 billion). Backlog revenue increases to circa A$17.2 billion including Sydney International Convention, Exhibition and Entertainment Precinct which is at the preferred bidder stage.

Investment Management:

- **Funds under management** of A$15.0 billion (June 2012: A$12.3 billion);
- Launch of Lend Lease International Towers Sydney Trust with funding for the first two commercial towers at Barangaroo South;
- Launch of the Lend Lease Jem Partners Fund and subsequent purchase of the Group's 25% interest in **Jem®**.

Infrastructure Development:

- Financial close on three infrastructure development projects in Australia - Sunshine Coast University Hospital, Eastern Goldfields Regional Prison and New Bendigo Hospital;
- Sale of a further two UK PPP assets to the UK Infrastructure Fund;
- Financial close of the Privatized Army Lodging (PAL) Group C in the US.

Corporate:

- A$0.6 billion of new debt issued (A$375.0 million Australian medium term notes and S$275.0 million Singapore bond).

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

Overview

Financial Performance

Income Statement		June 2013 A$m	June 2012 A$m	Percentage Movement
Revenue		12,208.9	11,547.5	6%
Other Income		222.2	154.9	43%
Expenses		(11,839.6)	(11,217.4)	(6%)
Share of profit of equity accounted investments		152.7	179.3	(15%)
EBITDA		**744.2**	**664.3**	**12%**
Depreciation and amortisation		(86.9)	(77.4)	(12%)
EBIT		**657.3**	**586.9**	**12%**
Finance Revenue		44.0	62.2	(29%)
Finance Cost		(124.8)	(121.8)	(2%)
Profit before tax		**576.5**	**527.3**	**9%**
Income tax expense		(22.6)	(18.4)	(23%)
External non controlling interest		(0.9)	(1.7)	47%
Operating profit after tax		**553.0**	**507.2**	**9%**
Property investment revaluations[1]		(1.4)	(5.8)	76%
Statutory profit after tax		**551.6**	**501.4**	**10%**
Securityholder Returns				
EPS on operating profit after tax	cents	96.3	88.7	9%
Return on equity (ROE) on operating profit after tax	%	13.5	13.6	0%
Weighted average stapled securities	no.	574.3	571.8	0%
Dividends/distributions per stapled security	cents	42	38	11%
Franking	%	0	0	0%
Payout ratio on operating profit after tax	%	44	43	2%

1 Property investment revaluations include amounts reclassified from expenses and tax.

The key components of this result are as follows:

- **Operating EBITDA** increased by 12% driven by a strong performance from the Development and Infrastructure Development businesses;
- The **effective tax rate** is 4% (June 2012: 3%) mainly due to benefits from asset sales, research and development, and the recognition of tax deductions associated with the retirement living and aged care business.

Income Statement by Line of Business	Revenue[1] June 2013 A$m	Revenue[1] June 2012 A$m	EBITDA June 2013 A$m	EBITDA June 2012 A$m	Profit/(Loss) After Tax June 2013 A$m	Profit/(Loss) After Tax June 2012 A$m
Development	1,163.9	563.0	354.3	74.9	403.2	166.1
Construction	10,548.8	10,475.8	316.9	475.7	192.8	284.7
Investment Management	185.7	336.6	101.1	191.2	71.9	158.2
Infrastructure Development	325.2	190.4	141.9	67.7	104.5	65.0
Total operating businesses	**12,223.6**	**11,565.8**	**914.2**	**809.5**	**772.4**	**674.0**
Total Corporate	29.3	43.9	(170.0)	(145.2)	(219.4)	(166.8)
Total operating	**12,252.9**	**11,609.7**	**744.2**	**664.3**	**553.0**	**507.2**

1 Includes revenue and finance revenue from the Income Statement above.

Key line of business highlights include:

- **Development** profit after tax increased by A$237.1 million to A$403.2 million, primarily due to earnings relating to the first two commercial towers at Barangaroo South, the sale of the Group's interest in Jem®, and divestment of Greenwich Peninsula Regeneration Limited;
- **Construction** profit after tax decreased by A$91.9 million to A$192.8 million, primarily due to the tightening of the Australian, Asian and UK construction markets and impacts of project underperformance in Australia and the UK;
- **Investment Management** profit after tax decreased by A$86.3 million to A$71.9 million, due to the prior year including profit from the sale of Asia Pacific Investment Company No. 2 Limited and the New Zealand Retail Portfolio;
- **Infrastructure Development** profit after tax increased by A$39.5 million to A$104.5 million, primarily due to fees earned from the financial close of four infrastructure development projects - Sunshine Coast University Hospital, Eastern Goldfields Regional Prison, New Bendigo Hospital in Australia and the Privatized Army Lodging (PAL) Group C project in the US;
- **Corporate** costs after tax increased by A$52.6 million to A$219.4 million due to the impact of one-off costs relating to the restructure of the Australia business, the transformation program and the Abigroup investigation.

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

Overview

Financial Position

Statement of Financial Position[1]	June 2013 A$m	June 2012 A$m	Percentage Movement
Cash and cash equivalents	1,538.4	957.9	61%
Inventories	2,891.0	2,818.5	3%
Equity accounted investments	585.5	470.2	25%
Investment properties	4,023.8	3,415.0	18%
Other financial assets	550.9	410.9	34%
Other assets	4,620.8	4,631.0	0%
Total assets	**14,210.4**	**12,703.5**	**12%**
Current borrowings and financing arrangements		100.0	(100%)
Non current borrowings and financing arrangements	1,976.2	1,257.1	57%
Other financial liabilities	270.0	279.0	(3%)
Other liabilities	7,634.9	7,156.2	7%
Total liabilities	**9,881.1**	**8,792.3**	**12%**
Net assets	**4,329.3**	**3,911.2**	**11%**

1 The foreign exchange rates applied to the Statement of Financial Position as at 30 June 2013 are A$1 = £0.61 (June 2012: A$1 = £0.62), A$1 = US$0.93 (June 2012: A$1 = US$1.00) and A$1 = S$1.23 (June 2012: A$1 = S$1.26).

The key components of the financial position are as follows:

- A strong liquidity position, with **cash and cash equivalents** of A$1,538.4 million (June 2012: A$957.9 million) and undrawn committed bank facilities of A$1,099.4 million (June 2012: A$1,242.5 million);
- **Inventories** have increased by A$72.5 million to A$2,891.0 million, largely due to an increase in work in progress in Development Australia and UK;
- **Bluewater** is held as inventory, and therefore measured in the financial statements at cost, which at 30 June 2013 was A$444.2 million (June 2012: A$433.6 million). The market value of 100% of Bluewater at 30 June 2013 increased by 8% to £1,830.0 million (A$3,000.0 million). The market value of the Group's 30% direct interest in Australian dollars increased by 16% to A$900.0 million;
- **Equity accounted investments** increased by A$115.3 million to A$585.5 million, largely attributable to an increase in joint venture investments, with the award and financial close of Sunshine Coast University Hospital, Eastern Goldfields Regional Prison and New Bendigo Hospital during the year. In addition, during the year the Lend Lease International Towers Sydney Trust was launched with funding for the first two commercial towers at Barangaroo South. These increases have been partially offset by the sale of the Group's 25% interest in Jem®;
- **Investment properties** have increased by A$608.8 million to A$4,023.8 million, primarily due to the acquisition of four retirement villages and capital expenditure and revaluations on senior living and other development properties. These increases were offset by the sale of the Aged Care business and one retirement village;
- **Other financial assets** have increased by A$140.0 million to A$550.9 million, primarily due to the A$71.7 million promissory note received on the sale of the Aged Care business and a fair value gain on the Group's 10.1% investment in ARIF 3, which owns 75% of Jem® which is recognised in the fair value revaluation reserve and reflected in the Statement of Comprehensive Income rather than the Income Statement;
- **Current borrowings** reduced as the Group repaid US$100.0 million of the US Private Placement during October 2012;
- **Non current borrowings** increased by A$719.1 million, mainly due to the Group's issuance of S$275.0 million Singapore dollar-denominated senior unsecured notes, maturing in July 2017 and A$375.0 million Australian medium term notes maturing in November 2018 and May 2020;
- **Other financial liabilities** remain materially unchanged. They include lease liabilities in relation to Construction Australia's infrastructure business and the Bluewater finance leases; and
- **Other liabilities** have increased by A$478.7 million to A$7,634.9 million, primarily due to an increase in senior living resident liabilities arising from the acquisition of four retirement villages, partially offset by the reduction in resident liabilities following the sale of the Aged Care business.

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

Overview

Cash Flow

The Group had a net cash inflow in the year of A$580.5 million. The Group considers cash flows from operations to include the cash flow from business operations and any activity associated with these operations; this is aligned to the Group's definition of operating profit. As such, the underlying cash flows from the Group's operating businesses were A$472.7 million during the year. This includes a reclassification of cash flows from investing to operating of A$377.8 million which include the divestment of the Group's interest in Greenwich Peninsula Regeneration Limited (A$156.5 million) and Jem® (A$188.7 million), net cash inflow from Australia Development projects (A$96.3 million) and net cash outflow of A$3.6 million from Construction joint ventures.

Outlined in the table below are cash flows in accordance with accounting standards and as reported in the Group's financial statements for the year.

	June 2013 A$m	June 2012 A$m
Cash flows from operating activities	94.9	(46.1)
Cash flows from investing activities	151.6	505.4
Cash flows from financing activities	302.8	(566.0)
Effect of foreign exchange rate movements on cash and cash equivalents	31.2	18.4
Total cash flows	**580.5**	**(88.3)**

The key components of the net cash inflow include:

- **Operating** cash inflows of A$94.9 million are largely due to net Construction inflows, offset by net development expenditure in Australia and UK;
- **Investing** cash inflows of A$151.6 million include the proceeds from the sale of the Group's interest in Greenwich Peninsula Regeneration Limited and Jem® offset by the launch of Lend Lease International Towers Sydney Trust;
- **Financing** cash inflows of A$302.8 million primarily relate to new debt facilities - A$375.0 million Australian medium term notes and S$275.0 million Singapore bond, partially offset by the US$100.0 million partial repayment of the Group's US Private Placement and dividends/distributions payments in the year.

Group Funding

		June 2013	June 2012
Net debt[1]	A$m	691.9	655.2
Gross borrowings to total tangible assets[2]	%	17.2	14.3
Net debt to total tangible assets, less cash[3]	%	6.1	6.3
Interest coverage[4]	times	6.4	6.0
Average cost of debt including margins	%	5.7	6.2
Average debt duration	years	4.3	4.7
Debt mix fixed:floating	ratio	77:23	77:23
Undrawn facilities	A$m	1,099.4	1,242.5

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.

On-Balance Sheet Debt

	Gross Facility	Amortised Cost[1]	Drawn	Expiry
Bilateral credit facility	A$225m	A$223.8m	A$223.8m	Dec-15
Syndicated credit facility	A$975m	A$973.6m	A$348.6m	Various[2]
UK bond issue	£300m	A$486.0m	A$486.0m	Oct-21
Club revolving credit facility	£330m	A$541.0m	A$100.0m	Various[3]
US Private Placement	US$200m	A$214.8m	A$214.8m	Various[4]
Singapore bond	S$275m	A$222.1m	A$222.1m	Jul-17
Australian medium term notes	A$375m	A$372.1m	A$372.1m	Various[5]

1 Gross facility less unamortised transaction costs as recorded in the financial statements.
2 A$595 million expires in July 2014 and A$380 million expires in July 2016.
3 £165 million expires in December 2016 and £165 million expires in December 2017.
4 US$175 million expires in October 2015 and US$25 million expires in October 2017.
5 A$250 million expires in November 2018 and A$125 million expires in May 2020.

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

Australia

Key Financial Results

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

	Revenue		EBITDA		Profit/(Loss) After Tax	
	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m
Development	1,107.0	528.1	276.4	72.5	274.4	158.4
Construction	6,441.7	6,616.8	225.6	358.3	152.7	223.5
Investment Management	98.6	253.0	53.4	62.8	38.4	43.3
Infrastructure Development	87.4	13.4	58.9	7.6	41.1	4.7
Total Australia	**7,734.7**	**7,411.3**	**614.3**	**501.2**	**506.6**	**429.9**

In **Australia**, profit after tax increased by A$76.7 million to A$506.6 million.

- The **Development** business was the main contributor to the increase in profit, primarily due to earnings relating to the first two commercial towers at Barangaroo South, partially offset by reduced residential activity in the year;
- The **Construction** business results for the year have been impacted by the tightening of market conditions and the underperformance of some projects in the second half of the financial year;
- The **Investment Management** business prior year results included the sale of the New Zealand Retail Portfolio to Lend Lease Real Estate Partnership New Zealand;
- The **Infrastructure Development** results include fees received following the financial close of Sunshine Coast University Hospital, Eastern Goldfields Regional Prison and New Bendigo Hospital.

The Australia business secured a number of significant projects during the year:

- In July 2012, the Group, as part of the Exemplar Health consortium, was selected by Queensland Health to deliver the A$2.0 billion **Sunshine Coast University Hospital**. The consortium has entered into a PPP arrangement to design, construct, maintain and finance the hospital. The Construction business is performing the design and construction, and the Infrastructure Development business acted as financial adviser to the consortium. The Group will invest 50% equity in the project vehicle;
- In March 2013, the Group achieved contractual close with the NSW Government to deliver the A$1.0 billion PPP component of the **Sydney International Convention, Exhibition and Entertainment Precinct** project, as part of the Darling Harbour Live consortium. The Construction business will perform the design and construction and the Infrastructure Development business is acting as PPP development manager and financial adviser to the consortium. The Group will invest 50% equity in the project vehicle. Financial close is expected in FY14;
- In addition, the Group has executed Project Development Agreements with Infrastructure NSW and Sydney Harbour Foreshore Authority to develop a mixed-use site adjacent to the Sydney International Convention, Exhibition and Entertainment Precinct site, with an anticipated end development value in excess of A$1.5 billion;
- In November 2012, the Group was awarded the contract for the redevelopment of the **Lakeside Joondalup Shopping Centre** in Perth, WA with an end value of A$291.0 million. Construction commenced on the redevelopment during the year. The asset is owned 50% by Australian Prime Property Fund Retail and 50% by a Lend Lease investment mandate client;
- In June 2013, the Construction business was awarded the A$500.0 million **Pacific Highway Nambucca Heads to Urunga upgrade**.

In addition, the Group achieved a number of key milestones on the **Barangaroo South** development during the year:

- The launch of Lend Lease International Towers Sydney Trust, with funding for the first two commercial towers;
- Working with Crown Limited to reach an agreement to develop an international hotel;
- Negotiations with tenants continued, with pre-commitments for 71% of the commercial floor space (77% including current Memorandums of Understanding);
- In July 2013, planning approval was received for the first two residential buildings, Anadara and Alexander, totalling 159 apartments. Early enquiry for the apartments from potential customers is strong, with more than 5,000 enquiries and over 150 $10,000 registration fees paid to date.

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

Australia

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 mixed-use, retail, office, hotels, light industrial and social infrastructure).

	Residential Land Lots		Residential Built-Form		Commercial[3]		Total	
	June 2013	June 2012	June 2013	June 2012	June 2013	June 2012	June 2013	June 2012
Number of projects							38	39
Settlements[1]								
Number of units	2,295	2,059	173	523			2,468	2,582
Gross sales value (A$m)	457.5	460.5	124.8	549.9	627.9	90.2	1,210.2	1,100.6
Pre sales[1,2]								
Number of units	1,312	1,369	505	390			1,817	1,759
Gross sales value (A$m)	251.3	277.9	364.4	288.7	60.1	87.0	675.8	653.6
Backlog[4]								
Zoned residential units[5]	55,545	57,910	13,620	11,935			69,165	69,845
Unzoned residential units			466	466			466	466
Commercial (sqm/000s)					5,552	5,814	5,552	5,814

1 Includes 100% of joint venture projects and therefore will not necessarily correlate with the Group's profit after tax.
2 Pre-sales do not form part of profit after tax in the current year and are expected to be recognised in future years. Pre sales land lots represent contracts entered into prior to 30 June 2013 that have not met the revenue recognition criteria. Pre sales built-form represents contracts entered into prior to 30 June 2013 for buildings that have not achieved completion. Joint venture sales are shown at 100% of sales value.
3 The number of units settled and pre sales number of units are not relevant measures for the commercial segment above.
4 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.
5 The June 2012 zoned backlog residential units have been restated from 70,120 to 69,845, to reflect a revised position on the Ropes Crossing project.

Key trading events in the **Residential and Commercial** sector during the year include:

- **Residential land lots:**
  - Settlements increased by 11%, reflecting improved trading in NSW from Jordan Springs; in Qld from new communities projects, Yarrabilba and Stoneleigh Reserve; and in WA from Alkimos and Coolbellup;
  - Pre sales decreased by 4% from the prior year to 1,312 units;
  - Average price per lot settled decreased by 11%, and pre sold average price decreased by 6% reflecting a change in product mix.
- **Residential built-form units**:
  - Settlements reduced by 67%, due to project completions at Victoria Harbour and Jacksons Landing;
  - Average price per unit settled of A$721,200 reflects the Group's planned response to change in market demand for smaller, more affordable apartments rather than larger, premium apartments. The prior year average price of A$1,051,000 primarily comprised premium apartments at Jacksons Landing in Sydney and Convesso at Victoria Harbour;
  - Pre sales increased by 30% to 505, due to pre-sales at Richmond, The Green at RNA Showgrounds and Concavo at Victoria Harbour;
  - Average price of pre sales decreased by 3% in response to a change in market demand for smaller, more affordable apartments rather than larger, premium apartments.
- **Commercial:**
  - Sales of A$627.9 million primarily relate to the funding of the first two commercial towers at Barangaroo South, however, there have also been settlements at Victoria Harbour, Jacksons Landing and Varsity Lakes during the year.
- **Backlog**:
  - Remains largely unchanged as the business focuses on execution and delivery of the existing portfolio;
  - The execution of the project Development Agreement on Waterbank, Perth has added 800 residential built-form units and 20,000 commercial square metres to backlog;
  - The Group executed Project Development Agreements in relation to the A$1.5 billion mixed-use site adjacent to the Sydney International Convention, Exhibition and Entertainment Precinct project, which is reflected in backlog;
  - Subsequent to 30 June 2013, the Group executed a Development Agreement for Batman's Hill, Vic redevelopment with an end development value of approximately A$1.5 billion. This project will add to backlog in future years.

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

Australia

Development continued

Retirement Living and Aged Care

Retirement Living and Aged Care includes the development, management and ownership of retirement villages and aged care facilities.

Retirement Living[1]	June 2013	June 2012
Number of retirement villages	71	71
Number of retirement units	12,417	12,606
Number of primary retirement units settled	206	195
Gross sales value of primary retirement units settled (A$m)	82.8	74.3
Number of resale retirement units settled	794	812
Gross sales value of resale retirement units settled (A$m)	263.4	266.0
Development backlog - Retirement village units (with planning approval)[1]	1,247	1,270

Aged Care[1,2]	June 2013	June 2012
Number of aged care facilities		30
Number of aged care beds		2,318
Aged care occupancy (%)		96.0
Development backlog - Aged care beds (with licences)[1]		583

1 Includes 100% of Group-owned, joint venture and managed properties.
2 The Group sold the Aged Care business during the year.

Key trading events in the **Retirement Living and Aged Care** sector during the year include:

- The **sale of the Aged Care business** for A$271.7 million to Australian Aged Care Partners, which is controlled by funds managed or advised by Archer Capital. The Group received cash proceeds of A$200.0 million in addition to a promissory note of A$71.7 million;
- **Settlements** of 1,000 retirement living units comprising:
  - 206 units on villages under development (with an additional 85 reserved);
  - 794 units across owned and managed villages (with an additional 221 reserved);
- The business acquired three villages, **Little Bay, Ngunnawal** and **Waterford Links**, and also sold three villages, **Glen Woodley**, **Riverwood** and **Claremont Terrace**, in the year, which has had a net reduction in the number of units in the portfolio;
- The Group also completed the acquisition of several villages that were being managed and were previously included in the portfolio numbers at 30 June 2012. These include **Martha's Point**, **Brentwood** and three villages acquired from a Lend Lease managed fund - **Keperra Sanctuary**, **Fiddler's Green** and **Abervale**.

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

Australia

Construction

	June 2013	June 2012
Revenue (A$m)[1]	6,441.7	6,616.8
Gross profit margin (A$m)[1]	339.1	563.5
Revenue (A$m)[2]	7,351.8	7,503.3
Gross profit margin (A$m)[2]	454.6	693.4
Profit after tax (A$m)[2]	152.7	223.5
New work secured revenue (A$m)[2,3]	7,654.6	8,152.9
Backlog revenue (A$m)[2,3]	9,560.9	9,264.5

1 Excludes revenue and gross profit margin from joint venture and associate projects, which are accounted for using the equity method.
2 Includes revenue and gross profit margin from joint venture and associate projects, which are accounted for using the equity method.
3 Excludes Sydney International Convention, Exhibition and Entertainment Precinct.

Key trading events in the **Construction** business during the year include:

- **Profit after tax** decreased by A$70.8 million to A$152.7 million, due to a tightening of market conditions and the impact of the underperformance of some projects in the second half of the financial year, the majority of which are substantially complete at year end;
- **Key projects contributing to earnings** in the year included the Gold Coast University Hospital, Sunshine Coast University Hospital, Ipswich Motorway upgrade and Queensland Children's Hospital in Qld; the new Royal Children's Hospital and Craigieburn Town Centre in Vic; the Hume Highway upgrade, Hunter Expressway and Macleay River Bridge in NSW; City Central Tower 8 and Adelaide Oval in SA; and Northern Territory Secure Facilities in the Northern Territory;
- **New work secured** during the year was A$7.7 billion. Key projects include Sunshine Coast University Hospital in Qld; the redevelopment of the Lakeside Joondalup shopping centre in WA; the design and construction of the New Bendigo Hospital and the City West Police Complex in Vic; Epping to Thornleigh Third Track Project Alliance, Pacific Highway Nambucca Heads to Urunga upgrade, early works package for the North West Rail Link, the Dr Chau Chak Wing Building at the University of Technology Sydney and the second commercial tower at Barangaroo South in NSW;
- In March 2013 the Group achieved contractual close with the NSW Government to deliver the A$1.0 billion PPP component of the **Sydney International Convention, Exhibition and Entertainment Precinct** project, as part of the Darling Harbour Live consortium. The Construction business will perform the design and construction component. The project is not currently included in backlog but will significantly add to backlog in future years;
- **Backlog revenue** at 30 June 2013 is A$9.6 billion and includes a mix of building and engineering projects. Key projects include basement works and the first two commercial towers at Barangaroo South, the University of Technology Sydney Faculty of Engineering and Information Technology and Dr Chau Chak Wing buildings, Hunter Expressway, Pacific Highway upgrade from Tintenbar to Ewingsdale and the M5 West Widening in NSW; Sunshine Coast University Hospital, Queensland Children's Hospital and Cairns Base Hospital in Qld; the Lakeside Joondalup Shopping Centre in WA; the Melbourne Park and Box Hill redevelopments and the Regional Rail Link project in Vic; Adelaide Convention Centre Redevelopment and Adelaide Oval Redevelopment in SA; and a new correctional and mental health facility in the Northern Territory;
- In June 2013, the Group announced its restructure of the Australia Construction business, through the consolidation of its Project Management and Construction, Abigroup, Baulderstone, and Infrastructure Services businesses. The strengths of these four businesses will be transitioned into sector-based businesses with one business in each of the building, engineering and services sectors. The new structure took effect on 1 August 2013 and will create more effective and competitive operating businesses and will enable greater leverage of skills and expertise, improved operational systems and efficiencies.

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

Australia

Investment Management

	June 2013	June 2012
Profit after tax (A$m)	38.4	43.3
Funds under management (FUM)[1] (A$b)	10.3	8.8
Assets under management (AUM)[2] (A$b)	5.3	5.2

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 assets for which the Group provides property and asset management services to third-party owners.

Key trading events in the **Investment Management** business during the year include:

- **Profit after tax** decreased by A$4.9 million to A$38.4 million due to a reduction in investment income following the sale of the Group's interest in the New Zealand Retail Portfolio in the prior year. This reduction has been partially offset by an increase in retail centre management income due to a full 12 months of management fees from Cairns Central and Centro Northgate;
- The A$1.5 billion increase in **FUM** mainly relates to the launch of Lend Lease International Towers Sydney Trust. In July 2012, the Group launched a wholesale investment vehicle, **Lend Lease International Towers Sydney Trust**, with A$2.0 billion of equity commitments for the funding and development of the first two commercial towers at Barangaroo South. The Group will provide fund management services to Lend Lease International Towers Sydney Trust and invest up to 25% of the total commitment. In addition, the cornerstone investors will have the opportunity to invest further equity in the funding of the third commercial tower.

Infrastructure Development

	June 2013	June 2012
Profit after tax (A$m)	41.1	4.7
Gross profit margin (A$m)	87.4	24.7
Equity returns (A$m)	1.1	(0.1)
Number of projects[1]	5	1
Invested equity (A$m)	44.1	
Committed equity (A$m)[2]	106.7	15.0

1 Number of projects includes projects where the Group is preferred bidder and combines extensions of existing projects.
2 Committed equity at June 2013 excludes Sydney International Convention, Exhibition and Entertainment Precinct.

Key trading events in the **Infrastructure Development** business during the year include:

- **Profit after tax** increased by A$36.4 million to A$41.1 million, principally due to fees received by the business in relation to Sunshine Coast University Hospital, Eastern Goldfields Regional Prison and New Bendigo Hospital;
- In July 2012, the Group, as part of a consortium, was selected by Queensland Health to deliver the A$2.0 billion **Sunshine Coast University Hospital**. The Infrastructure Development business acted as financial adviser and development manager to the consortium. The Group will invest 50% of the equity in the Exemplar Health project vehicle;
- In December 2012, the Group, as part of a consortium, reached financial close on the A$250.0 million **Eastern Goldfields Regional Prison** redevelopment project. The Infrastructure Development business acted as financial adviser and development manager for the consortium and the Group has committed to invest 50% of the equity in the Assure Partners Consortium project vehicle;
- In April 2013, the State of Victoria awarded the contract for the A$630.0 million **New Bendigo Hospital** project to the Exemplar Health consortium. In May 2013 financial close took place. The Infrastructure Development business acted as financial adviser and development manager for the Exemplar Health consortium, and the Group invested 50% of the equity in the project vehicle;
- In March 2013, the Group achieved contractual close on the **Sydney International Convention, Exhibition and Entertainment Precinct**. Financial close is expected in FY14.

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

Asia

Key Financial Results

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

	Revenue		EBITDA		Profit/(Loss) After Tax	
	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m
Development	7.3	13.9	59.3	14.9	74.2	11.1
Construction	611.0	708.3	56.3	40.4	28.6	25.8
Investment Management	22.2	18.7	12.4	60.8	9.8	69.3
Total Asia	**640.5**	**740.9**	**128.0**	**116.1**	**112.6**	**106.2**

In **Asia**, profit after tax increased by A$6.4 million to A$112.6 million.

- The **Development** business includes the profit on the sale of the Group's interest in the Jem® retail asset in Singapore;
- The **Construction** business profit after tax has increased by A$2.8 million to A$28.6 million, with the key contributors being finalisation of the Jem® project and continued delivery of the telecommunications rollouts across Japan;
- The **Investment Management** prior year result included the partial sell down of the Group's interest in Asia Pacific Investment Company No. 2 Limited and the investment income prior to its sale, plus the recognition of a deferred profit from the sale of the Group's 25% direct ownership in PoMo.

Development

	June 2013	June 2012
Profit after tax (A$m)	74.2	11.1
Number of development projects	1	1
Backlog – commercial and retail (sqm/000s)	32	109

Key trading events in the **Development** business during the year include:

- **Profit after tax** increased by A$63.1 million to A$74.2 million and primarily includes the profit on sale of the Group's 25% interest in the Jem® project and associated utilisation of accumulated tax losses;
- During the year, the Group completed the retail component of the Jem® mixed-use development project which was fully leased at year end;
- The office component is due for completion in October 2013 and has been fully leased to the Singapore Ministry of National Development;
- In June 2013, Jem® was sold to Lend Lease Jem Partners Fund Limited;
- The current year backlog relates to the office component of Jem®.

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

Asia

Construction

	June 2013	June 2012
Revenue (A$m)[1]	611.0	708.3
Gross profit margin (A$m)[1]	102.1	71.2
Profit after tax (A$m)	28.6	25.8
New work secured revenue (A$m)[1]	414.2	665.7
Backlog revenue (A$m)[1]	475.7	692.7

1 Nil revenue and gross profit margin from joint venture and associate projects.

Key trading events in the **Construction** business during the year include:

- **Profit after tax** increased by A$2.8 million to A$28.6 million. Key projects in Asia continue to include the Jem® mixed-use development project in Singapore and the telecommunications rollout across Japan;
- **Revenue** has decreased by A$97.3 million due to the finalisation of projects in Taiwan, which contributed significant revenues in the prior year. The decrease in Taiwan operations is partially offset by increased revenues in the Japan and Singapore operations;
- The **gross profit margin** percentage has increased due to increased contributions from Japan and China, which have relatively higher margins compared to the prior year;
- The **new work secured revenue** in the year principally comprises further telecommunications rollout work in Japan, the GEMS World Academy, Amgen and INSEAD Phase 3 in Singapore. These projects are all key components of **backlog revenue** as at 30 June 2013.

Investment Management

	June 2013	June 2012
Profit after tax (A$m)	9.8	69.3
Funds under management (FUM)[1] (A$b)	3.3	2.2
Assets under management (AUM)[2] (A$b)	3.5	1.9

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

Key trading events in the **Investment Management** business during the year include:

- **Profit after tax** decreased by A$59.5 million to A$9.8 million. The prior year result included the profit from the partial sell down of the Group's interest in Asia Pacific Investment Company No. 2 Limited and recognition of deferred profit from the sale of the Group's 25% direct ownership interest in PoMo;
- The increase in **FUM** is attributable to the launch of Lend Lease Jem Partners Fund Limited and the increased value of Lend Lease Asian Retail Investment Fund 3, which has a 75% interest in the Jem® development. During the year, Lend Lease Jem Partners Fund Limited was created to acquire the Group's 25% direct interest in the Jem® development;
- The increase in **AUM** is mainly due to the retail component of the Jem® development commencing operations in June 2013 and the increased market value on Setia City Mall, which opened in Malaysia in May 2012.

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/(Loss) After Tax	
	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m
Development	16.2	18.0	24.5	(3.8)	56.4	0.2
Construction	881.9	1,105.0	(14.6)	32.3	(15.0)	21.2
Investment Management	64.9	64.8	35.3	45.1	23.7	32.6
Infrastructure Development	180.4	137.7	34.1	40.9	34.4	47.9
Total Europe	1,143.4	1,325.5	79.3	114.5	99.5	101.9

In **Europe**, profit after tax decreased by A$2.4 million to A$99.5 million.

- The **Development** business is the main contributor to the Europe current year profit, predominantly due to the profit on the sale of the Group's interest in Greenwich Peninsula Regeneration Limited, which completed in July 2012;
- **Construction** profit after tax decreased by A$36.2 million in the year, primarily due to a reduction in volume across the UK, Spain, Italy and Russia; the underperformance of some projects in the second half of the year; and the cost of restructuring the UK business;
- **Investment Management** profit after tax decreased by A$8.9 million due to reduced net investment income following the sale of the Group's ownership interest in Chelmsford Meadows shopping centre in the prior year, which also included profit on the sale;
- The **Infrastructure Development** business current year result includes profit on the sale of two education PPP assets to the UK Infrastructure Fund, as compared to the prior year, which included the sale of five UK PPP assets to the UK Infrastructure Fund.

Development

	June 2013	June 2012
Profit after tax (A$m)	56.4	0.2
Number of projects	27	23
Settlements		
Number of units settled[1]	9,206	245
Gross sales value of units settled (A$m)[1,2]	124.0	22.4
Pre sales		
Number of pre sales[1,3]	326	6
Gross sales value of pre sales (A$m)[1,3]	196.0	2.6
Backlog[4]		
Residential zoned units	5,394	11,858
Residential unzoned units	533	3,294
Commercial (sqm/000s)	389	747

1 Includes 100% of joint venture projects and therefore will not necessarily correlate with the Group's profit after tax.
2 Gross sales value of units settled reflects residential and non residential revenue from projects.
3 Pre-sales represent contracts entered into prior to 30 June 2013 that have not settled and therefore do not form part of profit after tax in the current year. These sales are expected to settle in future years. Joint venture sales are shown at 100% of sales value.
4 Backlog includes the total number of units in both Group-owned and joint venture projects.

Key trading events in the **Development** business during the year include:

- The movement in **settlements** and **backlog** is largely due to the sale of Greenwich Peninsula Regeneration Limited;
- **Pre sales** for the current year predominantly include Elephant & Castle sales for One The Elephant and Trafalgar Place. Sales launches for these sites occurred in January 2013 and April 2013, respectively;
- During the year, the Group continued to progress its key urban regeneration project, **Elephant & Castle** in Central London, with the following achievements;
  - In November 2012, planning was achieved on the first residential phase, One The Elephant;
  - In January 2013, the Group was granted planning permission by Southwark Council for the £1.5 billion masterplan;
  - In February 2013, the Group was granted planning permission for Trafalgar Place;
  - Pre sales at One The Elephant and Trafalgar Place with 61% pre sold;
  - Construction commenced in July 2013 on both One The Elephant and Trafalgar Place.

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

Europe

Construction

	June 2013	June 2012
Revenue (A$m)[1]	881.9	1,105.0
Gross profit margin (A$m)[1]	69.2	108.0
Revenue (A$m)[2]	885.3	1,108.5
Gross profit margin (A$m)[2]	72.6	111.7
(Loss)/profit after tax (A$m)[2]	(15.0)	21.2
New work secured revenue (A$m)[2,3]	1,132.2	813.1
Backlog revenue (A$m)[2,3]	1,260.3	1,104.8

1 Excludes revenue and gross profit margin from joint venture and associate projects, which are accounted for using the equity method.
2 Includes revenue and gross profit margin from joint venture and associate projects, which are accounted for using the equity method.
3 June 2012 new work secured and backlog revenue has been restated for revised positions on certain projects.

Key trading events in the **Construction** business during the year include:

- **Gross profit margin** has decreased due to the reduction in revenue in the UK, Spain and Italy; the underperformance of some projects in the second half of the year; and the cost of restructuring the UK business. Key GPM contributors in the current year include the Birmingham Building Schools for the Future programme and UK Ministry of Defence projects;
- **New work secured revenue** for the year includes Kingsgate House, UK Ministry of Defence projects, Cramlington Hospital and the Elephant & Castle projects - One The Elephant and Trafalgar Place.

Investment Management

	June 2013	June 2012
Profit after tax (A$m)	23.7	32.6
Funds under management (FUM)[1] (A$b)	1.4	1.3
Assets under management (AUM)[2] (A$b)	3.6	3.2

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

Key trading events in the **Investment Management** business during the year include:

- **Bluewater** contributed gross operating income of A$43.3 million before tax in the year (June 2012: A$40.9 million). The year on year increase is driven by a reduction in vacancy rates;
- **Bluewater** is held as inventory, and therefore in the financial statements measured at cost, which at 30 June 2013 was A$444.2 million (June 2012: A$433.6 million). The market value of 100% of Bluewater at 30 June 2013 increased by 8% to £1,830.0 million (A$3,000.0 million). The market value of the Group's 30% direct interest in Australian dollars increased by 16% to A$900.0 million.

Infrastructure Development

	June 2013	June 2012
Profit after tax (A$m)	34.4	47.9
Gross profit margin (A$m)[1]	40.2	11.8
Equity returns (A$m)[2]	15.5	52.4
Number of projects	25	24
Invested equity (A$m)	105.1	98.4
Committed equity (A$m)	17.7	9.7
Backlog revenue (A$m)	1,518.5	910.7

1 Gross profit margin relates to asset and facilities management services provided and does not include equity returns or asset sales.
2 Equity returns include loan stock interest and the profit before tax from the sale of the Group's equity interest in PPP assets.

Key trading events in the **Infrastructure Development** business during the year include:

- The Group was awarded preferred bidder to lead a consortium to design and build a €200.0 million hospital in **Treviso**, Italy and provide facility management services over the 21 year concession period. The award and 10 years of associated future facilities management revenue has resulted in an increase in backlog revenue in the current year.

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

Americas

Key Financial Results

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

	Revenue		EBITDA		Profit/(Loss) After Tax	
	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m
Development	33.4	3.0	(5.9)	(8.7)	(1.8)	(3.6)
Construction	2,614.2	2,045.7	49.6	44.7	26.5	14.2
Investment Management		0.1		22.5		13.0
Infrastructure Development	57.4	39.3	48.9	19.2	29.0	12.4
Total Americas	**2,705.0**	**2,088.1**	**92.6**	**77.7**	**53.7**	**36.0**

In the **Americas**, profit after tax increased by A$17.7 million to A$53.7 million.

- During the current year, the **Development** business completed and sold its ownership in the Bon Secours St. Francis Watkins Centre in Virginia and commenced construction on three new projects;
- **Construction** profit increased by A$12.3 million due to the continued improvement in the core commercial markets of New York and Chicago and improved profit from the Military Housing Privatization Initiative projects due to realisation of earnings as more projects in the portfolio achieve substantial completion. The prior year was impacted by the New York investigation;
- The **Investment Management** prior year result included profit relating to completion of the sale of the Group's 50% ownership interest in the King of Prussia shopping mall;
- **Infrastructure Development** profit increased by A$16.6 million mainly due to reaching financial close of the US Department of the Army's Privatized Army Lodging (PAL) Group C project.

Development

Healthcare

	June 2013	June 2012
Revenue (A$m)	33.4	3.0
(Loss) after tax (A$m)	(1.8)	(3.6)
Number of projects	8	6

The **Development** business focuses on developing, financing, leasing and managing property in the healthcare sector.

Key trading events in the Development business during the year include:

- Sale of the Group's ownership in the **Bon Secours St. Francis Watkins Centre** in Virginia. This was the first asset developed under the acquired Healthcare business (formerly named DASCO);
- During the year, construction commenced on three new healthcare development assets and the business was also awarded preferred bidder on a further four projects;
- The Healthcare business has expanded its operations from private providers to public provision with the selection as preferred bidder during the year on the Winston-Salem Veterans Affairs Healthcare Centre (A$100.0 million). The Group was awarded the contract in July 2013.

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

Americas

Construction

	June 2013	June 2012
Revenue (A$m)[1]	2,614.2	2,045.7
Gross profit margin (A$m)[1]	139.3	152.2
Revenue (A$m)[2]	2,618.9	2,063.1
Gross profit margin (A$m)[2]	140.9	152.7
Profit after tax (A$m)[2]	26.5	14.2
New work secured revenue (A$m)[2]	3,514.1	1,738.8
Backlog revenue (A$m)[2]	4,937.1	4,003.5

1 Excludes revenue and gross profit margin from joint venture and associate projects, which are accounted for using the equity method.
2 Includes revenue and gross profit margin from joint venture and associate projects, which are accounted for using the equity method.

Key trading events in the **Construction** business during the year include:

- During the year there was continued recovery in the Construction core markets, including New York and Chicago. There have also been signs of improvement in other areas, with preferred positions on new projects in San Francisco, Boston and Washington, D.C.;
- **New work secured of A$3.5 billion** includes the following key projects: a 60 storey, 146 unit residential building at 56 Leonard Avenue in New York; the 455 North Park hotel and apartment building, and the 500 Lake Shore residential tower, both in Chicago; the LUMINA 655 unit residential building and two nine storey buildings in San Francisco; and the construction work on the recently closed final phase of the Privatization of Army Lodging (PAL), the Group C project;
- **Backlog revenue** increased 23% to A$4.9 billion in the year to 30 June 2013 and includes key projects such as the residential project at 56 Leonard Avenue in New York, One57 a high-rise residential building at Carnegie and 57th Street in New York, a residential building at 400 Park Avenue South in New York, and LUMINA in San Francisco, as well as A$1.4 billion of construction from the Infrastructure Development pipeline.

Infrastructure Development

	June 2013	June 2012
Profit after tax (A$m)	29.0	12.4
Gross profit margin (A$m)[1]	50.9	28.9
Equity returns (A$m)	5.9	2.4
New work secured revenue (A$m)	73.8	56.4
Number of projects[2]	22	22
Invested equity (A$m)	69.7	64.8
Committed equity (A$m)	30.9	30.5
Backlog revenue[3]	367.7	344.5
Backlog (number of units under management)		
Operational (secured)	52,900	49,340
Preferred bidder (awarded)		6,800
Total backlog	**52,900**	**56,140**

1 Gross profit margin relates to development and asset management services provided.
2 Number of projects includes extensions of existing projects and projects where the Group is the preferred bidder. Where a project has multiple phases, these have been combined on completion for the purposes of presentation. The 30 June 2012 MD&A disclosed 27 projects, this has now been revised to 22 projects.
3 Backlog revenue disclosed includes 10 years of backlog from facilities management, even though the contracts run for up to 50 years. Although backlog is realised over several years, the average foreign exchange rate for the current year has been applied to the closing backlog balance in its entirety as the average rates for later years cannot be predicted. In local currency, the backlog revenue is US$378.7 million (June 2012: US$358.3 million). Prior year backlog revenue has been restated to include equity returns.

Key trading events in the **Infrastructure Development** business during the year include:

- Financial close of the final stage of the Privatization of Army Lodging (PAL) Group C project drove an increase in **new work secured and backlog revenue**;
- **Backlog unit** reduction is due to the revision of development plans of the Privatization of Army (PAL) Lodging program prior to financial close;
- The majority of Military Housing projects are approaching stabilisation of operations as the initial development periods come to completion. However, opportunities remain for further development over the remaining term of the ground lease. Performance in each project was in line with expectations for the year.

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

Corporate

Group Services

Group Services loss after tax increased by A$62.0 million to A$152.0 million due to the Group's restructuring of the Australia business, the transformation program and the Abigroup investigation.

Group Treasury

Group Treasury manages the Group's liquidity, foreign exchange exposures, interest rate risk and debt.

	Profit/(Loss) Before Tax		Profit/(Loss) After Tax	
	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m
Interest revenue	28.3	38.6	22.3	27.7
Interest expense and other costs	(117.7)	(131.9)	(84.0)	(94.8)
Net hedge (cost)/benefit	(8.2)	(13.6)	(5.7)	(9.7)
Total Group Treasury	**(97.6)**	**(106.9)**	**(67.4)**	**(76.8)**

Key trading elements of the Group Treasury contribution during the year include:

- Reduced **interest revenue** of A$10.3 million is due to lower average cash balances and interest rates compared to the prior year. The interest rate on invested cash averaged 3.5% per annum for the year (June 2012: 3.9%);
- Reduced **interest expense** of A$14.2 million is primarily due to reduced facility costs and gains on mark to market derivatives. The Group's weighted average cost of debt at 30 June 2013 is 5.7% (Jun 2012: 6.2%);
- The Group hedges material foreign currency cash flows with any foreign exchange gains or losses allocated to the relevant business unit's operating profit. The cost of these hedges is allocated to Group Treasury. The reduction in hedging costs reflects the decrease in the volume of hedges undertaken during the year together with the impact of changes in interest rates;
- 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. In the year, the foreign currency translation reserve decreased by A$34.9 million.

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

Appendix 1[3,4]

Operating Results by Region Detail

	Revenue		EBITDA		Profit/(Loss) Before Tax[1]		Profit/(Loss) After Tax[2]	
	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m
Australia								
Development	1,107.0	528.1	276.4	72.5	266.8	59.1	274.4	158.4
Construction	6,441.7	6,616.8	225.6	358.3	173.3	306.9	152.7	223.5
Investment Management	98.6	253.0	53.4	62.8	53.3	62.1	38.4	43.3
Infrastructure Development	87.4	13.4	58.9	7.6	58.9	7.5	41.1	4.7
Total Australia	**7,734.7**	**7,411.3**	**614.3**	**501.2**	**552.3**	**435.6**	**506.6**	**429.9**
Asia								
Development	7.3	13.9	59.3	14.9	59.3	14.9	74.2	11.1
Construction	611.0	708.3	56.3	40.4	54.1	39.7	28.6	25.8
Investment Management	22.2	18.7	12.4	60.8	12.4	60.7	9.8	69.3
Total Asia	**640.5**	**740.9**	**128.0**	**116.1**	**125.8**	**115.3**	**112.6**	**106.2**
Europe								
Development	16.2	18.0	24.5	(3.8)	24.8	0.3	56.4	0.2
Construction	881.9	1,105.0	(14.6)	32.3	(18.1)	27.9	(15.0)	21.2
Investment Management	64.9	64.8	35.3	45.1	34.6	44.7	23.7	32.6
Infrastructure Development	180.4	137.7	34.1	40.9	43.1	52.6	34.4	47.9
Total Europe	**1,143.4**	**1,325.5**	**79.3**	**114.5**	**84.4**	**125.5**	**99.5**	**101.9**
Americas								
Development	33.4	3.0	(5.9)	(8.7)	(6.0)	(8.7)	(1.8)	(3.6)
Construction	2,614.2	2,045.7	49.6	44.7	47.4	42.1	26.5	14.2
Investment Management		0.1		22.5		22.5		13.0
Infrastructure Development	57.4	39.3	48.9	19.2	51.1	23.8	29.0	12.4
Total Americas	**2,705.0**	**2,088.1**	**92.6**	**77.7**	**92.5**	**79.7**	**53.7**	**36.0**
Total operating businesses	**12,223.6**	**11,565.8**	**914.2**	**809.5**	**855.0**	**756.1**	**772.4**	**674.0**
Corporate								
Group Services	1.0	5.3	(168.4)	(119.6)	(180.9)	(121.9)	(152.0)	(90.0)
Group Treasury	28.3	38.6	(1.6)	(25.6)	(97.6)	(106.9)	(67.4)	(76.8)
Total corporate	**29.3**	**43.9**	**(170.0)**	**(145.2)**	**(278.5)**	**(228.8)**	**(219.4)**	**(166.8)**
Total operating	**12,252.9**	**11,609.7**	**744.2**	**664.3**	**576.5**	**527.3**	**553.0**	**507.2**
Property investment revaluations			(2.0)	(4.8)	(2.0)	(4.8)	(1.4)	(5.8)
Total statutory	**12,252.9**	**11,609.7**	**742.2**	**659.5**	**574.5**	**522.5**	**551.6**	**501.4**

1 Profit/(loss) before tax is before adjusting for the amount attributable to external non controlling interests.
2 Profit/(loss) after tax is after adjusting for the profit after tax attributable to external non controlling interests of A$0.9 million (June 2012: A$1.7 million)
3 The foreign exchange rates applied to the Income Statement for the year to 30 June 2013 are A$1 = £0.66 (June 2012: A$1 = £0.65), A$1 = US$1.03 (June 2012: A$1 = US$1.04) and A$1 = S$1.27 (June 2012: A$1 = S$1.30).
4 The Group's statutory results are prepared in accordance with International Financial Reporting Standards (IFRS) and are presented in the audited and reviewed consolidated financial statements. The operating results are non IFRS measures which are used by the Group to measure and assess performance, and to make decisions on the allocation of resources. The operating results excluded certain unrealised property investment revaluation gains and losses, which are identified in the audited consolidated financial statements.

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

Appendix 2

Operating Results by Line of Business Detail

	Revenue		EBITDA		Profit/(Loss) Before Tax[1]		Profit/(Loss) After Tax[2]	
	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2013 A$m
Development								
Australia	1,107.0	528.1	276.4	72.5	266.8	59.1	274.4	158.4
Asia	7.3	13.9	59.3	14.9	59.3	14.9	74.2	11.1
Europe	16.2	18.0	24.5	(3.8)	24.8	0.3	56.4	0.2
Americas	33.4	3.0	(5.9)	(8.7)	(6.0)	(8.7)	(1.8)	(3.6)
Total Development	**1,163.9**	**563.0**	**354.3**	**74.9**	**344.9**	**65.6**	**403.2**	**166.1**
Construction								
Australia	6,441.7	6,616.8	225.6	358.3	173.3	306.9	152.7	223.5
Asia	611.0	708.3	56.3	40.4	54.1	39.7	28.6	25.8
Europe	881.9	1,105.0	(14.6)	32.3	(18.1)	27.9	(15.0)	21.2
Americas	2,614.2	2,045.7	49.6	44.7	47.4	42.1	26.5	14.2
Total Construction	**10,548.8**	**10,475.8**	**316.9**	**475.7**	**256.7**	**416.6**	**192.8**	**284.7**
Investment Management								
Australia	98.6	253.0	53.4	62.8	53.3	62.1	38.4	43.3
Asia	22.2	18.7	12.4	60.8	12.4	60.7	9.8	69.3
Europe	64.9	64.8	35.3	45.1	34.6	44.7	23.7	32.6
Americas		0.1		22.5		22.5		13.0
Total Investment Management	**185.7**	**336.6**	**101.1**	**191.2**	**100.3**	**190.0**	**71.9**	**158.2**
Infrastructure Development								
Australia	87.4	13.4	58.9	7.6	58.9	7.5	41.1	4.7
Europe	180.4	137.7	34.1	40.9	43.1	52.6	34.4	47.9
Americas	57.4	39.3	48.9	19.2	51.1	23.8	29.0	12.4
Total Infrastructure Development	**325.2**	**190.4**	**141.9**	**67.7**	**153.1**	**83.9**	**104.5**	**65.0**
Total Operating Businesses	**12,223.6**	**11,565.8**	**914.2**	**809.5**	**855.0**	**756.1**	**772.4**	**674.0**
Corporate								
Group Services	1.0	5.3	(168.4)	(119.6)	(180.9)	(121.9)	(152.0)	(90.0)
Group Treasury	28.3	38.6	(1.6)	(25.6)	(97.6)	(106.9)	(67.4)	(76.8)
Total corporate	**29.3**	**43.9**	**(170.0)**	**(145.2)**	**(278.5)**	**(228.8)**	**(219.4)**	**(166.8)**
Total operating	**12,252.9**	**11,609.7**	**744.2**	**664.3**	**576.5**	**527.3**	**553.0**	**507.2**
Property investment revaluations			(2.0)	(4.8)	(2.0)	(4.8)	(1.4)	(5.8)
Total statutory	**12,252.9**	**11,609.7**	**742.2**	**659.5**	**574.5**	**522.5**	**551.6**	**501.4**

1 Profit/(loss) before tax is before adjusting for the amount attributable to external non controlling interests.
2 Profit/(loss) after tax is after adjusting for the profit after tax attributable to external non controlling interests of A$0.9 million (June 2012: A$1.7 million).

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

Appendix 3

Operating Results by Region Detail in Local Currency[1]

	Revenue		EBITDA		Profit/(Loss) Before Tax[2]		Profit/(Loss) After Tax[3]	
	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m
Australia								
Development	1,107.0	528.1	276.4	72.5	266.8	59.1	274.4	158.4
Construction	6,441.7	6,616.8	225.6	358.3	173.3	306.9	152.7	223.5
Investment Management	98.6	253.0	53.4	62.8	53.3	62.1	38.4	43.3
Infrastructure Development	87.4	13.4	58.9	7.6	58.9	7.5	41.1	4.7
Group Services	1.0	5.3	(168.4)	(119.6)	(180.9)	(121.9)	(152.0)	(90.0)
Group Treasury	25.0	30.5	(2.2)	(25.2)	(46.8)	(55.8)	(30.4)	(39.9)
Total Australia	7,760.7	7,447.1	443.7	356.4	324.6	257.9	324.2	300.0

	Revenue		EBITDA		Profit/(Loss) before tax[2]		Profit/(Loss) after tax[3]	
	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m
Asia								
Development	7.3	13.9	59.3	14.9	59.3	14.9	74.2	11.1
Construction	611.0	708.3	56.3	40.4	54.1	39.7	28.6	25.8
Investment Management	22.2	18.7	12.4	60.8	12.4	60.7	9.8	69.3
Group Treasury	0.3	0.3			0.3	0.3	0.3	0.3
Total Asia	640.8	741.2	128.0	116.1	126.1	115.6	112.9	106.5

	Revenue		EBITDA		Profit/(Loss) Before Tax[2]		Profit/(Loss) After Tax[3]	
	June 2013 £m	June 2012 £m	June 2013 £m	June 2012 £m	June 2013 £m	June 2012 £m	June 2013 £m	June 2012 £m
Europe								
Development	10.7	11.7	16.2	(2.5)	16.4	0.2	37.2	0.1
Construction	582.1	718.3	(9.6)	21.0	(11.9)	18.1	(9.9)	13.8
Investment Management	42.8	42.1	23.3	29.3	22.8	29.1	15.6	21.2
Infrastructure Development	119.1	89.5	22.5	26.6	28.4	34.2	22.7	31.1
Group Treasury	0.7	0.4	(0.1)	(0.2)	(26.5)	(26.7)	(20.3)	(19.9)
Total Great British pounds	755.4	862.0	52.3	74.2	29.2	54.9	45.3	46.3
Total Australian dollars[4]	1,144.5	1,326.2	79.3	114.1	44.3	84.4	68.7	71.2

	Revenue		EBITDA		Profit/(Loss) Before Tax[2]		Profit/(Loss) After Tax[3]	
	June 2013 US$m	June 2012 US$m	June 2013 US$m	June 2012 US$m	June 2013 US$m	June 2012 US$m	June 2013 US$m	June 2012 US$m
Americas								
Development	34.4	3.1	(6.1)	(9.0)	(6.2)	(9.0)	(1.9)	(3.7)
Construction	2,692.6	2,127.5	51.1	46.5	48.8	43.8	27.3	14.8
Investment Management		0.1		23.4		23.4		13.5
Infrastructure Development	59.1	40.9	50.4	20.0	52.6	24.8	29.9	12.9
Group Treasury	2.0	7.4	0.6	(0.1)	(11.3)	(10.8)	(6.7)	(6.8)
Total US dollars	2,788.1	2,179.0	96.0	80.8	83.9	72.2	48.6	30.7
Total Australian dollars[4]	2,706.9	2,095.2	93.2	77.7	81.5	69.4	47.2	29.5

1 Local currency results exclude foreign exchange movements other than Great British pounds and US dollars.
2 Profit/(loss) before tax is before adjusting for the amount attributable to external non controlling interests.
3 Profit/(loss) after tax is after adjusting for the profit after tax attributable to external non controlling interests of A$0.9 million (June 2012: A$1.7 million).
4 The foreign exchange rates applied to the Income Statement for the year to 30 June 2013 are A$1 = £0.66 (June 2012: A$1 = £0.65), A$1 = US$1.03 (June 2012: A$1 = US$1.04) and A$1 = S$1.27 (June 2012: A$1 = S$1.30).

Portfolio Report

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The Portfolio Report is based on the Lend Lease Group Consolidated Financial Statements for the year ended 30 June 2013 and should be read in conjunction with those financial statements.

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

Portfolio Report

Australia

Development Overview

	June 2013	June 2012
Development Profile		
Number of development projects[1]	38	39
Number of retirement villages[2]	71	71
Number of aged care facilities[3]		30
Backlog Units and SQM[4]		
Residential – Land units		
Zoned	55,545	57,910
Unzoned		
Subtotal Residential – Land units	55,545	57,910
Residential – Built-form units		
Zoned	13,620	11,935
Unzoned	466	466
Subtotal Residential – Built-form units	14,086	12,401
Total Residential Units	**69,631**	**70,311**
Commercial (sqm/000s)[5]		
Zoned	5,552	5,814
Unzoned		
Total Commercial	**5,552**	**5,814**
Retirement Village Units	**1,247**	**1,270**
Aged Care Beds (with licences)[3]		**583**

1 The number of development projects has been reduced as the remaining units at Jackson's Landing, Forde and Caroline Springs were sold during the year and removed from the portfolio listing. Coolbellup, Western Australia and Haymarket (Sydney International Convention, Exhibition and Entertainment Precinct), NSW have been added to the portfolio listing.
2 The number of retirement villages includes owned and managed properties.
3 The Aged Care business was sold during the year.
4 Backlog includes Group-owned, joint venture and managed projects. The June 2012 backlog residential land units have been restated from 58,185 to 57,910 to reflect a revised position on the Ropes Crossing project.
5 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	2017	295	25	
Forest Gardens	Qld	Owned (50% interest)	2014	5	85	
Varsity Lakes	Qld	Land management	2014			22
Springfield Lakes	Qld	Land management	2021	3,110	620	58
RNA Showgrounds	Qld	Land management	2026		2,595	101
Rocky Springs	Qld	Land management	2060	11,735	420	1,115
Yarrabilba	Qld	Staged acquisition (100% interest)	2043	14,410	2,470	1,927
Fernbrooke Ridge	Qld	Land management	2019	670	165	1
Stoneleigh Reserve	Qld	Owned (100% interest)	2018	460	20	3
Lennox Head	NSW	Service agreement	2024	480		60
Bingara Gorge	NSW	Land management	2027	870		55
St Marys – Ropes Crossing[5]	NSW	Service agreement	2015	610		
St Marys – Jordan Springs	NSW	Owned (100% interest)	2021	1,775	300	38
St Marys – Other precincts	NSW	Owned (100% interest)	2021	1,240		571
Nelsons Ridge	NSW	Land management	2017	150		
Rouse Hill	NSW	Land management	2016	40	835	116
St Patricks	NSW	Land management	2014		5	
Barangaroo South	NSW	Staged payments	2023		775	390
River Oaks	NSW	Land management	2042	4,995		137
Sydney International Convention, Exhibition and Entertainment Project	NSW	Staged payments	2022		1,360	69
Springbank Rise	ACT	Owned (50% interest)	2016	250	85	3
Subtotal zoned (carried forward)				**41,095**	**9,760**	**4,666**

1 Locations are Queensland (Qld), New South Wales (NSW) and Australian Capital Territory (ACT).
2 Estimated completion date represents the expected financial year in which the last unit will be settled for master-planned communities, and the 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.

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)				**41,095**	**9,760**	**4,666**
Edgewater	Vic	Owned (100% interest)	2014		40	
Craigieburn Town Centre	Vic	Owned (100% interest)	2014	55	30	
Pakenham Valley	Vic	Land management	2014	55		13
Laurimar	Vic	Owned (100% interest)	2016	360	5	
Atherstone	Vic	Land management	2035	3,945		99
Victoria Harbour	Vic	Land management	2021		2,205	126
Melton East	Vic	Staged acquisition	2019	795		12
Harpley	Vic	Land management	2027	3,875		334
Mayfield (formerly known as Cranbourne)	Vic	Owned (100% interest)	2018	510		
Richmond	Vic	Owned (100% interest)	2016		520	
Blakes Crossing	SA	Staged acquisition (100% interest)	2019	875	50	34
Mawson Lakes	SA	Land management	2014			11
Springwood	SA	Staged acquisition	2025	1,900	40	51
Alkimos	WA	Land management	2023	2,075	170	186
Coolbellup	WA	Land management	2014	5		
Waterbank	WA	Land management	2022		800	20
Total zoned				**55,545**	**13,620**	**5,552**
Unzoned Projects						
Armadale	Vic	Land management			466	
Total unzoned				**–**	**466**	**–**
Total				**55,545**	**14,086**	**5,552**

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 the 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 Portfolio Summary

Retirement Villages

	Owned		Managed/Leased/Other		Total		
Location[1]	Number of Sites	Units	Number of Sites	Units	Number of Sites	Units[2]	Backlog Units[3]
Qld	5	986	10	3,067	15	4,053	27
NSW	12	2,231	1	61	13	2,292	552
Vic	23	3,179	1	74	24	3,253	285
SA	3	382			3	382	23
WA	9	1,441			9	1,441	77
ACT	2				2		283
NZ	5	996			5	996	
Total retirement villages	**59**	**9,215**	**12**	**3,202**	**71**	**12,417**	**1,247**

1 Locations are Queensland (Qld), New South Wales (NSW), Victoria (Vic), South Australia (SA), Western Australia (WA), Australian Capital Territory (ACT), and New Zealand (NZ).
2 Total units include only completed retirement village units at Group-owned and managed sites.
3 Backlog units include Group-owned and managed sites. The actual number of units for any particular village can vary as planning approvals are obtained.

Portfolio Report

Australia

Construction

New Work Secured and Backlog Revenue

	New Work Secured Revenue[1] June 2013 A$m	New Work Secured Revenue[1] June 2012 A$m	Backlog Revenue[2] June 2013 A$m	Backlog Revenue[2] June 2012 A$m
Building	4,826.2	4,475.2	6,301.8	5,254.1
Engineering	2,056.8	3,009.3	2,631.4	3,459.7
Services	771.6	668.4	627.7	550.7
Total Australia	**7,654.6**	**8,152.9**	**9,560.9**	**9,264.5**

1 New work secured revenue is the total revenue to be earned from projects secured during the year.
2 Backlog revenue is the total revenue to be earned from projects in future financial years, based on projects secured as at 30 June 2013.

Backlog Realisation

	Year Ending June 2014 %	Year Ending June 2015 %	Post June 2016 %	Total %
Building	53	26	21	100
Engineering	71	19	10	100
Services	50	27	23	100
Total Australia	**58**	**24**	**18**	**100**

Portfolio Report

Australia

Construction – Major Projects – Building[1,7]

Project	Location[2]	Client	Contract Type[3]	Construction Value A$m	Secured Date[4]	Completion Date[5]	Sector	Description
Sunshine Coast University Hospital[6]	Qld	Queensland Health	LS	1,570	2013	2022	Healthcare	Design and construction of a new 738 bed hospital
Barangaroo South	NSW	Lend Lease/Barangaroo Development Authority	LS	1,511	2012	2016	Commercial	Design and construction of the basement, infrastructure works and the first two commercial office buildings
Gold Coast University Hospital	Qld	Queensland Health	MC	1,298	2010	2014	Healthcare	Design and construction of a new 750 bed hospital
The New Royal Children's Hospital	Vic	Children's Hospital Partnership	LS	1,083	2008	2014	Healthcare	Design and construction of a new 334 bed hospital
Queensland Children's Hospital	Qld	Queensland Health	MC	879	2009	2014	Healthcare	Design and construction of a new 359 bed hospital
New Bendigo Hospital	Vic	Victorian Government/Bendigo Health	LS	630	2013	2018	Healthcare	Design and construction of a new 372 bed hospital
Commonwealth New Build	ACT	Federal Government	MC	593	2008	2014	Government	Design and construction of a 40,000 sqm commercial office building
Adelaide Oval Redevelopment	SA	Department of Planning, Transport and Infrastructure	D&C	365	2012	2014	Entertainment/ Recreation	Design and construction for the redevelopment of existing oval into a 50,000 seat multipurpose stadium
Northern Territory Secure Facilities[8]	NT	Sentinel Unincorporated Joint Venture	D&C	347	2012	2014	Correctional	Design and construction of a new 800 bed correctional mental health facility
Mackay Base Hospital	Qld	Queensland Health	MC	331	2010	2015	Healthcare	Extension to and redevelopment of existing hospital
Melbourne Markets	Vic	Victorian Government	GMP	326	2010	2014	Government	Design and construction of a 120,000 sqm wholesale market and distribution facility
Cairns Base Hospital	Qld	Queensland Health	MC	318	2011	2015	Healthcare	Design and construction of new buildings, alterations and refurbishment of existing hospital

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), Australian Capital Territory (ACT), South Australia (SA), Western Australia (WA), and Northern Territory (NT).
3 Contract types are Guaranteed Maximum Price (GMP), Lump Sum (LS), Design and 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 financial year in which the project is expected to be completed.
6 Includes client provisional funding.
7 Backlog revenue as at 30 June 2013 for the projects listed on pages 6 to 8 totals $5,224 million, representing 83% of the total backlog revenue for the region in relation to Building projects.
8 Represents the Group's interest in the project joint venture.

Portfolio Report

Australia

Construction – Major Projects – Building[1,6] continued

Project	Location[2]	Client	Contract Type[3]	Construction Value A$m	Secured Date[4]	Completion Date[5]	Sector	Description
Mulwala Redevelopment Project	NSW	Commonwealth Department of Defence	LS	316	2007	2014	Government	Design and construction for the redevelopment of a propellant manufacturing facility
Box Hill Redevelopment	Vic	Department of Health	MC	310	2012	2016	Healthcare	Design and construction for the extension to and redevelopment of the existing hospital
Adelaide Convention Centre Redevelopment	SA	Department of Planning, Transport and Infrastructure	MC	304	2011	2017	Commercial	Design and construction for the redevelopment and extension of the existing convention centre
Craigieburn Town Centre	Vic	Australian Prime Property Fund/Lend Lease	GMP	242	2012	2014	Retail	Design and construction of a new town centre in Craigieburn, north of Melbourne
Lakeside Joondalup	WA	Australian Prime Property Fund/Lend Lease	GMP	211	2013	2015	Retail	Design and construction for the redevelopment of Lakeside Joondalup Shopping Centre
City West Police Complex	Vic	CBUS Property	D&C	193	2013	2015	Commercial	Design and construction of a purpose-built 28,000 sqm facility comprising offices, parking and a police station
University of Technology Sydney – Faculty of Engineering and Information Technology	NSW	University of Technology, Sydney	GMP	193	2012	2014	Education	Design and construction of a new building for the Faculty of Engineering and Information Technology
Melbourne Park Redevelopment – Western Project	Vic	Major Projects Victoria	MC	169	2013	2015	Recreation	Managing contractor of a new retractable roof structure for Margaret Court Arena and upgrade for the Rod Laver Arena concourse
Tonsley TAFE	SA	Department of Planning, Transport and Infrastructure	MC	149	2012	2014	Education	Refurbishment of existing facility to provide a new TAFE interactive educational facility plus infrastructure works

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), Australian Capital Territory (ACT), South Australia (SA), Western Australia (WA), and Northern Territory (NT).
3 Contract types are Guaranteed Maximum Price (GMP), Lump Sum (LS), Design and Construct (D&C), Managing Contractor (MC) and Schedule of Rates (SOR).
4 Secured date represents the financial year in which the project was secured.
5 Completion date represents the financial year in which the project is expected to be completed.
6 Backlog revenue as at 30 June 2013 for the projects listed on pages 6 to 8 totals $5,224 million, representing 83% of the total backlog revenue for the region in relation to Building projects.

Portfolio Report

Australia

Construction – Major Projects – Building[1,6] continued

Project	Location[2]	Client	Contract Type[3]	Construction Value A$m	Secured Date[4]	Completion Date[5]	Sector	Description
University of NSW – Wallace Wurth	NSW	University of NSW	GMP	121	2012	2014	Education	Refurbishment and expansion of existing building
University of Technology Sydney – Dr Chau Chak Wing Building	NSW	University of Technology, Sydney	LS	115	2013	2015	Education	Construction of a new 12 storey Faculty of Business building for UTS, designed by Frank Gehry

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), Australian Capital Territory (ACT), South Australia (SA), Western Australia (WA), and Northern Territory (NT).
3 Contract types are Guaranteed Maximum Price (GMP), Lump Sum (LS), Design and 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 financial year in which the project is expected to be completed.
6 Backlog revenue as at 30 June 2013 for the projects listed on pages 6 to 8 totals $5,224 million, representing 83% of the total backlog revenue for the region in relation to Building projects.

Portfolio Report

Australia

Construction – Major Projects – Engineering[1,7]

Project	Location[2]	Client	Contract Type[3]	Construction Value A$m	Secured Date[4]	Completion Date[5]	Sector	Description
Hunter Expressway	NSW	NSW Roads and Maritime Services	D&C	550	2011	2014	Roads and Highways	Construction of a section of new freeway in the Hunter region of NSW
Tintenbar to Ewingsdale, Pacific Highway, Northern NSW	NSW	NSW Roads and Maritime Services	D&C	549	2012	2015	Roads and Highways	Construction of a new 16.3 kilometres section of the highway, several bridges and a 400 metre tunnel
Nambucca to Urunga, Pacific Highway, Mid-North Coast	NSW	NSW Roads and Maritime Services	D&C	500	2013	2016	Roads and Highway	Design and construction of 20 kilometres of dual carriageway and bridges
M5 West Widening	NSW	Interlink Roads	SOR	315	2012	2015	Roads and Highways	Widening of the M5 West motorway from two lanes to three lanes in both directions
Southern Expressway Duplication	SA	Department of Planning, Transport and Infrastructure	MC	279	2012	2014	Roads and Highways	Duplication of the 18.5 kilometres multilane two-way Southern Expressway in Adelaide
Bulk Water Alliance[6]	ACT	ACTEW Corporation	ALL	265	2008	2014	Water and Infrastructure	Enlargement of the existing dam, pipelines and pumping station
Regional Rail Link Package E[6]	Vic	Department of Transport, Planning and Local Infrastructure (Vic) – Regional Rail Link	D&C	260	2012	2015	Rail	Design and construction of 25 kilometres of civil, track, structural and station works, from Deer Park to West Werribee
Caval Ridge	Qld	BHP Billiton Mitsubishi Alliance	SOR	258	2011	2014	Contract Mining	Construction of a haul road and mine infrastructure
Water Resources Alliance[6]	Vic	Melbourne Water	ALL	224	2009	2014	Water and Infrastructure	Management of the Melbourne Water capital works program over five years
Bulahdelah Bypass	NSW	NSW Roads and Maritime Services	LS/SOR	218	2010	2014	Roads and Highways	Construction of a new section of the Pacific Highway on the mid-north coast of NSW

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), Design and Construct (D&C), Managing Contractor (MC), Schedule of Rates (SOR) and LS (Lump Sum).
4 Secured date represents the financial year in which the project was secured.
5 Completion date represents the financial year in which the project is expected to be completed.
6 Represents the Group's interest in the project joint venture.
7 Backlog revenue as at 30 June 2013 for the projects listed on pages 9 to 10 totals $2,187 million, representing 84% of the total backlog revenue for the region in relation to Engineering projects.

Portfolio Report

Australia

Construction – Major Projects – Engineering[1,7] continued

Project	Location[2]	Client	Contract Type[3]	Construction Value A$m	Secured Date[4]	Completion Date[5]	Sector	Description
Wiggins Island[6]	QLD	Wiggins Island Coal Export Terminal Pty Ltd	SOR	211	2011	2014	Marine and Ports	Bulk earthworks, tunnelling and site preparation
Barangaroo Headland Park	NSW	Barangaroo Delivery Authority	D&C	163	2012	2015	Marine and Ports	The creation of the headland park, including a new harbour cove
Eastern Treatment Plant[6]	Vic	Melbourne Water	ALL	163	2010	2014	Water and Infrastructure	Tertiary upgrade of the Eastern Treatment Plant
Cardwell Range Alliance[6]	Qld	Queensland Department of Transport and Main Roads	ALL	165	2010	2014	Roads and Highways	Realignment of Bruce Highway in the Cardwell Range
RCE – Rail Capacity Enhancement	WA	Rio Tinto	SOR	185	2012	2014	Rail	A range of services associated with the asset expansion programme in the Pilbara
Regional Rail Link Package B[6]	Vic	Department of Transport, Victoria	ALL	131	2012	2014	Rail	Design and construction of new rail infrastructure for country passenger services between Footscray and Southern Cross station
Epping to Thornleigh Third Track	NSW	Transport for NSW	ALL	120	2013	2017	Rail	Construction of third rail track between Epping and Thornleigh
Mains Road and Kessel Road Intersection Upgrade	Qld	Queensland Department of Transport and Main Roads	D&C	112	2012	2014	Roads and Highways	Construction of an underpass at the existing intersection
Hunter Water Alliance[6]	NSW	Hunter Water	ALL	104	2009	2014	Water and Infrastructure	Installation of water treatment plants in the Hunter region
Natural Disaster Relief and Recovery Arrangements	Qld	Townsville City Council	MC	107	2011	2014	Roads and Highway	Repairs to 80 roads within the Townsville area of north Queensland

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 Guaranteed Maximum Price (GMP), Alliance (ALL), Design and Construct (D&C), Managing Contractor (MC) and Schedule of Rates (SOR).
4 Secured date represents the financial year in which the project was secured.
5 Completion date represents the financial year in which the project is expected to be completed.
6 Represents the Group's interest in the project joint venture.
7 Backlog revenue as at 30 June 2013 for the projects listed on pages 9 to 10 totals $2,187 million, representing 84% of the total backlog revenue for the region in relation to Engineering projects.

Portfolio Report

Australia

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

Fund	Fund Type	Asset Class	June 2013 A$b	June 2012 A$b
Australian Prime Property Funds – Retail	Core	Retail	4.7	4.4
Australian Prime Property Funds – Commercial	Core	Commercial	1.6	1.4
Australian Prime Property Funds – Industrial	Core	Industrial	0.6	0.6
Lend Lease Core Plus Fund	Core Plus	Various	0.4	0.5
Lend Lease Communities Fund 1	Value Add	Residential	0.1	0.1
Lend Lease Real Estate Partners Funds	Enhanced	Retail	0.7	0.6
Lend Lease Retail Partners – Australia Fund	Core Plus	Retail	0.1	0.1
Lend Lease International Towers Sydney Trust[2]	Core	Commercial	0.9	
Managed Investment Mandates	Core	Various	1.2	1.1
Total FUM			**10.3**	**8.8**

1 FUM represents the gross market value of real estate and other related assets in the Group's managed funds and investment mandates.
2 The Group launched the Lend Lease International Towers Sydney Trust in July 2012.

	June 2013 A$b	June 2012 A$b
FUM at the beginning of the year	8.8	7.7
Additions	2.0	1.0
Reductions	(0.6)	(0.1)
Net revaluations	0.1	0.2
FUM at the end of the year	**10.3**	**8.8**

Portfolio Report

Australia

Investment Management – Investments

	Region	Lend Lease Interest %	Market Value[1] June 2013 A$m	Market Value[1] June 2012 A$m
Pakenham Place	Australia	25.0	10.0	10.0
Craigieburn Central	Australia	25.0	60.0	20.0
Australian Prime Property Funds – Retail	Australia	1.1	41.1	40.6
Australian Prime Property Funds – Commercial	Australia	0.4	5.1	5.1
Australian Prime Property Funds – Industrial	Australia	0.9	4.4	4.4
Lend Lease Real Estate Partners Funds	Australia	Various[2]	68.3	62.6
Lend Lease Core Plus Fund	Australia	13.3	41.3	43.5
Lend Lease International Towers Sydney Trust[3]	Australia	25.0	89.3	
Lend Lease Communities Fund 1	Australia	20.8	8.7	8.9
Lend Lease Retail Partners – Australia Fund	Australia	2.6	2.0	2.0
Lend Lease Real Estate Partners New Zealand Fund	New Zealand	5.3	5.6	5.1
Total Investments			**335.8**	**202.2**

1 Market value represents the Group's assessment of the value of the underlying assets.
2 The Group holds varying proportional interests in the Real Estate Partners Funds (REP).
3 In July 2012, Lend Lease International Towers Sydney Trust was launched, with A$2.0 billion of secured commitments for the funding and development of the first two commercial towers at Barangaroo South.

Portfolio Report

Australia

Investment Management – Assets Under Management

Shopping Centres	Managed on Behalf of	GLA sqm/000s[1]	Market Value[2] June 2013 A$m	Market Value[2] June 2012 A$m
Cairns Central, Qld	APPF Retail	52.8		
Caneland Central, Qld	APPF Retail	65.6		
Sunshine Plaza, Qld	APPF Retail/Other Joint Owners	73.3		
Erina Fair, NSW	APPF Retail/Other Joint Owners	114.2		
Macarthur Square, NSW	APPF Retail/Other Joint Owners	94.6		
Mid City (retail), NSW	APPF Retail/Other Joint Owners	9.1		
Greensborough Plaza, Vic	APPF Retail	58.5		
Caroline Springs Square, Vic	APPF Retail/Lend Lease Core Plus Fund	21.0	5,283.2	5,171.4
Pakenham Place, Vic	APPF Retail/Lend Lease	16.1		
Lakeside Joondalup, WA	APPF Retail/Other Joint Owners	71.1		
Menai Marketplace, NSW	REP3	16.5		
Settlement City, NSW	REP3	19.4		
Southlands Boulevarde, WA	REP3	21.2		
Armadale Shopping City, WA	REP3	31.0		
Northgate, WA	REP3	15.9		
Stud Park, Vic	LLRPA	26.9		
Total		**707.2**	**5,283.2**	**5,171.4**

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.

Portfolio Report

Australia

Infrastructure Development

Project[3]	Location	Status	Actual Financial Close Date	Operational Term Years	Estimated Capital Spend[1] A$m	Invested Equity A$m	Committed Equity[2] A$m
Healthcare							
Queen Elizabeth II Medical Centre Car Park	Perth, WA	Under Construction[4]	Jul-11	26	140	15.0	
Sunshine Coast University Hospital[3]	Kawana, Qld	Under Construction	Jul-12	25	1,480	29.1	54.7
New Bendigo Hospital	Bendigo, Vic	Design	May-13	25	630		31.6
Justice							
Eastern Goldfields Regional Prison	Kalgoorlie, WA	Design	Dec-12	25	250		20.4
Total Operational					**2,500**	**44.1**	**106.7**
Mixed-Use							
Sydney International Convention, Exhibition and Entertainment Precinct	Sydney, NSW	Preferred bidder			1,600		
Total Preferred Bidder					**1,600**		
Total					**4,100**	**44.1**	**106.7**

1 Represents total estimated capital spend over the contract duration.
2 Committed equity represents future contributions the Group has a commitment to invest.
3 Excludes client provisional funding.
4 Stages 1A and 1B are operational, with Stages 2A and 2B under construction.

Portfolio Report

Asia

Development – Overview

	June 2013	June 2012
Development Profile		
Number of development projects	1	1

Development – Project Listing

Project	Location	Ownership Interest	Estimated Completion Date	Estimated Commercial/Retail Backlog sqm/000s[1]
Jem®[2]	Singapore	7.6% Indirect	2013	32
Total				**32**

1 Represents gross floor area of the office component.
2 Indirect interest is 10.1% of the investment in ARIF 3, which has a 75% ownership interest in Jem®. In June 2013, the Group's 25% direct interest in Jem® was sold to Lend Lease Jem Partners Fund Limited.

Construction
New Work Secured and Backlog Revenue

	New Work Secured Revenue[1] June 2013 A$m	New Work Secured Revenue[1] June 2012 A$m	Backlog Revenue[2] June 2013 A$m	Backlog Revenue[2] June 2012 A$m
Building	296.2	369.8	393.8	502.5
Engineering	118.0	295.9	81.9	190.2
Total Asia	**414.2**	**665.7**	**475.7**	**692.7**

1 New work secured revenue is the total revenue to be earned from projects secured during the year.
2 Backlog revenue is the total revenue to be earned from projects in future financial years based on projects secured as at 30 June 2013.

Backlog Realisation

	Year Ending June 2014 %	Year Ending June 2015 %	Post June 2016 %	Total %
Building	82	17	1	100
Engineering	100			100
Total Asia	**85**	**14**	**1**	**100**

Portfolio Report

Asia

Construction – Major Projects[1,5]

Project	Location	Client	Contract Type[2]	Construction Value A$m	Secured Date[3]	Completion Date[4]	Sector	Description
Jem®	Singapore	Lend Lease	GMP	369	2011	2014	Mixed-use	Mixed-use retail and commercial development in Jurong, Singapore
Softbank Fast Pole	Japan	Softbank Mobile	MC	150	2011	2014	Telecom-munications	Design and supply of concrete telecommunications poles
Stamford American International School Phase 2	Singapore	Stamford American International School	GMP	77	2012	2014	Education	Design, supervision and construction of an extension to the new international school and certain works at the existing school
Merck Tablet Janumet	Singapore	MSD International GmbH	CM	65	2012	2014	Pharma-ceutical	Construction of new manufacturing facility within the Merck/MSD campus at Tuas
Insead Phase 3 Expansion Project	Singapore	Insead Singapore	GMP	32	2013	2015	Education	The six storey, 10,000sqm Leadership Development Centre located in the Buona Vista district, Singapore's 'Knowledge Hub'. The centre will be constructed to the north of the existing campus and connected by the Central Avenue, the main spine connecting all parts of the school
Novartis MECCaNo	Singapore	Novartis Singapore Pharmaceutical Manufacturing Pte Ltd	CM	15	2013	2015	Pharma-ceutical	Construction management for the new biologics manufacturing facility

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), Managing Contractor (MC) and Construction Management (CM).
3 Secured date represents the financial year in which the project was secured.
4 Completion date represents the financial year in which the project is expected to be completed.
5 Backlog revenue as at 30 June 2013 for the listed projects totals $232.5 million, representing 49% of the total Construction backlog revenue for the region.

Portfolio Report

Asia

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

Fund	Fund Type	Asset Class	June 2013 S$b	June 2012 S$b	June 2013 A$b	June 2012 A$b
Parkway Parade Partnership Limited	Core Plus	Retail and Commercial	1.2	1.1	1.0	0.8
Lend Lease Asian Retail Investment Fund (ARIF)	Core/Value Add	Retail and Commercial	2.5	1.8	2.0	1.4
Lend Lease Jem Partners Fund Limited[2]	Core	Retail and Commercial	0.4		0.3	
Total FUM			**4.1**	**2.9**	**3.3**	**2.2**

1 FUM represents the gross market value of real estate and other related assets in the Group's managed funds and investment mandates.
2 Lend Lease Jem Partners Fund Limited was created to acquire the Group's 25% direct interest in the Jem® development.

	June 2013 S$b	June 2012 S$b	June 2013 A$b	June 2012 A$b
FUM at the beginning of the year	2.9	2.6	2.2	2.0
Foreign exchange movement[1]			0.1	0.1
Additions	0.8	0.2	0.7	0.1
Reductions		(0.1)		(0.1)
Net revaluations	0.4	0.2	0.3	0.1
FUM at the end of the year	**4.1**	**2.9**	**3.3**	**2.2**

1 Foreign exchange movement arising from translating opening FUM in local currency between June 2012 and June 2013.

Portfolio Report

Asia

Investment Management – Investments

	Lend Lease Interest %	Market Value[1] June 2013 S$m	Market Value[1] June 2012 S$m	Market Value[1] June 2013 A$m	Market Value[1] June 2012 A$m
Parkway Parade Partnership Limited	4.9	33.9	30.0	27.6	23.8
313@somerset[2]	25.0	132.1	127.8	107.4	101.6
Jem® [3]			99.2		78.8
Lend Lease Asian Retail Investment Fund					
ARIF 1 (313@somerset)[2]	10.1	40.0	38.9	32.5	30.6
ARIF 2 (Setia City Mall)[4]	10.1	6.0	2.6	4.9	2.5
ARIF 3 (Jem®)[3]	10.1	68.5	30.4	55.7	24.1
Total Investments		**280.5**	**328.9**	**228.1**	**261.4**

1 Market value represents the Group's assessment of the value of the underlying assets.
2 The Group directly owns 25% of the 313@somerset retail centre, with the remaining 75% held by ARIF 1, in which the Group holds a 10.1% interest.
3 During the year, the Group sold its 25% direct interest in Jem® to the Lend Lease Jem Partners Fund Limited. The Group directly owns 10.1% of ARIF 3, which has a 75% ownership interest in Jem®.
4 The Group directly owns 10.1% of ARIF 2, which has a 50% ownership interest in the Setia City Mall development.

Investment Management – Assets Under Management

Shopping Centres	Managed on Behalf of	GLA[1] sqm/000s	Market Value[2] June 2013 S$m	Market Value[2] June 2012 S$m	Market Value[2] June 2013 A$m	Market Value[2] June 2012 A$m
Parkway Parade, Singapore	Parkway Parade Partnership Limited	52.5	1,143.0	1,062.0	929.3	842.9
313@somerset, Singapore	ARIF/Lend Lease	27.1	1,150.0	1,150.0	935.0	912.7
Setia City Mall, Malaysia[3]	ARIF/Lend Lease	107.0	264.2	156.0	214.8	123.8
Jem®, Singapore[4]	ARIF/Lend Lease Jem Partners Fund Limited	53.4	1,785.0		1,451.2	
Total		**240.0**	**4,342.2**	**2,368.0**	**3,530.3**	**1,879.4**

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 Setia City Mall opened in May 2012. The increased market value can primarily be attributed to an upward revaluation and capital expenditure.
4 The Jem® retail component was completed in June 2013. The office component is due to be completed in October 2013.

Portfolio Report

Europe

Development – Overview

	June 2013	June 2012
Development Profile		
Number of development projects	27	23

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		2,084	
Greenwich Peninsula – 6 Mitre Passage	UK	50%	2010			10
The International Quarter	UK	50%	Various		322	354
Elephant & Castle	UK	100%	Various		2,988	25
Total zoned					**5,394**	**389**
Unzoned Projects						
UK Residential Projects	UK	100%	Various		315	
Wandsworth	UK	100%	Various		218	
Total unzoned					**533**	
Total Development[3]					**5,927**	**389**

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, and the retail portfolio including East Village (formerly known as the Athletes' Village), The International Quarter, Greenwich Peninsula (now only 6 Mitre Passage following the sale of Greenwich Peninsula Regeneration Limited), Wandsworth and Elephant & Castle. The East Village is progressing on a fee-based arrangement and therefore is excluded from the backlog metrics. The Group sold its stake in Greenwich Peninsula Regeneration Limited to Quintain Estates and Developments PLC in July 2012.

Portfolio Report

Europe

Construction

New Work Secured and Backlog Revenue

	New Work Secured Revenue[1] June 2013 £m	New Work Secured Revenue[1, 3] June 2012 £m	Backlog Revenue[2] June 2013 £m	Backlog Revenue[2, 3] June 2012 £m
Building	737.9	517.9	827.7	707.3
Engineering	9.4	10.6	3.3	14.6
Total Europe	**747.3**	**528.5**	**831.0**	**721.9**

1 New work secured revenue is the total revenue to be earned from projects secured during the year.
2 Backlog revenue is the total revenue to be earned from projects in future financial years, based on projects secured as at 30 June 2013.
3 June 2012 new work secured and backlog revenue has been restated for revised positions on certain projects.

Backlog Realisation

	Year Ending June 2014 %	Year Ending June 2015 %	Post June 2016 %	Total %
Building	60	34	6	100
Engineering	59	25	16	100
Total Europe	**60**	**34**	**6**	**100**

Portfolio Report

Europe

Construction – Major Projects[1,8]

Project	Location	Client	Contract Type[2]	Construction Value £m[3]	Secured Date[4]	Completion Date[5]	Sector	Description
East Village[6]	London	Lend Lease/Olympic Development Authority	CM	988	2008	2014	Residential	Construction of the Athletes' Village for the London 2012 Olympic and Paralympic Games, then conversion post-Olympics to East Village
Ministry of Defence Single Living Accommodation Modernisation (MoD SLAM) Phase 2	UK	Defence Estates	GMP	638	2003	2014	Government	Construction and upgrade of single living accommodation for the military
Regional Prime Contract South West	South West England	Defence Estates	GMP	438	2004	2014	Government	Provision of estate management and project management services
Kingsgate House	London	Land Securities	LS	168	2013	2015	Mixed-use	Demolition of existing office block and new build of a 12 storey commercial and retail block and a 14 storey residential building
The Hydro[7]	Glasgow	Scottish Exhibition and Conference Centre Limited	LS	86	2011	2014	Commercial	A new arena designed specifically for large-scale performance events
Cramlington Hospital	North East England	Northumbria Trust	LS	71	2013	2015	Healthcare	New build of a 282 bed specialist emergency care hospital
Strathclyde Technology and Innovation Centre	Glasgow	Strathclyde University	LS	57	2012	2014	Education	New build of a 9 storey Technology and Innovation Centre research facility to accommodate 1,200 researchers

1 Disclosure of major projects is subject to client approval. This could impact the projects available for disclosure.
2 Contract types are Construction Management (CM), Guaranteed Maximum Price (GMP) and Lump Sum (LS).
3 Construction value in Project Management 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 financial year in which the project is expected to be completed.
6 East Village was formerly known as the Athletes' Village.
7 The Hydro was formerly known as the Scottish National Arena
8 Backlog revenue as at 30 June 2013 for the listed projects totals £486.8 million, representing 59% of the total Construction backlog revenue for the region.

Portfolio Report

Europe

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

Fund	Fund Type	Asset Class	June 2013 £b	June 2012 £b	June 2013 A$b	June 2012 A$b
Lend Lease Retail Partnership	Core	Retail	0.7	0.7	1.1	1.1
Lend Lease PFI/PPP Infrastructure Fund LP (UKIF)	Core	Infrastructure	0.2	0.1	0.3	0.2
Total FUM			**0.9**	**0.8**	**1.4**	**1.3**

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

	June 2013 £b	June 2012 £b	June 2013 A$b	June 2012 A$b
FUM at the beginning of the year	0.8	0.8	1.3	1.2
Foreign exchange movement[1]				0.1
Additions		0.1		0.1
Reductions		(0.1)		(0.1)
Net revaluations	0.1		0.1	
FUM at the end of the year	**0.9**	**0.8**	**1.4**	**1.3**

1 Foreign exchange movement arising from translating opening FUM in local currency between June 2011 and June 2012.

Portfolio Report

Europe

Investment Management – Investments

	Lend Lease Interest %	Market Value[1] June 2013 £m	Market Value[1] June 2012 £m	Market Value[1] June 2013 A$m	Market Value[1] June 2012 A$m
Bluewater[2]	30.0	549.0	481.7	900.0	776.9
Warrington Retail Limited Partnership[3]	50.0				
Lend Lease Retail Partnership	4.1	29.8	27.0	48.8	43.5
Lend Lease PFI/PPP Infrastructure Fund LP (UKIF)	10.0	9.4	8.5	15.5	13.7
Lend Lease Global Properties, SICAF and LL Global Real Estate Advisers	24.8	0.8	0.3	1.2	0.5
Cohen & Steers, SICAV[4]			5.3		8.6
Total		**589.0**	**522.8**	**965.5**	**843.2**

1 Market value represents the Group's assessment of the value of the Group's interest in the underlying assets.
2 The market value at 30 June 2013 of 100% of Bluewater was £1,830.0 million (A$3,000.0 million). Bluewater is treated as inventory in the financial statements and is therefore reflected at cost, which at 30 June 2013 was A$444.2 million.
3 The market value of the Warrington Retail Limited Partnership net assets was below zero at 30 June 2013 and, as a result, the Group's investment has been written down to nil.
4 The Group sold its interest in this asset during the current financial year.

Europe

Investment Management – Assets Under Management

Shopping Centres	Managed on Behalf of	GLA[1] sqm/000s	Market Value[2] June 2013 £m	Market Value[2] June 2012 £m	Market Value[2] June 2013 A$m	Market Value[2] June 2012 A$m
Bluewater, Kent	Lend Lease Retail Partnership/Lend Lease	165.2	1,830.0	1,605.5	3,000.0	2,589.5
Touchwood, Solihull	Lend Lease Retail Partnership	60.4	265.2	251.3	434.8	405.3
Golden Square, Warrington	Warrington Retail Unit Trust	68.9	123.6	133.2	202.6	214.8
Total		**294.5**	**2,218.8**	**1,990.0**	**3,637.4**	**3,209.6**

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.

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 Royal Hospital[4]	UK	Operational	Jul-98	33	87	100	44		
Worcester Royal Hospital[4]	UK	Operational	Mar-99	33	82	100	59		
Hexham General Hospital – Phases 1 and 2[4]	UK	Operational	Apr-01	32	29	100	13		
Burnley General Hospital[4]	UK	Operational	Oct-03	30	27	100	16		
St James' University Hospital, Leeds[4]	UK	Operational	Oct-04	33	175	100	53		
Hexham General Hospital – Phase 3[4]	UK	Operational	Jul-06	27	24	100	8		
Central Manchester University Hospital[4,5]	UK	Operational	Dec-04	38	393	100	41		
Majadahonda Hospital	Spain	Operational	Apr-05	30	187	100	17	4.0	
Brescia 2	Italy	Under Construction	Mar-11	33	92	60	68	1.7	3.1
Treviso Hospital[6]	Italy	Preferred Bidder	Dec-13	21	142		387		7.7
Subtotal (carried forward)					**1,238**		**706**	**5.7**	**10.8**

1 Represents total estimated construction value over the contract duration.
2 Facilities management revenue backlog disclosed is for a maximum of 10 years, although 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 UK Infrastructure Fund. The Group has a 10% interest in the UK Infrastructure Fund.
5 The Group sold its equity interest in this asset to the UK Infrastructure Fund during the prior year.
6 In October 2012, the Group was selected as preferred bidder to lead a consortium to design and build a €200 million hospital in Treviso, Italy and provide facility management services over the 21 year concession period.

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)					**1,238**		**706**	**5.7**	**10.8**
Education									
Newcastle Schools[4]	UK	Operational	Mar-02	27	50	100	21		
Lincoln Schools[4]	UK	Operational	Sep-01	31	20	100	8		
Lilian Baylis Technology School[4]	UK	Operational	Feb-03	27	13	100	8		
Lancashire Schools Phase 1[4]	UK	Operational	Dec-06	25	81	100	30		
Lancashire Schools Phase 2[4]	UK	Operational	Dec-07	25	34	100	8		
Lancashire Schools Phase 2A[4,5]	UK	Operational	Jul-08	25	59	100	14		
Lancashire Schools Phase 3[4,5]	UK	Operational	Jun-09	25	69	100	14		
National Maritime College, Cork[4]	Ireland	Operational	Feb-03	27	30	100	11		
Birmingham BSF Phase 1A[4,6]	UK	Operational	Aug-09	25	69	100	31		
Birmingham BSF Phase 1B[4,6]	UK	Under construction	Jul-11	27	27	68	14		
Accommodation									
Treasury 1[4]	UK	Operational	May-00	37	114	100	53		
Treasury 2[4]	UK	Operational	Jan-03	35	148	100	47		
University of Sheffield[4,5]	UK	Operational	May-06	40	169	100	37		
Waste									
Global Renewables Lancashire	UK	Under construction	Mar-07	25	252	99		58.4	
South Tyne and Wear Waste[4,5]	UK	Under construction	Apr-11	25	175	62			
Total					**2,548**		**1,002**	**64.1**	**10.8**

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 prior year.
6 The Group sold its equity interest in these assets to the UKIF during the current year.

Portfolio Report

Americas

Development – Overview

	June 2013	June 2012
Development Profile		
Number of development projects[1]	8	6

1 Includes operational (secured) projects and projects where the Group has been appointed as the preferred bidder.

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 bidder for the project.
2 Estimated completion date for master-planned communities represents the estimated financial year in which 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	Status	Secured Date[1]	Estimated Completion Date[2]	Estimated Commercial Backlog sqm/000s
Bon Secours St. Francis Medical Pavilion	Virginia	100%	Under Construction	2013	2014	6
Covington Medical Arts Pavilion	Louisiana	100%	Under Construction	2012	2014	5
Bon Secours DePaul Medical Centre	Virginia	100%	Under Construction	2012	2014	10
Providence Little Company of Mary Medical Centre, Torrance	California	100%	Preferred Bidder	2011	2015	10
Winston-Salem Veterans Affairs Healthcare Center	North Carolina	100%	Preferred Bidder	2013	2016	33
Mercy Regional Health Center Medical Office Building[3]	Kansas	100%	Preferred Bidder	2013	2016	6
Medical Office Building II, USMD Hospital, Arlington, Texas	Texas	100%	Preferred Bidder	2013	2015	8
Total Healthcare						**78**

1 Secured date represents the financial year in which the Group was announced as the preferred bidder for the project.
2 Estimated completion date for healthcare projects represents the estimated financial year in which construction will be completed.
3 The Group has been selected as a preferred bidder, with the development agreement expected to be executed in 2014.

Portfolio Report

Americas

Construction

New Work Secured and Backlog Revenue

	New Work Secured Revenue[1] June 2013 US$m	New Work Secured Revenue[1] June 2012 US$m	Backlog Revenue[2] June 2013 US$m	Backlog Revenue[2] June 2012 US$m
Building	3,578.1	1,785.3	5,073.7	4,082.8
Engineering	41.4	23.0	11.5	81.0
Total Americas	**3,619.5**	**1,808.3**	**5,085.2**	**4,163.8**

1 New work secured revenue is the total revenue to be earned from projects secured during the year.
2 Backlog revenue is the total revenue to be earned from projects in future financial years based on projects secured as at 30 June 2013.

Backlog Realisation

	Year Ending June 2014 %	Year Ending June 2015 %	Post June 2016 %	Total %
Building	49	25	26	100
Engineering	95	5		100
Total Americas	**50**	**24**	**26**	**100**

Portfolio Report

Americas

Construction – Major Projects[1,5]

Project	Location	Client	Contract Type[2]	Construction Value US$m	Secured Date[3]	Completion Date[4]	Sector	Description
National September 11 Memorial/ Foundation/Port Authority	New York	National September 11 Memorial and Museum at the World Trade Center	CM	778	2006	2014	Other	Memorial and museum at the World Trade Center site in New York
One57[6]	New York	Extell Development Company	GMP	400	2012	2015	Mixed-use	74 storey high-rise hotel and residential tower with retail in Manhattan, with 210 hotel rooms and 135
LUMINA	San Francisco	Tishman Speyer	GMP	346	2013	2016	Residential	655 condominium units in two towers (37 and 42 storeys, respectively) and two nine storey residential buildings
56 Leonard Avenue	New York	56 Leonard LLC	GMP	349	2012	2016	Residential	42,000 sqm, 60 storey residential building with146 units
400 Park Avenue South	New York	ET 500 PAS LLC (JV)	GMP	206	2012	2015	Residential	43 storey residential project, split between condominiums and apartments
50 UN Plaza	New York	Zeckendorf Development LLC	GMP	201	2012	2015	Residential	44 storey condominium tower with 88 units
455 North Park/DRW Hotel	Chicago	New Water Park LLC	GMP	188	2012	2015	Mixed-use	51 storey mixed-use building, including 400 hotel rooms, 398 apartments and 230 parking spaces
680 Madison Avenue/The Carlton House	New York	Extell Development Company	CMA	150	2013	2014	Residential	Interior demolition of 23,000 square metres hotel for new high-end apartment cooperative, including retail space, townhouse and penthouse
45th Street	New York	Extell Development Company	GMP	148	2011	2014	Hotel	28,800 square metres hotel
500 Lake Shore Drive	Chicago	Related BIT	GMP	114	2011	2014	Residential	43 storey residential tower with two floors of underground parking
111 W. Wacker Drive	Chicago	Related BIT	GMP	113	2012	2014	Residential	59 storey residential tower with 506 apartments
The Lanhgam Chicago	Chicago	Pacific Eagle Holding Co.	GMP	111	2012	2014	Hotel	Conversion of floors 2 through 12 from IBM building into a 350 room hotel

1 Disclosure of major projects is subject to client approval. This could impact the projects available for disclosure.
2 Contract types are Construction Management (CM), Guaranteed Maximum Price (GMP) and Construction Management Agency (CMA).
3 Secured date represents the financial year in which the project was secured.
4 Completion date represents the financial year in which the project is expected to be completed.
5 Backlog revenue as at 30 June 2013 for the listed projects totals US$1,471 million, representing 29% of the total Construction backlog revenue for the region.
6 The One57 project was previously called Carnegie 57th Street.

Portfolio Report

Americas

Infrastructure Development – Military Housing – Project Listing

Project	Location	Service	Status	Actual Financial Close Date	Operational Term Years	Estimated Capital Spend[1] US$m	Percentage of Construction Completed %	Invested Equity US$m	Committed Equity[2] US$m	Units Under Management[3]
Fort Hood	Texas	Army	Operational	Oct-01	50	296	100	6.0		6,400
Tri-Command	South Carolina	Marine Corps	Operational	Feb-03	50	140	100	3.3		1,700
Fort Campbell	Kentucky	Army	Operational	Dec-03	50	301	100	6.0		4,450
Hickam	Hawaii	Air Force	Operational	Feb-05	50	250	100			1,400
Hickam Phase 2	Hawaii	Air Force	Operational	Aug-07	50	450	88		23.7[4]	1,100
Island Palm Communities[3]	Hawaii	Army	Operational	Apr-05	50	2,172	72	8.0		7,750
Fort Drum	New York	Army	Operational	May-05	50	415	100	5.0		3,850
Fort Drum Project Sustainment Plan	New York	Army	Operational	Sep-11	50	76	65			175
Camp Lejeune	North Carolina/ New York	Marine Corps	Operational	Oct-05	50	358	100	7.5		3,300
Camp Lejeune Phase 2	North Carolina/ New York	Marine Corps	Operational	Nov-06	50	114	100	2.5		1,050
Camp Lejeune Phase 3	North Carolina/ New York	Marine Corps	Operational	Nov-07	50	287	54	4.5		2,000
Camp Lejeune Phase 4[5]	North Carolina/ New York	Marine Corps	Operational	Mar-13	50					
Subtotal (carried forward)						**4,859**		**42.8**	**23.7**	**33,175**

1 Changes in estimated capital spend are due to adjustments made to contract values during the development year.
2 Committed equity represents future contributions the Group has a commitment to invest.
3 Units under management have been revised from prior year reports to reflect the expected number of units at the end of the initial project development period.
4 On 26 July 2013, a modified project scope plan was executed for the project requiring an investment by the Group.
5 Camp Lejeune Phase 4, formerly known as Camp Lejeune Phase 6, represents additional development managed work and does not include any additional construction value or expected units.

Portfolio Report

Americas

Infrastructure Development – Military Housing – Project Listing continued

Project	Location	Service	Status	Actual/ Expected Financial Close Date	Operational Term Years	Estimated Capital Spend[1] US$m	Percentage of Construction Completed	Invested Equity US$m	Committed Equity[2] US$m	Units Under Management[3]
Subtotal (brought forward)						**4,859**		**42.8**	**23.7**	**33,175**
Tri-Group[3]	Colorado/ California	Air Force	Operational	Sep-07	50	235	100	11.0		1,525
Fort Knox Phase 1[3]	Kentucky	Army	Operational	Feb-07	50	220	79		3.0	2,530
Fort Knox Phase 2 (Additional Scoring)	Kentucky	Army	Operational	Oct-10	50	22	22			35
Air Combat Command Group II	Arizona/ New Mexico	Air Force	Operational	Jul-07	50	224	98	11.0		2,200
Wainwright/Greely Phase 1[4]	Alaska	Army	Operational	Apr-09	50	53	100			1,800
Wainwright/Greely Phase 2[4]	Alaska	Army	Operational	Sep-10	50	257	41		2.0	
PAL Group A Phase 1[5]	Various	Army	Operational	Aug-09	50	57	100			3,400
PAL Group A Phase 2 and Group B	Various	Army	Operational	Apr-12	50	148	40			4,415
PAL Group C[6]	Various	Army	Operational	May-13		367				3,820
Total Operational						**6,442**		**64.8**	**28.7**	**52,900**
Fort Hood Stage 3 (Chaffee Village 1)	Texas	Army	Preferred bidder	Sep-13		63				
Total Preferred Bidder						**63**				
Total						**6,505**		**64.8**	**28.7**	**52,900**

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 the Group has a commitment to invest.
3 Units under management have been revised to reflect the expected number of units at the end of the initial project development period.
4 The committed equity of US$2.0 million for Wainwright/Greely Phase 1 was reclassified to Wainwright/Greely Phase 2 to reflect that the commitment is part of the Phase 2 Operating Agreement. Total expected units under management are included in Wainwright/Greely Phase 1.
5 The prior report included US$2.0 million in equity associated with the PAL Group A initial closing. On achieving the final close of the project (completed in April 2012), this amount was reclassified to long-term deposits.
6 The PAL Group C financial close includes the number of units based on the current development plan for the project site.

Portfolio Report

Key Portfolio Metrics by Line of Business

Development

	Australia		Asia		Europe		Americas		Total	
	June 2013	**June 2012**	**June 2013**	**June 2012**	**June 2013**	**June 2012**	**June 2013**	**June 2012**	**June 2013**	**June 2012**
Development Profile										
Number of development projects	38	39	1	1	27	23	8	6	74	69
Number of retirement villages[1]	71	71							71	71
Backlog Units and SQM[2]										
Residential – Land units										
Zoned[3]	55,545	57,910				5,961	3,860	3,860	59,405	67,731
Unzoned										
Subtotal Residential – Land units	55,545	57,910				5,961	3,860	3,860	**59,405**	**67,731**
Residential – Built-form units										
Zoned	13,620	11,935			5,394	5,897			19,014	17,832
Unzoned	466	466			533	3,294			999	3,760
Subtotal Residential – Built-form units	14,086	12,401			5,927	9,191			**20,013**	**21,592**
Total Residential Units	**69,631**	**70,311**	**–**	**–**	**5,927**	**15,152**	**3,860**	**3,860**	**79,418**	**89,323**
Commercial (sqm/000s)[4]										
Zoned	5,552	5,814	32	109	389	727	449	410	6,422	7,060
Unzoned						20				20
Commercial (sqm/000s)	**5,552**	**5,814**	**32**	**109**	**389**	**747**	**449**	**410**	**6,422**	**7,080**
Retirement Village Units	**1,247**	**1,270**							**1,247**	**1,270**

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 The Australian June 2012 backlog residential units have been restated from 58,185 to 57,910 to reflect a revised position on the Ropes Crossing project.
4 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

By Region	New Work Secured Revenue[1] June 2013 A$m	New Work Secured Revenue[1] June 2012 A$m	Backlog Revenue[2] June 2013 A$m	Backlog Revenue[2] June 2012 A$m
Australia	7,654.6	8,152.9	9,560.9	9,264.5
Asia	414.2	665.7	475.7	692.7
Europe	1,132.2	813.1	1,260.3	1,104.8
Americas	3,514.1	1,738.8	4,937.1	4,003.5
Total Group	**12,715.1**	**11,370.5**	**16,234.0**	**15,065.5**
By Sector				
Building	9,714.3	7,358.5	12,876.8	10,744.5
Engineering	2,229.2	3,343.6	2,729.5	3,750.3
Services	771.6	668.4	627.7	570.7
Total Group	**12,715.1**	**11,370.5**	**16,234.0**	**15,065.5**

1 New work secured revenue is the total revenue to be earned from projects secured during the year.
2 Backlog revenue is the total revenue to be earned from projects in future financial years, based on projects secured as at 30 June 2013. 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$5,085.2 million (June 2012: US$4,163.8 million) and the European backlog revenue was £831.0 million (June 2012: £721.9 million).

Portfolio Report

Key Portfolio Metrics by Line of Business

Construction – Backlog Realisation

By Region	Year Ending June 2014 %	Year Ending June 2015 %	Post June 2016 %	Total %
Australia	58	24	18	100
Asia	85	14	1	100
Europe	60	34	6	100
Americas	50	24	26	100
Total Group	**56**	**25**	**19**	**100**
By Sector				
Building	53	26	21	100
Engineering	71	18	11	100
Services	50	27	23	100
Total Group	**56**	**25**	**19**	**100**

Key Portfolio Metrics by Line of Business

Investment Management – Investments

By Region	Lend Lease Share of Income June 2013 A$m	Lend Lease Share of Income June 2012 A$m	Market Value[1] June 2013 A$m	Market Value[1] June 2012 A$m
Australia	10.8	14.2	335.8	202.2
Asia	4.8	11.3	228.1	261.4
Europe	38.3	42.5	965.5	843.2
Americas		6.9		
Total Group	**53.9**	**74.9**	**1,529.4**	**1,306.8**

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

Portfolio Report

Key Portfolio Metrics by Line of Business

Funds Under Management (FUM)[1]

By Region	June 2013 A$b	June 2012 A$b
Australia	10.3	8.8
Asia	3.3	2.2
Europe	1.4	1.3
Total Group	**15.0**	**12.3**

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]	
By Region	June 2013	June 2012	June 2013	June 2012	June 2013	June 2012
Australia	16	16	5,283.2	5,171.4	707.2	701.3
Asia	4	3	3,530.3	1,879.4	240.0	186.6
Europe	3	3	3,637.4	3,209.6	294.5	293.0
Total Group	**23**	**22**	**12,450.9**	**10,260.4**	**1,241.7**	**1,180.9**

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	
	June 2013	June 2012	June 2013	June 2012	June 2013	June 2012
Operational (secured)	4	1	44.1		106.7	15.0
Preferred bidder	1					
Total	**5**	**1**	**44.1**		**106.7**	**15.0**

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

Europe

	Number of Projects[1]		Invested Equity £m		Committed Equity[2] £m		Facilities Management Revenue Backlog[3] £m	
	June 2013	June 2012	June 2013	June 2012	June 2013	June 2012	June 2013	June 2012
Operational/under construction (secured)	24	24	64.1	61.0	3.1	6.0	615.6	591.8
Preferred bidder (awarded)	1				7.7		386.6	
Total	**25**	**24**	**64.1**	**61.0**	**10.8**	**6.0**	**1,002.2**	**591.8**

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 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	
	June 2013	June 2012	June 2013	June 2012	June 2013	June 2012	June 2013	June 2012
Operational (secured)	21	19	6.4	6.0	93.5	95.3	52,900	49,340
Preferred bidder (awarded)	1	3	0.1	0.5				6,800
Total	**22**	**22**	**6.5**	**6.5**	**93.5**	**95.3**	**52,900**	**56,140**

1 Number of projects includes extensions of existing projects and projects where the Group is the preferred bidder. Where a project has multiple phases, these have been combined on completion for the purposes of presentation. The 30 June 2012 Portfolio Report disclosed 27 projects; this has now been revised to 22.
2 Over the initial development period of the project.
3 Includes both invested and committed equity the Group has a future commitment to invest.

Portfolio Report

Key Portfolio Metrics by Line of Business

Group Assets

	Australia		Asia		Europe		Americas		Total	
	June 2013	June 2012	June 2013	June 2012	June 2013	June 2012	June 2013	June 2012	June 2013	June 2012
Development	6,784.4	6,114.9	2.5	92.2	364.6	237.9	63.6	64.3	7,215.1	6,509.3
Construction	2,333.1	2,517.5	286.1	312.4	630.4	741.1	1,066.1	881.8	4,315.7	4,452.8
Investment Management	383.4	236.6	243.7	194.5	541.3	537.2		(157.0)[1]	1,168.4	811.3
Infrastructure Development	196.4	13.2			149.3	111.6	136.1	116.1	481.8	240.9
Total Segment	**9,697.3**	**8,882.2**	**532.3**	**599.1**	**1,685.6**	**1,627.8**	**1,265.8**	**905.2**	**13,181.0**	**12,014.3**
Corporate activities									1,029.4	689.2
Total Assets	**9,697.3**	**8,882.2**	**532.3**	**599.1**	**1,685.6**	**1,627.8**	**1,265.8**	**905.2**	**14,210.4**	**12,703.5**

1 The Group had a net tax receivable position at 30 June 2012 and therefore the Investment Management assets in the Americas at 30 June 2012 includes an income tax payable balance of A$157.8 million, which has been reclassified to assets in the Statement of Financial Position in the Consolidated Financial Statements of the Group.

Five Year Profile

		June 2013	June 2012	June 2011	June 2010	June 2009[1]
Profitability						
Revenue	A$m	12,209	11,548	8,927	10,502	14,683
Statutory profit/(loss) before tax	A$m	575	523	632	451	(749)
Operating profit before tax[2]	A$m	577	527	621	417	365
Statutory profit/(loss) after tax	A$m	552	501	493	346	(669)
Operating profit after tax[2]	A$m	553	507	485	324	292
Operating EBITDA[2]	A$m	744	664	711	483	396
Earnings per stapled security on statutory profit/(loss)[3]	cents	96.0	87.7	86.9	69.5	(154.7)
Earnings per stapled security on operating profit[2,3]	cents	96.3	88.7	85.6	65.1	67.4
Statutory profit/(loss) after tax to securityholders' equity for the period (ROE)[4]	%	13.4	13.4	14.3	12.7	(26.1)
Dividend/Distribution per security[5]	cents	42.0	38.0	35.0	32.1	41.0
Dividend/Distribution payout ratio on operating profit after tax[2,5]	%	44	43	41	50	64
Corporate Strength						
Total assets	A$m	14,210	12,704	12,149	11,366	8,291
Cash	A$m	1,538	958	1,046	1,636	1,121
Borrowings	A$m	1,976	1,357	1,694	1,447	1,125
Current assets	A$m	4,638	4,108	4,097	4,171	4,106
Non current assets	A$m	9,572	8,596	8,052	7,196	4,186
Current liabilities	A$m	6,819	6,582	5,794	5,541	4,087
Non current liabilities	A$m	3,062	2,211	2,722	2,465	1,790
Total equity	A$m	4,329	3,911	3,633	3,361	2,414
Cash flow provided by/(used in) operations	A$m	95	(46)	(42)	168	382
Net asset backing per security	A$	7.52	6.83	6.36	5.94	5.27
Net asset backing (including Bluewater) per security[6]	A$	8.31	7.43	6.94	6.51	5.95
Ratio of current assets to current liabilities[7]	times	0.7	0.6	0.7	0.8	1.0
Ratio of current assets to current liabilities (excluding resident and accommodation bond liabilities)[7]	times	1.1	1.0	1.2	1.2	1.0
Net debt to total tangible assets, less cash[8,9]	%	6.1	6.3	8.9	n/a	2.9
Borrowings to total equity	%	45.6	34.7	46.6	43.0	46.6
Borrowings to total equity plus borrowings	%	31.3	25.8	31.8	30.1	31.8
Gross borrowings to total tangible assets[9]	%	17.2	14.3	17.7	15.1	16.9
Borrowings to total market capitalisation	%	41.1	32.9	33.1	34.9	35.1
Securities on issue	m	576	573	571	566	458
Number of security holders	no.	53,591	52,739	54,370	55,492	52,684
Number of equivalent full-time employees	no.	16,536	18,439	18,374	11,094	10,656
Securityholders' Returns and Statistics						
Proportion of securities on issue to top 20 security holders	%	76.1	76.6	76.3	75.3	74.3
Security holdings relating to employees[10]	%	6.9	6.9	6.4	6.1	7.9
Total dividends/distributions[11]	A$m	242	218	199	161	187
Security price as at 30 June as quoted on the Australian Securities Exchange	A$	8.35	7.20	8.97	7.33	7.01

1 Comparative information for June 2009 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. June 2010 and June 2009 have been adjusted to reflect the impact of aligning the accounting policies of an associate to those of the Group with respect to prior period adoption of AASB Interpretation 12 *'Service Concession Arrangements'*.

2 Operating profit excludes unrealised property investment revaluations of A$2.0 million loss before tax, A$1.4 million loss after tax (June 2012: A$4.8 million loss before tax, A$5.8 million loss after tax).

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

4 Return on equity is calculated as the annual statutory profit after tax divided by the arithmetic average of beginning, half year and year end securityholders' equity.

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

6 Net assets includes Bluewater inventory at market value of A$900.0 million (June 2012: A$776.9 million).

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

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

9 Net debt and gross borrowings include certain other financial liabilities of A$254.1 million (June 2012: A$256.0 million).

10 Securities held through employee benefit vehicles.

11 The June 2013 dividend of A$109.4 million was declared subsequent to the reporting date.

Directors' Report

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Directors' Report

The Directors present their Report together with the Annual Consolidated Financial Report of the consolidated entity, being Lend Lease Corporation Limited ('the Company') and its controlled entities including Lend Lease Trust ('LLT') (together referred to as the 'Consolidated Entity' or the 'Group'), for the financial year ended 30 June 2013 and the Auditor's Report thereon.

1. Governance

a. Board/Directors

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

D A Crawford AO, Chairman
(Independent Non Executive Director)
Age 69

Term of Office
Mr Crawford joined the Board in July 2001 and was appointed Chairman in May 2003.

Skills, Experience and Qualifications
Mr Crawford has extensive experience in risk management and business reorganisation. He has acted as a consultant, scheme manager, receiver and manager and liquidator to many large and complex corporations. Previously, Mr Crawford was National Chairman of the Australian firm of KPMG. He was appointed an Officer of the Order of Australia (AO) in June 2009 in recognition for service in various fields including to business as a Director of public companies, to sport particularly through the review and restructure of national sporting bodies, and to the community through contributions to arts and educational organisations.

Mr Crawford holds a Bachelor of Commerce and Bachelor of Laws from the University of Melbourne and is a Fellow of the Institute of Chartered Accountants.

Other Directorships and Positions (current and recent)
- Chairman of Australia Pacific Airports Corporation Limited (appointed May 2012)
- Non Executive Director of BHP Billiton Limited (appointed May 1994)
- Former Chairman of Foster's Group Limited (appointed Director August 2001 and Chairman November 2007, resigned December 2011)
- Former Director of Westpac Banking Corporation (appointed May 2002, resigned December 2007)
- Former Chairman of National Foods Limited (appointed November 2001, resigned June 2005)

Board Committee Memberships
- Member of the Nomination Committee

S B McCann, Group Chief Executive Officer and Managing Director
(Executive Director)
Age 48

Term of Office
Mr McCann was appointed Group Chief Executive Officer in December 2008 and joined the Board as Managing Director in March 2009.

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

Mr McCann has more than 15 years' experience in funds management and capital markets transactions. Prior to joining Lend Lease, Mr McCann spent six years at ABN AMRO, where his roles included Head of Property, Head of Industrial Mergers & Acquisitions and Head of Equity Capital Markets for Australia and New Zealand. Previous roles also include Head of Property at Bankers' Trust, four years as a mergers and acquisitions lawyer at Freehills and four years in taxation accounting.

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

Other Directorships and Positions
- Nil

Directors' Report continued

1. Governance continued

a. Board/Directors continued

C B Carter AM
(Independent Non Executive Director)
Age 70

Term of Office
Mr Carter joined the Board in April 2012.

Skills, Experience and Qualifications
Mr Carter is one of the founding partners of The Boston Consulting Group in Australia, retiring as a Senior Partner in 2001, and continues as an Adviser with that company. He has over 30 years of experience in management consulting advising on organisational, strategy and governance issues. His career has included major projects in Australia and overseas. Mr Carter has wide industry knowledge on corporate governance issues and has carried out board performance reviews for a number of companies. He has co-authored a book on boards, 'Back to the Drawing Board'.

Mr Carter holds a Bachelor of Commerce degree from Melbourne University and a Master of Business Administration from Harvard Business School, where he graduated with Distinction and as a Baker Scholar. He is a Fellow of the Australian Institute of Company Directors.

Other Directorships and Positions (current and recent)
- Non Executive Director of Wesfarmers Limited (appointed October 2002)
- Non Executive Director of SEEK Limited (appointed March 2005)
- President of Geelong Football Club
- Director of World Vision Australia
- Director of The Ladder Project

Board Committee Memberships
- Chairman of the Nomination Committee
- Member of the Sustainability Committee

P M Colebatch
(Independent Non Executive Director)
Age 68

Term of Office
Mr Colebatch joined the Board in December 2005.

Skills, Experience and Qualifications
Mr Colebatch has held senior management positions in insurance and investment banking, and was formerly on the Executive Board of Swiss Reinsurance Company, Zurich. He was previously on the Executive Board of Credit Suisse Group, Zurich, where he was Chief Financial Officer, and was subsequently Chief Executive Officer of Credit Suisse Asset Management.

Mr Colebatch has a Bachelor of Science and Bachelor of Engineering from the University of Adelaide, a Master of Science from Massachusetts Institute of Technology and a Doctorate in Business Administration from Harvard University.

Other Directorships and Positions (current and recent)
- Non Executive Director of Man Group plc (appointed September 2007)
- Board of Trustees for the Prince of Liechtenstein Foundation and the LGT Group Foundation (appointed September 2009)
- Former Director of Insurance Australia Group Limited (appointed January 2007, resigned August 2012)

Board Committee Memberships
- Chairman of the Personnel and Organisation Committee
- Member of the Risk Management and Audit Committee
- Member of the Nomination Committee

Directors' Report continued

1. Governance continued

a. Board/Directors continued

G G Edington CBE
(Independent Non Executive Director)
Age 67

Term of Office
Mr Edington joined the Board in December 1999.

Skills, Experience and Qualifications
Mr Edington brings to the Board extensive UK and international experience in the property sector and is qualified as a Chartered Surveyor. Mr Edington was a Director of BAA plc and Chairman of BAA International. He joined BAA plc in 1988, became a member of the Board in 1991 and has been the Chairman of six BAA companies. He is a past President of the British Property Federation, was the Chairman of UK property company Greycoat Estates Limited and was a member of the Bank of England Property Forum.

Mr Edington was awarded a CBE for services to children and was formerly Chairman of the Council of Trustees of the UK children's charity, Action for Children.

Other Directorships and Positions (current and recent)
- Deputy Chairman of the Fulham Palace Trust (appointed to the Board in May 2011 and as Deputy Chairman in April 2012)
- Director on Chobham School Academy Trust (appointed March 2013)

Board Committee Memberships
- Member of the Risk Management and Audit Committee
- Member of the Sustainability Committee
- Member of the Nomination Committee

P C Goldmark
(Independent Non Executive Director)
Age 72

Term of Office
Mr Goldmark joined the Board in December 1999.

Skills, Experience and Qualifications
Mr Goldmark brings to Lend Lease his wide experience as a Chief Executive Officer and senior executive in the private and public sectors, both in the USA and internationally. Until his retirement in December 2010, he was Director, Climate and Air Program at Environmental Defense, a US based non-profit environmental advocacy organisation. He was the Chairman and Chief Executive Officer of The International Herald Tribune in Paris between 1998 and 2003. Prior to this, he was the President and Chief Executive Officer of the Rockefeller Foundation in New York for 10 years. Mr Goldmark has held positions including Senior Vice President of the Times-Mirror Corporation, Executive Director of the Port Authority of New York and New Jersey, and Director of the Budget for the State of New York. He now works as an independent consultant and columnist and is a writer and speaker on world affairs.

Mr Goldmark graduated with a BA from Harvard College, Government Department, magna cum laude.

Other Directorships and Positions (current and recent)
- Chairman of the Mekong Renewable Resources Fund, an advisory board operating in the IndoChina peninsula (appointed March 2012)

Board Committee Memberships
- Member of the Sustainability Committee
- Member of the Nomination Committee

Directors' Report continued

1. Governance continued

a. Board/Directors continued

J S Hemstritch
(Independent Non Executive Director)
Age 60

Term of Office
Ms Hemstritch joined the Board in September 2011.

Skills, Experience and Qualifications
Ms Hemstritch has extensive senior executive experience in information technology, communications, change management and accounting. She also has broad experience across the financial services, telecommunications, government, energy and manufacturing sectors and in business expansion in Asia. During a 25 year career with Accenture and Andersen Consulting, Ms Hemstritch worked with clients across Australia, Asia and the US. She held a number of leadership positions within the company and was Managing Director Asia Pacific for Accenture from 2004 until her retirement in 2007. Ms Hemstritch was a member of Accenture's global Executive Leadership Team and oversaw the management of Accenture's business in the Asia Pacific region which spanned 12 countries and included 30,000 personnel.

Ms Hemstritch has a Bachelor of Science degree in Biochemistry and Physiology from the University of London and is a Fellow of the Institutes of Chartered Accountants in Australia and in England and Wales. She is a Member of the Council of the National Library of Australia and Chief Executive Women Inc.

Other Directorships and Positions (current and recent)
- Non Executive Director of the Commonwealth Bank of Australia (appointed October 2006)
- Non Executive Director of Tabcorp Holdings Ltd (appointed November 2008)
- Non Executive Director of Santos Limited (appointed February 2010)
- Chairman of Victoria Opera Company Ltd (appointed Director October 2010 and Chairman February 2013)
- Former Director and Deputy Chairman of The Global Foundation (appointed November 2009, resigned November 2012)

Board Committee Memberships
- Member Personnel and Organisation Committee
- Member of the Nomination Committee

D J Ryan AO
(Independent Non Executive Director)
Age 61

Term of Office
Mr Ryan joined the Board in December 2004.

Skills, Experience and Qualifications
Mr Ryan has a background in commercial banking, investment banking and operational business management. He has previously held senior executive management positions in investment banking and industry, as well as being the Chairman or a Non Executive Director of a number of listed public companies.

Mr Ryan has a Bachelor of Business from the University of Technology in Sydney, Australia, and is a Fellow of the Australian Institute of Company Directors and CPA Australia.

Other Directorships and Positions (current and recent)
- Chairman of Tooth & Co (appointed Director September 1999 and Chairman January 2003)
- Chairman of ABC Learning Centres Limited (administrators appointed, receivers and managers appointed) (appointed Director June 2003 and Chairman 30 May 2008)
- Advisory Board of Virgin Group Worldwide (appointed August 2012)
- Former Non Executive Director of Aston Resources Limited until the merger with Whitehaven Coal (appointed November 2011 and resigned May 2012)
- Former Chairman of Transurban Holdings Limited (appointed Director April 2003, Chairman February 2007 and retired August 2010)

Board Committee Memberships
- Chairman Risk Management and Audit Committee
- Member Personnel and Organisation Committee
- Member of the Nomination Committee

Directors' Report continued

1. Governance continued

a. Board/Directors continued

M J Ullmer
(Independent Non Executive Director)
Age 62

Term of Office
Mr Ullmer joined the Board in December 2011.

Skills, Experience and Qualifications
Mr Ullmer brings to the Board extensive strategic, financial and management experience accumulated over his career in international banking and finance. He was the Deputy Group Chief Executive Officer of the National Australia Bank (NAB) from 2007 until he stepped down from the Bank in August 2011. He joined NAB in 2004 as Finance Director and held a number of key positions including Chairman of the subsidiaries Great Western Bank (US) and JB Were. Prior to NAB, Mr Ullmer was at Commonwealth Bank of Australia, initially as Group Chief Financial Officer and then Group Executive with responsibility for Institutional and Business Banking. Before that he was a Partner at accounting firms KPMG (1982 to 1992) and Coopers & Lybrand (1992 to 1997).

Mr Ullmer has a degree in mathematics from the University of Sussex. He is a Fellow of the Institute of Chartered Accountants and a Senior Fellow of the Financial Services Institute of Australia.

Other Directorships and Positions (current and recent)
- Non Executive Director of Woolworths Limited (appointed January 2012)
- Advisory Board of Nomura Australia (appointed September 2012)
- Board of Melbourne Symphony Orchestra (appointed February 2007)
- National Gallery of Victoria (appointed December 2011)
- Chairman Schools Connect Australia (appointed November 2011)
- Former Executive Director of National Australia Bank (appointed October 2004, retired August 2011)
- Former Director of Bank of New Zealand (appointed September 2007, retired August 2011)
- Former Non Executive Director of Fosters Group Limited (appointed June 2008, resigned December 2011)

Board Committee Memberships
- Chairman Sustainability Committee
- Member Risk Management and Audit Committee
- Member of the Nomination Committee

Former Directors
Ms J A Hill retired from the Board on 15 November 2012, having joined the Board in May 2006.

b. General Counsel and Company Secretary Qualifications and Experience

K Pedersen
Ms Pedersen was appointed as Group General Counsel in January 2013. Before that she was Deputy General Counsel and Company Secretary for several large property and construction companies. Ms Pedersen has a Masters of Law from the University of Technology, Sydney and a Bachelor of Commerce/Bachelor of Laws from the University of New South Wales.

W Lee
Ms Lee joined Lend Lease in September 2009 and was appointed as a Company Secretary of Lend Lease in January 2010. Prior to her appointment, Ms Lee was a company secretary for several subsidiaries of a large financial institution listed on the ASX. She has over 10 years of company secretarial experience. Ms Lee has a Bachelor of Arts and a Bachelor of Laws from the University of Sydney, a Graduate Diploma in Applied Corporate Governance and is an Associate of Chartered Secretaries Australia.

W Hara
Mr Hara resigned as Group General Counsel and Company Secretary of Lend Lease on 28 September 2012. Mr Hara was with Lend Lease for six years.

Directors' Report continued

1. Governance continued

c. Officers Who Were Previously Partners of the Audit Firm

KPMG or its predecessors was appointed as the Company's auditor at its first Annual General Meeting in 1958.
Mr Crawford was a Partner and Australian National Chair of KPMG. He resigned from this position on 28 June 2001 prior to his appointment as a Director of the Company on 19 July 2001. Mr Ullmer was also a Partner at KPMG from 1982 until October 1992.

d. Directors' Meetings

Board Meetings
The Board meets as often as necessary to fulfil its role. Directors are required to allocate sufficient time to the Group to perform their responsibilities effectively, including adequate time to prepare for Board meetings. During the financial year ended 30 June 2013, 15 Board meetings were held. Five of these meetings were held in Australia and one each in the UK, Americas and Asia reflecting the geographic spread of the Lend Lease business. These meetings run over two or three days. Seven meetings were held via teleconference to discuss specific matters. In addition, matters were dealt with as required by circular resolution.

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

There are four permanent Committees of the Board.

Risk Management and Audit Committee
The Risk Management and Audit Committee consists entirely of Non Executive Directors. The principal purpose of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Group's risk management and internal control systems, accounting policies and practices, internal and external audit functions and financial reporting. During the financial year ended 30 June 2013, five meetings of the Risk Management and Audit Committee were held. In addition, two special Risk Management and Audit Sub Committees were established to deal with specific matters.

Personnel and Organisation Committee
The Personnel and Organisation Committee consists entirely of Non Executive Directors. The Committee's agenda reflects the importance of human capital to the Group's strategic and business planning and it assists the Board in establishing appropriate policies for people management and remuneration across the Group. During the financial year ended 30 June 2013, sixteen meetings of the Personnel and Organisation Committee were held. Full details of the Committee's work on behalf of the Board are set out in the Remuneration Report. This includes the review of the Group's Executive Reward Strategy conducted by the Committee during the reporting period in response to the concerns raised by securityholders in their comments on the 2012 Remuneration Report at the 2012 AGM and expressed in separate discussions with stakeholders.

Sustainability Committee
The Sustainability Committee consists entirely of Non Executive Directors. The Committee assists the Board in monitoring the decisions and actions of management in achieving Lend Lease's aspiration to be a sustainable organisation. During the financial year ended 30 June 2013, four meetings of the Sustainability Committee were held.

Nomination Committee
The Nomination Committee consists entirely of Non Executive Directors. The Committee assists the Board by considering nominations to the Board to ensure that there is an appropriate mix of expertise, skills and experience on the Board. During the financial year ended 30 June 2013, all eight meetings of the Nomination Committee were held in conjunction with scheduled Board meetings and all Non Executive Directors routinely attend.

Directors' Report continued

1. Governance continued

d. Directors' Meetings continued

Attendance at Meetings of Directors 1 July 2012 to 30 June 2013

The number of Board and Board Committee meetings held, and the number of meetings attended by each Director during the 2013 Financial Year are set out in the tables below.

	Membership	Number of Meetings Held[1]	Number of Meetings Attended
Board	D A Crawford (Chairman)	15	15
	S B McCann (CEO)	15	15
	C B Carter[2]	15	13
	P M Colebatch	15	15
	G G Edington	15	14
	P C Goldmark	15	15
	J S Hemstritch	15	15
	J A Hill[3]	3	1
	D J Ryan[4]	15	14
	M J Ullmer	15	15
Board Sub Committee meetings	G G Edington	1	1
	D J Ryan	2	2
	M J Ullmer	1	1
	Standing Invitees:		
	D A Crawford	1	1
Risk Management & Audit Committee Meetings	D J Ryan (Chairman)	5	4
	P M Colebatch	5	5
	G G Edington	5	5
	M J Ullmer	5	5
	Standing Invitees:		
	D A Crawford	5	5
Risk Management and Audit Sub Committee No 1	D J Ryan (Chairman)	5	5
	M J Ullmer	5	5
	Standing Invitees:		
	D A Crawford	5	5
Risk Management and Audit Sub Committee No 2	D J Ryan (Chairman)	6	6
	J S Hemstritch	6	6
	M J Ullmer	6	6
	Standing Invitees:		
	D A Crawford	6	6
Personnel and Organisation Committee	P M Colebatch (Chairman)	16	16
	J S Hemstritch	16	16
	D J Ryan	16	15
	J A Hill	3	1
	Standing Invitees:		
	D A Crawford	11	11
	C B Carter	2	2
	M J Ullmer	2	2
Sustainability Committee	M J Ullmer (Chairman)	4	4
	G G Edington	4	4
	P C Goldmark	4	4
	C B Carter	2	2
	J A Hill	2	0
	Standing Invitees:		
	D A Crawford	4	4
Nomination Committee	C B Carter (Chairman)	8	7
	D A Crawford	8	8
	P M Colebatch	8	8
	G G Edington	8	8
	P C Goldmark	8	8
	J S Hemstritch	8	8
	D J Ryan	8	7
	M J Ullmer	8	8
	J A Hill	3	1

1 Reflects the number of meetings held during the time the Director held office during the year. Seven of the 15 meetings were out of schedule board teleconferences constituted to address specific issues. G G Edington and C B Carter were unable to attend one each of these teleconferences, both of which were called at short notice.
2 C B Carter was unable to attend the November 2012 meeting as he had a timetable conflict.
3 J A Hill retired from the Board on 15 November 2012.
4 D J Ryan was unable to attend the April 2013 meeting due to ill health. Leave of absence was granted. D J Ryan received full briefings of the matters discussed at the meeting by the Chairman and the Secretary.

Directors' Report continued

1. Governance continued

e. Interest in Capital

The interest of each of the Directors (in office at the date of this report) in the stapled securities of the Group at 30 June 2013 and 30 June 2012 is set out below.

Director	Securities held directly 2013	Securities held beneficially/ indirectly 2013[1]	Total 2013	Securities held directly 2012	Securities held beneficially/ indirectly 2012[1]	Total 2012
D A Crawford	778	74,773	75,551	741	73,769	74,510
S B McCann	292,961	154,443	447,404	224,153	154,443	378,596
C B Carter		15,000	15,000		15,000	15,000
P M Colebatch	5,023	13,300	18,323	5,023	13,300	18,323
G G Edington	22,998	17,070	40,068	21,165	18,903	40,068
P C Goldmark	6,892	17,902	24,794	4,765	20,029	24,794
J S Hemstritch		20,000	20,000		20,000	20,000
J A Hill[2]				2,000	12,324	14,324
D J Ryan	15,792	15,481	31,273		31,273	31,273
M J Ullmer		25,000	25,000		25,000	25,000

1 Includes securities in the Retirement Plan beneficially held by Non Executive Directors.
2 J A Hill retired from the Board on 15 November 2012.

Directors' Report continued

2. Operations

a. Principal Activities

Overview

Lend Lease's vision is to create the best places, which supports its strategic direction 'to be the leading international property and infrastructure group'. Our core lines of business are development, construction, investment management, services and ownership of property and infrastructure assets. The Group has clear priorities and is currently focused on the delivery and execution of its major projects, disciplined portfolio management, driving operational efficiencies and allocating capital to key growth platforms.

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

- Development: involves the development of urban communities, inner-city mixed-use developments, apartments, retirement, retail, commercial and healthcare assets;
- Construction: involves project management, building, engineering and construction services;
- Investment Management: involves property and infrastructure investment management, property management and asset management and includes the Group's ownership interests in property and infrastructure investments; and
- Infrastructure Development: arranges, manages and invests in Public Private Partnership (PPP) projects.

b. Review and Results of Operations

	Statutory profit after tax[1] A$m	Statutory cash flow A$m	Statutory ROE %	Net debt A$m	Gearing %	Statutory EPSS[1] cents	Dividends/ Distributions cents
2013	551.6	580.5	13.4	691.9	6.1	96.0	42
2012	501.4	(88.3)	13.4	655.2	6.3	87.7	38
% Movement	+10%	Large	–	+6%	-0.2%	+9%	+11%

1 Attributable to stapled securityholders.

The Group made further progress implementing its strategy during the year with the following key achievements:

Development:

- Estimated pipeline end value of A$37.4 billion (June 2012: A$37.2 billion);
- Progress on Barangaroo South in Australia:
  - Tenant pre-commitments of 71% for the commercial floor space in the first two towers (77% including current Memorandums of Understanding);
  - Working with Crown Limited to reach an agreement to develop an international hotel; and
  - Planning approval for the first two residential towers.
- Sale of the Group's 25% interest in the Jem® retail asset in Singapore, which opened in June 2013;
- Commencement of activity at Elephant & Castle in the UK:
  - Planning approval for the £1.5 billion regeneration masterplan achieved; and
  - Launch of the first two residential buildings, One The Elephant and Trafalgar Place, with 61% pre-sales achieved;
- Divestment of the Group's interest in Greenwich Peninsula Regeneration Limited in the UK.

Construction:

- Securing new work of A$12.7 billion including Sunshine Coast University Hospital, New Bendigo Hospital and the Pacific Highway Nambucca Heads to Urunga upgrade in Australia; Kingsgate House in the UK; and 432 Park Avenue and Privatized Army Lodging (PAL) Group C in the US;
- Successful completion of the construction of Jem®, a retail and office asset in Singapore; and
- Closing backlog revenue of A$16.2 billion (June 2012: A$15.1 billion). Backlog revenue increases to circa A$17.2 billion including Sydney International Convention, Exhibition and Entertainment Precinct which is at the preferred bidder stage.

Investment Management:

- Funds under management of A$15.0 billion (June 2012: A$12.3 billion);
- Launch of Lend Lease International Towers Sydney Trust with funding for the first two commercial towers at Barangaroo South; and
- Launch of the Lend Lease Jem Partners Fund and subsequent purchase of the Group's 25% interest in Jem®.

Infrastructure Development:

- Financial close on three infrastructure development projects in Australia – Sunshine Coast University Hospital, Eastern Goldfields Regional Prison and New Bendigo Hospital;
- Sale of a further two UK PPP assets to the UK Infrastructure Fund; and
- Financial close of the Privatized Army Lodging (PAL) Group C in the US.

Corporate:

- A$0.6 billion of new debt issued (A$375.0 million Australian medium term notes and S$275.0 million Singapore bond).

Directors' Report continued

2. Operations continued

b. Review and Results of Operations continued

Review of Financial Performance

The Group delivered a statutory profit after tax of A$551.6 million, an increase of 10%, with the key components as follows.

In **Australia**, statutory profit after tax increased to A$505.2 million (Operating profit after tax: A$506.6 million[1]).

- The Development business was the main contributor to the increase in profit, primarily due to earnings relating to the first two commercial towers at Barangaroo South, partially offset by reduced residential activity in the year.
- The Construction business results for the year have been impacted by the tightening of market conditions and the underperformance of some projects in the second half of the financial year.
- The Investment Management business prior year results included the sale of the New Zealand Retail Portfolio to Lend Lease Real Estate Partnership New Zealand.
- The Infrastructure Development results include fees received following the financial close of Sunshine Coast University Hospital, Eastern Goldfields Regional Prison and New Bendigo Hospital.

In **Asia**, statutory profit after tax increased to A$112.6 million.

- The Development business includes the profit on the sale of the Group's interest in the Jem® retail asset in Singapore.
- The Construction business profit after tax has increased by A$2.8 million to A$28.6 million, with the key contributors being finalisation of the Jem® project and continued delivery of the telecommunications rollouts across Japan.
- The Investment Management prior year result included the partial sell down of the Group's interest in Asia Pacific Investment Company No. 2 Limited and the investment income prior to its sale, plus the recognition of a deferred profit from the sale of the Group's 25% direct ownership in PoMo.

In **Europe**, statutory profit after tax increased to A$99.5 million.

- The Development business is the main contributor to the Europe current year profit, predominantly due to the profit on the sale of the Group's interest in Greenwich Peninsula Regeneration Limited, which completed in July 2012.
- Construction profit after tax decreased by A$36.2 million in the year, primarily due to a reduction in volume across the UK, Spain, Italy and Russia, the underperformance of some projects in the second half of the year and the cost of restructuring the UK business.
- Investment Management profit after tax decreased by A$8.9 million due to reduced net investment income following the sale of the Group's ownership interest in Chelmsford Meadows shopping centre in the prior year, which also included profit on the sale.
- The Infrastructure Development business current year result includes profit on the sale of two education PPP assets to the UK Infrastructure Fund, as compared to the prior year, which included the sale of five UK PPP assets to the UK Infrastructure Fund.

In the **Americas**, statutory profit after tax increased to A$53.7 million.

- During the current year, the Development business completed and sold its ownership in the Bon Secours St. Francis Watkins Centre in Virginia and commenced construction on three new projects.
- Construction profit increased by A$12.3 million due to the continued improvement in the core commercial markets of New York and Chicago and improved profit from the Military Housing Privatization Initiative projects due to realisation of earnings as more projects in the portfolio achieve substantial completion. The prior year was impacted by the New York investigation.
- The Investment Management prior year result included profit relating to completion of the sale of the Group's 50% ownership interest in the King of Prussia shopping mall.
- Infrastructure Development profit increased by A$16.6 million mainly due to reaching financial close of the US Department of the Army's Privatized Army Lodging (PAL) Group C project.

Corporate statutory loss after tax increased to A$219.4 million.

- Group Services loss after tax increased to A$152.0 million due to the Group's restructuring of the Australia business, the transformation program and the Abigroup investigation.
- Key trading elements of the Group Treasury contribution during the year include:
    - Reduced interest revenue of A$10.3 million is due to lower average cash balances and interest rates compared to the prior year. The interest rate on invested cash averaged 3.5% per annum for the year (June 2012: 3.9%); and
    - Reduced interest expense of A$14.2 million is primarily due to reduced facility costs and gains on mark to market derivatives. The Group's weighted average cost of debt at 30 June 2013 is 5.7% (June 2012: 6.2%).

1 Operating profit excludes net property revaluation losses of A$1.4 million after tax.

Directors' Report continued

2. Operations continued

b. Review and Results of Operations continued

Review of Financial Position

The Group remains in a strong position with the key components as follows:

- A strong liquidity position, with **cash and cash equivalents** of A$1,538.4 million (June 2012: A$957.9 million) and undrawn committed bank facilities of A$1,099.4 million (June 2012: A$1,242.5 million);
- **Inventories** have increased by A$72.5 million to A$2,891.0 million, largely due to an increase in work in progress in Development Australia and UK;
- **Bluewater** is held as inventory, and therefore measured in the financial statements at cost, which at 30 June 2013 was A$444.2 million (June 2012: A$433.6 million). The market value of 100% of Bluewater at 30 June 2013 increased by 8% to £1,830.0 million (A$3,000.0 million). The market value of the Group's 30% direct interest in Australian dollars increased by 16% to A$900.0 million;
- **Equity accounted investments** increased by A$115.3 million to A$585.5 million, largely attributable to an increase in joint venture investments, with the award and financial close of Sunshine Coast University Hospital, Eastern Goldfields Regional Prison and New Bendigo Hospital during the year. In addition, during the year the Lend Lease International Towers Sydney Trust was launched with funding for the first two commercial towers at Barangaroo South. These increases have been partially offset by the sale of the Group's 25% interest in Jem®;
- **Investment properties** have increased by A$608.8 million to A$4,023.8 million, primarily due to the acquisition of four retirement villages and capital expenditure and revaluations on senior living and other development properties. These increases were offset by the sale of the Aged Care business and one retirement village;
- **Other financial assets** have increased by A$140.0 million to A$550.9 million, primarily due to the A$71.7 million promissory note received on the sale of the Aged Care business and a fair value gain on the Group's 10.1% investment in ARIF 3, which owns 75% of Jem® which is recognised in the fair value revaluation reserve and reflected in the Statement of Comprehensive Income rather than the Income Statement;
- **Current borrowings** reduced as the Group repaid US$100.0 million of the US Private Placement during October 2012;
- **Non current borrowings** increased by A$719.1 million, mainly due to the Group's issuance of S$275.0 million Singapore dollar-denominated senior unsecured notes, maturing in July 2017 and A$375.0 million Australian medium term notes maturing in November 2018 and May 2020;
- **Other financial liabilities** remain materially unchanged. They include lease liabilities in relation to Construction Australia's infrastructure business and the Bluewater finance leases; and
- **Other liabilities** have increased by A$478.7 million to A$7,634.9 million, primarily due to an increase in senior living resident liabilities arising from the acquisition of four retirement villages, partially offset by the reduction in resident liabilities following the sale of the Aged Care business.

Review of Cash Flows

Net cash inflows have increased to A$580.5 million with the key movements as follows:

- **Operating** cash inflows of A$94.9 million are largely due to net Construction inflows, offset by net development expenditure in Australia and UK;
- **Investing** cash inflows of A$151.6 million include the proceeds from the sale of the Group's interest in Greenwich Peninsula Regeneration Limited and Jem® offset by the launch of Lend Lease International Towers Sydney Trust; and
- **Financing** cash inflows of A$302.8 million primarily relate to new debt facilities - A$375.0 million Australian medium term notes and S$275.0 million Singapore bond, partially offset by the US$100.0 million partial repayment of the Group's US Private Placement and dividends/distributions payments in the year.

c. Distributions

The 2012 final distribution of A$126.0 million (22.0 cents per security, nil% franked) referred to in the Directors' Report dated 30 August 2012 was paid on 28 September 2012.

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

	A$m
Interim distribution of 22.0 cents per security (unfranked) paid on 27 March 2013[1]	126.4
Final distribution of 20.0 cents per security (unfranked) declared by Directors to be paid on 27 September 2013[2]	115.1
Total distributions declared	**241.5**

1 Comprised of an unfranked dividend of 21.845565 cents per share paid by the Company, and a trust distribution of 0.154435 cents per unit paid by LLT.
2 Comprised of an unfranked dividend of 19.009245 cents per share payable by the Company, and a trust distribution of 0.990755 cents per unit payable by LLT.

Directors' Report continued

2. Operations continued

d. Significant Changes in State of Affairs

Following stapled securityholders' approval on 15 November 2012, the Company has reallocated capital to LLT by reducing the Company's share capital by A$500.3 million and applying that amount as additional capital to LLT. This capital reallocation did not affect the number of shares on issue nor the number of units held by securityholders and did not result in any cash distribution to members.

There have been no other significant changes in the Group's state of affairs.

e. Events Subsequent to Balance Date

Since 30 June 2013, the Group subscribed for units in Australian Prime Property Fund Commercial ('APPFC') for a total investment of A$225.0 million.

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

f. Likely Developments

Outlook and Prospects

Lend Lease has delivered continued profit growth in a challenging market. Our pipeline of opportunities provides earnings visibility and a platform for a strong growth trajectory over the next three years.

Our global development pipeline with an estimated end value of A$37.4 million underpins our strategic direction of becoming the leading international property and infrastructure group. Within this, projects such as Barangaroo South and the Sydney International Convention, Exhibition and Entertainment Precinct in Sydney, Victoria Harbour in Melbourne, Waterbank in Perth and Elephant & Castle in London position the Group well with good visibility of earnings in the near to medium term.

Despite a weakening construction market our backlog revenue of A$17.2 billion[1] remains robust. To further strengthen and grow our construction and infrastructure capabilities, we announced in June the transition of our four separate construction operations of Abigroup, Baulderstone, Project Management & Construction and Infrastructure Services into three sector based businesses focused on building, engineering and services - creating a unified team, working to a common vision and set of core values. This structure was implemented on 1 August 2013, and delivers a more competitive and effective operating business. It strengthens our integrated model, leverages our core capabilities, skills and experience, and differentiates our position in the global property and infrastructure market.

The strength of our balance sheet and access to third party capital means we have the financial capacity to fund our pipeline and invest in other opportunities, in line with our strategy. Balancing a target return on equity over the medium term of 15 per cent, alongside earnings growth, is a core discipline in our allocation of capital.

Despite challenging macro-economic conditions, we believe Lend Lease is well placed for 2014 and beyond. The Group's result for future financial years remains subject to a number of risk factors including: a weakening construction market, property market risks and property market values, exchange rate fluctuations, development activity risk and investment and asset management activity risk. However, the Group has robust risk management practices in place to be able to deliver sustained long term growth in line with our strategy and manage and mitigate risks that may have an impact on future financial years.

g. Environmental Regulation

The Group is subject to various state and federal environmental regulations in Australia.

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

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

1 Including Sydney International Convention, Exhibition and Entertainment Precinct which is at preferred bidder stage.

Directors' Report continued

3. Remuneration Report

Message from the Board

Welcome to the 2013 Remuneration Report where we explain how performance has been linked to reward outcomes at Lend Lease this year, and outline changes being made to remuneration policy going forward.

2013 was another strong performance year as Lend Lease continued to deliver on its 'Restore, Build, Lead' strategy to achieve long term sustainable growth for the Group. Revenue was A$12.2 billion up 6% from 2012, Statutory Profit After Tax increased to A$551.6 million up 10% from 2012 and Return on Equity was 13.4%. Funds under management increased by 22% to A$15.0 billion, construction backlog revenue increased 14% to A$17.2 billion and the estimated end value of the development pipeline is worth A$37.4 billion. Lend Lease continued to win major urban regeneration projects with a preferred position on the Sydney International Convention, Exhibition and Entertainment Precinct as well as success on major Public Private Partnership projects including Sunshine Coast University Hospital and the New Bendigo Hospital.

We value highly our continued focus on safety and sustainability. There were no fatalities in our operations, and over 80% of our operations around the world did not experience a critical incident this year. More than 90% of the major projects in our development pipeline have achieved or are targeting green certification.

Central to Lend Lease's strategy is having the right people to lead the Group over the long term, and a competitive Executive Reward Strategy is a key to outperformance.

Despite strong growth and a solid track record, at the 2012 Annual General Meeting (AGM) we received 25.8% of votes cast against our Remuneration Report. In contrast, in 2011, approximately 90% of securityholders voted in favour of our Remuneration Report. This change in sentiment concerned the Board.

The Executive Reward Strategy was designed in 2010 to support the Group while in the 'Restore' phase of the Group's strategy. There was a necessary focus on short term incentives during that strategic phase. The Board continually considers the Group's Executive Reward Strategy and during the past year we reviewed the Reward Strategy to determine whether it continued to provide the appropriate motivation now that we are moving towards the 'Lead' phase of our strategy, bearing in mind market practice and stakeholder feedback. This comprehensive assessment considered how we set goals, how we measure performance, how performance should be translated into a remuneration package, and what factors should determine the vesting of deferred awards.

As part of this review, we met with more than 30 stakeholders to discuss Lend Lease's remuneration arrangements. We appreciate the engagement with all stakeholders who have taken the time to share their views.

While there is no 'one size fits all' approach for an international property and infrastructure group with diverse business units, there was broad convergence on several issues and changes made to address them have been incorporated into our revised Executive Reward Strategy.

Given that 2013 remuneration packages had already been agreed at the time of the 2012 AGM, it was not possible to make significant changes for 2013. The changes that were made for the 2013 financial year included:

- Extending the vesting period for the CEO's Short Term Incentive (STI) to three years and capping the cash proportion of the CEO's STI at A$800,000 as an interim measure for 2013, pending the more comprehensive review being undertaken;
- Implementing mandatory securityholding levels for the CEO and Senior executives; and
- Introducing malus provisions for the CEO and Senior executives in relation to both deferred STI and Long Term Incentive (LTI) awards.

Following the more comprehensive review, enhancements to be implemented for the 2014 financial year include:

- Agreeing a new contract with the CEO which includes a reduction to the CEO's total target remuneration package with effect from 1 September 2013;
- Changing the remuneration mix to place greater emphasis on LTIs;
- Deferring a greater proportion of 'above target' STI awards for the CEO and Senior executives;
- Introducing a second hurdle, Return on Equity (ROE), for LTIs; and
- Strengthening malus provisions for the CEO and Senior executives that may be applied to both deferred STI and LTI awards.

Our formal response to the key issues raised by securityholders and proxy advisers in relation to the 2012 Remuneration Report is set out on page 23 of this report.

After the release of the 2012 Remuneration Report we dealt with certain accounting discrepancies in relation to the recognition of profits and losses on two projects within the Abigroup operations. The Board agreed with the CEO that it was appropriate that there be a 10% reduction in the quantum of the 2012 STI award for the CEO and some Senior executives. These adjustments are reflected in the Statutory Remuneration Disclosure table.

We look forward to your comments on both our remuneration arrangements and the Remuneration Report.

David Crawford, AO
Chairman

Phillip Colebatch
Chairman, Personnel and Organisation Committee

Directors' Report continued

3. Remuneration Report continued

Executive Reward at Lend Lease

Our Executive Reward Strategy, which consists of a framework and policy for governing how key senior employees in the organisation are remunerated, supports the achievement of Lend Lease's strategy. This report explains our reward strategy and reports on the remuneration for Lend Lease's Key Management Personnel (KMP).

Contents

The report contains the following sections:

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

Directors' Report continued

3. Remuneration Report continued

a. Remuneration Overview

Executives and Non Executive Directors Covered by this Report

CEO and Senior Executives

Current Executives

Stephen McCann	Group Chief Executive Officer and Managing Director (CEO)
Tarun Gupta	Chief Executive Officer, Property, Australia *(appointed to this role 24 October 2012)*
Simon Hipperson	Chief Executive Officer, Europe, Middle East and Africa *(commenced with Lend Lease and appointed to this role 1 October 2012)*
Dan Labbad	Group Chief Operating Officer *(appointed to this role 2 July 2012)* Chief Executive Officer, Europe, Middle East and Africa *(ceased this role 30 September 2012)*
Rod Leaver	Chief Executive Officer, Asia
Anthony Lombardo	Group Chief Financial Officer
Robert McNamara	Chief Executive Officer, Americas
David Saxelby	Chief Executive Officer, Construction and Infrastructure, Australia *(appointed to this role 18 February 2013. Commenced with Lend Lease 2 April 2012)*

Former Executives

Mark Menhinnitt	Chief Executive Officer Construction & Infrastructure, Australia *(appointed to this role 24 October 2012 and ceased this role 17 February 2013)* Chief Executive Officer, Australia *(ceased this role 23 October 2012)*
Craig van der Laan de Vries	Chief Strategy Officer *(ceased this role and employment on 31 December 2012)*

Non Executive Directors

Current Non Executive Directors

David Crawford	Independent Chairman
Colin Carter	Independent Non Executive Director
Phillip Colebatch	Independent Non Executive Director
Gordon Edington	Independent Non Executive Director
Peter Goldmark	Independent Non Executive Director
Jane Hemstritch	Independent Non Executive Director
David Ryan	Independent Non Executive Director
Michael Ullmer	Independent Non Executive Director

Former Non Executive Directors

Julie Hill	Independent Non Executive Director *(ceased this role 15 November 2012)*

Directors' Report continued

3. Remuneration Report continued

a. Remuneration Overview continued

Remuneration Snapshot

The following table sets out a summary of each component of the remuneration package for all Senior executives, including its purpose, how it operates in practice and key changes from last year.

Component of remuneration	**Purpose and link to Lend Lease strategy**	**How this operates in practice**	**Target and maximum opportunity**	**Description of performance metrics**	**Changes since 2012**
Fixed Remuneration – Total Package Value (TPV) or Base Salary (for Senior executives outside Australia)	To provide base salary and benefits which are competitive with those provided by companies of a similar size and level of complexity. To reward performance relative to expectations based on Senior executives' job descriptions and scope of responsibility.	Fixed pay is comprised of base salary and the value of retirement provisions and other fixed benefits and allowances. Fixed remuneration is set with reference to the market median and, in some cases, such as the case of complex global roles, the 75th percentile. The positioning depends upon the specific nature of the role, the individual's performance and the overall remuneration mix. Fixed remuneration is reviewed annually with changes effective 1 September.	Fixed remuneration is approximately 33% of the target remuneration mix for the CEO and approximately 40% - 45% of the target remuneration for Senior executives.	When setting fixed remuneration and considering external benchmarks the Committee takes into account: ▪ Group and individual performance ▪ job size and complexity ▪ individual tenure ▪ risk profile of the role ▪ internal relativities.	No fixed remuneration increase was awarded to the CEO. Senior executives who were appointed to new roles or who were paid substantially less than the market benchmark received fixed remuneration increases to reflect market levels. In other cases, modest fixed remuneration increases were awarded.
Short Term Incentive (STI)	STI awards are only provided where executives perform well against Key Performance Indicators (KPIs) in scorecards. KPIs are structured as 'building blocks' to achieve Lend Lease's short, medium and long term strategic and business goals. Senior executives are also assessed against Lend Lease's defined leadership capabilities (including safety, sustainability and diversity), values and behaviours.	Actual STI awards will depend upon Group performance (and regional performance for regional executives) as well as individual performance measured against the scorecards. The CEO scorecard for 2013 is set out on page 20.	STI is based on 'target opportunities' which are set using the remuneration mix outlined on page 31 and are tested against the relevant market peers for each executive role.	Group (and regional) financial performance determine the pool to fund STI awards. Individual awards are based on individual performance against a scorecard of financial and non financial KPIs.	The proportion of the CEO's 2013 STI delivered as cash was reduced, with an increase to the deferred securities portion. As an interim measure, the deferral period was extended to three years (deferred securities vesting in equal portions over years one, two and three from the year of grant).

Directors' Report continued

3. Remuneration Report continued

a. Remuneration Overview continued

Remuneration Snapshot continued

Component of remuneration	Purpose and link to Lend Lease strategy	How this operates in practice	Target and maximum opportunity	Description of performance metrics	Changes since 2012
Short Term Incentive (STI) continued	In this way, the STI rewards 'what' is achieved as well as 'how' it is achieved. The significant portion delivered as deferred securities encourages executives to deliver sustainable performance and aligns the interests of executives and securityholders.	At least 50% of the actual STI award is retained and deferred into securities which vest over a one and two year period (or one, two and three year period for the CEO in 2013).	The minimum possible STI outcome is zero and the maximum possible STI outcome for outstanding Group and individual performance is 150% of the CEO and Senior executive's target STI opportunity.		The CEO's target and maximum STI opportunity will be reduced in 2014, leading to a reduction in total target remuneration. From 2014 for the CEO and Senior executives, any 'above target' STI awards will have increased deferral.
Long Term Incentive (LTI)	LTI awards are designed to motivate Senior executives to achieve Lend Lease's long term strategic goals and only provide reward where Lend Lease delivers better securityholder value than its peers. LTI awards also align the interests of executives and securityholders given that the value received is linked to the Lend Lease security price.	An annual LTI grant is made to Senior executives. The award is determined with reference to the target remuneration mix for the role and the Lend Lease security price.	For the CEO in 2013, under the current Executive Reward Strategy, the target LTI was 20-30% of the overall target remuneration package. For the Senior executives in 2013, target LTI was about 15-20% of the overall target remuneration mix. LTI will comprise a greater proportion of total remuneration in 2014 and beyond.	2013 LTI performance securities (granted 1 September 2012) are subject to relative Total Shareholder Return (TSR) performance against the S&P/ASX 100 companies. 50% can vest after three years and 50% can vest after four years.	From 2014, a second performance hurdle is being introduced – Return on Equity (ROE). The CEO's 2014 LTI grant will be A$1,750,000 (or 31% of the total target remuneration package) and allocated on a fair value basis. The increase in the CEO's LTI grant, combined with the larger reduction in the STI opportunity, will lead to an overall decrease in the CEO's total target remuneration package. From 2014, LTI will form a greater proportion of the overall remuneration mix for Senior executives.
Mandatory Securityholding	Encourages the CEO and Senior executives to take a long term perspective when making decisions and strengthens alignment with securityholders.	Executives are required to accumulate and maintain a holding of Lend Lease securities. 50% of vested deferred STI and LTI awards granted from 1 July 2012 will be retained until the requirement is achieved.	The CEO and Senior executives respectively are required to hold 150% and 100% of fixed remuneration in securities. This holding is required to be achieved within six years.	–	New for 2013.

Directors' Report continued

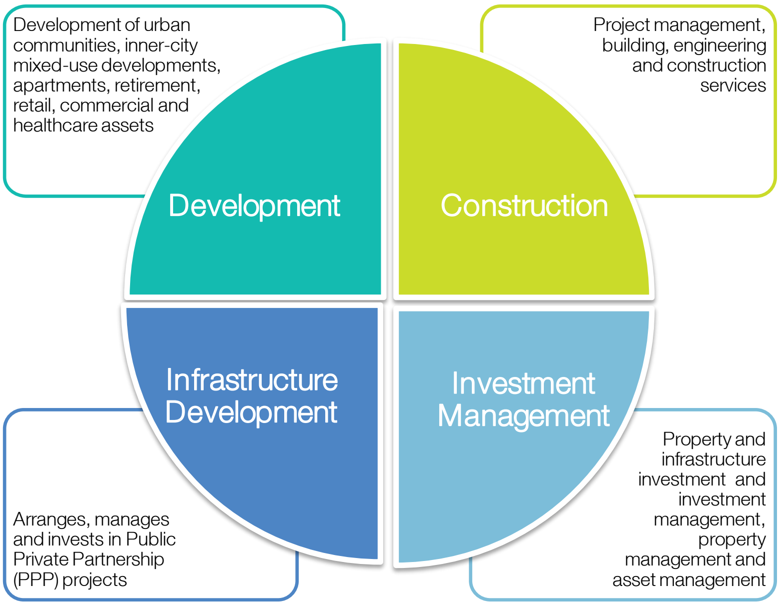
3. Remuneration Report continued

a. Remuneration Overview continued

Group Performance

Lend Lease's vision is to create the best places which supports its strategic direction 'to be the leading international property and infrastructure group'. The Group is currently working towards the 'Lead' phase of its 'Restore, Build, Lead' strategy. There are clear Group priorities including delivery and execution of major projects, disciplined portfolio management, driving operational efficiencies and allocating capital to key growth platforms.

The Group generates earnings from four lines of business:



2013 Highlights

The Group has delivered against its key safety and sustainability objectives and has made progress on implementing its strategy during the year with the benefit of earnings from key achievements, which include:

- Zero fatalities – our first fatality free year on record.
- 80% of our operations around the world did not experience a Critical Incident this year (Critical Incidents are those where an actual severe injury, property or environment damage outcome has occurred or, an incident with the potential to have resulted in severe injury, property or environment damage outcomes due to EH&S control failures).
- 90% of the major projects in our development pipeline have achieved or are targeting green certification.
- Revenue of A$12.2 billion – 6% growth from 2012.
- Statutory PAT of $551.6 million – growth of 10% from 2012.
- Return on Equity of 13.4%.

Key highlights by business line include:

Development

- Estimated pipeline end value of A$37.4 billion (June 2012: A$37.2 billion).
- Progress on Barangaroo South in Australia:
  - Tenant pre-commitments of 71% for the commercial floor space in the first two towers (77% including current Memorandums of Understanding);
  - Working with Crown Limited to reach an agreement to develop an international hotel; and
  - Planning approval for the first two residential towers.
- Sale of the Group's 25% interest in the Jem® retail asset in Singapore, which opened in June 2013.
- Commencement of activity at Elephant & Castle in the UK:
  - Planning approval for the £1.5 billion regeneration masterplan achieved.
  - Launch of the first two residential buildings, One The Elephant and Trafalgar Place, with 61% pre-sales achieved.
- Divestment of the Group's interest in Greenwich Peninsula Regeneration Limited in the UK.

Directors' Report continued

3. Remuneration Report continued

a. Remuneration Overview continued

2013 Highlights continued

Construction

- Securing new work of A$12.7 billion including Sunshine Coast University Hospital, New Bendigo Hospital and the Pacific Highway Nambucca Heads to Urunga upgrade in Australia; Kingsgate House in the UK; and 432 Park Avenue and Privatized Army Lodging (PAL) Group C in the US.
- Successful completion of the construction of Jem®, a retail and office asset in Singapore.
- Closing backlog revenue of A$16.2 billion (June 2012: A$15.1 billion). Backlog revenue increases to circa A$17.2 billion including Sydney International Convention, Exhibition and Entertainment Precinct which is at the preferred bidder stage.

Investment Management

- Funds under management of A$15.0 billion (June 2012: A$12.3 billion).
- Launch of Lend Lease International Towers Sydney Trust with funding for the first two commercial towers at Barangaroo South.
- Launch of the Lend Lease Jem Partners Fund and subsequent purchase of the Group's 25% interest in Jem®.

Infrastructure Development

- Financial close on three infrastructure development projects in Australia – Sunshine Coast University Hospital, Eastern Goldfields Regional Prison and New Bendigo Hospital.
- Sale of a further two UK PPP assets to the UK Infrastructure Fund.
- Financial close of the Privatized Army Lodging (PAL) Group C in the US.

Business performance has consistently improved

The table below outlines some key indicators of Group performance over the past five years for the year ended 30 June.

		2013	2012	2011	2010	2009
Statutory profit/(loss) after tax	A$m	552	501	493	346	(654)
Operating profit after tax	A$m	553	507	485	324	292
EPSS on statutory profit after tax[1]	Cents	101.7	92.7	91.7	72.9	(161.4)
Total dividends/distributions[2]	A$m	241.5	217.5	198.7	160.6	186.7
Increase/(decrease) in closing price[3]	A$	1.15	(1.77)	1.64	0.32	(2.54)
Annual Total Securityholder Return[4]	%	22	(16)	27	13	(20)
Return on Equity[5]	%	13.4	13.4	14.3	12.7	(26.1)

1 EPSS (Earnings per Stapled Security) is calculated using the weighted average number of securities on issue excluding treasury securities.
2 The June 2013 dividends/distributions of A$109.4 million were declared subsequent to the reporting date.
3 Represents the movement in the security price over the year calculated using the closing security price at 30 June.
4 Represents the movements in the Group's security price, distribution yield and any return on capital over the financial year.
5 ROE is calculated as the annual statutory profit after tax divided by the arithmetic average of beginning, half year and year end securityholders' equity.

Performance and STI Pool

Group PAT is one input into the overall determination of the STI pool. An assessment of overall profit, sustainability of earnings and other financial and non financial factors are also considered. Group PAT was at target during 2013. Following an overall assessment of performance, the Board approved an STI pool slightly below target for 2013.

Directors' Report continued

3. Remuneration Report continued

a. Remuneration Overview continued

CEO Scorecard and Board Assessment

STI outcomes are based on performance during the year, primarily measured through the use of scorecards. Scorecards for the CEO and Senior executives reflect short, medium and long term goals related to delivering financial returns, the reshaping of the portfolio, setting up the business for future growth, embedding operational excellence and investing in people. The 2013 scorecard is reflective of the Group's move towards the 'Lead' phase of the Lend Lease's 'Restore, Build, Lead' strategy.

The Board has assessed the CEO's 2013 scorecard and made an overall judgement as to whether the scorecard results fully reflect performance and the management of risk. The result for each category set out below is a holistic assessment of the measures established at the start of the year and the effectiveness of the CEO in addressing unanticipated events.

Following the Board's assessment, the CEO was allocated an STI award of A$2,850,000 for 2013 which was 88% of the CEO's target STI award. Refer to the table Remuneration Awarded by the Board on page 27 to see the total remuneration awarded to the CEO for 2013.

	PERFORMANCE MEASURES 'WHAT'	REASON CHOSEN 'WHY'	PERFORMANCE ASSESSMENT 'HOW'	RESULT
	Financial performance – 50% weighting			
PAT (25%)	PAT.	Key financial metric for Lend Lease.	Financial target for PAT was achieved with PAT of A$551.6 million, in line with budget. PAT is 10% higher than 2012.	At target.
Other Financial (25%)	Revenue Growth.	Multiple dimensions of financial performance recognise the importance of delivering returns to securityholders and securing future revenue. Encompasses overall financial performance for the year.	Revenue growth below target due to stretching targets combined with challenging external market conditions.	Stretch revenue below target. Other targets broadly achieved.
	Gross Profit Margin Percentage (GPM).		Gross Profit Margin Percentage 0.5% above target.	
	Return On Equity (ROE).		ROE 13.4% - 2013 target achieved.	
	Productivity (Overheads/GPM %).		Productivity marginally below target. Material improvement compared to 2012.	
	Cash Flow.		Cash Flow greater than 150% of target for 2013 with operating cash flow increase greater than 300% from 2012 to 2013.	
	Holistic assessment of overall financial performance.		Has enabled continuous sustainable future earnings.	
	Non financial performance - 50% weighting			
Strategic (15%)	Deliver strategic reinvestment of capital in growth platforms. Reshape portfolios.	The CEO is focused on strategic initiatives that deliver future growth, improved business performance and securityholder value.	On track to meet capital recycling targets. Key divestments including sales of the Jem® retail asset in Singapore, Greenwich Peninsula Regeneration Limited in the UK and the Aged Care business in Australia. Plans are in place to recycle this capital into growth platforms in 2014 including: new urban regeneration development projects, investment management opportunities and infrastructure development and construction opportunities. There are a number of major urban redevelopment projects underway including Barangaroo (with tenant pre-commitments of 71% to date on the first two towers at Barangaroo South) and Elephant and Castle (61% pre-sales achieved on the first two residential towers). New urban redevelopment opportunities have been secured including: Sydney International Convention Exhibition and Entertainment Precinct, Waterbank and Batman's Hill.	Targets achieved.

Directors' Report continued

3. Remuneration Report continued

a. Remuneration Overview continued

CEO Scorecard and Board Assessment continued

	PERFORMANCE MEASURES 'WHAT'	REASON CHOSEN 'WHY'	PERFORMANCE ASSESSMENT 'HOW'	RESULT
Non financial performance - 50% weighting				
People and Leadership (20%)	Manage top talent identified in succession plans for key leadership roles within the Group and achieve less than 5% voluntary attrition.	The CEO is required to demonstrate and role model effective leadership, and actively manage talent to underpin sustainable performance.	Voluntary attrition of top talent well under 5% target at 2%. Development and succession plans in place for all leadership roles.	Above target.
	Assess leadership standards and framework with particular focus on safety, diversity and sustainability behaviours for all managers.		Increase in gender diversity (51% improvement in Senior executive positions) and a continued focus on safety and sustainability. Lend Lease placed 6th best employer for Lesbian, Gay, Bisexual and Transgender (LGBT) employees in Australia in 2012. Female representation among CEO direct reports increased from 0% to 18%, one year ahead of target.	
	Drive a safety culture and achieve key safety metrics.		Zero fatalities and a significant reduction in critical incidents. Over 80% of our operations around the world did not experience a critical incident this year. The critical incident frequency rate target (a key lead indicator of safety performance) was achieved.	
	Drive 5% increase in employee engagement scores across the areas of: Engagement, Operating Internally, External Focus and Employee Development.		Increased employee engagement by at least 5% in 75% of engagement focus areas.	
Operational Excellence (15%)	Directionally align the business to the agreed portfolio management targets.	Portfolio management is a critical aspect of the CEO's role, as is overseeing key business initiatives.	Contribution from segments to PAT aligned to five year strategy approach across most major categories. The current end value of the development pipeline was A$37.4 billion and construction backlog revenue was A$17.2 billion[1]. Continue to re-weight the portfolio to achieve portfolio targets including Investment Management platform growth – Funds under management now A$15.0 billion, an increase of 22%.	Very aggressive targets were established with actual results being just below these goals.
	Deliver predefined business initiatives, including cost reduction and efficiency, and capital approvals and accountability.		Majority of predefined business initiatives were completed or critical milestones were achieved during the year, including the launch of the HR Services Centre. Initiatives across the Group aim to reduce the number of support staff by automating processes, consolidating support functions, standardising reporting and rationalising our workforce are on track and will deliver payback over three to four years.	

1 Including Sydney International Convention, Exhibition and Entertainment Precinct which is at preferred bidder stage.

Directors' Report continued

3. Remuneration Report continued

a. Remuneration Overview continued

The CEO's Contract

The CEO's Contract for 2013

The CEO's contract applicable for 2013 does not have a fixed term, but his appointment as Managing Director is not to exceed five years from 4 March 2009 (unless there is a mutually agreed extension).

The contract provides for benefits including fixed remuneration, superannuation, vehicle lease, parking space and life insurance. STI and LTI plan participation is at the Board's discretion.

The following terms apply:

Notice by CEO	6 months
Notice by Lend Lease	12 months
Payment in lieu of notice	Where the CEO is not employed for the full period of notice, a payment in lieu of notice may be made. The payment in lieu of notice includes pro rata fixed remuneration and the cash value of statutory entitlements and benefits, and pro rata STI based on the level of performance achievement in the previous year.
Non-compete period	12 months
Non-solicitation period	12 months
Treatment of incentives	The CEO may receive a pro rata STI award for the latest financial year based on assessment of his performance by the Board. LTIs will be treated according to ordinary award terms except that for the most recent LTI award before termination, the pro rata period is increased by 12 months.

The CEO's Contract for 2014

The Board and the CEO have agreed to enter into a new employment contract with effect from 1 September 2013 with no fixed term.

The contract provides for fixed remuneration of A$2,034,000 which includes superannuation and the value of other benefits previously provided such as vehicle lease, parking space and life insurance. Taking into account the stated fringe benefits, this amount is unchanged from the fixed remuneration applicable in 2013. STI and LTI plan participation is at the Board's discretion. The CEO's target STI for 2014 has been reduced to A$1,750,000 and target LTI for 2014 increased to A$1,750,000 (with the number of awards determined on a 'fair value' basis). This results in a target 2014 remuneration package of A$5,534,000, a reduction of 11% from the current target package (with LTI awards valued in 'fair value' terms), with materially less weight on the STI component of the remuneration package.

The following terms have been changed under the new contract:

Payment in lieu of notice	From 2014, where the CEO is not employed for the full period of notice, a payment in lieu of notice may be made. The payment in lieu of notice includes pro rata fixed remuneration and the cash value of statutory entitlements and benefits. The previous contract included pro rata STI in the payment in lieu of notice, which would have resulted in a payment in lieu of notice significantly in excess of the amount required under the new contract.
Treatment of incentives on cessation of employment	From 2014, the CEO may continue to receive an STI award for the latest financial year based on assessment of his performance by the Board. LTI awards will be treated in accordance with the plan rules at that time. Deferred STI awards will remain on foot in certain mutually agreed termination circumstances.

Directors' Report continued

3. Remuneration Report continued

a. Remuneration Overview continued

Response to Concerns Raised in Relation to 2012 Remuneration Arrangements

The following table summarises the concerns raised by securityholders in their comments on the 2012 Remuneration Report at the 2012 AGM, as well as the Board's response. The table also addresses the major concerns expressed in discussions with stakeholders.

Concern	2012 arrangement	Board response
Quantum of Total Remuneration for the CEO	The CEO's TPV during 2012 was A$1,900,000. In addition, benefits such as a vehicle lease, parking space and life insurance were provided. The CEO's target STI award was A$3,237,000. The CEO's target remuneration for 2012 was A$6,569,000 and the actual total remuneration awarded by the Board including LTI was A$7,702,000. LTI was allocated based on the 20 day volume weighted security price before grant.	The CEO's actual 2013 remuneration was A$6,279,000 (with LTI allocated on a face value basis). The Board reviewed the CEO remuneration with input from PricewaterhouseCoopers (PwC) as the remuneration adviser to the Board. In determining the remuneration for the CEO, the Board considers the scope, scale and complexity of the role. The Board also considers peer relativities. However, finding appropriate peers for comparison in the Australian market remains challenging. Lend Lease is one of the only Australian companies that operates in the property and infrastructure sectors on such a significant global scale. There is no single entity in the Australian market that has a comparable business model that could be considered a true peer. This makes it difficult to draw strict peer comparisons on remuneration among Australian companies. As part of the Board's planned review of the CEO's contract, and in response to stakeholder feedback, the Board has decided that from 2014, the CEO's total target remuneration will be reduced. For 2014 fixed remuneration will remain unchanged at A$2,034,000. The CEO's target STI opportunity will be A$1,750,000 and target LTI opportunity will also be A$1,750,000 (with the number of LTI awards calculated with reference to the 'fair value' of an award). This represents an 11% decrease on the target remuneration package from 2012.
Quantum of STI Award for the CEO	As noted above, the CEOs target STI award was A$3,237,000. However, because of 'above target' Group and individual performance, the CEO was awarded a 2012 STI allocation of A$4,370,000.	Lend Lease rewards above market median for high performance in accordance with the Group's Executive Reward Strategy guidelines. Despite strong Group performance this year and higher profits, the CEO's 2013 STI award of A$2,850,000 is lower than in 2012. See CEO scorecard on page 20. The Board has also changed the way in which the STI is delivered to the CEO in 2013, with higher amounts of deferral over a longer time frame. Only A$800,000 of the 2013 STI award is delivered in cash, less than half of the cash portion of the 2012 STI award. For 2014, the CEO's target STI opportunity will be reduced both in terms of quantum and also as a proportion of the overall remuneration mix. 2014 target STI will reduce to A$1,750,000, a decrease of almost 46% from 2013. As a consequence, the potential cash portion of the STI award is significantly reduced.
Group CEO & Senior Executive Pay Mix	The CEO's target remuneration package included 31% as fixed remuneration, 49% as STI and 20% as LTI (or 16% as LTI on a fair value basis).	The CEO's 2013 target STI and LTI awards were agreed in August 2012. Therefore, as a temporary measure for 2013 until the CEO's package could be amended, the Board made an interim adjustment to the pay mix for the CEO by increasing STI deferrals as described above. For 2013, 72% of the CEO's STI award is deferred.

Directors' Report continued

3. Remuneration Report continued

a. Remuneration Overview continued

Response to Concerns Raised in Relation to 2012 Remuneration Arrangements continued

Concern	2012 arrangement	Board response
Group CEO & Senior Executive Pay Mix continued	Target LTI for Senior executives was 15-20% of their target pay mix, although in some cases, LTI was actually between 10-15% of their remuneration awarded. Changes were made in 2012 to increase the focus on long term performance with the introduction of mandatory securityholdings and malus provisions for deferred STI.	Beginning in 2014, pay mix has been reviewed and a greater proportion of the remuneration package for the CEO and Senior executives will be delivered as LTI. LTI will be 31% of the CEO's 2014 target remuneration package. For Senior executives we are progressively moving towards a minimum of 20% LTI, with around 13-15% LTI as part of the target remuneration mix for 2014.
Group CEO & Senior Executive STI Deferral	The STI award was delivered as a mix of cash and deferred securities. A significant portion (50%) was delivered as deferred securities. 50% of the deferred securities (i.e. 25% of the total award) vested one year after grant and the remaining 50% vested after two years.	As an interim measure for 2013, the STI deferral for the CEO has increased to three years with the first A$800,000 of the CEO's STI award delivered in cash and the balance in deferred securities vesting in equal proportions in years one, two and three from the year of grant. Beginning in 2014, there will be additional deferrals for any 'above target' STI awards for all Senior executives. Any 'above target' awards will be delivered 33% in cash and the balance of 67% will be delivered in deferred securities vesting in equal proportions in years one and two from the year of grant. At target in 2014, 75% of any performance based awards for the CEO would be deferred (STI and LTI). In contrast, at target in 2012, 61% would have been deferred.
Use of a Single LTI Performance Measure	LTI awards were subject to a single performance hurdle - relative TSR. Relative TSR was selected as the performance measure to link LTI awards to the delivery of superior (i.e. above median) securityholder returns relative to the S&P/ASX 100 companies over the performance period. This method was chosen after consultation with securityholders.	A second hurdle will be added to LTI awards issued from September 2013. Return on Equity (ROE) was selected as the second performance measure given that many Lend Lease activities are capital intensive, for example, major urban redevelopment projects. The Board wants to incentivise Senior executives to manage an appropriate portfolio of projects for the long term, with timely execution of capital recycling. This should balance profit contribution with appropriate returns on securityholders' equity, within the parameters of the Board risk management framework. The introduction of this hurdle now provides dual performance measures with one hurdle being a market based hurdle and the other being an internal measure. The ROE target will sit alongside the existing relative TSR target (see page 37 for further details). Vesting will commence once ROE reaches 11% with 25% of the awards vesting, with full vesting once ROE reaches 15%. The lower threshold for vesting of 11% was set after considering the Group's cost of equity and the ROE of ASX 100 companies in recent years. The Board considers that if the 11% threshold is exceeded on average over a three or four year period, then it is appropriate that some proportion of the LTI awards should vest. The upper threshold for vesting of 15% was set after considering the Group's stated ROE target and 10 year historic ROE. The Board considers that if the ROE target is reached on average over the three or four year period, then all of the LTI awards should vest.

Directors' Report continued

3. Remuneration Report continued

a. Remuneration Overview continued

Response to Concerns Raised in Relation to 2012 Remuneration Arrangements continued

Concern	2012 arrangement	Board response
Use of a Single LTI Performance Measure continued		By having the measure as the average over three and four years, the impact on vesting of exceptional events affecting one year's ROE is reduced. The 15% target would not have been met if tested during the previous 10 years on either a three year or four year average basis. If achieved, it would mean that the Group would significantly outperform the median of ASX 100 companies in recent years. The dual hurdles are intended to motivate our Senior executives to achieve Lend Lease's long term strategic goals as we move towards the 'Lead' phase of our strategy.
Ability to Stop Vesting of Awards	In the 2012 Remuneration Report, details were included of new malus provisions to apply to future awards of deferred STI and LTI. For deferred STI and LTI awards allocated after 1 July 2012, the Board may adjust the number of awards downwards prior to the date of vesting in the case of a material misstatement of the Group's financial accounts.	There are strengthened malus provisions for both deferred STI awards and LTI awards made from 1 July 2013. For deferred STI awards malus may be applied where there is a material misstatement in the Group's or any Group subsidiary's financial statements, or where there is a misstatement which is required to be disclosed to ASX or a regulator. Malus may also be applied where there is misconduct which has a serious impact on the Group. See section 3d on page 35 for details of the malus provisions which will apply to deferred STI awards. Broader malus provisions will apply to the LTI awards than the deferred STI awards. This is because the Board views LTI awards as a reward for future performance while deferred STI awards relate to the executive's performance in a prior period. Malus may be applied on LTI awards where vesting would result in the Senior executive receiving an inappropriate or unwarranted benefit. See section 3d on page 37 for further details.
Termination Arrangements for the CEO	The termination arrangements for the CEO formed part of his contract when he was employed in the role of CEO Investment Management in 2005. Under the CEO's contract, where the CEO is not employed for the full period of notice, a payment in lieu of notice may be made. The payment in lieu of notice includes pro rata fixed remuneration and the cash value of statutory entitlements and benefits, and pro rata STI based on the level of performance achievement in the previous year. The CEO may receive a pro rata STI award for the latest financial year based on assessment of his performance by the Board. LTIs will be treated according to ordinary award terms except that for the most recent LTI award before termination, the pro rata period is increased by 12 months.	The Board and the CEO have agreed to enter into a new employment contract with effect from 1 September 2013. From 1 September 2013, where the CEO is not employed for the full period of notice, a payment in lieu of notice may be made which includes pro rata fixed remuneration and the cash value of statutory entitlements and benefits. STI will not form part of any payment in lieu of notice. From 1 September 2013, the CEO may receive a pro rata STI award for the latest financial year based on assessment of his performance by the Board. LTI awards will be treated in accordance with the plan rules at that time. Deferred STI awards will remain on foot in certain mutually agreed termination circumstances.

Directors' Report continued

3. Remuneration Report continued

b. Remuneration Disclosures

This year, we have shown three presentations of remuneration for our Senior executives to separate remuneration decisions made by the Board in relation to current year performance and remuneration outcomes for prior year performance. The presentations include statutory requirements and are also reflective of the guidelines from the Corporations and Markets Advisory Committee (CAMAC).

1. Statutory – Remuneration of the CEO and Senior Executives for the Years Ended 30 June 2013 and 2012

   The table outlines remuneration prepared in accordance with Australian Accounting Standards. It includes fixed remuneration and the cash portion of 2013 STI awarded, as well as the current year amortisation of both current and historic STI and LTI grants.

2. Awarded – Remuneration Awarded by the Board for the year ended 30 June 2013

   The table is presented as it illustrates the amounts the Board awarded in relation to performance in this financial year. Some of these entitlements are 'at risk' and deferred until future financial years and subject to future performance.

   Five of the current seven Senior executives have been appointed to their roles in the last two years and their remuneration packages reflect their increasing experience and contribution to Group performance. This reflects the Board's policy to consider each executive's experience and time in role in positioning their remuneration package.

3. Actual Received – Actual Remuneration Received in 2013

   The table outlines the actual remuneration received by the CEO and by Senior executives during the performance year. This includes both current year remuneration paid and amounts awarded in prior years (2009, 2010 and 2011) which vested in this financial year. There is also a reconciliation between the CEO's actual remuneration received in 2013 and the statutory remuneration disclosure.

Included in the Appendix is a table which provides a comparison of the information included in each of the three remuneration presentations.

Remuneration of the CEO and Senior Executives for the Years Ended 2013 and 2012 (Statutory Disclosures)

		Short Term Benefits			Post-Employment Benefits	Security Based Payments			
A$000s	**Year**	**Cash salary[1]**	**STI cash[2]**	**Non monetary benefits[3]**	**Superannuation[4]**	**LTI equity settled[5]**	**STI equity settled**	**Other long term benefits[6]**	**Total**
Executive Director									
Stephen McCann[7]	2013	1,877	581	186	34	984	1,957	29	5,648
	2012	1,869	2,185	249	35	703	1,961	27	7,029
Senior Executives									
Tarun Gupta[8]	2013	565	298	1	67	131	317	9	1,388
Simon Hipperson[9]	2013	543	211	126		40			920
Daniel Labbad[10]	2013	984	527	106	87	224	508	14	2,450
	2012	855	534	300	83	138	358		2,268
Rod Leaver	2013	1,102	469	403		201	538		2,713
	2012	1,142	560	396	4	132	365		2,599
Anthony Lombardo[11]	2013	898	491	67	19	205	483	14	2,177
	2012	844	527	58	18	151	383	13	1,994
Robert McNamara	2013	915	483	50		332	734		2,514
	2012	826	293	20	7	344	546		2,036
David Saxelby[12]	2013	386	308	27	19		28	6	774
Former Executives									
Mark Menhinnitt[13]	2013	649	110	10	75	161	283	10	1,298
	2012	906	495		102	159	342	13	2,017
Craig van der Laan de Vries[14]	2013	496		18	8	(15)			507
	2012	101		6	9	15		1	132

Footnotes follow on page 27.

Directors' Report continued

3. Remuneration Report continued

b. Remuneration Disclosures continued

Remuneration of the CEO and Senior Executives for the Years Ended 2013 and 2012 (Statutory Disclosures) continued

1 Cash salary includes the payment of cash allowances such as motor vehicle and housing allowance and holiday pay on termination from an employing entity.
2 This includes the reduction in 2012 cash STI as a result of the Abigroup investigation that was announced at the 2012 AGM.
3 Non monetary benefits include car parking, relocation and expatriate benefits (such as house rental, health insurance, shipping of goods and tax return preparation), motor vehicle costs and annual leave.
4 Superannuation for defined benefit members in Australia (Tarun Gupta, Mark Menhinnitt) reflects the cost of contributions based on the actuarial long term contribution rate applied to the notional salary in respect of the executive. Superannuation includes the value of life insurance premiums.
5 Fair value expense of LTI awards that are equity settled.
6 Other long term benefits represent the accrual of statutory employee entitlements i.e. long service leave.
7 2012 STI equity settled includes the amortisation amount of A$515,783 of the retention award made in August 2007 to Stephen McCann.
8 Tarun Gupta commenced with Lend Lease in 1994 and became KMP from 24 October 2012 when he assumed the role of CEO Property, Australia. The information in the above table reflects remuneration for the period from 24 October 2012 to 30 June 2013.
9 Simon Hipperson commenced employment as KMP from 1 October 2012. The information in the above table reflects remuneration for the period from 1 October 2012 to 30 June 2013.
10 Daniel Labbad cash salary for 2013 includes A$68,286 of accrued annual leave paid on termination from the UK employing entity.
11 Tony Lombardo cash salary for 2013 includes a full year of remuneration since being promoted to the role of Group Chief Financial Officer in December 2011 which results in an additional $40,000 cash salary compared to 2012. The remaining increase in cash salary from 2012 relates to the 3.3% increase in TPV from 1 September 2012.
12 David Saxelby commenced with Lend Lease in 2012 and assumed the role CEO Construction & Infrastructure, Australia on 18 February 2013. David is therefore KMP from 18 February 2013. The information in the above table reflects remuneration for the period from 18 February 2013 to 30 June 2013. Included within STI cash is an expense in relation to an award made upon joining Lend Lease which is subject to future service and performance. The 2013 expense has been prorated from the date of becoming KMP.
13 Mark Menhinnitt ceased his role as Australian Regional CEO on 17 February 2013 and is therefore no longer KMP effective 18 February 2013. Disclosures represent part year remuneration from 1 July 2012 to 17 February 2013 while he was KMP.
14 Craig van der Laan de Vries ceased employment with Lend Lease on 31 December 2012 and ceased to be KMP effective 31 December 2012. Disclosures represent part year remuneration from 1 July 2012 to 31 December 2012 while he was KMP. In addition to the remuneration in the above table he was paid a termination payment of A$402,083 in relation to contractual entitlements. No termination benefits were paid to any other KMP.

Remuneration Awarded by the Board for the Year Ended 30 June 2013

The remuneration awarded by the Board to the CEO and Senior executives in relation to performance in this financial year ended 30 June 2013 is set out in the table below.

The total STI awarded (cash and deferred securities) reflects the result of the assessment of Group and individual performance from 1 July 2012 to 30 June 2013. The table also shows the STI outcome for each Senior executive as a percentage of both target and maximum STI opportunity.

Deferred securities issued as part of the overall STI award may crystallise after a further one and two years, or in the case of the CEO, one, two and three years. The value of deferred securities will depend on the price of Lend Lease securities at the date of vesting.

The amount actually received as a result of these awards will not be known until September 2016 when the testing of the LTI performance hurdle is completed, the vesting of STI deferred awards is completed and the value of Lend Lease securities is known.

$A000's	Short Term		'At Risk' – Deferred To Future Periods				Total Potential Remuneration	STI Opportunity	
			STI deferred securities to vest in			2013 LTI awards (conditional on future performance)[6]	(Actual value is dependent upon future service and future performance)		
Name	Fixed remuneration[4]	STI cash[5]	Sept 2014	Sept 2015	Sept 2016			% of target STI paid	% of maximum STI paid
Stephen McCann	2,034	800	683	683	684	1,395	6,279	88	59
Tarun Gupta[1]	930	435	217	218		302	2,102	104	69
Simon Hipperson[2]	705	211	106	106		245	1,373	80	53
Dan Labbad	975	527	263	263		327	2,355	120	80
Rod Leaver	1,420	469	234	234		349	2,706	100	67
Anthony Lombardo	930	544	272	272		312	2,330	130	87
Robert McNamara	859	483	242	242		283	2,109	125	83
David Saxelby[3]	1,100	445	223	223			1,991	90	60

1 Mr Gupta was KMP with effect from 24 October 2012. The amounts in the table above reflect his total remuneration and have not been prorated for his time as KMP.
2 Mr Hipperson commenced employment and was KMP with effect from 1 October 2012. The amounts in the table above reflect his total remuneration from 1 October 2012 to 30 June 2013 with the exception of fixed remuneration which is a full year amount.
3 Mr Saxelby was KMP with effect from 18 February 2013. The amounts in the table above reflect his total remuneration and have not been prorated for his time as KMP.
4 Fixed remuneration includes the contractually awarded amount of Total Package Value/Base Salary from 1 September 2012 (or later if there was any increase during the year) and non monetary benefits (excluding annual leave expense) and superannuation or pension.
5 STI cash award to be paid in September 2013.
6 LTI awards were granted on 1 September 2012 and the face value of the awards at grant is shown.

Directors' Report continued

3. Remuneration Report continued

b. Remuneration Disclosures continued

Actual Remuneration Received in 2013

The table below outlines the actual remuneration received by the CEO and by Senior executives during the performance year. It is divided into two parts – 2013 Current Year Remuneration and Prior Year Remuneration. 2013 Current Year Remuneration represents fixed remuneration as well as the cash portion of the 2013 STI due to be paid in September 2013. Prior Year Remuneration represents deferred remuneration that was awarded in prior years that was paid or vested this year.

Actual remuneration received is different from:

- The remuneration awarded by the Board in relation to 2013 performance. This is set out on page 27 in the table Remuneration Awarded by the Board for the Year Ended 30 June 2013; and
- The statutory remuneration disclosures presented on page 26 which are prepared in accordance with the relevant accounting standards.

A$000's	2013 Current Year Remuneration		Prior Year Remuneration			
Name[1]	Fixed remuneration[5]	2013 STI cash[6]	STI Deferred securities[7]	2010 LTI[8]	2009 LTI[9]	Total
Stephen McCann	2,054	800	1,001	903	0	4,758
Tarun Gupta[2]	934	435	240	106	0	1,715
Simon Hipperson[3]	618	211	–	–	–	829
Daniel Labbad	1,108	527	248	198	0	2,081
Rod Leaver	1,420	469	253	–	–	2,142
Anthony Lombardo	928	544	265	169	0	1,906
Robert McNamara	935	483	217	314	–	1,949
David Saxelby[4]	1,100	445	–	–	–	1,545

1 Mark Menhinnitt and Craig van der Laan de Vries who ceased as KMP during the year are excluded.
2 Tarun Gupta commenced as KMP from 24 October 2012. The information in the above table reflects remuneration for the period from 1 July 2012 to 30 June 2013.
3 Simon Hipperson commenced employment and as KMP from 1 October 2012. The information in the above table reflects remuneration for the period from 1 October 2012 to 30 June 2013.
4 David Saxelby commenced as KMP from 18 February 2013. The information in the above table reflects remuneration for the period from 1 July 2012 to 30 June 2013.
5 Fixed remuneration includes salary, non monetary benefits (excluding accrued annual leave expense) and superannuation as disclosed in the statutory remuneration table.
6 2013 STI cash refers to 50% of the STI award for 2013 that will be paid to the executive in cash in September 2013 (or A$800,000 in the case of the CEO). The remaining STI award is deferred into securities.
7 STI deferred securities refers to amounts deferred in September 2011 that vested in September 2012. This is calculated as the value of the award at the date of vesting.
8 2010 LTI is the value of LTI which vested during the year, based on the security price at the vesting date.
9 No proportion of the 2009 LTI vested during the year, as the TSR hurdle was not met.

Reconciliation of 2013 Actual Remuneration Received with Statutory Remuneration for the CEO

The following table shows the difference between the CEO's actual remuneration received as above and the statutory remuneration disclosure on page 26.

Description	A$000's	Vesting year[1]
2013 Total Actual Remuneration Received	4,758	
Less 2009 LTI vesting	(903)	2013
Less 2011 deferred securities vesting	(1,001)	2013
Less 2012 STI reduction	(219)	2013
Accrued annual leave and long service leave expense	72	
2011 & 2012 STI Award – deferred securities component	1,957	2014 and 2015
LTI awards – Accounting expense:		
▪ 2008/2009 LTI – TSR and EPS components	14	2013
▪ 2009/2010 LTI – TSR and EPS components	221	2013 and 2014
▪ 2010/2011 LTI – TSR	258	2014 and 2015
▪ 2011/2012 LTI – TSR	263	2015 and 2016
▪ 2012/2013 LTI – TSR	228	2016 and 2017
Total remuneration (statutory disclosures)	**5,648**	

1 Based on the financial year ending 30 June of the relevant year.

Directors' Report continued

3. Remuneration Report continued

c. Our Reward Strategy and Framework

Our Executive Reward Strategy, which consists of a framework and policy that governs how the key senior employees in the organisation are remunerated, supports the achievement of Lend Lease's strategy

Our Executive Reward Strategy considers the interests of both internal and external stakeholders and aims to drive strong individual and team performance. The reward strategy is implemented through four guiding principles: Simplicity, Responsiveness, Balance, and Governance and Risk Management. There is a focus on aligning rewards and sustainable performance. Accordingly, the strategy requires that a significant portion of an individual's remuneration be 'at risk', and be tied to clear metrics.

The following diagram provides an overview and linkages between Lend Lease's strategy, the Executive Reward Strategy, Reward Guiding Principles and Remuneration Components.

Directors' Report continued

3. Remuneration Report continued

c. Our Reward Strategy and Framework continued

Setting Remuneration Levels

We benchmark our remuneration mix and levels to ensure we provide market-competitive total rewards for on-target performance, and total rewards above the market median if outstanding performance is achieved

Remuneration is reviewed annually by the P&O Committee with reference to Group and regional performance, an individual's role, responsibilities, experience and performance as well as comparative market data. Remuneration is also reviewed for new appointments to the Leadership team and if there is a change in role.

In gathering information on market remuneration levels we use a number of sources which include:

- data provided by our remuneration adviser, PwC, about remuneration delivered to similar type roles in companies of a similar size.
  - for Australian-based executives, we refer to companies listed on ASX that are ranked between 26 and 75 by market capitalisation (excluding companies domiciled overseas and property trusts where management is not typically employed by the trust). Consideration is also given to factors such as revenue.
  - for executives in roles with global responsibilities, we have also referred to a peer group of 17 companies listed on ASX that are ranked in the first 75 by market capitalisation and have significant global operations (to reflect the complexity involved in running a group of companies such as Lend Lease with a global footprint).

    The companies that make up this peer group are BHP Billiton, Rio Tinto, Woodside Petroleum, Westfield Group, CSL, QBE Insurance Group, AMP, Brambles, Leighton, Orica, Coca Cola Amatil, Amcor, WorleyParsons, Qantas Airways, Sonic Healthcare, Toll Holdings and Boral. This peer group itself is few in number and Lend Lease is one of the smallest in terms of relative size. As a result, the Board has decided to discontinue the use of this peer group from 1 July 2013. The P&O Committee will reflect the global complexity of some of the senior roles by the way in which these roles are positioned relative to the market.
- relevant local comparator groups for executives based in other countries;
- publicly available data for comparable roles at other peer organisations (including Leighton, Mirvac and Stockland); and
- published remuneration surveys from Mercer, Aon Hewitt, Avdiev, FIRG and others.

There is an emphasis on where we source talent from and where we lose talent to.

The P&O Committee has also identified a number of principles in relation to interpreting peer remuneration for considering individual roles relative to market benchmarks. These principles include:

- Understanding individual roles based on organisation size and complexity;
- Understanding job size and complexity;
- Recognising an individual's tenure, position and performance;
- Differentiating risk profiles between roles when reviewing pay mix; and
- Considering internal relativities.

All of these items are considerations in positioning Senior executive remuneration packages relative to the market.

Fixed remuneration is set with reference to the market median and 75th percentile. The positioning will depend upon the specific nature of the role, the individual's performance and the overall remuneration mix. The remuneration outcomes for each Senior executive will also take into consideration the target remuneration mix under the Executive Reward Strategy.

Directors' Report continued

3. Remuneration Report continued

c. Our Reward Strategy and Framework continued

Remuneration Mix

The remuneration mix has been specifically designed to align to the execution of Lend Lease's business strategy

The remuneration framework consists of three different components – fixed remuneration, short term incentives and long term incentives. The relative weighting of each component is referred to as the 'remuneration mix'.

The Executive Reward Strategy provides for a target remuneration mix which links remuneration outcomes to the execution of business strategy over the short (one year), medium (two to three years) and long (three to four years) term. The target remuneration mix provided in the Executive Reward Strategy for 2013 is shown below.

	Percentage of Total Target Remuneration			
	Fixed remuneration (annual)	STI cash	STI deferred securities (vesting one and two years from grant)[1]	LTI[2] (vesting three and four years from grant)
Group CEO	30% – 35%	20% – 25%	20% – 25%	20% – 30%
Senior executives	40% – 45%	20% – 25%	20% – 25%	15% – 20%

1 Or one, two and three years in the case of the CEO for 2013.
2 LTI is granted on the basis of the 20 day volume weighted security price prior to grant date.

In the future, LTI will form approximately 33% of the target remuneration mix for the CEO and a minimum of 20% for Senior executives. Changes will commence in 2014 and will be phased in for some Senior executives.

Motivating Performance

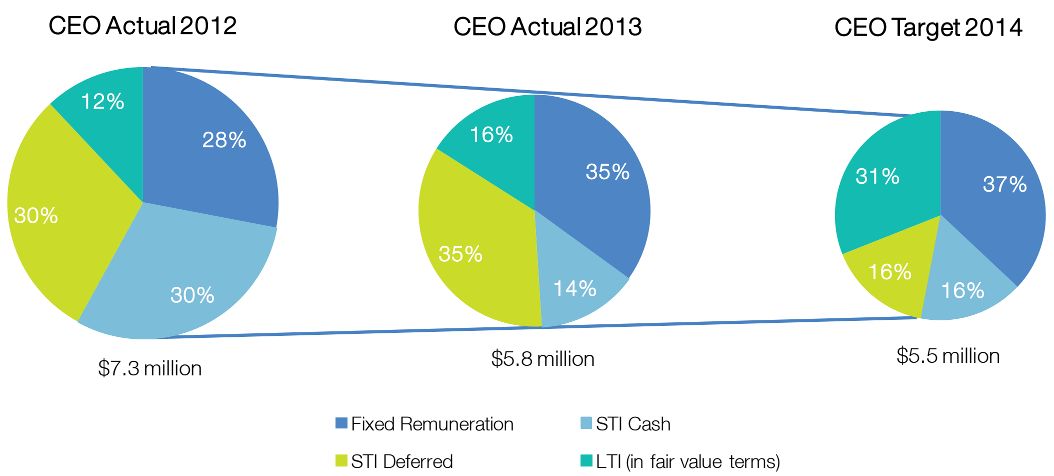
The actual remuneration mix varies primarily as a function of how much STI is actually awarded to an executive based on performance.

The increased weighting on STI when performance and outcomes are above target reflects the Board's objective of motivating executives to execute the business strategy.

The remuneration mix is structured so that a substantial portion of remuneration is delivered as Lend Lease securities. This ensures that the interests of executives are aligned with securityholders. In the case of the CEO in 2013, more than half of his remuneration is delivered as Lend Lease securities over a period of up to four years post grant.

CEO Remuneration Mix

The charts below illustrate the percentage of total remuneration that is made up of fixed remuneration, STI (both cash and deferred) and LTI for actual 2012 and actual 2013 outcomes and at target for the CEO in 2014.



Directors' Report continued

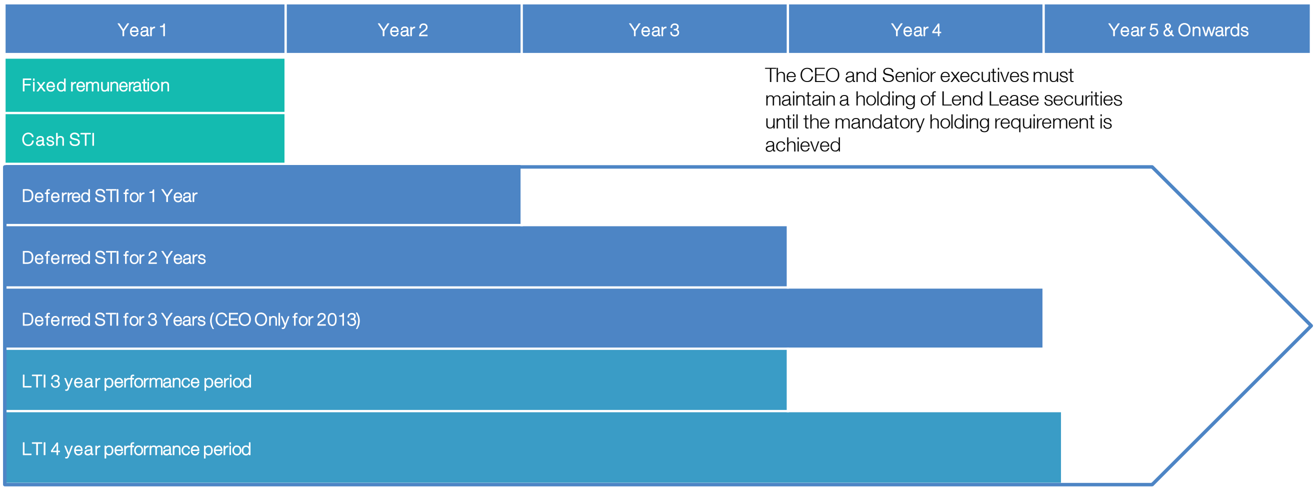
3. Remuneration Report continued

c. Our Reward Strategy and Framework continued

Remuneration Mix continued

Encouraging a longer term focus

The mix of executive reward is designed to be aligned with the Group's medium and long term financial performance as shown below.



50% of vested securities will be subject to a disposal restriction unless the executive has already met their mandatory holding requirements – as outlined below.

Mandatory Securityholding

The mandatory holding requirement encourages the CEO and Senior executives to take a long term perspective when making decisions and further enhances alignment with securityholders.

From the 2013 financial year, the CEO and other Senior executives must maintain a mandatory holding of Lend Lease securities. Under this guideline, executives are required to accumulate and maintain a holding of Lend Lease securities that is calculated with reference to fixed remuneration. In the case of:

- The CEO – the requirement is 150% of TPV.
- Senior executives – the requirement is 100% of TPV or 100% of base salary for Senior executives outside of Australia.

These calculated amounts are then converted into a target number of securities.

The mandatory holdings will be accumulated as grants of deferred securities and LTI made from September 2012 begin to vest. To meet this requirement 50% of these vested securities will be subject to a disposal restriction unless the executive has met the mandatory holding requirement. Personally held securities may be counted towards the requirement. It is expected that all executives should achieve the mandatory holding requirement within six years.

Unvested deferred securities and unvested LTI awards do not count toward this mandatory holding.

The mandatory holding for each Senior executive is outlined below.

Executive	Total number of securities held by the Senior executive as at 30 June 2013	Number of securities required under the mandatory securityholding
Stephen McCann	447,404	390,000
Tarun Gupta	18,878	115,000
Simon Hipperson	–	80,000
Daniel Labbad	55,565	110,000
Rod Leaver	87,743	125,000
Anthony Lombardo	106,560	105,000
Robert McNamara	46,564	95,000
David Saxelby	–	125,000

Directors' Report continued

3. Remuneration Report continued

c. Our Reward Strategy and Framework continued

How Risk Management is Incorporated

The Board has placed a significant focus on incorporating risk management into the reward framework.

Remuneration component	How risk management is incorporated into the remuneration component
STI	▪ The total value of STI awards is directly linked to Profit After Tax ('PAT') and there are limits on the total incentive pool and individual STI payments. ▪ In determining the total incentive pool amount, the Board also considers the overall financial health of Lend Lease and the sustainability of earnings. ▪ STI outcomes are based on performance and are determined based on a scorecard of financial and non financial KPIs. These KPIs are structured as 'building blocks' to achieve Lend Lease's short, medium and long term strategic and business goals. ▪ STI outcomes are modified based upon an assessment of the executive against Lend Lease's defined leadership capabilities (including safety, sustainability and diversity), values and behaviours. In this way, the STI rewards 'what' is achieved as well as 'how' it is achieved. ▪ A significant portion (at least 50%) of the actual STI award is retained and deferred into securities. In this way, executives continue to be incentivised to drive performance and are exposed to movements in the Lend Lease security price. ▪ In 2012, the Board introduced a malus provision. This has been enhanced for 2013 and enables the Board to adjust downwards the number of deferred securities that vest to an individual in certain circumstances. This provision operates alongside existing provisions in the deferred securities terms that allow the Board to adjust unvested awards on termination of employment. In particular: – if an employee is terminated for fraud or other serious misconduct, unvested deferred securities will lapse; and – where an employee is terminated for poor performance, the Board can adjust the number of unvested deferred securities at the time of termination.
LTI	▪ 50% of the LTI is assessed over a three year period and 50% is assessed over a four year period without retesting. ▪ As performance for 2013 awards is assessed based on relative TSR (and for 2014 on a combination of relative TSR and ROE), any adverse financial, reputational or other events that could occur over the vesting period should be reflected in the number and value of LTI performance securities that ultimately vest. ▪ Malus provisions apply to unvested LTI awards from 1 July 2012, with broader discretions applying for awards issued from July 2013.
Mandatory securityholding	▪ From 2013, the Board has implemented a mandatory holding of Lend Lease securities that requires the CEO and Senior executives to accumulate and maintain a holding of Lend Lease securities. This will encourage the CEO and Senior executives to take a long term perspective when making decisions and strengthens alignment with securityholders.

Directors' Report continued

3. Remuneration Report continued

d. How Rewards are Linked to Performance

Short Term Incentives (STI)

STI KPIs are structured as 'building blocks' to achieve Lend Lease's short, medium and long term strategic and business goals

STI design characteristic	How the STI works
STI funding	
STI pool	▪ The pool of funds available to reward executives under the STI plan is determined by direct reference to Group financial performance and, where relevant, regional financial performance. ▪ Pool funding levels are set by the Board and correspond to threshold, target and stretch levels of PAT achievement. In determining the pool of funds available, the Board also considers the overall financial health of Lend Lease and the sustainability of earnings. ▪ Typically, if profit performance is above target, sufficient funds will be available to pay average awards above target. Payments to individual executives are capped at 150% of their target STI. ▪ Conversely, if PAT performance is below target, average STI awards will be below target. The CEO and Senior executives' awards will be determined based on their overall performance rating and contribution, relative to other executives.
STI allocations	
Target STI opportunity	▪ STI is based on 'target opportunities' which are set using the remuneration mix outlined on page 31 and are tested against the relevant market levels for each executive role. ▪ The minimum possible STI outcome is zero and the maximum possible STI outcome is 150% of the CEO and Senior executive's target STI opportunity. For a Senior executive to earn their maximum STI, outstanding individual performance must be coupled with above target financial performance by the Group and/or relevant region. ▪ The CEO and Senior executives receive notification of a target STI opportunity annually.
STI key performance indicators	▪ STI outcomes are based on performance during the financial year, primarily measured through the use of the CEO and Senior executive scorecards. ▪ The CEO and Senior executive scorecards consist of measures relating to financial performance, people, strategy formulation and execution, and management and operational excellence. These KPIs are structured as 'building blocks' to achieve Lend Lease's short, medium and long term strategic and business goals. The 2013 and 2014 KPIs have been aligned to the move towards the 'Lead' phase of the Group's strategy. The CEO 2013 scorecard (as approved by the Board) and performance against the scorecard is set out in summary on page 20. Senior executives are subject to a similar scorecard reflecting Group or regional goals as appropriate. ▪ Financial measures focus on PAT, financial performance, cash flow and capital management. Non financial measures include achievement of strategic and operational excellence objectives as well as the successful implementation of safety and people leadership goals. ▪ In order to enhance the performance evaluation process, for 2014 and beyond, there will be explicit goals established to achieve an outperformance reward on the non financial metrics where possible. Outperformance goals are already established for the financial metrics. ▪ The P&O Committee also assesses each Senior executive against Lend Lease's defined leadership capabilities (including safety, sustainability and diversity), values and behaviours. In this way, the STI rewards 'what' is achieved as well as 'how' it is achieved.

Directors' Report continued

3. Remuneration Report continued

d. How Rewards are Linked to Performance continued

Short Term Incentives (STI) continued

STI design characteristic	How the STI works
STI delivery and conditions	
Delivery	▪ The actual STI award is delivered as a mix of cash and deferred securities. The significant portion (at least 50%) delivered as deferred securities encourages executives to deliver sustainable performance. ▪ As an interim measure in response to the 'against' vote for the 2012 Remuneration Report at the 2012 AGM, for 2013 for the CEO: – The first A$800,000 of the actual STI is paid in cash in September following the performance year. – The balance of the actual STI is deferred into Lend Lease securities. The deferred securities vest in three equal instalments one, two and three years after grant. ▪ For 2013 for Senior executives: – 50% of the actual STI is paid as cash in September following the performance year. – 50% of the actual STI is deferred into Lend Lease securities. 50% of the deferred portion (i.e. 25% of the total award) vests one year after grant and the remaining 50% vests after two years.
Distributions on deferred securities	▪ Distributions on deferred securities are received by executives during the vesting period, subject to the executive continuing in employment.
Malus	▪ For deferred securities allocated after 1 July 2012, the Board may reduce the number of deferred securities that may vest in the case of a material misstatement of the Group's financial accounts. ▪ For securities allocated after 1 July 2013, enhanced malus provisions apply. The Board has the discretion to forfeit part or all of any unvested deferred STI awards prior to their vesting where it transpires that the award(s) would provide a participant with a benefit that was unwarranted, or inappropriate. It is anticipated that this will only be exercised in exceptional circumstances, including where the Board, acting reasonably, determines that: – There has been a material misstatement in the Group's consolidated financial statements or those of any company in the Group including any misstatement which may be required to be disclosed to ASX or any relevant regulator or other authority; or – The participant has engaged in misconduct, or other dereliction of duty (whether or not that misconduct or dereliction of duty would warrant summary dismissal) which the Board reasonably considers either has had, or may have, a serious impact for the Group or the relevant Group entity, whether financial, reputational, operational or otherwise. The Board will be entitled to consider whether it is appropriate to exercise this discretion in respect of awards for all participants in a particular plan, in a region, in a business, in a team or for specified participants only. In considering the best interests of the Group, the Board would be required to take into account relevant information including: – the individual's level of responsibility, accountability and influence for the incident or event; – the quantum of any actual loss or damage; – whether the Group's directions, policies or practices have been breached;

Directors' Report continued

3. Remuneration Report continued

d. How Rewards are Linked to Performance continued

Short Term Incentives (STI) continued

STI design characteristic	How the STI works
STI delivery and conditions continued	
Malus continued	– whether any known information at the time of the action or inaction was deliberately withheld; and – any other circumstances the Board considers relevant to an assessment of the participant's conduct and the seriousness of its impact for the Group. The Board may also consider retaining the discretion to delay vesting of any unvested deferred STI in the event it is reviewing whether to exercise such a discretion to reduce or forfeit unvested awards. The CEO may exercise discretion under this policy in lieu of the Board for participants who are not part of the Group Leadership Team (GLT). Where such discretion is exercised by the CEO, the CEO will notify the Board.
Termination	▪ Malus provisions work alongside the existing provisions in the deferred securities terms that allow the Board to adjust unvested awards on termination of employment. In particular: – if an employee is terminated for fraud or other serious misconduct, unvested deferred securities will lapse; and – where an employee is terminated for poor performance, the Board can adjust the number of unvested deferred securities at the time of termination. ▪ Deferred securities are forfeited by the individual if they resign or are terminated for cause during the vesting period.
Mandatory securityholding	▪ From the 2013, mandatory securityholdings for the CEO and other Senior executives will be accumulated as grants of deferred securities awarded from September 2012 begin to vest.
Hedging	▪ Deferred securities are subject to the securities trading policy which prohibits executives from entering into any type of 'protection arrangements' (including hedging, derivatives and warrants).

Directors' Report continued

3. Remuneration Report continued

d. How Rewards are Linked to Performance continued

Long Term Incentives (LTI)

LTI is designed to motivate our Senior executives to achieve Lend Lease's long term strategic goals that will enhance value for securityholders

The key features of the 2011 plan (granted 1 September 2010), the 2012 plan (granted 1 September 2011) and the 2013 plan (granted 1 September 2012) are the same. Changes are being made to the 2014 plan (granted 1 September 2013) with the introduction of a second performance hurdle.

<table>
<tr><th>LTI design characteristic</th><th>How the LTI works</th></tr>
<tr><td>Performance securities</td><td>An annual grant of 'performance securities' is made to a limited number of executives.
The Board intends that the awards be settled in Lend Lease securities; although the award may be settled in cash or other means at the Board's discretion.
On vesting, each performance security entitles executives to one Lend Lease security, or at the Board's discretion, cash or other instruments of equivalent value.</td></tr>
<tr><td>Performance hurdle</td><td>For performance securities granted 1 September 2012 (the 2013 plan), the performance hurdle is Lend Lease's total securityholder return (TSR) compared to the companies in the S&P/ASX 100 Index.
The S&P/ASX 100 companies are determined at the start of the performance period.
The vesting schedule is:
<table>
<tr><th>Relative TSR percentile ranking</th><th>Percentage of performance securities that vest if the relative TSR hurdle is met</th></tr>
<tr><td>Below the 50th percentile</td><td>No vesting</td></tr>
<tr><td>At the 50th percentile</td><td>50% vesting</td></tr>
<tr><td>Above the 50th percentile but below the 75th percentile</td><td>Pro rata vesting on a straight line basis between 50% and 100%</td></tr>
<tr><td>At the 75th percentile or greater</td><td>100% vesting</td></tr>
</table>
Relative TSR was selected as the performance measure to link LTI awards to the delivery of superior (i.e. above median) securityholder returns relative to the S&P/ASX 100 companies over the performance period. This method was chosen after consultation with securityholders.
For grants made from 1 September 2013, a second performance hurdle is being introduced – Return on Equity (ROE). 50% of the awards will be tested under the TSR hurdle and 50% under the ROE hurdle.</td></tr>
<tr><td>Performance period</td><td>50% of the performance securities are assessed over a three year period. If the hurdle is not fully achieved at this time, those performance securities that have not vested will lapse.
The remaining 50% of the performance securities are assessed after four years.
There is no opportunity to retest any portion of the LTI grant. If the performance hurdle is not met, the awards are forfeited.</td></tr>
<tr><td>Distributions</td><td>Distributions are not paid on unvested performance securities.
In calculating the value of the awards which vest, the value of any distributions made during the vesting period is taken into consideration.</td></tr>
<tr><td>Malus</td><td>For performance securities allocated after 1 July 2012, the Board may adjust the number of performance securities downwards prior to the date of vesting in the case of a material misstatement of the Group's financial accounts.
For performance securities allocated after 1 July 2013. The Board may adjust the number of LTI awards downwards where the Board reasonably determines that delivery of part or all of any LTI award would result in the Senior executive receiving an inappropriate or unwarranted benefit (having regard to their personal performance, the performance of the Group and all other benefits they have received).</td></tr>
</table>

Directors' Report continued

3. Remuneration Report continued

d. How Rewards are Linked to Performance continued

Long Term Incentives (LTI) continued

LTI design characteristic	How the LTI works
Termination of employment	▪ For 'good leavers', the LTI grant may be prorated upon termination of employment and remain 'on-foot' subject to the original performance hurdle. ▪ In exceptional circumstances (such as death or total and permanent disability), the Board may exercise its discretion and pay the award at the time of termination of employment. ▪ If the executive resigns or is terminated for cause, the unvested LTI is forfeited. ▪ If the executive is terminated for poor performance, the Board can adjust unvested LTI prior to the vesting date.
Mandatory securityholding	▪ Mandatory securityholdings for the CEO and Senior executives will be accumulated when LTI awards granted from September 2012 begin to vest.
Hedging	▪ Unvested LTI grants will also be forfeited if an executive enters into a prohibited pre vesting hedging arrangement in relation to their LTI awards.

Details of LTI plans used in prior years are set out in section 3h on page 45.

LTI Performance

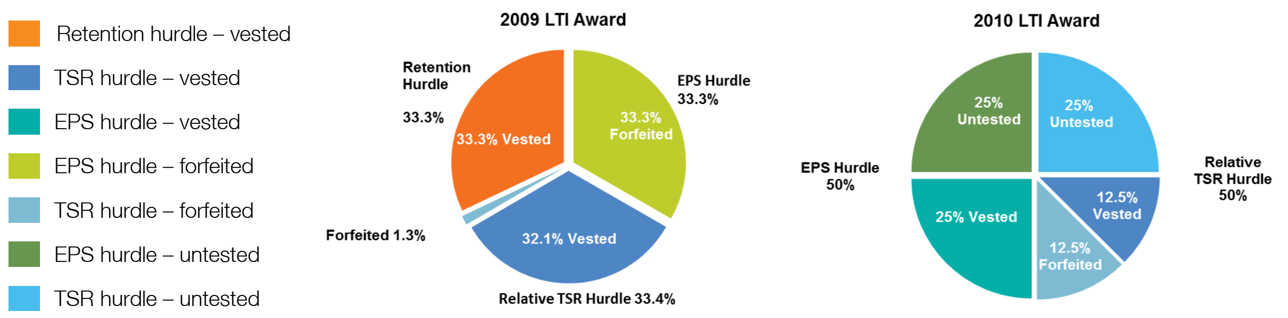
The final tranche of the 2009 LTI award (granted 1 September 2008) was tested during the year. No further portion of the 2009 LTI allocation vested during the 2013 year.

The first tranche of the 2010 LTI award (granted 1 September 2009) was also tested during the year (being 50% of the total 2010 LTI award). The first tranche of the 2010 LTI allocation (due to vest in September 2012) vested as follows:

- 100% of securities relating to the Earnings per Security (EPS) hurdle vested (resulting in 25% of the total 2010 LTI award vesting);
- 50% of the securities relating to the relative TSR hurdle vested (resulting in 12.5% of the total 2010 LTI award vesting and 12.5% being forfeited).

The remaining 50% of the 2010 LTI award will be tested in September 2013.

The charts below outline the total hurdle achievement for the 2009 and 2010 LTI awards as at 30 June 2013.



Directors' Report continued

3. Remuneration Report continued

e. Executive Contracts

Executive contracts specify remuneration components, benefits and notice provisions

Senior Executives' Contracts

Senior executives are typically employed on contracts that have no fixed term. Benefits may include health/life insurance, car allowances, motor vehicle leases and salary.

Termination

Senior executives who commenced employment during 2013 have termination benefits that comply with the limits set by the Corporations Act that do not require securityholder approval. One existing employment contract for a former executive provides for a payment in lieu of notice that is greater than 12 months of fixed pay. This contract was put in place before the changes to the Corporations Act limits for termination benefits without securityholder approval. The contract complied with the relevant limits at the time it was entered into.

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

The Group may make payment in lieu of notice.

Senior executives	Notice by Lend Lease	Notice by Senior executive	Treatment on termination with notice by Lend Lease
Current Executives			
Tarun Gupta	6 months	6 months	Notice payment is based on Total Package Value. Payment for accrued leave is based on Total Package Value less superannuation.
Simon Hipperson	6 months	6 months	Notice payment and accrued leave is based on base salary.
Daniel Labbad	9 months	6 months	Notice payment is based on Total Package Value. Payment for accrued leave is based on Total Package Value less superannuation.
Rod Leaver	6 months	6 months	Notice payment and accrued leave is based on base salary.
Anthony Lombardo	12 months	6 months	Notice payment is based on Total Package Value. Payment for accrued leave is based on Total Package Value less superannuation.
Robert McNamara	3 months	3 months	Notice payment is based on base salary and other minimum benefits as required by applicable US legislation.
David Saxelby	6 months	6 months	Notice payment is based on Total Package Value. Payment for accrued leave is based on Total Package Value less superannuation.
Former Executives			
Mark Menhinnitt (ceased as KMP 17 February 2013)	12 months	6 months	Notice payment is based on Total Package Value plus projected STI (if eligible in that year) of 60% of the target cash opportunity.
Craig van der Laan de Vries (ceased as an employee and as KMP 31 December 2012)	6 months	6 months	Notice payment is based on Total Package Value. Payment for accrued leave is based on Total Package Value less superannuation.

Directors' Report continued

3. Remuneration Report continued

f. Remuneration Governance

At Lend Lease, we believe that robust governance is a critical part of a rigorous approach to executive remuneration

BOARD

The Board has overall responsibility for executive remuneration at Lend Lease.

The Board assesses the performance of, and determines the STI outcome for, the CEO.

Consultation with securityholders and other stakeholders

PERSONNEL AND ORGANISATION (P&O) COMMITTEE

The P&O Committee assists the Board in determining executive remuneration at Lend Lease. In making recommendations to the Board, the P&O Committee has unrestricted access to senior management and company records and obtains independent advice from outside experts.

The P&O Committee approves the assessment of performance against KPIs and the final STI outcomes for Senior executives (after considering the recommendations of the CEO).

The P&O Committee consists only of independent Non Executive directors:

- P M Colebatch – Chairman
- J S Hemstritch – Member
- J A Hill – Member (until 15 November 2012)
- D J Ryan – Member

The P&O Committee met 16 times in 2013.

In addition the Risk Management and Audit Committee provides expertise in ensuring that Lend Lease's remuneration arrangements appropriately incorporate risk within the context of Lend Lease's broader risk management framework.

Independent Remuneration Adviser (PwC)

- The Board has appointed PwC as its independent remuneration adviser.
- Further information on PwC's role and the processes that were followed to ensure PwC's advice to the P&O Committee was made free from undue influence by the KMP is provided on page 41.

MANAGEMENT

Management makes recommendations to the P&O Committee in relation to developing and implementing the executive remuneration strategy and structure. The CEO also provides his recommendations on pay and STI performance outcomes for his direct reports.

Directors' Report continued

3. Remuneration Report continued

f. Remuneration Governance continued

Role of PwC

The role of PwC during 2013	PwC's advice was made free from undue influence by any of the KMP
During the year, PwC did not provide a remuneration recommendation as defined in section 9B of the Corporations Act 2001 on the executive remuneration strategy and remuneration policies for key management personnel. PwC did provide advice on aspects of the remuneration of the KMP including: ▪ market practice on executive remuneration structure ▪ commentary on positioning of the CEO and Senior executives' remuneration against the market ▪ market data on Non Executive director fees ▪ commentary on Senior executive remuneration structure proposals ▪ assisting Lend Lease consider queries from external stakeholders	Although a remuneration recommendation was not provided, consistent with good governance, the following arrangements were made to ensure that PwC's advice was free of undue influence: ▪ PwC was engaged by, and reported directly to, the Chair of the P&O Committee ▪ the agreement for the provision of remuneration consulting services was executed by the Chair of the P&O Committee on behalf of the Board ▪ the reports containing remuneration advice or market data were provided by PwC directly to the Chair of the P&O Committee ▪ PwC was permitted, where approved by the P&O Committee Chair, to speak to management to understand company processes, practices and other business issues and obtain management's perspectives ▪ PwC have declared that they have not been unduly influenced by the KMP in carrying out their duties for the P&O Committee. As a consequence, the Board is satisfied that advice and market data provided by PwC was made free from undue influence from any of the KMP.

Securities Trading Policy

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

g. Non Executive Directors' Fees

Non Executive directors receive a Board fee and fees for chairing or participating on Board committees. The chairman does not receive extra fees for participating in or chairing committees.

The maximum aggregate remuneration payable to Non Executive directors is A$3.0 million per year, as approved at the 2011 annual general meeting.

Board and Committee fees

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

Directors' Report continued

3. Remuneration Report continued

g. Non Executive Directors' Fees continued

Board and Committee Fees continued

The Board and committee fees are set taking into consideration market data provided from the Board's independent remuneration adviser. The Board has determined that the complexity of Lend Lease's global business and the breadth of skills required to enable the directors to adequately represent securityholder interests, means that the market comparators may include ASX 75 companies.

As a global company, all directors are required to travel to Board meetings at Lend Lease locations around the world and it is important that the Board is not limited to only Australian-based directors. Due to the significant additional time commitment fees are paid to compensate directors for the time spent travelling to overseas meetings.

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

Board and committee fees are paid as cash. Non Executive directors are no longer entitled to retirement benefits. However, some directors have retirement benefits or securities accrued previously.

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

- Gordon Edington: A$174,240 (30 June 2012: A$168,960); and
- Peter Goldmark: A$166,560 (30 June 2012: A$167,840).

Remuneration of Non Executive Directors for the Years Ended 2013 and 2012

		Short Term					Post Employment Benefits	
A$000s	Year	Base fees	Committee chairman fees	Committee membership fees	Travel fees	Other benefits[1]	Superannuation[2]	Total
D A Crawford	2013	640			30	21	16	707
	2012	640			24	1	16	681
C B Carter	2013	160	18	10	30	25	16	259
	2012	40			12		4	56
P M Colebatch	2013	160	36	36	72	14	16	334
	2012	160	36	36	24		16	272
G G Edington	2013	160	18	46	96	30	16	366
	2012	160		56	59	13	16	304
P C Goldmark	2013	160	24	20	83		16	303
	2012	160	36	20	48	30	16	310
J S Hemstritch	2013	160		20	24		16	220
	2012	133		17	24		14	188
J A Hill[3]	2013	67	15	8	12	12	10	124
	2012	160	36	20	35		16	267
D J Ryan	2013	160	44	20	35		16	275
	2012	160	44	20	24	2	16	266
M J Ullmer	2013	160	18	46	29	21	16	290
	2012	93		33	12		10	148

1 Other benefits include professional fees and reimbursements of the cost of travel, accommodation and subsistence.
2 Directors have superannuation contributions paid on their behalf in accordance with superannuation legislation.
3 J A Hill retired 15 November 2012.

Directors' Report continued

3. Remuneration Report continued

h. Executive Remuneration in Detail

Deferred Securities Awards

In 2013 deferred securities were granted to the CEO and Senior executives based on the value of the 2012 STI award that was deferred (being 50% of the 2012 STI award). Half of the deferred securities awarded will vest after one year and half after two years subject to the CEO and Senior executives continuing in employment to the date of vesting. Deferred securities are held in a trust during the vesting period.

Details of deferred securities awards are set out in the following table:

Name[1]	Plan	STI award performance year	Grant date	Vesting date	Number granted	Fair value per deferred security[2] A$	Total fair value at grant date[3,4] A$	Expense for the year ended 30 June 2013 A$	% Vested	% Forfeited
Stephen McCann	Deferred STI	2011	1/09/2011	1/09/2012	118,275	8.15	963,500	0	100	–
	Deferred STI	2011	1/09/2011	1/09/2013	118,275	8.15	963,500	481,750	–	–
	Deferred STI	2012	1/09/2012	1/09/2013	120,382	8.17	983,250	983,250	–	–
	Deferred STI	2012	1/09/2012	1/09/2014	120,382	8.17	983,250	491,625	–	–
					477,314		**3,893,500**	**1,956,625**		
Tarun Gupta	Deferred STI	2011	1/09/2011	1/09/2012	28,387	8.15	231,250	0	100	–
	Deferred STI	2011	1/09/2011	1/09/2013	28,387	8.15	231,250	115,625	–	–
	Deferred STI	2012	1/09/2012	1/09/2013	28,328	8.11	229,840	229,840	–	–
	Deferred STI	2012	1/09/2012	1/09/2014	28,328	8.11	229,840	114,920	–	–
					113,430		**922,180**	**460,385**		
Daniel Labbad	Deferred STI	2011	1/09/2011	1/09/2012	29,262	8.15	238,377	0	100	–
	Deferred STI	2011	1/09/2011	1/09/2013	29,262	8.15	238,377	119,189	–	–
	Deferred STI	2012	1/09/2012	1/09/2013	31,933	8.11	259,100	259,100	–	–
	Deferred STI	2012	1/09/2012	1/09/2014	31,933	8.11	259,100	129,550	–	–
					122,390		**994,954**	**507,839**		
Rod Leaver	Deferred STI	2011	1/09/2011	1/09/2012	29,865	8.15	243,289	0	100	–
	Deferred STI	2011	1/09/2011	1/09/2013	29,865	8.15	243,289	121,645	–	–
	Deferred STI	2012	1/09/2012	1/09/2013	34,248	8.11	277,884	277,884	–	–
	Deferred STI	2012	1/09/2012	1/09/2014	34,248	8.11	277,884	138,942	–	–
					128,226		**1,042,346**	**538,471**		

Footnotes follow on page 44.

Directors' Report continued

3. Remuneration Report continued

h. Executive Remuneration in Detail continued

Deferred Securities Awards continued

Name[1]	Plan	STI award performance year	Grant date	Vesting date	Number granted	Fair value per deferred security[2] A$	Total fair value at grant date[3,4] A$	Expense for the year ended 30 June 2013 A$	% Vested	% Forfeited
Anthony Lombardo	Deferred STI	2011	1/09/2011	1/09/2012	31,303	8.15	255,000	0	100	–
	Deferred STI	2011	1/09/2011	1/09/2013	31,303	8.15	255,000	127,500	–	–
	Deferred STI	2012	1/09/2012	1/09/2013	29,201	8.11	236,925	236,925	–	–
	Deferred STI	2012	1/09/2012	1/09/2014	29,201	8.11	236,925	118,463	–	–
					121,008		**983,850**	**482,888**		
Robert McNamara	Deferred STI	2011	1/09/2011	1/09/2012	25,679	8.15	209,189	0	100	–
	Deferred STI	2011	1/09/2011	1/09/2013	25,679	8.15	209,189	104,594	–	–
	Other Incentive[5]	2011	1/09/2011	1/09/2013	34,219	8.15	278,758	139,379	–	–
	Other Incentive[5]	2011	1/09/2011	1/09/2014	34,219	8.15	278,758	92,919	–	–
	Deferred STI	2012	1/09/2012	1/09/2013	17,850	8.11	144,830	144,830	–	–
	Deferred STI	2012	1/09/2012	1/09/2014	17,850	8.11	144,830	72,415	–	–
	Other Incentive[5]	2012	1/09/2012	1/09/2014	31,784	8.11	258,922	107,884	–	–
	Other Incentive[5]	2012	1/09/2012	1/09/2015	31,784	8.11	258,922	71,923	–	–
					219,064		**1,783,398**	**733,944**		
David Saxelby	Deferred STI	2012	1/09/2012	1/09/2013	6,355	8.11	51,563	51,563	–	–
	Deferred STI	2012	1/09/2012	1/09/2014	6,355	8.11	51,563	25,782	–	–
					12,710		**103,126**	**77,345**		
Former Senior Executive										
Mark Menhinnitt	Deferred STI	2011	1/09/2011	1/09/2012	27,988	8.15	228,000	0	100	–
	Deferred STI	2011	1/09/2011	1/09/2013	27,988	8.15	228,000	114,000	–	–
	Deferred STI	2012	1/09/2012	1/09/2013	27,454	8.11	222,750	222,750	–	–
	Deferred STI	2012	1/09/2012	1/09/2014	27,454	8.11	222,750	111,375	–	–
					110,884		**901,500**	**448,125**		

1 Craig van der Laan de Vries ceased as KMP on 31 December 2012 and has not received an award of deferred securities.
2 The fair value for deferred securities issued on 1 September 2011 is the volume weighted average price of Lend Lease securities traded on ASX over the 10 trading days prior to the grant date. All grant prices have been rounded to two decimal places.
3 The fair value at grant date is the value of the Deferred STI award as advised to the executive.
4 At vesting, the minimum value is nil and the estimate of the maximum value is the fair value multiplied by the number of securities granted.
5 Mr McNamara, CEO Americas, participated in an additional incentive plan that operated for 2011 and 2012 only, related to the performance of the Americas. The plan was created in order to support the significant turnaround required in the Americas business.

Directors' Report continued

3. Remuneration Report continued

h. Executive Remuneration in Detail continued

Prior Year LTI Awards

How LTI was Allocated in Previous Years

In previous years, the CEO and some Senior executives participated in earlier LTI plans, some of which are still in place.

<table>
<tr><th></th><th>2009 LTI Plan</th><th>2010 LTI Plan</th></tr>
<tr><td>Award type</td><td>⅓ retention, ⅓ relative TSR and ⅓ EPS</td><td>½ EPS and ½ relative TSR</td></tr>
<tr><td>Grant date</td><td>1 September 2008</td><td>1 September 2009</td></tr>
<tr><td>First vesting date</td><td>1 September 2011. If the grant does not fully vest at 1 September 2011, the unvested relative TSR portion of performance securities may be tested at 1 March 2012 and 3 September 2012. Any unvested EPS portion of performance securities may be tested at September 2012.</td><td>1 September 2012 (50%)
1 September 2013 (50%)
No further testing.</td></tr>
<tr><td>Relative TSR targets</td><td>The relative TSR peer group consists of S&P/ASX 100 Index companies. The vesting schedule for relative TSR is the same as for the 2013 LTI Plan, (see page 37).</td><td>The relative TSR peer group consists of S&P/ASX 100 Index companies. The vesting schedule for relative TSR is the same as for the 2013 LTI Plan, (see page 37).</td></tr>
<tr><td>Relative TSR performance period</td><td>Performance is tested three years from the date of grant and subsequently a further six months and then four years from the date of grant if required. If any part of the performance hurdle is achieved at the relevant testing dates, the corresponding payout will be delivered following the vesting date if employment conditions are satisfied.</td><td>Half the grant is tested at three years and the remaining half at four years. Any part of the grant that is tested and does not meet the performance hurdle will lapse. There is no opportunity to retest.</td></tr>
<tr><td>EPS Targets</td><td>EPS is calculated as follows: statutory profit/(loss) after tax adjusted for unrealised carrying value adjustments (but not excluding unrealised adjustments on the value of inventory held for sale); write-off of goodwill; movements in the value of investment properties; and savings implementation costs and one-off benefits from the UK pension plan; divided by the weighted average number of ordinary securities (excluding treasury securities). EPS-tested performance securities will vest subject to performance against compound annual growth rate targets set by the Board.
The EPS annual growth target set by the Board for 2012 was 5%.</td><td>EPS is based on Statutory EPS, defined as the statutory profit/(loss) after tax, attributable to members of Lend Lease Corporation Limited, divided by the weighted average number of ordinary securities (excluding treasury securities). EPS-tested performance securities will vest subject to performance against targets set by the Board.
The Board set both a minimum and a stretch aggregate EPS target, and a final year EPS target for the three year and four year performance periods.<table><tr><td>Aggregate EPS target</td><td>The aggregate target was set at the start of the performance period, and actual performance is measured by the sum of three year and four year EPS performance compared to the aggregate EPS target.</td></tr><tr><td>Final year EPS target</td><td>This is calculated by dividing the aggregate EPS target over the relevant performance period by the number of years in the performance period (i.e. three or four years) (known as the ‘qualifying condition’).</td></tr></table></td></tr>
</table>

Directors' Report continued

3. Remuneration Report continued

h. Executive Remuneration in Detail continued

Prior Year LTI Awards continued

How LTI was Allocated in Previous Years continued

EPS Targets continued

2009 LTI Plan

	EPS (as defined for LTI purposes)	
	Target	Actual
EPS for 30 June 08 base	N/A	87.8c
EPS for 30 June 09 -% growth from prior year	80.9c (7.9%)	30.0c (65.8%)
EPS for 30 June 10 -% growth from prior year - two year compound annual growth rate	90.7c 12.1% 2.0%	68.3c 127.7% (12.0%)
EPS for 30 June 11 -% growth from prior year - three year compound annual growth rate	101.7c 12.1% 5.0%	90.3c 32.2% 0.9%
EPS for 30 June 12 -% growth from prior year - four year compound annual growth rate	106.7c 5.0% 5.0%	93.8c 3.9% 1.7%

2010 LTI Plan

Outcome for 1 July 2009 to 30 June 2012

	Target			Actual	
	Minimum	Stretch	Final Year	Total	Final Year
Aggregate EPS (cents)	199.0	218.9	66.3	257.3	92.7

EPS performance period and vesting

2009 LTI Plan

For vesting to occur, Lend Lease's compound EPS growth rate over the test period must be equal to the compounded annual target rate over that period. The vesting schedule for EPS is as follows:

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

2010 LTI Plan

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

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

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

Directors' Report continued

3. Remuneration Report continued

h. Executive Remuneration in Detail continued

Prior Year LTI Awards continued

How LTI was Allocated in Previous Years continued

	2009 LTI Plan	2010 LTI Plan
EPS performance period and vesting continued		Participants were advised of the EPS targets at the time the LTI grant was made in September 2009. The Board has committed to disclosing the EPS target retrospectively following the end of the relevant performance period (30 June 2013). In setting the minimum and stretch aggregate EPS targets, the Board has taken into account the forecast business plan performance as well as market expectations to determine robust but achievable performance targets for the 50% and 100% vesting thresholds of the EPS component of the LTI.
Termination and forfeiture	The retention component is forfeited if the individual is not in employment at the first vesting date (including 'good leaver' reasons). For 'good leavers', the individual may, subject to Board discretion and in specified circumstances, receive a pro rata award for performance securities tested against relative TSR and EPS performance at the time of termination. Where an executive is terminated for cause or resigns, unvested LTI is forfeited. Unvested LTI grants will be forfeited if an executive enters into a prohibited pre vesting hedging arrangement in relation to their LTI awards.	For 'good leavers', a pro rata award may be paid after termination and be subject to the original performance conditions, unless there are exceptional circumstances (e.g. death or total and permanent disability) where the Board may determine and pay the award at the time of termination. If an executive is terminated for cause or resigns, unvested LTI is forfeited. Unvested LTI grants will be forfeited if an executive enters into a prohibited pre vesting hedging arrangement in relation to their LTI awards.

Directors' Report continued

3. Remuneration Report continued

h. Executive Remuneration in Detail continued

Prior Year LTI Awards continued

Outstanding LTI Awards (Equity-Based Payments)

Name	Plan (for the year ended)	Grant date	Vesting date[1]	Number granted	Fair value per equity instrument[2] A$	Total fair value at grant date[3,4] A$	Expense for the year ended 30 June 2013 A$	% Vested	% Forfeited
CEO									
Stephen McCann	June 2009 LTI – A[3]	Sept 2008	Aug 2012	120,235	6.35	763,566	14,254	–	2
	June 2010 LTI (50%)[5]	Sept 2009	Aug 2012	124,535	6.08	757,173	38,813	75	25
	June 2010 LTI (50%)[5]	Sept 2009	Aug 2013	124,535	6.31	785,816	182,444	–	–
	June 2011 LTI (50%)[6]	Sept 2010	Sept 2013	87,680	4.92	431,386	143,796	–	–
	June 2011 LTI (50%)[6]	Sept 2010	Sept 2014	87,680	5.20	455,936	113,985	–	–
	June 2012 LTI (50%)[6]	Sept 2011	Sept 2014	78,515	5.62	441,254	147,084	–	–
	June 2012 LTI (50%)[6]	Sept 2011	Sept 2015	78,515	5.90	463,238	115,809	–	–
	June 2013 LTI (50%)[6]	Sept 2012	Sept 2015	85,964	5.38	462,489	128,469	–	–
	June 2013 LTI (50%)[6]	Sept 2012	Sept 2016	85,965	5.53	475,384	99,038	–	–
Total							**983,692**		
Current Senior Executives									
Tarun Gupta	June 2009 LTI – A[3]	Sept 2008	Aug 2012	18,949	6.35	120,328	2,246	–	2
	June 2010 LTI (50%)[6]	Sept 2009	Aug 2012	14,594	6.08	88,732	4,548	75	25
	June 2010 LTI (50%)[5]	Sept 2009	Aug 2013	14,594	6.31	92,088	21,380	–	–
	June 2011 LTI (50%)[6]	Sept 2010	Sept 2013	18,489	4.92	90,966	30,322	–	–
	June 2011 LTI (50%)[6]	Sept 2010	Sept 2014	18,489	5.20	96,143	24,036	–	–
	June 2012 LTI (50%)[6]	Sept 2011	Sept 2014	16,468	5.62	92,550	30,850	–	–
	June 2012 LTI (50%)[6]	Sept 2011	Sept 2015	16,468	5.90	97,161	24,290	–	–
	June 2013 LTI (50%)[6]	Sept 2012	Sept 2015	18,596	5.38	100,046	27,791	–	–
	June 2013 LTI (50%)[6]	Sept 2012	Sept 2016	18,596	5.53	102,836	21,424	–	–
Total							**186,887**		
Simon Hipperson	June 2013 LTI (50%)[6]	Sept 2012	Sept 2015	15,092	5.38	81,198	22,555	–	–
	June 2013 LTI (50%)[6]	Sept 2012	Sept 2016	15,093	5.53	83,462	17,388	–	–
Total							**39,943**		

Footnotes follow on page 50.

Directors' Report continued

3. Remuneration Report continued

h. Executive Remuneration in Detail continued

Prior Year LTI Awards continued

Outstanding LTI Awards (Equity-Based Payments) continued

Name	Plan (for the year ended)	Grant date	Vesting date[1]	Number granted	Fair value per equity instrument[2] A$	Total fair value at grant date[3,4] A$	Expense for the year ended 30 June 2013 A$	% Vested	% Forfeited
Daniel Labbad	June 2009 LTI – A[3]	Sept 2008	Aug 2012	38,324	6.35	243,357	4,543	–	2
	June 2010 LTI (50%)[5]	Sept 2009	Aug 2012	27,339	6.08	166,221	8,521	75	25
	June 2010 LTI (50%)[5]	Sept 2009	Aug 2013	27,339	6.31	172,509	40,052	–	–
	June 2011 LTI (50%)[5]	Sept 2010	Sept 2013	19,200	4.92	94,464	31,488	–	–
	June 2011 LTI (50%)[6]	Sept 2010	Sept 2014	19,200	5.20	99,840	24,960	–	–
	June 2012 LTI (50%)[6]	Sept 2011	Sept 2014	18,119	5.62	101,829	33,943	–	–
	June 2012 LTI (50%)[6]	Sept 2011	Sept 2015	18,119	5.90	106,902	26,726	–	–
	June 2013 LTI (50%)[6]	Sept 2012	Sept 2015	20,146	5.38	108,383	30,106	–	–
	June 2013 LTI (50%)[6]	Sept 2012	Sept 2016	20,146	5.53	111,405	23,209	–	–
Total							**223,548**		
Rod Leaver[7]	June 2011 LTI (50%)[6]	Sept 2010	Sept 2013	24,889	4.92	122,454	40,818	–	–
	June 2011 LTI (50%)[6]	Sept 2010	Sept 2014	24,889	5.20	129,423	32,356	–	–
	June 2012 LTI (50%)[6]	Sept 2011	Sept 2014	21,245	5.62	119,397	39,799	–	–
	June 2012 LTI (50%)[6]	Sept 2011	Sept 2015	21,245	5.90	125,346	31,336	–	–
	June 2013 LTI (50%)[6]	Sept 2012	Sept 2015	21,502	5.38	115,681	32,134	–	–
	June 2013 LTI (50%)[6]	Sept 2012	Sept 2016	21,502	5.53	118,906	24,772	–	–
Total							**201,215**		
Anthony Lombardo	June 2009 LTI – A[3]	Sept 2008	Aug 2012	18,045	6.35	114,598	2,139	–	2
	June 2010 LTI (50%)[5]	Sept 2009	Aug 2012	23,351	6.08	141,974	7,278	75	25
	June 2010 LTI (50%)[5]	Sept 2009	Aug 2013	23,351	6.31	147,345	34,209	–	–
	June 2011 LTI (50%)[6]	Sept 2010	Sept 2013	18,489	4.92	90,966	30,322	–	–
	June 2011 LTI (50%)[6]	Sept 2010	Sept 2014	18,489	5.20	96,143	24,036	–	–
	June 2012 LTI (50%)[6]	Sept 2011	Sept 2014	16,808	5.62	94,458	31,486	–	–
	June 2012 LTI (50%)[6]	Sept 2011	Sept 2015	16,807	5.90	99,164	24,791	–	–
	June 2013 LTI (50%)[6]	Sept 2012	Sept 2015	19,216	5.38	103,379	28,716	–	–
	June 2013 LTI (50%)[6]	Sept 2012	Sept 2016	19,216	5.53	106,262	22,138	–	–
Total							**205,115**		

Footnotes follow on page 50.

Directors' Report continued

3. Remuneration Report continued

h. Executive Remuneration in Detail continued

Prior Year LTI Awards continued

Outstanding LTI Awards (Equity-Based Payments) continued

Name	Plan (for the year ended)	Grant date	Vesting date[1]	Number granted	Fair value per equity instrument[2] A$	Total fair value at grant date[3,4] A$	Expense for the year ended 30 June 2013 A$	% Vested	% Forfeited
Robert McNamara	June 2010 LTI (50%)[5]	Sept 2009	Aug 2012	43,285	6.08	263,173	13,490	75	25
	June 2010 LTI (50%)[5]	Sept 2009	Aug 2013	43,285	6.31	273,128	63,413	–	–
	June 2011 LTI (50%)[6]	Sept 2010	Sept 2013	52,533	4.92	258,462	86,153	–	–
	June 2011 LTI (50%)[6]	Sept 2010	Sept 2014	52,533	5.20	273,171	68,292	–	–
	June 2012 LTI (50%)[6]	Sept 2011	Sept 2014	16,370	5.62	91,999	30,666	–	–
	June 2012 LTI (50%)[6]	Sept 2011	Sept 2015	16,370	5.90	96,583	24,146	–	–
	June 2013 LTI (50%)[6]	Sept 2012	Sept 2015	17,412	5.38	93,674	26,021	–	–
	June 2013 LTI (50%)[6]	Sept 2012	Sept 2016	17,412	5.53	96,286	20,059	–	–
Total							**332,240**		
Former Senior Executives									
Mark Menhinnitt	June 2009 LTI – A[3]	Sept 2008	Aug 2012	43,308	6.35	275,034	5,134	–	2
	June 2010 LTI (50%)[5]	Sept 2009	Aug 2012	33,358	6.08	202,817	10,397	75	25
	June 2010 LTI (50%)[5]	Sept 2009	Aug 2013	33,358	6.31	210,489	48,869	–	–
	June 2011 LTI (50%)[6]	Sept 2010	Sept 2013	20,267	4.92	99,714	33,237	–	–
	June 2011 LTI (50%)[6]	Sept 2010	Sept 2014	20,267	5.20	105,388	26,346	–	–
	June 2012 LTI (50%)[6]	Sept 2011	Sept 2014	20,329	5.62	114,246	38,082	–	–
	June 2012 LTI (50%)[6]	Sept 2011	Sept 2015	20,328	5.90	119,938	29,985	–	–
	June 2013 LTI (50%)[6]	Sept 2012	Sept 2015	23,142	5.38	124,501	34,584	–	–
	June 2013 LTI (50%)[6]	Sept 2012	Sept 2016	23,142	5.53	127,972	26,661	–	–
Total							**253,295**		
Craig van der Laan de Vries[8]	June 2012 LTI (50%)[6]	Sept 2011	Sept 2014	5,435	5.62	30,545	(8,485)	–	100
	June 2012 LTI (50%)[6]	Sept 2011	Sept 2015	5,435	5.90	32,067	(6,681)	–	100
Total							**(15,166)**		

1 Early vesting of the award may be available in certain circumstances. The award is forfeited on resignation, but in other cases of termination may be awarded on a pro rata basis.
2 The fair value for deferred securities issued on 1 September 2011 is the volume weighted average price of Lend Lease securities traded on ASX over the 10 trading days prior to the grant date. All grant prices have been rounded to two decimal places.
3 The September 2008 grant had three components, with one-third of the grant being tested against EPS and one-third against TSR (Plan for the year ended June 2009 LTI – A), and the remainder vesting based on achievement of service conditions (Plan for the year ended June 2009 LTI – B). For components tested equally against TSR and EPS (Plan for the year ended June 2009 LTI – A) the weighted average fair value is disclosed. For the June 2009 LTI – A, 2% remained unvested at 1 July 2012 and was tested on 1 September 2012 but did not vest.
4 At vesting, the minimum value is nil and the estimate of the maximum value is the fair value multiplied by the number of securities granted.
5 The September 2009 grant is split into two equal tranches that vest independently after three and four years subject to meeting the performance hurdles.
6 The September 2010, September 2011 and September 2012 grants are split into two equal tranches that vest independently after three and four years subject to meeting the performance hurdles described in section 3d on page 37.
7 As a consequence of Rod Leaver's appointment to the role of Regional CEO, Asia, grants made under previous business unit specific LTI plans have been replaced by participation in the Group LTI plan and will be subject to the same terms and performance hurdles.
8 Craig van der Laan de Vries ceased as KMP on 31 December 2012.

Directors' Report continued

3. Remuneration Report continued

i. Appendix

Terms Used in This Report

Term	What it means
Earnings Per Security (EPS)	Profit/(loss) after tax divided by the weighted average number of ordinary securities (excluding treasury securities). For some earlier LTI allocations, the definition of profit/(loss) after tax may have specific inclusions or exclusions.
Face Value of a Security	The value of a Lend Lease security at the applicable time.
Fair Value of a Security	The value of a Lend Lease security, derived by applying a discount rate determined by the Board, designed to reflect the likelihood of vesting (in cases where there are performance hurdles to be met before vesting can occur).
Good Leaver	An employee who is leaving Lend Lease for a reason such as retirement or redundancy, and who may remain eligible for part of an incentive opportunity.
Key Management Personnel (KMP)	Those executives who have the authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly (as per Accounting Standard AASB 124 *Related Party Disclosures*).
KPIs	Key performance indicators.
Long Term Incentive (LTI)	An incentive scheme which provides Lend Lease equity (or cash, in some circumstances) to participating executives that may vest, in whole or part, if specified performance measures are met over a three or four year period.
LTI (face value)	Refers to the number of LTI performance securities granted multiplied by the Lend Lease security price at the applicable time.
PAT	Statutory Profit After Tax.
Personnel and Organisation (P&O) Committee	The Board sub committee that helps the Board fulfil its responsibilities in people management and reward policies. It is made up entirely of independent Non Executive directors.
Return on Equity (ROE)	ROE is calculated as the annual statutory profit after tax divided by the arithmetic average of beginning, half year and year end securityholders' equity.
Senior executives	Executives who are KMP, excluding the CEO.
Short Term Incentive (STI)	Incentives awarded with direct reference to the achievement of Group, regional and individual performance. The measures are selected annually and align to our long term strategic priorities.
Total Package Value (TPV)	Salary plus the value of salary package items such as motor vehicles and parking and compulsory superannuation contributions paid on behalf of an employee.
Total Shareholder Return/ Total Securityholder Return (TSR)	The movement in a company's share/security price, dividend yield and any return of capital over a specific period. It is often expressed as a percentage.

Directors' Report continued

3. Remuneration Report continued

i. Appendix continued

Remuneration Presentations Comparison

The table below provides a comparison of the information included in each of the three remuneration presentations.

Disclosure	Individuals included	Fixed remuneration	STI	STI deferral	LTI
Statutory	Current and Former Disclosed Senior executives. Prorated for time as KMP.	The Statutory table includes cash salary, non monetary benefits, superannuation and other long term benefits in line with statutory remuneration disclosure requirements.	The cash portion of the STI award made in September 2013 for 2013 performance. Includes the reduction in the cash portion of the 2012 STI award which was paid in December 2012.	The accounting share based payments expense for the STI deferred from 2011 and 2012.	The accounting share based payments expense for LTI awards made in the 2010, 2011, 2012 and 2013 financial years.
Awarded	Current Disclosed Senior executives. Not prorated for time as Key Management Personnel (KMP). This means remuneration disclosed will relate to both the time in their current role (as KMP) and any other role they have held at Lend Lease during the financial year.	Fixed remuneration includes the contractually awarded amount of Total Package Value/Base Salary from 1 September 2012 or later. It excludes annual leave and long service leave accruals.	The cash portion of the STI award made in September 2013 for 2013 performance.	The deferred securities portion of the 2013 STI award (due to vest in September 2014 to September 2016).	The face value of 2013 LTI grants made in September 2012.
Actual Received	Current Disclosed Senior executives. Not prorated for time as KMP.	Fixed remuneration includes salary, non monetary benefits and superannuation or pension in line with the statutory remuneration disclosure requirements. It excludes annual leave and long service leave accruals.	The cash portion of the STI award made in September 2013 for 2013 performance.	2011 STI deferred securities which vested in September 2012.	The value of 2009 and 2010 LTI grants which vested in September 2012 (value at the date of vesting).

Directors' Report continued

4. Other

a. Security Options

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

b. Indemnification and Insurance of Directors and Officers

Rule 12 of the Company's Constitution provides for indemnification in favour of each of the Directors named on pages one to five of this Report; the officers of the Company or of wholly owned subsidiaries or related entities of the Company ('Officers') to the extent permitted by the *Corporations Act 2001*. Rule 12 does not indemnify a Director, Company Secretary or Officer for any liability involving a lack of good faith.

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

For related entities, the indemnification is provided under Rule 12 of the Company's Constitution unless the Directors determine otherwise. For unrelated entities in which the Group has an interest, deeds of indemnity may be entered into between Lend Lease Corporation Limited and the Director or Officer. Since the date of the last report, the Company has not entered into any separate deeds of indemnity with a Director or officer of an unrelated entity.

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

In accordance with the *Corporations Act 2001*, Rule 12 of the Constitution also permits the Company to purchase and maintain insurance or pay or agree to pay a premium for insurance for Officers against any liability incurred as an Officer of the Company or of a related body corporate. This may include a liability for reasonable costs and expenses incurred in defending proceedings, whether civil or criminal, and whatever their outcome. Due to confidentiality obligations and undertakings of the policy, no further details in respect of the premium or policy can be disclosed.

c. Non Audit Services

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

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

- All other services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Risk Management and Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The other services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

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

Directors' Report continued

4. Other continued

c. Non Audit Services continued

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

	Consolidated June 2013 A$000s	Consolidated June 2012 A$000s
Audit and Other Assurance Services		
Audit services	7,783	7,770
Other assurance services	568	686
Total audit and other assurance services	**8,351**	**8,456**

d. Rounding Off

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

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

D A Crawford, AO
Chairman

S B McCann
Group Chief Executive Officer & Managing Director

Sydney, 23 August 2013

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

To: the directors of Lend Lease Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 there have been:

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

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

KPMG

KPMG

S J Marshall
Partner

Sydney

23 August 2013

Consolidated Financial Statements

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Income Statement
Year ended 30 June 2013

		Note	June 2013 A$m	June 2012 A$m
Revenue		2	12,208.9	11,547.5
Cost of sales			(10,916.1)	(10,226.0)
Gross profit			**1,292.8**	**1,321.5**
Other income		3	222.2	151.2
Other expenses			(1,012.4)	(1,073.4)
Results from operating activities			**502.6**	**399.3**
Finance revenue		5	44.0	62.2
Finance costs		5	(124.8)	(121.8)
Net finance costs			**(80.8)**	**(59.6)**
Share of profit of equity accounted investments		12	152.7	182.8
Profit before tax			**574.5**	**522.5**
Income tax expense		6	(22.0)	(19.4)
Profit after tax			**552.5**	**503.1**
Profit after tax attributable to:				
Members of Lend Lease Corporation Limited			541.0	501.4
Unitholders of Lend Lease Trust			10.6	
Profit after tax attributable to securityholders			**551.6**	**501.4**
External non controlling interests			0.9	1.7
Profit after tax			**552.5**	**503.1**
Basic/Diluted Earnings Per Lend Lease Corporation Limited Share				
Shares excluding treasury shares	(cents)	8	99.7	92.7
Shares on issue	(cents)	8	94.2	87.7
Basic/Diluted Earnings Per Lend Lease Group Stapled Security				
Securities excluding treasury securities	(cents)	8	101.7	92.7
Securities on issue	(cents)	8	96.0	87.7

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statement of Comprehensive Income
Year ended 30 June 2013

	Note	June 2013 A$m	June 2012 A$m
Profit After Tax		**552.5**	**503.1**
Other Comprehensive Income/(Expense) After Tax			
Items that may be reclassified subsequently to profit or loss:			
Movements in Fair Value Revaluation Reserve	6b, 24	23.1	(18.3)
Movements in Hedging Reserve	6b, 24	10.4	(43.5)
Movements in Foreign Currency Translation Reserve	6b, 24	34.9	52.2
Items that will not be reclassified to profit or loss:			
Movements in Non Controlling Interest Acquisition Reserve	6b, 24	16.1	(3.2)
Total items that may be reclassified subsequently to profit or loss		**84.5**	**(12.8)**
Total comprehensive income after tax		**637.0**	**490.3**
Total comprehensive income after tax attributable to:			
Members of Lend Lease Corporation Limited		625.2	488.4
Unitholders of Lend Lease Trust		10.6	
Total comprehensive income after tax attributable to securityholders		**635.8**	**488.4**
External non controlling interests		1.2	1.9
Total comprehensive income after tax		**637.0**	**490.3**

Consolidated Financial Statements continued

Statement of Financial Position

As at 30 June 2013

	Note	June 2013 A$m	June 2012 A$m
Current Assets			
Cash and cash equivalents	9	1,538.4	957.9
Loans and receivables	10	1,896.8	1,874.5
Inventories	11	1,050.1	1,122.2
Other financial assets	14	97.8	77.6
Current tax assets		6.8	39.6
Other assets		48.5	35.7
Total current assets		4,638.4	4,107.5
Non Current Assets			
Loans and receivables	10	662.8	330.2
Inventories	11	1,840.9	1,696.3
Equity accounted investments	12	585.5	470.2
Investment properties	13	4,023.8	3,415.0
Other financial assets	14	453.1	333.3
Deferred tax assets	6c	199.9	148.2
Property, plant and equipment	15	400.3	669.4
Intangible assets	16	1,262.5	1,405.1
Defined benefit plan asset	17	70.4	55.2
Other assets		72.8	73.1
Total non current assets		9,572.0	8,596.0
Total assets		14,210.4	12,703.5
Current Liabilities			
Trade and other payables	18	3,697.1	3,725.2
Resident and accommodation bond liabilities	19	2,656.8	2,422.9
Provisions	21	283.2	276.6
Borrowings and financing arrangements	20		100.0
Other financial liabilities	22	181.7	56.8
Total current liabilities		6,818.8	6,581.5
Non Current Liabilities			
Trade and other payables	18	874.3	592.2
Provisions	21	70.7	74.8
Borrowings and financing arrangements	20	1,976.2	1,257.1
Other financial liabilities	22	88.3	222.2
Deferred tax liabilities	6c	52.8	64.5
Total non current liabilities		3,062.3	2,210.8
Total liabilities		9,881.1	8,792.3
Net assets		4,329.3	3,911.2
Equity			
Issued capital	23	1,599.9	2,077.6
Treasury securities	23	(118.0)	(111.0)
Reserves	24	(23.7)	(119.3)
Retained earnings		2,359.5	2,058.0
Total equity attributable to members of Lend Lease Corporation Limited		3,817.7	3,905.3
Total equity attributable to unitholders of Lend Lease Trust		506.1	0.6
Total equity attributable to securityholders		4,323.8	3,905.9
External non controlling interests		5.5	5.3
Total equity		4,329.3	3,911.2

Consolidated Financial Statements continued

Statement of Changes in Equity
Year ended 30 June 2013

	Note	June 2013 A$m	June 2012 A$m
Issued Capital and Treasury Securities			
Issued Capital			
Opening balance at beginning of financial year		2,077.6	2,063.7
Transactions with owners for the year:			
Recapitalisation of Lend Lease Trust		(500.3)	
Distribution Reinvestment Plan (DRP)		22.6	13.9
Closing balance at end of financial year	23	**1,599.9**	**2,077.6**
Treasury Securities			
Opening balance at beginning of financial year		(111.0)	(83.3)
Transactions with owners for the year:			
Treasury securities acquired		(26.4)	(50.0)
Treasury securities vested		19.4	22.3
Closing balance at end of financial year	23	**(118.0)**	**(111.0)**
Total issued capital and treasury securities		**1,481.9**	**1,966.6**
Reserves			
Fair Value Revaluation Reserve			
Opening balance at beginning of financial year		21.6	39.9
Movements during the year		23.1	(18.3)
Closing balance at end of financial year	24	**44.7**	**21.6**
Hedging Reserve			
Opening balance at beginning of financial year		(88.9)	(45.4)
Movements during the year		10.4	(43.5)
Closing balance at end of financial year	24	**(78.5)**	**(88.9)**
Foreign Currency Translation Reserve			
Opening balance at beginning of financial year		(190.6)	(242.8)
Movements during the year		34.9	52.2
Closing balance at end of financial year	24	**(155.7)**	**(190.6)**
Non Controlling Interest Acquisition Reserve			
Opening balance at beginning of financial year		(89.5)	(86.3)
Movements during the year		16.1	(3.2)
Closing balance at end of financial year	24	**(73.4)**	**(89.5)**
Other Reserve			
Balance at beginning and end of financial year	24	**111.7**	**111.7**
Equity Compensation Reserve			
Opening balance at beginning of financial year		62.0	60.1
Transactions with owners for the year:			
Movements attributable to allocation and vesting of securities		11.1	1.9
Closing balance at end of financial year	24	**73.1**	**62.0**
Other Compensation Reserve			
Balance at beginning and end of financial year		**54.4**	**54.4**
Total reserves	24	**(23.7)**	**(119.3)**

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statement of Changes in Equity continued
Year ended 30 June 2013

	June 2013 A$m	June 2012 A$m
Retained Earnings		
Opening balance at beginning of financial year	2,058.0	1,725.6
Profit attributable to members of Lend Lease Corporation Limited	541.0	501.4
Transactions with owners for the year:		
Dividends paid	(227.5)	(163.3)
Dividends on treasury securities	11.7	8.2
Dividends under DRP	(24.0)	(13.9)
Other movements	0.3	
Closing balance at end of financial year	**2,359.5**	**2,058.0**
Unitholders of Lend Lease Trust		
Opening balance at beginning of financial year	0.6	0.6
Profit attributable to unitholders of Lend Lease Trust	10.6	
Transactions with owners for the year:		
Movement attributable to recapitalisation	500.3	
Distributions paid	(0.9)	
Distributions provided for	(5.7)	
Units issued under DRP	1.4	
Other movements	(0.2)	
Closing balance at end of financial year	**506.1**	**0.6**
External Non Controlling Interests		
Opening balance at beginning of financial year	5.3	34.4
Profit attributable to non controlling interests	0.9	1.7
Transactions with owners for the year:		
Movements attributable to dividends/distributions received	(0.2)	(7.5)
Movements attributable to acquisition	0.6	1.4
Movements attributable to disposal	(1.3)	(19.4)
Effect of foreign exchange rate/other movements	0.2	(5.3)
Closing balance at end of financial year	**5.5**	**5.3**
Total equity	**4,329.3**	**3,911.2**
Total Comprehensive Income After Tax for the Financial Year		
Attributable to:		
Members of Lend Lease Corporation Limited	625.2	488.4
Unitholders of Lend Lease Trust	10.6	
Total comprehensive income after tax attributable to securityholders	**635.8**	**488.4**
External non controlling interests	1.2	1.9
Total comprehensive income after tax	**637.0**	**490.3**

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statement of Cash Flows

Year ended 30 June 2013

	Note	June 2013 A$m	June 2012 A$m
Cash Flows from Operating Activities			
Cash receipts in the course of operations		11,734.9	11,382.1
Cash payments in the course of operations		(11,743.4)	(11,363.2)
Interest received		32.1	51.4
Interest paid		(116.3)	(124.7)
Dividends/distributions received		152.9	146.4
Income tax refunded/(paid) in respect of operations		34.7	(138.1)
Net cash provided by/(used in) operating activities	31	**94.9**	**(46.1)**
Cash Flows from Investing Activities			
Sale of asset held for sale			527.1
Sale/redemption of investments		400.2	328.6
Acquisition of investments		(276.2)	(211.5)
Sale of investment properties		9.8	66.1
Acquisition of/capital expenditure on investment properties		(252.8)	(128.0)
Net loans from associates and joint ventures		141.9	0.8
Disposal of consolidated entities (net of cash disposed and transaction costs)		213.7	
Disposal of property, plant and equipment		6.1	3.9
Acquisition of property, plant and equipment		(54.0)	(63.3)
Acquisition of intangible assets		(37.1)	(18.0)
Other investing activities			(0.3)
Net cash provided by investing activities		**151.6**	**505.4**
Cash Flows from Financing Activities			
Proceeds from borrowings		778.2	100.0
Repayment of borrowings		(219.9)	(477.6)
Dividends/distributions paid		(216.7)	(155.1)
Other financing activities		(38.8)	(33.3)
Net cash provided by/(used in) financing activities		**302.8**	**(566.0)**
Other Cash Flow Items			
Effect of foreign exchange rate movements on cash and cash equivalents		31.2	18.4
Net increase/(decrease) in cash and cash equivalents		**580.5**	**(88.3)**
Cash and cash equivalents at beginning of financial year		**957.9**	**1,046.2**
Cash and cash equivalents at end of financial year	9	**1,538.4**	**957.9**

The accompanying notes form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies

Lend Lease Corporation Limited ('the Company') is incorporated and domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2013 comprises the Company and its controlled entities including Lend Lease Trust ('LLT') (together referred to as the 'consolidated entity' or the 'Group'). The Group is a for-profit entity and is an international property and infrastructure group. Further information about the Group's primary activities is included in Note 27 'Segment Reporting'.

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 separately in the consolidated entity Statement of Financial Position within equity, notwithstanding that the unitholders of LLT are also the shareholders of the Company.

Following stapled securityholders' approval on 15 November 2012, the Company has reallocated capital to LLT by reducing the Company's share capital by A$500.3 million and applying that amount as additional capital to LLT. This capital reallocation did not affect the number of shares on issue nor the number of units held by securityholders and did not result in any cash distribution to members.

The consolidated financial report was authorised for issue by the Directors on 23 August 2013.

1.1 Statement of Compliance

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

1.2 Basis of Preparation

The financial report is presented in Australian dollars and is prepared under the historical cost basis except for the following assets and liabilities, which are stated at their fair value: derivative financial instruments, fair value through profit or loss investments, available for sale investments, investment properties, resident liabilities and liabilities for cash settled share based compensation plans. Recognised assets and liabilities that are hedged are stated at fair value in respect of the risk that is hedged. Refer to the specific accounting policies in Note 1 for the basis of valuation of assets and liabilities measured at fair value.

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

These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Information about critical accounting judgements in applying the Group's accounting policies is set out in Note 1.31.

In accordance with Class Order 98/100, amounts in the financial report are rounded off to the nearest thousand dollars unless otherwise indicated.

The accounting policies set out below have been consistently applied to all financial years presented in the consolidated financial statements and by all entities in the consolidated entity, except as explained in Note 1.3 which addresses the impact of new/revised Accounting Standards.

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

Basis of Consolidation

The Group consolidation comprises all entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group invests in special purpose entities ('SPEs') for trading and investment purposes. The SPEs are consolidated if the substance of the relationship with the Group is such that the Group controls the SPE. The Group will also consolidate the SPE if the Group is expected to obtain the majority of the benefits and/or is exposed to the majority of the residual risks of an SPE or its net assets.

Intragroup balances and transactions, and any unrealised gains or losses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Investments in subsidiaries are carried at their cost of acquisition less impairments in the Company's financial statements. The Company sponsors a number of employee benefit vehicles, including employee security plans. Under AASBs, these vehicles, while not legally controlled, are required to be consolidated for accounting purposes.

External non controlling interests are allocated their share of total comprehensive income and are presented within equity in the consolidated Statement of Financial Position, separately from the equity of securityholders.

1.3 Impact of New/Revised Accounting Standards

New and Revised Accounting Standards

From 1 July 2012 the Group has adopted AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*. The change relates only to disclosures and had no impact on consolidated earnings per share or net profit. The changes have been applied retrospectively and require the Group to separately present those items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.3 Impact of New/Revised Accounting Standards continued

New and Revised Accounting Standards continued
From 1 July 2012 the Group has also adopted AASB 2010-8 *Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets*. The changes had no significant impact on the Group's assessment of deferred taxes.

New Accounting Standards and Interpretations Not Yet Adopted
Certain new accounting standards and interpretations have been published that are not mandatory for the financial year ended 30 June 2013 but are available for early adoption and have not been applied in preparing this report.

The potential effect of these is outlined below:

– AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9,* AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010) and AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* (September 2012).

  These standards address the classification, measurement and derecognition of financial assets and financial liabilities. The potential effect of this standard is yet to be determined.

– AASB 10 *Consolidated Financial Statements* introduces a new definition of control and addresses whether an entity should be included within the consolidated financial statements of the parent company.

– AASB 11 *Joint Arrangements* establishes principles for financial reporting by parties to a joint arrangement.

  The Group's assessment of the impact of AASB 10 and AASB 11 indicates that the application of these standards is unlikely to have a significant impact on the Group's financial position and performance.

– AASB 12 *Disclosure of Interests in Other Entities* relates to disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. Application of this standard will not affect amounts recognised in the financial statements, however it will impact the type of information disclosed in relation to the Group's investments.

– AASB 13 *Fair Value Measurements* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* introduce new guidance on fair value measurement and disclosure requirements when fair value is permitted by accounting standards. Application of this standard will not affect amounts recognised in the financial statements, however it will impact the type of information disclosed in relation to the fair value hierarchy.

– The revised AASB 119 *Employee Benefits* (June 2011) and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119* (September 2011) introduce changes to the accounting for and presentation of pensions and other post-employment benefits. The revised standard eliminates the corridor approach which defers the recognition of actuarial gains and losses attributable to the Group's defined benefit plans in the Statement of Comprehensive Income. The revised standard also requires the net interest expense on fund obligations and interest income on assets to be determined by applying the discount rate used to measure the fund obligations. Previously, the Group determined interest income on fund assets based on the expected long term return for each asset class.

  Had the revised standard been applied at 30 June 2013, and previously unrecognised cumulative gains and losses had been recognised, total equity would have decreased by A$63.8 million, after tax. The amount recognised in the Statement of Comprehensive Income for current year actuarial gains to 30 June 2013 would have been A$23.2 million, after tax. In addition, the impact to the defined benefit expense on adopting the amendments would decrease profit after tax by A$2.8 million, for the year ended 30 June 2013.

The standards above become mandatory for the June 2014 financial year, with the exception of AASB 9 which will apply to the June 2016 financial year. With the exception of AASB 13, which applies prospectively, the standards are to be applied retrospectively.

1.4 Revenue, Other Income and Profits

Revenue from the Provision of Services
Revenue from the provision of services is recognised in the Income Statement in proportion to the stage of completion of the transactions at the balance sheet date.

For property construction: the value of work performed using the percentage complete method, which is measured by reference to costs incurred to date as a percentage of total forecast costs for each contract.

For property and funds management: property development and management fee entitlements for services rendered.

For aged care and retirement living:

– Deferred Management Fees ('DMF'):

  A typical DMF contract provides for an annual retainer for a fixed period (e.g. 3% per annum of purchase or resale price for a period up to 12 years, or 36% in total) plus a share of the capital gain realised on turnover.

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

– Aged Care Revenue:

  Aged Care revenue comprises daily resident living contributions, retention fees and government funding, which are all determined in accordance with Federal Government authorised rates.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.4 Revenue, Other Income and Profits continued

Revenue from the Provision of Services continued

– Aged Care Revenue continued:

  This revenue is recognised as the services are provided. The Group is entitled to charge an annual retention fee to hostel residents. These annual fees are regulated by the Federal Government and are paid by a resident on departure. These fees are accrued during the resident's period of occupancy.

Revenue and Profits from the Sale of Development Properties

Revenue and profits from the sale of development properties are recognised in the Income Statement when:

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

Rental Revenue

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

Dividends/Distributions

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

Net Gains or Losses on Sale of Investments

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

Finance Revenue

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

1.5 Income Taxes

Income tax on the profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is calculated using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they are not likely to reverse in the foreseeable future.

Measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates (and tax laws) enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits only to the extent that it is probable that future taxable amounts will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but are intended to be settled on a net basis or to be realised simultaneously.

Tax Consolidation

The Company is the head entity of the Australian Tax Consolidated Group comprising all the Australian wholly owned subsidiaries. The Company entered into the Australian Tax Consolidation Regime effective 1 July 2002. As a consequence, all members of the Australian Tax Consolidation Group are taxed as a single entity.

The Company and its Australian wholly owned subsidiaries account for their own current and deferred tax amounts. These amounts are measured using a modified standalone taxpayer approach.

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

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

The contributions are payable as set out in the agreement and reflect the timing of the head entity's obligations to make payments for tax liabilities to the relevant tax authority. The assets and liabilities arising under the Australian tax sharing/funding arrangement are recognised as intercompany assets and liabilities (on demand) with a consequential adjustment to income tax expense/revenue.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.6 Impairment

The carrying amounts of the Group's assets, subject to impairment tests are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets with an indefinite useful life, the recoverable amount is estimated annually. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in the Income Statement unless an asset has been previously revalued through reserves.

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

Calculation of Recoverable Amount
The recoverable amount of the Group's investments in held to maturity securities and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial (see Note 1.11 'Trade and Other Receivables').

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

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

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

An impairment loss (other than goodwill) is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.7 Investments

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

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

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

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

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

Recognition and Measurement Criteria
Purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or been transferred and the Group has transferred substantially all the risks and rewards of ownership. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the Income Statement in the financial year in which they arise.

Unrealised gains or losses arising from changes in the fair value of non monetary securities classified as available for sale are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the Income Statement as gains or losses from investment securities.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.7 Investments continued

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

Refer to Note 29e 'Fair Values of Financial Assets and Liabilities' for a summary of the basis of valuation of investments measured at fair value.

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

1.8 Investment Properties

Investment properties are measured at cost, including transaction costs, on initial recognition and then stated at fair value. The fair value for all properties, except those under development and valued at less than A$10.0 million, is based on periodic, but at least triennial, valuations by qualified external independent valuers. It is the policy of the Group to review the fair value of each property every six months.

Fair value is based on current prices in an active market for similar properties in the same location and condition. If this information is not available, the Group uses alternative calculation methods such as discounted cash flow projections, recent prices on less active markets or capitalised income projections. Capitalised income projections are based on perpetuity of net operating income and deferred management fees using a capitalisation rate derived from market evidence. Any gain or loss arising from a change in fair value is recognised in the Income Statement. Rental revenue and deferred management fees from investment properties are accounted for as described in Note 1.4 'Revenue, Other Income and Profits'.

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

When an item of owner occupied property, plant and equipment (see Note 1.14 'Property, Plant and Equipment') becomes an investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item, the gain is transferred to retained earnings. Any loss is recognised immediately in the Income Statement.

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

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

1.9 Equity Accounted Investments (Associates and Joint Venture Entities)

Investments in associates and joint venture entities are accounted for using the equity method. Associates (including partnerships) are entities in which the Group, as a result of its voting rights, has significant influence, but not control or joint control, over financial and operating policies.

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

The consolidated financial statements include the Group's share of the total recognised gains or losses of associates and joint venture entities on an equity accounted basis.

For associates, this is from the date that significant influence commences until the date that significant influence ceases, and for joint venture entities, this is from the date joint control commences until the date joint control ceases. Other movements in associates' and joint venture entities' reserves are recognised directly in the Group's consolidated reserves. Investments in associates and joint venture entities are carried at the lower of the equity accounted carrying amount and the recoverable amount. When the Group's share of losses exceeds the carrying amount of the equity accounted investment (including assets that form part of the net investment in the associate or joint venture entity), the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has recourse to obligations in respect of the associate or joint venture entity. Dividends from associates and joint venture entities represent a return on the Group's investment and as such are applied as a reduction to the carrying value of the investment. Unrealised gains arising from transactions with equity accounted investments are eliminated against the investment in the associate or joint venture entity to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.9 Equity Accounted Investments (Associates and Joint Venture Entities) continued

Venture Capital Exemption
Investments held by a subsidiary of the Group that is deemed to be a Venture Capital organisation are carried at fair value even though the Group may have significant influence or joint control over those entities.

This accounting is permitted by AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures* which require investments held by venture capital organisations to be excluded from their scope when those investments are designated as at 'fair value through profit or loss' from inception.

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

1.10 Non Current Assets Held For Sale

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

1.11 Trade and Other Receivables

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

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

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

DMF receivable is classified differently on the Statement of Financial Position, between owned and managed retirement villages.

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

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

1.12 Pre Contract and Project Bidding Costs

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

1.13 Inventories

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

The recoverable amount of each holding is assessed at each balance date and a provision for diminution in value is raised where cost (including costs to complete) exceeds net realisable value. In determining the recoverable amount, regard is given to the market conditions affecting each property and the underlying strategy for selling the property.

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

Work in progress is presented as part of inventories for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings and recognised losses exceed costs incurred plus recognised profits, then the difference is presented in trade and other payables.

1.14 Property, Plant and Equipment

Owned Assets
Items of property, plant and equipment are measured at cost or deemed cost less accumulated depreciation and impairment losses (see Note 1.6 'Impairment'). The cost of self constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

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

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.14 Property, Plant and Equipment continued

Leased Assets
Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Plant and equipment acquired by way of finance lease is stated at an amount equal to the lower of the fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses (see Note 1.6 'Impairment'). Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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

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

Depreciation
Depreciation is charged to the Income Statement on a straight line basis over the estimated useful lives of items of property, plant and equipment, and major components that are accounted for separately. Amortisation is provided on leasehold improvements over the remaining term of the lease. Most plant is depreciated over a period not exceeding 20 years, furniture and fittings over three – 15 years, motor vehicles over four – eight years and computer equipment over three years. Land is not depreciated.

1.15 IT Software Systems

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

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs directly associated with producing identifiable and unique software products that will generate economic benefits exceeding costs beyond one year are recognised as intangible assets.

Direct costs include software development, employee costs and an appropriate portion of relevant overheads.

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

1.16 Intangible Assets

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets and contingent liabilities of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets as goodwill. Goodwill on acquisition of associates is included in the carrying value of investments in associates.

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

For the purposes of impairment testing, goodwill is allocated to cash generating units (or groups of cash generating units) that are expected to benefit from the synergies of the combinations, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Approved Provider Aged Care Places (Bed Licences)
Bed licences held by the Group include owned and managed bed licences. Both owned and managed bed licences were disposed of during the year.

Management Agreements and Other Intangible Assets
Management agreements and other intangible assets acquired by the Group are stated at cost less accumulated amortisation and impairment losses (see Note 1.6 'Impairment'). Amortisation is charged to the Income Statement on a straight line basis over the estimated useful lives of the intangible assets, ranging from three to 20 years.

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

1.17 Employee Benefits

Superannuation/Pension Obligations
Group companies operate various superannuation and pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

The Group has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines the amount of pension benefit an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity.

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

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate or government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.17 Employee Benefits continued

Superannuation/Pension Obligations continued
In calculating the consolidated entity's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the Income Statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised in the Income Statement, it is recognised in the Statement of Financial Position against the defined benefit plan asset or liability.

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

For defined contribution plans, the Group pays contributions to publicly or privately administered superannuation/pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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

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

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

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

Profit Sharing and Bonus Plans
The Group recognises a liability and an expense for bonuses and profit sharing. These amounts are calculated using undiscounted values and are based on a formula that takes into consideration the profit attributable to the Group's securityholders after certain adjustments. The Group recognises a provision when contractually obliged or when there is a past practice that has created a constructive obligation.

1.18 Trade and Other Payables

Trade Creditors
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group. Trade accounts payable are normally settled within 60 days. Trade and other payables are stated at amortised cost or cost when the impact of discounting would be immaterial.

Trade and other payables are presented as current liabilities unless there is an unconditional contractual right for the Group to defer payment for at least 12 months from the reporting date.

Insurance Claims
A liability for outstanding claims is recognised in respect of Lend Lease's wholly owned special purpose captive insurance subsidiaries. The liability covers claims incurred but not yet paid, claims incurred but not reported and the anticipated direct and indirect costs of settling those claims.

The liability for outstanding claims is measured at the present value of the expected future payments, reflecting the fact that all the claims do not have to be paid out in the immediate future. The discount rates used are risk free rates.

Financial Guarantee Contracts
Financial guarantee contracts, including the Company guarantees of Group entities' borrowings, are recognised when issued as a financial liability. The liability is measured initially at fair value and subsequently at the higher of the best estimate to settle the obligation (see Note 1.23 'Provisions') and the initial fair value less accumulated amortisation. Fair value is determined using a probability weighted discounted cash flow approach.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.19 Resident and Accommodation Bond Liabilities

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

Resident liabilities are non interest bearing and are classified as current liabilities because any resident may depart within 12 months, and there is no unconditional contractual right to defer settlement, notwithstanding that history has shown that residents stay for an average period of 11 years in independent living units ('ILUs') and six years in serviced apartments ('SAs').

Accommodation Bonds
Accommodation bonds are paid typically by residents of low care aged care beds. Accommodation bonds were disposed of during the year.

1.20 Borrowings

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

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

1.21 Foreign Currency Translation

Functional and Presentation Currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial report is presented in Australian dollars, which is the Company's functional and presentation currency.

Transactions and Balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except for qualifying cash flow hedges and qualifying net investment hedges in foreign operations that are recognised in other comprehensive income.

Translation differences on non monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non monetary items, such as investments classified as available for sale financial assets, are included in the fair value revaluation reserve in equity.

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

– Assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
– Income and expenses for each Income Statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
– All resulting exchange differences are recognised in other comprehensive income.

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operating, financing and investing activities. Derivative financial instruments are recognised initially at fair value on the date a derivative contract is entered into and subsequently remeasured at fair value. Recognition of any resultant gain or loss depends on the nature of the item being hedged (refer to Note 1.22' Derivative Financial Instruments and Hedging Activities').

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

1.22 Derivative Financial Instruments and Hedging Activities

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

Cash Flow Hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.22 Derivative Financial Instruments and Hedging Activities continued

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

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

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

Net Investment Hedge
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Gains or losses accumulated in equity are included in the Income Statement on disposal of the foreign operation.

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

1.23 Provisions

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

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

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

1.24 Finance Costs

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

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

Finance costs are expensed immediately as incurred unless they relate to acquisition and development of qualifying assets. Qualifying assets are assets that take more than six months to prepare for their intended use or sale. Finance costs related to qualifying assets are capitalised.

1.25 Earnings Per Share/Stapled Security (EPS/EPSS)

The Group presents basic and diluted EPS/EPSS in the Income Statement.

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

Diluted EPS/EPSS is determined by adjusting the profit/(loss) after tax attributable to members of the Company and Group, and the weighted average number of ordinary shares/securities outstanding for the effects of all dilutive potential ordinary shares/securities.

The issued units of LLT are presented separately within equity, and therefore the profit attributable to LLT is excluded from the calculation of basic and diluted earnings per Company share presented in the Income Statement.

1.26 Cash and Cash Equivalents

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

Bank overdrafts (if applicable) are shown as a current liability on the Statement of Financial Position and are shown as a reduction to the cash balance in the Statement of Cash Flows.

1.27 Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity.

Repurchased shares are classified as treasury shares and are recognised as a deduction from equity.

Dividends/distributions are recognised as a liability in the financial year in which they are declared.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.28 Goods and Services Tax

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

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

1.29 Service Concession Arrangements (SCAs)

The Group has investments providing SCAs, originating through public private partnerships ('PPPs), in the areas of healthcare, education and government facilities. These arrangements provide facilities management and maintenance services for a fixed payment per annum (subject to inflationary increases per year) with terms generally of 25 to 30 years. They also incorporate contractual obligations to make available the individual assets for their prescribed use and, where necessary, overhaul or replace major items of plant and equipment related to the assets with payment obtained through periodic draw-downs from the relevant government authorities.

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

1.30 Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

1.31 Key Sources of Estimation Uncertainty

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

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

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

Valuation of Assets and Recoverable Amounts
The Group assesses the fair value of certain assets by using estimation techniques where there is no available market price. The Group assesses the recoverability of the carrying value of assets held at cost or amortised cost using estimations of their recoverable amount. For current and deferred tax assets refer to Note 1.5 'Income Taxes'. For investment properties, loans and receivables and inventories refer to Note 1.8 'Investment Properties', 1.11 'Trade and Other Receivables' and 1.13 'Inventories'. Refer to Note 29e 'Fair Values of Financial Assets and Liabilities' for a summary of the basis of valuation of financial assets measured at fair value.

Defined Benefit Superannuation Fund Obligations
Various actuarial assumptions are utilised in determining the Group's defined benefit superannuation/pension fund obligations. These assumptions are discussed in Note 17a vii and b vii 'Principal Actuarial Assumptions'.

Share Based Compensation
The Group assesses the fair value of its cash settled and equity settled share based compensation plans. The fair value assigned represents an estimate of the value of the award to employees, which requires judgements on Lend Lease's security price and whether vesting conditions will be satisfied. Refer to Note 1.17 'Employee Benefits' for the accounting policy for share based compensation.

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

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

Notes to the Consolidated Financial Statements continued

	June 2013 A$m	June 2012 A$m
2. Revenue		
Revenue from the provision of services		
Construction	10,548.3	10,475.9
Development	273.2	342.3
Infrastructure Development	313.0	172.7
Investment Management	130.4	118.0
Total revenue from the provision of services	**11,264.9**	**11,108.9**
Revenue from the sale of development properties	862.6	362.8
Rental revenue	48.9	60.6
Other revenue	32.5	15.2
Total revenue	**12,208.9**	**11,547.5**
3. Other Income		
Net gain on disposal of equity accounted investments	100.2	78.5
Fair value net gain on remeasurement of investment properties	25.6	38.1
Net gain on disposal of other assets and liabilities	15.7	17.6
Net fair value gain on derivative contracts held for trading	1.6	1.5
Net gain on disposal of controlled entities	6.0	
Net gain on disposal of available for sale financial assets	2.4	
Other	70.7	15.5
Total other income	**222.2**	**151.2**
4. Operating Expenses		
Profit before income tax includes the following operating expense items:		
Employee benefit expenses	2,355.5	2,250.3
Superannuation accumulation plan expense	28.6	25.4
Net defined benefit plan expense	8.9	6.9
Expenses include impairments/(reversals) and provisions raised/(written back) relating to:		
Loans and receivables	2.1	1.8
Property inventories	6.7	25.2
Property, plant and equipment	0.6	
Equity accounted investments	3.1	
Other financial assets	2.0	
Operating lease expense	83.1	84.2
Depreciation and amortisation	86.9	77.4
Net fair value loss on fair value through profit or loss assets	3.2	
Net foreign exchange loss	7.9	13.9

	June 2013 A$000s	June 2012 A$000s
Auditors' Remuneration		
Amounts received or due and receivable by the auditors of Lend Lease Group for:		
Audit and Other Assurance Services		
Audit services	7,783	7,770
Other assurance services	568	686
Total audit and other assurance services	**8,351**	**8,456**

Notes to the Consolidated Financial Statements continued

	June 2013 A$m	June 2012 A$m
5. Finance Revenue and Finance Costs		
Finance Revenue		
Related parties	12.3	23.0
Other corporations	28.2	34.2
Total interest finance revenue	**40.5**	**57.2**
Interest discounting	3.5	5.0
Total finance revenue	**44.0**	**62.2**
Finance Costs		
Other corporations	122.9	120.9
Less: Capitalised interest finance costs[1]	(10.0)	(7.7)
Total interest finance costs	**112.9**	**113.2**
Non interest finance costs	11.9	8.1
Interest discounting		0.5
Total finance costs	**124.8**	**121.8**
Net finance costs	**(80.8)**	**(59.6)**

1 The weighted average interest rate used to determine the amount of interest finance costs eligible for capitalisation was 5.56% (30 June 2012: 6.35%), which is the effective interest rate.

	June 2013 A$m	June 2012 A$m
6. Taxation		
a. Income Tax Expense		
Recognised in the Income Statement		
Current Tax (Benefit)/Expense		
Current year	2.4	151.0
Adjustments for prior years	(31.4)	(3.9)
Benefits of tax losses recognised	(46.8)	(14.2)
	(75.8)	**132.9**
Deferred Tax Expense/(Benefit)		
Origination and reversal of temporary differences	112.0	(98.1)
Temporary differences recognised/recovered	(46.7)	(117.9)
Net tax losses (recognised)/utilised	(1.4)	102.3
Change in tax rate	0.1	3.4
Other	33.8	(3.2)
	97.8	**(113.5)**
Total income tax expense	**22.0**	**19.4**
Reconciliation of Effective Tax Rate		
Profit before tax	574.5	522.5
Income tax using the domestic corporation tax rate 30%	**172.4**	**156.8**
Resolution of prior year tax claim	(21.6)	
Non assessable and exempt income	(38.8)	(19.8)
Net recognition of tax losses through income tax expense	(17.0)	(4.8)
Temporary differences recognised through income tax expense	(46.7)	(117.9)
Utilisation of capital gains on disposal of investments	(31.9)	(12.4)
Effect of tax rates in foreign jurisdictions	11.4	3.8
Other	(5.8)	13.7
Income tax expense	**22.0**	**19.4**
Deferred Tax Recognised Directly in Equity		
Relating to:		
Equity issue costs	1.7	1.7
Fair value revaluation reserve	10.0	(4.1)
Hedging reserve		0.2
Foreign currency translation reserve on equity accounted investments		0.6
Non controlling interest acquisition reserve	(19.3)	
Total deferred tax benefit recognised directly in equity	**(7.6)**	**(1.6)**

Notes to the Consolidated Financial Statements continued

6. Taxation continued

b. Tax Effect Relating to Other Comprehensive Income

	June 2013 Before Tax A$m	June 2013 Tax (Expense)/ Benefit A$m	June 2013 Net of Tax A$m	June 2012 Before Tax A$m	June 2012 Tax (Expense)/ Benefit A$m	June 2012 Net of Tax A$m
Movements in fair value revaluation reserve	33.1	(10.0)	23.1	(22.4)	4.1	(18.3)
Movements in hedging reserve	10.4		10.4	(43.3)	(0.2)	(43.5)
Movements in foreign currency translation reserve	34.9		34.9	52.8	(0.6)	52.2
Movements in non controlling interest acquisition reserve	(3.2)	19.3	16.1	(5.6)	2.4	(3.2)
Total other comprehensive income net of tax	**75.2**	**9.3**	**84.5**	**(18.5)**	**5.7**	**(12.8)**

c. Deferred Tax Assets and Liabilities

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	June 2013 Assets A$m	June 2013 Liabilities A$m	June 2012 Assets A$m	June 2012 Liabilities A$m
Loans and receivables	9.3	(155.5)	12.6	(16.1)
Inventories	51.1	(155.3)	37.9	(326.4)
Other financial assets	3.7	(57.2)	3.9	(21.5)
Other assets		(0.3)	1.0	(2.0)
Equity accounted investments	1.4	(26.0)	4.2	(24.6)
Investment properties		(66.2)		(41.8)
Property, plant and equipment	19.2	(12.2)	17.8	(8.3)
Intangible assets		(0.6)		(7.9)
Defined benefit plan assets		(18.2)		(15.2)
Trade and other payables	135.6	(7.0)	231.7	(0.2)
Resident and accommodation bond liabilities	152.7		84.9	
Provisions	97.1		98.1	
Borrowings and financing arrangements	0.6			
Other financial liabilities	6.3		3.7	
Unused revenue tax losses recognised	133.4		37.6	
Unused capital tax losses recognised	10.4			
Items with a tax base but no carrying value	30.7	(5.9)	21.1	(6.8)
Total deferred tax assets/(liabilities)	**651.5**	**(504.4)**	**554.5**	**(470.8)**
Deferred tax set off	**(451.6)**	**451.6**	**(406.3)**	**406.3**
Net deferred tax assets/(liabilities)	**199.9**	**(52.8)**	**148.2**	**(64.5)**

Notes to the Consolidated Financial Statements continued

6. Taxation continued

c. Deferred Tax Assets and Liabilities continued

Recognised Deferred Tax Assets and Liabilities continued

Movement in temporary differences during the financial year:

	1 July 2012 A$m	Recognised in Income A$m	Recognised in Equity A$m	Other/ Foreign Exchange A$m	30 June 2013 A$m
June 2013					
Loans and receivables	(3.5)	(145.3)		2.6	(146.2)
Inventories	(288.5)	199.2		(14.9)	(104.2)
Other financial assets	(17.6)	(23.5)	(10.0)	(2.4)	(53.5)
Other assets	(1.0)	0.7			(0.3)
Equity accounted investments	(20.4)	(5.5)		1.3	(24.6)
Investment properties	(41.8)	(24.4)			(66.2)
Property, plant and equipment	9.5	(2.9)		0.4	7.0
Intangible assets	(7.9)	7.3			(0.6)
Defined benefit plan assets	(15.2)	(2.6)		(0.4)	(18.2)
Trade and other payables	231.5	(101.1)		(1.8)	128.6
Resident and accommodation bond liabilities	84.9	(6.7)		74.5	152.7
Provisions	98.1	0.5		(1.5)	97.1
Borrowings and financing arrangements		0.6			0.6
Other financial liabilities	3.7	(0.7)		3.3	6.3
Unused revenue tax losses recognised	37.6	3.2		92.6	133.4
Unused capital tax losses recognised		10.4			10.4
Items with a tax base but no carrying value	14.3	(7.0)	17.6	(0.1)	24.8
Total deferred tax assets/(liabilities)	**83.7**	**(97.8)**	**7.6**	**153.6**	**147.1**

	1 July 2011 A$m	Recognised in Income A$m	Recognised in Equity A$m	Other/ Foreign Exchange A$m	30 June 2012 A$m
June 2012					
Loans and receivables	10.8	(14.1)	(0.4)	0.2	(3.5)
Inventories	(249.9)	(30.7)		(7.9)	(288.5)
Other financial assets	(22.0)	1.1	4.1	(0.8)	(17.6)
Other assets	1.5	(2.4)		(0.1)	(1.0)
Equity accounted investments	(65.9)	46.7	(0.4)	(0.8)	(20.4)
Non current asset held for sale	(140.2)	144.2		(4.0)	
Investment properties	(36.4)	(5.4)			(41.8)
Property, plant and equipment	9.2	(0.8)		1.1	9.5
Intangible assets	(1.1)	(6.8)			(7.9)
Defined benefit plan asset	(9.7)	(5.2)		(0.3)	(15.2)
Trade and other payables	229.3	(0.2)		2.4	231.5
Resident and accommodation bond liabilities	16.3	68.6			84.9
Provisions	87.6	18.6		(8.1)	98.1
Other financial liabilities	2.0	1.7			3.7
Unused revenue tax losses recognised	138.2	(105.1)		4.5	37.6
Items with a tax base but no carrying value	19.3	3.3	(1.7)	(6.6)	14.3
Total deferred tax assets/(liabilities)	**(11.0)**	**113.5**	**1.6**	**(20.4)**	**83.7**

Notes to the Consolidated Financial Statements continued

	June 2013 A$m	June 2012 A$m
6. Taxation continued		
c. Deferred Tax Assets and Liabilities continued		
Unrecognised Deferred Tax Assets		
Deferred tax assets have not been recognised in respect of the following items:		
Capital losses	46.7	71.2
Revenue losses	57.5	89.0
Deductible temporary differences	94.3	157.6
Total unrecognised deferred tax assets	**198.5**	**317.8**

Of the unrecognised deferred tax asset of A$198.5 million, only A$10.5 million expires by 2033. The remainder of the unrecognised deferred tax asset has no expiry date.

	Cents Per Share/Unit	Company/Trust June 2013 A$m	Company/Trust June 2012 A$m
7. Dividends/Distributions[1]			
Parent Company Interim Dividend			
December 2012 – paid 27 March 2013	21.8	125.5	
December 2011 – paid 30 March 2012	16.0		91.5
Lend Lease Trust Interim Distribution[3]			
December 2012 – paid 27 March 2013	0.2	0.9	
Parent Company Final Dividend			
June 2013 – declared subsequent to reporting date[2]	19.0	109.4	
June 2012 – paid 28 September 2012	22.0		126.0
Lend Lease Trust Final Distribution[3]			
June 2013 – provided for (payable 27 September 2013)	1.0	5.7	
		241.5	**217.5**

1 Dividends/distributions were not franked in the current and prior year.
2 No provision for this dividend has been recognised in the statement of financial position at 30 June 2013, as it was declared after the end of the financial year.
3 No Lend Lease Trust distribution was declared for the periods ended 31 December 2011 and 30 June 2012.

Dividend Franking

The amount of franking credits available for use in subsequent reporting periods as at 30 June 2013 is A$13.4 million, based on a 30% tax rate (30 June 2012: A$25.4 million). This is calculated after adjusting for franking credits which will arise from the payment of income tax provided in the financial statements and tax losses utilised in the current financial year. The Group has estimated future claims with the Australian Taxation Office in relation to the year ended 30 June 2013, and prior years, which are not reflected in the above franking account balance. Should these claims be successful, this will result in the franking account balance being reduced as a consequence.

		June 2013 Shares/Securities Excluding Treasury Securities	June 2013 Shares/Securities on Issue	June 2012 Shares/Securities Excluding Treasury Securities	June 2012 Shares/Securities on Issue
8. Earnings Per Share/Stapled Security					
Basic/Diluted Earnings Per Share (EPS)					
Profit attributable to members of Lend Lease Corporation Limited used in calculating basic/diluted EPS	A$m	541.0	541.0	501.4	501.4
Weighted average number of ordinary shares	m	542.5	574.3	540.6	571.8
Basic/diluted EPS	cents	99.7	94.2	92.7	87.7
Basic/Diluted Earnings Per Stapled Security (EPSS)					
Profit attributable to securityholders of Lend Lease Group used in calculating basic/diluted EPSS	A$m	551.6	551.6	501.4	501.4
Weighted average number of stapled securities	m	542.5	574.3	540.6	571.8
Basic/diluted EPSS	cents	101.7	96.0	92.7	87.7

Notes to the Consolidated Financial Statements continued

9. Cash and Cash Equivalents

	June 2013 A$m	June 2012 A$m
Cash	523.0	560.8
Short term investments	1,015.4	397.1
Total cash and cash equivalents	**1,538.4**	**957.9**

Short term investments earned variable rates of interest which averaged 3.5% per annum during the year ended 30 June 2013 (30 June 2012: 3.9%).

10. Loans and Receivables

	June 2013 A$m	June 2012 A$m
Current		
Trade debtors	1,545.0	1,459.1
Less: Impairment	(20.7)	(21.7)
	1,524.3	**1,437.4**
Related parties	52.5	85.3
Retentions	191.2	172.8
Other receivables	138.6	182.5
Less: Impairment	(9.8)	(3.5)
Total current	**1,896.8**	**1,874.5**
Non Current		
Related parties	173.0	272.4
Less: Impairment	(87.6)	(95.6)
Retentions	66.3	48.2
Other receivables	511.1	106.5
Less: Impairment		(1.3)
Total non current	**662.8**	**330.2**
Total loans and receivables	**2,559.6**	**2,204.7**

As at the reporting date, A$1,331.6 million of the trade debtors were current (30 June 2012: A$1,188.0 million) and A$213.4 million were past due (30 June 2012: A$271.1 million). Of the past due amount, A$192.7 million was not impaired (30 June 2012: A$249.4 million). 'Past due' is defined under accounting standards to mean any amount outstanding for one or more days after the contractual due date. Of the total trade debtors, 7.0% (30 June 2012: 7.8%) are aged greater than 90 days. Other than trade debtors, no other loans and receivables are considered past due at 30 June 2013 (30 June 2012: A$nil).

	June 2013 A$m	June 2012 A$m
Impairment		
Carrying amount at beginning of financial year	122.1	150.4
Bad and doubtful debts impairment loss net of provisions (written back)/raised	(0.3)	0.9
Other movements (including foreign exchange rate movements)	(3.7)	(29.2)
Carrying amount at end of financial year	**118.1**	**122.1**
Total impairment as a percentage of total loans and receivables	**4.6%**	**5.5%**

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

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

Notes to the Consolidated Financial Statements continued

	Note	June 2013 A$m	June 2012 A$m
11. Inventories			
Current			
Development properties	11a	411.4	597.2
Construction work in progress	11b	612.0	505.8
Other		26.7	19.2
Total current		**1,050.1**	**1,122.2**
Non Current			
Development properties	11a	1,840.9	1,696.3
Total inventories		**2,891.0**	**2,818.5**
a. Development Properties			
Australia		1,595.1	1,669.1
Europe		628.7	590.0
Americas		28.5	34.4
Total development properties		**2,252.3**	**2,293.5**
b. Construction Work in Progress			
Construction work in progress comprises:			
Contract costs incurred to date		66,411.3	64,388.9
Profit recognised to date		3,143.2	3,095.6
		69,554.5	**67,484.5**
Less: Progress billings received and receivable on contracts		(69,726.3)	(67,780.4)
Net construction work in progress		**(171.8)**	**(295.9)**
Costs in excess of billings – inventories		612.0	505.8
Billings in excess of costs – trade payables	18	(783.8)	(801.7)
		(171.8)	**(295.9)**
12. Equity Accounted Investments[1]			
Associates			
Investment in associates		94.9	88.0
Less: Impairment		(10.5)	(14.2)
Total associates		**84.4**	**73.8**
Joint Ventures			
Investment in joint ventures		522.3	413.4
Less: Impairment		(21.2)	(17.0)
Total joint ventures		**501.1**	**396.4**
Total equity accounted investments		**585.5**	**470.2**

1 There have been reclassifications between associates and joint ventures in the period. Comparative information has also been reclassified.

Notes to the Consolidated Financial Statements continued

	Interest		Share of Profit/(Loss)[1]		Net Book Value	
	June 2013 %	June 2012 %	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m
12. Equity Accounted Investments continued						
a. Associates						
Australia						
Lend Lease Real Estate Partners 3	25.0	25.0	10.2	6.7	68.3	62.6
Lend Lease Communities Fund 1	20.8	20.8	(0.2)	(1.3)	17.0	16.3
Network Alliance 2	42.0	42.0	11.0	4.6	4.0	
Other					0.5	4.2
Total Australia			**21.0**	**10.0**	**89.8**	**83.1**
Asia						
Asia Pacific Investment Company No. 2 Limited[3]				19.9		
Total Asia			**–**	**19.9**	**–**	**–**
Europe						
Other					4.0	3.9
Total Europe			**–**	**–**	**4.0**	**3.9**
Americas						
Other			1.4	1.7	1.1	1.0
Total Americas			**1.4**	**1.7**	**1.1**	**1.0**
Total			**22.4**	**31.6**	**94.9**	**88.0**
Less: Impairment					(10.5)	(14.2)
Total associates			**22.4**	**31.6**	**84.4**	**73.8**
b. Joint Ventures[2]						
Australia						
Lend Lease International Towers Sydney Trust	25.0		4.0		89.3	
Sunshine Coast University Hospital	50.0		1.3		76.9	
New Bendigo Hospital	50.0		(0.1)		31.5	
Casey 2 Joint Venture (Springbank)	50.0	50.0	3.7	5.8	18.3	19.6
Eastern Goldfields Regional Prison	50.0		(0.3)		16.6	
V5 Trust (Convesso)	50.0	50.0	(0.9)	10.6	15.7	54.5
D2G Joint Venture	64.0	64.0	54.2	63.3	11.4	24.8
Baulderstone Leighton Contractors JV	50.0	50.0	11.2	0.1	11.3	0.1
Sitzler Baulderstone Joint Venture	70.0	70.0	14.9	5.5	7.7	0.6
Abigroup GHL Joint Venture	75.0	75.0	7.9	9.3	6.1	1.0
Pyrmont Trust (Jacksons Landing)	50.0	50.0	2.0	4.7	0.3	13.3
Syntheo JV	50.0	50.0	(17.8)	0.4		0.4
Other			28.9	31.3	54.9	73.8
Total Australia			**109.0**	**131.0**	**340.0**	**188.1**
Asia						
CDR JV Limited (313@somerset)	25.0	25.0	3.9	3.8	103.6	98.2
LLJV Limited and Triple Eight JV Limited (Jem®)[3]		25.0	13.7	9.2		77.3
Other			0.1		0.1	
Total Asia			**17.7**	**13.0**	**103.7**	**175.5**
Europe						
Global Renewables Lancashire Holdings Limited	50.0	50.0	(1.7)	2.7	21.2	3.4
Stratford City Business District Limited	50.0	50.0	0.1	0.4	16.0	5.2
Majadahonda Hospital	25.0	25.0	1.7	2.3	11.2	11.8
Other			2.2	0.8	29.1	28.5
Total Europe			**2.3**	**6.2**	**77.5**	**48.9**
Americas						
Other			1.3	1.0	1.1	0.9
Total Americas			**1.3**	**1.0**	**1.1**	**0.9**
Total			**130.3**	**151.2**	**522.3**	**413.4**
Less: Impairment					(21.2)	(17.0)
Total joint ventures			**130.3**	**151.2**	**501.1**	**396.4**
Total equity accounted investments			**152.7**	**182.8**	**585.5**	**470.2**

1 Reflects the contribution to the Group's profit, and is after tax paid by the equity accounted investment vehicles themselves, where relevant. However, for various equity accounted investments, the share of tax is paid by the Group and is included in the Group's current tax expense (refer Note 6 'Taxation').

2 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.

3 Asia Pacific Investment Company No. 2 Limited interest was sold down during the prior year and Jem® was sold in the current year.

Notes to the Consolidated Financial Statements continued

12. Equity Accounted Investments continued

c. Associates and Joint Ventures Additional Disclosures

	June 2013 Associates A$m	June 2013 Joint Ventures A$m	June 2012 Associates A$m	June 2012 Joint Ventures A$m
Lend Lease's Share of Profit or Loss				
Revenue	72.5	1,213.1	93.9	1,570.4
Fair value revaluations	5.7	10.0	15.6	5.0
Expenses	(55.9)	(1,104.0)	(76.6)	(1,420.6)
Share of profit before tax	**22.3**	**119.1**	**32.9**	**154.8**
Income tax benefit/(expense)	0.1	(1.3)	(1.3)	(4.8)
Share of profit after tax	**22.4**	**117.8**	**31.6**	**150.0**
Other Adjustments				
Adjustments due to differences in accounting policies		(1.5)		0.9
Movement in share of unrecognised losses		11.6		(7.0)
Fair value adjustments/other		2.4		7.3
Profit of equity accounted investments	**22.4**	**130.3**	**31.6**	**151.2**
Lend Lease's Share of Statement of Financial Position				
Current assets	34.8	592.9	26.5	770.3
Non current assets	117.8	1,386.5	118.2	1,293.5
Total assets	**152.6**	**1,979.4**	**144.7**	**2,063.8**
Current borrowings				98.5
Current other liabilities	12.0	403.3	12.0	390.2
Non current borrowings	43.9	819.6	45.3	896.9
Non current other liabilities		375.9		394.9
Total liabilities	**55.9**	**1,598.8**	**57.3**	**1,780.5**
Share of net assets	**96.7**	**380.6**	**87.4**	**283.3**
Other Adjustments				
Impairment	(10.5)	(21.2)	(14.2)	(17.0)
Unrecognised share of losses		49.9		38.3
Other	(1.8)	91.8	0.6	91.8
Net assets attributable to equity accounted investments	**84.4**	**501.1**	**73.8**	**396.4**
Commitments				
Share of capital expenditure and lease commitments contracted but not provided for and payable are as follows:				
Due within one year		0.4		5.1
Due between one and five years		0.2		0.7
Due later than five years				

Notes to the Consolidated Financial Statements continued

	June 2013 A$m	June 2012 A$m
13. Investment Properties		
Retirement living properties	3,791.1	3,211.4
Retail properties	10.0	10.0
Assets under construction	222.7	193.6
Total investment properties	4,023.8	3,415.0
Reconciliations		
Reconciliations of the carrying amount for investment properties are as follows:		
Carrying amount at beginning of financial year	3,415.0	3,216.0
Acquisition/(disposal) of investment properties	373.8	(63.5)
Capital expenditure	146.2	123.1
Fair value gain recognised through the Income Statement	25.6	38.1
Increase attributable to residents' capital	21.2	68.9
Foreign exchange rate/other movements	42.0	32.4
Carrying amount at end of financial year	4,023.8	3,415.0
Leases as Lessor		
The future minimum lease payments receivable from retail property tenants under non cancellable operating leases are as follows:		
Less than one year	0.2	1.1
Between one and five years		3.2
Later than five years		1.2
Total future minimum lease payments receivable	0.2	5.5

Valuations

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

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

- Weighted average discount rate of 13.2% (June 2012: 13.2%);
- Weighted average future growth rate of 3.9% (June 2012: 3.9%); and
- Average length of stay: 11 years for independent living units (June 2012: 11 years) and six years for serviced apartments (June 2012: six years).

For retirement living properties included in assets under construction, the assumptions adopted in determining the fair values at 30 June 2013 included discount rates between 14% and 17% (June 2012: 14% and 17%) based on the stage of development and the assessed project risk, and a weighted average growth rate of 3.6% (June 2012: 3.6%).

Notes to the Consolidated Financial Statements continued

	June 2013 A$m	June 2012 A$m
14. Other Financial Assets		
Current Measured at Fair Value		
Available for Sale	1.2	10.2
Fair Value Through Profit or Loss – Designated at Initial Recognition		
Negotiable instruments	72.3	60.9
Derivatives	24.3	6.5
Total current	**97.8**	**77.6**
Non Current Measured at Fair Value		
Available for Sale		
Australian Prime Property Fund	50.6	50.1
Lend Lease Core Plus Fund	41.3	43.5
Lend Lease Retail Partnership	48.8	43.5
Lend Lease Asia Retail Investment Fund	32.5	30.6
Lend Lease Asia Retail Investment Fund 3	55.7	24.1
Parkway Parade Partnership Limited	27.6	23.8
Other	82.6	74.6
	339.1	**290.2**
Fair Value Through Profit or Loss – Designated at Initial Recognition		
Unlisted equity investments	105.5	36.9
Held to Maturity	8.5	6.2
Total non current	**453.1**	**333.3**
Total other financial assets	**550.9**	**410.9**

	June 2013 A$m	June 2012 A$m
15. Property, Plant and Equipment		
Land, buildings and leasehold improvements	141.1	407.2
Less: Accumulated depreciation and impairment	(50.7)	(63.4)
	90.4	**343.8**
Plant and equipment	625.1	620.5
Less: Accumulated depreciation and impairment	(315.2)	(294.9)
	309.9	**325.6**
Total property, plant and equipment	**400.3**	**669.4**

Reconciliations

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

	June 2013 A$m	June 2012 A$m
Land, Buildings and Leasehold Improvements		
Carrying amount at beginning of financial year[1]	343.8	307.1
Additions	17.3	48.8
Disposals	(256.3)	(0.2)
Depreciation	(15.5)	(13.1)
Effect of foreign exchange rate/other movements	1.1	1.2
Carrying amount at end of financial year	**90.4**	**343.8**

1 The carrying amount at 1 July 2011 (opening June 2012 balance) of A$307.1 million represents A$360.9 million of costs and A$53.8 million of accumulated depreciation and impairment.

Notes to the Consolidated Financial Statements continued

	Note	June 2013 A$m	June 2012 A$m
15. Property, Plant and Equipment continued			
Reconciliations continued			
Plant and Equipment			
Carrying amount at beginning of financial year[1]		325.6	288.1
Additions		75.5	97.3
Disposals		(30.0)	(3.1)
Depreciation		(65.4)	(57.8)
Effect of foreign exchange rate/other movements		4.2	1.1
Carrying amount at end of financial year		**309.9**	**325.6**

1 The carrying amount at 1 July 2011 (opening June 2012 balance) of A$288.1 million represents A$548.8 million of costs and A$260.7 million of accumulated depreciation and impairment.

	Note	June 2013 A$m	June 2012 A$m
16. Intangible Assets			
Goodwill	16a	1,148.5	1,134.8
Aged care bed licences	16b		181.3
Management agreements	16c	55.2	70.7
Other intangibles	16d	58.8	18.3
Total intangible assets		**1,262.5**	**1,405.1**
a. Goodwill			
Construction		1,124.3	1,112.3
Development		24.2	22.5
Total goodwill		**1,148.5**	**1,134.8**
Reconciliations			
Reconciliations of the carrying amounts for each category of goodwill are as follows:			
Construction			
Carrying amount at beginning of financial year		1,112.3	1,056.3
Disposal of consolidated entities		(6.1)	
Fair value adjustment on finalisation of goodwill on acquisition			42.0
Effect of foreign exchange rate/other movements		18.1	14.0
Carrying amount at end of financial year		**1,124.3**	**1,112.3**
Development			
Carrying amount at beginning of financial year		22.5	21.0
Effect of foreign exchange rate		1.7	1.5
Carrying amount at end of financial year		**24.2**	**22.5**

Goodwill Allocation

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

	June 2013 A$m	June 2012 A$m
Construction		
Australia	743.5	743.8
Europe	222.1	220.4
Americas	151.3	140.7
Asia	7.4	7.4
Total goodwill	**1,124.3**	**1,112.3**

Notes to the Consolidated Financial Statements continued

16. Intangible Assets continued

a. Goodwill continued

Impairment Tests and Key Assumptions Used – Construction

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

No impairment arose as a result of the review of goodwill for the Construction CGUs for the year ended 30 June 2013. Based on information available and market conditions at 30 June 2013, a reasonably foreseeable change in the assumptions made in this assessment would not result in impairment of Construction goodwill.

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

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

Growth Rate
The terminal value growth rate used to extrapolate the cash flows beyond the five year period is 3.0% (June 2012: 3.0%). The growth rate reflects the forecast long term average growth rate for each CGU and the countries in which they operate.

Discount Rate
The discount rates applied to the cash flow projections vary between 14.0% and 20.0% (June 2012: between 14.5% and 19.5%). The Group's weighted average cost of capital is used as a starting point for determining the discount rate, with appropriate adjustments for the risk profile relating to the relevant CGUs and the countries in which they operate. The discount rates used are pre tax.

	June 2013 A$m	June 2012 A$m
b. Aged Care Bed Licences		
Reconciliation		
Reconciliation of the carrying amounts of aged care bed licences is as follows:		
Carrying amount at beginning of financial year	181.3	168.6
Additions		12.7
Disposals	(181.3)	
Carrying amount at end of financial year	**–**	**181.3**

The Aged Care Bed Licences were sold during the year ended 30 June 2013. Refer to Note 26c 'Consolidated Entities – Disposals'.

Notes to the Consolidated Financial Statements continued

16. Intangible Assets continued

c. Management Agreements

	June 2013 A$m	June 2012 A$m
Management agreements	74.8	86.6
Less: Accumulated amortisation and impairment	(19.6)	(15.9)
Total management agreements	**55.2**	**70.7**
Reconciliation		
Reconciliation of the carrying amounts of management agreements is as follows:		
Carrying amount at beginning of financial year[1]	70.7	60.1
Additions		13.7
Disposals	(9.1)	
Amortisation	(2.4)	(3.1)
Other movements	(4.0)	
Carrying amount at end of financial year	**55.2**	**70.7**

d. Other Intangibles

	June 2013 A$m	June 2012 A$m
Other intangibles	93.8	46.9
Less: Accumulated amortisation and impairment	(35.0)	(28.6)
Total other intangibles	**58.8**	**18.3**
Reconciliation		
Reconciliation of the carrying amounts of other intangibles is as follows:		
Carrying amount at beginning of financial year[2]	18.3	13.1
Additions	46.0	9.2
Amortisation	(5.4)	(4.4)
Effect of foreign exchange rate/other movements	(0.1)	0.4
Carrying amount at end of financial year	**58.8**	**18.3**

1 The carrying amount at 1 July 2011 (opening June 2012 balance) of A$60.1 million represents A$72.9 million of costs and A$12.8 million of accumulated amortisation.

2 The carrying amount at 1 July 2011 (opening June 2012 balance) of A$13.1 million represents A$37.9 million of costs and A$24.8 million of accumulated amortisation and impairment.

Notes to the Consolidated Financial Statements continued

	Note	June 2013 A$m	June 2012 A$m
17. Defined Benefit Plan Asset			
Recognised asset for defined benefit obligations			
Lend Lease Superannuation Plan (Australia)	17a	28.9	32.0
Lend Lease Construction UK Pension Scheme	17b	41.5	23.2
Total recognised asset		**70.4**	**55.2**
a. Lend Lease Superannuation Plan (Australia)			
i. Statement of Financial Position Amounts			
The amounts recognised in the Statement of Financial Position are determined as follows:			
Fair value of plan assets		123.7	114.8
Present value of defined benefit obligations		(124.2)	(130.4)
Unrecognised actuarial losses		29.4	47.6
Recognised asset for defined benefit obligations		**28.9**	**32.0**
ii. Reconciliation of the Fair Value of Plan Assets			
Fair value of plan assets at beginning of financial year		114.8	124.3
Expected return on plan assets		7.1	9.6
Actuarial gains/(losses)		5.9	(13.5)
Contributions by Group companies		5.8	6.0
Taxes and premiums paid		(0.9)	(0.9)
Accumulation insurance premium met from surplus		(1.1)	(1.2)
Benefits paid		(7.9)	(9.5)
Fair value of plan assets at end of financial year		**123.7**	**114.8**
iii. Reconciliation of the Present Value of Funded Obligations			
Present value of funded obligations at beginning of financial year		130.4	115.3
Current service cost		6.0	6.2
Interest cost on benefit obligation		2.5	6.4
Actuarial (gains)/losses		(4.8)	14.1
Taxes and premiums paid		(0.9)	(0.9)
Accumulation insurance premium met from surplus		(1.1)	(1.2)
Benefits paid		(7.9)	(9.5)
Present value of funded obligations at end of financial year		**124.2**	**130.4**
iv. Expense Recognised in the Income Statement			
Current service cost		6.0	6.2
Interest cost on benefit obligation		2.5	6.4
Expected return on plan assets		(7.1)	(9.6)
Actuarial loss recognised		7.5	1.3
Net defined benefit plan expense		**8.9**	**4.3**
v. Actual Return on Plan Assets		**13.0**	**(4.0)**

	June 2013 %	June 2012 %
vi. Categories of Plan Assets		
Cash	3.0	
Equity instruments[1]	57.0	57.0
Fixed interest securities	36.0	39.0
Property	4.0	4.0
	100.0	**100.0**

1 The fair value of plan assets includes Lend Lease securities to the value of A$0.1 million (June 2012: A$0.1 million).

Notes to the Consolidated Financial Statements continued

	June 2013 %	June 2012 %
17. Defined Benefit Plan Asset continued		
a. Lend Lease Superannuation Plan (Australia) continued		
vii. Principal Actuarial Assumptions		
Discount rate (net of tax)	2.9	2.2
Expected rate of return on assets[1]	7.0	7.0

viii. Employer Contributions

For the year ending 30 June 2014, total employer contributions to the plan are expected to be A$5.4 million.

	Consolidated				
	June 2013 A$m	June 2012 A$m	June 2011 A$m	June 2010 A$m	June 2009 A$m
ix. Historical Summary					
Plan assets	123.7	114.8	124.3	119.6	99.9
Defined benefit plan obligation	(124.2)	(130.4)	(115.3)	(108.4)	(104.8)
(Deficit)/surplus	**(0.5)**	**(15.6)**	**9.0**	**11.2**	**(4.9)**
Experience gains/(losses) arising on plan assets	5.9	(13.5)	(0.3)	14.6	(32.9)
Experience gains/(losses) arising on plan liabilities	0.2	(4.0)	(5.8)	1.4	3.0

1 The expected rate of return on assets assumption is determined by weighting the expected long term return for each asset class by the target allocation of assets to each asset class. The returns used for each asset class are net of tax, investment fees and administration expenses.

	June 2013 A$m	June 2012 A$m
b. Lend Lease Construction UK Pension Scheme		
i. Statement of Financial Position Amounts		
The amounts recognised in the Statement of Financial Position are determined as follows:		
Fair value of plan assets	738.2	641.6
Present value of defined benefit obligations	(752.8)	(682.8)
Unrecognised actuarial losses	56.1	64.4
Recognised asset for defined benefit obligations	**41.5**	**23.2**
ii. Reconciliation of the Fair Value of Plan Assets		
Fair value of plan assets at beginning of financial year	641.6	586.7
Expected return on plan assets	29.9	34.2
Actuarial gains/(losses)	58.2	(5.2)
Contributions by Group companies	16.5	22.5
Benefits paid	(25.0)	(26.0)
Effect of foreign exchange rate movements	17.0	29.4
Fair value of plan assets at end of financial year	**738.2**	**641.6**
iii. Reconciliation of the Present Value of Funded Obligations		
Present value of defined benefit obligations at beginning of financial year	682.8	593.1
Current service cost		5.4
Interest cost on benefit obligation	29.9	31.4
Actuarial losses	49.6	47.4
Benefits paid	(25.0)	(26.0)
Effect to foreign exchange rate movements	15.5	31.5
Present value of funded obligations at end of financial year	**752.8**	**682.8**
iv. Expense Recognised in the Income Statement		
Current service cost		5.4
Interest cost on benefit obligation	29.9	31.4
Expected return on plan assets	(29.9)	(34.2)
Net defined benefit plan expense	**–**	**2.6**
v. Actual Return on Plan Assets	**95.2**	**30.3**

Notes to the Consolidated Financial Statements continued

17. Defined Benefit Plan Asset continued

b. Lend Lease Construction UK Pension Scheme continued

	June 2013 %	June 2012 %
vi. Categories of Plan Assets		
Equity instruments	39.0	37.0
Debt instruments	42.0	46.0
Other assets	19.0	17.0
	100.0	**100.0**
vii. Principal Actuarial Assumptions		
Discount rate (net of tax)	4.5	4.8
Expected rate of return on assets[1]	5.7	5.7

viii. Employer Contributions

For the year ending 30 June 2014, total employer contributions to the plan are expected to be A$17.9 million. In addition, a deficit contribution of A$12.6 million is expected to be paid.

	June 2013 A$m	June 2012 A$m	Consolidated June 2011 A$m	June 2010 A$m	June 2009 A$m
ix. Historical Summary					
Plan assets	738.2	641.6	586.7	592.5	559.2
Defined benefit plan obligation	(752.8)	(682.8)	(593.1)	(671.2)	(691.2)
(Deficit)	**(14.6)**	**(41.2)**	**(6.4)**	**(78.7)**	**(132.0)**
Experience gains/(losses) arising on plan assets	58.2	(5.2)	41.4	62.8	(115.5)
Experience gains/(losses) arising on plan liabilities	1.7	(2.8)	(4.3)	17.2	(27.4)

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

Notes to the Consolidated Financial Statements continued

	Note	June 2013 A$m	June 2012 A$m
18. Trade and Other Payables			
Current			
Trade creditors		2,308.3	2,388.6
Construction revenue – amounts due to customers[1]	11b	783.8	801.7
Unearned premium reserve[2]			2.7
Insurance claim reserve[2]		16.4	12.2
Related parties		94.0	78.4
Retentions and deferred payments		373.6	364.9
Other		121.0	76.7
Total current		**3,697.1**	**3,725.2**
Non Current			
Insurance claim reserve[2]		18.9	23.9
Related parties		86.6	
Retentions and deferred payments		386.8	419.0
Other		382.0	149.3
Total non current		**874.3**	**592.2**
Total trade and other payables		**4,571.4**	**4,317.4**
19. Resident and Accommodation Bond Liabilities			
Current			
Gross resident liabilities		3,032.3	2,575.5
Deferred management fees receivable on owned sites		(375.5)	(325.2)
Total resident liabilities[3]		**2,656.8**	**2,250.3**
Accommodation bond liabilities[4]			172.6
Total resident and accommodation bond liabilities[5]		**2,656.8**	**2,422.9**

1 Represents construction contracts where the total progress billings issued to clients (together with foreseeable losses if applicable) on a project exceed the costs incurred to date plus recognised profit on the contract.
2 Unearned premium and insurance claim reserves relate to Lend Lease's wholly owned special purpose captive insurance subsidiary. The 'cost' of the liability for outstanding claims (insurance claim reserves) is measured as the current estimate of the present value of expected future payments against claims incurred at the reporting date under insurance contracts issued by the special purpose captive insurance subsidiary. These expected future payments are discounted using a risk-free rate.
3 For retirement village properties, deferred management fees receivable on owned sites are offset against the gross resident liabilities, as these amounts are settled net in the same transaction.
4 Accommodation bond liabilities are A$nil as at 30 June 2013 due to the sale of the Aged Care business in March 2013.
5 Resident and accommodation bond liabilities are required to be classified as current liabilities under the AASBs, as residents may depart the accommodation at any time, notwithstanding that history has shown that residents stay for an average period of 11 years (30 June 2012: 11 years) in independent living units (ILU) and six years (30 June 2012: six years) in serviced apartments (SA). Retirement village total resident liabilities of A$2,656.8 million (30 June 2012: A$2,250.3 million), which is net of deferred management fees receivable, are repayable out of the amounts paid to the Group by incoming retirement village residents for the right to occupy retirement living and aged care properties (comprising both ILU and SA). The gross value of these retirement living properties, which are classified as non current assets, was A$3,791.1 million at 30 June 2013 (30 June 2012: A$3,211.4 million) (refer Note 13 'Investment Properties'). The fair value of retirement living properties was A$1,055.9 million (30 June 2012: A$912.5 million), representing the gross investment property value, less resident liabilities and related deferred revenue.

Notes to the Consolidated Financial Statements continued

	June 2013 A$m	June 2012 A$m
20. Borrowings and Financing Arrangements		
a. Borrowings – Measured at Amortised Cost		
Current		
Commercial notes		**100.0**
Non Current		
Commercial notes	1,295.0	677.2
Bank credit facilities	681.2	579.9
Total non current	**1,976.2**	**1,257.1**
Total borrowings	**1,976.2**	**1,357.1**
b. Finance Facilities		
The Group has access to the following lines of credit:		
Commercial Notes		
Facility available	1,295.0	777.2
Amount of facility used	(1,295.0)	(777.2)
Amount of facility unused	–	–
Bank Credit Facilities		
Facility available	1,747.2	1,786.8
Amount of facility used	(681.2)	(579.9)
Amount of facility unused	**1,066.0**	**1,206.9**
Bank Overdrafts		
Facility available	33.4	35.6
Amount of facility used		
Amount of facility unused	**33.4**	**35.6**

Commercial notes include £300.0 million of 6.125% annual coupon guaranteed notes due in October 2021 that were issued in October 2006 in the UK public bond market; US$200.0 million of guaranteed senior notes at a weighted average coupon rate of 5.69% p.a. issued in the US Private Placement debt market maturing in October of 2015 and 2017; S$275.0 million of Singapore dollar denominated senior unsecured notes at a coupon rate of 4.625% p.a. issued in the Singapore public bond market in July 2012 maturing in July 2017; and Australian dollar denominated senior unsecured medium term notes issued in May 2013 for A$250.0 million at a coupon rate of 5.5% p.a. maturing in November 2018 and A$125.0 million at a coupon rate of 6.0% p.a. maturing in May 2020.

Bank credit facilities include a £330.0 million committed club bank facility in the UK maturing in December 2016 (£165.0 million) and December 2017 (£165.0 million) which was drawn to A$100.0 million at 30 June 2013; a 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 30 June 2013; and a fully drawn A$225.0 million term facility maturing in December 2015.

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

Consistent with prior years, the Group has not defaulted on any obligations of principal or interest in relation to its borrowing and financing arrangements and other financial liabilities (refer Note 22 'Other Financial Liabilities').

Refer to Note 29c 'Interest Rate Risk' and Note 29d 'Liquidity Risk' for analysis of the management of the Group's interest rate risk and liquidity risk respectively.

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

	Interest Exposure			Currency				
	Fixed A$m	Floating A$m	Total A$m	A$ A$m	US$ A$m	£ A$m	S$ A$m	Total A$m
June 2013								
Between one and five years	436.9	672.4	1,109.3	572.4	214.8	100.0	222.1	1,109.3
More than five years	858.1	8.8	866.9	372.1		494.8		866.9
Total	**1,295.0**	**681.2**	**1,976.2**	**944.5**	**214.8**	**594.8**	**222.1**	**1,976.2**
June 2012								
Less than one year	100.0		100.0		100.0			100.0
Between one and five years	174.6	571.0	745.6	571.0	174.6			745.6
More than five years	502.6	8.9	511.5		25.0	486.5		511.5
Total	**777.2**	**579.9**	**1,357.1**	**571.0**	**299.6**	**486.5**	**–**	**1,357.1**

Notes to the Consolidated Financial Statements continued

21. Provisions

	June 2013 A$m	June 2012 A$m
Current		
Employee benefits	186.0	185.1
Maintenance and warranty[1]	30.7	17.5
Restructure (including employee terminations)	14.3	17.6
Other	52.2	56.4
Total current	**283.2**	**276.6**
Non Current		
Employee benefits	24.5	27.3
Other	46.2	47.5
Total non current	**70.7**	**74.8**
Total provisions	**353.9**	**351.4**

Reconciliations

Reconciliations of the carrying amounts of each class of provision, except for employee benefits, are as follows:

	June 2013 A$m	June 2012 A$m
Current		
Maintenance and Warranty		
Carrying amounts at beginning of financial year	17.5	16.0
Provisions raised during financial year	12.6	6.4
Payments made/utilisation during financial year	(2.5)	(7.4)
Effect of foreign exchange rate/other movements	3.1	2.5
Carrying amount at end of financial year	**30.7**	**17.5**
Restructure (Including Employee Terminations)		
Carrying amounts at beginning of financial year	17.6	31.3
Provisions raised during financial year	9.4	10.6
Payments made/utilisation during financial year	(11.8)	(26.2)
Effect of foreign exchange rate/other movements	(0.9)	1.9
Carrying amount at end of financial year	**14.3**	**17.6**
Other		
Carrying amounts at beginning of financial year	56.4	37.1
Provisions raised during financial year	2.8	18.3
Payments made/utilisation during financial year	(27.4)	(8.7)
Effect of foreign exchange rate/other movements	20.4	9.7
Carrying amount at end of financial year	**52.2**	**56.4**
Non Current		
Other		
Carrying amounts at beginning of financial year	47.5	50.1
Provisions raised during financial year	8.0	0.4
Payments made/utilisation during financial year	(12.6)	(1.9)
Effect of foreign exchange rate/other movements	3.3	(1.1)
Carrying amount at end of financial year	**46.2**	**47.5**

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

Notes to the Consolidated Financial Statements continued

	June 2013 A$m	June 2012 A$m
22. Other Financial Liabilities		
Current		
Derivatives (measured at fair value)		
Forward foreign exchange contracts		4.1
Interest rate swap contracts	15.9	18.9
Bluewater lease liability (measured at amortised cost)	134.7	
Finance leases	31.1	33.8
Total current	**181.7**	**56.8**
Non Current		
Bluewater lease liability (measured at amortised cost)		132.5
Finance leases	88.3	89.7
Total non current	**88.3**	**222.2**
Total other financial liabilities	**270.0**	**279.0**

	Lend Lease Corporation Limited				Lend Lease Trust			
	June 2013		June 2012		June 2013		June 2012	
	No. of Shares m	A$m	No. of Shares m	A$m	No. of Units m	A$m	No. of Units m	A$m
23. Issued Capital and Treasury Securities								
Issued Capital								
Issued capital at beginning of financial year	572.8	2,077.6	570.9	2,063.7	572.8	0.6	570.9	0.6
Transactions with owners for the year:								
Distribution Reinvestment Plan	2.7	22.6	1.9	13.9	2.7	1.4	1.9	
Recapitalisation of Lend Lease Trust		(500.3)				500.3		
Issued capital at end of financial year	**575.5**	**1,599.9**	**572.8**	**2,077.6**	**575.5**	**502.3**	**572.8**	**0.6**

Issuance of Securities

Following stapled securityholders' approval on 15 November 2012, the Company has reallocated capital to LLT by reducing the Company's share capital by A$500.3 million and applying that amount as additional capital to LLT. This capital reallocation did not affect the number of shares on issue nor the number of units held by each securityholder and did not result in any cash distribution to members.

As at 30 June 2013, the Group had 575.5 million stapled securities on issue equivalent to the number of Lend Lease Corporation shares and Lend Lease Trust units on issue as at that date. The issued units of LLT are not owned by the Company and are therefore presented separately in the consolidated Statement of Financial Position within equity.

Security Accumulation Plans

The Group's Distribution Reinvestment Plan ('DRP') was reactivated in February 2011. The last date for receipt of an election notice for participation in the DRP is 11 September 2013. 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 seven consecutive business days immediately following the record date for determining entitlements to distribution. If that price is less than 50 cents, the issue price will be 50 cents. Stapled securities issued under the DRP rank equally with all other stapled securities on issue.

Terms and Conditions

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

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

Notes to the Consolidated Financial Statements continued

23. Issued Capital and Treasury Securities continued

	Lend Lease Corporation Limited June 2013 No. of Shares m	June 2013 A$m	June 2012 No. of Shares m	June 2012 A$m
Treasury Securities[1]				
Balance at beginning of financial year	33.9	111.0	30.9	83.3
Transactions with owners for the year:				
Treasury securities acquired	3.1	26.4	6.3	50.0
Treasury securities vested	(2.9)	(19.4)	(3.3)	(22.3)
Balance at end of financial year	**34.1**	**118.0**	**33.9**	**111.0**

1 Represents unallocated Lend Lease stapled securities held by employee benefit vehicles, including employee security plans, that Lend Lease sponsors. The value reflects the original historical cost to the Group. The consolidated balance represents the stapled securities that are disclosed in the Statement of Financial Position as treasury securities as a reduction of equity.

24. Reserves

	Note	June 2013 A$m	June 2012 A$m
Fair Value Revaluation Reserve			
Opening balance at beginning of financial year		21.6	39.9
Comprehensive income for the year			
Revaluation gain recognised in equity		26.8	4.6
Revaluation gain transferred to the Income Statement on asset disposal		(0.7)	(23.2)
Fair value hedging		(3.6)	
Effect of foreign exchange rate/other movements		0.6	0.3
Closing balance at end of financial year	24a	**44.7**	**21.6**
Hedging Reserve			
Opening balance at beginning of financial year		(88.9)	(45.4)
Comprehensive income for the year			
Movements attributable to effective cash flow hedges		14.5	(45.0)
Hedging loss transferred to the Income Statement on asset disposal		0.1	10.8
Effect of foreign exchange rate/other movements		(4.2)	(9.3)
Closing balance at end of financial year	24b	**(78.5)**	**(88.9)**
Foreign Currency Translation Reserve			
Opening balance at beginning of financial year		(190.6)	(242.8)
Comprehensive income for the year			
Foreign currency translation (gain)/loss transferred to the Income Statement on asset disposal		(4.6)	7.4
Movements attributable to translation of foreign operations		46.2	44.8
Net investment hedging		(6.7)	
Closing balance at end of financial year	24c	**(155.7)**	**(190.6)**
Non Controlling Interest Acquisition Reserve			
Opening balance at beginning of financial year		(89.5)	(86.3)
Comprehensive income for the year			
Movements attributable to recognition of tax asset on goodwill		19.8	
Effect of foreign exchange rate/other movements		(3.7)	(3.2)
Closing balance at end of financial year	24d	**(73.4)**	**(89.5)**
Other Reserve			
Balance at beginning and end of financial year	24e	**111.7**	**111.7**
Equity Compensation Reserve			
Opening balance at beginning of financial year		62.0	60.1
Transactions with owners for the year			
Movements attributable to allocation and vesting of securities		11.1	1.9
Closing balance at end of financial year	24f	**73.1**	**62.0**
Other Compensation Reserve			
Balance at beginning and end of financial year	24g	**54.4**	**54.4**
Total reserves		**(23.7)**	**(119.3)**

Notes to the Consolidated Financial Statements continued

24. Reserves continued

Nature and Purpose of Reserves

a. Fair Value Revaluation Reserve

Unrealised gains or losses arising from changes in the fair value (and foreign exchange rate movements) of non monetary securities classified as available for sale financial assets are recognised in the fair value revaluation reserve. Amounts are recognised in the Income Statement when the associated securities are sold, redeemed or impaired.

b. Hedging Reserve

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

c. Foreign Currency Translation Reserve

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

d. Non Controlling Interest Acquisition Reserve

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

e. Other Reserve

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

f. Equity Compensation Reserve

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

g. Other Compensation Reserve

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

Notes to the Consolidated Financial Statements continued

25. Contingent Liabilities

The Group has the following contingent liabilities:

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

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

A contingent liability exists in relation to the Lend Lease Retirement Benefit Fund. This is disclosed in detail in Note 32b 'Lend Lease Employee Benefit Vehicles'.

In September 2004, a class action was filed against a number of parties who responded to the World Trade Center ('WTC') 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). Under a previous legal ruling, the litigation proceeded as a consolidated action by individual claimants rather than a class action. The number of claimants who have brought proceedings against LL LMB is approximately 16,337 (comprising 9,845 first named claimants and 6,492 derivative claimants – for example, spouses).

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

Additional legal rulings in June 2010 established a settlement agreement which required the WTC Captive to contribute up to a total of US$712.5 million, subject to certain conditions. The agreement did not impose any financial obligations on LL LMB and became fully effective on 5 January 2011.

More than 95% of the plaintiffs who had 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 ('Zadroga Act') into law. Among other things, this legislation re-opened the September 11th Victim Compensation Fund, such that current claimants were also potentially 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. On September 10, 2012 the US Federal Government added 58 varieties of cancer to the list of 9/11-linked ailments covered by the Zadroga Act.

Following the 23 June 2010 settlement and the implementation of the Zadroga Act, many cases have been resolved. As of 30 June 2013, there were only two cases remaining against a WTC Captive insured beneficiary and none against LL LMB. LL LMB may still need to defend claims made by plaintiffs who did not opt into the settlement, who were ineligible, who otherwise declined to participate in the re-opened Victim Compensation Fund, or have or still may appeal the dismissal of their action. LL LMB will also need to defend any new claims that may be filed by plaintiffs who bring claims against LL LMB. Any future litigation would need to proceed through a number of stages before any liability could attach to LL LMB. While any liability of LL LMB for present claims will be covered by insurance, it is not possible to quantify the potential for any future claims or any potential liability thereof at this stage. It is also not possible at this time to ascertain how the limitation of liability in the Zadroga Act will apply to any particular claim against LL LMB going forward; but, as to contractors such as LL LMB, the Act limits liability to those amounts remaining in the WTC Captive Insurance Company plus any insurance coverage that was available and applicable on 11 September 2001 for the particular contractor.

In 2009, LL LMB received subpoenas from both the New York County District Attorney's Office ('DA's Office') and the US Attorney's Office for the Eastern District of New York ('EDNY'). The subpoenas related primarily to investigations being conducted by the EDNY and the DA's Office around allegations of past payroll and billing practices on construction projects. In early 2011, LL LMB was advised the investigation by the EDNY was expanded to include LL LMB's use of minority-owned business enterprises. On 23 April 2012, LL LMB agreed to a resolution with the EDNY and the DA's Office to conclude the criminal investigations and enter into a Deferred Prosecution Agreement ('Agreement'), for a two year term. Payments to be made in connection with the agreement were fully provided for as at 30 June 2013.

In July 2011, LL LMB received a Civil Investigative Demand ('CID') from the US Attorney's Office for the Southern District of New York ('SDNY'). The CID related to the same investigation into past payroll and billing practices as the EDNY criminal investigation but was limited to federally funded projects and was civil in nature. A Settlement Agreement was executed with the SDNY on 7 February 2012. All payments required of the settlement were previously fully provided for and have now been made.

Notes to the Consolidated Financial Statements continued

25. Contingent Liabilities continued

On 17 July 2012, the Company's attorneys were contacted by the New York State Attorney General's ('NYSAG') Office, seeking further information concerning the same investigations by the EDNY and SDNY referred to above with respect to New York State projects. The Company has been cooperating with the inquiry by the NYSAG's Office, but at this stage the discussions remain preliminary, and it is not possible to quantify what the financial consequences associated with this matter will be.

26. Consolidated Entities

a. Investments in Consolidated Entities

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

Parent Entity
Lend Lease Corporation Limited

Australia
Abigroup Limited
Baulderstone Holdings Pty Limited
Capella Capital Lend Lease Pty Limited
Lend Lease Communities (Australia) Limited
Lend Lease Construction Australia Holdings Pty Limited
Lend Lease Construction Australia Pty Limited
Lend Lease Development Pty Limited
Lend Lease Finance Limited
Lend Lease Infrastructure Investments Pty Limited
Lend Lease Infrastructure Services (Holdings) Pty Limited
Lend Lease International Pty Limited
Lend Lease Millers Point Trust
Lend Lease Primelife Limited
Lend Lease Building Pty Limited (formerly Lend Lease Project Management and Construction (Australia) Pty Limited)
Lend Lease Real Estate Investments Limited
Lend Lease Responsible Entity Limited
Lend Lease Securities and Investments Pty Limited
Lend Lease Trust

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

Asia
Lend Lease Singapore Pte Limited

Americas
Lend Lease (US) Construction Holdings, Inc.
Lend Lease (US) Construction, Inc.
Lend Lease (US) Construction LMB, Inc
Lend Lease (US) Public Partnerships, LLC
Lend Lease Americas, Inc.
Lend Lease Americas Holdings, Inc.
Lend Lease (US) Capital, Inc.

b. Acquisitions

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

Notes to the Consolidated Financial Statements continued

26. Consolidated Entities continued

c. Disposals

	Ownership Interest Disposed %	Date Disposed	Gross Consideration Received/ Receivable A$m
Year Ended June 2013			
Australia			
Aged Care business sale[1]	100	28 Mar 13	271.7
Lend Lease Consulting Pty Limited	100	28 Aug 12	15.0
Europe			
Bovis Lend Lease Bau GmbH	100	30 Nov 12	1.7
Bovis Lend Lease AG	100	30 Nov 12	0.8
Bovis Lend Lease BV	100	30 Nov 12	2.2
Bovis Lend Lease Portugal	100	30 Nov 12	1.3
Bovis Lend Lease Insaat ve proje Yonetimi Limited	100	30 Nov 12	3.6
Bovis Lend Lease Russia	100	1 Mar 13	2.6
Lend Lease GP Retail Ltd	100	27 Jul 12	–
Birmingham Schools PSP Phase 1A Limited	90	25 Jun 13	4.8
Birmingham Schools PSP Phase 1B Limited	90	25 Jun 13	2.9
Americas			
Richmond MOB Owners LLC	100	13 Dec 12	–
Richmond II MOB Owners LLC	100	13 Dec 12	–

Year Ended June 2012

During the year there were no disposals of material consolidated entities

1 The Group sold the Aged Care business on 28 March 2013 to Australian Aged Care Partners which comprised of the sale of assets and disposal of 50 consolidated entities. These entities were not individually material to the Group. Cash proceeds of A$200.0 million and a Promissory Note of A$71.7 million were received for the sale.

Notes to the Consolidated Financial Statements continued

27. 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 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 involves the development of urban communities, inner-city mixed-use developments, apartments, retirement, retail, commercial and healthcare assets.

Construction
The Construction business involves project management, building, engineering and construction services.

Investment Management
The Investment Management business involves property and infrastructure investment management, property management and asset management and includes the Group's ownership interests in property and infrastructure investments.

Infrastructure Development
The Infrastructure Development business arranges, manages and invests in Public Private Partnership (PPP) projects.

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

	Operating Result Before Tax		Income Tax Benefit/(Expense)		Operating Result After Tax	
	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m
Australia	552.3	435.6	(45.7)	(5.7)	506.6	429.9
Asia	126.0	115.2	(13.4)	(9.0)	112.6	106.2
Europe	84.1	124.0	15.4	(22.1)	99.5	101.9
Americas	91.7	79.4	(38.0)	(43.4)	53.7	36.0
Total segment	**854.1**	**754.2**	**(81.7)**	**(80.2)**	**772.4**	**674.0**
Reconciling items						
Corporate activities	(278.5)	(228.8)	59.1	62.0	(219.4)	(166.8)
Property investment revaluations	(2.0)	(4.8)	0.6	(1.0)	(1.4)	(5.8)
Statutory result attributable to securityholders	**573.6**	**520.6**	**(22.0)**	**(19.2)**	**551.6**	**501.4**
External non controlling interests	0.9	1.9		(0.2)	0.9	1.7
Statutory result	**574.5**	**522.5**	**(22.0)**	**(19.4)**	**552.5**	**503.1**

Notes to the Consolidated Financial Statements continued

27. Segment Reporting continued

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

	Segment Revenue A$m	Interest Revenue A$m	Interest Expense A$m	Share of Results EAI[1] A$m	Depreciation and Amortisation A$m	Material Non Cash Items[2] A$m	Non Current Segment Assets[3] A$m	Group Total Assets A$m
Year ended June 2013								
Australia	7,734.7	0.9		130.0	(64.0)	126.2	7,251.9	9,697.3
Asia[4]	640.5			17.7	(2.2)	8.9	136.4	532.3
Europe[5]	1,143.4	11.3	(0.6)	2.3	(5.4)	(0.1)	988.8	1,685.6
Americas	2,705.0			2.7	(2.5)	11.6	363.5	1,265.8
Total segment	12,223.6	12.2	(0.6)	152.7	(74.1)	146.6	8,740.6	13,181.0
Corporate activities	29.3	28.3	(112.3)		(12.8)	22.8	108.0	1,029.4
Statutory result	12,252.9	40.5	(112.9)	152.7	(86.9)	169.4	8,848.6	14,210.4
Year ended June 2012								
Australia	7,411.3	1.8	(0.3)	141.0	(66.7)	(131.2)	6,470.6	8,882.2
Asia[4]	740.9			32.9	(0.7)	(3.6)	193.5	599.1
Europe[5]	1,325.5	16.8	(1.0)	6.2	(4.7)	(9.1)	1,000.7	1,627.8
Americas	2,088.1			2.7	(2.9)	(19.2)	313.5	905.2
Total segment	11,565.8	18.6	(1.3)	182.8	(75.0)	(163.1)	7,978.3	12,014.3
Corporate activities	43.9	38.6	(111.9)		(2.4)	(32.1)	81.0	689.2
Statutory result	11,609.7	57.2	(113.2)	182.8	(77.4)	(195.2)	8,059.3	12,703.5

1 Equity accounted investments.
2 The material non cash items relate to impairments and provisions raised or written back, unrealised foreign exchange movements and investment property fair value gains or losses.
3 Excludes deferred tax assets, financial instruments and pension assets and are based on the geographical location of assets.
4 The majority of revenue and non current assets from Asia are attributable to Singapore.
5 The majority of revenue and non current assets from Europe are attributable to the UK.

Line of Business

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

	Revenue June 2013 A$m	Revenue June 2012 A$m
Development	1,163.9	563.0
Construction	10,548.8	10,475.8
Investment Management	185.7	336.6
Infrastructure Development	325.2	190.4
Total segment	12,223.6	11,565.8
Corporate Activities	29.3	43.9
Total revenue	12,252.9	11,609.7

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

Notes to the Consolidated Financial Statements continued

28. Capital Risk Management

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

The Group's capital includes total equity, borrowings and other interest bearing liabilities. When investing capital, the Group's objective is to deliver strong total securityholder returns and to maintain an investment-grade credit rating by maintaining an appropriate financial profile. The S&P/Moody's long term credit rating at 30 June 2013 is BBB-/Baa3 (June 2012: BBB-/Baa3). The Group was also in compliance with its financial covenants in respect of its borrowing facilities.

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

29. International Currency Management and Financial Instruments

The Group operates across numerous jurisdictions and markets. The Lend Lease Financial Markets Risk Committee oversees the management of the Group's foreign currency, credit, interest rate and liquidity risk exposures, within the parameters of a Board approved policy. The Lend Lease Risk Management and Audit Committee maintains a Group-wide framework for risk management and reviews issues of material risk exposure.

a. Foreign Currency

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

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

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

Net Investments in Foreign Operations
Net investments in foreign operations are exposed to foreign currency translation risk. Foreign currency gains and losses arising from translation of net investments in foreign operations are recognised in the Foreign Currency Translation Reserve until realised. The Group does not generally use derivatives to hedge net investments in foreign operations.

The net asset exposure by currency is detailed below.

June 2013	A$m	US$m	£m	S$m	€m	NZ$m	Other m
Net asset exposure (local currency)	3,818.9	(189.7)	174.7	(19.1)	103.7	254.5	87.2
June 2012							
Net asset exposure (local currency)	3,218.0	(304.6)	203.7	329.7	101.5	251.8	80.8

Notes to the Consolidated Financial Statements continued

29. International Currency Management and Financial Instruments continued

a. Foreign Currency continued

Foreign Currency Derivatives (Not Hedge Accounted)

The Group's foreign exchange derivative contracts held at reporting date to hedge specific foreign currency exposures are as follows.

	Weighted Average Exchange Rate		Gross Receivable/(Payable) Under Contracts	
	June 2013 (A$1=)	June 2012 (A$1=)	June 2013 A$m	June 2012 A$m
Contracts to (buy)/sell the following currencies at an agreed exchange rate:				
buy GBP	0.64	0.64	(91.8)	(77.1)
sell GBP	0.63	0.63	237.2	298.3
buy USD	1.00	1.00	(380.0)	(468.6)
sell USD	0.97	1.01	23.5	83.6
buy EUR	0.74	0.80	(33.2)	(18.0)
sell EUR	0.74	0.79	65.5	61.4
buy SGD	1.27	1.27	(48.9)	(37.2)
sell SGD	1.23		4.0	
buy NZD	1.19	1.28	(14.4)	(13.7)
sell New Zealand dollars	1.19		11.1	
buy Canadian dollars				
sell Canadian dollars		1.01		6.9
Total			**(227.0)**	**(164.4)**

One sell GBP buy EUR contract will mature in one to two years. All other foreign currency contracts will mature within one year.

Sensitivity Analysis

The sensitivity analysis of the Group's Australian dollar denominated Income Statement and Statement of Financial Position to foreign currency movements is based on a 10% fluctuation (June 2012: 10% fluctuation) on the average rates during the financial year and the spot rate at balance date respectively. This analysis assumes that all other variables, in particular interest rates, remain constant, and excludes the effects of the foreign exchange contracts above.

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

	10% Weakening Increase/(Decrease) in Profit After Tax		10% Strengthening Increase/(Decrease) in Profit After Tax	
	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m
USD	4.5	2.8	(4.2)	(2.6)
GBP	6.9	6.2	(6.6)	(6.0)
SGD	11.7	10.8	(10.5)	(9.7)
EUR		0.2		(0.3)
	23.1	**20.0**	**(21.3)**	**(18.6)**

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

	10% Weakening Increase/(Decrease) in Net Assets		10% Strengthening Increase/(Decrease) in Net Assets	
	June 2013 A$m	June 2012 A$m	June 2013 A$m	June 2012 A$m
USD	(19.2)	(30.1)	18.0	27.7
GBP	31.2	35.3	(25.7)	(28.9)
SGD	(1.6)	25.0	1.4	(24.5)
EUR	13.5	12.9	(13.1)	(12.1)
NZD	21.1	20.4	(18.9)	(18.1)
	45.0	**63.5**	**(38.3)**	**(55.9)**

Notes to the Consolidated Financial Statements continued

29. International Currency Management and Financial Instruments continued

b. Credit Risk

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

The maximum exposure to credit risk at balance date on financial instruments recognised in the Statement of Financial Position (excluding investments of the Group) equals the carrying amount, net of any impairment.

The Group has no significant concentrations of credit risk on either a geographic or industry specific basis and has policies in place so that sales of products and services are made to customers with an appropriate credit history.

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

There was A$2.0 million impairment recorded during the year against other financial assets (June 2012: A$nil).

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

Collateral

In certain circumstances, the Group will hold either financial or non financial assets as collateral to further mitigate the potential credit risk on selected transactions. During the current and prior year, the Group did not hold financial or non financial assets as collateral. At any point in time, the Group will hold other collateral such as bank guarantees and performance bonds to mitigate potential credit risk as a result of default by a counterparty or otherwise.

c. Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument or cash flow associated with the instrument will fluctuate due to changes in market interest rates. The Group uses physical and derivative financial instruments to assist in managing its interest rate risk. Speculative trading is not permitted.

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

	Carrying Amount	
	June 2013 A$m	June 2012 A$m
Fixed Rate		
Financial assets	1,023.3	149.4
Financial liabilities	(1,857.3)	(1,253.8)
	(834.0)	**(1,104.4)**
Variable Rate		
Financial assets	836.0	869.8
Financial liabilities	(831.8)	(731.3)
	4.2	**138.5**

Sensitivity Analysis

At 30 June 2013 it is estimated that an increase of one percentage point in interest rates would have increased the Group's profit after tax and retained earnings by A$3.8 million (June 2012: A$3.9 million increase in the Group's profit after tax and retained earnings). A one percentage point decrease in interest rates would have decreased the Group's profit after tax and retained earnings by A$3.8 million (June 2012: A$3.8 million decrease in the Group's profit after tax and retained earnings). The increase or decrease in interest income/expense is proportional to the increase or decrease in interest rates. Interest rate derivatives have been included in this calculation.

Notes to the Consolidated Financial Statements continued

29. International Currency Management and Financial Instruments continued

d. Liquidity Risk

Liquidity risk is the risk of having insufficient funds to settle financial liabilities as and when they fall due. This includes having insufficient levels of committed credit facilities.

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

Liquidity risk is reduced through prudent cash management, which ensures sufficient levels of cash are maintained to meet working capital requirements. It also allows flexibility of liquidity by matching the maturity profiles of short term investments with cash flow requirements, and timely review and renewal of credit facilities.

The Group's main liquidity risk is the ability to refinance its borrowings maturing during July 2014. A strategy employed to manage this risk is funding through commercial notes. On 13 May 2013, the Group issued A$375.0 million of Australian dollar denominated senior unsecured medium term notes, reaching maturity between 2018 and 2020. On 24 July 2012, the Group issued S$275.0 million (A$211.6 million) of Singapore dollar denominated senior unsecured notes, maturing in July 2017.

As disclosed in Note 25 'Contingent Liabilities', in certain circumstances the Company guarantees the performance of particular Group entities in respect of their obligations including bonding and bank guarantees. Issued bank guarantees have cash collateralisation requirements if the bank guarantee facility is not renewed by the provider. At 30 June 2013, the Group does not anticipate a significant liquidity risk in relation to these facilities in the next 12 months.

The Group has provided collateral of A$4.2 million (June 2012: A$4.6 million) against letter of credit facilities.

The following are the contractual cash flow maturities of financial liabilities including estimated interest payments.

	Note	Carrying Amount A$m	Contractual Cash Flows A$m	Less than One Year A$m	One to Two Years A$m	Two to Five Years A$m	More than Five Years A$m
June 2013							
Non Derivative Financial Liabilities							
Trade and other payables[1,2]	18	3,612.6	3,756.3	2,940.6	289.0	403.8	122.9
Resident and accommodation bond liabilities[3]	19	2,656.8	2,656.8	2,656.8			
Borrowings and financing arrangements	20	1,976.2	2,574.5	116.5	319.3	1,117.6	1,021.1
Other financial liabilities	22	254.1	274.8	176.3	36.6	61.9	
Total		**8,499.7**	**9,262.4**	**5,890.2**	**644.9**	**1,583.3**	**1144.0**
Derivative Financial Liabilities							
Interest rate derivatives:	22						
Outflow		(15.9)	(16.2)	(9.2)	(4.5)		(2.5)
Total		**(15.9)**	**(16.2)**	**(9.2)**	**(4.5)**	**–**	**(2.5)**
June 2012							
Non Derivative Financial Liabilities							
Trade and other payables[1,2]	18	3,417.6	3,508.3	2,915.1	161.8	293.6	137.8
Resident and accommodation bond liabilities[3]	19	2,422.9	2,422.9	2,422.9			
Borrowings and financing arrangements	20	1,357.1	1,843.7	185.3	82.1	907.8	668.5
Other financial liabilities	22	256.0	280.6	45.2	165.6	69.8	
Total		**7,453.6**	**8,055.5**	**5,568.5**	**409.5**	**1,271.2**	**806.3**
Derivative Financial Liabilities							
Foreign exchange contracts:	22						
Outflow		(13.9)	(884.9)	(884.9)			
Inflow		9.8	885.6	885.6			
Interest rate derivatives:	22						
Outflow		(18.9)	(19.7)	(4.1)	(4.2)	(7.7)	(3.7)
Total		**(23.0)**	**(19.0)**	**(3.4)**	**(4.2)**	**(7.7)**	**(3.7)**

1 The carrying amount of trade and other payables excludes A$814.0 million of current and A$144.8 million of non current amounts (June 2012: A$816.9 million of current and A$82.9 million of non current amounts) as they do not meet the definition of a financial liability under Australian Accounting Standards.

2 The repayment of these amounts will be funded through collection of outstanding loans and receivables: June 2013: A$2,559.6 million (June 2012: A$2,204.7 million).

3 Resident and accommodation bond liabilities are required to be classified as less than one year as any resident may depart at any time. The balance includes retirement village total resident liabilities of A$2,656.8 million (June 2012: A$2,250.3 million), which is net of deferred management fees receivable, and is repayable out of the amounts paid to the Group by incoming retirement village residents for the right to occupy retirement living and aged care properties (refer Note 13 'Investment Properties' and Note 19 'Resident and Accommodation Bond Liabilities').

Other contractually committed cash flows the Group is exposed to are detailed in Note 30 'Commitments'.

Notes to the Consolidated Financial Statements continued

29. International Currency Management and Financial instruments continued

e. Fair Values of Financial Assets and Liabilities

Financial Instruments

All financial instruments recognised in the Statement of Financial Position, including those instruments carried at amortised cost, are recognised at amounts that represent a reasonable approximation of fair value, with the exception of the following borrowings.

		June 2013		June 2012	
	Note	Carrying Amount A$m	Fair Value A$m	Carrying Amount A$m	Fair Value A$m
Liabilities					
Current					
Commercial notes	20			100.0	100.9
Non Current					
Commercial notes	20	1,295.0	1,354.8	677.2	695.9

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

Basis of Determining Fair Value

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

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

Fair Value Measurements

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

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

		Consolidated Carrying Amount			
	Note	Level 1 A$m	Level 2 A$m	Level 3 A$m	Total A$m
June 2013					
Financial Assets					
Available for sale				340.3	340.3
Fair value through profit and loss – negotiable instruments		72.3			72.3
Fair value through profit and loss – unlisted equity investments				105.5	105.5
Held to maturity investments				8.5	8.5
Derivatives			24.3		24.3
	14	**72.3**	**24.3**	**454.3**	**550.9**
Financial Liabilities					
Derivatives	22	**–**	**15.9**	**–**	**15.9**

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

Notes to the Consolidated Financial Statements continued

29. International Currency Management and Financial instruments continued

e. Fair Values of Financial Assets and Liabilities continued

Fair Value Measurements continued

	Note	Level 1 A$m	Consolidated Carrying Amount Level 2 A$m	Level 3 A$m	Total A$m
June 2012					
Financial Assets					
Available for sale		9.7		290.7	300.4
Fair value through profit and loss – negotiable instruments		60.9			60.9
Fair value through profit and loss – unlisted equity investments				36.9	36.9
Held to maturity investments				6.2	6.2
Derivatives			6.5		6.5
	14	**70.6**	**6.5**	**333.8**	**410.9**
Financial Liabilities					
Derivatives	22	**–**	**23.0**	**–**	**23.0**

Reconciliation

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

	Available for Sale June 2013 A$m	Unlisted Equity Investments June 2013 A$m	Held to Maturity June 2013 A$m	Available for Sale June 2012 A$m	Unlisted Equity Investments June 2012 A$m	Held to Maturity June 2012 A$m
Carrying amount at beginning of financial year	290.7	36.9	6.2	228.8	36.9	6.7
Additions	8.4	72.9		26.0		
Disposals		(1.0)				
Revaluation gains and losses recognised in:						
Income statement	(2.0)	(3.3)				
Other comprehensive income	36.2			7.9		
Effect of foreign exchange rate/other movements	7.0		2.3	28.0		(0.5)
Carrying amount at end of financial year	**340.3**	**105.5**	**8.5**	**290.7**	**36.9**	**6.2**

f. Equity Price Risk

Equity price risk is the risk that the fair value of either a traded or non traded equity investment, derivative equity instrument, or a portfolio of such financial instruments, increases or decreases in the future. The Group is exposed to equity price risk on all traded and/or non traded financial instruments measured at fair value.

Notes to the Consolidated Financial Statements continued

	June 2013 A$m	June 2012 A$m
30. Commitments[1]		
The Group leases various land and buildings, and plant and equipment under non cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.		
a. Operating Lease Commitments		
The estimated aggregate amount of non cancellable operating lease expenditure agreed or contracted but not provided for in the financial statements is as follows:		
Land and buildings – self occupied	223.2	249.1
Plant and equipment	9.3	10.3
	232.5	**259.4**
At balance date, commitments in relation to non cancellable operating leases are payable as follows:		
Due within one year	69.7	68.7
Due between one and five years	132.8	146.0
Due later than five years	30.0	44.7
	232.5	**259.4**
b. Finance Lease Commitments		
At balance date, commitments in relation to the finance leases are payable as follows:		
Due within one year	165.8	33.8
Due between one and five years	88.3	222.2
Recognised as a liability	**254.1**	**256.0**
Lease liabilities provided for in the financial statements are as follows:		
Current	165.8	33.8
Non current	88.3	222.2
	254.1	**256.0**
c. Investments		
At balance date, capital commitments existing in respect of interests in equity accounted investments and other investments contracted but not provided for in the financial statements are as follows:		
Due within one year	111.9	79.9
Due between one and five years	351.8	18.6
Due later than five years		2.0
	463.7	**100.5**

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

Notes to the Consolidated Financial Statements continued

31. Notes to the Statement of Cash Flows

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

	June 2013 A$m	June 2012 A$m
Profit After Tax (Including Non Controlling Interest)	**552.5**	**503.1**
Amortisation and depreciation	86.9	77.4
Net gain on sale of investments, plant and equipment	(116.7)	(97.8)
Impairment of equity accounted investments	3.1	
Impairment of other financial assets	2.0	
Impairment of property, plant and equipment	0.6	
Net unrealised foreign exchange loss/(gain) and currency hedging costs	5.8	24.2
Net fair value loss on investments	1.6	1.5
Profit of equity accounted investments	(152.7)	(182.8)
Dividends/distributions from equity accounted investments	144.1	148.1
Fair value gain on investment properties	(25.6)	(38.1)
Other	(13.7)	0.2
Net cash provided by operating activities before changes in assets and liabilities	**487.9**	**435.8**
Changes in Assets and Liabilities Adjusted for Effects of Purchase and Disposal of Consolidated Entities and Operations During the Financial Year		
Increase in receivables	(428.0)	(78.1)
Increase in inventories	(42.8)	(249.1)
Decrease/(increase) in other assets	27.6	(55.4)
Increase in net defined benefit plan assets	(14.8)	(21.5)
(Decrease)/increase in payables	(6.4)	35.9
(Decrease)/increase in other liabilities	(3.6)	12.4
Decrease/(increase) in deferred tax items	97.8	(91.5)
Increase in current tax asset	(41.1)	(37.0)
Increase in other provisions	11.8	8.2
Decrease/(increase) in other intangibles	6.5	(5.8)
Net cash provided by/(used in) operating activities	**94.9**	**(46.1)**

Notes to the Consolidated Financial Statements continued

32. Employee Benefits

a. Lend Lease Employee Security Plans

Currently employees own approximately 6.86% (June 2012: 6.91%) of the issued capital of the Group through various Lend Lease employee security plans, details of which are outlined below.

- Australia: Employee Share Acquisition Plan ('ESAP'): ESAP was established in December 1988 for the purpose of employees acquiring securities in the Group and is funded by Lend Lease subscriptions. Those subscriptions have been used to acquire securities in the Group at market value on behalf of employees, who may be nominated as members of ESAP. Employees may also be allocated securities by way of bonus arrangements on the basis of individual, corporate and business unit performance.
- UK/Europe/Asia: Employee Share Plan: The European (Guernsey-based) Restricted Share Plan ('the Restricted Share Plan') was established in 1998. The Plan is similar in operation to the Australia-based ESAP. Securities in the Restricted Share Plan may be allocated to employees in the UK, Europe and Singapore based on individual and business unit performance. The Restricted Share Plan can acquire the Group securities at market value on behalf of employees. The value of allocations to employees is ultimately based on a combination of the Group security price and the respective currencies and Australian dollar exchange rates.
- In 2002, two UK-based Inland Revenue approved Share Incentive Plans ('SIP') were established for the acceptance of employee profit share contributions used to acquire Group securities for UK-based Group employees. These plans are currently not accepting new contributions whilst Lend Lease makes all profit share payments to employees in cash.
- Americas: US Rabbi Trust ('Rabbi Trust') was established in 2004 and updated in 2005 for the acceptance of employee profit share contributions used to acquire Group securities for US-based employees. This part of the plan is not currently accepting new contributions and only holds cash or short term investments. Since 2009 the Rabbi Trust has acquired Group securities at market value in respect of bonus arrangements for employees. Group securities may be released to employees following a deferral period. The value of releases is based on individual, business unit and Group performance.

Eligibility

The rules for eligibility for particular plans are determined by reference to the regulatory, legal and tax rules of each country in which the Group operates.

Distributions and/or Voting Rights

Generally, employees in the various operating security plans are entitled to distributions and voting rights for allocated securities. The plans reflect this intention subject to regulatory, legal and tax constraints. Voting and distribution rights on any unallocated securities reside with the trustees of the relevant security plan trusts. The trustee may exercise these rights in accordance with any fiduciary or governance rules pertaining to the deed or trust laws in the legal and tax jurisdiction within which the trust operates.

b. Lend Lease Employee Benefit Vehicles

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

RBF was established in 1984 with shareholder approval for the benefit of employees. The balance of the assets of RBF at 30 June 2013 was 14.9 million (June 2012: 14.9 million) Group stapled securities.

The Lend Lease securities in RBF are not available for allocation to employees other than in the event of a change of control of the Group and, in accordance with RBF's trust deed, the capital of the trust is not available to the Group.

The RBF trustee is independent of the Group. In the event of a change of control, the RBF trustee may distribute RBF funds to employees who cease to be employees during the 12 months after a change of control. The RBF trustee has discretion as to how RBF funds are distributed following a change of control. Under Australian Accounting Standards, RBF, while not legally controlled, is required to be consolidated for accounting purposes and payments from it on a change of control will impact the Group's financial statements. Any payments that the RBF trustee may make as a result of a change of control of the Group are an obligation of RBF and not the Group. Any payments made will need to be funded by RBF and therefore cannot exceed the value of the assets of RBF, which was A$133.0 million at 30 June 2013 (June 2012: A$115.9 million). However, as RBF is consolidated by the Group, this potential obligation is disclosed as a contingent liability.

EIT was established in 1985 to enable employees to invest in the Group. At 30 June 2013, 10.9 million (June 2012: 10.9 million) Group securities were held by EIT, of which 10.6 million securities were available for allocation to employees. In accordance with EIT's trust deed, the capital of the EIT is not available to the Group. As with RBF, Australian Accounting Standards require consolidation of EIT for accounting purposes, regardless of the control of EIT by an independent trustee. Therefore payments from EIT impact the Group's financial statements. On a change of control, the EIT trustee may (but is not required to) terminate the trust and distribute allocated proceeds to employees and unallocated proceeds to the Lend Lease Superannuation Fund or to RBF. Any payments are an obligation of EIT and not the Group, and cannot exceed the assets of the EIT of A$95.2 million as at 30 June 2013 (June 2012: A$82.7 million). No contingency is recorded in these financial statements as the potential for such payments is remote, with any termination of EIT in such circumstances, and any subsequent distribution to other funds, entirely at the discretion of the EIT trustee.

It should be noted that given the timing and basis on which these vehicles purchased their Group securities, any capital gains tax payable on the Lend Lease securities sold by these vehicles as a result of a change of control (or otherwise) may be recognised from an accounting viewpoint as a tax expense of the consolidated entity.

Notes to the Consolidated Financial Statements continued

32. Employee Benefits continued

b. Lend Lease Employee Benefit Vehicles continued

Short Term Incentives ('STI')

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

The STI plan comprises a cash element which is paid in September following year end. For more senior employees, where potential benefit is typically higher, the plan also includes a deferred element.

Deferral periods are generally for one or two years (up to three years in the case of the CEO as an interim measure for 2013). The deferred element is normally awarded as Lend Lease securities and in some instances as cash. Securities are held in Lend Lease Employee Security Plans on behalf of the employee for the deferral period. For employees to receive the full deferral, they must generally be employed by the Group at the date of vesting.

Long Term Incentives ('LTI')

The LTI plan is designed to:

- Motivate Senior executives to achieve the Group's long term strategic goals and only provide reward where the Group delivers better securityholder value than its peers; and
- Align the interests of executives and securityholders given that the value received is linked to the Group's security price.

An annual grant of 'performance securities' is made to a limited number of executives in September each year. The Board, based on the recommendation of the Personnel and Organisation Committee, intends that performance securities can be converted to Lend Lease securities or paid as a cash equivalent if the performance hurdle is achieved over a three year and four year period.

In the event of a change in control of the Group, awards will vest upon change in control, to the extent that performance conditions have been met. Participants would then be entitled to a pro rata settlement.

Arrangements for LTI Awards Granted in the June 2010 Financial Year

For awards granted 1 September 2009, the performance hurdle is based on two equal measures: long term profitability as measured by Earnings per Security ('EPS') and Total Securityholder Return ('TSR') compared with the TSR of the individual ASX 100 listed companies as at the commencement of the performance period. The performance measures are:

- TSR measured against the ASX 100 companies (with 50% vesting at median performance, rising proportionately to 100% on reaching 75th percentile performance); and
- EPS on the basis of EPS reported in the Group's financial statements adjusted for exclusion of treasury securities.

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

Arrangements for LTI awards in the June 2011 and June 2012 Financial Years

For awards granted 1 September 2010 and 1 September 2011 the performance hurdle is based on TSR compared with the TSR of the individual ASX 100 listed companies at the commencement of the performance period. TSR is measured against ASX 100 companies (with 50% vesting at median performance, rising proportionately to 100% on reaching 75th percentile performance).

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

Other LTI Awards

A limited number of other LTI awards have been granted to executives by the Board, based on the recommendation of the Personnel and Organisation Committee. These awards tend to have performance hurdles based on internal business unit performance targets, such as earnings before tax, operating margins and funds under management. The relevant performance hurdles must be satisfied in order for awards to vest, but the hurdles can vest independently. The executive must remain with the Group until vesting date for the award to vest.

Amounts Recognised in the Financial Statements

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

During the financial year ended 30 June 2013, a A$30.1 million expense was recognised in the Income Statement in relation to equity settled security based payment awards (June 2012: A$25.1 million). This was partially offset by a net accrual reversal of A$0.2 million relating to previously accrued expenses.

Notes to the Consolidated Financial Statements continued

33. Key Management Personnel Disclosures

Key management personnel compensation details are set out in Section 3 of the Directors' Report.

Equity Holdings and Transactions

Security Holdings Financial Year Ended 30 June 2013

	Year	Securities Held at Beginning of Financial Year	Securities Received During the Year[1]	Other Net Change to Securities	Securities Held at End of Financial Year
Non Executive Directors					
D Crawford	2013	74,510		1,041	75,551
	2012	73,723		787	74,510
C Carter	2013	15,000			15,000
	2012			15,000	15,000
P Colebatch	2013	18,323			18,323
	2012	18,323			18,323
G Edington	2013	40,068			40,068
	2012	40,068			40,068
P Goldmark	2013	24,794			24,794
	2012	24,794			24,794
J Hemstritch	2013	20,000			20,000
	2012			20,000	20,000
J Hill[2]	2012	14,324			14,324
D Ryan	2013	31,273			31,273
	2012	31,273			31,273
M Ullmer	2013	25,000			25,000
	2012			25,000	25,000
Executive Director					
S McCann[3]	2013	378,596	366,356	(297,548)	447,404
	2012	144,636	230,430	3,530	378,596
Executives					
T Gupta[4]	2013	58,340	40,893	(80,355)	18,878
S Hipperson[5]	2013				
D Labbad	2013	30,276	25,289		55,565
	2012	431	29,845		30,276
R Leaver	2013	57,878	29,865		87,743
	2012	20,701	37,177		57,878
A Lombardo	2013	82,247	51,313	(27,000)	106,560
	2012	38,621	43,626		82,247
R McNamara	2013	3,247	43,317		46,564
	2012		3,247		3,247
D Saxelby[6]	2013				
S Charlton[7]	2012	5,000	11,740		16,740
M Menhinnitt[8]	2012	122,245	71,291		193,536
C Van der Laan de Vries[9]	2012				
Total	2013	859,552	557,033	(403,862)	1,012,723
Total	2012	534,139	427,356	64,317	1,025,812

1 For the Executive Director and executives, securities received relates to security entitlements under employee benefit vehicles.
2 J Hill retired 15 November 2012.
3 Includes 141,367 securities from a retention award which vested 30 June 2012 and transferred to S McCann in the current period.
4 T Gupta commenced as Key Management Personnel on 24 October 2012.
5 S Hipperson commenced as Key Management Personnel on 1 October 2012.
6 D Saxelby commenced as Key Management Personnel on 18 February 2013.
7 S Charlton ceased as Key Management Personnel on 30 June 2012.
8 M Menhinnitt ceased as Key Management Personnel on 17 February 2013.
9 C Van der Laan de Vries ceased as Key Management Personnel on 31 December 2012.

Notes to the Consolidated Financial Statements continued

33. Key Management Personnel Disclosures continued

Key Management Personnel Compensation

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

	June 2013 A$000s	June 2012 A$000s
Short term employee benefits	15,627	17,169
Post employment benefits	447	416
Security based payments	7,111	5,807
Other long term benefits	82	78
	23,267	**23,470**

Loans to Key Management Personnel

No loans were made to key management personnel or their related parties during the current year or prior year.

Other Transactions with Key Management Personnel

From time to time, Directors and executives of the Company or its consolidated entities, or parties related to them, may purchase goods from the consolidated entity. These purchases are on terms and conditions no more favourable than those entered into by unrelated customers.

34. Non Key Management Personnel Related Party Information

Consolidated Entities

Lend Lease Corporation Limited

Lend Lease Corporation Limited provides a wide range of corporate services to its consolidated entities. Corporate management fees and/or guarantee fees are charged to these entities for these services. These services principally relate to:

- Administration, company secretarial, accounting, legal, tax, insurance, information technology and public relations;
- Human resources and employee services including the administration of salaries and superannuation, the provision of a defined benefit plan for a number of Australian employees (refer to Note 17 'Defined Benefit Plan Asset') and employee security based payment plans (refer to Note 24 'Reserves' and Note 32 'Employee Benefits'); and
- Finance and treasury services, which includes working capital facilities and long term financing. Interest is earned or incurred only on long term loans provided to or drawn with subsidiaries based on project specific risks and returns. Outstanding balances arising from working capital facilities and long term financing are typically unsecured and repayable on demand. In addition, guarantees are provided to particular Group entities in respect of their obligations. These include bonding and bank guarantee facilities used primarily by the Construction business as well as performance guarantees for certain Development business commercial built-form developments. Guarantee fees are charged under normal terms and conditions.

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

	Company	
	June 2013 A$000s	June 2012 A$000s
Transactions		
Corporate management fees	44,381	44,410
Guarantee fees	10,172	13,734
Dividend income	221,634	230,126
Interest income	14,187	8,591
Interest expense	73,611	19,160
Outstanding Balances (Net of Provisions Raised)		
Receivables	3,985,088	3,926,944
Payables	2,958,186	2,201,105

Notes to the Consolidated Financial Statements continued

34. Non Key Management Personnel Related Party Information continued

Consolidated Entities

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

- Provision of project management, design services, construction management and engineering services to development projects;
- Provision of payroll, transaction and management services;
- Provision of investment management services;
- Receipt and payment of superannuation contributions;
- Reimbursement of expenses made on behalf of subsidiaries;
- Loan advances and repayments between subsidiaries;
- Premium payments and receipts for the Group's insurance policies; and
- Dividends received or due and receivable from subsidiaries.

Associates and Joint Venture Entities

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

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

- Development: development management services and the sale and purchase of development properties with Lend Lease managed funds;
- Construction: provision of project management, building, engineering and construction services;
- Investment Management: provision of property and infrastructure investment management, property management and asset management services; and Infrastructure Development: provision of project management, engineering and construction services and asset management services. Loan stock is also provided to projects on which interest is earned based upon project specific risks and returns.

A subordinated non interest bearing loan previously provided to a joint venture was repaid in full during the year (June 2012 balance: A$30.1 million). A non interest bearing loan has also been provided to a joint venture and at 30 June 2013 the loan balance was A$30.6 million (June 2012: A$31.5 million).

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

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

	June 2013 A$m	June 2012 A$m
Revenue		
Provision of services		
Associates	19.0	33.2
Joint venture entities	453.7	388.3

Other transactions and outstanding balances with associates and joint venture entities have been disclosed in Note 2 'Revenue', Note 3 'Other Income', Note 4 'Operating Expenses', Note 5 'Finance Revenue and Finance Costs', Note 10 'Loans and Receivables' and Note 18 'Trade and Other Payables'.

Notes to the Consolidated Financial Statements continued

35. Parent Entity Disclosures

The following summarises the financial information of the Group's parent entity, Lend Lease Corporation Limited ('the Company'), as at and for the year ended 30 June 2013.

	Company	
	June 2013 A$m	June 2012 A$m
Results		
Profit after tax	60.1	189.5
Other comprehensive income after tax		
Total comprehensive income after tax	**60.1**	**189.5**
Financial Position		
Current assets	3,915.6	3,899.5
Non current assets	1,946.0	1,840.9
Total assets	**5,861.6**	**5,740.4**
Current liabilities	3,013.7	2,226.5
Non current liabilities	33.7	33.8
Total liabilities	**3,047.4**	**2,260.3**
Net assets	**2,814.2**	**3,480.1**
Issued capital	1,599.9	2,077.6
Treasury securities	(119.0)	(114.1)
Reserves	221.9	213.8
Retained earnings	1,111.4	1,302.8
Total equity	**2,814.2**	**3,480.1**

Parent Entity Contingencies

In respect of the contingent liabilities of the Group disclosed in Note 25 'Contingent Liabilities', the Company participates in the provision of guarantees of Group entities and manages the legal action in relation to the World Trade Center.

36. Events Subsequent to Balance Date

Since 30 June 2013, the Group subscribed for units in Australian Prime Property Fund Commercial ('APPFC') for a total investment of A$225.0 million.

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

Directors' Declaration

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

1. The financial statements and notes and the remuneration disclosures contained in the Remuneration Report in the Directors' Report are in accordance with the *Corporations Act 2001*, including:
   a. Giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2013 and of their performance for the financial year ended on that date; and
   b. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.1.
3. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Group Chief Executive Officer and Group Chief Financial Officer for the financial year ended 30 June 2013.

Signed in accordance with a resolution of the Directors:

D A Crawford, AO
Chairman

S B McCann
Group Chief Executive Officer & Managing Director

Sydney, 23 August 2013

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

Report on the financial report

We have audited the accompanying financial report of Lend Lease Corporation Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2013 and consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 36 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the remuneration report

We have audited the remuneration report included in section 3 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Lend Lease Corporation Limited for the year ended 30 June 2013, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

S J Marshall
Partner

Sydney

23 August 2013