

# ASX Announcement

## Results for Announcement to the Market

23 February 2015

Lend Lease Group today announces its results for the half year ended 31 December 2014. Attached are the following documents:

- Final Report (Appendix 4D)
- Half Year Consolidated Financial Report
  - Directors' Report including Operating and Financial Review (MD&A)
  - Portfolio Report
  - Five Year Profile
  - Directors' Report
  - Consolidated Financial Statements
  - Independent Auditor's Report

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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 2014  
(previous corresponding period being the period ended 31 December 2013)

### Results for Announcement to the Market

#### Profit After Tax

	6 months December 2014 A\$m	6 months December 2013 A\$m	% Change
Revenue	5,897.8	6,506.7	(9.4)
Profit after tax attributable to securityholders	315.6	251.6	25.4

#### Stapling of the Company Shares and LLT Units

Shares in the Company and units in LLT are traded as one security under the name of Lend Lease Group on the Australian Securities Exchange ('ASX'). The Company is deemed to control LLT for accounting purposes and therefore LLT is consolidated into the Group's financial report. The issued units of LLT, however, are not owned by the Company and are therefore presented 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.

#### Dividends/Distributions

	Amount per security	Franked amount per security
Interim dividend/distribution – payable 18 March 2015	27.0 cents	0.0 cents

The interim dividend/distribution is comprised of an unfranked dividend of 23.972895 cents per share payable by the Company, sourced from the Conduit Foreign Income ('CFI') account, and a trust distribution of 3.027105 cents per unit payable by LLT.

The record date for determining entitlement to the interim distribution is 2 March 2015 ('Record Date') and the distribution is payable on 18 March 2015.

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 3 March 2015. 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 2014	June 2014
Net tangible assets per security	A\$6.16	A\$6.14

The remainder of the information requiring disclosure to comply with listing rule 4.2A.3 is contained in the Operating and Financial Review section of the December 2014 Directors' Report and the December 2014 Half Year Consolidated Financial Report.

# Portfolio Report

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The Portfolio Report is based on the Lend Lease Group (the Group) Consolidated Financial Statements for the half year ended 31 December 2014 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

### Property Development

		Australia		Asia		Europe		Americas		Total	
		December 2014	June 2014	December 2014	June 2014	December 2014	June 2014	December 2014	June 2014	December 2014	June 2014
<b>Residential, Commercial and Healthcare</b>											
Number of development projects	no.	32	35			32	30	6	7	70	72
Backlog Units and SQM <sup>1</sup>											
Residential – Land units zoned	no.	55,290	53,750					3,860	3,860	59,150	57,610
Residential – Built-form units zoned/unzoned <sup>2</sup>	no.	14,620	13,810			5,489	5,299			20,109	19,109
<b>Total residential units</b>	<b>no.</b>	<b>69,910</b>	<b>67,560</b>			<b>5,489</b>	<b>5,299</b>	<b>3,860</b>	<b>3,860</b>	<b>79,259</b>	<b>76,719</b>
Residential land <sup>3</sup>	sqm/000s					54	63			54	63
Commercial zoned <sup>3</sup>	sqm/000s	5,539	5,466			322	402	432	442	6,293	6,310
<b>Retirement Living</b>											
Villages – owned	no.	70	66							70	66
Villages – managed/leased/other	no.	4	4							4	4
<b>Number of villages</b>	<b>no.</b>	<b>74</b>	<b>70</b>							<b>74</b>	<b>70</b>
Units – owned	no.	12,396	11,612							12,396	11,612
Units – managed/leased/other	no.	1,212	1,212							1,212	1,212
<b>Number of units<sup>4</sup></b>	<b>no.</b>	<b>13,608</b>	<b>12,824</b>							<b>13,608</b>	<b>12,824</b>
Backlog units – zoned <sup>5</sup>	no.	815	945							815	945

1 Backlog includes Group-owned, joint venture and managed projects. The actual number of units for any particular project can vary as planning approvals are obtained.

2 Includes 19,819 zoned and 290 unzoned units at December 2014 (June 2014: 19,030 zoned and 79 unzoned units).

3 Represents net developable land in relation to master-planned urban communities, and net developable floor space for other developments. The actual land area and floor space for any particular project can vary as planning approvals are obtained.

4 Includes only completed retirement village units at Group-owned and managed sites.

5 Backlog units include Group-owned and managed sites. The actual number of units for any particular village can vary as planning approvals are obtained.

# Portfolio Report

## Key Portfolio Metrics

### Infrastructure Development

	Australia		Asia		Europe		Americas		Total	
	December 2014	June 2014	December 2014	June 2014	December 2014	June 2014	December 2014	June 2014	December 2014	June 2014
<b>Number of projects<sup>1</sup></b>										
Operational	1	1			1	22	17	18	19	41
Under construction	5 <sup>2</sup>	4			1	2			6	6
Preferred bidder					1	1	1	1	2	2
<b>Total number of projects</b>	<b>6</b>	<b>5</b>			<b>3<sup>3</sup></b>	<b>25</b>	<b>18</b>	<b>19</b>	<b>27</b>	<b>49</b>
<b>Invested equity A\$m<sup>4</sup></b>										
Operational	15.0	15.0			6.8	7.3	105.0	95.2	126.8	117.5
Under construction	124.0	64.3			4.0	4.2			128.0	68.5
Preferred bidder										
<b>Total invested equity A\$m</b>	<b>139.0</b>	<b>79.3</b>			<b>10.8</b>	<b>11.5</b>	<b>105.0</b>	<b>95.2</b>	<b>254.8</b>	<b>186.0</b>
<b>Committed equity A\$m<sup>5</sup></b>										
Operational							6.1	5.4	6.1	5.4
Under construction	247.1 <sup>2</sup>	191.4			1.3	5.6			248.4	197.0
Preferred bidder					13.3	13.6			13.3	13.6
<b>Total committed equity A\$m</b>	<b>247.1</b>	<b>191.4</b>			<b>14.6</b>	<b>19.2</b>	<b>6.1</b>	<b>5.4</b>	<b>267.8</b>	<b>216.0</b>
<b>Backlog revenue A\$m</b>					79.5 <sup>3</sup>	2,442.9	424.4	415.7	503.9	2,858.6

- 1 Number of projects includes extensions of existing projects and projects where the Group is the preferred bidder. Where a project has multiple phases, these have been combined on completion for the purposes of presentation. Excludes origination fee for service projects with no equity commitment or ongoing management responsibilities for the Group.
- 2 Includes East West Link. The Group advised the consortium comprising Queensland Investment Corp, John Laing, Lend Lease Group, Bouygues and Acciona on the financial close of the East West Link public private partnership transaction. Lend Lease is a 30% equity partner in the East West Link Project vehicle. The Victorian government has directed the East West Link Project vehicle to suspend work on the project and the suspension is ongoing at the date of this report.
- 3 The UK Facilities Management business, in addition to the Global Renewables and the South Tyne Wear and Waste projects were divested during the period.
- 4 Invested equity refers to the contributed equity for each project, with the exception of the Global Renewables project which represents the written down value of the asset at June 2014.
- 5 Committed equity refers to equity the Group has a future commitment to invest.

# Portfolio Report

## Key Portfolio Metrics

### Construction

	Australia		Asia		Europe		Americas		Total	
	December 2014 A\$m	December 2013 A\$m	December 2014 A\$m	December 2013 A\$m	December 2014 A\$m	December 2013 A\$m	December 2014 A\$m	December 2013 A\$m	December 2014 A\$m	December 2013 A\$m
<b>New work secured revenue<sup>1</sup></b>										
Building	1,391.6	2,064.0	38.4	57.8	273.3	503.2	1,033.1	504.6	2,736.4	3,129.6
Engineering	1,651.5 <sup>2</sup>	394.2	28.5	54.5	3.2	2.1			1,683.2	450.8
Services	232.1	791.2							232.1	791.2
<b>Total new work secured revenue</b>	<b>3,275.2</b>	<b>3,249.4</b>	<b>66.9</b>	<b>112.3</b>	<b>276.5</b>	<b>505.3</b>	<b>1,033.1</b>	<b>504.6</b>	<b>4,651.7</b>	<b>4,371.6</b>
	Australia		Asia		Europe		Americas		Total	
	December 2014 A\$m	June 2014 A\$m	December 2014 A\$m	June 2014 A\$m	December 2014 A\$m	June 2014 A\$m	December 2014 A\$m	June 2014 A\$m	December 2014 A\$m	June 2014 A\$m
<b>Backlog revenue<sup>3</sup></b>										
Building	6,028.7	6,515.1	36.9	128.9	769.9	1,071.1	4,886.4	5,363.1	11,721.9	13,078.2
Engineering	2,876.7 <sup>2</sup>	2,022.2	34.7	44.4	1.5	2.0			2,912.9	2,068.6
Services	950.1	1,017.9							950.1	1,017.9
<b>Total backlog revenue</b>	<b>9,855.5</b>	<b>9,555.2</b>	<b>71.6</b>	<b>173.3</b>	<b>771.4</b>	<b>1,073.1</b>	<b>4,886.4</b>	<b>5,363.1</b>	<b>15,584.9</b>	<b>16,164.7</b>
	Australia		Asia		Europe		Americas		Total	
	December 2014 %	December 2013 %	December 2014 %	December 2013 %	December 2014 %	December 2013 %	December 2014 %	December 2013 %	December 2014 %	December 2013 %
<b>Backlog realisation</b>										
Year ending June 2015	30 <sup>2</sup>	37	52	73	61	40	31	31	32	34
Year ending June 2016	39 <sup>2</sup>	34	44	23	19	51	35	38	37	38
Post June 2016	31 <sup>2</sup>	29	4	4	20	9	34	31	31	28
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
	Building		Engineering		Services		Total			
	December 2014 %	December 2013 %	December 2014 %	December 2013 %	December 2014 %	December 2013 %	December 2014 %	December 2013 %	December 2014 %	December 2013 %
<b>Backlog realisation</b>										
Year ending June 2015			35	32	21 <sup>2</sup>	49	30	34	32	34
Year ending June 2016			39	39	32 <sup>2</sup>	34	29	30	37	38
Post June 2016			26	29	47 <sup>2</sup>	17	41	36	31	28
<b>Total</b>			<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

1 New work secured revenue is the total revenue to be earned from projects secured during the year.

2 Includes East West Link. The East West Link Project vehicle directed the construction joint venture group comprising Bouygues, Acciona and Lend Lease Engineering to suspend work on the East West Link project and the suspension is ongoing at the date of this report.

3 Current year backlog revenue is the total revenue to be earned from projects in future financial years, based on projects secured as at 31 December 2014. Although backlog revenue is realised over several years, the average foreign exchange rate for the current year has been applied to the closing backlog revenue balance in its entirety, as the average rates for later years cannot be predicted.

# Portfolio Report

## Key Portfolio Metrics

### Investment Management

	Australia		Asia		Europe		Americas		Total	
	December 2014	June 2014	December 2014	June 2014	December 2014	June 2014	December 2014	June 2014	December 2014	June 2014
<b>Investments</b>										
Investments <sup>1</sup> (A\$m)	892.4	821.1	356.4	255.3	71.0	84.0			1,319.8	1,160.4
	Australia		Asia		Europe		Americas		Total	
	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013
Investment income <sup>2</sup> (A\$m)	21.7	16.8	7.5	5.4	1.3	20.4			30.5	42.6
	Australia		Asia		Europe		Americas		Total	
	December 2014	June 2014	December 2014	June 2014	December 2014	June 2014	December 2014	June 2014	December 2014	June 2014
<b>Funds Under Management (FUM)<sup>1</sup></b>										
FUM at the beginning of the period	10.9	10.3	3.6	3.3	1.8	1.4			16.3	15.0
Foreign exchange movement			0.2	0.2	0.1	0.2			0.3	0.4
Additions	0.9	0.7		0.1					0.9	0.8
Reductions	(0.3)	(0.4)		(0.1)					(0.3)	(0.5)
Net revaluations	0.2	0.3		0.1		0.2			0.2	0.6
<b>FUM (A\$b)</b>	<b>11.7</b>	<b>10.9</b>	<b>3.8</b>	<b>3.6</b>	<b>1.9</b>	<b>1.8</b>			<b>17.4</b>	<b>16.3</b>
<b>Assets Under Management (AUM)</b>										
Number of centres	16	16	4	4	2	2			22	22
AUM <sup>1</sup> (A\$m)	5,972.8	5,974.0	4,164.7	3,819.9	908.0	869.4			11,045.5	10,663.3
GLA under management (sqm/000s) <sup>3</sup>	737.4	753.1	294.8	294.8	141.7	141.7			1,173.9	1,189.6

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

2 Represents the Group's share of income before tax, excluding revaluations (after tax for equity accounted investments), net of direct expenses.

3 Represents the gross lettable area of the centres, with the exception of Asia which represents the net lettable area of the centres.

# Portfolio Report

## Key Portfolio Metrics

### Group Assets<sup>1</sup>

	Australia		Asia		Europe		Americas		Total	
	December 2014	June 2014	December 2014	June 2014	December 2014	June 2014	December 2014	June 2014	December 2014	June 2014
Property Development	9,307.5	7,796.6	(2.0)	(3.3)	754.1	612.6	131.5	91.2	10,191.1	8,497.1
Infrastructure Development	411.1	302.3			74.2	58.9	175.2	157.4	660.5	518.6
Construction	2,039.6	2,331.5	241.9	252.0	572.8	621.1	1,200.0	983.4	4,054.3	4,188.0
Investment Management	1,037.6	945.2	390.5	351.3	73.0	80.1			1,501.1	1,376.6
<b>Total segment</b>	<b>12,795.8</b>	<b>11,375.6</b>	<b>630.4</b>	<b>600.0</b>	<b>1,474.1</b>	<b>1,372.7</b>	<b>1,506.7</b>	<b>1,232.0</b>	<b>16,407.0</b>	<b>14,580.3</b>
Corporate activities									409.2	1,171.5
<b>Total assets</b>	<b>12,795.8</b>	<b>11,375.6</b>	<b>630.4</b>	<b>600.0</b>	<b>1,474.1</b>	<b>1,372.7</b>	<b>1,506.7</b>	<b>1,232.0</b>	<b>16,816.2</b>	<b>15,751.8</b>

<sup>1</sup> The foreign exchange rates applied to the Statement of Financial Position as at 31 December 2014 are A\$1 = £0.53 (June 2014: A\$1 = £0.55), A\$1 = US\$0.82 (June 2014: A\$1 = US\$0.93) and A\$1 = S\$1.08 (June 2014: A\$1 = S\$1.17).

# Portfolio Report

## Australia

### Property Development

#### Residential and Commercial Project Listing

Project	Sector	Location <sup>1</sup>	Ownership Interest	Estimated Completion Date <sup>2</sup>	Residential Backlog Land Units <sup>3</sup>	Backlog Built-Form Units <sup>3</sup>	Commercial Estimated Backlog sqm/000s <sup>4</sup>
<b>Zoned Projects</b>							
Springbank Rise	Communities	ACT	Owned (50% interest)	2015	90		
Bingara Gorge	Communities	NSW	Land management	2026	690		46
Nelsons Ridge	Communities	NSW	Land management	2017	165		
River Oaks	Communities	NSW	Land management	2042	5,125		87
The New Rouse Hill	Communities	NSW	Land management	2017	245	445	116
St Marys – Jordan Springs	Communities	NSW	Owned (100% interest)	2016	985	70	90
St Marys – Other precincts	Communities	NSW	Owned (100% interest)	2023	1,365	10	578
St Marys – Ropes Crossing <sup>5</sup>	Communities	NSW	Service agreement	2015	210		
Barangaroo South	Urban Regeneration	NSW	Staged payments	2023		775	390
Darling Harbour Live	Urban Regeneration	NSW	Staged payments	2020		1,525	93
Fernbrooke Ridge	Communities	Qld	Land management	2018	600		66
Rocky Springs	Communities	Qld	Land management	2054	9,895		1,093
Springfield Lakes	Communities	Qld	Land management	2028	4,910	540	88
Stoneleigh Reserve	Communities	Qld	Owned (100% interest)	2016	235		
Woodlands <sup>5</sup>	Communities	Qld	Service agreement	2016	85		
Yarrabilba	Communities	Qld	Staged acquisition (100% interest)	2043	13,870	2,470	1,922
Brisbane Showgrounds	Urban Regeneration	Qld	Land management	2025		2,815	116
<b>Subtotal zoned (carried forward)</b>					<b>38,470</b>	<b>8,650</b>	<b>4,685</b>

1 Locations are Australian Capital Territory (ACT), New South Wales (NSW) and Queensland (Qld).

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. The actual land area and floor space for any particular project can vary as planning approvals are obtained.

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

### Property Development

Residential and Commercial Project Listing continued

Project	Sector	Location <sup>1</sup>	Ownership Interest	Estimated Completion Date <sup>2</sup>	Residential Backlog Land Units <sup>3</sup>	Backlog Built-Form Units <sup>3</sup>	Commercial Estimated Backlog sqm/000s <sup>4</sup>
<b>Subtotal zoned projects (brought forward)</b>					<b>38,470</b>	<b>8,650</b>	<b>4,685</b>
Blakes Crossing	Communities	SA	Staged acquisition (100% interest)	2019	755		14
Springwood	Communities	SA	Staged acquisition	2025	1,845	20	27
Armadale	Apartments	Vic	Land management	2018		465	
Richmond	Apartments	Vic	Owned (100% interest)	2018		375	
Atherstone	Communities	Vic	Land management	2034	4,055		80
Harpley	Communities	Vic	Land management	2027	4,005		313
Aurora	Communities	Vic	Owned (100% interest)	2027	3,135		180
Edgewater	Communities	Vic	Owned (100% interest)	2015	20		
Laurimar	Communities	Vic	Owned (100% interest)	2016	205	5	
Mayfield	Communities	Vic	Owned (100% interest)	2017	370		
Melton East	Communities	Vic	Staged acquisition	2021	790		16
Melbourne Quarter (formerly Batman's Hill)	Urban Regeneration	Vic	Land management	2020		930	120
Victoria Harbour	Urban Regeneration	Vic	Land management	2021		3,180	35
Alkimos	Communities	WA	Land management	2021	1,640		51
Waterbank	Urban Regeneration	WA	Land management	2022		995	18
<b>Total zoned</b>					<b>55,290</b>	<b>14,620</b>	<b>5,539</b>

1 Locations are South Australia (SA), Victoria (Vic) 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. The actual land area and floor space for any particular project can vary as planning approvals are obtained.

# Portfolio Report

## Australia

### Property Development

#### Retirement Living Portfolio Summary

Location <sup>1</sup>	Owned		Managed/Leased/Other		Number of Villages	Total Units <sup>2</sup>	Backlog Units <sup>3</sup>
	Number of Villages	Units	Number of Villages	Units			
Qld	12	2,904	3	1,137	15	4,041	
NSW <sup>4</sup>	13	2,600			13	2,600	390
Vic	25	3,874	1	75	26	3,949	137
SA	3	386			3	386	
WA	10	1,594			10	1,594	47
ACT	2	42			2	42	241
NZ	5	996			5	996	
<b>Total retirement villages</b>	<b>70</b>	<b>12,396</b>	<b>4</b>	<b>1,212</b>	<b>74</b>	<b>13,608</b>	<b>815</b>

1 Locations are Queensland (Qld), New South Wales (NSW), Victoria (Vic), South Australia (SA), Western Australia (WA), Australian Capital Territory (ACT), and New Zealand (NZ).

2 Total units include only completed retirement village units at Group-owned and managed sites.

3 Backlog units include Group-owned and managed sites. The actual number of units for any particular village can vary as planning approvals are obtained.

4 The Group entered into a contract to acquire Dee Why Gardens in December 2014. The transaction settled on 30 January 2015 and is not included in the Portfolio Summary.

# Portfolio Report

## Australia

### Infrastructure Development

#### Project Listing

Project	Location	Status	Actual Financial Close Date	Operational Term Years	Estimated Capital Spend <sup>1</sup> A\$m	Invested Equity <sup>2</sup> A\$m	Committed Equity <sup>3</sup> A\$m
<b>Healthcare</b>							
Queen Elizabeth II Medical Centre Car Park	Perth, WA	Operational	Jul 11	26	140	15.0	
Sunshine Coast University Hospital <sup>4</sup>	Kawana, Qld	Under construction	Jul 12	25	1,480	53.8	30.1
New Bendigo Hospital	Bendigo, Vic	Under construction	May 13	25	630	31.6	
<b>Justice</b>							
Eastern Goldfields Regional Prison	Kalgoorlie, WA	Under construction	Dec 12	25	250		20.4
Ravenhall Prison	Melbourne, Vic	Completed/Origination fee	Sep 14				
<b>Mixed-Use</b>							
Darling Harbour Live	Sydney, NSW	Under construction	Dec 13	25	1,600	38.6	81.2
<b>Rail</b>							
Sydney Light Rail	Sydney, NSW	Preferred bidder/Origination fee					
<b>Roads &amp; Highways</b>							
East West Link <sup>7</sup>	Melbourne, Vic	Under construction	Oct 14 <sup>5</sup>	25	5,300 <sup>6</sup>		115.4 <sup>7</sup>
<b>Total</b>					<b>9,400</b>	<b>139.0</b>	<b>247.1</b>

1 Represents total estimated capital spend over the contract duration.

2 Invested equity refers to the contributed equity for each project.

3 Committed equity represents future contributions the Group has a commitment to invest.

4 Excludes client provisional funding.

5 The Group advised the consortium comprising Queensland Investment Corp, John Laing, Lend Lease Group, Bouygues and Acciona on the financial close of the East West Link public private partnership transaction.

6 Represents the Victorian State Government's estimated value of PPP to finance, design and construct stage one of East West Link.

7 Lend Lease is a 30% equity partner in the East West Link Project vehicle. The Victorian government has directed the East West Link Project vehicle to suspend work on the project and the suspension is ongoing at the date of this report.

# Portfolio Report

## Australia

### Construction Major Projects – Building<sup>1,2</sup>

Project	Location <sup>3</sup>	Client	Contract Type <sup>4</sup>	Construction Value <sup>5</sup> A\$m	Secured Date <sup>6</sup>	Completion Date <sup>7</sup>	Sector	Description
Barangaroo South	NSW	Lend Lease/Barangaroo Development Authority	LS	2,501	2012	2017	Commercial & Residential	Design and construction of the basement, infrastructure works, commercial office and residential buildings
Sunshine Coast University Hospital <sup>8</sup>	Qld	Queensland Health	LS	1,276	2013	2022	Healthcare	Design and construction of a new 738 bed hospital
Darling Harbour Live	NSW	Darling Harbour Live Partnership/Infrastructure NSW/Sydney Harbour Foreshore Authority	LS	1,135	2014	2017	Entertainment /Recreation	Design and construction for the redevelopment of Sydney Convention, Exhibition and Entertainment Precinct
Facilities Requirements for the New Air Combat Capability – RAAF Williamtown	NSW	Commonwealth Department of Defence	MC	862	2015	2019	Defence	Managing contractor for the design and delivery of the facilities required to support the Joint Strike Fighter aircrafts at RAAF Williamtown New South Wales
New Bendigo Hospital	Vic	Victorian Government/Bendigo Health	LS	630	2013	2017	Healthcare	Design and construction of a new 372 bed hospital in Bendigo
Mackay Base Hospital	Qld	Queensland Health	MC	331	2011	2015	Healthcare	Managing contractor of the extension and redevelopment of the existing hospital
Cairns Base Hospital	Qld	Queensland Health	MC	325	2011	2016	Healthcare	Design and construction of new buildings, alterations and refurbishment of existing hospital
Box Hill Hospital Redevelopment	Vic	Department of Health, Victoria	MC	321	2012	2015	Healthcare	Managing contractor of a new 52,000 square metre hospital facility and refurbishment of the existing hospital
Mulwala Redevelopment Project	NSW	Commonwealth Department of Defence	LS	317	2007	2015	Government	Design and construction for the redevelopment of a propellant manufacturing facility
Adelaide Convention Centre Redevelopment	SA	Department of Planning, Transport and Infrastructure, South Australia	MC	304	2011	2017	Commercial	Construct only for the redevelopment and extension of the existing convention centre

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 2014 for the projects listed on pages 10 and 11 totals A\$5,142 million, representing 85% of the total backlog revenue for the region in relation to Building projects.

3 Locations are New South Wales (NSW), Queensland (Qld), Victoria (Vic) and South Australia (SA).

4 Contract types are Lump Sum (LS) and Managing Contractor (MC).

5 Construction value represents the Group's share of the total construction value of the project.

6 Secured date represents the financial year in which the project was secured.

7 Completion date represents the financial year in which the project is expected to be completed.

8 Includes client provisional funding.

# Portfolio Report

## Australia

### Construction Major Projects – Building<sup>1,2</sup> continued

Project	Location <sup>3</sup>	Client	Contract Type <sup>4</sup>	Construction Value <sup>5</sup> A\$m	Secured Date <sup>6</sup>	Completion Date <sup>7</sup>	Sector	Description
Darling Harbour Live – International Convention Centre Hotel	NSW	Lend Lease Haymarket	LS	298	2015	2017	Hotel	Design and construction of a 590 room hotel as part of the redevelopment of the International Convention Centre at Darling Harbour
Lakeside Joondalup	WA	Australian Prime Property Fund and another institutional investment partner	GMP	246	2013	2015	Retail	Design and construction for the redevelopment of Lakeside Joondalup Shopping Centre
Monash Children's Hospital	Vic	Department of Health	MC	182	2014	2016	Healthcare	Managing contractor of a new 230 bed hospital
Adelaide Medical & Nursing Schools	SA	The University of Adelaide	MC	170	2014	2016	Healthcare	Design and construction of a new University health science facility for teaching and research
Air Warfare Destroyer & Landing Helicopter Dock, Ship Sustainment Facilities	NSW	Commonwealth Department of Defence	MC	150	2013	2016	Defence	Managing contractor of maintenance and training facilities to support future navy war ships at Randwick, Watsons Bay and Garden Island in New South Wales
Project AIR 9000 Phase 8 MH-60R Helicopter Facilities	NSW	Commonwealth Department of Defence	LS	146	2014	2015	Defence	Construction of squadron, training, maintenance and storage facilities for new maritime combat helicopters
City West Police Complex	Vic	CBUS Property	LS	145	2013	2015	Commercial	Design and construction of a purpose-built 28,000 square metre facility comprising offices, parking and a police station
Darling Harbour Live Infrastructure	NSW	Lend Lease Haymarket	MC	138	2015	2017	Infrastructure	Design and construction of Infrastructure and Public Realm to service the Southern Precinct and International Convention Centre Hotel forming part of the Darling Harbour Live project delivery agreement
Concavo, Victoria Harbour	Vic	Lend Lease Development	LS	136	2013	2016	Residential	Design and construction of new waterfront apartments along Victoria Harbour

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 2014 for the projects listed on pages 10 and 11 totals A\$5,142 million, representing 85% of the total backlog revenue for the region in relation to Building projects.

3 Locations are New South Wales (NSW), Western Australia (WA), Victoria (Vic) and South Australia (SA).

4 Contract types are Lump Sum (LS), Guaranteed Maximum Price (GMP) and Managing Contractor (MC).

5 Construction value represents the Group's share of the total construction value of the project.

6 Secured date represents the financial year in which the project was secured.

7 Completion date represents the financial year in which the project is expected to be completed.

# Portfolio Report

## Australia

### Construction Major Projects – Engineering<sup>1,2</sup>

Project	Location <sup>3</sup>	Client	Contract Type <sup>4</sup>	Construction Value <sup>5</sup> A\$m	Secured Date <sup>6</sup>	Completion Date <sup>7</sup>	Sector	Description
East West Link <sup>8</sup>	Vic	East West Connect Partnership	D&C	1,485	2015	2020	Roads and Highways	Design and construct of the 6.6 kilometre stage one of the East West Link in Melbourne, in joint venture with Bouygues and Acciona
Tintenbar to Ewingsdale, Pacific Highway, Northern NSW	NSW	NSW Roads and Maritime Services	D&C	625	2012	2016	Roads and Highways	Construction of a new 16.3 kilometre section of the highway, several bridges and a 400 metre tunnel
Oxley Highway to Kundabung, Pacific Highway	NSW	NSW Roads and Maritime Services	D&C	582	2014	2018	Roads and Highways	Design and construction of 23 kilometres of upgrade works to the highway, including major bridge crossings across the Hastings and Wilson Rivers
Nambucca to Urunga, Pacific Highway, Mid-North Coast	NSW	NSW Roads and Maritime Services	D&C	556	2013	2017	Roads and Highway	Design and construction of 22 kilometres of dual carriageway and bridges
Headland Park and Barangaroo North Project Works	NSW	Barangaroo Delivery Authority	D&C	203	2012	2015	Marine and Ports	Design and construction of the headland park, including a new harbour cove
Epping to Thornleigh Third Track <sup>9</sup>	NSW	Transport for New South Wales	ALL	147	2013	2017	Rail	Construction of a third rail track between Epping and Thornleigh

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 2014 for the projects listed totals A\$2,512 million, representing 87% of the total backlog revenue for the region in relation to Engineering projects.

3 Locations are Victoria (Vic) and New South Wales (NSW).

4 Contract types are Design and Construct (D&C) and Alliance (ALL).

5 Construction value represents the Group's share of the total construction value of the project.

6 Secured date represents the financial year in which the project was secured.

7 Completion date represents the financial year in which the project is expected to be completed.

8 The East West Link Project vehicle directed the construction joint venture group comprising Bouygues, Acciona and Lend Lease Engineering to suspend work on the East West Link project and the suspension is ongoing at the date of this report.

9 Represents the Group's interest in the project joint venture.

# Portfolio Report

## Australia

## Investment Management

### Investments

	Region	Lend Lease Interest %	Market Value <sup>1</sup> December 2014 A\$m	Market Value <sup>1</sup> June 2014 A\$m
Australian Prime Property Fund – Commercial <sup>2</sup>	Australia	16.5	275.7	233.3
Australian Prime Property Fund – Industrial	Australia	38.0	251.5	244.0
Lend Lease International Towers Sydney Trust	Australia	15.0	120.2	80.9
Craigieburn Central	Australia	25.0	83.2	87.8
Lend Lease Real Estate Partners Fund 3 <sup>3</sup>	Australia			81.9
Lend Lease Sub Regional Retail Fund <sup>3</sup>	Australia	19.0	69.5	
Australian Prime Property Fund – Retail	Australia	1.1	42.8	42.2
Lend Lease Core Plus Fund	Australia	13.3	32.0	33.7
Lend Lease Communities Fund 1	Australia	20.8	8.3	8.5
Lend Lease Real Estate Partners New Zealand Fund	New Zealand	5.3	6.9	6.7
Lend Lease Retail Partners – Australia Fund	Australia	2.6	2.3	2.1
<b>Total Investments</b>			<b>892.4</b>	<b>821.1</b>

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

2 During the period the Group made an additional investment of A\$37.4 million in the Australian Prime Property Fund – Commercial.

3 During the period the Group restructured Lend Lease Real Estate Partners Fund 3 into an open-ended investment vehicle, Lend Lease Sub Regional Retail Fund. As part of the restructure, the Group reduced its holding in the vehicle from 25% to 19%.

### Funds Under Management

Fund	Fund Type	Asset Class	Market Value <sup>1</sup> December 2014 A\$b	Market Value <sup>1</sup> June 2014 A\$b
Australian Prime Property Fund – Retail	Core	Retail	4.5	4.4
Australian Prime Property Fund – Commercial	Core	Commercial	1.9	1.7
Lend Lease International Towers Sydney Trust	Core	Commercial	1.7	1.3
Australian Prime Property Fund – Industrial	Core	Industrial	0.7	0.6
Lend Lease Sub Regional Retail Fund <sup>2</sup>	Enhanced	Retail	0.6	
Lend Lease Real Estate Partners Fund 3 <sup>2</sup>	Enhanced	Retail		0.5
Lend Lease Real Estate Partners New Zealand Fund	Enhanced	Retail	0.2	0.2
Lend Lease Core Plus Fund	Core Plus	Various	0.1	0.4
Lend Lease Retail Partners – Australia Fund	Core Plus	Retail	0.1	0.1
Lend Lease Communities Fund 1	Value Add	Residential	0.1	0.1
Managed Investment Mandates	Core	Various	1.8	1.6
<b>Total FUM</b>			<b>11.7</b>	<b>10.9</b>

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

2 During the period the Group restructured Lend Lease Real Estate Partners Fund 3 into an open-ended investment vehicle, Lend Lease Sub Regional Retail Fund.

# Portfolio Report

## Australia

### Investment Management

#### Assets Under Management

Shopping Centres	Managed on Behalf of	GLA sqm/000s <sup>1</sup>	Market Value <sup>2</sup> December 2014 A\$m	Market Value <sup>2</sup> June 2014 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		
Craigieburn Central, Vic	APPF Retail/Lend Lease	62.0		
Caroline Springs Square, Vic	APPF Retail/Lend Lease Core Plus Fund	21.0		
Lakeside Joondalup, WA	APPF Retail/Other joint owners	93.1		
Menai Marketplace, NSW	Lend Lease Sub Regional Retail Fund <sup>3</sup>	16.5		
Settlement City, NSW	Lend Lease Sub Regional Retail Fund <sup>3</sup>	19.4		
Southlands Boulevard, WA	Lend Lease Sub Regional Retail Fund <sup>3</sup>	21.2		
Armadale Shopping City, WA	Lend Lease Sub Regional Retail Fund <sup>3</sup>	31.0		
Northgate, WA	Lend Lease Sub Regional Retail Fund <sup>3</sup>	15.9		
Stud Park, Vic	Lend Lease Retail Partners – Australia Fund	26.9		
Watertown, WA	Other owner	20.8		
<b>Total</b>		<b>737.4</b>	<b>5,972.8</b>	<b>5,974.0</b>

1 GLA represents the gross lettable area of the centres.

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

3 During the period the Group restructured Lend Lease Real Estate Partners Fund 3 into an open-ended investment vehicle, Lend Lease Sub Regional Retail Fund.

# Portfolio Report

## Asia

### Construction Major Projects<sup>1,2</sup>

Project	Location	Client	Contract Type <sup>3</sup>	Construction Value <sup>4</sup> A\$m	Secured Date <sup>5</sup>	Completion Date <sup>6</sup>	Sector	Description
Softbank Fast Pole	Japan	Softbank Mobile	MC	139	2011	2016	Telecommunications	Design and supply of concrete telecommunications poles
Various <sup>1</sup>		Various		277		2016	Telecommunications	

1 Disclosure of major projects is subject to client approval. This could impact the projects available for disclosure. Major telecommunications projects have been grouped for the purposes of disclosure.

2 Backlog revenue as at 31 December 2014 for the projects listed totals A\$20.1million, representing 28% of the total Construction backlog revenue for the region

3 Contract type is Managing Contractor (MC).

4 Construction value represents the Group's share of the total construction value of the project.

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

## Asia

## Investment Management

### Investments

	Lend Lease Interest %	Market Value <sup>1</sup> December 2014 S\$m	Market Value <sup>1</sup> June 2014 S\$m	Market Value <sup>1</sup> December 2014 A\$m	Market Value <sup>1</sup> June 2014 A\$m
313@somerset <sup>2</sup>	25.0	127.5	127.2	118.1	108.7
Parkway Parade Partnership Limited	4.9	34.5	34.5	31.9	29.5
Lend Lease Asian Retail Investment Fund (ARIF)					
ARIF 1 (313@somerset) <sup>2</sup>	10.1	39.0	38.8	36.1	33.2
ARIF 2 (Setia City Mall) <sup>3</sup>	35.9	27.4	27.2	25.4	23.3
ARIF 3 (Jem) <sup>4</sup>	20.1	156.5	70.9	144.9	60.6
<b>Total Investments</b>		<b>384.9</b>	<b>298.6</b>	<b>356.4</b>	<b>255.3</b>

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

2 The Group owns 25% of the 313@somerset retail centre through its investment in CDR JV Ltd, with the remaining 75% held by ARIF 1, in which the Group holds a 10.1% interest.

3 The Group directly owns 35.9% of ARIF 2, which has a 50% ownership interest in Setia City Mall.

4 During the year the Group made an additional investment of A\$68.7 million in ARIF 3. The Group directly owns 20.1% of ARIF 3, which has a 75% ownership interest in Jem.

### Funds Under Management

Fund	Fund Type	Asset Class	Market Value <sup>1</sup> December 2014 S\$b	Market Value <sup>1</sup> June 2014 S\$b	Market Value <sup>1</sup> December 2014 A\$b	Market Value <sup>1</sup> June 2014 A\$b
Lend Lease Asian Retail Investment Fund (ARIF)	Core/Value Add	Retail and Commercial	2.5	2.5	2.3	2.2
Parkway Parade Partnership Limited	Core Plus	Retail and Commercial	1.2	1.2	1.1	1.0
Lend Lease Jem Partners Fund Limited	Core	Retail and Commercial	0.5	0.5	0.4	0.4
<b>Total FUM</b>			<b>4.2</b>	<b>4.2</b>	<b>3.8</b>	<b>3.6</b>

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

### Assets Under Management

Shopping Centres	Managed on Behalf of	GLA <sup>1</sup> sqm/000s	Market Value <sup>2</sup> December 2014 S\$m	Market Value <sup>2</sup> June 2014 S\$m	Market Value <sup>2</sup> December 2014 A\$m	Market Value <sup>2</sup> June 2014 A\$m
Jem, Singapore	ARIF/Lend Lease Jem Partners Fund Limited	108.2	1,875.0	1,864.0	1,736.1	1,593.2
Parkway Parade, Singapore	Parkway Parade Partnership Limited	52.5	1,191.0	1,176.0	1,102.8	1,005.1
313@somerset, Singapore	ARIF/Lend Lease	27.1	1,150.0	1,150.0	1,064.8	982.9
Setia City Mall, Malaysia	ARIF/Lend Lease	107.0	281.9	279.3	261.0	238.7
<b>Total</b>		<b>294.8</b>	<b>4,497.9</b>	<b>4,469.3</b>	<b>4,164.7</b>	<b>3,819.9</b>

1 Represents the net lettable area of the centres.

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

# Portfolio Report

## Europe

### Property Development

#### Project Listing

Project	Location	Ownership Interest	Estimated Completion Date <sup>1</sup>	Backlog Built-Form Units <sup>2</sup>	Residential Land sqm/000s <sup>3</sup>	Estimated Commercial Backlog sqm/000s <sup>3</sup>
<b>Zoned Projects</b>						
Elephant & Castle	London, UK	100%	Various	2,988		19
Deptford	London, UK	100%	Various	905		9
The International Quarter	London, UK	50%	Various	333		282
Wandsworth	London, UK	100%	Various	214		
Chiswick	London, UK	100%	2017	64		
UK residential projects	Various	Various	Various	695	54	11
<b>Total zoned</b>				<b>5,199</b>	<b>54</b>	<b>321</b>
<b>Unzoned Projects</b>						
Deptford	London, UK	100%	Various	217		
Chiswick	London, UK	100%	2017	73		1
<b>Total unzoned</b>				<b>290</b>		<b>1</b>
<b>Total Development</b>				<b>5,489</b>	<b>54</b>	<b>322</b>

1 Estimated completion date for built-form units represents the financial year in which the project construction is expected to be completed.

2 Backlog includes the total number of units in Group-owned and joint venture projects. The actual number of units for any particular project can vary as planning approvals are obtained.

3 Represents net developable land in relation to master-planned urban communities and net developable floor space for other developments. The actual land area and floor space for any particular project can vary as planning approvals are obtained.

# Portfolio Report

## Europe

### Infrastructure Development

Project <sup>1</sup>	Location	Status	Actual Financial Close Date	Operational Term Years	Estimated Construction Value <sup>2</sup> £m	Percentage of Construction Complete %	Facilities Management Revenue Backlog <sup>3</sup> £m	Invested Equity <sup>4</sup> £m	Committed Equity <sup>5</sup> £m
<b>Healthcare</b>									
Majadahonda Hospital	Spain	Operational	Apr 05	30	168	100	43.7	3.6	
Brescia 2	Italy	Under construction	Mar 11	33	89	80		2.1	0.7
Treviso Hospital	Italy	Preferred bidder	Aug 15	21	99				7.0
<b>Total</b>					<b>356</b>		<b>43.7</b>	<b>5.7</b>	<b>7.7</b>

- 1 The UK Facilities Management business, in addition to the Global Renewables and the South Tyne Wear and Waste projects were divested during the period.
- 2 Represents total construction value over the contract duration.
- 3 Facilities management revenue backlog disclosed is for a maximum of 10 years, although PPP contracts typically operate for a period of up to 40 years.
- 4 Invested equity refers to the contributed equity for each project.
- 5 Committed equity refers to equity and loan stock contributions that the Group has a future commitment to invest.

# Portfolio Report

## Europe

### Construction Major Projects<sup>1,2</sup>

Project	Location	Client	Contract Type <sup>3</sup>	Construction Value <sup>4</sup> £m	Construction Value <sup>4</sup> A\$m	Secured Date <sup>5</sup>	Completion Date <sup>6</sup>	Sector	Description
Ministry of Defence Single Living Accommodation Modernisation Phase 2	UK	Defence Estates	GMP	698	1,269	2003	2016	Government	Construction and upgrade of single living accommodation for the military
Kingsgate House	London	Land Securities plc	LS	173	315	2013	2016	Mixed-use	Demolition of existing office block and design and construction 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	94	172	2014	2016	Government	Design and construction of single living accommodation for the military, regimental headquarters, mess and catering facilities and technical workshops, and the upgrade of the existing base's infrastructure
The International Quarter - Glasshouse Gardens	London	SCBD Residential Ltd	LS	88	160	2015	2018	Mixed-use	Design and construction of a residential project which consists of two towers (30 storey and 17 storey) and 333 units subject to planning permission
Cramlington Hospital	North-East England	Northumbria Trust	LS	75	136	2013	2015	Healthcare	Design and construction of a 282 bed specialist emergency care hospital
Strathclyde Technology and Innovation Centre	Glasgow	Strathclyde University	LS	61	111	2012	2015	Education	Design and construction of a nine storey technology and innovation centre research facility to accommodate 1,200 researchers

1 Disclosure of major projects is subject to client approval. This could impact the projects available for disclosure.

2 Backlog revenue as at 31 December 2014 for the projects listed totals £223 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 Construction value represents the Group's share of the total construction value of the project.

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

## Europe

### Investment Management

#### Investments

	Lend Lease Interest %	Market Value <sup>1</sup> December 2014 £m	Market Value <sup>1</sup> June 2014 £m	Market Value <sup>1</sup> December 2014 A\$m	Market Value <sup>1</sup> June 2014 A\$m
Lend Lease Retail Partnership	4.3	34.8	34.6	65.7	62.9
Lend Lease PFI/PPP Infrastructure Fund LP (UKIF) <sup>2</sup>	1.0	2.1	10.9	3.9	19.9
Lend Lease Global Properties, SICAF and LL Global Real Estate Advisors	various	0.7	0.7	1.4	1.2
<b>Total</b>		<b>37.6</b>	<b>46.2</b>	<b>71.0</b>	<b>84.0</b>

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

2 The Group sold 90% of its 10% investment in the Infrastructure Fund on 26 September 2014.

#### Funds Under Management

Fund	Fund Type	Asset Class	Market Value <sup>1</sup> December 2014 £b	Market Value <sup>1</sup> June 2014 £b	Market Value <sup>1</sup> December 2014 A\$b	Market Value <sup>1</sup> June 2014 A\$b
Lend Lease Retail Partnership	Core	Retail	0.8	0.8	1.5	1.4
Lend Lease PFI/PPP Infrastructure Fund LP (UKIF)	Core	Infrastructure	0.2	0.2	0.4	0.4
<b>Total FUM</b>			<b>1.0</b>	<b>1.0</b>	<b>1.9</b>	<b>1.8</b>

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

#### Assets Under Management

Shopping Centres	Managed on Behalf of	GLA <sup>1</sup> sqm/000s	Market Value <sup>2</sup> December 2014 £m	Market Value <sup>2</sup> June 2014 £m	Market Value <sup>2</sup> December 2014 A\$m	Market Value <sup>2</sup> June 2014 A\$m
Touchwood, Solihull	Lend Lease Retail Partnership	60.4	274.2	274.2	517.4	498.5
Queensgate, Peterborough	IREEF Queensgate Peterborough	81.3	207.0	204.0	390.6	370.9
<b>Total</b>		<b>141.7</b>	<b>481.2</b>	<b>478.2</b>	<b>908.0</b>	<b>869.4</b>

1 GLA represents the gross lettable area of the centres.

2 Represents the Group's assessment of the market valuations.

# Portfolio Report

## Americas

### Property Development

#### Residential

Project	Location	Ownership Interest %	Secured Date <sup>1</sup>	Estimated Completion Date <sup>2</sup>	Backlog Land Units <sup>3</sup>	Backlog Built-Form Units <sup>3</sup>	Estimated Commercial Backlog sqm/000s <sup>4</sup>
Horizon Uptown	Colorado	100	2006	2033	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.

4 The actual floor space for any particular project can vary as planning approvals are obtained.

#### Healthcare

Project <sup>1</sup>	Location	Ownership Interest %	Status	Secured Date <sup>2</sup>	Estimated Completion Date <sup>3</sup>	Estimated Commercial Backlog sqm/000s <sup>4</sup>
Bon Secours St. Francis Medical Pavilion	Virginia	100	Operational	2013	2014	5
Covington Medical Arts Pavilion	Louisiana	100	Operational	2012	2014	5
Bon Secours DePaul Medical Center	Virginia	100	Operational	2012	2015	9
Winston-Salem Veterans Affairs Healthcare Center	North Carolina	Service agreement <sup>5</sup>	Under construction	2013	2016	33
Medical Office Building II, USMD Hospital, Arlington, Texas	Texas	100	Preferred bidder	2013	2017	9
<b>Total Healthcare</b>						<b>61</b>

1 The June 2014 Portfolio Report included the Providence Little Company of Mary Medical Center (located in California) in the status of preferred bidder. However, during the current period, it was determined by the owner that this project would no longer be pursued.

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 Represents expected rentable square meters. The actual floor space for any particular project can vary as planning approvals are obtained.

5 The Group provides construction and development services on a fee basis.

# Portfolio Report

## Americas

### Infrastructure Development – Military Housing Project Listing

Project	Location	Service	Status	Actual Financial Close Date	Operational Term Years	Estimated Capital Spend <sup>1</sup> US\$m	Percentage of Construction Completed %	Invested Equity <sup>2</sup> US\$m	Committed Equity <sup>3</sup> US\$m	Units Under Management <sup>4</sup>
Air Combat Command Group II	Arizona/New Mexico	Air Force	Operational	Jul 07	50	224.2	100	11.0		2,200
Hickam	Hawaii	Air Force	Operational	Feb 05	50	662.9	100	21.3		2,500
Tri-Group	Colorado/California	Air Force	Operational	Sep 07	50	235.1	100	11.0		1,525
Fort Campbell	Kentucky	Army	Operational	Dec 03	50	310.4	100	6.1		4,450
Fort Drum	New York	Army	Operational	May 05	50	505.3	100	4.9		4,025
Fort Hood	Texas	Army	Operational	Oct 01	50	296.0	100	6.1		5,900
Fort Hood Stage 3 (Chaffee Village 1)	Texas	Army	Operational	May 14	50	69.2	1			
Fort Knox Phase 1	Kentucky	Army	Operational	Feb 07	50	198.6	96		3.0	2,350
Fort Knox Phase 2 (Additional Scoring)	Kentucky	Army	Operational	Oct 10	50	16.8	84			35
Island Palm Communities	Hawaii	Army	Operational	Apr 05	50	2,170.7	80	8.0		7,750
PAL Groups A & B	Various	Army	Operational	Aug 09	50	214.3	100			7,850
PAL Group C	Various	Army	Operational	May 13	50	377.7	16			3,700
Wainwright/Greely Phase 1	Alaska	Army	Operational	Apr 09	50	53.4	100			1,900
Wainwright/Greely Phase 2	Alaska	Army	Operational	Sep 10	50	220.6	65		2.0	
Camp Lejeune Phases 1 and 2	North Carolina/New York	Marine Corps	Operational	Oct 05	50	460.9	100	10.0		4,350
Camp Lejeune Phase 3	North Carolina/New York	Marine Corps	Operational	Nov 07	50	257.7	83	4.4		2,120
Tri-Command	South Carolina	Marine Corps	Operational	Feb 03	50	140.0	100	3.3		1,500
<b>Total Operational</b>						<b>6,413.8</b>		<b>86.1</b>	<b>5.0</b>	<b>52,155</b>
PAL Lee Benning	Virginia/Georgia	Army	Preferred Bidder	May 16	50	14.0				2,500
<b>Total</b>						<b>6,427.8</b>		<b>86.1</b>	<b>5.0</b>	<b>54,655</b>

1 Changes in estimated capital spend from prior reports reflect adjustments made to contract values, project scope changes, addition of out-year work after the completion of the IDP and (for certain projects) the impact of contractual shared savings realised during the development period.

2 Invested equity refers to the contributed equity for each project.

3 Committed equity represents future contributions the Group has a commitment to invest.

4 Units under management are the expected number of units at the end of the initial project development period.

# Portfolio Report

## Americas

### Construction Major Projects<sup>1,2</sup>

Project	Location	Client	Contract Type <sup>3</sup>	Construction Value <sup>4</sup> US\$m	Construction Value <sup>4</sup> A\$m	Secured Date <sup>5</sup>	Completion Date <sup>6</sup>	Sector	Description
National September 11 Memorial/Foundation/Port Authority	New York	National September 11 Memorial and Museum at the World Trade Center	CM	781	888	2006	2015	Other	Construction manager for the memorial and museum at the World Trade Center site in New York
432 Park Avenue	New York	CIM Group	GMP	666	757	2012	2016	Mixed-use	Construction manager for a 73,000 square metre, 89 storey condominium and retail project
56 Leonard Avenue	New York	56 Leonard LLC	GMP	374	425	2012	2017	Residential	Construction manager for a 42,000 square metre, 60 storey residential building with 146 units
LUMINA	San Francisco	Tishman Speyer	GMP	355	403	2013	2016	Residential	Construction manager for 655 condominium units in two towers (37 and 42 storeys, respectively) and two nine storey residential buildings
252 East 57 <sup>th</sup> Street	New York	World Wide Holdings	GMP	354	402	2014	2016	Mixed-use	Construction manager for a 55,000 square metre, 57 storey apartment, condominium and retail project
520 Park Avenue	New York	Zeckendorf Development LLC	GMP	287	326	2014	2018	Residential	Construction manager for a 51 storey high rise luxury condominium tower, consisting of 31 condominium units and 8 staff quarters
400 Park Avenue South	New York	ET 500 PAS LLC (JV)	GMP	211	240	2012	2016	Residential	Construction manager for a 43 storey residential project, split between condominiums and apartments
50 UN Plaza	New York	Zeckendorf Development LLC	GMP	203	231	2012	2015	Residential	Construction manager for a 44 storey condominium tower with 88 units
455 North Park/DRW Hotel	Chicago	New Water Park LLC	GMP	208	236	2012	2015	Mixed-use	Construction manager for a 51 storey mixed-use building, including 400 hotel rooms, 398 apartments and 230 parking spaces
Biological development and clinical manufacturing buildings	Boston	Bristol Myers Squibb	GMP	185	210	2014	2016	Pharmaceutical	Construction manager for a 22,300 square metre biological development building and a 12,100 square metre clinical manufacturing 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 2014 for the projects listed on pages 23 and 24 totals US\$1,626 million, representing 38% of the total Construction backlog revenue for the region.

3 Contract types are Construction Management (CM) and Guaranteed Maximum Price (GMP).

4 Construction value represents the Group's share of the total construction value of the project.

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

## Americas

### Construction Major Projects continued<sup>1,2</sup>

Project	Location	Client	Contract Type <sup>3</sup>	Construction Value <sup>4</sup> US\$m	Construction Value <sup>4</sup> A\$m	Secured Date <sup>5</sup>	Completion Date <sup>6</sup>	Sector	Description
680 Madison Avenue/The Carlton House	New York	Extell Development Company	CMA	157	178	2013	2015	Residential	Construction manager for the interior demolition of a 23,000 square metre hotel for a new high-end apartment cooperative, including retail space, townhouse and penthouse
Brodsky City Point Tower 2	New York	The Brodsky Organization	CM	135	153	2014	2016	Residential	Construction manager for a 33 storey reinforced concrete residential tower
22 Water Street	Boston	Wood Partners	GMP	128	145	2014	2016	Residential	Construction manager for a 50,000 square metre apartment development with 392 units

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 2014 for the projects listed on pages 23 and 24 totals US\$1,626 million, representing 38% of the total Construction backlog revenue for the region.

3 Contract types are Construction Management Agency (CMA), Construction Management (CM) and Guaranteed Maximum Price (GMP).

4 Construction value represents the Group's share of the total construction value of the project.

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.

## Five Year Profile

		Half Year December 2014	Half Year December 2013	Half Year <sup>1</sup> December 2012	Half Year December 2011	Half Year December 2010
<b>Profitability</b>						
Revenue	A\$m	5,898	6,507	6,754	5,788	4,319
Profit before tax	A\$m	368	296	347	280	279
Profit after tax	A\$m	316	252	301	218	227
EBITDA	A\$m	467	398	426	350	312
Earnings per stapled security on profit after tax <sup>2</sup>	cents	54.5	43.7	52.5	38.1	40.0
Profit after tax to securityholders' equity for the period (ROE) <sup>3</sup>	%	12.9	11.6	15.4	12.0	13.4
Dividend/Distribution per security	cents	27.0	22.0	22.0	16.0	20.0
Dividend/Distribution payout ratio on profit after tax	%	50	50	42	42	50
<b>Corporate Strength</b>						
Total assets	A\$m	16,816	15,409	13,169	12,027	10,499
Cash	A\$m	777	1,067	1,082	1,251	1,439
Borrowings	A\$m	2,524	2,591	1,447	1,332	1,322
Current assets	A\$m	4,929	4,360	4,017	3,682	3,401
Non current assets	A\$m	11,887	11,048	9,152	8,345	7,098
Current liabilities <sup>4</sup>	A\$m	8,010	7,168	6,611	6,029	5,265
Non current liabilities	A\$m	3,852	3,772	2,536	2,280	1,751
Total equity	A\$m	4,954	4,469	4,022	3,718	3,483
Cash flows (used in)/ provided by operations	A\$m	(497)	(211)	(48)	208	(119)
Net asset backing per security	A\$	8.55	7.75	7.00	6.50	6.16
Ratio of current assets to current liabilities <sup>4</sup>	times	0.6	0.6	0.6	0.6	0.6
Ratio of current assets to current liabilities (excluding resident and accommodation bond liabilities) <sup>4</sup>	times	1.1	1.1	1.0	1.0	1.1
Net debt to total tangible assets, less cash <sup>5</sup>	%	12.4	12.5	5.8	3.4	0.4
Borrowings to total equity	%	50.9	58.0	36.0	35.8	38.0
Borrowings to total equity plus borrowings	%	33.7	36.7	26.5	26.4	27.5
Gross borrowings to total tangible assets <sup>5</sup>	%	16.8	19.1	14.5	14.7	14.9
Borrowings to total market capitalisation	%	26.6	40.3	27.1	32.5	27.1
Securities on issue	m	580	577	574	572	566
Number of securityholders	no.	55,737	55,136	52,939	53,728	55,062
Number of equivalent full-time employees <sup>6</sup>	no.	12,665	13,729	17,442	17,349	10,954
<b>Securityholders' Returns and Statistics</b>						
Proportion of securities on issue to top 20 securityholders	%	76.3	75.3	76.5	77.0	74.7
Securityholdings relating to employees <sup>7</sup>	%	5.7	6.0	6.3	6.5	6.3
Total dividends/distributions <sup>8</sup>	A\$m	157	127	126	92	113
Security price as at 31 December as quoted on the Australian Securities Exchange	A\$	16.40	11.14	9.28	7.16	8.63

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.

2 Calculated using the weighted average number of securities on issue including treasury securities.

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 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. The investment properties, property, plant and equipment, and intangible assets to which they relate, however, are required to be classified as non current.

5 December 2014 net debt and gross borrowings include certain other financial liabilities of A\$73.0 million (December 2013: A\$105.2 million).

6 Casual and third party workers are excluded from full time equivalent employees at December 2014; comparative periods have been restated to conform with current period disclosure. The reduction from December 2013 mainly relates to the restructure of the Australian Construction business and the sale of the European Facilities Management business in the current period. 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.

7 Securities held through employee benefit vehicles.

8 The December 2014 Company dividend of A\$139.0 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 2014 and the Auditor's Report thereon.

## 1. Directors

The name of each person who has been a Director of the Company at any time between 1 July 2014 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
S B Dobbbs	Appointed January 2015
P C Goldmark	Retired November 2014
J S Hemstritch	Director since 2011
D J Ryan, AO	Director since 2004
M J Ullmer	Director since 2011
N M Wakefield Evans	Director since 2013

## 2. Dividends/Distributions

An unfranked interim distribution of A\$156.5 million (December 2013: A\$126.8 million unfranked) has been approved by the Directors. The interim distribution comprising of an unfranked dividend of 24.0 cents per share from the Company and a trust distribution of 3.0 cents per unit from Lend Lease Trust will be paid on 18 March 2015 (December 2013: 17.5 cents per share from the Company and 4.5 cents per unit from Lend Lease Trust paid on 21 March 2014).

## 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 at the end of this report and forms part of the Directors' Report for the six months ended 31 December 2014.

## 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.

## Directors' Report continued

### 6. Operating and Financial Review

#### a. About Lend Lease

Lend Lease is a leading international property and infrastructure group with operations in Australia, Asia, Europe and the Americas. At Lend Lease, it is our vision to create the best places. Places that inspire and enrich the lives of people around the world. We create places that leave a positive legacy by setting world leading standards for safety, innovation and sustainability. Delivered by people who are respected for who they are and what they do.

#### Our Business Activities

The principal activities of the Group include designing, developing, constructing, funding, owning, co-investing in, operating and managing property and infrastructure assets. The Group delivers these activities through a regional management structure focused on four major geographic regions: Australia, Asia, Europe and the Americas.

#### Our Business Model

The Group delivers the above activities in each region, in full (through the integrated model) or in part, to clients and investors across the property and infrastructure value chain.

Integrated Model		
Development	Construction	Investment Management
<b>Property</b> <ul style="list-style-type: none"> <li>Core Capability: we acquire inner and outer urban development sites in key global cities; we create the best places for clients such as governments, businesses and consumers which will be ultimately used and enjoyed by people.</li> <li>Core Product: apartments, commercial offices, retail centres, communities, healthcare facilities and retirement villages.</li> </ul> <b>Infrastructure</b> <ul style="list-style-type: none"> <li>Core Capability: we arrange the development of Public Private Partnership (PPP) projects for key government clients.</li> <li>Core Product: we manage and invest in infrastructure projects.</li> </ul>	<ul style="list-style-type: none"> <li>Core Capability: we provide project management and construction services in key global cities to produce the best places for governments, businesses and consumers.</li> <li>Core Segment: building, engineering and construction services.</li> <li>Core Products: commercial, retail, apartments, health, education, defence, roads, rail, bridges, tunnels, water, energy and telecommunications.</li> </ul>	<ul style="list-style-type: none"> <li>Core Capability: we are a trusted global investment manager and we provide property and asset management solutions.</li> <li>Core Product: property and infrastructure funds and mandates. This also includes managing the Group's property and infrastructure investments.</li> </ul>

#### Our Business Strategy

To be the leading international property and infrastructure group

Leading	International	Property	Infrastructure
Top 3 in each of our chosen markets and regions.	Focus on 4 core regions with defined Geographies across Australia, Asia, Europe and Americas.	<ul style="list-style-type: none"> <li>Commercial</li> <li>Residential</li> <li>Retail</li> <li>Retirement</li> <li>Industrial</li> </ul>	Social (e.g. health and education) Economic (e.g. road and rail)

The strategy is underpinned by a continued focus on five major trends impacting our sectors.

Urban Regeneration	Infrastructure	Ageing Population	Funds Growth	Sustainability
<ul style="list-style-type: none"> <li>By 2030, over 60% of the world's population will live in increasing density in cities creating strong demand for urban regeneration.</li> </ul>	<ul style="list-style-type: none"> <li>Urbanisation and resources growth and driving strong demand for social and economic infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>Internationally people aged 65+ are the fastest growing segment of the population, with the majority forecast to live in major cities.</li> </ul>	<ul style="list-style-type: none"> <li>As global pools of institutional capital increase, demand is fuelled by quality investment products and managers of those investments.</li> </ul>	<ul style="list-style-type: none"> <li>Climate concerns driving focus on sustainability initiatives.</li> </ul>

## Directors' Report continued

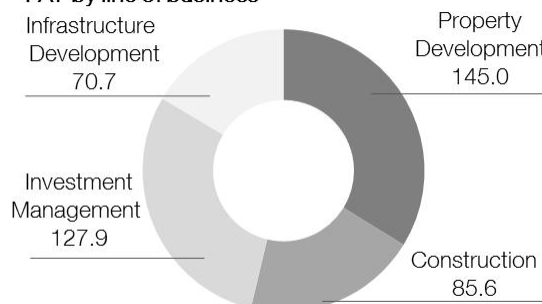
### 6. Operating and Financial Review continued

#### b. Review of Group Performance

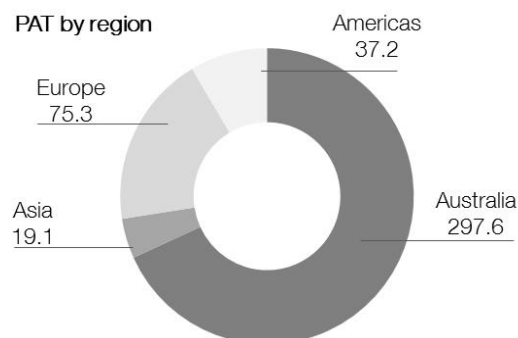
The Operating and Financial Review (OFR) is based on the Lend Lease Group (the Group) Consolidated Financial Statements for the half year ended 31 December 2014 and should be read in conjunction with those financial statements. All currency amounts in the OFR are expressed in Australian dollars unless otherwise specified.

Financial		December 2014	December 2013	% Movement
<b>Key Metrics</b>				
Revenue <sup>1</sup>	A\$m	5,908.3	6,526.0	(9%)
EBITDA	A\$m	467.3	398.3	17%
Profit After Tax (PAT)	A\$m	315.6	251.6	25%
Operating Cash Flow	A\$m	(496.8)	(211.0)	(135%)
Total Assets <sup>2</sup>	A\$m	16,816.2	15,751.8	7%
Net Debt <sup>2</sup>	A\$m	1,820.2	722.6	152%
<b>Key Ratios</b>				
Effective Tax Rate	%	14.2	14.9	(5%)
Gearing	%	12.4	12.5	(1%)
Return on Equity	%	12.9	11.6	11%
<b>Key Returns</b>				
Earnings per security	cents	54.5	43.7	25%
Weighted avg security	no.	578.6	576.1	
Payout ratio	%	50	50	
Distribution	cents	27.0	22.0	23%

PAT by line of business



PAT by region



- **Profit after tax** of A\$315.6 million is up 25% on the prior corresponding period, driven by solid performance from all segments, particularly Property and Infrastructure Development;
- **Operating cash flow** outflow of A\$496.8 million driven by increased production in Australian and UK Property Development projects;
- **Effective tax rate** has decreased to 14.2% (December 2013: 14.9%) due to the recognition of tax deductions associated with the Retirement business, non-assessable earnings through Lend Lease Trust and exempt income from sale of the UK Facilities Management business;
- **Return on equity** up 11% to 12.9% for the period;
- **Payout ratio** 50% resulting in an interim distribution to security holders of 27.0 cents per stapled security;
- **Earnings per security** of 54.5 cents, a 25% increase from the prior corresponding period;
- **Australia** contributed A\$297.6 million profit after tax driven by a strong performance from Residential Development, Investment Management activities and the Retirement business during the period; Construction remained consistent with the prior corresponding period;
- **Asia** contributed A\$19.1 million profit after tax, the decline in Asia profit during the period was due to a reduction in performance fees received, the prior corresponding period included recognition of the Jem performance fee;
- **Europe** contributed A\$75.3 million profit after tax, a significant increase on the prior corresponding period primarily due to the sale of the UK Facilities Management business in July 2014; The Construction segment returned to profitability following close out and settlement of the Global Renewables Project in Lancashire, whilst the Investment Management result decreased following the sale of Bluewater and Warrington assets in the prior corresponding period;
- **Americas** contributed A\$37.2 million profit after tax, down A\$10.9 million on the prior corresponding period primarily due to Construction margin, with the prior corresponding period including earnings on the substantial completion of major Military Housing Privatization Initiative projects;
- **Group Services costs** increased by A\$9.2 million to A\$60.8 million after tax from the prior corresponding period following the centralisation of business services functions within Australia; and
- **Net Treasury costs** were up A\$7.1 million after tax, primarily due to higher average net debt balances during the period.

<sup>1</sup> Operating & finance revenue.

<sup>2</sup> June 2014 comparative.

## Directors' Report continued

### 6. Operating and Financial Review continued

#### b. Review of Group Performance continued

##### Property Development

With continued investment into production during the period, the Property Development segment performed strongly delivering profit after tax of A\$145.0 million, a 12% increase from the prior corresponding period due mainly to Residential activities.

Key achievements included:

- **New work secured** of A\$0.7b at Aurora, a residential land project with more than 3,000 lots in Victoria, Australia;
- **Launched** four new residential apartment buildings, taking the total apartment buildings in delivery across Europe and Australia to 21;
- **Residential settlements** increased by 11% to 1,468 units, reflecting continued positive trading conditions in Australia; and
- **Residential pre sales** were up 156%, driven by strong activity at Darling Harbour Live, Victoria Harbour and Brisbane Showgrounds in Australia and at Elephant & Castle and Wandsworth in the UK during the period.

		December 2014	December 2013	% Movement
Pipeline <sup>1,2</sup>	A\$b	40.4	37.7	7%
Settlements <sup>2,3</sup>	units	1,468	1,317	11%
Pre Sales <sup>2,3</sup>	A\$m	3,618	1,412	156%
EBITDA	A\$m	167.2	144.6	16%
EBITDA margin	%	40.7	48.2	(16%)

##### Infrastructure Development

The Infrastructure Development segment delivered profit after tax of A\$70.7 million, a 134% increase from the prior corresponding period due to fees received following the financial close of two key projects in Australia and the sale of the UK Facilities Management business in Europe.

Key achievements included:

- **Financial close:** the Group advised the consortium, comprising Queensland Investment Corp, John Laing, Lend Lease Group, Bouygues and Acciona on the financial close of the East West Link Public Private Partnership transaction in Australia;
- **Financial close:** the Group also advised the consortium, comprising GEO, John Holland and Honeywell on the financial close of the Ravenhall Prison project in Australia;
- **Committed Equity:** Lend Lease is a 30% equity partner in the East West Link Project vehicle. The Victorian Government has directed the East West Link Project vehicle to suspend works on the project and the suspension is ongoing at the date of this report; and
- **Preferred bidder** on Sydney Light Rail project, with close expected in March 2015.

		December 2014	December 2013	% Movement
Committed Equity <sup>1</sup>	A\$m	267.8 <sup>4</sup>	216.0	24%
Invested Equity <sup>1</sup>	A\$m	254.8	186.0	37%
EBITDA	A\$m	88.9	42.8	108%
EBITDA margin	%	74.0	27.1	173%

1 June 2014 comparative.

2 Includes 100% of joint venture projects.

3 Residential Land Lots and Built-Form product.

4 Includes East West Link. The Victorian Government has directed the East West Link Project vehicle to suspend work on the project and the suspension is ongoing at the date of this report.

## Directors' Report continued

### 6. Operating and Financial Review continued

#### b. Review of Group Performance continued

##### Construction

The Construction segment delivered profit after tax of A\$85.6 million, a 14% increase from the prior corresponding period. The increase in profit for the period was primarily due to the contribution from the Europe business, following the settlement of the Global Renewables Project in Lancashire.

		December 2014	December 2013	% Movement
New Work Secured	A\$b	4.7 <sup>2</sup>	4.4	7%
Backlog <sup>1</sup>	A\$b	15.6 <sup>2</sup>	16.2	(4%)
EBITDA	A\$m	152.0	152.2	
EBITDA margin	%	2.9	2.6	12%

- **New work secured** of A\$4.7 billion across: Australia (A\$3.3 billion) Asia (A\$0.1 billion), Europe (A\$0.3 billion), and the Americas (A\$1.0 billion); New work secured for Australia includes East West Link. The East West Link Project vehicle directed the construction joint venture group comprising Bouygues, Acciona and Lend Lease Engineering to suspend construction work on the East West Link project and the suspension is ongoing at the date of this report;
- **Closing backlog revenue** reduced by A\$0.6 billion to A\$15.6 billion and is comprised of Building (A\$11.7 billion), Engineering (A\$2.9 billion) and Services (A\$1.0 billion); Reduction in closing backlog has been due to the run off in the Asian Construction workbook and timing of closing various major projects. Closing backlog revenue for Australia includes East West Link<sup>2</sup>; and
- **Preferred bidder** on more than A\$4.0 billion of new work globally. Post balance date, the Group successfully secured the NorthConnex Motorway (M1 to M2) project, which will contribute \$1.2 billion to closing backlog in the second half.

##### Investment Management

The Investment Management business has been a significant contributor to the current period delivering profit after tax of A\$127.9 million, a 12% increase from the prior corresponding period. Key achievements included:

- **Funds under management** increased primarily due to the increase in the value of Lend Lease International Towers Sydney Trust (LLITST);
- **Assets under management** increased due to an improvement in underlying valuations on Parkway Parade and Jem shopping centres in Singapore, enhanced by additional capital expenditure and foreign exchange movements; and
- **Investments** increased due to the additional stake in APPF Commercial, following a proportional take up of rights in a successful equity raising in that fund and an additional investment in Asian Retail Investment Fund 3 (ARIF 3) in the period. The Group also made additional equity contributions to LLITST during the period.

		December 2014	December 2013	% Movement
FUM <sup>1</sup>	A\$b	17.4	16.3	7%
AUM <sup>1</sup>	A\$b	11.0	10.7	3%
Investments <sup>1</sup>	A\$m	1,319.8	1,160.4	14%
EBITDA	A\$m	145.4	140.4	4%
EBITDA margin	%	136.8	85.2	61%

<sup>1</sup> June 2014 comparative.

<sup>2</sup> Includes East West Link. The East West Link Project vehicle directed the construction joint venture group to suspend work on the East West Link project and the suspension is ongoing at the date of this report.

## Directors' Report continued

### 6. Operating and Financial Review continued

#### b. Review of Group Performance continued

##### Financial Performance

	December 2014 A\$m	December 2013 A\$m	% Movement
Revenue and other income	6,085.5	6,588.3	(8%)
Cost of sales and other expenses	(5,609.2)	(6,225.5)	10%
Share of profit of equity accounted investments	(9.0)	35.5	(125%)
<b>EBITDA</b>	<b>467.3</b>	<b>398.3</b>	<b>17%</b>
Depreciation and amortisation	(40.0)	(48.8)	18%
<b>EBIT</b>	<b>427.3</b>	<b>349.5</b>	<b>22%</b>
Net finance costs	(59.6)	(53.8)	(11%)
<b>Operating profit before tax</b>	<b>367.7</b>	<b>295.7</b>	<b>24%</b>
Income tax expense	(52.4)	(44.1)	(19%)
External non controlling interests	0.3		100%
<b>Profit after tax attributable to securityholders</b>	<b>315.6</b>	<b>251.6</b>	<b>25%</b>

- **Revenue** has decreased by 8% mainly due to lower volumes within the Construction business;
- **EBITDA** increase of 17% driven by improvement in the underlying Property Development and Investment Management performance;
- **Net finance cost** increase is due to higher average net debt balances during the period used to fund development production; and
- **Income tax expense** increase is due to higher earnings during the period, offset by the recognition of tax deductions associated with the Retirement business, non assessable earnings through Lend Lease Trust and exempt income from sale of the UK Facilities Management business.

##### Financial Position

	December 2014 A\$m	June 2014 A\$m	% Movement
Cash and cash equivalents	776.5	1,715.8	(55%)
Inventories	4,000.5	3,131.5	28%
Equity accounted investments	807.7	578.0	40%
Investment properties	5,510.5	4,832.0	14%
Other financial assets	1,041.3	1,022.5	2%
Other assets	4,679.7	4,472.0	5%
<b>Total assets</b>	<b>16,816.2</b>	<b>15,751.8</b>	<b>7%</b>
Non current borrowings and financing arrangements	2,310.3	2,347.0	(2%)
Other financial liabilities	79.3	99.6	(20%)
Other liabilities	9,472.2	8,436.4	12%
<b>Total liabilities</b>	<b>11,861.8</b>	<b>10,883.0</b>	<b>9%</b>
<b>Net assets</b>	<b>4,954.4</b>	<b>4,868.8</b>	<b>2%</b>

- **Cash and cash equivalents** reduced by 55% from the June year end driven by the continued production of the Property Development pipeline, increased investments in Infrastructure Development and equity investment in funds;
- **Inventories** increased by A\$869.0 million to A\$4,000.5 million, largely due to an increase in work in progress in relation to Barangaroo South of A\$189.6 million, Darling Harbour Live of A\$132.7 million, Elephant & Castle of A\$92.1 million and Brisbane Showgrounds of A\$75.9 million since the prior corresponding period;
- **Equity accounted investments** increased by A\$229.7 million to A\$807.7 million due to additional investments in ARIF 3 A\$68.6 million and LLITST A\$24.3 million during the period. The Group's equity commitment to the East West Link<sup>1</sup> project of A\$115.4 million is also included in the equity accounted investments balance at 31 December 2014;
- **Investment properties** increased by A\$678.5 million to A\$5,510.5 million, partially due to the investment value attached to the acquisition of four villages from the Retirement Alliance Group with a value of \$525.2 million; and
- **Other liabilities** increased by A\$1,035.8 million to A\$9,472.2 million, primarily due to an increase in Retirement resident liabilities arising from the Retirement Alliance Group acquisition.

<sup>1</sup> The Victorian Government has directed the East West Link Project vehicle to suspend work on the project and the suspension is ongoing at the date of this report.

## Directors' Report continued

### 6. Operating and Financial Review continued

#### b. Review of Group Performance continued

##### Cash Flow

	December 2014 A\$m	December 2013 A\$m	% Movement
Operating cash flows	(496.8)	(211.0)	(135%)
Investing cash flows	(312.0)	(603.9)	48%
Financing cash flows	(152.8)	242.4	(163%)
Foreign exchange rate impacts on cash	22.3	29.5	(24%)
<b>Total cash flows</b>	<b>(939.3)</b>	<b>(543.0)</b>	<b>(73%)</b>

- **Operating** cash outflows of A\$496.8 million are largely attributable to the continued net investment into production capital for Property Development projects in Australia and the UK and land/project acquisitions in the period. These were offset by the proceeds received from the Pre-sold Lend Lease Apartment Cashflows (PLLACeS) transaction, which related to the monetisation of the Concavo apartment pre sales in Victoria;
- **Investing** cash outflows of A\$312.0 million include acquisition of four retirement villages from the Retirement Alliance Group, further investment in APPF Commercial and an increased investment in ARIF 3; and
- **Financing** cash outflows of A\$152.8 million primarily relate to the higher 2014 final dividend paid in September 2014.

##### Group Funding

		December 2014	June 2014	% Movement
Net debt <sup>1</sup>	A\$m	1,820.2	722.6	152%
Gross borrowings to total tangible assets <sup>2</sup>	%	16.8	16.9	(1%)
Net debt to total tangible assets, less cash <sup>3</sup>	%	12.4	5.7	118%
Interest coverage <sup>4</sup>	times	6.4	8.1	(21%)
Average cost of debt including margins <sup>5</sup>	%	5.4	5.4	
Average debt maturity	years	4.1	4.7	(13%)
Debt mix fixed: floating	ratio	66:34	76:24	
Undrawn facilities <sup>6</sup>	A\$m	1,225.1	1,309.6	(6%)

- The increase in the Group's net debt and gearing from June is as a result of the continued investment in Property Development production during the period;
- Gearing increased to 12.4% from June 2014 but was slightly lower than the prior corresponding period (December 2013: 12.5%); and
- As at the end of the period, the available liquidity for the Group was approximately A\$2.0 billion.

##### On Balance Sheet Debt

	Facility (Local Currency)	Facility A\$ <sup>7</sup>	Drawn December 2014 <sup>7</sup>	Available	Expiry
Syndicated multi-option facility <sup>8</sup>	A\$1,500m	A\$1,498.7m	A\$980.7m	A\$518.0m	Various <sup>9</sup>
UK bond issue	£300m	A\$560.3m	A\$560.3m	A\$0.0m	Oct 21
Club revolving credit facility	£330m	A\$622.6m	A\$0.0m	A\$622.6m	Various <sup>10</sup>
US private placement	US\$200m	A\$243.9m	A\$243.9m	A\$0.0m	Various <sup>11</sup>
Singapore bond	S\$275m	A\$253.7m	A\$253.7m	A\$0.0m	Jul 17
Australian medium term notes	A\$475m	A\$475.5m	A\$475.5m	A\$0.0m	Various <sup>12</sup>

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.

5 Based on daily average interest rate, consistent with the June 2014 updated methodology.

6 Undrawn facilities balance is based on gross facility, drawn at face value.

7 Gross facility adjusted for unamortised transaction costs as recorded in the financial statements.

8 The syndicated multi-option facility refinanced the A\$975 million syndicated credit facility and A\$225 million bilateral credit facility.

9 A\$600 million expires in December 2017 and A\$900 million expires in December 2018.

10 £165 million expires in December 2016 and £165 million expires in December 2017.

11 US\$175 million expires in October 2015 and US\$25 million expires in October 2017.

12 A\$250 million expires in November 2018 and A\$225 million expires in May 2020.

## Directors' Report continued

### 6. Operating and Financial Review continued

#### b. Review of Group Performance continued

##### Strategy Performance

Over the last five years, Lend Lease has delivered on its strategy to become a leading international property and infrastructure group.

	2009 – 2014 Targets	2015 Current Status
<b>Safety</b>	<ul style="list-style-type: none"> <li>Introduced Global Minimum Requirements</li> <li>Operate only in regions/areas where we can ensure safety</li> </ul>	<ul style="list-style-type: none"> <li>82% of operations have not had a critical incident in the last 12 months</li> <li>2.1 LTIFR in the last 12 months</li> </ul>
<b>Returns</b>	<ul style="list-style-type: none"> <li>Enhance returns for securityholders</li> </ul>	<ul style="list-style-type: none"> <li>TSR of 30% for the period to December 2014</li> <li>Maintained payout ratio of 50%</li> <li>EPS increased 25% on the prior corresponding period</li> </ul>
<b>Profitability</b>	<ul style="list-style-type: none"> <li>Increase profitability – sustainability and diversification of income</li> </ul>	<ul style="list-style-type: none"> <li>PAT - increased 25% on the prior corresponding period</li> <li>ROE - up 11%</li> </ul>
<b>Pipeline</b>	<ul style="list-style-type: none"> <li>Extend development pipeline across integrated mixed use projects</li> <li>Broaden construction capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Global pipeline exceeding A\$40 billion - urban regeneration comprising ~70%</li> <li>Continued progress across major international development sites</li> </ul>
<b>Focus</b>	<ul style="list-style-type: none"> <li>Refocus geographic footprint</li> <li>Operational Excellence and delivery</li> </ul>	<ul style="list-style-type: none"> <li>Maintained focus on core growth initiatives including Urban Regeneration, Healthcare &amp; Infrastructure</li> </ul>

##### Outlook and Prospects

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

Our global **Property Development** business, with an estimated pipeline end value of A\$40.4 billion, underpins our strategic direction of becoming the leading international property and infrastructure group.

- **Urban Regeneration:** projects such as Barangaroo South and Darling Harbour Live in Sydney, Victoria Harbour in Melbourne and Elephant & Castle in London position the Group well with good visibility of earnings; and
- **Residential:** macro-conditions remain positive for residential markets supporting growth in Australia and Europe, with residential pre sales in excess of A\$3.6 billion at the end of the period.

**Construction** backlog revenue of A\$15.6 billion remains robust.

- The restructure in 2013 has strengthened our integrated model, allowing us to leverage our core capabilities, skills and experience and differentiate our position in the global property and infrastructure market; and
- **Preferred bidder** on more than A\$4.0 billion of new work globally, including more than A\$2.0 billion in Australia. Post balance date, the Group successfully secured the NorthConnex Motorway (M1 to M2) project, which will contribute A\$1.2 billion to closing backlog in the second half. The impact of this work, along with components of integrated projects yet to come to market further supports the visibility of near to medium term earnings.

**International markets** and delivery of our strategy for geographic diversity continues.

- Progressed on disciplined approach to opportunities in **Asia** growth markets including an agreement to finalise a joint venture with 1MDB at TRX in Kuala Lumpur which once closed, has the potential to add considerably to the development pipeline;
- The expansion of our **London residential** pipeline is allowing us to leverage strong residential trends and we are **preferred** on more than A\$1.0 billion of new construction work; and
- In the **Americas**, Lend Lease is one of the leading construction companies, with opportunities to expand into urban regeneration development-led projects. At the end of the period, we are the **preferred bidder** on approximately A\$1.0 billion of new construction work which is anticipated to be included in closing backlog in the second half.

The strength of our **balance sheet** and access to third party capital means Lend Lease have the financial capacity to fund our pipeline and invest in other opportunities, in line with our strategy.

##### Risks

Despite challenging macro-economic conditions, we believe Lend Lease is well placed for 2015 and beyond. The Group's result for future financial years remains subject to a number of risk factors including: a weakening construction market, property market risks and property market values, exchange rate fluctuations, development activity risk and investment and asset management activity risk. However, the Group has robust risk management practices in place to be able to deliver sustained long term growth in line with our strategy and manage and mitigate risks that may have an impact on future financial years. The appointment of Bob McNamara as the Group Chief Risk Officer during the period also highlights the Group's commitment towards the risk management function.

## Directors' Report continued

### 6. Operating and Financial Review continued

#### c. Review of Regional Performance

##### Australia

	December 2014	Revenue December 2013	% Movement	December 2014	EBITDA December 2013	% Movement	December 2014	Profit/(Loss) After Tax December 2013	% Movement
	A\$m	A\$m		A\$m	A\$m		A\$m	A\$m	
Property Development	364.2	219.5	66%	156.8	121.9	29%	132.6	112.5	18%
Infrastructure Development	71.7	50.2	43%	47.4	27.3	74%	36.3	18.3	98%
Construction	2,816.7	3,574.8	(21%)	91.2	97.0	(6%)	52.3	51.9	1%
Investment Management	83.8	61.4	36%	82.4	50.3	64%	76.4	40.8	87%
<b>Total</b>	<b>3,336.4</b>	<b>3,905.9</b>	<b>(15%)</b>	<b>377.8</b>	<b>296.5</b>	<b>27%</b>	<b>297.6</b>	<b>223.5</b>	<b>33%</b>

In **Australia**, key movements in profit after tax included:

- **Property Development** profit after tax increased by A\$20.1 million to A\$132.6 million. Strong residential trading conditions have continued, with an 18% increase in settlements. The Retirement business has also contributed towards the positive result during the period;
- **Infrastructure Development** profit after tax increased by A\$18.0 million to A\$36.3 million. The current period includes revenue received following the financial close of Ravenhall and East West Link, in conjunction with increased asset management revenues across existing products;
- **Construction** profit after tax was in line with the prior corresponding period; and
- **Investment Management** profit after tax increased by A\$35.6 million to A\$76.4 million due to increased investment income from the co-investments in APPF Commercial and Industrial during the period, performance fees generated through Lend Lease Real Estate Partners Fund 3 (REP 3) and increased equity accounted profits generated through the revaluation of the Group's stake in LLITST.

##### Property Development

**Residential** includes the development of residential land lots and built-form product (including houses, terraces and apartments).

		Residential Land Lots			Residential Built-Form			Total		
		December 2014	December 2013	% Movement	December 2014	December 2013	% Movement	December 2014	December 2013	% Movement
<b>Settlements<sup>1</sup></b>										
Number of units	no.	1,442	1,155	25%	5	68	(93%)	1,447	1,223	18%
Gross sales value	A\$m	294.7	231.0	28%	7.0	84.9	(92%)	301.7	315.9	(4%)
<b>Pre sales<sup>1,2</sup></b>										
Number of units	no.	2,348	1,874	25%	2,362	802	195%	4,710	2,676	76%
Gross sales value	A\$m	511.7	400.5	28%	2,055.4	767.0	168%	2,567.1	1,167.5	120%
<b>Backlog<sup>3,4</sup></b>										
Zoned residential units	no.	55,290	53,750	3%	14,620	13,810	6%	69,910	67,560	3%

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 2014 that have not met the revenue recognition criteria. Pre sales built-form represents contracts entered into prior to 31 December 2014 for buildings that have not achieved completion. Joint venture sales are shown at 100% of sales value.

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

4 June 2014 comparative.

## Directors' Report continued

### 6. Operating and Financial Review continued

#### c. Review of Regional Performance continued

##### Australia continued

##### Property Development continued

Key trading events in the Residential sector during the period include:

##### Residential land lots:

- **New work secured** with the **acquisition** of 410 hectares of land at Aurora, Epping from Places Victoria for the development of residential communities, with an estimated project end value of A\$0.7 billion, adding more than 3,000 units to backlog;
- **Settlements** increased by 25%, mainly due to increased settlement activity in New South Wales, Western Australia and Queensland;
- **Pre sales** increased by 25% from the prior corresponding period to 2,348 units, demonstrating strong demand in New South Wales, Victoria and Queensland;
- **Gross sales** value of settlements and pre sales have increased in line with the number of units; and
- **Average price** per unit settled of \$200,000 and the average price per unit pre sold of \$220,000 have remained stable period on period.

##### Residential built-form units:

- **New work secured** with the **acquisition** of remaining 50% of the Armadale joint venture in Victoria;
- **Launched** four new residential apartment buildings across Victoria Harbour and Armadale, both in Melbourne, Victoria and at Brisbane Showgrounds in Brisbane, Queensland;
- **Settlements** in the prior corresponding period included apartment completions at Richmond and Victoria Harbour. No projects were completed in the current period resulting in a decrease in the number of settlements in the period;
- **Pre sales** increased by 195% to 2,362 driven by the **launch** of The Yards (66% pre sold) at Brisbane Showgrounds in Brisbane and 889 Collins Street (24% pre sold) at Victoria Harbour and Toorak Road Armadale (24% pre sold) in Melbourne. In addition, strong sales performance continued, with remaining units pre sold at Darling Harbour Live South West Plot in Sydney, The Green (99% pre sold) at Brisbane Showgrounds in Brisbane and 888 Collins Street (92% pre sold) at Victoria Harbour in Melbourne;
- **Average price** per unit for Residential Built Form settlements was A\$1,400,000, an increase of 12% from the prior corresponding period driven by higher value units settled at Victoria Harbour this period; and
- **Average price** per unit pre sold was \$870,000, a 9% decrease from the prior corresponding period, primarily due to the pre sales of the higher valued units at Barangaroo South and Darling Harbour Live respectively impacting the prior corresponding period price.

**Commercial** includes the development of product across sectors such as mixed use, retail, office, hotels, light industrial and social infrastructure.

		December 2014	December 2013	% Movement
Settlements gross sales value	A\$m	28.3	60.7	(53%)
Pre sales gross sales value	A\$m	71.6	103.2	(31%)
Backlog <sup>1</sup>	sqm/000s	5,539	5,466	1%

Key trading events in the Commercial sector during the period include:

- **New work secured** where financial close has been reached with Infrastructure NSW and Sydney Harbour Foreshore Authority, for two Project Delivery Agreements (PDAs) to develop the mixed use site Darling Square and the ICC Sydney Hotel. The project will have an end development value of circa A\$1.9 billion under a land management structure;
- Continued progress on the **Barangaroo South** development during the period. The three commercial towers are now 62% leased at Barangaroo South, with 77% of the commercial floor space in the first two commercial towers now leased and the third commercial tower is now 38% leased as at the end of the period. The first **retail** tenants were secured, including Matt Moran, Bourke Street Bakery and Gelato Messina. Commercial **settlements** and **pre sales** for the period are also primarily attributable to Barangaroo.

<sup>1</sup> June 2014 comparative.

## Directors' Report continued

### 6. Operating and Financial Review continued

#### c. Review of Regional Performance continued

##### Australia continued

##### Property Development continued

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

		December 2014	December 2013	% Movement
Units settled	no.	597	566	5%
Gross sales value of units settled	A\$m	205.8	203.2	1%
Units reserved <sup>1</sup>	no.	350	302	16%
Retirement villages <sup>2,3</sup>	no.	74	70	6%
Retirement units <sup>2,3</sup>	no.	13,608	12,824	6%
Retirement units developed	no.	69	50	38%
Backlog units – zoned <sup>3</sup>	no.	815	945	(14%)

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

- **Acquisition** of five retirement villages from the Retirement Alliance Group in December 2014. Four of the villages in Victoria and Western Australia settled on 29 December 2014, which comprised a total of 752 units. An additional village located at Dee Why, New South Wales settled post balance date on 30 January 2015;
- **Settlements** of 597 units, an increase of 5%, due to continued strong trading in New South Wales, Queensland and Victoria;
- **Average price** per unit settled was A\$345,000 a decrease of 4% from the prior corresponding period driven by a higher proportion of sales of serviced apartments and lower value sites;
- 350 units were **reserved** at 31 December 2014, if closed, these will contribute to earnings in future periods;
- 69 retirement units were also **developed** through the period, comprising 29 units in New South Wales, 12 units in the Australian Capital Territory and 28 units in Victoria; and
- Valuations of the retirement portfolio are based on discount rates between 12-16% and growth rates of between 1-5%. This period, the average discount rate for operating retirement villages was 13.3% and the average growth rate was 3.8%. There were no changes to the valuation assumptions in this period.

##### Infrastructure Development

		December 2014	June 2014	% Movement
Number of projects <sup>4</sup>	no.	6 <sup>6</sup>	5	20%
Estimated capital spend <sup>5</sup>	A\$m	9,400.0 <sup>6</sup>	4,100.0	129%
Invested equity	A\$m	139.0	79.3	75%
Remaining committed equity	A\$m	247.1 <sup>6</sup>	191.4	29%

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

- **Financial close:** the Group advised the consortium, comprising Queensland Investment Corp, John Laing, Lend Lease Group, Bouygues and Acciona on the financial close of the East West Link Public Private Partnership transaction in Australia.
- **Financial close:** the Group also advised the consortium, comprising GEO, John Holland and Honeywell on the financial close of the Ravenhall Prison project in Australia; and
- **Preferred bidder** on Sydney Light Rail, in an advisory role as at December 2014. Close is expected in March 2015.

1 Reserved units are where a refundable deposit has been taken.

2 Includes 100% of Group-owned and managed properties.

3 June 2014 comparative.

4 Number of projects includes projects where the Group is preferred bidder and combines extensions of existing projects. Excludes origination fee for service projects with no equity commitment or on-going management responsibilities for the Group.

5 Represents total estimated capital spend over the contract duration.

6 Includes East West Link. The Victorian Government has directed the East West Link Project vehicle to suspend work on the project and the suspension is ongoing at the date of this report.

## Directors' Report continued

### 6. Operating and Financial Review continued

#### c. Review of Regional Performance continued

##### Australia continued

##### Construction

		December 2014	December 2013	% Movement
Revenue	A\$m	2,816.7	3,574.8	(21%)
Gross profit margin	A\$m	181.6	250.4	(27%)
New work secured revenue	A\$m	3,275.2 <sup>1</sup>	3,249.4	1%
Backlog revenue <sup>2</sup>	A\$m	9,855.5 <sup>1</sup>	9,555.2	3%

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

- **Revenue** is 21% lower than the prior corresponding period largely due to lower volumes in the Engineering and Services businesses which have also impacted gross profit margin;
- Despite lower revenue, **profit after tax** is consistent compared to the prior corresponding period, due to overhead improvement arising as a result of the restructure activities over the past year;
- **New work secured** during the period was A\$3.3 billion. Key projects secured were:
  - **Building:** A\$1.4 billion; including managing contractor for Department of Defence facilities requirements for the New Air Combat Capability in Williamstown, New South Wales and Darling Harbour Live Project Delivery Agreement in New South Wales;
  - **Engineering:** A\$1.7 billion; primarily East West Link<sup>1</sup> in Melbourne, Victoria and CBD Access Alliance in New South Wales; and
  - **Services:** A\$0.2 billion; including integrated services agreements for road operations and asset maintenance in Western Australia and New South Wales, project maintenance management for various assets of Sydney Water, regional and metropolitan maintenance services nationally for Optus' network and switchgear and electrical reticulation work for Sunshine Coast University Hospital;
- **Backlog revenue** remains strong at A\$9.9 billion, including: **Building:** A\$6.0 billion; **Engineering:** A\$2.9 billion; **Services:** A\$1.0 billion. Backlog revenue includes East West Link<sup>1</sup>; and
- **Preferred bidder** on more than A\$2.0 billion of new work. Post balance date, the Group successfully secured the NorthConnex Motorway (M1 to M2) project, which will contribute \$1.2 billion to closing backlog in the second half.

##### Investment Management

		December 2014	June 2014	% Movement
Funds under management (FUM) <sup>3</sup>	A\$b	11.7	10.9	7%
Assets under management (AUM) <sup>3</sup>	A\$b	6.0	6.0	
Investments <sup>3</sup>	A\$m	892.4	821.1	9%

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

- **FUM** net increase of A\$0.8 billion is attributable to an increase in the value of LLITST and asset acquisitions in APPF Commercial;
- The growth in funds under management and the receipt of performance fees delivered a stronger result in this period;
- The value of the Group's investments increased in the period, with an additional investment in APPF Commercial, following a proportional take up of rights in a successful equity raising and valuation movement across the portfolio; and
- **Investments** are yielding approximately 5.8% return p.a., which was down from 6.3% for the year ended June 2014 due to a change in investment mix during the period.

<sup>1</sup> Includes East West Link. The East West Link Project vehicle directed the construction joint venture group to suspend work on the East West Link project and the suspension is ongoing at the date of this report.

<sup>2</sup> June 2014 comparative.

<sup>3</sup> Represents the Group's assessment of the market value.

## Directors' Report continued

### 6. Operating and Financial Review continued

#### c. Review of Regional Performance continued

##### Asia

	December 2014	Revenue December 2013	%	December 2014	EBITDA December 2013	%	December 2014	Profit/(Loss) After Tax December 2013	%
	A\$m	A\$m	Movement	A\$m	A\$m	Movement	A\$m	A\$m	Movement
Property Development	0.1	11.8	(99%)	(11.8)	8.1	(246%)	(9.7)	7.0	(239%)
Construction	139.2	267.6	(48%)	(8.0)	7.4	(208%)	(7.7)	6.1	(226%)
Investment Management	17.0	71.8	(76%)	48.8	67.9	(28%)	36.5	56.0	(35%)
<b>Total</b>	<b>156.3</b>	<b>351.2</b>	<b>(55%)</b>	<b>29.0</b>	<b>83.4</b>	<b>(65%)</b>	<b>19.1</b>	<b>69.1</b>	<b>(72%)</b>

In **Asia**, key movements in profit after tax included:

- **Property Development** generated a loss due to an increased investment in the origination of pipeline opportunities;
- **Construction** profit after tax decreased by A\$13.8 million to a A\$7.7 million loss after tax, mainly due to a reduced contribution from the telecommunication projects in Japan, a reduction in new work secured and project completions in the prior corresponding period; and
- **Investment Management** profit after tax reduced by A\$19.5 million to A\$36.5 million, due to a decrease in the level of performance fees, primarily the performance fees achieved on the stabilisation of the Jem asset in the prior corresponding period.

##### Property Development

The Property Development business is focused on replenishing the pipeline as we look to secure opportunities across China, Japan, Malaysia and Singapore, which includes the pursuit of large, retail focused, mixed-use development projects, green refurbishment and senior living opportunities.

Key trading events in the **Property Development** business in the period:

- Negotiations continued with 1Malaysia Development Berhad (1MDB) on a joint venture for the development of the Lifestyle Quarter for the TRX urban regeneration project in Kuala Lumpur, Malaysia. The estimated end value of A\$2.6 billion attached to this project has not been included in backlog.

##### Construction

	December 2014	December 2013	% Movement
Revenue	A\$m 139.2	267.6	(48%)
Gross profit margin	A\$m 17.3	31.1	(44%)
New work secured revenue	A\$m 66.9	112.3	(40%)
Backlog revenue <sup>1</sup>	A\$m 71.6	173.3	(59%)

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

- **Gross Profit Margin** decreased due to lower revenue and reduced contribution from the higher margin telecommunications projects in Japan this period; and
- **New work secured revenue** of A\$66.9 million includes further telecommunication rollouts in Japan and a large pharmaceutical project in Singapore.

##### Investment Management

	December 2014	June 2014	% Movement
Funds under management (FUM) <sup>2</sup>	A\$b 3.8	3.6	6%
Assets under management (AUM) <sup>2</sup>	A\$b 4.1	3.8	8%
Investments <sup>2</sup>	A\$m 356.4	255.3	40%

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

- **FUM** and **AUM** increase primarily relates to an increase in the fair market values of the underlying assets and favourable foreign exchange movements;
- **AUM** performance was enhanced by additional capital expenditure on Parkway Parade and Jem shopping centres in Singapore; and
- **Investments** increased by A\$101.1 million, due to the Group increasing its stake in ARIF 3 from 10.1% to 20.1%.

<sup>1</sup> June 2014 comparative.

<sup>2</sup> Represents the Group's assessment of the market value.

## Directors' Report continued

### 6. Operating and Financial Review continued

#### c. Review of Regional Performance continued

##### Europe

	December 2014	Revenue December 2013	%	December 2014	EBITDA December 2013	%	December 2014	Profit/(Loss) After Tax December 2013	%
	A\$m	A\$m	Movement	A\$m	A\$m	Movement	A\$m	A\$m	Movement
Property Development	35.2	50.6	(30%)	24.2	11.4	112%	23.1	6.7	245%
Infrastructure Development	26.1	87.5	(70%)	22.8	(0.8)	Large	23.7	2.2	977%
Construction	616.1	495.7	24%	18.6	(17.2)	208%	13.5	(18.4)	173%
Investment Management	5.5	31.5	(83%)	14.2	22.2	(36%)	15.0	17.7	(15%)
<b>Total</b>	<b>682.9</b>	<b>665.3</b>	<b>3%</b>	<b>79.8</b>	<b>15.6</b>	<b>412%</b>	<b>75.3</b>	<b>8.2</b>	<b>818%</b>

In **Europe**, key movements in profit after tax included:

- **Property Development** profit after tax increased by A\$16.4 million to A\$23.1 million. The current period includes land sales at Bath and Durham, in line with the Group's strategy to divest the UK Regional Residential portfolio, in addition to completions at Beechwood in Cheshire. The final components of the Bluewater transaction were also closed out during this period;
- **Infrastructure Development** profit after tax increased by A\$21.5 million to A\$23.7 million. The increase on the prior corresponding period was driven by the sale of the UK Facilities Management business in July 2014;
- **Construction** profit after tax increased by A\$31.9 million to A\$13.5 million, following the close out and settlement of the Global Renewables Project in Lancashire during the period; and
- **Investment Management** profit after tax decreased by A\$2.7 million to A\$15.0 million, with the profit on sale of the majority of the Group's interest in the Lend Lease PFI/PPP Infrastructure Fund LP (UKIF) being offset by reduced investment income, following the sale of the Bluewater and Warrington assets in the past year.

##### Property Development

###### Residential

		December 2014	December 2013	% Movement
<b>Settlements<sup>1</sup></b>				
Number of units settled – Built Form <sup>2</sup>	no.	21	94	(78%)
Residential Land settlements <sup>6</sup>	sqm/000s	9.0	84.4	(89%)
Gross sales value of units settled <sup>2</sup>	A\$m	30.4	42.2	(28%)
<b>Pre sales<sup>1,3</sup></b>				
Number of pre sales	no.	1,337	425	215%
Gross sales value of pre sales	A\$m	1,050.8	245.2	329%
<b>Backlog<sup>4</sup></b>				
Residential zoned units <sup>5</sup>	no.	5,199	5,220	
Residential unzoned units <sup>5</sup>	no.	290	79	267%
Residential Land <sup>5,6</sup>	sqm/000s	54	63	(14%)

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

- **Planning** approvals achieved at West Grove at Elephant Park, the next phase of the Elephant & Castle development;
- **Settlements** in the current period relate to the completions at Cheshire on the Beechwood development and the sale of land at Bath and Durham, in line with the Group's strategy to divest the UK Regional Residential portfolio. The prior corresponding period included significant built form settlements in Manchester at the Green Quarter development and land sales at St Clements;
- **Pre sales** progressed strongly on London developments at Elephant & Castle, on One the Elephant (99% pre sold at 31 December), Trafalgar Place (96% pre sold) and South Gardens (85% pre sold) respectively, at Wandsworth on Cobalt Place (92% pre sold) and the residential units at Glasshouse Gardens (85% pre sold) at The International Quarter in Stratford; and
- **Average price** per unit for Residential Built Form settlements was A\$444,000, an increase of 79% from the prior corresponding period driven by higher value townhouses settled at the Beechwood development.

1 Includes 100% of joint venture projects and therefore will not necessarily correlate with the Group's profit after tax.

2 Gross sales value of units settled reflects residential revenue from projects.

3 Pre sales represent contracts entered into prior to 31 December 2014 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.

4 Backlog includes the total number of units in both Group-owned and joint venture projects.

5 June 2014 comparative.

6 The UK Regional Residential portfolio has been reclassified from residential units to residential land in line with the Group's intention to restructure and divest the portfolio.

# Directors' Report continued

## 6. Operating and Financial Review continued

### c. Review of Regional Performance continued

#### Europe continued

#### Property Development continued

##### Commercial

		December 2014	June 2014	% Movement
Backlog Commercial <sup>1</sup>	sqm/000s	322	402	(20%)

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

- **Commercial backlog** decreased from the prior corresponding period due to revisions at The International Quarter, Elephant & Castle and Deptford; and
- Continuing to negotiate a heads of terms to work together with a major tenant, the Financial Conduct Authority (FCA) for the first commercial building at The International Quarter and in negotiation with a second major occupier.

##### Infrastructure Development

		December 2014	June 2014	% Movement
Number of projects	no.	3	25	(88%)
Invested equity <sup>2</sup>	A\$m	10.8	11.5	(6%)
Committed equity	A\$m	14.6	19.2	(24%)

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

- **Sale** of the UK Facilities Management business on 7 July 2014;
- **Closure and settlement** of the Global Renewables Project in Lancashire in July 2014; and
- At 31 December 2014, remaining projects include Majadahonda Hospital in Spain and the Brescia and Treviso Hospitals in Italy.

##### Construction

		December 2014	December 2013	% Movement
Revenue	A\$m	616.1	495.7	24%
Gross profit margin	A\$m	56.3	34.1	65%
New work secured revenue	A\$m	276.5	505.3	(45%)
Backlog revenue <sup>3</sup>	A\$m	771.4	1,073.1	(28%)

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

- **Gross Profit Margin** increase driven by the growth in the internal pipeline of development projects and close out and settlement of Global Renewables Project in Lancashire;
- **New work secured revenue** of A\$276.5 million includes the first residential development, Glasshouse Gardens at The International Quarter; and
- **Backlog revenue** has decreased to A\$771.4 million from the prior corresponding period driven by the lower than expected conversion of new work. However, the business is also **preferred bidder** for more than A\$1.0 billion of additional work, including the next phases of The International Quarter and Elephant & Castle development projects, which will be included in backlog in the second half.

##### Investment Management

		December 2014	June 2014	% Movement
Funds under management (FUM) <sup>4</sup>	A\$b	1.9	1.8	6%
Assets under management (AUM) <sup>4</sup>	A\$b	0.9	0.9	
Investments <sup>4</sup>	A\$m	71.0	84.0	(15%)

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

- **FUM** increased primarily due to the performance of the managed Lend Lease Retail Partnership and UKIF and favourable foreign exchange movements; and
- **Investments** reduced by A\$13.0 million on the prior corresponding period following sale of the majority of the Group's investment in UKIF on 26 September 2014.

<sup>1</sup> These values include 100% of joint venture projects and therefore will not necessarily fully correlate to the Group's profit after tax.

<sup>2</sup> Invested equity refers to the equity contributed for each project.

<sup>3</sup> June 2014 comparative.

<sup>4</sup> Represents the Group's assessment of the market value.

## Directors' Report continued

### 6. Operating and Financial Review continued

#### c. Review of Regional Performance continued

##### Americas

	December 2014	Revenue December 2013	% Movement	December 2014	EBITDA December 2013	% Movement	December 2014	Profit/(Loss) After Tax December 2013	% Movement
	A\$m	A\$m		A\$m	A\$m		A\$m	A\$m	
Property Development	10.9	18.4	(41%)	(2.0)	3.2	(163%)	(1.0)	3.0	(133%)
Infrastructure Development	22.3	20.5	9%	18.7	16.3	15%	10.7	9.7	10%
Construction	1,688.3	1,553.3	9%	50.2	65.0	(23%)	27.5	35.4	(22%)
<b>Total</b>	<b>1,721.5</b>	<b>1,592.2</b>	<b>8%</b>	<b>66.9</b>	<b>84.5</b>	<b>(21%)</b>	<b>37.2</b>	<b>48.1</b>	<b>(23%)</b>

In the **Americas**, key movements in profit after tax included:

- **Property Development** profit after tax decreased by A\$4.0 million to a A\$1.0 million loss after tax, as the Group invested in origination of urban regeneration opportunities;
- **Infrastructure Development** profit after tax increased by A\$1.0 million to A\$10.7 million. The operating result remained fairly stable in the current period, as initial development periods come to completion; and
- **Construction** profit after tax decreased by A\$7.9 million to A\$27.5 million, due to the lower contribution from the Military Housing Privatization project as work approaches completion.

##### Property Development

##### Healthcare

		December 2014	June 2014	% Movement
Number of projects <sup>1</sup>	no.	5	6	(17%)
Commercial backlog	sqm/000s	61	71	(14%)

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

- **Completion** of the Bon Secours DePaul Medical Center in Virginia;
- The continued **development** of the Winston-Salem Veterans Affairs Healthcare Center in North Carolina; and
- A continued focus on identification and execution of new pipeline opportunities focused on leveraging the Group's urban regeneration and residential development capabilities.

##### Infrastructure Development

		December 2014	June 2014	% Movement
Backlog revenue <sup>2</sup>	A\$m	424.4	415.7	2%
Backlog (number of units under management)	no.	54,655	54,655	
New work secured revenue <sup>3</sup>	A\$m	20.7	18.9	10%
Invested equity	A\$m	105.0	95.2	10%
Committed equity	A\$m	6.1	5.4	13%

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. Opportunities remain for further development over the remaining term of the ground leases on existing projects.

<sup>1</sup> Number of projects includes extensions of existing projects and projects where the Group is the preferred bidder.

<sup>2</sup> 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 period has been applied to the closing backlog balance in its entirety as the average rates for later years cannot be predicted. In local currency, the backlog revenue is US\$373.5 million (June 2014: US\$378.3 million).

<sup>3</sup> December 2013 comparative.

## Directors' Report continued

### 6. Operating and Financial Review continued

#### c. Review of Regional Performance continued

##### Americas continued

##### Construction

		December 2014	December 2013	% Movement
Revenue	A\$m	1,688.3	1,553.3	9%
Gross profit margin	A\$m	92.0	101.1	(9%)
New work secured revenue	A\$m	1,033.1	504.6	105%
Backlog revenue <sup>1</sup>	A\$m	4,886.4	5,363.1	(9%)

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

- **Revenue** increased since the prior corresponding period driven by improved market conditions in core markets in the US;
- **New work secured** of A\$1,033.1 million includes the following key projects: a 51 storey high rise tower at 520 Park Avenue, New York and a 12,100 square metre clinical manufacturing building in Boston; and
- While the overall construction environment remains strong, closing **backlog revenue** has declined by A\$476.7 million to A\$4,886.4 million since June 2014 due to the timing of expected project conversions. However, at the end of the period, the Group is the **preferred bidder** on approximately \$1.0 billion of new construction work, which is anticipated to be included in closing backlog in the second half.

##### Corporate

**Group Services costs** increased by A\$9.2 million to A\$60.8 million after tax from the prior corresponding period following the centralisation of business services functions within Australia.

**Group Treasury** costs increased by A\$7.1 million to A\$52.8 million primarily due to higher average net debt balances during the period.

	Profit/(Loss) Before Tax			Profit/(Loss) After Tax		
	December 2014 A\$m	December 2013 A\$m	% Movement	December 2014 A\$m	December 2013 A\$m	% Movement
Interest revenue	7.8	10.3	(24%)	5.7	8.2	(30%)
Interest expense and other costs	(68.6)	(71.5)	4%	(51.5)	(50.8)	(1%)
Net hedge cost	(10.5)	(4.1)	(156%)	(7.0)	(3.1)	(126%)
<b>Total Group Treasury</b>	<b>(71.3)</b>	<b>(65.3)</b>	<b>(9%)</b>	<b>(52.8)</b>	<b>(45.7)</b>	<b>(16%)</b>

Group Treasury is responsible for managing the Group's liquidity, foreign exchange exposures, interest rate risk and debt.

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

- Decrease in **interest revenue** of A\$2.5 million after tax is due to lower average interest rates compared to the prior corresponding period and a lower average cash balance over the period. The interest rate on invested cash averaged 2.5% per annum for the period (Dec 2013: 2.9%); and
- Increase in **interest expense** of A\$0.7 million after tax is primarily due to higher average drawn debt compared to the prior corresponding period.

<sup>1</sup> June 2014 comparative.

## Directors' Report continued

### 6. Operating and Financial Review continued

d. Appendix

#### Appendix 1

##### Results by Region Detail

	Revenue <sup>1</sup>		EBITDA <sup>1</sup>		Profit/(Loss) Before Tax <sup>1,2</sup>		Profit/(Loss) After Tax <sup>1,3</sup>	
	December 2014 A\$m	December 2013 A\$m	December 2014 A\$m	December 2013 A\$m	December 2014 A\$m	December 2013 A\$m	December 2014 A\$m	December 2013 A\$m
<b>Australia</b>								
Property Development	364.2	219.5	156.8	121.9	154.4	120.8	132.6	112.5
Infrastructure Development	71.7	50.2	47.4	27.3	47.4	27.0	36.3	18.3
Construction	2,816.7	3,574.8	91.2	97.0	72.3	70.5	52.3	51.9
Investment Management	83.8	61.4	82.4	50.3	82.0	49.6	76.4	40.8
<b>Total Australia</b>	<b>3,336.4</b>	<b>3,905.9</b>	<b>377.8</b>	<b>296.5</b>	<b>356.1</b>	<b>267.9</b>	<b>297.6</b>	<b>223.5</b>
<b>Asia</b>								
Property Development	0.1	11.8	(11.8)	8.1	(11.8)	8.1	(9.7)	7.0
Construction	139.2	267.6	(8.0)	7.4	(8.6)	6.4	(7.7)	6.1
Investment Management	17.0	71.8	48.8	67.9	48.7	67.8	36.5	56.0
<b>Total Asia</b>	<b>156.3</b>	<b>351.2</b>	<b>29.0</b>	<b>83.4</b>	<b>28.3</b>	<b>82.3</b>	<b>19.1</b>	<b>69.1</b>
<b>Europe</b>								
Property Development	35.2	50.6	24.2	11.4	23.5	11.1	23.1	6.7
Infrastructure Development	26.1	87.5	22.8	(0.8)	22.9	4.2	23.7	2.2
Construction	616.1	495.7	18.6	(17.2)	16.6	(20.5)	13.5	(18.4)
Investment Management	5.5	31.5	14.2	22.2	14.0	21.7	15.0	17.7
<b>Total Europe</b>	<b>682.9</b>	<b>665.3</b>	<b>79.8</b>	<b>15.6</b>	<b>77.0</b>	<b>16.5</b>	<b>75.3</b>	<b>8.2</b>
<b>Americas</b>								
Property Development	10.9	18.4	(2.0)	3.2	(2.0)	3.1	(1.0)	3.0
Infrastructure Development	22.3	20.5	18.7	16.3	19.2	17.0	10.7	9.7
Construction	1,688.3	1,553.3	50.2	65.0	47.8	62.8	27.5	35.4
<b>Total Americas</b>	<b>1,721.5</b>	<b>1,592.2</b>	<b>66.9</b>	<b>84.5</b>	<b>65.0</b>	<b>82.9</b>	<b>37.2</b>	<b>48.1</b>
<b>Total operating businesses</b>	<b>5,897.1</b>	<b>6,514.6</b>	<b>553.5</b>	<b>480.0</b>	<b>526.4</b>	<b>449.6</b>	<b>429.2</b>	<b>348.9</b>
<b>Corporate</b>								
Group Services	3.4	1.1	(76.7)	(78.5)	(87.4)	(88.6)	(60.8)	(51.6)
Group Treasury	7.8	10.3	(9.5)	(3.2)	(71.3)	(65.3)	(52.8)	(45.7)
<b>Total corporate</b>	<b>11.2</b>	<b>11.4</b>	<b>(86.2)</b>	<b>(81.7)</b>	<b>(158.7)</b>	<b>(153.9)</b>	<b>(113.6)</b>	<b>(97.3)</b>
<b>Total</b>	<b>5,908.3</b>	<b>6,526.0</b>	<b>467.3</b>	<b>398.3</b>	<b>367.7</b>	<b>295.7</b>	<b>315.6</b>	<b>251.6</b>

1 The foreign exchange rates applied to the Income Statement for the period to 31 December 2014 are A\$1 = £0.55 (December 2013: A\$1 = £0.57), A\$1 = US\$0.88 (December 2013: A\$1 = US\$0.91) and A\$1 = S\$1.13 (December 2013: A\$1 = S\$1.17).

2 Profit/(loss) before tax is before adjusting for the amount attributable to external non controlling interests.

3 Profit/(loss) after tax is after adjusting for the profit after tax attributable to external non controlling interests of A\$0.3 million (December 2013: Nil).

## Directors' Report continued

### 6. Operating and Financial Review continued

d. Appendix continued

#### Appendix 2

##### Results by Line of Business Detail

	Revenue <sup>1</sup>		EBITDA <sup>1</sup>		Profit/(Loss) Before Tax <sup>1,2</sup>		Profit/(Loss) After Tax <sup>1,3</sup>	
	December 2014 A\$m	December 2013 A\$m	December 2014 A\$m	December 2013 A\$m	December 2014 A\$m	December 2013 A\$m	December 2014 A\$m	December 2013 A\$m
<b>Property Development</b>								
Australia	364.2	219.5	156.8	121.9	154.4	120.8	132.6	112.5
Asia	0.1	11.8	(11.8)	8.1	(11.8)	8.1	(9.7)	7.0
Europe	35.2	50.6	24.2	11.4	23.5	11.1	23.1	6.7
Americas	10.9	18.4	(2.0)	3.2	(2.0)	3.1	(1.0)	3.0
<b>Total Property Development</b>	<b>410.4</b>	<b>300.3</b>	<b>167.2</b>	<b>144.6</b>	<b>164.1</b>	<b>143.1</b>	<b>145.0</b>	<b>129.2</b>
<b>Infrastructure Development</b>								
Australia	71.7	50.2	47.4	27.3	47.4	27.0	36.3	18.3
Europe	26.1	87.5	22.8	(0.8)	22.9	4.2	23.7	2.2
Americas	22.3	20.5	18.7	16.3	19.2	17.0	10.7	9.7
<b>Total Infrastructure Development</b>	<b>120.1</b>	<b>158.2</b>	<b>88.9</b>	<b>42.8</b>	<b>89.5</b>	<b>48.2</b>	<b>70.7</b>	<b>30.2</b>
<b>Construction</b>								
Australia	2,816.7	3,574.8	91.2	97.0	72.3	70.5	52.3	51.9
Asia	139.2	267.6	(8.0)	7.4	(8.6)	6.4	(7.7)	6.1
Europe	616.1	495.7	18.6	(17.2)	16.6	(20.5)	13.5	(18.4)
Americas	1,688.3	1,553.3	50.2	65.0	47.8	62.8	27.5	35.4
<b>Total Construction</b>	<b>5,260.3</b>	<b>5,891.4</b>	<b>152.0</b>	<b>152.2</b>	<b>128.1</b>	<b>119.2</b>	<b>85.6</b>	<b>75.0</b>
<b>Investment Management</b>								
Australia	83.8	61.4	82.4	50.3	82.0	49.6	76.4	40.8
Asia	17.0	71.8	48.8	67.9	48.7	67.8	36.5	56.0
Europe	5.5	31.5	14.2	22.2	14.0	21.7	15.0	17.7
<b>Total Investment Management</b>	<b>106.3</b>	<b>164.7</b>	<b>145.4</b>	<b>140.4</b>	<b>144.7</b>	<b>139.1</b>	<b>127.9</b>	<b>114.5</b>
<b>Total operating businesses</b>	<b>5,897.1</b>	<b>6,514.6</b>	<b>553.5</b>	<b>480.0</b>	<b>526.4</b>	<b>449.6</b>	<b>429.2</b>	<b>348.9</b>
<b>Corporate</b>								
Group Services	3.4	1.1	(76.7)	(78.5)	(87.4)	(88.6)	(60.8)	(51.6)
Group Treasury	7.8	10.3	(9.5)	(3.2)	(71.3)	(65.3)	(52.8)	(45.7)
<b>Total corporate</b>	<b>11.2</b>	<b>11.4</b>	<b>(86.2)</b>	<b>(81.7)</b>	<b>(158.7)</b>	<b>(153.9)</b>	<b>(113.6)</b>	<b>(97.3)</b>
<b>Total</b>	<b>5,908.3</b>	<b>6,526.0</b>	<b>467.3</b>	<b>398.3</b>	<b>367.7</b>	<b>295.7</b>	<b>315.6</b>	<b>251.6</b>

1 The foreign exchange rates applied to the Income Statement for the period to 31 December 2014 are A\$1 = £0.55 (December 2013: A\$1 = £0.57), A\$1 = US\$0.88 (December 2013: A\$1 = US\$0.91) and A\$1 = S\$1.13 (December 2013: A\$1 = S\$1.17).

2 Profit/(loss) before tax is before adjusting for the amount attributable to external non controlling interests.

3 Profit/(loss) after tax is after adjusting for the profit after tax attributable to external non controlling interests of A\$0.3 million (December 2013: Nil).

## Directors' Report continued

### 6. Operating and Financial Review continued

d. Appendix continued

#### Appendix 3

##### Results by Region Detail in Local Currency

	Revenue <sup>1</sup>		EBITDA <sup>1</sup>		Profit/(Loss) Before Tax <sup>1,2</sup>		Profit/(Loss) After Tax <sup>1,3</sup>	
	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013
	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m
<b>Australia</b>								
Property Development	364.2	219.5	156.8	121.9	154.4	120.8	132.6	112.5
Infrastructure Development	71.7	50.2	47.4	27.3	47.4	27.0	36.3	18.3
Construction	2,816.7	3,574.8	91.2	97.0	72.3	70.5	52.3	51.9
Investment Management	83.8	61.4	82.4	50.3	82.0	49.6	76.4	40.8
Group Services	3.4	1.1	(76.7)	(78.5)	(87.2)	(88.6)	(60.8)	(51.6)
Group Treasury	6.8	9.3	(9.6)	(2.8)	(48.7)	(36.8)	(32.3)	(24.7)
<b>Total Australia</b>	<b>3,346.6</b>	<b>3,916.3</b>	<b>291.5</b>	<b>215.2</b>	<b>220.2</b>	<b>142.5</b>	<b>204.5</b>	<b>147.2</b>
	Revenue		EBITDA		Profit/(Loss) Before Tax <sup>3</sup>		Profit/(Loss) After Tax <sup>4</sup>	
	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013
	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m
<b>Asia</b>								
Property Development	0.1	11.8	(11.8)	8.1	(11.8)	8.1	(9.7)	7.0
Construction	139.2	267.6	(8.0)	7.4	(8.6)	6.4	(7.7)	6.1
Investment Management	17.0	71.8	48.8	67.9	48.7	67.8	36.5	56.0
Group Treasury	0.1	0.1			0.1	0.1	0.1	0.1
<b>Total Asia</b>	<b>156.4</b>	<b>351.3</b>	<b>29.0</b>	<b>83.4</b>	<b>28.4</b>	<b>82.4</b>	<b>19.2</b>	<b>69.2</b>
	Revenue		EBITDA		Profit/(Loss) Before Tax <sup>3</sup>		Profit/(Loss) After Tax <sup>4</sup>	
	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Europe</b>								
Property Development	19.4	28.8	13.3	6.5	12.9	6.3	12.7	3.8
Infrastructure Development	14.4	49.9	12.5	(0.5)	12.6	2.4	13.0	1.3
Construction	338.8	282.5	10.3	(9.8)	9.2	(11.7)	7.4	(10.5)
Investment Management	3.0	18.0	7.8	12.7	7.7	12.4	8.3	10.1
Group Treasury	0.5	0.5	0.1	(0.2)	(8.6)	(12.5)	(9.1)	(9.5)
<b>Total Great British pounds</b>	<b>376.1</b>	<b>379.7</b>	<b>44.0</b>	<b>8.7</b>	<b>33.8</b>	<b>(3.1)</b>	<b>32.3</b>	<b>(4.8)</b>
<b>Total Australian dollars<sup>4</sup></b>	<b>683.8</b>	<b>666.2</b>	<b>80.0</b>	<b>15.2</b>	<b>61.4</b>	<b>(5.4)</b>	<b>58.8</b>	<b>(8.5)</b>
	Revenue		EBITDA		Profit/(Loss) Before Tax <sup>3</sup>		Profit/(Loss) After Tax <sup>4</sup>	
	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
<b>Americas</b>								
Property Development	9.6	16.7	(1.8)	2.9	(1.8)	2.8	(0.9)	2.7
Infrastructure Development	19.6	18.7	16.5	14.8	16.9	15.5	9.4	8.8
Construction	1,485.7	1,413.5	44.2	59.2	42.1	57.1	24.2	32.2
Group Treasury			(0.1)		(6.2)	(6.1)	(3.6)	(3.9)
<b>Total US dollars</b>	<b>1,514.9</b>	<b>1,448.9</b>	<b>58.8</b>	<b>76.9</b>	<b>51.0</b>	<b>69.3</b>	<b>29.1</b>	<b>39.8</b>
<b>Total Australian dollars<sup>4</sup></b>	<b>1,721.5</b>	<b>1,592.2</b>	<b>66.8</b>	<b>84.5</b>	<b>58.0</b>	<b>76.2</b>	<b>33.1</b>	<b>43.7</b>

1 Local currency results exclude foreign exchange movements other than Great British pounds and US dollars.

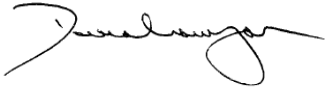
2 Profit/(loss) before tax is before adjusting for the amount attributable to external non controlling interests.

3 Profit/(loss) after tax is after adjusting for the profit after tax attributable to external non controlling interests of A\$0.3 million (December 2013: Nil).

4 The foreign exchange rates applied to the Income Statement for the period to 31 December 2014 are A\$1 = £0.55 (December 2013: A\$1 = £0.57), A\$1 = US\$0.88 (December 2013: A\$1 = US\$0.91) and A\$1 = S\$1.13 (December 2013: A\$1 = S\$1.17).

## Directors' Report continued

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



**D A Crawford, AO**  
Chairman



**S B McCann**  
Group Chief Executive Officer & Managing Director

Sydney, 23 February 2015



*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 2014 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

23 February 2015

# Consolidated Financial Statements

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# Consolidated Financial Statements

## Income Statement

Half Year ended 31 December 2014

	Note	6 months December 2014 A\$m	6 months December 2013 A\$m
Revenue	5	5,897.8	6,506.7
Cost of sales		(5,163.1)	(5,746.6)
<b>Gross profit</b>		<b>734.7</b>	<b>760.1</b>
Other income	6	187.7	81.6
Other expenses		(486.1)	(527.7)
<b>Results from operating activities</b>		<b>436.3</b>	<b>314.0</b>
Finance revenue	8	10.5	19.3
Finance costs	8	(70.1)	(73.1)
<b>Net finance costs</b>		<b>(59.6)</b>	<b>(53.8)</b>
Share of (loss)/profit of equity accounted investments	11	(9.0)	35.5
<b>Profit before tax</b>		<b>367.7</b>	<b>295.7</b>
Income tax expense	9	(52.4)	(44.1)
<b>Profit after tax</b>		<b>315.3</b>	<b>251.6</b>
Profit after tax attributable to:			
Members of Lend Lease Corporation Limited		270.1	225.7
Unitholders of Lend Lease Trust		45.5	25.9
<b>Profit after tax attributable to securityholders</b>		<b>315.6</b>	<b>251.6</b>
External non controlling interests		(0.3)	–
<b>Profit after tax</b>		<b>315.3</b>	<b>251.6</b>
<b>Basic/Diluted Earnings Per Lend Lease Corporation Limited Share (EPS)</b>			
Shares excluding treasury shares (cents)	4	49.2	41.5
Shares on issue (cents)	4	46.7	39.2
<b>Basic/Diluted Earnings Per Lend Lease Group Stapled Security (EPSS)</b>			
Securities excluding treasury securities (cents)	4	57.5	46.2
Securities on issue (cents)	4	54.5	43.7

## Consolidated Financial Statements continued

### Statement of Comprehensive Income

Half Year ended 31 December 2014

	6 months December 2014 A\$m	6 months December 2013 A\$m
<b>Profit After Tax</b>	<b>315.3</b>	<b>251.6</b>
<b>Other Comprehensive Income/(Expense) After Tax</b>		
Items that may be reclassified subsequently to profit or loss:		
Movements in Fair Value Revaluation Reserve	0.3	0.6
Movements in Hedging Reserve	(29.3)	1.3
Movements in Foreign Currency Translation Reserve	56.2	61.4
<b>Total items that may be reclassified subsequently to profit or loss</b>	<b>27.2</b>	<b>63.3</b>
Items that will not be reclassified subsequently to profit or loss:		
Movements in Non Controlling Interest Acquisition Reserve	(8.4)	(5.1)
Defined benefit plans remeasurements	(32.1)	(6.9)
<b>Total items that will not be reclassified to profit or loss</b>	<b>(40.5)</b>	<b>(12.0)</b>
<b>Total comprehensive income after tax</b>	<b>302.0</b>	<b>302.9</b>
Total comprehensive income after tax attributable to:		
Members of Lend Lease Corporation Limited	255.5	276.8
Unitholders of Lend Lease Trust	45.5	25.9
<b>Total comprehensive income after tax attributable to securityholders</b>	<b>301.0</b>	<b>302.7</b>
External non controlling interests	1.0	0.2
<b>Total comprehensive income after tax</b>	<b>302.0</b>	<b>302.9</b>

## Consolidated Financial Statements continued

### Statement of Financial Position

As at 31 December 2014

	Note	December 2014 A\$m	June 2014 A\$m
<b>Current Assets</b>			
Cash and cash equivalents		776.5	1,715.8
Loans and receivables		2,045.7	1,777.3
Inventories	10	1,940.0	1,345.6
Other financial assets	13	47.7	50.4
Current tax assets		37.7	
Other assets		81.4	43.5
<b>Total current assets</b>		<b>4,929.0</b>	<b>4,932.6</b>
<b>Non Current Assets</b>			
Loans and receivables		417.1	633.8
Inventories	10	2,060.5	1,785.9
Equity accounted investments	11	807.7	578.0
Investment properties	12	5,510.5	4,832.0
Other financial assets	13	993.6	972.1
Deferred tax assets		292.0	251.3
Property, plant and equipment		348.9	360.3
Intangible assets		1,381.7	1,323.7
Defined benefit plan asset		10.6	7.6
Other assets		64.6	74.5
<b>Total non current assets</b>		<b>11,887.2</b>	<b>10,819.2</b>
<b>Total assets</b>		<b>16,816.2</b>	<b>15,751.8</b>
<b>Current Liabilities</b>			
Trade and other payables		3,852.4	4,034.1
Resident liabilities		3,671.3	3,195.5
Provisions		238.1	254.6
Borrowings and financing arrangements	14	213.4	
Current tax liabilities			51.4
Other financial liabilities		34.9	40.0
<b>Total current liabilities</b>		<b>8,010.1</b>	<b>7,575.6</b>
<b>Non Current Liabilities</b>			
Trade and other payables		1,269.6	722.3
Provisions		53.0	82.3
Borrowings and financing arrangements	14	2,310.3	2,347.0
Defined benefit plan liability		81.9	39.5
Other financial liabilities		44.4	59.6
Deferred tax liabilities		92.5	56.7
<b>Total non current liabilities</b>		<b>3,851.7</b>	<b>3,307.4</b>
<b>Total liabilities</b>		<b>11,861.8</b>	<b>10,883.0</b>
<b>Net assets</b>		<b>4,954.4</b>	<b>4,868.8</b>
<b>Equity</b>			
Issued capital	15	1,244.4	1,618.2
Treasury securities	15	(90.2)	(116.1)
Reserves		17.1	24.4
Retained earnings		2,832.3	2,824.0
<b>Total equity attributable to members of Lend Lease Corporation Limited</b>		<b>4,003.6</b>	<b>4,350.5</b>
Total equity attributable to unitholders of Lend Lease Trust		944.9	513.3
<b>Total equity attributable to securityholders</b>		<b>4,948.5</b>	<b>4,863.8</b>
External non controlling interests		5.9	5.0
<b>Total equity</b>		<b>4,954.4</b>	<b>4,868.8</b>

## Consolidated Financial Statements continued

### Statement of Changes in Equity

Half Year ended 31 December 2014

	6 months December 2014 A\$m	6 months December 2013 A\$m
<b>Issued Capital and Treasury Securities</b>		
<b>Issued Capital</b>		
Opening balance at beginning of financial period	1,618.2	1,599.9
Transactions with owners for the period:		
Recapitalisation of Lend Lease Trust	(400.5)	
Distribution Reinvestment Plan (DRP)	26.7	10.6
<b>Closing balance at end of financial period</b>	<b>1,244.4</b>	<b>1,610.5</b>
<b>Treasury Securities</b>		
Opening balance at beginning of financial period	(116.1)	(118.0)
Transactions with owners for the period:		
Treasury securities acquired	(7.7)	
Treasury securities vested	33.6	30.2
<b>Closing balance at end of financial period</b>	<b>(90.2)</b>	<b>(87.8)</b>
<b>Total issued capital and treasury securities</b>	<b>1,154.2</b>	<b>1,522.7</b>
<b>Reserves</b>		
<b>Fair Value Revaluation Reserve</b>		
Opening balance at beginning of financial period	48.9	44.7
Revaluation gain transferred to the Income Statement on asset transfer	(22.3)	
Comprehensive income for the period:		
Revaluation gain recognised in equity	6.1	4.1
Fair value hedging	(6.4)	(5.0)
Effect of foreign exchange rate/other movements	0.6	1.5
<b>Closing balance at end of financial period</b>	<b>26.9</b>	<b>45.3</b>
<b>Hedging Reserve</b>		
Opening balance at beginning of financial period	(91.0)	(78.5)
Hedge loss transferred to the Income Statement on asset disposal	13.5	
Comprehensive income for the period:		
Movements attributable to effective cash flow hedges	(29.9)	13.5
Effect of foreign exchange rate/other movements	0.6	(12.2)
<b>Closing balance at end of financial period</b>	<b>(106.8)</b>	<b>(77.2)</b>
<b>Foreign Currency Translation Reserve</b>		
Opening balance at beginning of financial period	(98.4)	(156.0)
Foreign currency translation gain transferred to the Income Statement on asset disposal	(2.8)	
Comprehensive income for the period:		
Movements attributable to translation of foreign operations	69.5	65.9
Net investment hedging	(13.3)	(4.5)
<b>Closing balance at end of financial period</b>	<b>(45.0)</b>	<b>(94.6)</b>
<b>Non Controlling Interest Acquisition Reserve</b>		
Opening balance at beginning of financial period	(75.4)	(73.4)
Comprehensive income for the period:		
Movements attributable to recognition of tax asset on goodwill		(0.5)
Effect of foreign exchange rate/other movements	(8.4)	(4.6)
<b>Closing balance at end of financial period</b>	<b>(83.8)</b>	<b>(78.5)</b>
<b>Other Reserve</b>		
Balance at beginning and end of financial period	<b>111.7</b>	<b>111.7</b>
<b>Equity Compensation Reserve</b>		
Opening balance at beginning of financial period	74.2	73.1
Transactions with owners for the period:		
Movements attributable to allocation and vesting of securities	(14.5)	(13.3)
<b>Closing balance at end of financial period</b>	<b>59.7</b>	<b>59.8</b>
<b>Other Compensation Reserve</b>		
Balance at beginning and end of financial period	<b>54.4</b>	<b>54.4</b>
<b>Total reserves</b>	<b>17.1</b>	<b>20.9</b>

## Consolidated Financial Statements continued

### Statement of Changes in Equity continued

Half Year ended 31 December 2014

	6 months December 2014 A\$m	6 months December 2013 A\$m
<b>Retained Earnings</b>		
Opening balance at beginning of financial period	2,824.0	2,297.3
Profit attributable to members of Lend Lease Corporation Limited	270.1	225.7
Defined benefit plans remeasurements	(32.1)	(6.9)
Transactions with owners for the period:		
Dividends paid	(215.6)	(98.8)
Dividends on treasury securities	12.8	5.4
Dividends under DRP	(26.7)	(10.6)
Other movements	(0.2)	
<b>Closing balance at end of financial period</b>	<b>2,832.3</b>	<b>2,412.1</b>
<b>Unitholders of Lend Lease Trust</b>		
Opening balance at beginning of financial period	513.3	506.1
Profit attributable to unitholders of Lend Lease Trust	45.5	25.9
Transactions with owners for the period:		
Movement attributable to recapitalisation	400.5	
Distributions provided for	(17.5)	(25.9)
Units issued under DRP	3.1	1.4
<b>Closing balance at end of financial period</b>	<b>944.9</b>	<b>507.5</b>
<b>External Non Controlling Interests</b>		
Opening balance at beginning of financial period	5.0	5.5
Profit attributable to external non controlling interests	(0.3)	
Transactions with owners for the period:		
Movements attributable to disposal	(0.1)	
Effect of foreign exchange rate/other movements	1.3	0.2
<b>Closing balance at end of financial period</b>	<b>5.9</b>	<b>5.7</b>
<b>Total equity</b>	<b>4,954.4</b>	<b>4,468.9</b>
<b>Total Comprehensive Income After Tax for the Financial Period</b>		
Attributable to:		
Members of Lend Lease Corporation Limited	255.5	276.8
Unitholders of Lend Lease Trust	45.5	25.9
<b>Total comprehensive income after tax attributable to securityholders</b>	<b>301.0</b>	<b>302.7</b>
External non controlling interests	1.0	0.2
<b>Total comprehensive income after tax</b>	<b>302.0</b>	<b>302.9</b>

## Consolidated Financial Statements continued

### Statement of Cash Flows

Half Year ended 31 December 2014

	6 months December 2014 A\$m	6 months December 2013 A\$m
<b>Cash Flows from Operating Activities</b>		
Cash receipts in the course of operations	5,934.6	6,575.0
Cash payments in the course of operations	(6,288.0)	(6,709.4)
Interest received	9.0	14.4
Interest paid	(90.9)	(84.9)
Dividends/distributions received	29.6	24.1
Income tax paid in respect of operations	(91.1)	(30.2)
<b>Net cash used in operating activities</b>	<b>(496.8)</b>	<b>(211.0)</b>
<b>Cash Flows from Investing Activities</b>		
Sale/redemption of investments	122.9	63.1
Acquisition of investments	(255.1)	(513.9)
Sale of investment properties		17.8
Acquisition of/capital expenditure on investment properties	(130.6)	(98.6)
Net loans (to)/from associates and joint ventures	(2.3)	0.6
Disposal of consolidated entities (net of cash disposed and transaction costs)	8.4	(5.3)
Disposal of property, plant and equipment	6.9	4.2
Acquisition of property, plant and equipment	(27.0)	(23.5)
Acquisition of intangible assets	(33.5)	(46.9)
Other investing activities	(1.7)	(1.4)
<b>Net cash used in investing activities</b>	<b>(312.0)</b>	<b>(603.9)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from borrowings	1,307.0	502.2
Repayment of borrowings	(1,200.1)	(0.1)
Dividends/distributions paid	(240.3)	(97.7)
Other financing activities	(19.4)	(162.0)
<b>Net cash (used in)/provided by financing activities</b>	<b>(152.8)</b>	<b>242.4</b>
<b>Other Cash Flow Items</b>		
Effect of foreign exchange rate movements on cash and cash equivalents	22.3	29.5
<b>Net decrease in cash and cash equivalents</b>	<b>(939.3)</b>	<b>(543.0)</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>1,715.8</b>	<b>1,609.5</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>776.5</b>	<b>1,066.5</b>

# 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 2014 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 2 'Segment Reporting'.

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

Following stapled securityholders' approval on 14 November 2014, the Company has reallocated capital to LLT by reducing the Company's share capital by A\$400.5 million and applying that amount as additional capital to LLT. This capital reallocation did not affect the number of shares on issue nor the number of units held by securityholders and did not result in any cash distribution to members.

The half year consolidated financial report was authorised for issue by the Directors on 23 February 2015.

### 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 2014 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 2014 annual consolidated financial report, other than as stated in Note 1.3 'Impact of New/Revised Accounting Standards'.

Under the current interpretation of 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 six years in Serviced Apartments ('SA'). Resident liabilities at 31 December 2014 are A\$3,671.3 million (June 2014: A\$3,195.5 million).

# 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 Adopted 1 July 2014

The table below represents new and revised accounting standards, together with consequential amendments relevant to the Group's results at 31 December 2014.

Accounting Standard	Requirement	Impacts for the period ended 31 December 2014
AASB 2013-4 <i>Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting</i>	AASB 2013-4 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.  This amendment has been applied with retrospective application.	As a result of adopting the amendments, there has been no impact on the Group's financial statements.
AASB 2013-5 <i>Amendments to Australian Accounting Standards – Investment Entities</i>	AASB 2013-5 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.  This amendment has been applied with retrospective application.	As a result of adopting the amendments, there has been no impact on the Group's financial statements.

#### 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 2014 but are available for early adoption and have not been applied in preparing this report.

Accounting Standard	Requirement	Impact on Financial Statements
AASB 9 <i>Financial Instruments</i> and consequential amendments	AASB 9 addresses the classification, measurement and derecognition of financial assets, financial liabilities and hedging.  The standard becomes mandatory for the June 2019 financial year, and will be applied prospectively.	Based on the preliminary analysis performed, AASB 9 and consequential amendments will impact classification of available for sale financial assets within the Statement of Financial Position, while other amendments are not expected to have a material impact on the Group.
AASB 15 <i>Revenue from Contracts with Customers</i>	AASB 15 provides a new five step model for recognising revenue earned from a contract with a customer and will replace the existing AASB 118 <i>Revenue</i> and AASB 111 <i>Construction Contracts</i> .  The standard becomes mandatory for the June 2018 financial year and will be applied retrospectively.	The potential effect of this standard is yet to be determined.
AASB 2014-3 <i>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations</i>	AASB 2014-3 amends AASB 11 <i>Joint Arrangements</i> to provide clarification that acquisition of interests in joint operations which constitute a business should apply all of the principles of accounting and disclosures in AASB 3 <i>Business Combinations</i> .  The standard becomes mandatory for the June 2017 financial year and will be applied retrospectively.	Based on preliminary analysis performed, the amendments are not expected to have any significant impact on the Group as acquisitions are currently accounted for in line with the proposed amendment.

## Notes to the Consolidated Financial Statements continued

### 2. Segment Reporting

The segment results are discussed and analysed in the Operating and Financial Review ('OFR') 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:

#### Property Development

The Property Development business involves the development of urban communities, inner-city mixed-use developments, apartments, commercial offices, retail centres, healthcare facilities and retirement villages.

#### Infrastructure Development

The Infrastructure Development business arranges, manages and invests in Public Private Partnership ('PPP') projects.

#### 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.

Segment performance is based on profit after tax. 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 <sup>1</sup>		Profit After Tax		Group Total Assets	
	6 months December 2014 A\$m	6 months December 2013 A\$m	6 months December 2014 A\$m	6 months December 2013 A\$m	December 2014 A\$m	June 2014 A\$m
Australia	3,336.4	3,905.9	297.6	223.5	12,795.8	11,375.6
Asia	156.3	351.2	19.1	69.1	630.4	600.0
Europe	682.9	665.3	75.3	8.2	1,474.1	1,372.7
Americas	1,721.5	1,592.2	37.2	48.1	1,506.7	1,232.0
<b>Total segment</b>	<b>5,897.1</b>	<b>6,514.6</b>	<b>429.2</b>	<b>348.9</b>	<b>16,407.0</b>	<b>14,580.3</b>
Reconciling items						
Corporate activities	11.2	11.4	(113.6)	(97.3)	409.2	1,171.5
<b>Segment results/assets</b>	<b>5,908.3</b>	<b>6,526.0</b>	<b>315.6</b>	<b>251.6</b>	<b>16,816.2</b>	<b>15,751.8</b>
External non controlling interest profit after tax	–	–	(0.3)	–	–	–
<b>Statutory result/Group assets</b>	<b>5,908.3</b>	<b>6,526.0</b>	<b>315.3</b>	<b>251.6</b>	<b>16,816.2</b>	<b>15,751.8</b>

<sup>1</sup> Segment revenue represents revenue and finance revenue.

## Notes to the Consolidated Financial Statements continued

		Company/Trust	
	Cents Per Share/Unit	6 months December 2014 A\$m	6 months December 2013 A\$m
<b>3. Dividends/Distributions<sup>1</sup></b>			
<b>Parent Company Interim Dividend</b>			
December 2014 – declared subsequent to reporting date (payable 18 March 2015) <sup>2</sup>	24.0	139.0	
December 2013 – paid 21 March 2014	17.5		100.9
		<b>139.0</b>	<b>100.9</b>
<b>Lend Lease Trust Interim Distribution</b>			
December 2014 – provided for (payable 18 March 2015)	3.0	17.5	
December 2013 – paid 21 March 2014	4.5		25.9
		<b>17.5</b>	<b>25.9</b>
		<b>156.5</b>	<b>126.8</b>
		6 months June 2014 A\$m	6 months June 2013 A\$m
<b>Parent Company Final Dividend</b>			
June 2014 – paid 22 September 2014	42.0	242.3	
June 2013 – paid 27 September 2013	19.0		109.4
		<b>242.3</b>	<b>109.4</b>
<b>Lend Lease Trust Final Distribution</b>			
June 2014 – paid 22 September 2014	7.0	40.7	
June 2013 – paid 27 September 2013	1.0		5.7
		<b>40.7</b>	<b>5.7</b>
		<b>283.0</b>	<b>115.1</b>

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 2014, as it was declared after the end of the financial period.

		December 2014		December 2013	
		Shares/ Securities Excluding Treasury Securities	Shares/ Securities on Issue	Shares/ Securities Excluding Treasury Securities	Shares/ Securities on Issue
<b>4. Earnings Per Share/Stapled Security</b>					
<b>Basic/Diluted Earnings Per Share (EPS)</b>					
Profit attributable to members of Lend Lease Corporation Limited used in calculating basic/diluted EPS	A\$m	270.1	270.1	225.7	225.7
Weighted average number of ordinary shares	m	549.0	578.6	544.5	576.1
<b>Basic/diluted EPS</b>	<b>cents</b>	<b>49.2</b>	<b>46.7</b>	<b>41.5</b>	<b>39.2</b>
<b>Basic/Diluted Earnings Per Stapled Security (EPSS)</b>					
Profit attributable to securityholders of Lend Lease Group used in calculating basic/diluted EPSS	A\$m	315.6	315.6	251.6	251.6
Weighted average number of stapled securities	m	549.0	578.6	544.5	576.1
<b>Basic/diluted EPSS</b>	<b>cents</b>	<b>57.5</b>	<b>54.5</b>	<b>46.2</b>	<b>43.7</b>

## Notes to the Consolidated Financial Statements continued

	6 months December 2014 A\$m	6 months December 2013 A\$m
<b>5. Revenue</b>		
<b>Revenue from the provision of services</b>		
Construction	5,259.7	5,890.1
Property Development	160.3	13.6
Infrastructure Development	117.6	151.4
Investment Management	81.1	124.7
<b>Total revenue from the provision of services</b>	<b>5,618.7</b>	<b>6,179.8</b>
Revenue from the sale of development properties	239.8	276.7
Rental revenue	3.5	24.8
Other revenue	35.8	25.4
<b>Total revenue</b>	<b>5,897.8</b>	<b>6,506.7</b>
<b>6. Other Income</b>		
<b>Net gain on sale of investments</b>		
Equity accounted investments	23.1	
Other assets and liabilities	3.4	3.1
Consolidated entities	46.3	
<b>Net gain on transfer of investments</b>		
Available for sale financial assets	31.9	
<b>Net gain on fair value remeasurement</b>		
Investment properties		15.9
Derivative contracts held for trading	2.4	2.1
Fair value through profit or loss assets	22.3	4.3
Other	58.3	56.2
<b>Total other income</b>	<b>187.7</b>	<b>81.6</b>
<b>7. Other Expenses</b>		
<b>Profit before income tax includes the following other expense items:</b>		
Net defined benefit plans expense <sup>1</sup>	1.4	5.7
Expenses include impairments raised/(reversals) relating to:		
Loans and receivables		0.7
Property inventories	(9.8)	(4.1)
Property, plant and equipment	7.8	
Equity accounted investments	(4.9)	
Other financial assets	1.7	2.4
Net loss on fair value remeasurement of investment properties	1.1	
Operating lease expense	44.2	41.4
Depreciation and amortisation	40.0	48.8
Net foreign exchange loss	6.5	5.5
<b>8. Finance Revenue and Finance Costs</b>		
<b>Finance Revenue</b>		
Related parties	0.4	6.7
Other corporations	8.6	10.6
<b>Total interest finance revenue</b>	<b>9.0</b>	<b>17.3</b>
Interest discounting	1.5	2.0
<b>Total finance revenue</b>	<b>10.5</b>	<b>19.3</b>
<b>Finance Costs</b>		
Other corporations	74.4	72.8
<i>Less: Capitalised interest finance costs</i>	<i>(9.5)</i>	<i>(6.9)</i>
<b>Total interest finance costs</b>	<b>64.9</b>	<b>65.9</b>
Non interest finance costs	5.2	7.1
Interest discounting		0.1
<b>Total finance costs</b>	<b>70.1</b>	<b>73.1</b>
<b>Net finance costs</b>	<b>(59.6)</b>	<b>(53.8)</b>

1 The Lend Lease Superannuation Plan (Australia) was partially closed on 30 September 2014. An immaterial asset remains on the Statement of Financial Position.

## Notes to the Consolidated Financial Statements continued

	6 months December 2014 A\$m	6 months December 2013 A\$m
<b>9. Taxation</b>		
Income Tax Expense		
Recognised in the Income Statement		
<b>Current Tax (Benefit)/Expense</b>		
Current period	(99.1)	23.1
Adjustments for prior periods	(5.4)	(2.6)
Benefits of tax losses recognised	(13.3)	(15.8)
	<b>(117.8)</b>	<b>4.7</b>
<b>Deferred Tax Expense</b>		
Origination and reversal of temporary differences	177.4	45.9
Temporary differences recognised/recovered	(6.6)	(13.1)
Net tax losses (recognised)/utilised	(0.4)	2.3
Change in tax rate	2.3	4.0
Adjustments for prior years	(2.5)	0.3
	<b>170.2</b>	<b>39.4</b>
<b>Total income tax expense</b>	<b>52.4</b>	<b>44.1</b>
<b>Reconciliation of Income Tax Expense</b>		
Profit before tax	367.7	295.7
<b>Income tax using the domestic corporation tax rate (30%)</b>	<b>110.3</b>	<b>88.7</b>
Adjustments for prior period tax claim	(5.4)	(2.6)
Non assessable and exempt income	(47.6)	(22.9)
Net write off/(recognition) of tax losses through income tax expense	8.7	(2.3)
Temporary differences recognised through income tax expense	(6.6)	(13.1)
Utilisation of capital losses on disposal of assets	(9.8)	(8.1)
Effect of tax rates in foreign jurisdictions	9.5	4.9
Other	(6.7)	(0.5)
<b>Income tax expense</b>	<b>52.4</b>	<b>44.1</b>

## Notes to the Consolidated Financial Statements continued

	December 2014 A\$m	June 2014 A\$m
<b>10. Inventories</b>		
<b>Current</b>		
Development properties	1,192.5	580.6
Construction work in progress	739.1	755.6
Other	8.4	9.4
<b>Total current</b>	<b>1,940.0</b>	<b>1,345.6</b>
<b>Non Current</b>		
Development properties	2,060.5	1,785.9
<b>Total inventories</b>	<b>4,000.5</b>	<b>3,131.5</b>
<b>11. Equity Accounted Investments</b>		
<b>Associates</b>		
Investment in associates	259.5	129.3
Less: Impairment	(5.6)	(10.5)
<b>Total associates</b>	<b>253.9</b>	<b>118.8</b>
<b>Joint Ventures</b>		
Investment in joint ventures	560.6	465.8
Less: Impairment	(6.8)	(6.6)
<b>Total joint ventures</b>	<b>553.8</b>	<b>459.2</b>
<b>Total equity accounted investments</b>	<b>807.7</b>	<b>578.0</b>

	Interest December 2014 %	June 2014 %	Share of Profit/(Loss) <sup>1</sup> December 2014 A\$m	December 2013 A\$m	Net Book Value December 2014 A\$m	June 2014 A\$m
<b>a. Associates</b>						
<b>Australia</b>						
Lend Lease Real Estate Partners 3 <sup>2</sup>		25.0	6.9	10.6		81.9
Lend Lease Communities Fund 1	20.8	20.8		0.2	12.8	17.7
Lend Lease Sub Regional Retail Fund <sup>2</sup>	19.0				69.5	
Other					0.5	0.5
<b>Total Australia</b>			<b>6.9</b>	<b>10.8</b>	<b>82.8</b>	<b>100.1</b>
<b>Asia</b>						
Lend Lease Asian Retail Investment Fund 2	35.9	35.9	0.4		25.4	23.3
Lend Lease Asian Retail Investment Fund 3	20.0		3.4		144.9	
<b>Total Asia</b>			<b>3.8</b>	<b>-</b>	<b>170.3</b>	<b>23.3</b>
<b>Europe</b>						
Other					4.7	4.5
<b>Total Europe</b>			<b>-</b>	<b>-</b>	<b>4.7</b>	<b>4.5</b>
<b>Americas</b>						
Other			1.1	0.9	1.7	1.4
<b>Total Americas</b>			<b>1.1</b>	<b>0.9</b>	<b>1.7</b>	<b>1.4</b>
<b>Total</b>			<b>11.8</b>	<b>11.7</b>	<b>259.5</b>	<b>129.3</b>
Less: Impairment					(5.6)	(10.5)
<b>Total associates</b>			<b>11.8</b>	<b>11.7</b>	<b>253.9</b>	<b>118.8</b>
<b>b. Joint Ventures</b>						
<b>Australia</b>						
Lend Lease International Towers Sydney Trust	15.0	15.0	15.0	10.4	120.2	80.9
Darling Harbour Live	50.0	50.0	(0.5)	(0.5)	110.0	100.4
Sunshine Coast University Hospital	50.0	50.0	2.3	1.6	86.2	83.0
East West Connect	30.0		(1.4)		54.0	
New Bendigo Hospital	50.0	50.0	(0.1)	(1.1)	17.6	22.6
Eastern Goldfields Regional Prison	50.0	50.0	(0.9)	(0.5)	1.5	10.5
Other			(0.1)	1.6	7.6	12.1
<b>Total Australia</b>			<b>14.3</b>	<b>11.5</b>	<b>397.1</b>	<b>309.5</b>

<sup>1</sup> 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.

<sup>2</sup> Lend Lease Real Estate Partners 3 was restructured during the period to Lend Lease Sub Regional Retail Fund commencing as a new fund. The Group has significant influence over the investment as a result of assessing the Group's overall voting rights over the fund and applies equity accounting.

## Notes to the Consolidated Financial Statements continued

	Interest December 2014 %	June 2014 %	Share of Profit/(Loss) <sup>1</sup> December 2014 A\$m	December 2013 A\$m	Net Book Value December 2014 A\$m	June 2014 A\$m
<b>11. Equity Accounted Investments continued</b>						
<b>b. Joint Ventures continued</b>						
<b>Asia</b>						
CDR JV Ltd (313@somerset)	25.0	25.0	2.5	2.4	113.9	104.6
Other			0.2	0.1	0.5	0.3
<b>Total Asia</b>			<b>2.7</b>	<b>2.5</b>	<b>114.4</b>	<b>104.9</b>
<b>Europe</b>						
Stratford City Business District Limited	50.0	50.0	0.1	5.6	24.6	23.6
Majadahonda Hospital	25.0	25.0	0.3	0.8	7.7	9.3
Global Renewables Lancashire Holdings Limited	50.0	50.0	(39.2) <sup>2</sup>	(0.8)		1.4
Other			0.7	3.8	13.0	15.6
<b>Total Europe</b>			<b>(38.1)</b>	<b>9.4</b>	<b>45.3</b>	<b>49.9</b>
<b>Americas</b>						
Other			0.3	0.4	3.8	1.5
<b>Total Americas</b>			<b>0.3</b>	<b>0.4</b>	<b>3.8</b>	<b>1.5</b>
<b>Total</b>			<b>(20.8)</b>	<b>23.8</b>	<b>560.6</b>	<b>465.8</b>
Less: Impairment					(6.8)	(6.6)
<b>Total joint ventures</b>			<b>(20.8)</b>	<b>23.8</b>	<b>553.8</b>	<b>459.2</b>
<b>Total equity accounted investments</b>			<b>(9.0)</b>	<b>35.5</b>	<b>807.7</b>	<b>578.0</b>

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 The current year share of loss represents the recycling of the hedge reserve on closure of the related hedge to the profit and loss statement of A\$(37.9) million and A\$(1.3) million share of operating loss.

### 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. Material associates and joint ventures have been determined by comparing individual investment net book value with the total equity accounted investment balance. 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. The nature and principle activities of the material associates and joint ventures is investing in property assets.

	Lend Lease Asian Retail Investment Fund 3		Lend Lease International Towers Sydney Trust		CDR JV Ltd (313@somerset)	
	December 2014 A\$m	December 2013 <sup>1</sup> A\$m	December 2014 A\$m	December 2013 <sup>2</sup> A\$m	December 2014 A\$m	December 2013 A\$m
<b>Income Statement</b>						
Revenue from provision of services	19.0				28.2	26.0
Interest income						
Fair value revaluations	17.5		102.2	30.1	(2.1)	(1.2)
Interest expense	(3.0)				(6.8)	(5.6)
Other expenses	(16.0)		(2.5)	(1.5)	(8.9)	(8.8)
Income tax expense	(0.5)				(0.4)	(0.8)
<b>Profit for the period<sup>3</sup></b>	<b>17.0</b>	<b>–</b>	<b>99.7</b>	<b>28.6</b>	<b>10.0</b>	<b>9.6</b>
Other comprehensive income	19.0				37.2	16.8
<b>Total comprehensive income</b>	<b>36.0</b>	<b>–</b>	<b>99.7</b>	<b>28.6</b>	<b>47.2</b>	<b>26.4</b>
<b>Group's total share of:</b>						
Profit	<b>3.4</b>	<b>–</b>	<b>15.0</b>	<b>7.1</b>	<b>2.5</b>	<b>2.4</b>
Other adjustments				3.3		
<b>Total share of profit for the period</b>	<b>3.4</b>	<b>–</b>	<b>15.0</b>	<b>10.4</b>	<b>2.5</b>	<b>2.4</b>
Other comprehensive income	3.8				9.3	4.2
<b>Lend Lease's total share of comprehensive income</b>	<b>7.2</b>	<b>–</b>	<b>15.0</b>	<b>10.4</b>	<b>11.8</b>	<b>6.6</b>
Dividends received from associates and joint ventures	–	–	–	–	2.5	–

1 Since June 2014, Lend Lease Real Estate Partners 3 has ceased to be a material associate as its units were transferred into Lend Lease Sub Regional Retail Fund which is not a material associate. Lend Lease Asian Retail Investment Fund 3 is a new material associate. This investment was transferred into 'Equity Accounted Investments' from 'Other Financial Assets'.

2 December 2013 reflects a 25% interest prior to the sale of 10% interest in the year ended 30 June 2014. December 2014 represents a 15% interest with no change in the assessment of joint control.

3 There was no depreciation and amortisation expense in the current or prior period included in the profit.

## Notes to the Consolidated Financial Statements continued

### 11. Equity Accounted Investments continued

#### c. Material Associates and Joint Ventures summarised financial information continued

	Lend Lease Asian Retail Investment Fund 3		Lend Lease International Towers Sydney Trust		CDR JV Ltd (313@somerset)	
	December 2014 A\$m	June 2014 A\$m	December 2014 A\$m	June 2014 A\$m	December 2014 A\$m	June 2014 A\$m
<b>Statement of Financial Position</b>						
Current assets						
Cash and cash equivalents	65.0		2.1	0.9	41.6	39.2
Other current assets	12.0		7.3	3.0	2.6	3.1
<b>Total current assets</b>	<b>77.0</b>	<b>–</b>	<b>9.4</b>	<b>3.9</b>	<b>44.2</b>	<b>42.3</b>
<b>Non current assets</b>	<b>1,307.0</b>	<b>–</b>	<b>1,677.2</b>	<b>1,233.5</b>	<b>1,066.8</b>	<b>983.3</b>
<b>Total current liabilities<sup>1</sup></b>	<b>(17.5)</b>	<b>–</b>	<b>(476.4)</b>	<b>(364.5)</b>	<b>(13.7)</b>	<b>(23.5)</b>
Non current liabilities						
Financial liabilities (excluding trade payables)	(642.0)		(192.6)	(132.7)	(607.6)	(559.8)
Other non current liabilities			(216.4)	(200.7)	(17.6)	(7.4)
<b>Total non current liabilities</b>	<b>(642.0)</b>	<b>–</b>	<b>(409.0)</b>	<b>(333.4)</b>	<b>(625.2)</b>	<b>(567.2)</b>
<b>Net assets</b>	<b>724.5</b>	<b>–</b>	<b>801.2</b>	<b>539.5</b>	<b>472.1</b>	<b>434.9</b>
<b>Reconciliation to Carrying Amounts</b>						
Opening net assets 1 July	345.5		539.5	357.0	434.9	428.8
Profit for the period	17.0		99.7	109.5	10.0	16.8
Other comprehensive income	19.0				37.2	19.3
Dividends paid					(10.0)	(30.0)
Acquisition/contributions	343.0		162.0	73.0		
<b>Closing net assets</b>	<b>724.5</b>	<b>–</b>	<b>801.2</b>	<b>539.5</b>	<b>472.1</b>	<b>434.9</b>
<b>Group's share of net assets</b>	<b>144.9</b>	<b>–</b>	<b>120.2</b>	<b>80.9</b>	<b>118.0</b>	<b>108.7</b>
Other adjustments					(4.1)	(4.1)
<b>Carrying amount at end of period</b>	<b>144.9</b>	<b>–</b>	<b>120.2</b>	<b>80.9</b>	<b>113.9</b>	<b>104.6</b>

<sup>1</sup> Lend Lease International Towers Sydney Trust had A\$225.8 million current financial liabilities this period (June 2014: A\$225.8 million). There were no other 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 2014 A\$m	December 2013 A\$m	December 2014 A\$m	December 2013 A\$m
<b>Aggregate amounts of the Group's share of:</b>				
Profit from continuing operations	8.4	1.1	(38.3)	11.0
Other comprehensive income	2.2	0.6	(28.4)	17.9
<b>Aggregate amounts of Group's share of total comprehensive income of individually immaterial equity accounted investments</b>	<b>10.6</b>	<b>1.7</b>	<b>(66.7)</b>	<b>28.9</b>
	Associates		Joint Ventures	
	December 2014 A\$m	June 2014 A\$m	December 2014 A\$m	June 2014 A\$m
<b>Aggregate carrying value of individually immaterial equity accounted investments</b>	<b>109.0</b>	<b>36.9</b>	<b>319.7</b>	<b>273.7</b>

## Notes to the Consolidated Financial Statements continued

	December 2014 A\$m	June 2014 A\$m
<b>12. Investment Properties</b>		
Retirement living properties	5,298.5	4,615.8
Retail properties	76.9	81.5
Assets under construction	135.1	134.7
<b>Total investment properties</b>	<b>5,510.5</b>	<b>4,832.0</b>

The fair value of investment properties, except those under development and those valued at less than A\$10.0 million, is based on periodic, but at least triennial, valuations by qualified external independent valuers. Investment properties that are not subject to an external valuation at the end of the reporting period are fair valued internally by management. The reported fair values of investment properties reflect the market conditions at the end of the reporting period. While this represents the best estimation of fair value at the reporting date, actual sale prices achieved (should the investment properties be sold) may be higher or lower than the most recent valuation. This is particularly relevant in periods of market illiquidity or uncertainty.

### Valuation Technique

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

For retirement living properties and the associated resident liabilities, fair values are determined by using the key long term assumptions adopted in the basis of valuation at the reporting date included:

- Weighted average discount rate of 13.3% (June 2014: 13.3%);
- Weighted average future growth rate of 3.8% (June 2014: 3.8%); and
- Average length of stay: 11 years for independent living units (June 2014: 11 years) and six years for serviced apartments (June 2014: six years).

For retirement living properties included in assets under construction, the assumptions adopted in determining the fair values at 31 December 2014 included:

- Discount rates between 14.0% and 17.0% (June 2014: 14.0% and 17.0%) based on the stage of development and the assessed project risk; and
- Growth rates between 2.0% and 4.0% (June 2014: 2.0% and 4.0%) based on price and cost escalation assumptions determined by individual property factors.

### Fair Value Measurement

There are different levels of fair value measurements, refer to Note 18 'Fair Value Measurement' for definitions. When fair value is calculated using inputs that are not based on observable market data, then assets are considered a Level 3 fair value. The fair value measurement for net investment properties of A\$1,721.0 million (June 2014: A\$1,545.0 million) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used as noted above.

Net investment properties includes net retirement living properties after deducting resident liabilities and related deferred revenue A\$1,509.0 million (June 2014: A\$1,328.8 million), retail properties A\$76.9 million (June 2014: A\$81.5 million) and assets under construction A\$135.1 million (June 2013: A\$134.7 million).

There were no investment properties that were considered levels 1 or 2.

### Fair Value Reconciliation

Reconciliation of carrying value for Level 3 net investment properties.

	December 2014 A\$m	June 2014 A\$m
Carrying amount at beginning of financial period	1,545.0	1,296.4
Additions/(disposals)	177.7	229.9
Gains/(losses) recognised in:		
Income Statement – other income		49.7
Income Statement – other expenses	(1.1)	
Other comprehensive income – foreign currency translation	8.8	22.4
Other movements	(9.4)	(53.4)
<b>Carrying amount at end of financial period</b>	<b>1,721.0</b>	<b>1,545.0</b>

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

## Notes to the Consolidated Financial Statements continued

	December 2014 A\$m	June 2014 A\$m
<b>13. Other Financial Assets</b>		
Current Measured at Fair Value		
<b>Available for Sale</b>	1.4	1.2
<b>Fair Value Through Profit or Loss – Designated at Initial Recognition</b>		
Negotiable instruments	35.4	36.9
<b>Derivatives</b>	10.9	12.3
<b>Total current</b>	<b>47.7</b>	<b>50.4</b>
Non Current Measured at Fair Value		
<b>Available for Sale</b>		
Australian Prime Property Fund – Retail	42.8	42.2
Lend Lease Core Plus Fund	32.0	33.7
Lend Lease Retail Partnership	65.7	62.9
Lend Lease Asian Retail Investment Fund	36.1	33.2
Lend Lease Asian Retail Investment Fund 3 <sup>1</sup>		60.6
Parkway Parade Partnership Limited	31.9	29.5
Other	128.4	114.1
	<b>336.9</b>	<b>376.2</b>
<b>Fair Value Through Profit or Loss – Designated at Initial Recognition</b>		
Australian Prime Property Fund – Industrial	246.8	239.3
Australian Prime Property Fund – Commercial	270.5	228.2
Other unlisted equity investments	129.9	119.2
	<b>647.2</b>	<b>586.7</b>
<b>Held to Maturity</b>		
Other	9.5	9.2
	<b>9.5</b>	<b>9.2</b>
<b>Total non current</b>	<b>993.6</b>	<b>972.1</b>
<b>Total other financial assets</b>	<b>1,041.3</b>	<b>1,022.5</b>

1 The Group increased its investment in Lend Lease Asian Retail Investment Fund 3 in the period. The Group is now considered to have significant influence over the investment and therefore the asset is now recognised as an equity accounted investment. Refer to Note 11 'Equity Accounted Investments'.

## Notes to the Consolidated Financial Statements continued

	December 2014 A\$m	June 2014 A\$m
<b>14. Borrowings and Financing Arrangements</b>		
<b>a. Borrowings – Measured at Amortised Cost</b>		
<b>Current</b>		
Commercial notes	213.4	
<b>Total current</b>	<b>213.4</b>	<b>–</b>
<b>Non Current</b>		
Commercial notes	1,319.9	1,464.0
Bank credit facilities	990.4	883.0
<b>Total non current</b>	<b>2,310.3</b>	<b>2,347.0</b>
<b>Total borrowings</b>	<b>2,523.7</b>	<b>2,347.0</b>
<b>b. Finance Facilities</b>		
The Group has access to the following lines of credit:		
<b>Commercial Notes</b>		
Facility available	1,533.3	1,464.0
Amount of facility used	(1,533.3)	(1,464.0)
<b>Amount of facility unused</b>	<b>–</b>	<b>–</b>
<b>Bank Credit Facilities</b>		
Facility available	2,131.0	2,108.0
Amount of facility used	(990.4)	(883.0)
<b>Amount of facility unused</b>	<b>1,140.6</b>	<b>1,225.0</b>
<b>Bank Overdrafts</b>		
Facility available and amount unused	<b>84.5</b>	<b>84.6</b>

Commercial notes include:

- £300.0 million of guaranteed unsecured notes issued in October 2006 in the UK bond market with a 6.125% annual coupon maturing in October 2021;
- US\$200.0 million of guaranteed unsecured senior notes issued in October 2005 in the US private placement market with a weighted average 5.69% p.a. coupon maturing in October 2015 and October 2017;
- S\$275.0 million of senior unsecured notes issued in July 2012 in the Singapore bond market with a 4.625% p.a. coupon rate maturing in July 2017; and
- A\$475.0 million of unsecured medium term notes issued in May 2013 (A\$375.0 million) and June 2014 (A\$100.0 million) in the Australian bond market comprising A\$250.0 million with a 5.5% p.a. coupon maturing in November 2018 and A\$225.0 million with a 6.0% p.a. coupon maturing in May 2020.

Bank credit facilities include:

- £330.0 million club bank facility maturing in December 2016 (£165.0 million) and December 2017 (£165.0 million) undrawn at 31 December 2014; 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) drawn to A\$982.0 million at 31 December 2014.

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

### 15. Issued Capital and Treasury Securities

	Lend Lease Corporation Limited				Lend Lease Trust			
	December 2014		June 2014		December 2014		June 2014	
	No. of Shares m	A\$m	No. of Shares m	A\$m	No. of Units m	A\$m	No. of Units m	A\$m
<b>Issued Capital</b>								
Issued capital at beginning of financial period	577.5	1,618.2	575.5	1,599.9	577.5	504.7	575.5	502.3
Transactions with owners for the period:								
Recapitalisation of Lend Lease Trust		(400.5)				400.5		
Distribution Reinvestment Plan	2.1	26.7	2.0	18.3	2.1	3.1	2.0	2.4
<b>Issued capital at end of financial period</b>	<b>579.6</b>	<b>1,244.4</b>	<b>577.5</b>	<b>1,618.2</b>	<b>579.6</b>	<b>908.3</b>	<b>577.5</b>	<b>504.7</b>

#### Issuance of Securities

Following stapled securityholders' approval on 14 November 2014, the Company has reallocated capital to LLT by reducing the Company's share capital by A\$400.5 million and applying that amount as additional capital to LLT. This capital reallocation did not affect the number of shares on issue nor the number of units held by securityholders and did not result in any cash distribution to members.

As at 31 December 2014, the Group had 579.6 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 3 March 2015. 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 2014		June 2014	
	No. of Stapled Securities m	A\$m	No. of Stapled Securities m	A\$m
<b>Treasury Securities</b>				
Balance at beginning of financial period	32.1	116.1	34.1	118.0
Transactions with owners for the period:				
Treasury securities acquired	0.5	7.7	2.2	29.1
Treasury securities vested	(4.0)	(33.6)	(4.2)	(31.0)
<b>Balance at end of financial period</b>	<b>28.6</b>	<b>90.2</b>	<b>32.1</b>	<b>116.1</b>

## Notes to the Consolidated Financial Statements continued

### 16. Contingent Liabilities

The Group has the following contingent liabilities:

- There are a number of legal claims and exposures that arise from the normal course of business. There is significant uncertainty as to whether a future liability will arise in respect to 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 of the Company's subsidiaries.
- A contingent liability exists in relation to the Lend Lease Retirement Benefit Fund. This is disclosed in detail in the 30 June 2014 annual consolidated financial report Note 30b 'Lend Lease Employee Benefit Vehicles'.
- In September 2004, a class action was filed against a number of parties who responded to the World Trade Center ('WTC') emergency and debris removal following the events of 9/11. The action was brought against more than 50 defendants, including the City of New York and Lend Lease (US) Construction LMB Inc. formerly known as Bovis Lend Lease LMB, Inc. ('LL LMB') (a subsidiary of Lend Lease). LL LMB is one of the beneficiaries of an insurance policy administered by the WTC Captive Insurance Company (an entity 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).

As of 31 December 2014, there were only three (3) cases remaining against a WTC Captive insured beneficiary, including two (2) cases recently filed by individuals against LL LMB and 79 other contractors as co-defendants seeking damages for injuries and illnesses allegedly suffered from their participation in the clean-up efforts. These are the first new claims involving LL LMB in over two (2) years. LL LMB will defend these new claims and will need to defend any other claims that may be filed by plaintiffs who bring claims against LL LMB. Any such 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 policy, 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.

- On 17 July 2012, the attorneys for LL LMB were contacted by the New York State Attorney General's ('NYSAG') Office seeking information with respect to certain past billing practices of LL LMB and its use of minority-owned business enterprises on construction projects, which were the subject of the now resolved investigations by the New York County District Attorney's Office, the US Attorney's Office for the Eastern District of New York, and the US Attorney's Office for the Southern District of New York that were the subject of disclosures made previously in this note to the consolidated financial statements. Refer to the 30 June 2012 and 30 June 2013 annual consolidated financial reports for further information on these investigations. There was an initial meeting in August 2012 between LL LMB and NYSAG. There was no further contact from NYSAG until 5 August 2014 at which time the NYSAG Office made further inquiry of LL LMB, to which LL LMB responded in August 2014. There has been no further contact from NYSAG. The inquiry by the NYSAG has been limited to projects performed pursuant to contracts with New York State agencies. LL LMB intends to cooperate with any further inquiry, but at this stage the discussions remain preliminary, and it is not possible to quantify what, if any, financial consequences will be associated with this matter.

# Notes to the Consolidated Financial Statements continued

## 17. Consolidated Entities

### a. Investments in Consolidated Entities

The material consolidated entities of the Group listed below were wholly owned during the current and prior period.

#### Parent Entity

Lend Lease Corporation Limited

#### Australia

Capella Capital Lend Lease Pty Limited  
Capella Capital Partnership  
Lend Lease Building Pty Limited  
Lend Lease Building Contractors Pty Limited  
Lend Lease Communities (Australia) 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 Services Pty Limited  
Lend Lease Trust<sup>1</sup>  
PLT New Zealand Limited

#### Europe

Lend Lease Construction (EMEA) Limited  
Lend Lease Construction Holdings (EMEA) Limited  
Lend Lease Europe Finance plc  
Lend Lease Europe Limited  
Lend Lease Residential (CG) plc

#### Asia

Lend Lease Japan Inc.  
Lend Lease Singapore Pte Limited

#### Americas

Lend Lease (US) Capital, Inc.  
Lend Lease (US) Construction, Inc.  
Lend Lease (US) Construction LMB, Inc.  
Lend Lease (US) Healthcare Development LLC  
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
<b>c. Disposals</b>			
<b>Half year ended 31 December 2014</b>			
<b>Europe</b>			
Lend Lease Facilities Management (EMEA) Ltd	100	7 Jul 14	60.0
<b>Half year ended 31 December 2013</b>			
<b>Europe</b>			
Bovis Lend Lease S.A.	100	31 Dec 13	11.5 <sup>2</sup>

<sup>1</sup> Lend Lease Trust is a consolidated entity of the Group as the parent entity is deemed to control it. Lend Lease Trust is not wholly owned.

<sup>2</sup> Consideration receivable has been deferred over 10 years.

## 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.

	Note	December 2014		June 2014	
		Carrying Amount A\$m	Fair Value A\$m	Carrying Amount A\$m	Fair Value A\$m
<b>Liabilities</b>					
<b>Current</b>					
Commercial notes	14	213.4	222.3		
<b>Non Current</b>					
Commercial notes	14	1,319.9	1,583.1	1,464.0	1,702.3

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

### Valuation of Financial Assets and Liabilities

Where financial assets and liabilities are carried at fair value, the fair value is based on assumptions of future events and involves estimates. The basis of valuation is set out below.

### 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 12 '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.

	Note	Consolidated Carrying Amount			Total A\$m
		Level 1 A\$m	Level 2 A\$m	Level 3 A\$m	
<b>December 2014</b>					
<b>Financial Assets</b>					
Available for sale investments				338.3	338.3
Fair value through profit or loss – negotiable instruments		35.4			35.4
Fair value through profit or loss – unlisted equity investments				647.2	647.2
Held to maturity investments				9.5	9.5
Derivatives			10.9		10.9
	13	<b>35.4</b>	<b>10.9</b>	<b>995.0</b>	<b>1,041.3</b>
<b>Financial Liabilities</b>					
Derivatives		–	6.3	–	6.3

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

	Note	Consolidated Carrying Amount			Total A\$m
		Level 1 A\$m	Level 2 A\$m	Level 3 A\$m	
<b>June 2014</b>					
<b>Financial Assets</b>					
Available for sale investments				377.4	377.4
Fair value through profit or loss – negotiable instruments		36.9			36.9
Fair value through profit or loss – unlisted equity investments				586.7	586.7
Held to maturity investments				9.2	9.2
Derivatives			12.3		12.3
	13	<b>36.9</b>	<b>12.3</b>	<b>973.3</b>	<b>1,022.5</b>
<b>Financial Liabilities</b>					
Derivatives		–	8.2	–	8.2

## 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.

	Note	Available for Sale Investments A\$m	Unlisted Investments A\$m	Held to Maturity Investments A\$m
<b>December 2014</b>				
Carrying amount at beginning of financial period		377.4	586.7	9.2
Additions/(disposals)		2.2	38.5	
Gains/(losses) recognised in:				
Income Statement – other income			22.0	
Income Statement – other expenses		(1.7)		
Other comprehensive income – fair value		8.9		
Other comprehensive income – foreign currency translation		16.8		0.4
Other movements <sup>1</sup>		(65.3)		(0.1)
<b>Carrying amount at end of financial period</b>	<b>13</b>	<b>338.3</b>	<b>647.2</b>	<b>9.5</b>

1 Net transfers to 'Equity Accounted Investments'.

	Note	Available for Sale Investments A\$m	Unlisted Investments A\$m	Held to Maturity Investments A\$m
<b>June 2014</b>				
Carrying amount at beginning of financial period		340.3	105.5	8.5
Additions/disposals		(2.3)	466.3	
Gains/(losses) recognised in:				
Income Statement – other income			14.9	
Income Statement – other expenses		(3.2)		
Other comprehensive income – fair value		14.3		
Other comprehensive income – foreign currency translation		7.0		0.9
Other movements <sup>1</sup>		21.3		(0.2)
<b>Carrying amount at end of financial period</b>	<b>13</b>	<b>377.4</b>	<b>586.7</b>	<b>9.2</b>

1 Includes transfer out A\$5.0 million to 'Equity Accounted Investments' and A\$26.1 million transfer in from 'Loans and Receivables'.

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

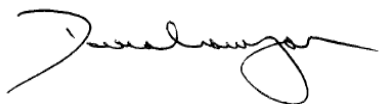
There were no material events subsequent to the end of the financial period.

## 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 2014 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, 23 February 2015



## **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 2014, 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 2014 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 2014 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

23 February 2015