Lend Lease

ASX Announcement

Results for Announcement to the Market

26 February 2014

Lend Lease Group today announces its results for the half year ended 31 December 2013. Attached are the following documents:

- Preliminary Final Report (Appendix 4D)
- Full Year Consolidated Financial Report
  - Management Discussion & Analysis of Financial Condition and Results of Operations
  - Portfolio Report
  - Five Year Profile
  - Directors' Report
  - Consolidated Financial Statements
  - Independent Auditor's Report

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and
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Lend Lease Group

Appendix 4D

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

Preliminary Half Year Report for the period ended 31 December 2013
(previous corresponding period being the period ended 31 December 2012)

Results for Announcement to the Market

Profit After Tax

	6 months December 2013 A$m	6 months December 2012[1] A$m	% Change
Revenue	6,506.7	6,753.6	(3.7)
Profit after tax attributable to securityholders	251.6	300.9	(16.4)

1 December 2012 Income Statement has been adjusted to reflect the impact of the first time adoption of the revised AASB 119 *Employee Benefits* standard and the new AASB 11 *Joint Arrangements* standard (refer to Note 1.3 'Impact of New/Revised Accounting Standards' in the attached December 2013 Half Year Consolidated Financial Report).

Stapling arrangement

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

Distributions

	Amount per security	Franked amount per security
Interim distribution – payable 21 March 2014	22.0 cents	0.0 cents

The interim distribution is comprised of an unfranked dividend of 17.500105 cents per share payable by the Company, sourced from the Conduit Foreign Income ('CFI') account, and a trust distribution of 4.499895 cents per unit payable by LLT.

The record date for determining entitlement to the interim distribution is 7 March 2014 ('Record Date') and the distribution is payable on 21 March 2014.

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 7 March 2014. 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 five consecutive business days immediately following the Record Date. Stapled securities issued under the DRP rank equally with all other stapled securities on issue.

Additional Information

	December 2013	June 2013[1]
Net tangible assets per security	A$5.46	A$5.22

1 June 2013 Statement of Financial Position has been adjusted to reflect the impact of the first time adoption of the revised AASB 119 *Employee Benefits* standard and the new AASB 11 *Joint Arrangements* standard (refer to Note 1.3 'Impact of New/Revised Accounting Standards' in the attached December 2013 Half Year Consolidated Financial Report).

The remainder of the information requiring disclosure to comply with listing rule 4.2A.3 is contained in the attached December 2013 Management Discussion and Analysis and December 2013 Half Year 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 half year ended 31 December 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.

December 2012 and June 2013 balances, where relevant, have been adjusted to reflect the impact of the first time adoption of the revised AASB 119 *Employee Benefits* standard and the new AASB 11 *Joint Arrangements* standard (refer to Note 1.3 'Impact of New/Revised Accounting Standards' in the Consolidated Financial Statements for further details).

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'. 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:

- **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.

The Group made further progress implementing its strategy during the period with the following key highlights.

Performance Highlights

	Development Pipeline A$b	Residential Settlements units	Residential Pre Sales A$m	Construction Backlog A$b	FUM A$b	AUM A$b	Property Investments[3] A$b	Infrastructure Investments[4] A$m
December 2013	38.4	1,317	1,516	15.5	15.8	13.6	2.2	519.2
June 2013	37.4	833[1,2]	945[1]	16.2	15.0	12.5	1.5	374.2
% movement	+3%	+58%	+60%	-4%	+5%	+9%	+47%	+39%

1 Relates to December 2012.
2 Excludes settlement of 9,152 units at Greenwich Peninsula Regeneration Limited which were divested in July 2012.
3 Represents the Group's assessment of market value.
4 Represents the Group's committed and invested equity.

- **Development:** pipeline end value remains strong at A$38.4 billion; improved residential performance with A$1.5 billion of pre sold revenue; progress in commercial with additional tenant pre-commitments at Barangaroo;
- **Construction:** closing backlog revenue of A$15.5 billion positions the business well for future periods;
- **Investment Management:** growth in funds under management (FUM) and performance fees on investment mandates has delivered a strong performance, this along with additional investment into the APPF (Australian Prime Property Fund) platform in the period has increased annuity income;
- **Infrastructure Development**: the financial close of Darling Harbour Live in the period takes the Group's equity investment in the sector to A$519.2 million, with the business well positioned to access new pipeline opportunities.

Financial Highlights

	EBITDA A$m	Profit After Tax A$m	Effective Tax Rate %	Operating Cash Flow A$m	Net Debt A$m	Gearing %	ROE %	Interim Distribution Cents
December 2013	398.3	251.6	14.9	(211.0)	1,629.9	12.5	11.6	22
December 2012	426.3	300.9	13.2	(47.5)	620.8[1]	5.4[1]	15.4	22
% movement	-7%	-16%	+1.7%	-344%	+163%	+7.1%	-3.8%	Nil

1 Relates to June 2013.

- **EBITDA** reflects an increased contribution from Investment Management, a reduction in Corporate costs and a reduction in Development and Construction earnings. The prior period included earnings relating to the first two commercial towers at Barangaroo South and the divestment of Greenwich Peninsula Regeneration Limited;
- **Profit after tax** is down 16% and includes an increase in depreciation and amortisation associated with the Group's transformation program and a reduced recognition of tax deductions associated with the retirement living business;
- **Effective tax rate** is 14.9% (December 2012: 13.2%) mainly due to benefits from the recognition of tax deductions associated with the retirement living business and a higher earnings contribution from the Singapore business;
- **Operating cash outflows** of A$211.0 million are largely due to net investment into Development projects in the period;
- **Net debt and gearing %** increase is a result of the investment in Development production and the APPF platform.

Securityholder Returns

		December 2013	December 2012	Percentage Movement
Earnings per stapled security on profit after tax	cents	43.7	52.5	(17%)
Weighted average stapled securities	no.	576.1	573.6	0%
Franking	%	0	0	0%
Payout ratio on profit after tax	%	50	42	8%

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

Overview

Business Performance

The Group is focused on the delivery and execution of its major projects, disciplined portfolio management, driving operational efficiencies and allocating capital to key growth platforms.

Development

	December 2013	June 2013	December 2012
Pipeline end value (A$b)	38.4	37.4	35.2
Settlements (units)	1,317	2,522[1]	833[1]
Pre sales (units)	3,101	2,143	1,970
Pre sales gross value (A$m)	1,516	872	945
Primary and resale retirement units settled (units)	566	1,000	463
Retirement villages (units)	70	71	72
Retirement units (units)	12,705	12,417	12,747
EBITDA margin (%)	48%	30%	29%

1 Excludes settlement of 9,152 units at Greenwich Peninsula Regeneration Limited which were divested in July 2012.

With continued investment in the period the Development business has performed strongly. Key achievements in the period included:

- Tenant pre-commitments of 77% (June 2013: 71%) for the commercial space in the first two towers at **Barangaroo South**;
- Continued negotiations with Crown for the development of an international hotel and casino at **Barangaroo South**;
- **Increased residential settlements** of 58% reflecting improved trading in residential land lots in Australia and built-form completions at Victoria Harbour and Richmond in Australia, and the Green Quarter development in Manchester, UK;
- **Pre sold revenue of A$1.5 billion** driven by Anadara and Alexander at Barangaroo South (100% pre sold at launch); 'The Green' at RNA (78% pre sold) and Concavo at Victoria Harbour (87% pre sold) in Australia and One the Elephant (68% pre sold) and Trafalgar Place (81% pre sold), both at Elephant & Castle in the UK;
- Detailed **planning permission** achieved on residential units in the UK at Glasshouse Gardens, The International Quarter and Cobalt Place, Wandsworth, which is 14% pre sold;
- Acquisition of seven **retirement villages** in Australia previously under management.

Construction

	December 2013	June 2013	December 2012
Backlog revenue (A$b)	15.5	16.2	16.3
Backlog realisation (%)	34%[1]	56%[2]	34%[1]
EBITDA margin (%)	3%	3%	4%

1 Realisation in the second half of the financial year.
2 Realisation in the following financial year.

The Construction business has been impacted by challenging market conditions in the period, however, the significant backlog will underpin earnings in future periods. Key achievements in the period included:

- Closing **backlog revenue** of A$15.5 billion (June 2013: A$16.2 billion) which is made up of Building (A$12.7 billion), Engineering (A$1.8 billion) and Services (A$1.0 billion). Key wins in the period include Darling Harbour Live and Monash Children's Hospital in Australia; and 22 Water Street, Boston and Winston-Salem Veterans Affairs Healthcare Center, North Carolina in the US.

Investment Management

	December 2013	June 2013	December 2012
FUM[1] (A$b)	15.8	15.0	13.2
AUM[1] (A$b)	13.6	12.5	10.3
Investments[1] (A$b)	2.2	1.5	1.4
EBITDA margin (%)	85%	54%	55%

1 Represents the Group's assessment of the market value.

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

Overview

Business Performance continued

Investment Management continued

The Investment Management business has been a significant contributor to the current period following the strong performance of the managed platforms and additional investment during the period. Key achievements in the period included:

- **Funds under management** of A$15.8 billion (June 2013: A$15.0 billion); increase is due to the APPF Commercial acquisition of 485 La Trobe Street in Melbourne;
- **Assets under management** of A$13.6 billion (June 2013: A$12.5 billion); increase is due to the completion of Craigieburn Central shopping centre;
- **Investments** at market value of A$2.2 billion (June 2013: A$1.5 billion); increase is due to investment in APPF Commercial and Industrial.

Infrastructure Development

	December 2013	June 2013	December 2012
Number of projects[1]	52	52	51
Committed and invested equity (A$m)	519.2	374.2	328.5
Backlog revenue (A$m)	2,181.0	1,885.9	2,501.2
EBITDA margin (%)	27%	44%	42%

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

The Infrastructure Development business is well positioned in both the Australian and American markets to contribute strongly to future earnings. Key achievements in the period included:

- Financial close achieved on the redevelopment of the Sydney Convention Centre at Darling Harbour Live.

Corporate

Key achievements in the period included:

- Completion of a A$3.25 billion syndicated multi-option banking facility. The facility refinances existing facilities and is comprised of a A$1.5 billion revolving loan facility and a A$1.75 billion bank guarantee facility.

	Revenue[1]		EBITDA		Profit/(Loss) After Tax	
Income Statement	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m
Development	300.3	725.5	144.6	212.9	129.2	204.6
Construction	5,891.4	5,796.9	152.2	209.9	75.0	127.2
Investment Management	164.7	88.8	140.4	49.0	114.5	35.9
Infrastructure Development	158.2	149.5	42.8	62.5	30.2	45.3
Total operating businesses	**6,514.6**	**6,760.7**	**480.0**	**534.3**	**348.9**	**413.0**
Total Corporate	11.4	16.0	(81.7)	(108.0)	(97.3)	(112.1)
Total statutory	**6,526.0**	**6,776.7**	**398.3**	**426.3**	**251.6**	**300.9**

1 Includes revenue and finance revenue.

Profit after tax decreased by A$49.3 million to A$251.6 million.

- **Development** profit after tax decreased by A$75.4 million to A$129.2 million. The results include an improved performance from Communities Australia. The prior period included earnings relating to the first two commercial towers at Barangaroo South and the divestment of Greenwich Peninsula Regeneration Limited;
- **Construction** profit after tax decreased by A$52.2 million to A$75.0 million, primarily due to challenging market conditions in Australia and the UK and costs related to the restructure of operations in these regions;
- **Investment Management** profit after tax increased by A$78.6 million to A$114.5 million, due to additional investment income from the increased investment in APPF Commercial and APPF Industrial and performance fees from Lend Lease Asian Retail Investment Fund 3 (ARIF 3) and Lend Lease Asian Retail Investment Fund 2 (ARIF 2) based on the stabilisation of Jem® and Setia City Mall, respectively;
- **Infrastructure Development** profit after tax decreased by A$15.1 million to A$30.2 million. The current period includes fees relating to the financial close of Darling Harbour Live. The prior period included fees relating to the financial close of Sunshine Coast University Hospital and Eastern Goldfields Regional Prison;
- **Corporate** costs after tax decreased by A$14.8 million to A$97.3 million. The prior period was impacted by costs relating to the Group's transformation program and the Abigroup investigation.

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

Overview

Financial Performance

Income Statement	December 2013 A$m	December 2012 A$m	Percentage Movement
Revenue and other income	6,588.3	6,874.7	(4%)
Cost of sales and other expenses	(6,225.5)	(6,473.4)	4%
Share of profit of equity accounted investments	35.5	25.0	42%
EBITDA	**398.3**	**426.3**	**(7%)**
Depreciation and amortisation	(48.8)	(39.5)	(24%)
EBIT	**349.5**	**386.8**	**(10%)**
Net finance costs	(53.8)	(39.4)	(37%)
Profit before tax	**295.7**	**347.4**	**(15%)**
Income tax expense	(44.1)	(46.0)	4%
External non controlling interests		(0.5)	100%
Profit after tax attributable to securityholders	**251.6**	**300.9**	**(16%)**

- **Revenue and other income** has decreased by A$286.4 million mainly due to the prior period including A$355.1 million of revenue relating to the first two commercial towers at Barangaroo South;
- **EBITDA** has been impacted by challenging construction market conditions in Australia and the UK and costs related to the restructure of operations in these regions;
- **Depreciation and amortisation** increase is driven by the Group's transformation programme;
- **Net finance cost** increase is due to increased debt balances in the period.

Financial Position

Statement of Financial Position	December 2013 A$m	June 2013 A$m	Percentage Movement
Cash and cash equivalents	1,066.5	1,609.5	(34%)
Inventories	3,364.4	2,943.7	14%
Equity accounted investments	610.5	486.8	25%
Investment properties	4,644.1	4,052.3	15%
Other financial assets	986.9	550.9	79%
Other assets	4,736.1	4,657.7	2%
Total assets	**15,408.5**	**14,300.9**	**8%**
Non current borrowings and financing arrangements	2,591.2	1,976.2	(31%)
Other financial liabilities	126.3	270.0	53%
Other liabilities	8,222.1	7,787.9	(6%)
Total liabilities	**10,939.6**	**10,034.1**	**(9%)**
Net assets	**4,468.9**	**4,266.8**	**5%**

- A strong liquidity position of over A$2.0 billion, with **cash and cash equivalents** of A$1,066.5 million and **undrawn committed bank facilities** of A$940.5 million;
- **Inventories** increased by A$420.7 million to A$3,364.4 million, largely due to an increase in work in progress in relation to Australian development projects, primarily Barangaroo South and Elephant & Castle in the UK;
- **Bluewater** is held as inventory at cost, which at 31 December 2013 was A$507.5 million (June 2013: A$444.2 million). The market value of 100% of Bluewater at 31 December 2013 was £1,838.0 million (June 2013: £1,830.0 million) and therefore the Group's 30% direct interest increased by 13% to A$1,021.1 million (June 2013: A$900.0 million);
- **Equity accounted investments** increased by A$123.7 million to A$610.5 million, largely attributable to an increase in joint venture investments, with the award and financial close of Darling Harbour Live during the period;
- **Investment properties** increased by A$591.8 million to A$4,644.1 million, primarily due to the acquisition of seven retirement villages and other development properties;
- **Other financial assets** increased by A$436.0 million to A$986.9 million, primarily due to further investments in APPF;
- **Non current borrowings** increased by A$615.0 million, mainly due to draw downs of the revolving AUD syndicated and GBP club credit facilities. The AUD syndicated and bilateral credit facilities have been refinanced and replaced with a A$3.25 billion syndicated multi-option banking facility. The facility comprises of a A$1.5 billion revolving loan facility and a A$1.75 billion bank guarantee facility;
- **Other financial liabilities** decreased during the period following the repayment of the Bluewater finance lease. The remaining financial liabilities primarily relate to finance leases in the Australia Construction business;
- **Other liabilities** increased by A$434.2 million to A$8,222.1 million, primarily due to an increase in retirement living resident liabilities arising from the acquisition of seven retirement villages.

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

Overview

Cash Flow

The Group had a net cash outflow in the period of A$543.0 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 profit. In previous periods the Group has provided an indication of these cash flows through a reclassification of cash flow from investing to operating. However, with the application of the new AASB 11 *Joint Arrangements* standard the reclassification in the current period is immaterial.

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

	December 2013 A$m	December 2012 A$m
Cash flows from operating activities	(211.0)	(47.5)
Cash flows from investing activities	(603.9)	112.9
Cash flows from financing activities	242.4	(23.4)
Effect of foreign exchange rate movements on cash and cash equivalents	29.5	(12.7)
Total cash flows	**(543.0)**	**29.3**

The key components of the net cash outflow include:

- **Operating** cash outflows of A$211.0 million are largely due to net investment of production capital into Development projects;
- **Investing** cash outflows of A$603.9 million include investments in APPF Commercial and APPF Industrial and acquisition of and capital expenditure on retirement living investment properties. The prior period included the proceeds from the sale of the Group's interest in Greenwich Peninsula Regeneration Limited;
- **Financing** cash inflows of A$242.4 million primarily relate to draw downs of the revolving AUD syndicated and GBP club credit facilities offset by the repayment of the Bluewater finance lease.

Group Funding

		December 2013	June 2013
Net debt[1]	A$m	1,629.9	620.8
Gross borrowings to total tangible assets[2]	%	19.1	17.1
Net debt to total tangible assets, less cash[3]	%	12.5	5.4
Interest coverage[4]	times	5.7	6.4
Average cost of debt including margins	%	5.25	5.7
Average debt duration	years	4.6	4.3
Debt mix fixed:floating	ratio	66:34	77:23
Undrawn facilities	A$m	940.5	1,099.4

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 EBITDA plus interest income, divided by interest finance costs, including capitalised finance costs.

On Balance Sheet Debt

	Available Facility (Local Currency)	Available Facility A$[1]	Drawn December 2013	Expiry
Syndicated multi-option facility[2]	A$1,500m	A$1,498.1m	A$898.1m	Various[3]
UK bond issue	£300m	A$549.1m	A$549.1m	Oct 21
Club revolving credit facility	£330m	A$611.2m	A$305.6m	Various[4]
US Private Placement	US$200m	A$224.5m	A$224.5m	Various[5]
Singapore bond	S$275m	A$231.8m	A$231.8m	Jul 17
Australian medium term notes	A$375m	A$372.3m	A$372.3m	Various[6]

1 Gross facility less unamortised transaction costs as recorded in the financial statements.
2 The syndicated multi-option facility refinanced the A$975 million syndicated credit facility and A$225 million bilateral credit facility.
3 A$600 million expires in December 2017 and A$900 million expires in December 2018.
4 £165 million expires in December 2016 and £165 million expires in December 2017.
5 US$175 million expires in October 2015 and US$25 million expires in October 2017.
6 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	
	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m
Development	219.5	684.9	121.9	170.1	112.5	164.8
Construction	3,574.8	3,724.5	97.0	146.5	51.9	94.0
Investment Management	61.4	46.5	50.3	19.6	40.8	13.2
Infrastructure Development	50.2	57.0	27.3	46.7	18.3	32.3
Total Australia	**3,905.9**	**4,512.9**	**296.5**	**382.9**	**223.5**	**304.3**

In **Australia**, profit after tax decreased by A$80.8 million to A$223.5 million.

- **Development** profit after tax decreased by A$52.3 million to A$112.5 million. The business experienced improved residential activity as the market strengthened; however, this was offset by lower revenue from the commercial sector compared to the prior period which included initial earnings relating to the first two commercial towers at Barangaroo South;
- **Construction** profit after tax decreased by A$42.1 million to A$51.9 million. The result for the period has been impacted by restructure costs (A$17.9 million after tax) associated with the transition to the new business structure, which took effect in August 2013 and bid costs incurred in pursuing major projects;
- **Investment Management** profit after tax increased by A$27.6 million to A$40.8 million mainly due to additional investment income from increased investments in APPF Commercial and APPF Industrial during the period;
- **Infrastructure Development** profit after tax decreased by A$14.0 million to A$18.3 million. The current period is comprised principally of fees received following the financial close on the redevelopment of the Sydney Convention Centre at Darling Harbour Live and an increase in asset and facilities management fees. The prior period included profit from fees received following the financial close of two projects: Sunshine Coast University Hospital and Eastern Goldfields Regional Prison.

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

- Development Agreement for **Batman's Hill**, a Melbourne redevelopment adjacent to Victoria Harbour, with a development end value of approximately A$1.5 billion;
- Financial close with Infrastructure NSW and the Sydney Harbour Foreshore Authority to deliver the A$1.0 billion PPP component of the NSW Government's **Darling Harbour Live** project to revitalise 20 hectares of Darling Harbour. 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% of the equity in the project vehicle.

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

- Negotiations with tenants continued, with signed pre-commitments now secured for 77% of the commercial floor space in the first two commercial towers following the signing of an Agreement For Lease with Gilbert + Tobin;
- Negotiations continued with Crown for the development of an international hotel and casino;
- In July 2013, planning approval was received for the first two residential buildings, Anadara and Alexander, totalling 159 apartments. These residential buildings were launched on 31 August 2013 with 100% pre sales achieved on launch. Early enquiry from potential customers for future stage residential towers is strong.

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	
	December 2013	December 2012	December 2013	December 2012	December 2013	December 2012	December 2013	December 2012
Settlements[1]								
Number of units	1,155	808	68	10			1,223	818
Gross sales value (A$m)	231.0	162.8	84.9	10.4	60.7	503.8	376.6	677.0
Pre sales[1,2]								
Number of units	1,874	1,460	802	502			2,676	1,962
Gross sales value (A$m)	400.5	314.0	767.0	360.8	103.2	267.6[4]	1,270.7	942.4
	December 2013	**June 2013**	**December 2013**	**June 2013**	**December 2013**	**June 2013**	**December 2013**	**June 2013**
Number of projects							37	38
Backlog[5]								
Zoned residential units	57,120	55,545	13,860	13,620			70,980	69,165
Unzoned residential units				466				466
Commercial (sqm/000s)					5,664	5,552	5,664	5,552

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 period and are expected to be recognised in future years. Pre sales land lots represent contracts entered into prior to 31 December 2013 that have not met the revenue recognition criteria. Pre sales built-form represents contracts entered into prior to 31 December 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.
4 December 2012 Commercial pre sales have been restated to include the full benefit of the Barangaroo contracts.
5 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.

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

- **Residential land lots:**
  - Settlements increased by 43%, reflecting improved trading in NSW from Jordan Springs, Ropes Crossing and Rouse Hill; in WA from Alkimos; and from South-East Queensland projects, including Yarrabilba and Springfield Lakes;
  - Pre sales increased by 28% from the prior period to 1,874 units demonstrating momentum leading into the second half of the 2014 financial year.
- **Residential built-form units**:
  - Settlements increased due to completions at Victoria Harbour and Richmond;
  - Average price per unit settled of A$1.2 million mainly relates to high rise, premium apartments at Victoria Harbour;
  - Pre sales increased by 60% to 802, attributable to pre sales of the Anadara and Alexander at Barangaroo South (100% pre sold); additional sales at 'The Green' at RNA, Brisbane (78% pre sold) and the launch of Concavo (87% pre sold);
  - Average price of pre sales increased primarily due to the launch of premium units at the Anadara and Alexander.
- **Commercial:**
  - During the period construction commenced on 'K1', the first commercial tower at RNA;
  - Gross sales value of A$60.7 million primarily relates to revenue from Barangaroo South and divestment of Merchant Street retail and a commercial building at Victoria Harbour. The prior period primarily related to initial earnings from the first two commercial towers at Barangaroo South.
- **Backlog**:
  - The reduction in the number of projects is due to the completion of Coolbellup, WA; Varsity Lakes, Qld; and Mawson Lakes, SA, offset by the inclusion of North Lakes, WA and Batman's Hill, Vic;
  - The Group executed a Development Agreement for the Batman's Hill, Vic redevelopment with an end development value of approximately A$1.5 billion. This contributed 605 units to residential built-form backlog and 120,000 square metres to commercial backlog;
  - The Group signed a Deed of Amendment for Springfield Lakes, an existing project, which contributed an additional 2,345 residential land lots to backlog.

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

Australia

Development continued

Retirement Living

Retirement Living includes the development, management and ownership of retirement villages.

	December 2013	December 2012
Primary and resale retirement units		
Number of units settled	566	463
Gross sales value of units settled (A$m)	203.2	157.6
Number of units reserved[1]	302	263

	December 2013	June 2013
Number of retirement villages[2]	70	71
Number of retirement units[2]	12,705	12,417
Backlog units – zoned	1,088	1,247

1 Reserved units are where a refundable deposit has been taken.
2 Includes 100% of Group-owned and managed properties.

Key trading events in the **Retirement Living** sector during the period include:

- **Settlements** of 566 units, an increase of 22%, largely due to improved trading conditions in NSW, Qld, Vic and WA;
- **Average price** per unit settled was A$359,011, an increase of 5% from the prior period;
- In addition, 302 units were reserved at 31 December 2013.

Construction

	December 2013	December 2012
Revenue (A$m)	3,574.8	3,724.5
Gross profit margin (A$m)	250.4	263.8
Profit after tax (A$m)	51.9	94.0
New work secured revenue (A$m)	3,249.4	4,823.5

	December 2013	June 2013
Backlog revenue (A$m)	9,168.2	9,560.9

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

- The restructure to Building, Engineering and Services businesses took effect, creating more effective and competitive operations and enabling greater leverage of skills and expertise, and improved operational systems and efficiencies;
- **Earnings** have been impacted by one-off restructure costs associated with transition to the new business structure and bid costs incurred in pursuing major projects in the period. In addition, a number of projects, whilst contributing to revenue in the period, are in the early stages of construction and will not contribute to earnings until future periods. These include Sunshine Coast University Hospital, New Bendigo Hospital, Darling Harbour Live and the Pacific Highway Nambucca Heads to Urunga upgrade;
- **New work secured** during the period was A$3.2 billion. This is down from the prior period which included the award of Sunshine Coast University Hospital. Key projects secured were:
  - **Building**: A$2.0 billion; the design and construction for the redevelopment of the Sydney Convention Centre at Darling Harbour Live; Department of Defence Project AIR 9000 Phase 8 MH-60R Helicopter Facilities, involving the construction of squadron, training, maintenance and storage facilities for new maritime combat helicopters in NSW; the role of managing contractor of a new 230 bed hospital at the Monash Children's Hospital, and the design and construction of new waterfront apartments along Victoria Harbour at Concavo, Vic;
  - **Engineering**: A$0.4 billion; the Bruce Highway Upgrade Vantassel to Cluden in Qld;
  - **Services**: A$0.8 billion; BHP Newman Mechanical, Electrical & Scaffolding, South-East Queensland Metropolitan Road Network Maintenance (JV) and Grosvenor Coal Power Infrastructure.

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

Australia

Construction continued

- **Backlog revenue** remains strong at A$9.2 billion and includes:
  - **Building**: A$6.4 billion; basement works and the first two commercial towers at Barangaroo South, Darling Harbour Live and the Dr Chau Chak Wing building at the University of Technology, Sydney in NSW; Sunshine Coast University Hospital and Queensland Children's Hospital in Qld; the Lakeside Joondalup Shopping Centre in WA; Box Hill Redevelopment in Vic; and Adelaide Convention Centre Redevelopment in SA;
  - **Engineering**: A$1.8 billion; Pacific Highway upgrade from Tintenbar to Ewingsdale and the M5 West Widening in NSW; and the Regional Rail Link project in Vic;
  - **Services**: A$1.0 billion; BHP mechanical, electrical and scaffolding services in Newman and Port Hedland; South-East Queensland metropolitan road network maintenance; water maintenance contracts with Yarra Valley Water, South East Water and Coliban Water; and Loy Yang major outage services.

Investment Management

	December 2013	June 2013
Funds under management (FUM)[1] (A$b)	10.6	10.3
Assets under management (AUM)[1] (A$b)	5.8	5.3
Investments[1] (A$b)	0.8	0.3

1 Represents the Group's assessment of the market value.

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

- **FUM** net increase of A$0.3 billion is mainly attributable to APPF Commercial and its acquisition of 485 La Trobe Street in Melbourne;
- The growth in funds under management and performance fees achieved on investment mandates has delivered a strong performance;
- **AUM** net increase of A$0.5 billion is mainly attributable to the completion of the Craigieburn Central shopping centre and the subsequent commencement of trading. This, along with the progress on the redevelopment of Lakeside Joondalup, has resulted in a solid performance from the retail asset management business;
- The Group's **ownership interest** increased in the period with the additional investments in **APPF Commercial** (A$225.0 million) and **APPF Industrial** (A$239.1 million).

Infrastructure Development

	December 2013	June 2013
Number of projects[1]	5	5
Estimated capital spend (A$m)	4,100.0	4,100.0
Invested equity (A$m)	67.7	44.1
Committed equity (A$m)	203.0	106.7

1 Number of projects includes projects where the Group is preferred bidder and combines extensions of existing projects.

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

- Financial close of **Darling Harbour Live** was achieved in the period, with construction commencing on 9 December 2013 and completion is scheduled for late 2016. Equity is being invested progressively over the construction period;
- The total number of projects includes one operational project and four projects which are under construction.

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

Asia

Key Financial Results

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

	Revenue		EBITDA		Profit/(Loss) After Tax	
	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m
Development	11.8	4.1	8.1	5.2	7.0	2.4
Construction	267.6	297.0	7.4	29.0	6.1	15.7
Investment Management	71.8	10.3	67.9	7.4	56.0	6.2
Total Asia	351.2	311.4	83.4	41.6	69.1	24.3

In **Asia**, profit after tax increased by A$44.8 million to A$69.1 million.

- **Development** profit after tax increased by A$4.6 million to A$7.0 million and primarily includes the performance fees achieved on stabilisation of Jem®(Singapore) and Setia City Mall (Malaysia);
- **Construction** profit after tax decreased by A$9.6 million to A$6.1 million, mainly due to the slowdown in telecommunication rollouts in Japan and the completion of the retail component of Jem® in the prior year;
- **Investment Management** profit after tax increased by A$49.8 million to A$56.0 million. The current period result includes performance fees from ARIF 3 and ARIF 2 based on the stabilisation of Jem® and Setia City Mall, respectively.

Development

- The Development business is focused on the conversion of pipeline opportunities across China, Japan, Malaysia and Singapore, including large retail mixed-use development projects as well as green refurbishments of existing buildings.

Construction

	December 2013	December 2012
Revenue (A$m)	267.6	297.0
Gross profit margin (A$m)	31.1	51.0
Profit after tax (A$m)	6.1	15.7
New work secured revenue (A$m)	112.3	213.6

	December 2013	June 2013
Backlog revenue (A$m)	353.4	475.7

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

- The Jem® development in Singapore was successfully completed;
- **New work secured revenue** of A$112.3 million includes Softbank Platinum Band, Merck West Campus API Waste Treatment Upgrade and Kokusai Denshin Denwa Technical 5. The prior period included the GEMS World Academy;
- **Backlog revenue** for the region is A$353.4 million with key projects including GEMS World Academy.

Investment Management

	December 2013	June 2013
Funds under management (FUM)[1] (A$b)	3.5	3.3
Assets under management (AUM)[1] (A$b)	3.7	3.5
Investments[1] (A$b)	0.2	0.2

1 Represents the Group's assessment of the market value.

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

- **FUM** and **AUM** increase in value primarily relates to positive foreign exchange movements;
- **FUM** have generally performed in line with benchmarks which include the Singapore 7-year government bond rate;
- **AUM** performance is supported by additional capital expenditure on Parkway Parade and 313@somerset shopping centres in Singapore.

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

Europe

Key Financial Results

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

	Revenue		EBITDA		Profit/(Loss) After Tax	
	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m
Development	50.6	4.7	11.4	33.3[1]	6.7	32.8
Construction	495.7	489.1	(17.2)	8.8	(18.4)	4.6
Investment Management	31.5	32.0	22.2	22.0	17.7	16.5
Infrastructure Development	87.5	74.4	(0.8)	1.7	2.2	4.5
Total Europe	**665.3**	**600.2**	**15.6**	**65.8**	**8.2**	**58.4**

1 Includes the divestment of Greenwich Peninsula Regeneration Limited.

In **Europe**, profit after tax decreased by A$50.2 million to A$8.2 million.

- **Development** profit after tax decreased by A$26.1 million to A$6.7 million. The current period includes land sales at St Clements (located near Bluewater) and at The International Quarter. The prior period included profit on the sale of the Group's interest in Greenwich Peninsula Regeneration Limited;
- **Construction** profit after tax decreased by A$23.0 million to a A$18.4 million loss, primarily due to reduced margins across the UK and Italy reflecting challenging market conditions, disposal of the Spanish construction business and the cost of restructuring operations in the UK. The prior period included trading profits from the North-West Europe Construction business and the profit arising from its subsequent disposal in November 2012;
- **Investment Management** profit after tax increased by A$1.2 million to A$17.7 million due to an increase in contribution by the UK Infrastructure Fund;
- **Infrastructure Development** profit after tax decreased by A$2.3 million to A$2.2 million and includes contribution from the facilities management business as well as the Group's remaining equity interests.

Development

	December 2013	December 2012
Settlements[1]		
Number of units settled[2]	94	9,167
Gross sales value of units settled (A$m)[2,3]	62.9	114.9
Pre sales[1,4]		
Number of pre sales	425	8
Gross sales value of pre sales (A$m)	245.2	2.6

	December 2013	June 2013
Number of projects	29	27
Backlog[5]		
Residential zoned units	5,789	5,394
Residential unzoned units	430	533
Commercial (sqm/000s)	397	389

1 Includes 100% of joint venture projects and therefore will not necessarily correlate with the Group's profit after tax.
2 December 2012 includes the divestment of Greenwich Peninsula Regeneration Limited and subsequent settlement of 9,152 units.
3 Gross sales value of units settled reflects residential revenue from projects.
4 Pre sales represent contracts entered into prior to 31 December 2013 that have not settled and therefore do not form part of profit after tax in the current period. These sales are expected to settle in future years. Joint venture sales are shown at 100% of sales value.
5 Backlog includes the total number of units in both Group-owned and joint venture projects.

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

- Land sales at St Clements (located near Bluewater) and at The International Quarter. The prior period included the sale of the Group's interest in Greenwich Peninsula Regeneration Limited;
- Detailed planning permission achieved on residential units at Glasshouse Gardens, The International Quarter and Cobalt Place, Wandsworth;
- **Settlements** in the current period relate to completions at the Green Quarter development in Manchester. The movement in settlements is largely due to the sale of Greenwich Peninsula Regeneration Limited in the prior period;
- **Pre sales** achieved on One the Elephant (68% pre sold), Trafalgar Place (81% pre sold) and Wandsworth (14% pre sold). The residential plots at The International Quarter (Glasshouse Gardens) were launched in January 2014;
- **Backlog** increased reflecting updated planning conditions at Elephant & Castle and The International Quarter.

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

Europe

Construction

	December 2013	December 2012
Revenue (A$m)	495.7	489.1
Gross profit margin (A$m)	34.1	45.9
(Loss)/profit after tax (A$m)	(18.4)	4.6
New work secured revenue (A$m)	505.3	729.4

	December 2013	June 2013
Backlog revenue (A$m)	1,461.6	1,260.3

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

- **Revenue** key contributors include the UK Ministry of Defence projects, Kingsgate House, Cramlington Hospital, the Birmingham Building Schools for the Future program and Chiswick Park Buildings 6 and 7;
- **Earnings** were impacted by reduced margins, reflecting challenging market conditions across the UK and Italy, disposal of the Spanish construction business and the cost of restructuring operations in the UK;
- **New work secured revenue** of A$505.3 million includes the redevelopment of Beacon Barracks for the Ministry of Defence, a new commercial office for BP International and Her Majesty's Prison – The Mount. The prior period new work secured revenue included the award of Kingsgate House and Cramlington Hospital;
- **Backlog revenue** has increased to A$1,461.6 million and includes the following projects: Kingsgate House, Beacon Barracks, Ministry of Defence Single Living Accommodation Modernisation Phase 2 and Cramlington Hospital.

Investment Management

	December 2013	June 2013
Funds under management (FUM)[1] (A$b)	1.7	1.4
Assets under management (AUM)[1] (A$b)	4.1	3.6
Investments[1] (A$b)	1.1	1.0

1 Represents the Group's assessment of the market value.

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

- **FUM** and **AUM** increase in value primarily relates to positive foreign exchange movements;
- **FUM** performance of the managed Lend Lease Retail Partnership and UK Infrastructure Fund have exceeded target returns;
- **AUM** performance was solid with stable asset values at Bluewater, Kent; Touchwood, Solihull and Golden Square, Warrington;
- **Investments** at market value include the Group's 30% direct interest in Bluewater (December 2013 external valuation: A$1,021.1 million);
- **Bluewater** contributed gross operating income of A$21.6 million in the period (December 2012: A$21.3 million).

Infrastructure Development

	December 2013	June 2013
Number of projects	25	25
Invested equity (A$m)	123.5	105.1
Committed equity (A$m)	20.0	17.7
Backlog revenue (A$m)	1,771.9	1,518.2

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

- Performance of the facilities management business remains stable;
- Invested and committed equity have increased primarily due to positive exchange rate movements.

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

Americas

Key Financial Results

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

	Revenue		EBITDA		Profit/(Loss) After Tax	
	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m
Development	18.4	31.8	3.2	4.3	3.0	4.6
Construction	1,553.3	1,286.3	65.0	25.6	35.4	12.9
Infrastructure Development	20.5	18.1	16.3	14.1	9.7	8.5
Total Americas	**1,592.2**	**1,336.2**	**84.5**	**44.0**	**48.1**	**26.0**

In the **Americas**, profit after tax increased by A$22.1 million to A$48.1 million.

- **Development** profit after tax decreased A$1.6 million to A$3.0 million. The current period includes the sale of the Winston-Salem Veterans Affairs Healthcare Center project in North Carolina. The prior period included the sale of the Bon Secours St. Francis Watkins Centre;
- **Construction** profit after tax increased by A$22.5 million to A$35.4 million due to improved performance in the Construction core markets including New York and Chicago, and increased fees in relation to the stabilisation of the Military Housing Privatization Initiative projects;
- **Infrastructure Development** profit after tax increased by A$1.2 million to A$9.7 million primarily due to a full six months of fees in relation to the Privatized Army Lodging (PAL) Group C project which reached financial close in May 2013.

Development

Healthcare

	December 2013	June 2013
Number of projects	6	7
Commercial backlog (sqm/000s)	71	78

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

- The award and subsequent sale of the Group’s ownership interest in the Winston-Salem Veterans Affairs Healthcare Center project in North Carolina to a third party. The Group remains as the construction and development manager;
- The number of Healthcare projects under construction has increased to four following the construction commencement of the Winston-Salem Veterans Affairs Healthcare Center. In addition two projects are at preferred bidder stage.

Construction

	December 2013	December 2012
Revenue (A$m)	1,553.3	1,286.3
Gross profit margin (A$m)	101.1	63.8
Profit after tax (A$m)	35.4	12.9
New work secured revenue (A$m)	504.6	1,130.9

	December 2013	June 2013
Backlog revenue (A$m)	4,537.6	4,937.1

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

- **Earnings** improved due to overall market conditions in the US delivering increased earnings and increased fees in relation to the stabilisation of Military Housing Privatization Initiative projects;
- **New work secured** of A$504.6 million includes the following key projects: BBVA Bancomer Data Centre, Mexico; 22 Water Street, Boston apartment development; and the Winston-Salem Veterans Affairs Healthcare Center, North Carolina. Current period new work secured is impacted by key pipeline projects expected to convert in the second half of the year. Prior period new work secured included the conversion of the 56 Leonard Avenue residential tower;
- **Backlog revenue** remains strong at A$4.5 billion. Key projects in backlog include 432 Park Avenue, LUMINA and 56 Leonard Avenue, as well as A$1.3 billion of construction related to military housing projects. Key project conversions are expected in the second half of the financial year.

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

Americas

Infrastructure Development

	December 2013	December 2012
Gross profit margin (A$m)[1]	16.0	15.5
Equity returns (A$m)	3.7	2.4
New work secured revenue (A$m)	18.9	17.3

	December 2013	June 2013
Number of projects[2]	22	22
Invested equity (A$m)	72.8	69.7
Committed equity (A$m)	32.2	30.9
Backlog revenue[3]	409.1	367.7
Backlog (number of units under management)	52,815	52,900

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.
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$372.3 million (June 2013: US$378.7 million).

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

- The majority of military housing projects continue to reach stabilisation of operations as the initial development periods come to completion. However, opportunities remain for further development over the remaining term of the ground leases;
- Backlog revenue remains strong in the current period.

Corporate

Group Services

Group Services loss after tax decreased by A$27.9 million to A$51.6 million. The prior period included one-off costs associated with the write-off of the Group's investment in Better Place, the Group's 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	
	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m
Interest revenue	10.3	15.5	8.2	11.5
Interest expense and other costs	(71.5)	(58.9)	(50.8)	(41.9)
Net hedge cost	(4.1)	(3.1)	(3.1)	(2.2)
Total Group Treasury	**(65.3)**	**(46.5)**	**(45.7)**	**(32.6)**

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

- Reduced **interest revenue** of A$5.2 million is due to lower average cash balances and interest rates compared to the prior period. The interest rate on invested cash averaged 2.9% per annum for the period (December 2012: 3.2%);
- Increased **interest expense** of A$12.6 million is primarily due to increased debt facility drawdowns in the period. The Group's weighted average cost of debt at 31 December 2013 is 5.25% (December 2012: 6.0%);
- Net hedge cost increase is primarily driven by an increase in cash flow hedges relating to new projects;
- The Group announced the completion of a A$3.25 billion syndicated multi-option banking facility. The facility refinances existing facilities and is comprised of a A$1.5 billion revolving loan facility and a A$1.75 billion bank guarantee facility.

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

Appendix 1

Results by Region Detail[1,2]

	Revenue		EBITDA		Profit/(Loss) Before Tax[3]		Profit/(Loss) After Tax[4]	
	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m
Australia								
Development	219.5	684.9	121.9	170.1	120.8	164.6	112.5	164.8
Construction	3,574.8	3,724.5	97.0	146.5	70.5	122.1	51.9	94.0
Investment Management	61.4	46.5	50.3	19.6	49.6	19.2	40.8	13.2
Infrastructure Development	50.2	57.0	27.3	46.7	27.0	46.7	18.3	32.3
Total Australia	**3,905.9**	**4,512.9**	**296.5**	**382.9**	**267.9**	**352.6**	**223.5**	**304.3**
Asia								
Development	11.8	4.1	8.1	5.2	8.1	5.2	7.0	2.4
Construction	267.6	297.0	7.4	29.0	6.4	28.2	6.1	15.7
Investment Management	71.8	10.3	67.9	7.4	67.8	7.4	56.0	6.2
Total Asia	**351.2**	**311.4**	**83.4**	**41.6**	**82.3**	**40.8**	**69.1**	**24.3**
Europe								
Development	50.6	4.7	11.4	33.3[5]	11.1	33.7	6.7	32.8
Construction	495.7	489.1	(17.2)	8.8	(20.5)	7.2	(18.4)	4.6
Investment Management	31.5	32.0	22.2	22.0	21.7	21.9	17.7	16.5
Infrastructure Development	87.5	74.4	(0.8)	1.7	4.2	6.0	2.2	4.5
Total Europe	**665.3**	**600.2**	**15.6**	**65.8**	**16.5**	**68.8**	**8.2**	**58.4**
Americas								
Development	18.4	31.8	3.2	4.3	3.1	4.3	3.0	4.6
Construction	1,553.3	1,286.3	65.0	25.6	62.8	24.3	35.4	12.9
Infrastructure Development	20.5	18.1	16.3	14.1	17.0	15.0	9.7	8.5
Total Americas	**1,592.2**	**1,336.2**	**84.5**	**44.0**	**82.9**	**43.6**	**48.1**	**26.0**
Total operating businesses	**6,514.6**	**6,760.7**	**480.0**	**534.3**	**449.6**	**505.8**	**348.9**	**413.0**
Corporate								
Group Services	1.1	0.5	(78.5)	(108.2)	(88.6)	(111.9)	(51.6)	(79.5)
Group Treasury	10.3	15.5	(3.2)	0.2	(65.3)	(46.5)	(45.7)	(32.6)
Total corporate	**11.4**	**16.0**	**(81.7)**	**(108.0)**	**(153.9)**	**(158.4)**	**(97.3)**	**(112.1)**
Total statutory	**6,526.0**	**6,776.7**	**398.3**	**426.3**	**295.7**	**347.4**	**251.6**	**300.9**

1 The foreign exchange rates applied to the Income Statement for the period to 31 December 2013 are A$1 = £0.57 (December 2012: A$1 = £0.65), A$1 = US$0.91 (December 2012: A$1 = US$1.04) and A$1 = S$1.17 (December 2012: A$1 = S$1.28).
2 December 2012 has been adjusted to reflect the impact of the first-time adoption of the revised AASB 119 *Employee Benefits* standard and the new AASB 11 *Joint Arrangements* standard (refer to Note 1.3 ‘Impact of New and Revised Accounting Standards’ in the Group’s Half Year Consolidated Financial Statements for further details).
3 Profit/(loss) before tax is before adjusting for the amount attributable to external non controlling interests.
4 Profit/(loss) after tax is after adjusting for the profit after tax attributable to external non controlling interests of A$nil (December 2012: A$0.5 million).
5 Includes the divestment of Greenwich Peninsula Regeneration Limited.

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

Appendix 2

Results by Line of Business Detail[1,2]

	Revenue		EBITDA		Profit/(Loss) Before Tax[3]		Profit/(Loss) After Tax[4]	
	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m
Development								
Australia	219.5	684.9	121.9	170.1	120.8	164.6	112.5	164.8
Asia	11.8	4.1	8.1	5.2	8.1	5.2	7.0	2.4
Europe	50.6	4.7	11.4	33.3[5]	11.1	33.7	6.7	32.8
Americas	18.4	31.8	3.2	4.3	3.1	4.3	3.0	4.6
Total Development	**300.3**	**725.5**	**144.6**	**212.9**	**143.1**	**207.8**	**129.2**	**204.6**
Construction								
Australia	3,574.8	3,724.5	97.0	146.5	70.5	122.1	51.9	94.0
Asia	267.6	297.0	7.4	29.0	6.4	28.2	6.1	15.7
Europe	495.7	489.1	(17.2)	8.8	(20.5)	7.2	(18.4)	4.6
Americas	1,553.3	1,286.3	65.0	25.6	62.8	24.3	35.4	12.9
Total Construction	**5,891.4**	**5,796.9**	**152.2**	**209.9**	**119.2**	**181.8**	**75.0**	**127.2**
Investment Management								
Australia	61.4	46.5	50.3	19.6	49.6	19.2	40.8	13.2
Asia	71.8	10.3	67.9	7.4	67.8	7.4	56.0	6.2
Europe	31.5	32.0	22.2	22.0	21.7	21.9	17.7	16.5
Total Investment Management	**164.7**	**88.8**	**140.4**	**49.0**	**139.1**	**48.5**	**114.5**	**35.9**
Infrastructure Development								
Australia	50.2	57.0	27.3	46.7	27.0	46.7	18.3	32.3
Europe	87.5	74.4	(0.8)	1.7	4.2	6.0	2.2	4.5
Americas	20.5	18.1	16.3	14.1	17.0	15.0	9.7	8.5
Total Infrastructure Development	**158.2**	**149.5**	**42.8**	**62.5**	**48.2**	**67.7**	**30.2**	**45.3**
Total operating businesses	**6,514.6**	**6,760.7**	**480.0**	**534.3**	**449.6**	**505.8**	**348.9**	**413.0**
Corporate								
Group Services	1.1	0.5	(78.5)	(108.2)	(88.6)	(111.9)	(51.6)	(79.5)
Group Treasury	10.3	15.5	(3.2)	0.2	(65.3)	(46.5)	(45.7)	(32.6)
Total corporate	**11.4**	**16.0**	**(81.7)**	**(108.0)**	**(153.9)**	**(158.4)**	**(97.3)**	**(112.1)**
Total statutory	**6,526.0**	**6,776.7**	**398.3**	**426.3**	**295.7**	**347.4**	**251.6**	**300.9**

1 The foreign exchange rates applied to the Income Statement for the period to 31 December 2013 are A$1 = £0.57 (December 2012: A$1 = £0.65), A$1 = US$0.91 (December 2012: A$1 = US$1.04) and A$1 = S$1.17 (December 2012: A$1 = S$1.28).
2 December 2012 has been adjusted to reflect the impact of the first-time adoption of the revised AASB 119 *Employee Benefits* standard and the new AASB 11 *Joint Arrangements* standard (refer to Note 1.3 'Impact of New and Revised Accounting Standards' in the Group's Half Year Consolidated Financial Statements for further details).
3 Profit/(loss) before tax is before adjusting for the amount attributable to external non controlling interests.
4 Profit/(loss) after tax is after adjusting for the profit after tax attributable to external non controlling interests of A$nil (December 2012: A$0.5 million).
5 Includes the divestment of Greenwich Peninsula Regeneration Limited.

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

Appendix 3

Results by Region Detail in Local Currency[1,2]

	Revenue		EBITDA		Profit/(Loss) Before Tax[3]		Profit/(Loss) After Tax[4]	
	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m
Australia								
Development	219.5	684.9	121.9	170.1	120.8	164.6	112.5	164.8
Construction	3,574.8	3,724.5	97.0	146.5	70.5	122.1	51.9	94.0
Investment Management	61.4	46.5	50.3	19.6	49.6	19.2	40.8	13.2
Infrastructure Development	50.2	57.0	27.3	46.7	27.0	46.7	18.3	32.3
Group Services	1.1	0.5	(78.5)	(108.2)	(88.6)	(111.9)	(51.6)	(79.5)
Group Treasury	9.3	14.0	(2.8)	(0.9)	(36.8)	(20.2)	(24.7)	(13.3)
Total Australia	**3,916.3**	**4,527.4**	**215.2**	**273.8**	**142.5**	**220.5**	**147.2**	**211.5**

	Revenue		EBITDA		Profit/(Loss) Before Tax[3]		Profit/(Loss) After Tax[4]	
	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m
Asia								
Development	11.8	4.1	8.1	5.2	8.1	5.2	7.0	2.4
Construction	267.6	297.0	7.4	29.0	6.4	28.2	6.1	15.7
Investment Management	71.8	10.3	67.9	7.4	67.8	7.4	56.0	6.2
Group Treasury	0.1	0.1			0.1	0.1	0.1	0.1
Total Asia	**351.3**	**311.5**	**83.4**	**41.6**	**82.4**	**40.9**	**69.2**	**24.4**

	Revenue		EBITDA		Profit/(Loss) Before Tax[3]		Profit/(Loss) After Tax[4]	
	December 2013 £m	December 2012 £m	December 2013 £m	December 2012 £m	December 2013 £m	December 2012 £m	December 2013 £m	December 2012 £m
Europe								
Development	28.8	3.1	6.5	21.6[5]	6.3	21.9	3.8	21.3
Construction	282.5	317.9	(9.8)	5.7	(11.7)	4.7	(10.5)	3.0
Investment Management	18.0	20.8	12.7	14.3	12.4	14.2	10.1	10.7
Infrastructure Development	49.9	48.4	(0.5)	1.1	2.4	3.9	1.3	2.9
Group Treasury	0.5	0.2	(0.2)	0.1	(12.5)	(13.7)	(9.5)	(10.6)
Total Great British pounds	**379.7**	**390.4**	**8.7**	**42.8**	**(3.1)**	**31.0**	**(4.8)**	**27.3**
Total Australian dollars[6]	**666.2**	**600.6**	**15.2**	**65.8**	**(5.4)**	**47.6**	**(8.5)**	**42.1**

	Revenue		EBITDA		Profit/(Loss) Before Tax[3]		Profit/(Loss) After Tax[4]	
	December 2013 US$m	December 2012 US$m	December 2013 US$m	December 2012 US$m	December 2013 US$m	December 2012 US$m	December 2013 US$m	December 2012 US$m
Americas								
Development	16.7	33.1	2.9	4.5	2.8	4.5	2.7	4.8
Construction	1,413.5	1,337.8	59.2	26.6	57.1	25.3	32.2	13.4
Infrastructure Development	18.7	18.8	14.8	14.7	15.5	15.6	8.8	8.8
Group Treasury		1.0		1.1	(6.1)	(5.5)	(3.9)	(3.2)
Total US dollars	**1,448.9**	**1,390.7**	**76.9**	**46.9**	**69.3**	**39.9**	**39.8**	**23.8**
Total Australian dollars[6]	**1,592.2**	**1,337.2**	**84.5**	**45.1**	**76.2**	**38.4**	**43.7**	**22.9**

1 Local currency results exclude foreign exchange movements other than Great British pounds and US dollars.
2 December 2012 has been adjusted to reflect the impact of the first-time adoption of the revised AASB 119 *Employee Benefits* standard and the new AASB 11 *Joint Arrangements* standard (refer to Note 1.3 'Impact of New and Revised Accounting Standards' in the Group's Half Year Consolidated Financial Statements for further details).
3 Profit/(loss) before tax is before adjusting for the amount attributable to external non controlling interests.
4 Profit/(loss) after tax is after adjusting for the profit after tax attributable to external non controlling interests of A$nil (December 2012: A$0.5 million).
5 Includes the divestment of Greenwich Peninsula Regeneration Limited.
6 The foreign exchange rates applied to the Income Statement for the period to 31 December 2013 are A$1 = £0.57 (December 2012: A$1 = £0.65), A$1 = US$0.91 (December 2012: A$1 = US$1.04) and A$1 = S$1.17 (December 2012: A$1 = S$1.28).

Portfolio Report

Table of Contents

The Portfolio Report is based on the Lend Lease Group Consolidated Financial Statements for the half year ended 31 December 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

Key Portfolio Metrics

Development

	Australia		Asia		Europe		Americas		Total	
	December 2013	**June 2013**	**December 2013**	**June 2013**	**December 2013**	**June 2013**	**December 2013**	**June 2013**	**December 2013**	**June 2013**
Residential and Commercial										
Number of development projects	37	38		1	29	27	7	8	73	74
Backlog Units and SQM[1]										
Residential – Land units zoned	57,120	55,545					3,860	3,860	60,980	59,405
Residential – Built-form units zoned/unzoned[2]	13,860	14,086			6,219	5,927			20,079	20,013
Total Residential Units	70,980	69,631			6,219	5,927	3,860	3,860	81,059	79,418
Commercial (sqm/000s)[3] zoned	5,664	5,552		32	397	389	442	449	6,503	6,422
Retirement Living										
Number of villages – owned	65	59							65	59
Number of villages – managed/leased/other	5	12							5	12
Number of villages	70	71							70	71
Number of units – owned	11,428	9,215							11,428	9,215
Number of units – managed/leased/other	1,277	3,202							1,277	3,202
Number of units[4]	12,705	12,417							12,705	12,417
Backlog units – zoned	1,088	1,247							1,088	1,247

1 Backlog includes Group-owned, joint venture and managed projects.
2 Includes 19,649 zoned and 430 unzoned units at December 2013 (June 2013: 19,014 zoned and 999 unzoned units).
3 Represents net developable land in relation to master-planned urban communities, and net developable floor space for other developments.
4 The actual number of units for any particular village can vary as planning approvals are obtained.

Portfolio Report

Key Portfolio Metrics

Construction

	Australia December 2013 A$m	Australia December 2012 A$m	Asia December 2013 A$m	Asia December 2012 A$m	Europe December 2013 A$m	Europe December 2012 A$m	Americas December 2013 A$m	Americas December 2012 A$m	Total December 2013 A$m	Total December 2012 A$m
New work secured revenue[1]										
Building	2,064.0	3,534.2	57.8	153.7	503.2	720.2	504.6	1,130.9	3,129.6	5,539.0
Engineering	394.2	928.1	54.5	59.9	2.1	9.2			450.8	997.2
Services	791.2	361.2							791.2	361.2
Total new work secured revenue	3,249.4	4,823.5	112.3	213.6	505.3	729.4	504.6	1,130.9	4,371.6	6,897.4

	Australia December 2013 A$m	Australia June 2013 A$m	Asia December 2013 A$m	Asia June 2013 A$m	Europe December 2013 A$m	Europe June 2013 A$m	Americas December 2013 A$m	Americas June 2013 A$m	Total December 2013 A$m	Total June 2013 A$m
Backlog revenue[2, 3]										
Building	6,354.8	6,275.6	301.7	393.8	1,459.0	1,255.3	4,537.6	4,937.1	12,653.1	12,861.8
Engineering	1,789.9	2,635.9	51.7	81.9	2.6	5.0			1,844.2	2,722.8
Services	1,023.5	649.4							1,023.5	649.4
Total backlog revenue	9,168.2	9,560.9	353.4	475.7	1,461.6	1,260.3	4,537.6	4,937.1	15,520.8	16,234.0

	Australia December 2013[4] %	Australia December 2012 %	Asia December 2013 %	Asia December 2012 %	Europe December 2013 %	Europe December 2012 %	Americas December 2013 %	Americas December 2012 %	Total December 2013 %	Total December 2012 %
Backlog realisation										
Year ending June 2014	37	35	73	50	40	32	31	29	34	34
Year ending June 2015	34	40	23	47	51	44	38	37	38	40
Post June 2016	29	25	4	3	9	24	31	34	28	26
Total	100	100	100	100	100	100	100	100	100	100

1 New work secured revenue is the total revenue to be earned from projects secured during the period.
2 Current period backlog revenue is the total revenue to be earned from projects in future financial years, based on projects secured as at 31 December 2013. Although backlog revenue is realised over several years, the average foreign exchange rate for the current period has been applied to the closing backlog revenue balance in its entirety, as the average rates for later years cannot be predicted.
3 The June 2013 allocation across the Building, Engineering and Services lines of business has been restated.
4 December 2013 backlog realisation across lines of business are as follows: year ending June 2014: Building 29%, Engineering 49%, Services 34%; year ending June 2015: Building 37%, Engineering 34%, Services 30%; for years post June 2016: Building 34%, Engineering 17%, Services 36%.

Portfolio Report

Key Portfolio Metrics

Investment Management

	Australia December 2013	Australia June 2013	Asia December 2013	Asia June 2013	Europe December 2013	Europe June 2013	Americas December 2013	Americas June 2013	Total December 2013	Total June 2013
Funds Under Management (FUM)[1]										
FUM at the beginning of the period	10.3	8.8	3.3	2.2	1.4	1.3			15.0	12.3
Foreign exchange movement			0.2	0.1	0.3				0.5	0.1
Additions	0.9	2.0		0.7					0.9	2.7
Reductions	(0.8)	(0.6)							(0.8)	(0.6)
Net revaluations	0.2	0.1		0.3		0.1			0.2	0.5
FUM (A$b)	**10.6**	**10.3**	**3.5**	**3.3**	**1.7**	**1.4**			**15.8**	**15.0**
Assets Under Management (AUM)										
Number of centres	16	16	4	4	3	3			23	23
AUM[1] (A$m)	5,771.0	5,283.2	3,708.4	3,530.3	4,126.7	3,637.4			13,606.1	12,450.9
GLA under management (sqm/000s)[2]	749.2	707.2	240.0	240.0	294.5	294.5			1,283.7	1,241.7
Investments										
Investments[1] (A$m)	832.3	335.8	240.9	228.1	1,095.7	965.5			2,168.9	1,529.4

	Australia December 2013	Australia December 2012	Asia December 2013	Asia December 2012	Europe December 2013	Europe December 2012	Americas December 2013	Americas December 2012	Total December 2013	Total December 2012
Investment income[3] (A$m)	16.8	5.8	5.4	3.2	20.4	20.4			42.6	29.4

1 Represents the Group's assessment of the market value.
2 GLA represents the gross lettable area of the centres.
3 Represents the Group's share of income before tax, excluding revaluations (after tax for equity accounted investments), net of direct expenses.

Portfolio Report

Key Portfolio Metrics

Infrastructure Development

	Australia		Asia		Europe		Americas		Total	
	December 2013	June 2013	December 2013	June 2013	December 2013	June 2013	December 2013	June 2013	December 2013	June 2013
Investments										
Number of projects										
Operational	1				20	20	21	21	42	41
Under construction	4	4			4	4			8	8
Preferred bidder		1			1	1	1	1	2	3
Total number of projects	**5**	**5**			**25**	**25**	**22**	**22**	**52**	**52**
Invested equity A$m										
Operational	15.0				7.4	6.6	72.8	69.7	95.2	76.3
Under construction	52.7	44.1			116.1	98.5			168.8	142.6
Preferred bidder										
Total invested equity A$m	**67.7**	**44.1**			**123.5**	**105.1**	**72.8**	**69.7**	**264.0**	**218.9**
Committed equity A$m[1]										
Operational							32.2	30.9	32.2	30.9
Under construction	203.0	106.7			5.7	5.1			208.7	111.8
Preferred bidder					14.3	12.6			14.3	12.6
Total committed equity A$m	**203.0**	**106.7**			**20.0**	**17.7**	**32.2**	**30.9**	**255.2**	**155.3**
Backlog revenue A$m					1,771.9	1,518.2	409.1	367.7	2,181.0	1,885.9

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

Portfolio Report

Key Portfolio Metrics

Group Assets[3]

	Australia		Asia		Europe		Americas		Total	
	December 2013	**June 2013[1]**	**December 2013**	**June 2013**	**December 2013**	**June 2013[1]**	**December 2013**	**June 2013**	**December 2013**	**June 2013[1]**
Development	7,513.3	6,806.8	3.2	2.5	474.5	364.6	82.5	63.6	**8,073.5**	**7,237.5**
Construction	2,377.8	2,449.2	282.0	286.1	544.5	601.8	1,089.9	1,066.1	**4,294.2**	**4,403.2**
Investment Management	929.7	383.4	322.9	243.7	589.0	541.3			**1,841.6**	**1,168.4**
Infrastructure Development	338.0	196.3			195.4	149.3	152.0	136.1	**685.4**	**481.7**
Total segment	**11,158.8**	**9,835.7**	**608.1**	**532.3**	**1,803.4**	**1,657.0**	**1,324.4**	**1,265.8**	**14,894.7**	**13,290.8**
Corporate activities									513.8[2]	1,010.1
Total assets	**11,158.8**	**9,835.7**	**608.1**	**532.3**	**1,803.4**	**1,657.0**	**1,324.4**	**1,265.8**	**15,408.5**	**14,300.9**

1 June 2013 has been adjusted to reflect the impact of the first-time adoption of the revised AASB 119 *Employee Benefits* standard and the new AASB 11 *Joint Arrangements* standard (refer to Note 1.3 'Impact of New/Revised Accounting Standards' in the Group's Half Year Consolidated Financial Statements for further details).
2 Includes funding of the Group's additional investment in Australian Prime Property Fund (APPF) Commercial and Industrial.
3 The foreign exchange rates applied to the Statement of Financial Position as at 31 December 2013 are A$1 = £0.54 (June 2013: A$1 = £0.61), A$1 = US$0.89 (June 2013: A$1 = US$0.93) and A$1 = S$1.18 (June 2013: A$1 = S$1.23).

Portfolio Report

Australia

Development

Residential and Commercial Project Listing

Project	Sector	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]	Communities	Qld	Service agreement	2016	275	20	
Forest Gardens	Communities	Qld	Owned (50% interest)	2014	5		
Springfield Lakes	Communities	Qld	Land management	2028	5,305	540	88
RNA Showgrounds	Urban Regeneration	Qld	Land management	2027		2,595	101
Rocky Springs	Communities	Qld	Land management	2060	11,735	420	1,115
Yarrabilba	Communities	Qld	Staged acquisition (100% interest)	2043	14,285	2,470	1,924
Fernbrooke Ridge	Communities	Qld	Land management	2019	670		66
Stoneleigh Reserve	Communities	Qld	Owned (100% interest)	2017	440		3
Lennox Head	Communities	NSW	Service agreement	2024	480		60
Bingara Gorge	Communities	NSW	Land management	2027	840		55
St Marys – Ropes Crossing[5]	Communities	NSW	Service agreement	2015	485		
St Marys – Jordan Springs	Communities	NSW	Owned (100% interest)	2021	1,560	235	31
St Marys – Other precincts	Communities	NSW	Owned (100% interest)	2021	1,365		578
Nelsons Ridge	Communities	NSW	Land management	2017	165		
Rouse Hill	Communities	NSW	Land management	2016	230	505	116
St Patricks	Communities	NSW	Land management	2014		5	
Barangaroo South	Urban Regeneration	NSW	Staged payments	2023		775	390
River Oaks	Communities	NSW	Land management	2042	4,995		137
Darling Harbour Live	Urban Regeneration	NSW	Staged payments	2021		1,360	69
Springbank Rise	Communities	ACT	Owned (50% interest)	2016	210	60	2
Subtotal zoned (carried forward)					**43,045**	**8,985**	**4,735**

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	Sector	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)					**43,045**	**8,985**	**4,735**
Edgewater	Communities	Vic	Owned (100% interest)	2014		40	
Craigieburn Town Centre	Communities	Vic	Owned (100% interest)	2014	30		
Pakenham Valley	Communities	Vic	Land management	2014	25		13
Laurimar	Communities	Vic	Owned (100% interest)	2016	300	5	
Atherstone	Communities	Vic	Land management	2035	3,920		99
Victoria Harbour	Urban Regeneration	Vic	Land management	2024		2,185	123
Melton East	Communities	Vic	Staged acquisition	2019	795		12
Harpley	Communities	Vic	Land management	2027	3,890		321
Mayfield	Communities	Vic	Owned (100% interest)	2017	485		
Richmond	Apartments	Vic	Owned (100% interest)	2017		490	
Armadale	Apartments	Vic	Land management	2019		470	
Batman’s Hill	Urban Regeneration	Vic	Land management	2023		605	120
Blakes Crossing	Communities	SA	Staged acquisition (100% interest)	2019	815	60	8
Springwood	Communities	SA	Staged acquisition	2025	1,890	20	27
Alkimos	Communities	WA	Land management	2023	1,870	170	186
North Lakes	Communities	WA	Land management	2015	55	30	
Waterbank	Urban Regeneration	WA	Land management	2022		800	20
Total zoned					**57,120**	**13,860**	**5,664**

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

Construction Major Projects – Building[1,2]

Project	Location[3]	Client	Contract Type[4]	Construction Value A$m	Secured Date[5]	Completion Date[6]	Sector	Description
Barangaroo South	NSW	Lend Lease/Barangaroo Development Authority	LS	1,607	2012	2016	Commercial	Design and construction of the basement, infrastructure works and the first two commercial office buildings
Sunshine Coast University Hospital[7]	Qld	Queensland Health	LS	1,569	2013	2022	Healthcare	Design and construction of a new 738 bed hospital
Darling Harbour Live	NSW	NSW State Government	D&C	1,135	2014	2017	Commercial	Design and construction for the redevelopment of Sydney Convention Centre and Hotel
The New Royal Children's Hospital	Vic	Children's Hospital Partnership	LS	1,083	2008	2015	Healthcare	Design and construction of a new 334 bed children's hospital in Melbourne
Queensland Children's Hospital	Qld	Queensland Health	MC	883	2009	2015	Healthcare	Design and construction of a new 359 bed children's hospital in Brisbane
New Bendigo Hospital	Vic	Victorian Government/Bendigo Health	LS	630	2013	2017	Healthcare	Design and construction of a new 372 bed hospital in Bendigo
Adelaide Oval Redevelopment	SA	Department of Planning, Transport and Infrastructure	D&C	369	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	346	2012	2014	Correctional	Design and construction of a new 800 bed correctional mental health facility
Mackay Base Hospital	Qld	Queensland Health	MC	331	2011	2015	Healthcare	Design and construction of the extension to and redevelopment of the existing hospital
Box Hill Redevelopment	Vic	Department of Health	MC	322	2012	2015	Healthcare	Design and construction for the extension to and redevelopment of the existing hospital
Cairns Base Hospital	Qld	Queensland Health	MC	319	2011	2016	Healthcare	Design and construction of new buildings, alterations and refurbishment of existing hospital
Mulwala Redevelopment Project	NSW	Commonwealth Department of Defence	LS	316	2007	2015	Government	Design and construction for the redevelopment of a propellant manufacturing facility

1 Disclosure of major projects is subject to client approval. This could impact the projects available for disclosure.
2 Backlog revenue as at 31 December 2013 for the projects listed on pages 8 and 9 totals A$5,447 million, representing 86% of the total backlog revenue for the region in relation to Building projects.
3 Locations are New South Wales (NSW), Queensland (Qld), Victoria (Vic), South Australia (SA) and Northern Territory (NT).
4 Contract types are Lump Sum (LS), Design and Construct (D&C) and Managing Contractor (MC).
5 Secured date represents the financial year in which the project was secured.
6 Completion date represents the financial year in which the project is expected to be completed.
7 Includes client provisional funding.
8 Represents the Group's interest in the project joint venture.

Portfolio Report

Australia

Construction Major Projects – Building[1,2] continued

Project	Location[3]	Client	Contract Type[4]	Construction Value A$m	Secured Date[5]	Completion Date[6]	Sector	Description
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
Lakeside Joondalup	WA	Australian Prime Property Fund/Lend Lease	GMP	215	2013	2015	Retail	Design and construction for the redevelopment of Lakeside Joondalup Shopping Centre
University of Technology, Sydney – Faculty of Engineering and Information Technology	NSW	University of Technology, Sydney	GMP	194	2012	2014	Education	Design and construction of a new building for the Faculty of Engineering and Information Technology
Monash Children's Hospital	Vic	Victorian State Government	MC	179	2014	2016	Healthcare	Managing contractor of a new 230 bed hospital
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
City West Police Complex	Vic	CBUS Property	D&C	144	2013	2015	Commercial	Design and construction of a purpose-built 28,000 square metres facility comprising offices, parking and a police station
Project AIR 9000 Phase 8 MH-60R Helicopter Facilities	NSW	Commonwealth Department of Defence	LS	138	2014	2015	Defence	Construction of squadron, training, maintenance and storage facilities for new maritime combat helicopters
Concavo, Victoria Harbour	Vic	Lend Lease Development	D&C	135	2013	2016	Residential	Design and construction of new waterfront apartments along Victoria Harbour
University of NSW – Wallace Wurth	NSW	University of NSW	GMP	118	2012	2014	Education	Refurbishment and expansion of existing building
University of Technology, Sydney – Dr Chau Chak Wing Building	NSW	University of Technology, Sydney	LS	117	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 Backlog revenue as at 31 December 2013 for the projects listed on pages 8 and 9 totals A$5,447 million, representing 86% of the total backlog revenue for the region in relation to Building projects.
3 Locations are South Australia (SA), Western Australia (WA), New South Wales (NSW) and Victoria (Vic).
4 Contract types are Guaranteed Maximum Price (GMP), Lump Sum (LS), Design and Construct (D&C) and Managing Contractor (MC).
5 Secured date represents the financial year in which the project was secured.
6 Completion date represents the financial year in which the project is expected to be completed.

Portfolio Report

Australia

Construction Major Projects – Engineering[1,2]

Project	Location[3]	Client	Contract Type[4]	Construction Value A$m	Secured Date[5]	Completion Date[6]	Sector	Description
Hunter Expressway	NSW	NSW Roads and Maritime Services	D&C	604	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	565	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	531	2013	2016	Roads and Highway	Design and construction of 20 kilometres of dual carriageway and bridges
Southern Expressway Duplication	SA	Department of Planning, Transport and Infrastructure	D&C	333	2012	2014	Roads and Highways	Duplication of the 18.5 kilometres multilane two-way Southern Expressway in Adelaide
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
Caval Ridge	Qld	BHP Billiton Mitsubishi Alliance	SOR	258	2011	2014	Contract Mining	Construction of a haul road and mine infrastructure
Regional Rail Link Package E[7]	Vic	Department of Transport, Planning and Local Infrastructure (Vic) – Regional Rail Link	D&C	253	2012	2015	Rail	Design and construction of 25 kilometres of civil, track, structural and station works, from Deer Park to West Werribee
RCE – Rail Capacity Enhancement	WA	Rio Tinto	SOR	196	2012	2014	Rail	A range of services associated with the asset expansion programme in the Pilbara
Barangaroo Headland Park	NSW	Barangaroo Delivery Authority	D&C	165	2012	2015	Marine and Ports	The creation of the headland park, including a new harbour cove
Regional Rail Link Package B[7]	Vic	Department of Transport, Planning and Local Infrastructure (Vic) - Regional Rail Link	ALL	140	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[7]	NSW	Transport for NSW	ALL	116	2013	2017	Rail	Construction of a 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

1 Disclosure of major projects is subject to client approval. This could impact the projects available for disclosure.
2 Backlog revenue as at 31 December 2013 for the projects listed totals A$1,399 million, representing 78% of the total backlog revenue for the region in relation to Engineering projects.
3 Locations are New South Wales (NSW), South Australia (SA), Queensland (Qld), Victoria (Vic) and Western Australia (WA).
4 Contract types are Design and Construct (D&C), Schedule of Rates (SOR) and Alliance (ALL).
5 Secured date represents the financial year in which the project was secured.
6 Completion date represents the financial year in which the project is expected to be completed.
7 Represents the Group's interest in the project joint venture.

Portfolio Report

Australia

Investment Management

Investments

	Region	Lend Lease Interest %	Market Value[1] December 2013 A$m	Market Value[1] June 2013 A$m
Craigieburn Central	Australia	25.0	83.5	60.0
Pakenham Place[2]	Australia			10.0
Australian Prime Property Fund – Retail	Australia	1.1	41.4	41.1
Australian Prime Property Fund – Commercial[3]	Australia	19.4	231.5	5.1
Australian Prime Property Fund – Industrial[4]	Australia	46.2	243.5	4.4
Lend Lease Real Estate Partners Funds	Australia	Various[5]	76.3	68.3
Lend Lease Core Plus Fund	Australia	13.3	38.9	41.3
Lend Lease International Towers Sydney Trust	Australia	25.0	99.7	89.3
Lend Lease Communities Fund 1	Australia	20.8	8.8	8.7
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	6.7	5.6
Total Investments			**832.3**	**335.8**

1 Represents the Group's assessment of the market value.
2 The Group divested its interest in the Pakenham Place shopping centre in July 2013.
3 During the period the Group made an additional investment of A$225.0 million in the Australian Prime Property Fund – Commercial.
4 During the period the Group made an additional investment of A$239.1 million in the Australian Prime Property Fund – Industrial.
5 The Group holds varying proportional interests in the Lend Lease Real Estate Partners Funds.

Funds Under Management

Fund	Fund Type	Asset Class	Market Value[1] December 2013 A$b	Market Value[1] June 2013 A$b
Australian Prime Property Fund – Retail	Core	Retail	4.4	4.7
Australian Prime Property Fund – Commercial	Core	Commercial	1.9	1.6
Australian Prime Property Fund – Industrial	Core	Industrial	0.6	0.6
Lend Lease Core Plus Fund	Core Plus	Various	0.4	0.4
Lend Lease Communities Fund 1	Value Add	Residential	0.1	0.1
Lend Lease Real Estate Partners Funds	Enhanced	Retail	0.5	0.5
Lend Lease Real Estate Partners New Zealand Fund	Enhanced	Retail	0.2	0.2
Lend Lease Retail Partners – Australia Fund	Core Plus	Retail	0.1	0.1
Lend Lease International Towers Sydney Trust	Core	Commercial	1.1	0.9
Managed Investment Mandates	Core	Various	1.3	1.2
Total FUM			**10.6**	**10.3**

1 Represents the Group's assessment of the market value.

Portfolio Report

Australia

Investment Management

Assets Under Management

Shopping Centres	Managed on Behalf of	GLA sqm/000s[1]	Market Value[2] December 2013 A$m	Market Value[2] June 2013 A$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	Other Owners	58.5		
Caroline Springs Square, Vic	APPF Retail/Lend Lease Core Plus Fund	21.0	5,771.0	5,283.2
Craigieburn Central, Vic	APPF Retail/Lend Lease	58.1		
Lakeside Joondalup, WA	APPF Retail/Other Joint Owners	71.1		
Menai Marketplace, NSW	Lend Lease Real Estate Partners 3	16.5		
Settlement City, NSW	Lend Lease Real Estate Partners 3	19.4		
Southlands Boulevarde, WA	Lend Lease Real Estate Partners 3	21.2		
Armadale Shopping City, WA	Lend Lease Real Estate Partners 3	31.0		
Northgate, WA	Lend Lease Real Estate Partners 3	15.9		
Stud Park, Vic	Lend Lease Retail Partners – Australia Fund	26.9		
Total		**749.2**	**5,771.0**	**5,283.2**

1 GLA represents the gross lettable area of the centres.
2 Represents the Group's assessment of the market value.

Portfolio Report

Australia

Infrastructure Development

Project Listing

Project	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	Operational	Jul 11	26	140	15.0	
Sunshine Coast University Hospital[3]	Kawana, Qld	Under construction	Jul 12	25	1,480	40.4	43.5
New Bendigo Hospital	Bendigo, Vic	Under construction	May 13	25	630		31.6
Justice							
Eastern Goldfields Regional Prison	Kalgoorlie, WA	Under construction	Dec 12	25	250		20.4
Mixed-Use							
Darling Harbour Live	Sydney, NSW	Under construction	Dec 13	25	1,600	12.3	107.5
Total					**4,100**	**67.7**	**203.0**

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.
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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
SoftBank Fast Pole	Japan	SoftBank Mobile	MC	150	2011	2016	Telecommunications	Design and supply of concrete telecommunications poles
GEMS World Academy	Singapore	GEMS World Academy	D&C	118	2013	2015	Education	Design, supervision and construction of an international school campus
Merck Tablet Janumet	Singapore	MSD International GmbH	CM	71	2012	2014	Pharmaceutical	Construction of a new manufacturing facility within the Merck/MSD campus at Tuas
INSEAD Phase 3 Expansion Project	Singapore	INSEAD Singapore	GMP	41	2013	2015	Education	Construction of an extension building connecting to the north of the existing international school campus
Novartis MECCaNo	Singapore	Novartis Singapore Pharmaceutical Manufacturing Pte Ltd	CM	17	2013	2015	Pharmaceutical	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 Managing Contractor (MC), Design and Construct (D&C), Construction Management (CM) and Guaranteed Maximum Price (GMP).
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 31 December 2013 for the projects listed totals A$161 million, representing 46% of the total Construction backlog revenue for the region.

Portfolio Report

Asia

Investment Management

Investments

	Lend Lease Interest %	Market Value[1] December 2013 S$m	Market Value[1] June 2013 S$m	Market Value[1] December 2013 A$m	Market Value[1] June 2013 A$m
Parkway Parade Partnership Limited	4.9	33.6	33.9	28.4	27.6
313@somerset[2]	25.0	134.6	132.1	114.1	107.4
Lend Lease Asian Retail Investment Fund (ARIF)					
ARIF 1 (313@somerset)[2]	10.1	40.5	40.0	34.3	32.5
ARIF 2 (Setia City Mall)[3]	10.1	5.9	6.0	5.0	4.9
ARIF 3 (Jem®)[4]	10.1	69.8	68.5	59.1	55.7
Total Investments		**284.4**	**280.5**	**240.9**	**228.1**

1 Represents the Group's assessment of the market value.
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 The Group directly owns 10.1% of ARIF 2, which has a 50% ownership interest in the Setia City Mall development.
4 The Group directly owns 10.1% of ARIF 3, which has a 75% ownership interest in Jem®.

Funds Under Management

Fund	Fund Type	Asset Class	Market Value[1] December 2013 S$m	Market Value[1] June 2013 S$m	Market Value[1] December 2013 A$m	Market Value[1] June 2013 A$m
Parkway Parade Partnership Limited	Core Plus	Retail and Commercial	1.2	1.2	1.0	1.0
Lend Lease Asian Retail Investment Fund (ARIF)	Core/Value Add	Retail and Commercial	2.5	2.5	2.1	2.0
Lend Lease Jem Partners Fund Limited	Core	Retail and Commercial	0.4	0.4	0.4	0.3
Total FUM			**4.1**	**4.1**	**3.5**	**3.3**

1 Represents the Group's assessment of the market value.

Assets Under Management

Shopping Centres	Managed on Behalf of	GLA[1] sqm/000s	Market Value[2] December 2013 S$m	Market Value[2] June 2013 S$m	Market Value[2] December 2013 A$m	Market Value[2] June 2013 A$m
Parkway Parade, Singapore	Parkway Parade Partnership Limited	52.5	1,156.0	1,143.0	979.7	929.3
313@somerset, Singapore	ARIF/Lend Lease	27.1	1,150.0	1,150.0	974.6	935.0
Setia City Mall, Malaysia	ARIF/Lend Lease	107.0	282.5	264.2	239.4	214.8
Jem®, Singapore[3]	ARIF/Lend Lease Jem Partners Fund Limited	53.4	1,787.4	1,785.0	1,514.7	1,451.2
Total		**240.0**	**4,375.9**	**4,342.2**	**3,708.4**	**3,530.3**

1 GLA represents the gross lettable area of the centres.
2 Represents the Group's assessment of the market value.
3 The Jem® office component was completed in October 2013.

Portfolio Report

Europe

Development

Project Listing

Project	Location	Ownership Interest	Estimated Completion Date[1]	Backlog Land Units[2]	Backlog Built-Form Units[2]	Estimated Commercial Backlog sqm/000s
Zoned Projects						
UK residential projects	UK	Various	Various		2,254	11
Greenwich Peninsula – 6 Mitre Passage	UK	50%	2010			10
The International Quarter	UK	50%	Various		333	351
Wandsworth	UK	100%	Various		214	
Elephant & Castle	UK	100%	Various		2,988	25
Total zoned					**5,789**	**397**
Unzoned Projects						
UK residential projects	UK	100%	Various		430	
Total unzoned					**430**	
Total Development					**6,219**	**397**

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.

Portfolio Report

Europe

Construction Major Projects[1,2]

Project	Location	Client	Contract Type[3]	Construction Value £m	Secured Date[4]	Completion Date[5]	Sector	Description
Ministry of Defence Single Living Accommodation Modernisation Phase 2	UK	Defence Estates	GMP	677	2003	2015	Government	Construction and upgrade of single living accommodation for the military
Kingsgate House	London	Land Securities	LS	165	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
Beacon Barracks	Midlands England	The Secretary of State for Defence	GMP	93	2004	2016	Government	Design and build of single living accommodation for the military, regimental headquarters, mess and catering facilities, technical workshops, and the upgrade of the existing base's infrastructure
Cramlington Hospital	North-East England	Northumbria Trust	LS	74	2013	2015	Healthcare	New build of a 282 bed specialist emergency care hospital
Strathclyde Technology and Innovation Centre	Glasgow	Strathclyde University	LS	59	2012	2015	Education	New build of a nine storey Technology and Innovation Centre research facility to accommodate 1,200 researchers
BP – New Office	London	BP International Ltd	LS	32	2014	2015	Commercial Offices	Construction of a four storey 9,500 sqm commercial office building

1 Disclosure of major projects is subject to client approval. This could impact the projects available for disclosure.
2 Backlog revenue as at 31 December 2013 for the projects listed totals £420 million, representing 53% of the total Construction backlog revenue for the region
3 Contract types are Guaranteed Maximum Price (GMP) and Lump Sum (LS).
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.

Portfolio Report

Europe

Investment Management

Investments

	Lend Lease Interest %	Market Value[1] December 2013 £m	Market Value[1] June 2013 £m	Market Value[1] December 2013 A$m	Market Value[1] June 2013 A$m
Bluewater[2]	30.0	551.4	549.0	1,021.1	900.0
Warrington Retail Limited Partnership[3]	50.0				
Lend Lease Retail Partnership	4.1	30.0	29.8	55.5	48.8
Lend Lease PFI/PPP Infrastructure Fund LP (UKIF)	10.0	9.7	9.4	17.9	15.5
Lend Lease Global Properties, SICAF and LL Global Real Estate Advisors	24.8	0.6	0.8	1.2	1.2
Total		**591.7**	**589.0**	**1,095.7**	**965.5**

1 Represents the Group's assessment of the market value.
2 The market value at 31 December 2013 of 100% of Bluewater was £1,838.0 million (A$3,403.7 million). Bluewater is treated as inventory in the financial statements and is therefore reflected at cost, which at 31 December 2013 was A$507.5 million.
3 The market value of the Warrington Retail Limited Partnership net assets was below zero at 31 December 2013 and, as a result, the Group's investment has been written down to nil.

Funds Under Management

Fund	Fund Type	Asset Class	Market Value[1] December 2013 £b	Market Value[1] June 2013 £b	Market Value[1] December 2013 A$b	Market Value[1] June 2013 A$b
Lend Lease Retail Partnership	Core	Retail	0.7	0.7	1.3	1.1
Lend Lease PFI/PPP Infrastructure Fund LP (UKIF)	Core	Infrastructure	0.2	0.2	0.4	0.3
Total FUM			**0.9**	**0.9**	**1.7**	**1.4**

1 Represents the Group's assessment of the market value.

Assets Under Management

Shopping Centres	Managed on Behalf of	GLA[1] sqm/000s	Market Value[2] December 2013 £m	Market Value[2] June 2013 £m	Market Value[2] December 2013 A$m	Market Value[2] June 2013 A$m
Bluewater, Kent	Lend Lease Retail Partnership/Lend Lease	165.2	1,838.0	1,830.0	3,403.7	3,000.0
Touchwood, Solihull	Lend Lease Retail Partnership	60.4	265.2	265.2	491.1	434.8
Golden Square, Warrington	Warrington Retail Unit Trust	68.9	125.2	123.6	231.9	202.6
Total		**294.5**	**2,228.4**	**2,218.8**	**4,126.7**	**3,637.4**

1 GLA represents the gross lettable area of the centres.
2 Represents the Group's assessment of the market value.

Portfolio Report

Europe

Infrastructure Development

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	43		
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	17		
St James' University Hospital, Leeds[4]	UK	Operational	Oct 04	33	175	100	58		
Hexham General Hospital – Phase 3[4]	UK	Operational	Jul 06	27	24	100	8		
Central Manchester University Hospital[4]	UK	Operational	Dec 04	38	393	100	45		
Majadahonda Hospital	Spain	Operational	Apr 05	30	187	100	16	4.0	
Brescia 2	Italy	Under construction	Mar 11	33	95	74	68	2.0	3.1
Treviso Hospital	Italy	Preferred bidder	Aug 14	21	145		382		7.7
Education									
Newcastle Schools[4]	UK	Operational	Mar 02	27	50	100	23		
Lincoln Schools[4]	UK	Operational	Sep 01	31	20	100	9		
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	32		
Lancashire Schools Phase 2[4]	UK	Operational	Dec 07	25	34	100	8		
Lancashire Schools Phase 2A[4]	UK	Operational	Jul 08	25	59	100	14		
Lancashire Schools Phase 3[4]	UK	Operational	Jun 09	25	69	100	14		
National Maritime College, Cork[4]	Ireland	Operational	Feb 03	27	30	100	12		
Birmingham BSF Phase 1A[4]	UK	Operational	Aug 09	25	69	100	31		
Birmingham BSF Phase 1B[4]	UK	Under construction	Jul 11	27	27	68	14		
Accommodation									
Treasury 1[4]	UK	Operational	May 00	37	114	100	52		
Treasury 2[4]	UK	Operational	Jan 03	35	148	100	46		
University of Sheffield[4]	UK	Operational	May 06	40	169	100	38		
Waste									
Global Renewables Lancashire	UK	Under construction	Mar 07	25	252	99		60.7	
South Tyne and Wear Waste[4]	UK	Under construction	Apr 11	25	175	90			
Total					**2,554**		**1,010**	**66.7**	**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.

Portfolio Report

Americas

Development

Project Listing

Commercial

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.

Healthcare

Project[1]	Location	Ownership Interest %	Status	Secured Date[2]	Estimated Completion Date[3]	Estimated Commercial Backlog sqm/000s[4]
Bon Secours St. Francis Medical Pavilion	Virginia	100	Under construction	2013	2014	5
Covington Medical Arts Pavilion	Louisiana	100	Under construction	2012	2014	5
Bon Secours DePaul Medical Center	Virginia	100	Under construction	2012	2015	9
Winston-Salem Veterans Affairs Healthcare Center[5]	North Carolina		Under construction	2013	2016	33
Providence Little Company of Mary Medical Center, Torrance	California	100	Preferred bidder	2011	2016	10
Medical Office Building II, USMD Hospital, Arlington, Texas	Texas	100	Preferred bidder	2013	2015	9
Total Healthcare						**71**

1 The June 2013 Portfolio Report included the Mercy Regional Health Center Medical Office Building (located in Kansas) in the status of preferred bidder. However, during the current period, the ownership of this client changed and the new owners awarded the final project to a developer other than Lend Lease.
2 Secured date represents the financial year in which the Group was announced as the preferred bidder for the project.
3 Estimated completion date for healthcare projects represents the estimated financial year in which construction will be completed.
4 Gross square metres expected from the projects were used in the June 2013 portfolio report to disclose commercial backlog. In the current period, the commercial backlog of each project was based on the expected rentable square metre resulting in minor revisions to amounts disclosed for some projects.
5 Project ownership was sold during the period, however, the Group continues to provide construction and development services on a fee basis.

Portfolio Report

Americas

Construction Major Projects[1,2]

Project	Location	Client	Contract Type[3]	Construction Value US$m	Secured Date[4]	Completion Date[5]	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
432 Park Avenue	New York	CIM Group	GMP	656	2012	2016	Mixed-use	73,000 square metres, 89 storey condominium and retail project
One57	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 apartments
LUMINA	San Francisco	Tishman Speyer	GMP	352	2013	2017	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 square metres, 60 storey residential building with 146 units
400 Park Avenue South	New York	ET 500 PAS LLC (JV)	GMP	207	2012	2015	Residential	43 storey residential project, split between condominiums and apartments
50 UN Plaza	New York	Zeckendorf Development LLC	GMP	200	2012	2015	Residential	44 storey condominium tower with 88 units
455 North Park/DRW Hotel	Chicago	New Water Park LLC	GMP	197	2012	2015	Mixed-use	51 storey mixed-use building, including 400 hotel rooms, 398 apartments and 230 parking spaces
45th Street	New York	Extell Development Company	GMP	152	2011	2014	Hotel	28,800 square metres hotel
680 Madison Avenue/The Carlton House	New York	Extell Development Company	CMA	150	2013	2014	Residential	Interior demolition of a 23,000 square metres hotel for a new high-end apartment cooperative, including retail space, townhouse and penthouse
22 Water Street	Boston	Wood Partners	GMP	126	2014	2016	Residential	50,000 square metres apartment development with 392 units
The Langham Chicago	Chicago	Pacific Eagle Holding Co.	GMP	124	2012	2014	Hotel	Conversion of floors two through 12 from IBM building into a 350 room hotel
500 Lake Shore Drive	Chicago	Related BIT	GMP	116	2011	2014	Residential	43 storey residential tower with two floors of underground parking
111 W. Wacker Drive	Chicago	Related BIT	GMP	113	2012	2015	Residential	59 storey residential tower with 506 apartments

1 Disclosure of major projects is subject to client approval. This could impact the projects available for disclosure.
2 Backlog revenue as at 31 December 2013 for the listed projects listed totals US$1,619 million, representing 39% of the total Construction backlog revenue for the region.
3 Contract types are Construction Management (CM), Guaranteed Maximum Price (GMP) and Construction Management Agency (CMA).
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.

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[4]	Hawaii	Air Force	Operational	Aug 07	50	404	100		23.7	1,100
Island Palm Communities	Hawaii	Army	Operational	Apr 05	50	2,172	76	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	87			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	103	100	2.5		1,050
Camp Lejeune Phase 3	North Carolina/New York	Marine Corps	Operational	Nov 07	50	272	68	4.5		2,000
Camp Lejeune Phase 4[5]	North Carolina/New York	Marine Corps	Operational	Mar 13	50					
Tri-Group	Colorado/California	Air Force	Operational	Sep 07	50	235	100	11.0		1,525
Fort Knox Phase 1	Kentucky	Army	Operational	Feb 07	50	217	83		3.0	2,530
Fort Knox Phase 2 (Additional Scoring)	Kentucky	Army	Operational	Oct 10	50	24	37			35
Air Combat Command Group II	Arizona/New Mexico	Air Force	Operational	Jul 07	50	224	100	11.0		2,200
Wainwright/Greely Phase 1	Alaska	Army	Operational	Apr 09	50	53	100			1,800
Wainwright/Greely Phase 2[4]	Alaska	Army	Operational	Sep 10	50	227	52		2.0	
PAL Group A Phase 1	Various	Army	Operational	Aug 09	50	57	100			3,400
PAL Group A Phase 2 and Group B[5]	Various	Army	Operational	Apr 12	50	152	71			4,450
PAL Group C[5]	Various	Army	Operational	May 13		367	2			3,700
Total Operational						**6,343**		**64.8**	**28.7**	**52,815**
Fort Hood Stage 3 (Chaffee Village 1)	Texas	Army	Preferred bidder	Sep 13		63				
Total						**6,406**		**64.8**	**28.7**	**52,815**

1 Changes in estimated capital spend from prior reports reflect adjustments made to contract values, project scope changes and (for certain projects) the impact of contractual shares savings realised during the development period.
2 Committed equity represents future contributions the Group has a commitment to invest.
3 Units under management are the expected number of units at the end of the initial project development period.
4 Decrease in estimated capital spend from prior report reflects the impact of anticipated scope reduction as part of a pending modified scope plan.
5 Units under management have been revised to reflect the expected number of units at the end of the initial project development period.

Five Year Profile

		Half Year December 2013	Half Year[1] December 2012	Half Year[2] December 2011	Half Year December 2010	Half Year[1] December 2009
Profitability						
Revenue	A$m	**6,507**	**6,754**	**5,788**	**4,319**	**5,557**
Profit before tax	A$m	**296**	**347**	**280**	**279**	**289**
Profit after tax	A$m	**252**	**301**	**218**	**227**	**205**
EBITDA	A$m	398	426	350	312	310
Earnings per stapled security on profit after tax[2]	cents	43.7	52.5	38.1	40.0	43.7
Profit after tax to securityholders' equity for the period (ROE)[3]	%	11.6	15.4	12.0	13.4	17.0
Dividend/Distribution per security[4]	cents	22.0	22.0	16.0	20.0	20.1
Dividend/Distribution payout ratio on profit after tax[4]	%	50	42	42	50	45
Corporate Strength						
Total assets	A$m	15,409	13,169	12,027	10,499	9,749
Cash	A$m	1,067	1,082	1,251	1,439	968
Borrowings	A$m	2,591	1,447	1,332	1,322	1,549
Current assets	A$m	4,360	4,017	3,682	3,401	3,266
Non current assets	A$m	11,048	9,152	8,345	7,098	6,484
Current liabilities[5]	A$m	7,168	6,611	6,029	5,265	5,278
Non current liabilities	A$m	3,772	2,536	2,280	1,751	1,976
Total equity	A$m	4,469	4,022	3,718	3,483	2,495
Cash flows (used in)/ provided by operations	A$m	(211)	(48)	208	(119)	107
Net asset backing per security	A$	7.75	7.00	6.50	6.16	5.41
Net asset backing (including Bluewater) per security[6]	A$	8.64	7.60	7.09	6.68	6.11
Ratio of current assets to current liabilities[7]	times	0.6	0.6	0.6	0.6	0.6
Ratio of current assets to current liabilities (excluding resident and accommodation bond liabilities)[7]	times	1.1	1.0	1.0	1.1	1.0
Net debt to total tangible assets, less cash[8]	%	12.5	5.8	3.4	0.4	9.3
Borrowings to total equity	%	58.0	36.0	35.8	38.0	62.1
Borrowings to total equity plus borrowings	%	36.7	26.5	26.4	27.5	38.3
Gross borrowings to total tangible assets[8]	%	19.1	14.5	14.7	14.9	19.0
Borrowings to total market capitalisation	%	40.3	27.1	32.5	27.1	32.7
Securities on issue	m	577	574	572	566	461
Number of securityholders	no.	55,136	52,939	53,728	55,062	53,532
Number of equivalent full-time employees[9]	no.	13,729	17,442	17,349	10,954	11,680
Securityholders' Returns and Statistics						
Proportion of securities on issue to top 20 securityholders	%	75.3	76.5	77.0	74.7	73.8
Securityholdings relating to employees[10]	%	6.0	6.3	6.5	6.3	7.5
Total dividends/distributions[11]	A$m	127	126	92	113	93
Security price as at 31 December as quoted on the Australian Securities Exchange	A$	11.14	9.28	7.16	8.63	10.27

1 Comparative information reflects the results in Lend Lease Corporation Limited and its controlled entities prior to stapling of the Lend Lease Trust ('LLT') in November 2009. December 2009 has 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'*. December 2012 has been adjusted to reflect the impact of the first time adoption of the revised AASB 119 *Employee Benefits* standard and the new AASB 11 *Joint Arrangements* standard.

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

3 Return on equity ('ROE') is calculated on an annualised basis, using the half year profit/(loss) after tax divided by the arithmetic average of beginning and half year securityholders' equity.

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

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

6 Net assets include Bluewater inventory at market value of A$1,021.1 million (December 2012: A$770.9 million).

7 Since December 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.

8 December 2013 net debt and gross borrowings include certain other financial liabilities of A$105.2 million (December 2012: A$257.7 million).

9 Casual and third party workers are excluded from full time equivalent employees at December 2013, comparative periods have been restated to conform with current period disclosure. The reduction from December 2012 mainly relates to the sale of the Aged Care business. December 2011 includes full time equivalent employees of the infrastructure business following the acquisition of Valemus Australia Pty Limited on 10 March 2011.

10 Securities held through employee benefit vehicles.

11 The December 2013 dividend of A$100.9 million was declared subsequent to the reporting date.

Directors' Report

The Directors present their Report together with the Half Year Consolidated Financial Report of the consolidated entity, being Lend Lease Corporation Limited ('the Company') and its controlled entities including Lend Lease Trust (together referred to as the 'consolidated entity' or the 'Group'), for the six months ended 31 December 2013 and the Auditor's Report thereon. In accordance with Class Order 13/1050, the Group has prepared a consolidated financial report for the stapled group.

1. Directors

The name of each person who has been a Director of the Company at any time between 1 July 2013 and the date of this Report are:

D A Crawford, AO	Director since 2001, Chairman since 2003
S B McCann	Group Chief Executive Officer since 2008 & Managing Director since 2009
C B Carter, AM	Director since 2012
P M Colebatch	Director since 2005
G G Edington, CBE	Retired November 2013
P C Goldmark	Director since 1999
J S Hemstritch	Director since 2011
D J Ryan, AO	Director since 2004
M J Ullmer	Director since 2011
N M Wakefield Evans	Appointed September 2013

2. Review of Operations and Consolidated Results

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

For the six months ended 31 December 2013, the consolidated entity reported a profit after tax of A$251.6 million attributable to Lend Lease securityholders compared to the profit after tax for the six months ended 31 December 2012 of A$300.9 million.

An unfranked interim distribution of A$126.8 million (December 2012: A$126.4 million unfranked) has been approved by the Directors. The interim distribution comprising of an unfranked dividend of 17.5 cents per security from the Company and a trust distribution of 4.5 cents per unit from Lend Lease Trust will be paid on 21 March 2014 (December 2012: 21.8 cents per security from the Company and 0.2 cents per unit from Lend Lease Trust paid on 27 March 2013).

3. Events Subsequent to Balance Date

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

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

The Lead Auditor's Independence Declaration is set out on page two and forms part of the Directors' Report for the six months ended 31 December 2013.

5. Rounding Off

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

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

D A Crawford, AO
Chairman

S B McCann
Group Chief Executive Officer & Managing Director

Sydney, 26 February 2014

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

To: the directors of Lend Lease Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2013 there have been:

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

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

KPMG

KPMG

Stuart J Marshall
Partner

Sydney

26 February 2014

Consolidated Financial Statements

Table of Contents

Consolidated Financial Statements

Income Statement
Half Year ended 31 December 2013

		Note	6 months December 2013 A$m	6 months December 2012[1] A$m
Revenue		2	6,506.7	6,753.6
Cost of sales			(5,746.6)	(5,953.4)
Gross profit			**760.1**	**800.2**
Other income		3	81.6	121.1
Other expenses			(527.7)	(559.5)
Results from operating activities			**314.0**	**361.8**
Finance revenue		5	19.3	23.1
Finance costs		5	(73.1)	(62.5)
Net finance costs			**(53.8)**	**(39.4)**
Share of profit of equity accounted investments		10	35.5	25.0
Profit before tax			**295.7**	**347.4**
Income tax expense		6	(44.1)	(46.0)
Profit after tax			**251.6**	**301.4**
Profit after tax attributable to:				
Members of Lend Lease Corporation Limited			225.7	297.6
Unitholders of Lend Lease Trust			25.9	3.3
Profit after tax attributable to securityholders			**251.6**	**300.9**
External non controlling interests			–	0.5
Profit after tax			**251.6**	**301.4**
Basic/Diluted Earnings Per Lend Lease Corporation Limited Share (EPS)				
Shares excluding treasury shares	(cents)	8	41.5	55.0
Shares on issue	(cents)	8	39.2	51.9
Basic/Diluted Earnings Per Lend Lease Group Stapled Security (EPSS)				
Securities excluding treasury securities	(cents)	8	46.2	55.6
Securities on issue	(cents)	8	43.7	52.5

1 December 2012 Income Statement and EPS/EPSS have been adjusted to reflect the impact of the first time adoption of the revised AASB 119 *Employee Benefits* standard and the new AASB 11 *Joint Arrangements* standard (refer to Note 1.3 'Impact of New/Revised Accounting Standards').

Consolidated Financial Statements continued

Statement of Comprehensive Income

Half Year ended 31 December 2013

	6 months December 2013 A$m	6 months December 2012[1] A$m
Profit After Tax	251.6	301.4
Other Comprehensive Income/(Expense) After Tax		
Items that may be reclassified subsequently to profit or loss:		
Movements in Fair Value Revaluation Reserve	0.6	5.4
Movements in Hedging Reserve	1.3	(7.1)
Movements in Foreign Currency Translation Reserve	61.4	(20.6)
Total items that may be reclassified subsequently to profit or loss	**63.3**	**(22.3)**
Items that will not be reclassified subsequently to profit or loss:		
Movements in Non Controlling Interest Acquisition Reserve	(5.1)	4.7
Defined benefit plans remeasurements	(6.9)	3.4
Total items that will not be reclassified to profit or loss	**(12.0)**	**8.1**
Total comprehensive income after tax	**302.9**	**287.2**
Total comprehensive income after tax attributable to:		
Members of Lend Lease Corporation Limited	276.8	283.4
Unitholders of Lend Lease Trust	25.9	3.3
Total comprehensive income after tax attributable to securityholders	**302.7**	**286.7**
External non controlling interests	0.2	0.5
Total comprehensive income after tax	**302.9**	**287.2**

1 December 2012 Statement of Comprehensive Income has been adjusted to reflect the impact of the first time adoption of the revised AASB 119 *Employee Benefits* standard and the new AASB 11 *Joint Arrangements* standard (refer to Note 1.3 'Impact of New/Revised Accounting Standards').

Consolidated Financial Statements continued

Statement of Financial Position

As at 31 December 2013

	Note	December 2013 A$m	June 2013[1] A$m	1 July 2012[1] A$m
Current Assets				
Cash and cash equivalents		1,066.5	1,609.5	1,052.4
Loans and receivables		1,916.9	1,976.9	1,959.4
Inventories	9	1,264.7	1,093.2	1,152.0
Other financial assets	12	48.4	97.8	77.6
Current tax assets			6.8	39.6
Other assets		63.7	49.0	35.8
Total current assets		**4,360.2**	**4,833.2**	**4,316.8**
Non Current Assets				
Loans and receivables		731.1	665.4	333.9
Inventories	9	2,099.7	1,850.5	1,707.7
Equity accounted investments	10	610.5	486.8	372.0
Investment properties	11	4,644.1	4,052.3	3,443.5
Other financial assets	12	938.5	453.1	333.3
Deferred tax assets		228.8	221.0	176.6
Property, plant and equipment		390.1	401.9	669.4
Intangible assets		1,317.2	1,262.5	1,405.1
Defined benefit plan asset		11.9	1.4	
Other assets		76.4	72.8	73.1
Total non current assets		**11,048.3**	**9,467.7**	**8,514.6**
Total assets		**15,408.5**	**14,300.9**	**12,831.4**
Current Liabilities				
Trade and other payables		3,754.3	3,812.5	3,846.2
Resident liabilities		3,065.7	2,677.5	2,443.6
Provisions		286.9	285.5	278.0
Borrowings and financing arrangements	13			111.6
Current tax liabilities		7.6		
Other financial liabilities		53.4	181.7	56.8
Total current liabilities		**7,167.9**	**6,957.2**	**6,736.2**
Non Current Liabilities				
Trade and other payables		940.5	874.3	592.2
Provisions		76.9	70.7	74.8
Borrowings and financing arrangements	13	2,591.2	1,976.2	1,257.1
Defined benefit plan liability		34.1	14.6	54.7
Other financial liabilities		72.9	88.3	222.2
Deferred tax liabilities		56.1	52.8	64.5
Total non current liabilities		**3,771.7**	**3,076.9**	**2,265.5**
Total liabilities		**10,939.6**	**10,034.1**	**9,001.7**
Net assets		**4,468.9**	**4,266.8**	**3,829.7**
Equity				
Issued capital	14	1,610.5	1,599.9	2,077.6
Treasury securities	14	(87.8)	(118.0)	(111.0)
Reserves		20.9	(24.0)	(119.3)
Retained earnings		2,412.1	2,297.3	1,976.5
Total equity attributable to members of Lend Lease Corporation Limited		**3,955.7**	**3,755.2**	**3,823.8**
Total equity attributable to unitholders of Lend Lease Trust		507.5	506.1	0.6
Total equity attributable to securityholders		**4,463.2**	**4,261.3**	**3,824.4**
External non controlling interests		5.7	5.5	5.3
Total equity		**4,468.9**	**4,266.8**	**3,829.7**

1 1 July 2012 and June 2013 Statement of Financial Position has been adjusted to reflect the impact of the first time adoption of the revised AASB 119 *Employee Benefits* standard and the new AASB 11 *Joint Arrangements* standard (refer to Note 1.3 'Impact of New/Revised Accounting Standards').

Consolidated Financial Statements continued

Statement of Changes in Equity

Half Year ended 31 December 2013

	6 months December 2013 A$m	6 months December 2012[1] A$m
Issued Capital and Treasury Securities		
Issued Capital		
Opening balance at beginning of financial period	1,599.9	2,077.6
Transactions with owners for the period:		
Recapitalisation of Lend Lease Trust		(500.3)
Distribution Reinvestment Plan (DRP)	10.6	12.2
Closing balance at end of financial period	**1,610.5**	**1,589.5**
Treasury Securities		
Opening balance at beginning of financial period	(118.0)	(111.0)
Transactions with owners for the period:		
Treasury securities vested	30.2	19.4
Closing balance at end of financial period	**(87.8)**	**(91.6)**
Total issued capital and treasury securities	**1,522.7**	**1,497.9**
Reserves		
Fair Value Revaluation Reserve		
Opening balance at beginning of financial period	44.7	21.6
Comprehensive income for the period:		
Revaluation gain recognised in equity	4.1	7.2
Fair value hedging	(5.0)	(1.5)
Effect of foreign exchange rate/other movements	1.5	(0.3)
Closing balance at end of financial period	**45.3**	**27.0**
Hedging Reserve		
Opening balance at beginning of financial period	(78.5)	(88.9)
Comprehensive income for the period:		
Movements attributable to effective cash flow hedges	13.5	(11.5)
Effect of foreign exchange rate/other movements	(12.2)	4.4
Closing balance at end of financial period	**(77.2)**	**(96.0)**
Foreign Currency Translation Reserve		
Opening balance at beginning of financial period	(156.0)	(190.6)
Adjustment on adoption of the revised AASB 119 *Employee Benefits* standard		2.3
Comprehensive income for the period:		
Movements attributable to translation of foreign operations	65.9	(19.4)
Net investment hedging	(4.5)	(3.5)
Closing balance at end of financial period	**(94.6)**	**(211.2)**
Non Controlling Interest Acquisition Reserve		
Opening balance at beginning of financial period	(73.4)	(89.5)
Comprehensive income for the period:		
Movements attributable to recognition of tax asset on goodwill	(0.5)	
Effect of foreign exchange rate/other movements	(4.6)	4.7
Closing balance at end of financial period	**(78.5)**	**(84.8)**
Other Reserve		
Balance at beginning and end of financial period	**111.7**	**111.7**
Equity Compensation Reserve		
Opening balance at beginning of financial period	73.1	62.0
Transactions with owners for the period:		
Movements attributable to allocation and vesting of securities	(13.3)	(4.2)
Closing balance at end of financial period	**59.8**	**57.8**
Other Compensation Reserve		
Balance at beginning and end of financial period	**54.4**	**54.4**
Total reserves	**20.9**	**(141.1)**

1 December 2012 Statement of Changes in Equity has been adjusted to reflect the impact of the first time adoption of the revised AASB 119 *Employee Benefits* standard and the new AASB 11 *Joint Arrangements* standard (refer to Note 1.3 'Impact of New/Revised Accounting Standards').

Consolidated Financial Statements continued

Statement of Changes in Equity continued

Half Year ended 31 December 2013

	6 months December 2013 A$m	6 months December 2012[1] A$m
Retained Earnings		
Opening balance at beginning of financial period	2,297.3	2,058.0
Adjustment on adoption of the revised AASB 119 *Employee Benefits* standard		(81.5)
Profit attributable to members of Lend Lease Corporation Limited	225.7	297.6
Defined benefit plans remeasurements	(6.9)	3.4
Transactions with owners for the period:		
Dividends paid	(98.8)	(113.8)
Dividends on treasury securities	5.4	5.8
Dividends under DRP	(10.6)	(12.2)
Other movements		0.2
Closing balance at end of financial period	**2,412.1**	**2,157.5**
Unitholders of Lend Lease Trust		
Opening balance at beginning of financial period	506.1	0.6
Profit attributable to unitholders of Lend Lease Trust	25.9	3.3
Transactions with owners for the period:		
Movement attributable to recapitalisation		500.3
Distributions provided for	(25.9)	(0.9)
Units issued under DRP	1.4	
Other movements		(0.1)
Closing balance at end of financial period	**507.5**	**503.2**
External Non Controlling Interests		
Opening balance at beginning of financial period	5.5	5.3
Profit attributable to external non controlling interests		0.5
Transactions with owners for the period:		
Movements attributable to disposal		(1.3)
Effect of foreign exchange rate/other movements	0.2	(0.2)
Closing balance at end of financial period	**5.7**	**4.3**
Total equity	**4,468.9**	**4,021.8**
Total Comprehensive Income After Tax for the Financial Period		
Attributable to:		
Members of Lend Lease Corporation Limited	276.8	283.4
Unitholders of Lend Lease Trust	25.9	3.3
Total comprehensive income after tax attributable to securityholders	**302.7**	**286.7**
External non controlling interests	0.2	0.5
Total comprehensive income after tax	**302.9**	**287.2**

1 December 2012 Statement of Changes in Equity has been adjusted to reflect the impact of the first time adoption of the revised AASB 119 *Employee Benefits* standard and the new AASB 11 *Joint Arrangements* standard (refer to Note 1.3 'Impact of New/Revised Accounting Standards').

Consolidated Financial Statements continued

Statement of Cash Flows
Half Year ended 31 December 2013

	6 months December 2013 A$m	6 months December 2012[1] A$m
Cash Flows from Operating Activities		
Cash receipts in the course of operations	6,575.0	6,525.4
Cash payments in the course of operations	(6,709.4)	(6,547.1)
Interest received	14.4	17.0
Interest paid	(84.9)	(66.3)
Dividends/distributions received	24.1	17.0
Income tax (paid)/refunded in respect of operations	(30.2)	6.5
Net cash used in operating activities	(211.0)	(47.5)
Cash Flows from Investing Activities		
Sale/redemption of investments	63.1	133.1
Acquisition of investments	(513.9)	(130.4)
Sale of investment properties	17.8	9.7
Acquisition of/capital expenditure on investment properties	(98.6)	(34.9)
Net loans from associates and joint ventures	0.6	146.1
Disposal of property, plant and equipment	4.2	2.6
Disposal of consolidated entities (net of cash disposed and transaction costs)	(5.3)	19.6
Acquisition of property, plant and equipment	(23.5)	(18.3)
Acquisition of intangible assets	(46.9)	(14.6)
Other investing activities	(1.4)	
Net cash (used in)/provided by investing activities	(603.9)	112.9
Cash Flows from Financing Activities		
Proceeds from borrowings	502.2	213.7
Repayment of borrowings	(0.1)	(107.8)
Dividends/distributions paid	(97.7)	(108.0)
Other financing activities	(162.0)	(21.3)
Net cash provided by/(used in) financing activities	242.4	(23.4)
Other Cash Flow Items		
Effect of foreign exchange rate movements on cash and cash equivalents	29.5	(12.7)
Net (decrease)/increase in cash and cash equivalents	(543.0)	29.3
Cash and cash equivalents at beginning of financial period	1,609.5	1,052.4
Cash and cash equivalents at end of financial period	1,066.5	1,081.7

1 December 2012 Statement of Cash Flows has been adjusted to reflect the impact of the first time adoption of the new AASB 11 *Joint Arrangements* standard (refer to Note 1.3 'Impact of New/Revised Accounting Standards').

Notes to the Consolidated Financial Statements

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 half year ended 31 December 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 17 '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.

In accordance with Class Order 13/1050, the Group has prepared a consolidated financial report for the stapled group.

The half year consolidated financial report was authorised for issue by the Directors on 26 February 2014.

1.1 Statement of Compliance

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

The half year consolidated financial report should be read in conjunction with the 30 June 2013 annual consolidated financial report and any public announcements by the Group during the half year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*. The half year consolidated financial report does not include all of the information required for a full financial report.

1.2 Basis of Preparation

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

The preparation of an interim financial report that complies with AASB 134 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, 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 of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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 have been consistently applied by all entities in the Group and are consistent with those applied and disclosed in the 30 June 2013 annual consolidated financial report, other than as stated in Note 1.3 'Impact of New/Revised Accounting Standards'.

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

Basis of Consolidation

The Group consolidation comprises all entities controlled by the Company. Control exists when the Company has the power to direct the relevant activities, has exposure or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of returns. 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 financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies with adjustments made to bring into line any dissimilar accounting policies that may exist.

The Group invests in structured entities ('SEs') for trading and investment purposes. The SEs are consolidated if the substance of the relationship with the Group is such that the Group controls the SE and has the power to direct the relevant activities, has exposure or rights to variable returns from its involvement with the SE and has the ability to use its power over the SE to affect the amount of returns.

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. 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.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.3 Impact of New/Revised Accounting Standards

New and Revised Accounting Standards
From 1 July 2013 the Group has adopted the following new and revised accounting standards, together with the consequential amendments:

- AASB 10 *Consolidated Financial Statements* and consequential amendments introduce a new definition of control in determining whether an entity should be included within the consolidated financial statements of the parent company. AASB 10 replaces parts of AASB 127 *Consolidated and Separate Financial Statements* and UIG-112 *Consolidation – Special Purpose Entities*. As a result of adopting the new standard, there has been no significant impact on the Group's financial position and performance. The Group has revised its significant accounting policies to reflect this change. Refer to 'Basis of Consolidation'.
- AASB 11 *Joint Arrangements* and consequential amendments establish principles for financial reporting by parties to a joint arrangement. AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-*113 Jointly Controlled Entities – Non-monetary Contributions by Venturers*. Refer to Note 1.4 'Equity Accounted Investments (Associates and Joint Ventures)' and Note 1.5 'Joint Operations' for revised accounting policies.

  The Group has reclassified some previously reported jointly controlled entities to joint operations under the new standard. As the new standard must be adopted retrospectively, adjustments have been recognised at 1 July 2012 and the financial statements were restated for the comparative period being 31 December 2012 for the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows and 30 June 2013 for the Statement of Financial Position. There has been no net impact to the Group's equity or profit and loss, however, there has been a restatement to the classification of some recognised assets, liabilities, revenues and expenses. The adjustments were as follows:

  - Income Statement: revenues increased by A$503.6 million, cost of sales increased by A$419.8 million, and other expenses (depreciation) increased by A$0.1 million. The share of profit from equity accounted investments decreased by A$83.7 million. There was no impact on profit after tax, EPS and EPSS.
  - Statement of Comprehensive Income: no impact.
  - Statement of Financial Position: no impact to net assets and total equity. Current assets increased by A$194.8 million (including inventories A$43.1 million), non current assets decreased by A$56.4 million (including inventories that increased by A$9.6 million, investment properties that increased by A$28.5 million and equity accounted investments that decreased by A$98.7 million) and current liabilities increased by A$138.4 million.
  - Statement of Changes in Equity: no impact.
  - Statement of Cash Flows: net total cash flows increased by A$1.5 million as operating activities increased by A$32.1 million, investing activities decreased by A$19.0 million, financing activities decreased by A$11.6 million and cash and cash equivalents increased by A$94.5 million.
- 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. As a result of adopting the new standard, new disclosures have been introduced about the judgements made to determine whether control exists and summarised financial information about certain material joint arrangements and associates. Refer to Note 10 'Equity Accounted Investments' and Note 16 'Consolidated Entities'.
- AASB 13 *Fair Value Measurements* and consequential amendments introduce new guidance on fair value measurement and disclosure requirements when fair value is permitted by accounting standards. As a result of adopting the new standard, there has been no significant impact on the Group's financial position and performance. There have been no significant changes to the Group's accounting policies where fair value is used as a measurement basis or disclosures on fair value are required. Disclosures required under the new standard in relation to the fair value hierarchy have been included in Note 18 'Fair Value Measurement'.
- The revised AASB 119 *Employee Benefits* (June 2011) and consequential amendments introduce changes to the accounting for and presentation of pensions and other 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. The actuarial gains and losses and return on plan assets are referred to as remeasurements under the revised standard. Refer to Note 1.6 'Employee Benefits' for revised accounting policies.

  The revised standard does not mandate where to present remeasurements in equity. The Group has chosen to recognise remeasurements directly in retained earnings. As the revised standard must be adopted retrospectively, adjustments have been recognised at 1 July 2012 and the financial statements were restated for the comparative period being 31 December 2012 for the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows and 30 June 2013 for the Statement of Financial Position.

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

The adjustments were as follows:

- Income Statement: the net defined benefit expense increased by A$1.7 million, income tax expense decreased by A$0.3 million and profit after tax decreased by A$1.4 million, having a 0.2 cents per share impact on EPS and EPSS.
- Statement of Comprehensive Income: increase by A$4.3 million due to decrease in profit after tax of A$1.4 million, after tax gains of A$3.4 million on defined benefit plans remeasurements and A$2.3 million in foreign currency translation.
- Statement of Financial Position: net assets and total equity decreased by A$62.5 million after tax due to the remeasurements on the defined benefit plans and associated deferred taxes being recognised A$62.2 million and A$0.3 million in foreign currency translation.
- Statement of Changes in Equity: the foreign currency translation reserve had gains of A$2.3 million after tax. Retained earnings decreased due to the retrospective application on the opening balance of A$81.5 million, the loss impact on profit after tax of A$1.4 million and the remeasurement gains of A$3.4 million recognised in the period. Total retained earnings decreased by A$79.5 million after tax. Total equity decreased by A$77.2 million for the period.
- Statement of Cash Flows: no impact.

The revised standard has also changed the accounting for the Group's current employee entitlements, as entitlements that are not expected to be settled within 12 months of balance sheet date are required to be discounted using a government bond rate akin to the expected settlement of the entitlement. However, the impact of this change was immaterial since the majority of leave is still expected to be taken within the short term after the end of the reporting period.

The standards above became mandatory effective 1 July 2013. With the exception of AASB 13, which applies prospectively, the standards have been applied retrospectively.

New Accounting Standards and Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the half year ended 31 December 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* and consequential amendments address the classification, measurement and derecognition of financial assets and financial liabilities and hedging. The potential effect of this standard is yet to be determined.
- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* introduces additional disclosures about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The potential effect of this standard is yet to be determined.
- AASB 2013-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting* permits the continuation of hedge accounting in circumstances where a derivative that has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. The potential effect of this standard is yet to be determined.
- AASB 2013-5 *Amendments to Australian Accounting Standards – Investment Entities* provides an exemption from consolidation of subsidiaries under AASB 10 for entities that meet the definition of an 'investment entity', such as certain investment funds. Instead, such entities would measure their investment in particular subsidiaries at fair value through profit or loss. The potential effect of this standard is yet to be determined.

1.4 Equity Accounted Investments (Associates and Joint Ventures)

Investments in associates and joint ventures 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 the financial and operating policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The consolidated financial statements include the Group's share of the total recognised gains or losses of associates and joint ventures 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 ventures, this is from the date joint control commences until the date joint control ceases.

Other movements in associates' and joint ventures' reserves are recognised directly in the Group's consolidated reserves. Investments in associates and joint ventures 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. Dividends from associates and joint ventures 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 to the extent of the Group's interest in the associate or joint venture. 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

1.4 Equity Accounted Investments (Associates and Joint Ventures) 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 11 *Joint Arrangements* 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.

1.5 Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement.

Investments in joint operations are accounted for by recognising amounts on a line by line basis in accordance with the Standards applicable to the particular assets, liabilities, revenues and expenses in relation to the Group's interest in the joint operation.

1.6 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 or liability 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. 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.

Remeasurement gains and losses arising from experience adjustments and changes to actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Statement of Financial Position.

Past service costs are recognised immediately in the Income Statement.

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.

Short-Term 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 amounts based on remuneration, wage and salary rates including related on-costs. Current entitlements are those that the Group expects to settle within 12 months from balance sheet date. Non current entitlements are those that the Group expects to settle in greater than 12 months and are measured at the present value of the estimated future cash outflows. 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.

Long-Term 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.

Notes to the Consolidated Financial Statements continued

1. Significant Accounting Policies continued

1.6 Employee Benefits continued

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.

1.7 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

1.8 Key Sources of Estimation Uncertainty

Valuation of Assets and Recoverable Amounts
The Group assesses the fair value of certain assets and liabilities by using estimation techniques where there is no available market or exit price. The Group assesses the recoverability of the carrying value of assets held at cost or amortised cost using estimations of their recoverable amount. Refer to Note 1.7 'Inventories' and Note 11 'Investment Properties'. Refer to Note 18 'Fair Value Measurement' for a summary of the basis of valuation of assets and liabilities measured at fair value, including the level in the fair value hierarchy in which such valuations have been classified.

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 structured or sponsored entity indicates that the entity should be consolidated by the Group.

Notes to the Consolidated Financial Statements continued

	6 months December 2013 A$m	6 months December 2012[1] A$m
2. Revenue		
Revenue from the provision of services		
Construction	5,890.1	5,793.3
Development	13.6	188.3
Infrastructure Development	151.4	143.8
Investment Management	124.7	60.8
Total revenue from the provision of services	**6,179.8**	**6,186.2**
Revenue from the sale of development properties	276.7	523.1
Rental revenue	24.8	24.2
Other revenue	25.4	20.1
Total revenue	**6,506.7**	**6,753.6**
3. Other Income		
Net gain on disposal of equity accounted investments		43.0
Net fair value gain on remeasurement of investment properties	15.9	13.0
Net gain on disposal of controlled entities		17.6
Net gain on disposal of other assets and liabilities	3.1	7.3
Net fair value gain on derivative contracts held for trading	2.1	1.2
Net fair value gain on fair value through profit or loss assets	4.3	6.4
Other	56.2	32.6
Total other income	**81.6**	**121.1**
4. Operating Expenses		
Profit before income tax includes the following operating expense items:		
Net defined benefit plans expense	5.7	6.1
Expenses include impairments/(reversals) and provisions raised/(written back) relating to:		
Loans and receivables	0.7	2.3
Property inventories	(4.1)	2.1
Other financial assets	2.4	13.5
Operating lease expense	41.4	41.3
Depreciation and amortisation	48.8	39.5
Net foreign exchange loss	5.5	1.9
5. Finance Revenue and Finance Costs		
Finance Revenue		
Related parties	6.7	6.1
Other corporations	10.6	15.3
Total interest finance revenue	**17.3**	**21.4**
Interest discounting	2.0	1.7
Total finance revenue	**19.3**	**23.1**
Finance Costs		
Other corporations	72.8	60.2
Less: Capitalised interest finance costs	(6.9)	(4.5)
Total interest finance costs	**65.9**	**55.7**
Non interest finance costs	7.1	6.8
Interest discounting	0.1	
Total finance costs	**73.1**	**62.5**
Net finance costs	**(53.8)**	**(39.4)**

1 December 2012 has been adjusted to reflect the impact of the first time adoption of the revised AASB 119 *Employee Benefits* standard and the new AASB 11 *Joint Arrangements* standard (refer to Note 1.3 'Impact of New/Revised Accounting Standards').

Notes to the Consolidated Financial Statements continued

	6 months December 2013 A$m	6 months December 2012[1, 2] A$m
6. Taxation		
Income Tax Expense		
Recognised in the Income Statement		
Current Tax Expense		
Current period	23.1	31.1
Adjustments for prior periods	(2.6)	(4.3)
Benefits of tax losses recognised	(15.8)	(4.5)
	4.7	**22.3**
Deferred Tax Expense		
Origination and reversal of temporary differences	45.9	54.6
Temporary differences recognised/recovered	(13.1)	(33.6)
Net tax losses utilised/(recognised)	2.3	(4.4)
Change in tax rate	4.0	(0.3)
Other	0.3	7.4
	39.4	**23.7**
Total income tax expense	**44.1**	**46.0**
Reconciliation of Income Tax Expense		
Profit before tax	295.7	347.4
Income tax using the domestic corporation tax rate (30%)	**88.7**	**104.2**
Adjustments for prior period claim	(2.6)	(4.3)
Non assessable and exempt income	(22.9)	(23.0)
Net tax losses (recognised)/written off through income tax expense	(2.3)	2.5
Temporary differences recognised through income tax expense	(13.1)	(33.6)
Utilisation of capital losses on disposal of assets	(8.1)	(3.9)
Effect of tax rates in foreign jurisdictions	4.9	2.9
Other	(0.5)	1.2
Income tax expense	**44.1**	**46.0**

1 December 2012 has been adjusted to reflect the impact of the first time adoption of the revised AASB 119 *Employee Benefits* standard (refer to Note 1.3 'Impact of New/Revised Accounting Standards').
2 Certain comparative amounts have been reclassified to conform with the current period presentation.

Notes to the Consolidated Financial Statements continued

	Cents Per Share/Unit	Company/Trust 6 months December 2013 A$m	Company/Trust 6 months December 2012 A$m
7. Dividends/Distributions[1]			
Parent Company Interim Dividend			
December 2013 – declared subsequent to reporting date (payable 21 March 2014)[2]	17.5	100.9	
December 2012 – paid 27 March 2013	21.8		125.5
		100.9	**125.5**
Lend Lease Trust Interim Distribution			
December 2013 – provided for (payable 21 March 2014)	4.5	25.9	
December 2012 – paid 27 March 2013	0.2		0.9
		25.9	**0.9**
		126.8	**126.4**

	Cents Per Share/Unit	6 months June 2013 A$m	6 months June 2012 A$m
Parent Company Final Dividend			
June 2013 – paid 27 September 2013	19.0	109.4	
June 2012 – paid 28 September 2012	22.0		126.0
		109.4	**126.0**
Lend Lease Trust Final Distribution			
June 2013 – paid 27 September 2013[3]	1.0	5.7	
		5.7	**–**
		115.1	**126.0**

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

		December 2013 Shares/Securities Excluding Treasury Securities	December 2013 Shares/Securities on Issue	December 2012[1] Shares/Securities Excluding Treasury Securities	December 2012[1] 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$m	225.7	225.7	297.6	297.6
Weighted average number of ordinary shares	m	544.5	576.1	541.2	573.6
Basic/diluted EPS	cents	**41.5**	**39.2**	**55.0**	**51.9**
Basic/Diluted Earnings Per Stapled Security (EPSS)					
Profit attributable to securityholders of Lend Lease Group used in calculating basic/diluted EPSS	A$m	251.6	251.6	300.9	300.9
Weighted average number of stapled securities	m	544.5	576.1	541.2	573.6
Basic/diluted EPSS	cents	**46.2**	**43.7**	**55.6**	**52.5**

1 December 2012 has been adjusted to reflect the impact of the first time adoption of the revised AASB 119 *Employee Benefits* standard and the new AASB 11 *Joint Arrangements* standard (refer to Note 1.3 'Impact of New/Revised Accounting Standards').

Notes to the Consolidated Financial Statements continued

	December 2013 A$m	June 2013[1] A$m
9. Inventories		
Current		
Development properties	624.0	423.2
Construction work in progress	618.2	639.0
Other	22.5	31.0
Total current	1,264.7	1,093.2
Non Current		
Development properties	2,099.7	1,850.5
Total inventories	3,364.4	2,943.7
10. Equity Accounted Investments		
Associates		
Investment in associates	100.3	90.9
Less: Impairment	(10.5)	(10.5)
Total associates	89.8	80.4
Joint Ventures		
Investment in joint ventures	544.6	427.6
Less: Impairment	(23.9)	(21.2)
Total joint ventures	520.7	406.4
Total equity accounted investments	610.5	486.8

	Interest		Share of Profit/(Loss)[2]		Net Book Value	
	December 2013 %	June 2013 %	December 2013 A$m	December 2012[1] A$m	December 2013 A$m	June 2013[1] A$m
a. Associates						
Australia						
Lend Lease Real Estate Partners 3	25.0	25.0	10.6	2.3	76.3	68.3
Lend Lease Communities Fund 1	20.8	20.8	0.2		17.6	17.0
Other					0.5	0.5
Total Australia			10.8	2.3	94.4	85.8
Europe						
Other					4.5	4.0
Total Europe			–	–	4.5	4.0
Americas						
Other			0.9	0.7	1.4	1.1
Total Americas			0.9	0.7	1.4	1.1
Total			11.7	3.0	100.3	90.9
Less: Impairment					(10.5)	(10.5)
Total associates			11.7	3.0	89.8	80.4

1 December 2012 and June 2013 have been adjusted to reflect the impact of the first time adoption of the new AASB 11 *Joint Arrangements* standard (refer to Note 1.3 'Impact of New/Revised Accounting Standards).

2 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.

Notes to the Consolidated Financial Statements continued

	Interest December 2013 %	Interest June 2013 %	Share of Profit/(Loss)[1] December 2013 A$m	Share of Profit/(Loss)[1] December 2012[2] A$m	Net Book Value December 2013 A$m	Net Book Value June 2013[2] A$m
10. Equity Accounted Investments continued						
b. Joint Ventures						
Australia						
Lend Lease International Towers Sydney Trust	25.0	25.0	10.4	2.5	99.7	89.3
Darling Harbour Live	50.0		(0.5)		98.8	
Sunshine Coast University Hospital	50.0	50.0	1.6	0.5	80.1	76.9
New Bendigo Hospital	50.0	50.0	(1.1)		29.8	31.5
Eastern Goldfields Regional Prison	50.0	50.0	(0.5)		19.9	16.6
V5 Trust – Convesso	50.0	50.0		(0.6)	6.8	15.7
Other			1.6	3.7	13.4	15.3
Total Australia			**11.5**	**6.1**	**348.5**	**245.3**
Asia						
CDR JV Ltd (313@somerset)	25.0	25.0	2.4	3.2	109.9	103.6
LLJV Limited and Triple Eight JV Limited (Jem®)				13.7		
Other			0.1		0.2	0.1
Total Asia			**2.5**	**16.9**	**110.1**	**103.7**
Europe						
Stratford City Business District Limited	50.0	50.0	5.6		24.0	16.0
Majadahonda Hospital	25.0	25.0	0.8	0.7	13.9	11.2
Global Renewables Lancashire Holdings Limited	50.0	50.0	(0.8)	0.4	13.9	21.2
Other			3.8	(2.8)	33.0	29.1
Total Europe			**9.4**	**(1.7)**	**84.8**	**77.5**
Americas						
Other			0.4	0.7	1.2	1.1
Total Americas			**0.4**	**0.7**	**1.2**	**1.1**
Total			**23.8**	**22.0**	**544.6**	**427.6**
Less: Impairment					(23.9)	(21.2)
Total joint ventures			**23.8**	**22.0**	**520.7**	**406.4**
Total equity accounted investments			**35.5**	**25.0**	**610.5**	**486.8**

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.
2 December 2012 and June 2013 have been adjusted to reflect the impact of the first time adoption of the new AASB 11 *Joint Arrangements* standard (refer to Note 1.3 'Impact of New/Revised Accounting Standards').

c. Material Associates and Joint Ventures summarised financial information

The table below provides summarised financial information for those joint ventures and associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and associates and, where indicated, the Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and differences in accounting policies.

	Lend Lease Real Estate Partners 3 December 2013 A$m	Lend Lease Real Estate Partners 3 December 2012 A$m	Lend Lease International Towers Sydney Trust December 2013 A$m	Lend Lease International Towers Sydney Trust December 2012 A$m	CDR JV Ltd (313@somerset) December 2013 A$m	CDR JV Ltd (313@somerset) December 2012 A$m
Income Statement						
Revenue from provision of services	10.4	29.2			26.0	28.0
Interest income				0.1		
Fair value revaluations	32.0		30.1	11.1	(1.2)	
Interest expense					(5.6)	(6.2)
Other expenses		(20.0)	(1.5)	(1.4)	(8.8)	(7.8)
Income tax expense					(0.8)	(1.2)
Profit for the period[1]	**42.4**	**9.2**	**28.6**	**9.8**	**9.6**	**12.8**
Share of profit	10.6	2.3	7.1	2.5	2.4	3.2
Other adjustments			3.3			
Group's total share of profit	**10.6**	**2.3**	**10.4**	**2.5**	**2.4**	**3.2**
Other comprehensive income					16.8	(4.0)
Group's share of other comprehensive income	**–**	**–**	**–**	**–**	**4.2**	**(1.0)**
Dividends received from associates and joint ventures	2.6	2.3	–	–	–	0.8

1 There was no depreciation and amortisation expense in the current or prior period.

Notes to the Consolidated Financial Statements continued

10. Equity Accounted Investments continued

c. Material Associates and Joint Ventures summarised financial information continued

	Lend Lease Real Estate Partners 3		Lend Lease International Towers Sydney Trust		CDR JV Ltd (313@somerset)	
	December 2013 A$m	June 2013 A$m	December 2013 A$m	June 2013 A$m	December 2013 A$m	June 2013 A$m
Statement of Financial Position						
Current assets						
Cash and cash equivalents	4.0	5.6	1.2	2.4	56.4	48.0
Other current assets	2.0	2.4	15.6	17.3	1.6	1.6
Total current assets	6.0	8.0	16.8	19.7	58.0	49.6
Non current assets	489.2	454.8	1,052.9	871.2	976.8	936.8
Total current liabilities[1]	(6.4)	(14.0)	(169.9)	(133.7)	(12.4)	(16.0)
Non current liabilities						
Financial liabilities (excluding trade payables)	(183.6)	(175.6)	(99.3)		(554.0)	(530.8)
Other non current liabilities			(414.9)	(400.2)	(13.2)	(10.8)
Total non current liabilities	(183.6)	(175.6)	(514.2)	(400.2)	(567.2)	(541.6)
Net assets	305.2	273.2	385.6	357.0	455.2	428.8
Reconciliation to Carrying Amounts						
Opening net assets 1 July	273.2	250.2	357.0		428.8	406.0
Profit for the period	42.4	40.8	28.6	16.0	9.6	15.6
Other comprehensive income					16.8	14.4
Dividends paid	(10.4)	(17.8)				(7.2)
Acquisition/contributions				341.0		
Closing net assets	305.2	273.2	385.6	357.0	455.2	428.8
Group's share of net assets	76.3	68.3	96.4	89.3	113.8	107.2
Other adjustments			3.3		(3.9)	(3.6)
Carrying amount at end of period	76.3	68.3	99.7	89.3	109.9	103.6

1 There were no current financial liabilities in the current or prior period.

There were no capital expenditure or lease commitments contracted but not provided for during the current or prior period for the material associates and joint ventures.

The table below provides summarised financial information for those associates and joint ventures that are individually immaterial to the Group.

	Associates		Joint Ventures	
	December 2013 A$m	December 2012 A$m	December 2013 A$m	December 2012 A$m
Aggregate amounts of the Group's share of:				
Profit from continuing operations	1.1	0.7	11.0	16.3
Other comprehensive income	0.6	(0.2)	17.9	(13.2)
Aggregate amounts of Group's share of total comprehensive income of individually immaterial equity accounted investments	1.7	0.5	28.9	3.1

	Associates		Joint Ventures	
	December 2013 A$m	June 2013 A$m	December 2013 A$m	June 2013 A$m
Aggregate carrying value of individually immaterial equity accounted investments	13.5	12.1	311.1	213.5

Notes to the Consolidated Financial Statements continued

11. Investment Properties

	December 2013 A$m	June 2013[1] A$m
Retirement living properties	4,399.2	3,819.6
Retail properties	78.4	10.0
Assets under construction	166.5	222.7
Total investment properties	**4,644.1**	**4,052.3**

1 June 2013 has been adjusted to reflect the impact of the first time adoption of the new AASB 11 *Joint Arrangements* standard (refer to Note 1.3 'Impact of New/Revised Accounting Standards').

The gross fair value of retirement living properties was A$4,399.2 million at 31 December 2013 (30 June 2013: A$3,819.6 million). The net value of retirement living properties was A$1,249.3 million (30 June 2013: A$1,063.7 million), representing the gross investment property fair value, less resident liabilities and related deferred revenue.

Valuations

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 below.

Retirement Living Properties
Properties are valued on a net basis. The key long term assumptions adopted in the basis of valuation at the reporting date included:

- Weighted average discount rate of 13.3% (June 2013: 13.2%);
- Weighted average future growth rate of 3.8% (June 2013: 3.9%); and
- Average length of stay: 11 years for independent living units (June 2013: 11 years) and seven years for serviced apartments (June 2013: six years).

For retirement living properties included in assets under construction, the assumptions adopted in determining the fair values at 31 December 2013 included discount rates between 14% and 17% (June 2013: 14% and 17%) based on the stage of development and the assessed project risk, and a weighted average growth rate of 3.4% (June 2013: 3.6%).

12. Other Financial Assets

	December 2013 A$m	June 2013 A$m
Current Measured at Fair Value		
Available for Sale	1.2	1.2
Fair Value Through Profit or Loss – Designated at Initial Recognition		
Negotiable instruments	37.4	72.3
Derivatives	9.8	24.3
Total current	**48.4**	**97.8**
Non Current Measured at Fair Value		
Available for Sale		
Australian Prime Property Fund – Retail	41.4	41.1
Lend Lease Core Plus Fund	38.9	41.3
Lend Lease Retail Partnership	55.5	48.8
Lend Lease Asia Retail Investment Fund	34.3	32.5
Lend Lease Asia Retail Investment Fund 3	59.1	55.7
Parkway Parade Partnership Limited	28.4	27.6
Other	96.6	92.1
	354.2	**339.1**
Fair Value Through Profit or Loss – Designated at Initial Recognition		
Australian Prime Property Fund – Industrial	239.1	
Australian Prime Property Fund – Commercial	226.4	
Other unlisted equity investments	109.3	105.5
	574.8	**105.5**
Held to Maturity	9.5	8.5
Total non current	**938.5**	**453.1**
Total other financial assets	**986.9**	**550.9**

Notes to the Consolidated Financial Statements continued

13. Borrowings and Financing Arrangements

a. Borrowings – Measured at Amortised Cost

	December 2013 A$m	June 2013 A$m
Non Current		
Commercial notes	1,377.7	1,295.0
Bank credit facilities	1,213.5	681.2
Total non current	2,591.2	1,976.2
Total borrowings	2,591.2	1,976.2

b. Finance Facilities

The Group has access to the following lines of credit:

	December 2013 A$m	June 2013 A$m
Commercial Notes		
Facility available	1,377.7	1,295.0
Amount of facility used	(1,377.7)	(1,295.0)
Amount of facility unused	–	–
Bank Credit Facilities		
Facility available	2,119.1	1,747.2
Amount of facility used	(1,213.5)	(681.2)
Amount of facility unused	905.6	1,066.0
Bank Overdrafts		
Facility available	34.9	33.4
Amount of facility used		
Amount of facility unused	34.9	33.4

Commercial notes include:

- £300.0 million of guaranteed notes issued in October 2006 in the UK public bond market with a 6.125% annual coupon maturing in October 2021;
- US$200.0 million of guaranteed senior notes issued in October 2005 in the US private placement market with a weighted average 5.69% p.a. coupon rate maturing in October 2015 and October 2017;
- S$275.0 million of senior unsecured notes issued in July 2012 in the Singapore public bond market with a 4.625% p.a. coupon rate maturing in July 2017; and
- A$375.0 million of unsecured medium term notes issued in May 2013 in the Australian public bond market comprising A$250.0 million with a 5.5% p.a. coupon rate maturing in November 2018 and A$125.0 million with a 6.0% p.a. coupon rate maturing in May 2020.

Committed bank credit facilities include:

- £330.0 million club bank facility maturing in December 2016 (£165.0 million) and December 2017 (£165.0 million) drawn to £165.0 million at 31 December 2013; and
- A$1,500.0 million syndicated multi-option facility maturing in December 2017 (A$600.0 million) and December 2018 (A$900.0 million) which were undrawn at 31 December 2013. The A$1,500.0 million syndicated multi-option facility refinanced:
  - the A$975.0 million syndicated bank facility that was due to mature in July 2014 (A$595.0 million) and July 2016 (A$380.0 million) which was drawn to A$675.0 million at 31 December 2013; and
  - the A$225.0 million fully drawn term loan facility that was due to mature in December 2015.

Committed undrawn bank credit facilities at 31 December 2013, taking into account the refinancing of these A$ bank facilities, was A$905.6 million.

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

Consistent with prior periods, the Group has not defaulted on any obligations of principal or interest in relation to its borrowings and finance arrangements and other financial liabilities.

Notes to the Consolidated Financial Statements continued

14. Issued Capital and Treasury Securities

	Lend Lease Corporation Limited				Lend Lease Trust			
	December 2013		June 2013		December 2013		June 2013	
	No. of Shares m	A$m	No. of Shares m	A$m	No. of Units m	A$m	No. of Units m	A$m
Issued Capital								
Issued capital at beginning of financial period	575.5	1,599.9	572.8	2,077.6	575.5	502.3	572.8	0.6
Transactions with owners for the period:								
Recapitalisation of Lend Lease Trust				(500.3)				500.3
Distribution Reinvestment Plan	1.2	10.6	2.7	22.6	1.2	1.4	2.7	1.4
Issued capital at end of financial period	**576.7**	**1,610.5**	**575.5**	**1,599.9**	**576.7**	**503.7**	**575.5**	**502.3**

Issuance of Securities

As at 31 December 2013 the Group had 576.7 million stapled securities on issue equivalent to the number of Lend Lease Corporation shares and LLT units on issue as at that date. The issued units of LLT are not owned by the Company and are therefore presented 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 7 March 2014. 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 five 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.

Treasury Securities

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.

	Lend Lease Corporation Limited			
	December 2013		June 2013	
	No. of Stapled Securities m	A$m	No. of Stapled Securities m	A$m
Treasury Securities				
Balance at beginning of financial period	34.1	118.0	33.9	111.0
Transactions with owners for the period:				
Treasury securities acquired			3.1	26.4
Treasury securities vested	(4.0)	(30.2)	(2.9)	(19.4)
Balance at end of financial period	**30.1**	**87.8**	**34.1**	**118.0**

Notes to the Consolidated Financial Statements continued

15. Contingent Liabilities

The Group has the following contingent liabilities:

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

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

The Group has, over the years, established a range of employee share ownership vehicles which include the Lend Lease Retirement Benefit Fund ('RBF') and the Lend Lease Employee Investment Trust ('EIT'). In the event of a change of control, the RBF and EIT Trustees may distribute the funds of these Trusts to employees who cease to be employees during the 12 months after a change of control. Any payments made need to be funded by these Trusts and cannot exceed the value of the assets of the Trusts. As RBF and EIT are consolidated by the Company, this potential obligation is disclosed as a contingent liability. Full details are disclosed in the 30 June 2013 annual consolidated financial report.

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). As of 31 December 2013, there were only two cases remaining against another party and none against LL LMB. One case against LL LMB previously dismissed by the Court is currently on appeal. LL LMB will 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. 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 James Zadroga 9/11 Health and Compensation Act of 2010 ('Zadroga Act') will apply to any particular claim against LL LMB going forward; but, as to contractors such as LL LMB, the Zadroga Act limits liability to those amounts remaining in the WTC Captive Insurance Company (an entity which administers the captive insurance policy established by the US Congress to protect the City of New York and its contractors from claims that may arise from the clean-up that followed the WTC emergency), plus any insurance coverage that was available and applicable on 11 September 2001 for the particular contractor. More detailed notes on the history of this issue are disclosed in the 30 June 2013 annual consolidated financial report.

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 31 December 2013.

On 17 July 2012, the Company's attorneys were contacted by the New York State Attorney General's ('NYSAG') Office, seeking further information with respect to New York State projects concerning the same investigations by the EDNY referred to above. 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.

Notes to the Consolidated Financial Statements continued

16. 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 Building Pty Limited (formerly Lend Lease Project Management and Construction (Australia) 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 Engineering Pty Limited
Lend Lease Finance Limited
Lend Lease Infrastructure Investments Pty Limited
Lend Lease International Pty Limited
Lend Lease Millers Point Trust
Lend Lease Primelife Limited
Lend Lease Real Estate Investments Limited
Lend Lease Responsible Entity Limited
Lend Lease Securities and Investments Pty Limited
Lend Lease Services (Holdings) Pty Limited
Lend Lease Trust

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

Asia
Lend Lease Japan Inc.
Lend Lease Singapore Pte Limited

Americas
Lend Lease Americas Holdings, Inc.
Lend Lease Americas, Inc.
Lend Lease (US) Capital, Inc.
Lend Lease (US) Construction Holdings, Inc.
Lend Lease (US) Construction, Inc.
Lend Lease (US) Construction LMB, Inc.
Lend Lease (US) Public Partnerships, LLC

b. Acquisitions

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

	Ownership Interest Disposed %	Date Disposed	Gross Consideration Received/ Receivable A$m
c. Disposals			
Half year ended 31 December 2013			
Europe			
Bovis Lend Lease S.A.	100	31 Dec 13	11.5[1]
Half year ended 31 December 2012			
Australia			
Lend Lease Consulting Pty Ltd	100	28 Aug 12	15.0
Europe			
Bovis Lend Lease Bau GmbH	100	30 Nov 12	0.5
Bovis Lend Lease AG	100	30 Nov 12	0.2
Bovis Lend Lease BV	100	30 Nov 12	0.7
Bovis Lend Lease Portugal	100	30 Nov 12	0.9
Bovis Lend Lease Insaat ve proje Yonetimi Ltd	100	30 Nov 12	2.3
Lend Lease GP Retail Ltd	100	27 Jul 12	–
Americas			
Richmond MOB Owners LLC	100	13 Dec 12	–
Richmond II MOB Owners LLC	100	13 Dec 12	–

1 Consideration receivable has been deferred over 10 years.

Notes to the Consolidated Financial Statements continued

17. 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 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 generate earnings from 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.

	Segment Revenue[1]		Operating Result After Tax		Group Total Assets	
	6 months December 2013 A$m	6 months December 2012[2] A$m	6 months December 2013[3] A$m	6 months December 2012[2,3] A$m	December 2013 A$m	June 2013[2] A$m
Australia	3,905.9	4,512.9	223.5	304.3	11,158.8	9,835.7
Asia	351.2	311.4	68.8	24.1	608.1	532.3
Europe	665.3	600.2	8.2	58.7	1,803.4	1,657.0
Americas	1,592.2	1,336.2	48.4	26.4	1,324.4	1,265.8
Total segment	6,514.6	6,760.7	348.9	413.5	14,894.7	13,290.8
Reconciling items						
Corporate activities	11.4	16.0	(97.3)	(112.1)	513.8	1,010.1
Statutory result/Group assets	6,526.0	6,776.7	251.6	301.4	15,408.5	14,300.9

1 Segment revenue represents revenue and finance revenue.
2 December 2012 and June 2013 has been adjusted to reflect the impact of the first time adoption of the revised AASB 119 *Employee Benefits* standard and the new AASB 11 *Joint Arrangements* standard (refer to Note 1.3 'Impact of New/Revised Accounting Standards').
3 Includes operating result after tax attributable to external non controlling interest A$nil (December 2012: A$0.5 million).

18. Fair Value Measurement

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.

		December 2013		June 2013	
	Note	Carrying Amount A$m	Fair Value A$m	Carrying Amount A$m	Fair Value A$m
Liabilities					
Non Current					
Commercial notes	13	1,377.7	1,448.3	1,295.0	1,354.8

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.

Notes to the Consolidated Financial Statements continued

18. Fair Value Measurement continued

Basis of Determining Fair Value

The determination of fair values of financial and non financial assets and liabilities that are not measured at cost or amortised cost in the half year 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;
- 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 and include counterparty risk adjustments; and
- The fair value of investment properties and resident loans is determined based on factors outlined in Note 11 'Investment Properties'.

Fair Value Measurements

The table below analyses financial and non financial assets and liabilities 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 asset or liability 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 asset or liability; 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
December 2013					
Financial Assets					
Available for sale investments				355.4	355.4
Fair value through profit or loss – negotiable instruments		37.4			37.4
Fair value through profit or loss – unlisted equity investments				574.8	574.8
Held to maturity investments				9.5	9.5
Derivatives			9.8		9.8
	12	**37.4**	**9.8**	**939.7**	**986.9**
Non Financial Assets and Liabilities					
Net investment properties[1]	11	**–**	**–**	**1,494.2**	**1,494.2**
Financial Liabilities					
Derivatives		**–**	**21.1**	**–**	**21.1**

1 Includes net retirement living properties A$1,249.3 million, retail properties A$78.4 million and assets under construction A$166.5 million.

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

		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 investments				340.3	340.3
Fair value through profit or loss – negotiable instruments		72.3			72.3
Fair value through profit or loss – unlisted equity investments				105.5	105.5
Held to maturity investments				8.5	8.5
Derivatives			24.3		24.3
	12	**72.3**	**24.3**	**454.3**	**550.9**
Non Financial Assets and Liabilities					
Net investment properties[1]	11	**–**	**–**	**1,296.4**	**1,296.4**
Financial Liabilities					
Derivatives		**–**	**15.9**	**–**	**15.9**

1 Includes net retirement living properties A$1,063.7 million, retail properties A$10.0 million and assets under construction A$222.7 million.

Notes to the Consolidated Financial Statements continued

18. Fair Value Measurement continued

Reconciliation

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

	December 2013			
	Available for Sale Investments A$m	Unlisted Equity Investments A$m	Held to Maturity Investments A$m	Net Investment Properties A$m
Carrying amount at beginning of financial period	340.3	105.5	8.5	1,296.4
Additions/(disposals)		465.2		131.7
Gains/(losses) recognised in:				
Income Statement – other income		4.1		15.9
Income Statement – other expenses	(2.4)			
Other comprehensive income – fair value	5.9			
Other comprehensive income – foreign currency translation	11.6		1.1	13.6
Other movements			(0.1)	36.6
Carrying amount at end of financial period	**355.4**	**574.8**	**9.5**	**1,494.2**

	June 2013			
	Available for Sale Investments A$m	Unlisted Equity Investments A$m	Held to Maturity Investments A$m	Net Investment Properties A$m
Carrying amount at beginning of financial period	290.7	36.9	6.2	1,123.9
Additions/disposals	8.4	71.9		104.9
Gains/(losses) recognised in:				
Income Statement – other income				25.6
Income Statement – other expenses	(2.0)	(3.3)		
Other comprehensive income – fair value	36.2			
Other comprehensive income – foreign currency translation	7.0		0.1	10.4
Other movements			2.2	31.6
Carrying amount at end of financial period	**340.3**	**105.5**	**8.5**	**1,296.4**

The potential effect of using reasonably possible alternative assumptions for valuation inputs would not have a material impact on the Group.

19. Events Subsequent to Balance Date

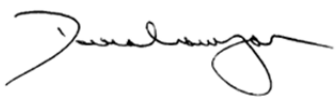
There were no material events subsequent to the end of the financial period.

Directors' Declaration

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

1. The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
    a. Giving a true and fair view of the financial position of the Group as at 31 December 2013 and of its performance for the half year ended on that date; and
    b. Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



D A Crawford, AO
Chairman

S B McCann
Chief Executive Officer and Managing Director

Sydney, 26 February 2014

KPMG

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

We have reviewed the accompanying half year financial report of Lend Lease Corporation Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2013, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half year's end or from time to time during the half year.

Directors' responsibility for the half year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2013 and its performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Lend Lease Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half year ended on that date; and

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

KPMG

KPMG

Stuart J Marshall
Partner

Sydney

26 February 2014