ASX ANNOUNCEMENT

24 August 2015

Appendix 4E and Consolidated Financial Report for Lend Lease Group

Lend Lease Group today announces its results for the full year ended 30 June 2015. Attached are the following documents:

- Final Report (Appendix 4E)
- Full Year Consolidated Financial Report
  - Directors' Report
  - Five Year Profile
  - Consolidated Financial Statements

ENDS

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Lend Lease Group

Appendix 4E

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

Preliminary Final Report for the financial year ended 30 June 2015 (previous corresponding period being the financial year ended 30 June 2014)

Results for Announcement to the Market

Profit After Tax

	June 2015 A$m	June 2014 A$m	% Change
Revenue	13,280.9	13,935.9	(4.7)
Profit after tax attributable to securityholders	618.6	822.9	(24.8)

Stapling of the Company Shares and LLT Units

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

Dividends/Distributions

	Amount per security	Franked amount per security
Interim dividend/distribution – paid 18 March 2015	27.0 cents	0.0 cents
Final dividend/distribution – payable 18 September 2015	27.0 cents	5.7 cents
Total amount per security	**54.0 cents**	**5.7 cents**

The final dividend/distribution is comprised of a dividend component franked to 25% of 22.870839 cents per share payable by the Company and a trust distribution of 4.129161 cents per unit payable by LLT. The unfranked portion of the Company dividend is sourced from the Conduit Foreign Income ('CFI') account.

The record date for determining entitlement to the final distribution is 31 August 2015 ('Record Date') and the distribution is payable on 18 September 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 1 September 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

	June 2015	June 2014
Net tangible assets per security	A$6.41	A$6.14

The Annual General Meeting

The Annual General Meeting will be held in the Grand Ballroom, Four Seasons Hotel, 199 George Street, Sydney, NSW at 10:00am on Friday 13 November 2015. The Annual Report will be available on 30 September 2015.

The remainder of the information requiring disclosure to comply with listing rule 4.3A is contained in the Operating and Financial Review section of the June 2015 Directors' Report and the audited June 2015 Annual Consolidated Financial Report.

lendlease

ANNUAL CONSOLIDATED FINANCIAL REPORT 2015

Directors' Report

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Directors' Report

The Directors present their Report together with the Annual Consolidated Financial Report of the consolidated entity, being Lend Lease Corporation Limited ('the Company') and its controlled entities including Lend Lease Trust ('LLT') (together referred to as the 'Consolidated Entity' or the 'Group'), for the financial year ended 30 June 2015 and the Auditor's Report thereon.

1. Board of Directors

a. Board/Directors

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

D A Crawford AO, Chairman

(Independent Non Executive Director)

Age 71

Term of Office

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

Skills, Experience and Qualifications

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

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

Listed Company Directorships (held at any time in the last three years)

- Inaugural Chairman and Non Executive Director of South32 Limited (appointed May 2015)
- Former Non Executive Director of BHP Billiton Limited (appointed May 1994, retired November 2014)

Other current appointments

- Chairman of Australia Pacific Airports Corporation Limited

Board Committee Memberships

- Member of the Nomination Committee

S B McCann, Group Chief Executive Officer and Managing Director

(Executive Director)

Age 50

Term of Office

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

Skills, Experience and Qualifications

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

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

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

Other Directorships and Positions

- Nil

C B Carter AM

(Independent Non Executive Director)

Age 72

Term of Office

Mr Carter joined the Board in April 2012.

Skills, Experience and Qualifications

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

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

Listed Company Directorships (held at any time in the last three years)

- Non Executive Director of SEEK Limited (appointed March 2005)
- Non Executive Director of Wesfarmers Limited (appointed October 2002, retired November 2014)

Other current appointments

- President of Geelong Football Club
- Director of World Vision Australia
- Director of The Ladder Project

Board Committee Memberships

- Chairman of the Nomination Committee
- Member of the People and Culture Committee
- Member of the Sustainability Committee

P M Colebatch

(Independent Non Executive Director)

Age 70

Term of Office

Mr Colebatch joined the Board in December 2005.

Skills, Experience and Qualifications

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

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

Listed Company Directorships (held at any time in the last three years)

- Non Executive Director of Man Group plc (appointed September 2007)
- Former Director of Insurance Australia Group Limited (appointed January 2007, resigned August 2012)

Other current appointments

- Board of Trustees for the Prince of Liechtenstein Foundation and the LGT Group Foundation

Board Committee Memberships

- Member of the Risk Management and Audit Committee
- Member of the Nomination Committee

J S Hemstritch

(Independent Non Executive Director)

Age 62

Term of Office

Ms Hemstritch joined the Board in September 2011.

Skills, Experience and Qualifications

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

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

Listed Company Directorships (held at any time in the last three years)

- Non Executive Director of the Commonwealth Bank of Australia (appointed October 2006)
- Non Executive Director of Tabcorp Holdings Ltd (appointed November 2008)
- Non Executive Director of Santos Limited (appointed February 2010)

Other current appointments

- Member of the Advisory Board of Herbert Smith Freehills Global LLP
- Chairman of Victoria Opera Company Ltd

Board Committee Memberships

- Chairman of the People and Culture Committee
- Member of the Nomination Committee

D J Ryan AO

(Independent Non Executive Director)

Age 63

Term of Office

Mr Ryan joined the Board in December 2004.

Skills, Experience and Qualifications

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

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

Other current appointments

- Director of First American Title Insurance Company of Australia Pty Ltd
- Director of First Mortgage Services Pty Ltd
- Advisory Board of Virgin Group Worldwide

Board Committee Memberships

- Chairman of the Risk Management and Audit Committee
- Member of the People and Culture Committee
- Member of the Nomination Committee

Directors' Report continued

M J Ullmer

(Independent Non Executive Director)

Age 64

Term of Office

Mr Ullmer joined the Board in December 2011.

Skills, Experience and Qualifications

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

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

Listed Company Directorships (held at any time in the last three years)

- Non Executive Director of Woolworths Limited (appointed January 2012)

Other current appointments

- Advisory Board of Nomura Australia
- Deputy Chairman of Melbourne Symphony Orchestra
- Trustee of National Gallery of Victoria
- Chairman Schools Connect Australia

Board Committee Memberships

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

N M Wakefield Evans

(Independent Non Executive Director)

Age 54

Term of Office

Ms Wakefield Evans joined the Board in September 2013.

Skills, Experience and Qualifications

Ms Wakefield Evans was an M&A lawyer for 29 years at King & Wood Mallesons where she was a partner for nearly 20 years. She has extensive experience as an equity capital markets and M&A lawyer, has been involved in a number of significant and ground-breaking M&A transactions and has advised some of the largest companies in Australia, Asia and globally. She is well known in Asia where she was the Managing Partner, International at King & Wood Mallesons, Hong Kong and is rated by a number of publications as one of the Asian region's leading M&A, corporate governance, communications and resources & energy lawyers. Ms Wakefield Evans was also a key member of King & Wood Malleson's corporate governance group and has deep experience providing strategic advice to a number of company boards. In October 2012, Ms Wakefield Evans was included in the Australian Financial Review and Westpac Group's inaugural list of 'Australia's 100 Women of Influence.' She is a member of Chief Executive Women Inc.

Ms Wakefield Evans holds a Bachelor of Jurisprudence and Bachelor of Laws degree from the University of New South Wales and is a qualified lawyer in Australia, Hong Kong and the United Kingdom.

Listed Company Directorships (held at any time in the last three years)

- Non Executive Director of Macquarie Group Limited (appointed February 2014)
- Non Executive Director of Toll Holdings Limited (appointed May 2011)

Other current appointments

- Director of Bupa Australia
- Director of O'Connell St & Associates
- Director of Asialink (University of Melbourne)
- Member of the Law Advisory Council of the University of New South Wales Law School

Board Committee Memberships

- Member Sustainability Committee
- Member of the Nomination Committee

S B Dobbs

(Independent Non Executive Director)

Age 58

Term of Office

Mr Dobbs joined the Board in January 2015

Skills, Experience and Qualifications

Mr Dobbs was Senior Group President, Industrial & Infrastructure at Fluor Corporation until his retirement in June 2014. Since joining Fluor in 1980, Mr Dobbs was responsible for a wide diversity of markets including infrastructure, mining, telecommunications, transportation, heavy manufacturing, health care, water and alternative power. He served the company in numerous locations including the United States, China, Europe and Southern Africa.

Mr Dobbs is an industry expert in public private partnerships and private finance initiatives and has served as an advisor on these issues to a number of Government ministries. He was a Governor of industry forums related to engineering and construction at the World Economic Forum from 2008 to 2014 and served as Vice-Chair of the Forum's Global Agenda Council on Infrastructure in 2013 and 2014.

Mr Dobbs holds a Doctorate in Engineering from Texas A&M University and is a registered professional engineer.

Listed Company Directorships (held at any time in the last three years)

- Non Executive Director of Cummins Inc (appointed October 2010)

Board Committee Memberships

- Member of the Nomination Committee

Former Directors

Mr P C Goldmark retired from the Board in November 2014, having joined the Board in December 1999.

b. General Counsel and Company Secretary Qualifications and Experience

K Pedersen

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

W Lee

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

c. Officers Who Were Previously Partners of the Audit Firm

KPMG or its predecessors was appointed as the Company's auditor at its first Annual General Meeting in 1958.

Mr Crawford was a Partner and Australian National Chair of KPMG. He resigned from this position on 28 June 2001 prior to his appointment as a Director of the Company on 19 July 2001. Mr Ullmer was also a Partner at KPMG from 1982 until October 1992.

d. Directors' Meetings

Board Meetings

The Board meets as often as necessary to fulfil its role. Directors are required to allocate sufficient time to the Group to perform their responsibilities effectively, including adequate time to prepare for Board meetings. During the financial year ended 30 June 2015, 13 Board meetings were held. Four of these meetings were held in Australia, two in Asia and one each in the UK and Americas reflecting the geographic spread of the Lend Lease business. These meetings run over two or three days. In addition, five meetings were held via teleconference to discuss specific matters and matters were dealt with as required by circular resolution.

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

There are four permanent Committees of the Board. In addition there were nine special subcommittee meetings of the Board to deal with particular issues.

Risk Management and Audit Committee

The Risk Management and Audit Committee consists entirely of Non Executive Directors. The principal purpose of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Group's risk management and internal control systems, accounting policies and practices, internal and external audit functions and financial reporting. During the financial year ended 30 June 2015, four meetings of the Risk Management and Audit Committee were held and one special subcommittee meeting of the Risk Management and Audit Committee was held to deal with a particular issue.

People and Culture Committee

The People and Culture Committee was formerly known as the Personnel and Organisation Committee and consists entirely of Non Executive Directors. The name of the committee was changed in July 2015 to reflect the broader people and culture responsibility of the Committee. The Committee's agenda reflects the importance of human capital to the Group's strategic and business planning and it assists the Board in establishing appropriate policies for people management and remuneration across the Group. During the financial year ended 30 June 2015, five meetings of the People and Culture Committee were held. Full details of the Committee's work on behalf of the Board are set out in the Remuneration Report.

Sustainability Committee

The Sustainability Committee consists entirely of Non Executive Directors. The Committee assists the Board in monitoring the decisions and actions of management in achieving Lend Lease's aspiration to be a sustainable organisation. During the financial year ended 30 June 2015, five meetings of the Sustainability Committee were held.

Nomination Committee

The Nomination Committee consists entirely of Non Executive Directors. The Committee assists the Board by considering nominations to the Board to ensure that there is an appropriate mix of expertise, skills and experience on the Board. During the financial year ended 30 June 2015, all eight meetings of the Nomination Committee were held in conjunction with scheduled Board meetings and all Non Executive Directors routinely attended.

Directors' Report continued

Attendance at Meetings of Directors 1 July 2014 to 30 June 2015

The number of Board and Board Committee meetings held, and the number of meetings attended by each Director during the 2015 Financial Year are set out in the tables below.

	Membership	Number of Meetings Held[1]	Number of Meetings Attended
Board	D A Crawford (Chairman)	13	13
	S B McCann (CEO)	13	13
	C B Carter	13	13
	P M Colebatch	13	12
	S B Dobbs	5	5
	P C Goldmark	6	6
	J S Hemstritch	13	12
	D J Ryan	13	13
	M J Ullmer	13	13
	N M Wakefield Evans	13	13
Board Sub Committee Meetings	D A Crawford	8	8
	S B McCann	8	8
	J S Hemstritch	1	1
	D J Ryan	9	9
	M J Ullmer	5	5
	N M Wakefield Evans	8	8
Risk Management and Audit Committee Meetings	D J Ryan (Chairman)	4	4
	P M Colebatch	4	4
	M J Ullmer	4	4
	Standing Invitees:		
	D A Crawford	4	4
	S B McCann	4	4
Risk Management & Audit Committee Sub Committee No. 1	D J Ryan (Chairman)	1	1
	M J Ullmer	1	1
People and Culture Committee	J S Hemstritch (Chairman)	5	5
	C B Carter	5	5
	D J Ryan	5	5
	Standing Invitees:		
	D A Crawford	5	5
	S B McCann	5	5
Sustainability Committee	M J Ullmer (Chairman)	5	5
	P C Goldmark	3	3
	C B Carter	5	5
	N M Wakefield Evans	5	5
	Standing Invitees:		
	D A Crawford	5	5
	S B McCann	5	5
Nomination Committee	C B Carter (Chairman)	8	8
	D A Crawford	8	8
	P M Colebatch	8	8
	S B Dobbs	4	4
	P C Goldmark	4	4
	J S Hemstritch	8	8
	D J Ryan	8	8
	M J Ullmer	8	8
	N M Wakefield Evans	8	8

1 Reflects the number of meetings held during the time the Director held office during the year. Five of the 13 meetings were out of schedule board teleconferences constituted to address specific issues. P M Colebatch and J S Hemstritch were unable to attend one each of these teleconferences, as these were called at short notice.

e. Interest in Capital

The interest of each of the Directors (in office at the date of this report) in the stapled securities of the Group at 24 August 2015 is set out below.

Director	Securities held directly 2015	Securities held beneficially/ indirectly 2015[1]	Total 2015	Securities held directly 2014	Securities held beneficially/ indirectly 2014[1]	Total 2014
D A Crawford	850	77,008	77,858	809	75,650	76,459
S B McCann	481,864	230,623	712,487	525,784	154,443	680,227
C B Carter		15,000	15,000		15,000	15,000
P M Colebatch	5,023	13,300	18,323	5,023	13,300	18,323
S B Dobbs		2,000	2,000	N/A	N/A	N/A
P C Goldmark[2]				8,441	16,353	24,794
J S Hemstritch		20,000	20,000		20,000	20,000
D J Ryan		35,312	35,312	15,792	15,481	31,273
M J Ullmer		50,000	50,000		25,000	25,000
N M Wakefield Evans		4,000	4,000		4,000	4,000

1 Includes securities in the Retirement Plan beneficially held by Non Executive Directors.
2 P C Goldmark retired in November 2014.

2. Operating and Financial Review

The Operating and Financial Review is based on the Lend Lease Group (the Group) Consolidated Financial Statements for the year ended 30 June 2015 and should be read in conjunction with those financial statements. All currency amounts are expressed in Australian dollars unless otherwise specified.

a. About Lend Lease

Lend Lease is a leading international property and infrastructure group with operations in Australia, Asia, Europe and the Americas. People are the core of our business as they ultimately execute on strategy, our people live the Lend Lease values. **Our vision is to create the best places**. Places that leave a positive legacy and inspire and enrich the lives of people around the world. We do this through putting safety first and delivering innovative and efficient solutions which provide long term sustainable outcomes.

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

Property
- 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.
- Core Product: apartments, commercial offices, retail centres, communities, healthcare facilities and retirement villages.
- Core Returns: value created through the development and sale of projects and development management fees received from external co-investors.

Infrastructure
- Core Capability: we arrange the development of Public Private Partnership ('PPP') projects for key government clients.
- Core Product: we manage and invest in infrastructure projects.
- Core Returns: origination fees for facilitation of PPP transactions, asset management fees, investment income and capital growth on capital contributions.

Construction

- Core Capability: we provide project management and construction services in key global cities to produce the best places for governments, businesses and consumers.
- Core Segment: building, engineering and construction services.
- Core Products: commercial, retail, apartments, health, education, defence, roads, rail, bridges, tunnels, water, energy and telecommunications.
- Core Returns: project management and construction management fees.

Investment Management

- Core Capability: we are a trusted global investment manager and we provide property and asset management solutions. Our integrated model also allows us to provide investors with access to new high quality product.
- Core Product: property and infrastructure funds and mandates. This also includes managing the Group's property and infrastructure investments.
- Core Returns: fund and property management fees in addition to investment yields and capital growth on co-investments.

Directors' Report continued

2. Operating and Financial Review continued

a. About Lendlease continued

Our Business Strategy

To be the leading international property and infrastructure group

Leading	International	Property	Infrastructure
Top three in each of our chosen markets and regions.	Focus on four core regions with defined geographies across Australia, Asia, Europe and the Americas.	• Commercial • Residential • Retail • Retirement • Industrial	• Social (e.g. health and education) • Economic (e.g. road, rail and telecommunications)

Strategy Update

Since 2009, Lend Lease has delivered on its strategy to become a leading international property and infrastructure group in the core markets in which we operate. This performance has been recognised by equity markets, illustrated in Lend Lease's Total Securityholder Return of ~192% between 1 January 2009 and 30 June 2015, compared to ~96% for the ASX 200 accumulation index over the same period.

Successful delivery of the previous five year strategy has placed the Group in a strong position where we must focus on delivering the value from our large development pipeline and construction backlog safely while also leveraging our integrated model and taking a disciplined approach to growing the business further in specific target sectors. To take advantage of this strong position and the changing global market context, the Group strategy has evolved. This strategy, called 'Focus & Grow', follows on from our 'Restore Build Lead' strategy, which was in place from 2009 until 2014. The 'Focus & Grow' strategy is defined by two core concepts:

Focus: We focus on delivering optimal performance safely at our target margins. This means investing in our people; remaining disciplined in our delivery; maximising opportunities around our integrated model and delivering on strong risk management.

Grow: This is about targeting disciplined growth in sectors, aligned with our six major trends, where we already have deep skills as a developer, contractor, or investment manager. The opportunity lies in either taking these skills into new markets or bringing them together to create innovative integrated solutions in response to customer needs.

We are always conscious of our **portfolio drivers**: earnings visibility, geographic and sector diversification and growth in our target areas.

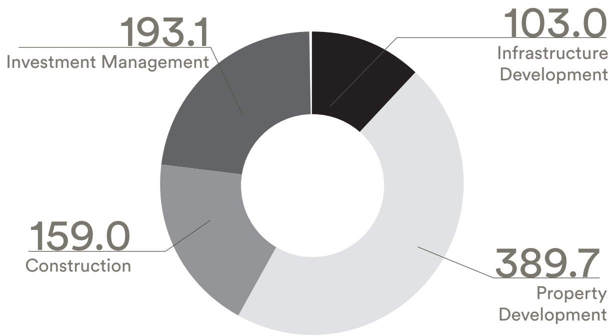
The strategy is underpinned by a focus on six major trends, which drive long term demand in areas which the Group has existing capabilities:

Urban Regeneration	Urbanisation creates increasing pressure to plan for, and accommodate a denser population.
Infrastructure	Urbanisation and population growth are driving the need for improved productivity, creating strong demand for infrastructure at both the social and economic levels.
Ageing Population	An ageing population, requiring different housing solutions and greater healthcare support services in all our major markets.
Funds Growth	Continuing growth in funds under management ('FUM'), consolidation of large pension funds and emergence of sovereign wealth funds as dominant investors.
Sustainability	Sustainability remains imperative for many governments, investors and consumers who demand defined standards to improve environmental and social outcomes.
Disruptive Technology (Added in 2015)	Disruptive Technology is rapidly changing the operating environment of business and will impact property and infrastructure ownership, utilisation and services.

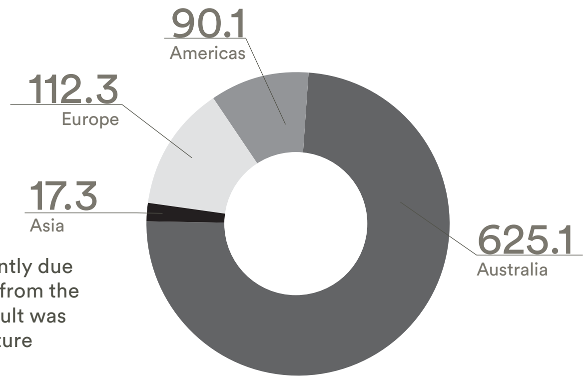
b. Review of Group Performance

Financial		June 2015	June 2014	Percentage Movement
Key Metrics				
Revenue[1]	A$m	13,298.6	13,973.1	(5%)
EBITDA	A$m	967.0	1,192.8	(19%)
Profit after Tax (PAT)	A$m	618.6	822.9	(25%)
Operating Cash Flow	A$m	(166.6)	822.4	(120%)
Total Assets	A$m	18,959.2	15,751.8	20%
Net Debt	A$m	1,758.5	722.6	143%
Key Ratios				
Effective Tax Rate	%	19.4	17.6	10%
Gearing	%	10.5	5.7	84%
Return on Equity	%	12.4	18.2	(32%)
Key Returns				
Earnings per security	cents	106.8	142.7	(25%)
Weighted avg security	no.	579.4	576.6	
Payout ratio	%	51	50	2%
Distribution	cents	54.0	71.0	(24%)

PAT by line of business



PAT by region



The Group has delivered a strong performance with a significant contribution from the Australian businesses:

- **Profit after tax** of A$618.6 million is down 25% on the prior year, predominantly due to the prior year including A$485.0 million in Property Development profits from the sale of the Bluewater Shopping Centre in the UK. In the current year, the result was driven by the solid performance from Property Development and Infrastructure Development in Australia;
- **Operating cash flow** decreased to a A$166.6 million outflow as the Group had forecast. This was due to significant investment into Property Development production during the year of A$1,721.5 million in relation to urban regeneration and communities projects in Australia and the UK. The prior year included cash received on the sale of the Bluewater Shopping Centre;
- **Effective tax rate** has increased to 19.4% (June 2014: 17.6%) primarily due to movements in the geographic mix of income;
- **Return on equity** of 12.4% is within the 11-15% target ROE range;
- **Payout ratio** 51% resulting in a full year distribution to security holders of 54.0 cents per stapled security;
- **Earnings per security** of 106.8 cents;
- **Australia** contributed A$625.1 million profit after tax driven by a strong performance from Property Development, Infrastructure Development and Investment Management activities; Property Development performance was driven by continued strong residential trading and the sell down of Tower 1 at Barangaroo South; Infrastructure Development recognised significant origination fees on the financial close of the Ravenhall Prison, Sydney Light Rail and East West Link PPP transactions. Following the November 2014 election in Victoria, the Victorian Government directed the East West Link Project vehicle to suspend works on the East West Link project. In June 2015, the project vehicle reached an agreement to effect a transfer to the State of the East West Connect business to provide a final resolution to the East West Link project; Investment Management benefited from growth in the underlying platform and returns from the Group's co-investments;
- **Asia** contributed A$17.3 million profit after tax as the region focused on the origination of new urban regeneration developments, including Paya Lebar Central and the Lifestyle Quarter at Tun Razak Exchange which were secured in the second half of the year. These projects position the business well for future periods;
- **Europe** contributed A$112.3 million profit after tax, which included the sale of the UK Facilities Management business in July 2014; the Construction business returned to profitability due to contributions from key new projects secured and the integrated pipeline, in addition to the close out and settlement of the Global Renewables project in Lancashire; Property Development profits include a strong residential contribution, however were lower due to the prior year including the sale of the Group's interest in the Bluewater Shopping Centre which generated A$485.0 million in profit after tax;
- **Americas** contributed A$90.1 million profit after tax, on the back of the construction business with continued strong market conditions in core markets in the US, coupled with strong performance from the military housing business. Recently secured urban regeneration developments place the business in a strong position for future periods;
- **Group Services** costs of A$124.6 million improved from the prior year by A$1.5 million; and
- **Net Treasury** costs of A$101.6 million were up A$5.1 million after tax from the prior year, primarily due to higher average net debt balances as a result of the investment of cash during the year.

1 Operating and finance revenue.

Directors' Report continued

2. Operating and Financial Review continued

b. Review of Group Performance continued

Property Development

		June 2015	June 2014	Percentage Movement
Pipeline[1]	A$b	44.9	37.7	19%
Settlements[1, 2]	units	4,262	3,425	24%
Pre Sales[1,2,3]	A$m	5,222	2,496	109%
EBITDA	A$m	502.1	862.5	(42%)
EBITDA margin	%	26.1	36.2	(28%)

The Property Development segment performed strongly, delivering profit after tax of A$389.7 million led by solid trading in the Australian and European markets and the sale of Tower 1 at Barangaroo South. The prior year included the sale of the Bluewater Shopping Centre. Key achievements included:

- **Sale** of 100% of Tower 1 at Barangaroo South into Lend Lease One International Towers Sydney Trust, in which Lend Lease Trust holds a 37.5% investment;
- **New work secured**: the Group's recent focus on leveraging its urban regeneration and residential development capabilities across the global markets in which we operate has resulted in a number of key projects secured during the year, with A$0.8 billion of new projects secured in Australia, A$5.8 billion in Asia and A$2.8 billion in the Americas;
- **Finalisation** of commercial documentation with Crown Resorts Limited for the proposed development of a world-class integrated resort at Barangaroo South in Sydney, Australia;
- **Planning approvals** achieved at West Grove at Elephant Park, the next phase of the Elephant & Castle development in London, UK;
- **Commercial leasing** included new tenancies with Marsh & McLennan Companies and Servcorp at Barangaroo South taking leasing across the three towers to 66%, as well as Agreements for Lease executed with the Financial Conduct Authority and Transport for London for the first two commercial plots at The International Quarter in London, UK;
- **Launched** seven new residential apartment buildings, taking the total major apartment buildings in conversion/delivery across Australia and Europe to 25;
- **Residential settlements** increased by 24% to 4,262 units reflecting continued strong trading conditions in Australia and the UK;
- **Residential pre sales** were up 109%, driven by the ongoing delivery of the Group's residential apartment pipeline in Australia and the UK; and
- **Retirement portfolio** increased through the acquisition of eight villages, adding 1,208 units to the Retirement portfolio across New South Wales, Victoria and Western Australia.

Infrastructure Development

		June 2015	June 2014	Percentage Movement
Invested Equity[4]	A$m	320.4	186.0	72%
Committed Equity[5]	A$m	90.6	216.0	(58%)
EBITDA	A$m	131.0	22.6	480%
EBITDA margin	%	64.2	8.7	638%

The Infrastructure Development segment delivered profit after tax of A$103.0 million, an increase of A$86.8 million from the prior year due to origination fees received and profit on sale of the UK Facilities Management business during the year. The business is well positioned in both the Australian and American markets to contribute strongly to future earnings. Key achievements included:

- **Financial close:** the Group advised the consortium, comprising GEO, John Holland and Honeywell on the financial close of the Ravenhall Prison PPP in western Melbourne, Victoria;
- **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 PPP transaction in Australia. Following the November 2014 election in Victoria, the Victorian Government directed the East West Link Project vehicle to suspend works on the East West Link project. In June 2015, the project vehicle reached an agreement to effect a transfer to the State of the East West Connect business to provide a final resolution to the East West Link project; and
- **Financial close:** the Group also advised the consortium, comprising First State Super, John Laing, Acciona, Alstom and Transdev on the financial close of the Sydney Light Rail PPP transaction in Sydney, New South Wales.

1 Includes 100% of joint venture projects and therefore will not necessarily correlate with the Group's profit after tax.
2 Residential Land Lots and Built-Form units.
3 Pre sales do not form part of profit after tax in the current year and are expected to be recognised in future years.
4 Invested equity refers to the equity contributed for each project, with the exception of the Global Renewables project in Lancashire, 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.

Construction

		June 2015	June 2014	Percentage Movement
New Work Secured[1]	A$b	11.8	10.2	16%
Backlog[2]	A$b	17.3	16.2	7%
EBITDA	A$m	279.0	271.5	3%
EBITDA margin	%	2.6	2.5	4%

The Construction segment delivered profit after tax of A$159.0 million, an increase of A$14.6 million from the prior year driven by strong performance from the Australian Building business, Europe and the Americas. Key achievements included:

- **New work secured** of A$11.8 billion across: Australia (A$6.5 billion), Asia (A$0.5 billion), Europe (A$1.6 billion) and the Americas (A$3.2 billion);
- **Closing backlog revenue** increased by A$1.1 billion to A$17.3 billion on the strength of new projects secured in Asia, Europe and the Americas and is comprised of Building (A$13.6 billion), Engineering (A$2.4 billion) and Services (A$1.3 billion); and
- **Preferred bidder** on ~A$7 billion of new work, including the Gateway Upgrade North project in Queensland, Australia and the delivery of our internal development pipeline for Paya Lebar Central and the Lifestyle Quarter of Tun Razak Exchange in Asia and the next stages of Elephant & Castle and The International Quarter in the UK.

Investment Management

		June 2015	June 2014	Percentage Movement
Funds under management[3]	A$b	21.3	16.3	31%
Asset under management[3]	A$b	11.4	10.7	7%
Investments[3]	A$m	1,410.3	1,160.4	22%
EBITDA	A$m	230.8	247.8	(7%)
EBITDA margin	%	108.8	84.1	29%

The Investment Management business has been a significant contributor to the current year delivering profit after tax of A$193.1 million. Key achievements included:

- A$2.1 billion of third party capital raised during the year, including the launch of Lend Lease One International Towers Sydney Trust, a capital raising completed by APPF Commercial and a new investment mandate in Asia to fund the Paya Lebar Central project;
- **FUM** increased due to the creation of two new investment vehicles to finance Tower 1 at Barangaroo South and Paya Lebar Central;
- **Assets under management** ('AUM') were higher than the prior year due to growth in the valuations of the underlying assets and favourable foreign exchange movements; and
- **Investments** increased due to co-investments in Lend Lease One International Towers Sydney Trust and Paya Lebar Central joint venture, in addition to additional equity contributions in Lend Lease International Towers Sydney Trust and positive revaluation gains across the portfolio.

1 New work secured revenue is the total revenue to be earned from projects secured during the year.
2 Current year backlog revenue is the total revenue to be earned in future financial years, based on projects secured at June 2015.
3 Represents the Group's assessment of the market value.

Directors' Report continued

2. Operating and Financial Review continued

b. Review of Group Performance continued

Financial Performance

	June 2015 A$m	June 2014 A$m	Percentage Movement
Revenue and other income	13,532.7	14,125.8	(4%)
Cost of sales and other expenses	(12,585.6)	(12,992.3)	3%
Share of profit of equity accounted investments	19.9	59.3	(66%)
EBITDA	**967.0**	**1,192.8**	**(19%)**
Depreciation and amortisation	(79.5)	(87.7)	9%
EBIT	**887.5**	**1,105.1**	**(20%)**
Net finance costs	(119.5)	(106.5)	(12%)
Operating Profit before Tax	**768.0**	**998.6**	**(23%)**
Income tax expense	(149.1)	(175.3)	15%
External non controlling interests	(0.3)	(0.4)	25%
Profit after Tax attributable to securityholders	**618.6**	**822.9**	**(25%)**

- **EBITDA** has decreased by A$225.8 million, predominantly due to the prior year including the sale of the Bluewater Shopping Centre. In the current year, the result was driven by solid performance from Property Development and Infrastructure Development in Australia;
- **Depreciation and amortisation** has reduced due to a lower fixed assets balance in Contruction Australia due to disposals in the prior year;
- **Net finance** cost increase is due to increased average net debt balances throughout the year used to fund development production; and
- **Income tax expense** decrease is due to lower pre-tax earnings, while the effective tax rate has increased primarily due to movements in the geographic mix of income.

Financial Position

	June 2015 A$m	June 2014 A$m	Percentage Movement
Cash and cash equivalents	750.1	1,715.8	(56%)
Inventories	4,104.2	3,131.5	31%
Equity accounted investments	1,235.8	578.0	114%
Investment properties	5,994.9	4,832.0	24%
Other financial assets	668.4	1,022.5	(35%)
Other assets	6,205.8	4,472.0	39%
Total assets	**18,959.2**	**15,751.8**	**20%**
Borrowings and financing arrangements	2,450.3	2,347.0	4%
Other financial liabilities	66.0	99.6	(34%)
Other liabilities	11,274.7	8,436.4	34%
Total liabilities	**13,791.0**	**10,883.0**	**27%**
Net assets	**5,168.2**	**4,868.8**	**6%**

- **Cash and cash equivalents** reduced by 56% from the prior year due to significant investment into Property Development production and acquisition of new Property Development sites, such as Paya Lebar Central, the Lifestyle Quarter at Tun Razak Exchange, 281 Fifth Avenue and River South. The Group also increased investments in Retirement and Infrastructure Development, along with its level of equity investment in funds. The prior year included cash received on the sale of the Bluewater Shopping Centre;
- **Inventories** increased by A$972.7 million to A$4,104.2 million, largely due to an increase in work in progress in relation to key projects such as Victoria Harbour of A$193.5 million and Darling Harbour Live of A$154.9 million, both in Australia, and Elephant & Castle of A$251.7 million from the prior year;
- **Equity accounted investments** increased by A$657.8 million to A$1,235.8 million due to additional investments in Lend Lease One International Towers Sydney Trust of $191.3 million and Paya Lebar Central joint venture of A$160.3 million, in addition to the transfer from other financial assets and further investment related to ARIF 3 of A$154.7 million;
- **Investment properties** increased by A$1,162.9 million to A$5,994.9 million, primarily due to the acquisition of eight new retirement villages with a value of $933.5 million;
- **Other financial assets** decreased by A$354.1 million to A$668.4 million as a result of the sell down of investments in APPF Commercial and Industrial of A$280.0 million;
- **Other assets** increased by A$1,733.8 million to A$6,205.8 million in relation to continued progress on the Barangaroo South project; and
- **Other liabilities** increased by A$2,838.3 million to A$11,274.7 million, primarily due to an increase in Retirement resident liabilities arising from acquisition of the eight retirement villages during the year, deferred payments at Barangaroo South and other deferred payments.

Cash Flow

	June 2015 A$m	June 2014 A$m	Percentage Movement
Cash flows from operating activities	(166.6)	822.4	(120%)
Cash flows from investing activities	(383.4)	(614.5)	38%
Cash flows from financing activities	(465.2)	(110.4)	(321%)
Effect of foreign exchange rate movements on cash and cash equivalents	49.5	8.8	463%
Total cash flows	**(965.7)**	**106.3**	**(1,008%)**

- **Operating** cash flows decreased to a A$166.6 million outflow as the Group had forecast. This was due to significant investment into Property Development production during the year of A$1,721.5 million in relation to urban regeneration and communities projects in Australia and the UK. The prior year included cash received on the sale of the Bluewater Shopping Centre;
- **Investing** cash outflows of A$383.4 million include acquisition of retirement villages of A$209.2 million, investments in Paya Lebar Central Fund of A$160.3 million and equity contributions to Australian Infrastructure Development projects of A$121.6 million, offset by sale of co-investments in APPF Commercial and Industrial A$280 million; and
- **Financing** cash outflows of A$465.2 million primarily relate to the dividends paid during the year in addition to repayments on the syndicated multi-option facility, offset by drawdowns on the club revolving credit facility.

Group Funding

		June 2015	June 2014	Percentage Movement
Net debt[1]	A$m	1,758.5	722.6	143%
Gross borrowings to total tangible assets[2]	%	14.3	16.9	(15%)
Net debt to total tangible assets, less cash	%	10.5	5.7	84%
Interest coverage[3]	times	6.6	8.1	(19%)
Average cost of debt including margins	%	5.2	5.4	(4%)
Average debt duration[4]	years	3.9	4.7	(17%)
Debt mix fixed: floating	ratio	67:33	76:24	
Undrawn facilities[5]	A$m	1,423.5	1,309.6	9%

- The increase in the Group's net debt and gearing from the prior year is as a result of the continued investment of cash in Property Development production and acquisition of new Property Development sites during the year; and
- As at the end of the year, the available liquidity for the Group was approximately A$2.2 billion.

Debt Facilities

	Facility (Local Currency)	Facility A$[6]	Drawn June 2015[6]	Available	Expiry
Syndicated multi-option facility	A$1,500m	A$1,498.8m	A$548.8m	A$950.0m	Various[7]
UK bond issue	£300m	A$606.5m	A$606.5m	A$0.0m	Oct 21
Club revolving credit facility	£330m	A$673.5m	A$285.7m	A$387.8m	Various[8]
US Private Placement	US$200m	A$259.7m	A$259.7m	A$0.0m	Various[9]
Singapore bond	S$275m	A$263.7m	A$263.7m	A$0.0m	Jul 17
Australian medium term notes	A$475m	A$475.5m	A$475.5m	A$0.0m	Various[10]

1 Borrowings, including certain other financial liabilities, less cash.
2 Borrowings, including certain other financial liabilities, divided by total tangible assets.
3 EBITDA plus interest income, divided by interest finance costs, including capitalised finance costs.
4 The average debt duration calculation methodology has been revised in the current period to be based on total committed facilities. The prior year calculation was based on drawn debt only. The prior year comparative based on the revised methodology is 4.3 years.
5 Undrawn facilities balance is based on gross facility, drawn at face value.
6 Gross facility adjusted for unamortised transaction costs as recorded in the financial statements.
7 A$1,500 million syndicated multi-option facility maturing in June 2019 (A$600 million) and June 2020 (A$900 million) drawn to A$550 million at 30 June 2015. This is an extension of the existing A$1,500 million syndicated multi-option facility with original maturities of December 2017 (A$600 million) and December 2018 (A$900 million).
8 £165 million expires in December 2016 and £165 million expires in December 2017.
9 US$175 million expires in October 2015 and US$25 million expires in October 2017.
10 A$250 million expires in November 2018 and A$225 million expires in May 2020.

Directors' Report continued

2. Operating and Financial Review continued

b. Review of Group Performance continued

Strategy Performance

Lend Lease has delivered on its strategy to become a leading international property and infrastructure group in the core markets in which we operate.

	Targets	2015 Current Status
Safety	• Operate incident and injury free • Operate only in regions/areas where we can ensure safety	• 83% of operations have not had a critical incident in the last 12 months • 2.2 LTIFR in the last 12 months
Returns	• Enhance returns for securityholders	• TSR of 20% for the year to June 2015 • Maintained payout ratio of 51%
Profitability	• Increase profitability – sustainability and diversification of income	• PAT growth – CAGR of 12.3% over the past five years • ROE – delivered 12.4%, within target range
Pipeline	• Extend development pipeline across integrated mixed use projects • Broaden construction capabilities • Drive continued growth in funds under management	• Global pipeline A$44.9 billion – urban regeneration comprising ~70% • Continued progress across major international development sites • FUM growth of 31% in the past 12 months (A$21.3 billion)
Focus	• Creating leading positions and a leading safety culture • Operational Excellence and delivery	• Maintained focus on core growth initiatives including Urban Regeneration, Healthcare & Infrastructure

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.

Property Development: an estimated pipeline end value of A$44.9 billion within the Group's Property Development business underpins our strategic direction of becoming the leading international property and infrastructure group.

- **Urban Regeneration:** the Group has 12 major Urban Regeneration projects with an estimated pipeline end value of ~A$30 billion across the globe, which includes Barangaroo South, Darling Harbour Live, Victoria Harbour, the Lifestyle Quarter at Tun Razak Exchange, Paya Lebar Central, Elephant & Castle and River South. The significant Urban Regeneration presence globally positions the Group well with good visibility of earnings; and
- **Residential:** the Group currently has ~55,000 Communities units and ~26,000 apartment built form units within closing backlog and has pre sold A$5.2 billion of residential land lot and built form units across Australia and the United Kingdom as at June 2015, which was up 109% on the prior year.

Infrastructure Development: the Group has more than A$320 million of invested equity in 17 projects across the globe, an increase of 72% on the prior year and also reached financial close on major PPP transactions in Australia during the year. The business is well positioned in both the Australian and American markets to contribute strongly to future earnings.

Construction: backlog revenue of A$17.3 billion remains robust;

- A$11.8 billion of new work was secured during the current year across our key markets; and
- **Preferred bidder** on ~A$7 billion of new work globally, including ~A$2 billion in Australia. The impact of this preferred work, along with components of integrated projects yet to come to market further supports the visibility of near to medium term earnings.

Investment Management: the Group has successfully raised A$2.1 billion of third party capital during the year and with A$21.3 billion in FUM, combined with A$11.4 billion in AUM and A$1.4 billion in Investment balances respectively, the Group has access to a solid base through which to source ongoing investment and asset management annuity income streams.

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

Risks

We believe Lend Lease is well placed for 2016 and beyond. The Group's result for future financial years remains subject to a number of risk factors.

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 earnings in future financial years, including:

Key Risk	Mitigation
Property market risk and property market values	• All Property Development project values are tested for impairment through the commercial assessment process every six months; and • The fair value for all completed properties, except those valued at less than A$10.0 million, is based on periodic, but at least triennial, valuations by qualified external independent valuers. It is the policy of the Group to review the fair value of each property every six months.
Development activity risk	• Across the Residential development portfolio, pre sales target thresholds are set on projects prior to the commencement of construction. As at 30 June 2015, the Group also has substantial pre sold stock on hand; • The Group usually requires a minimum deposit upfront on transactions; • Pre leasing target thresholds are usually required to be met on commercial product prior to construction commencing, which helps to protect underlying commercial value; • The Group targets an optimal capital structure based on the risk profile of the development in order to deliver upon targeted returns; and • These, coupled with the integrated delivery model represent a mitigation in respect of development activity risk.
Construction activity risk	• Visibility of construction pipeline, with preferred positions on ~A$7 billion of work; • The Group places a strong emphasis on safety in its assessment of future pipeline opportunities, which complements the focus on delivery execution; • Regularly scheduled project reviews are carried out on all projects within the construction workbook; and • The Group has in place a set of mandatory core procedures that address all phases and aspects of its construction operations.
Investment and asset management activity risk	• Regular unit price and asset valuation reviews completed for funds, assets and investments portfolio; and • Liquidity and debt maturity monitored regularly through formal internal reporting.

c. Review of Regional Performance

Australia

	REVENUE			EBITDA			PROFIT/(LOSS) AFTER TAX		
	June 2015 A$m	June 2014 A$m	Percentage Movement	June 2015 A$m	June 2014 A$m	Percentage Movement	June 2015 A$m	June 2014 A$m	Percentage Movement
Property Development	1,560.2	988.5	58%	452.8	260.3	74%	353.9	225.3	57%
Infrastructure Development	117.8	57.2	106%	62.0	10.5	490%	46.9	6.4	633%
Construction	5,912.7	6,459.2	(8%)	152.6	188.6	(19%)	89.3	104.3	(14%)
Investment Management	152.9	130.3	17%	151.5	131.0	16%	135.0	110.0	23%
Total	**7,743.6**	**7,635.2**	**1%**	**818.9**	**590.4**	**39%**	**625.1**	**446.0**	**40%**

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

- **Property Development** profit after tax increased by A$128.6 million to A$353.9 million driven by continued strong residential conditions, with 3,838 settlements and 5,936 pre sales at June 2015. In addition, current year earnings were enhanced through the sell down of Barangaroo Tower 1 and finalisation of commercial documentation with Crown Resorts Limited for the proposed development of a world-class integrated resort at Barangaroo South in Sydney;
- **Infrastructure Development** profit after tax increased by A$40.5 million to A$46.9 million. The current year includes revenue received following the financial close of Ravenhall Prison, Sydney Light Rail and East West Link transactions. Following the November 2014 election in Victoria, the Victorian Government directed the East West Link Project vehicle to suspend works on the East West Link project. In June 2015, the project vehicle reached an agreement to effect a transfer to the State of the East West Connect business to provide a final resolution to the East West Link project;
- **Construction** profit after tax decreased by A$15.0 million to A$89.3 million primarily due to lower revenue booked in the Engineering and Services businesses; and
- **Investment Management** profit after tax increased by A$25.0 million to A$135.0 million due to growth in the underlying platform, performance fees generated from Lend Lease Real Estate Partners Fund 3 and increased returns from co-investments.

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		
		June 2015	June 2014	Percentage Movement	June 2015	June 2014	Percentage Movement	June 2015	June 2014	Percentage Movement
Settlements[1]										
Number of units	no.	3,822	3,033	26%	16	215	(93%)	3,838	3,248	18%
Gross sales value	A$m	817.5	668.3	22%	16.6	200.9	(92%)	834.1	869.2	(4%)
Pre sales[1,2]										
Number of units	no.	2,138	1,842	16%	3,798	1,283	196%	5,936	3,125	90%
Gross sales value	A$m	494.0	405.2	22%	3,413.7	1,127.5	203%	3,907.7	1,532.7	155%
Backlog[3]										
Zoned residential units	no.	51,080	53,750	(5%)	14,890	13,810	8%	65,970	67,560	(2%)

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

Residential land lots:

- **New work secured:** 410 hectares of land at Aurora, Epping from Places Victoria, with an estimated project end value of A$0.7 billion;
- Entered into conditional agreements to acquire Mt Gilead, a 610 hectare property in Sydney's south west;
- **Settlements** increased by 26%, mainly due to Jordan Springs and Bingara Gorge in New South Wales, Stoneleigh Reserve and Yarrabilba in Queensland and the first settlements occurring at Harpley in Victoria;
- **Pre sales** increased by 16% from the prior year to 2,138 units demonstrating strong demand in New South Wales, Victoria and Queensland;
- **Gross sales:** value of settlements and pre sales are higher than the prior year in line with the increase in volumes; and
- **Average price** per unit pre sold of A$230,000 has increased from A$220,000 in the prior year.

1 Includes 100% of joint venture projects and therefore will not necessarily correlate with the Group's profit after tax.
2 Pre sales do not form part of profit after tax in the current year and are expected to be recognised in future years. Pre sales land lots represent contracts entered into prior to 30 June 2015 that have not met the revenue recognition criteria. Pre sales built-form represents contracts entered into prior to 30 June 2015 for buildings that have not achieved completion. Joint venture sales are shown at 100% of sales value.
3 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.

Directors' Report continued

2. Operating and Financial Review continued

c. Review of Regional Performance continued

Australia continued

Property Development continued

Residential built-form units:

- **New work secured** with the acquisition of the remaining 50% of the Armadale joint venture in Victoria;
- **Launched** seven new residential apartment buildings across Darling Harbour Live in Sydney, New South Wales, Victoria Harbour and Toorak Park, both in Melbourne, Victoria and Brisbane Showgrounds in Brisbane, Queensland;
- **Settlements** decreased by 93%. Settlements in the prior year included Apartment completions at Richmond and Victoria Harbour. No new Apartment projects were completed in the current year resulting in a decrease in the overall number of settlements in the year;
- **Pre sales** sales increased by 196% to 3,798 units primarily driven by the launch of three apartment buildings at Darling Harbour Live (100% pre sold at 30 June), 889 Collins Street (93% pre sold) at Victoria Harbour, Toorak Park (75% pre sold) and The Yards (97% pre sold) at Brisbane Showgrounds. In addition strong sales performance continued at 888 Collins Street (97% pre sold) at Victoria Harbour and The Green (96% pre sold) at Brisbane Showgrounds; and
- **Average price** per unit pre sold of A$900,000 has increased from the prior year of A$880,000 due to the additional buildings pre sold at Darling Harbour Live during the year.

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

		June 2015	June 2014	Percentage Movement
Settlements gross sales value[1]	A$m	1,150.8	99.3	1,059%
Pre sales gross sales value[1,2]	A$m	394.2	92.4	327%
Backlog[3]	sqm/000s	5,182	5,466	(5%)

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

- **Commercial sell down** of Tower 1 at Barangaroo South to the Lend Lease One International Towers Sydney Trust, in which Lend Lease Trust holds a 37.5% investment, development rights to Urbanest Student Accommodation at Darling Square and the Kings Gate commercial building at Brisbane Showgrounds;
- **Finalisation** of commercial documentation with Crown Resorts Limited for the proposed development of a world-class integrated resort at Barangaroo South;
- **Commercial leasing**: in total, the three commercial towers are now 66% leased at Barangaroo South. Marsh & McLennan Companies and Servcorp entered into Agreements for Lease for 10,400 sqm and 2,300 sqm of commercial floor space respectively in Tower 1; and
- **Financial close** 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, with an end value of ~A$1.9 billion.

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

		June 2015	June 2014	Percentage Movement
Number of units settled	no.	1,309	1,179	11%
Gross sales value of units settled	A$m	478.0	425.1	12%
Number of units reserved[4]	no.	395	317	25%
Number of retirement villages[5]	no.	78	70	11%
Number of retirement units[5]	no.	14,193	12,824	11%
Number of retirement units developed	no.	205	148	39%
Backlog units – zoned[6]	no.	666	945	(30%)

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

- **Settlements** of 1,309 units, an increase of 11%, largely due to continued strong trading in New South Wales, Queensland and Victoria;
- **Average price** per unit settled was A$365,000 an increase of 1% from the prior year reflecting strong residential market conditions offset by a higher proportion of sales of serviced apartments and lower value sites;
- 395 units were reserved at 30 June 2015, with a gross value of A$158.4 million;
- 205 retirement units were also developed throughout the year, which included 88 units in New South Wales, 57 units in the ACT, and 60 units in Victoria; and
- Valuations of the retirement portfolio are based on discount rates between 12-17% and growth rates of between 1-5%. This year, the average discount rate for operating retirement villages was 13.3% and the average growth rate was 3.7%.

1 Includes 100% of joint venture projects and therefore will not necessarily correlate with the Group's profit after tax.
2 Pre sales do not form part of profit after tax in the current year and are expected to be recognised in future years.
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 Reserved units are where a refundable deposit has been taken.
5 Includes 100% of Group owned and managed properties. Only includes completed units.
6 Backlog units include Group owned and managed sites. The actual number of units for any particular village can vary as planning approvals are obtained.

Infrastructure Development		June 2015	June 2014	Percentage Movement
Number of projects[1]	no.	5	5	
Estimated capital spend[2]	A$m	4,100.0	4,100.0	
Invested equity[3]	A$m	200.9	79.3	153%
Committed equity[4]	A$m	70.0	191.4	(63%)

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

- **Financial close**: the Group advised the consortium, comprising GEO, John Holland and Honeywell on the financial close of the Ravenhall PPP in western Melbourne, Victoria;
- **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 PPP transaction in Australia. Following the November 2014 election in Victoria, the Victorian Government directed the East West Link Project vehicle to suspend works on the East West Link project. In June 2015, the project vehicle reached an agreement to effect a transfer to the State of the East West Connect business to provide a final resolution to the East West Link project; and
- **Financial close**: the Group also advised the consortium, comprising First State Super, John Laing, Acciona, Alstom and Transdev on the financial close of the Sydney Light Rail PPP transaction in Sydney, New South Wales.

Construction		June 2015	June 2014	Percentage Movement
Revenue	A$m	5,912.7	6,459.2	(8%)
Gross profit margin	A$m	346.7	429.9	(19%)
New work secured revenue[5]	A$m	6,550.5	6,559.6	
Backlog revenue[6]	A$m	9,871.2	9,555.2	3%

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

- **Revenue** is 8% lower than the prior year largely due to lower revenue in the Engineering and Services businesses, which has also impacted gross profit margin;
- **New work secured** during the year included the following key projects:
  - **Building**: A$3.9 billion; including the delivery of the Crown Sydney Hotel Resort at Barangaroo South, two Darling Harbour Live Project Delivery Agreements and managing contractor for Department of Defence facilities requirements for the New Air Combat Capability in Williamtown, all in New South Wales and construction of 888 Collins and 889 Collins, two further residential towers at Victoria Harbour in Victoria;
  - **Engineering**: A$1.7 billion; including design and construction of the NorthConnex Motorway (M1 to M2) in Sydney and CBD Access Alliance, both in New South Wales; and
  - **Services**: A$0.9 billion; including BHP maintenance contract in the Pilbara, Western Australia, operations and asset management of intelligent transport systems for Roads and Maritime Services in New South Wales, regional and metropolitan maintenance services nationally for Optus' network and switchgear and electrical reticulation work for Sunshine Coast University Hospital in Queensland;
- **Backlog revenue** remains strong at A$9.9 billion, including: **Building**: A$6.3 billion; **Engineering**: A$2.3 billion; **Services**: A$1.3 billion; and
- **Preferred bidder** on ~A$2 billion of new work, including delivery of internal integrated projects and the Gateway Upgrade North project in Queensland which the Group successfully secured post balance date.

Investment Management		June 2015	June 2014	Percentage Movement
Funds under management[7]	A$b	13.8	10.9	27%
Assets under management[7]	A$b	6.1	6.0	2%
Investments[7]	A$m	814.0	821.1	(1%)

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

- A$1.5 billion of third party capital raised during the year, including the launch of Lend Lease One International Towers Sydney Trust, in addition to capital raising completed by APPF Commercial;
- **FUM** increased 27% to A$13.8 billion as a result of the launch of Lend Lease One International Towers Trust Sydney on the sale of a share of the Group's interest in commercial Tower 1 at Barangaroo South, an increase in the investment value of Lend Lease International Towers Sydney Trust, and asset acquisitions by APPF Commercial. Additionally, the Group restructured the close-ended Lend Lease Real Estate Partners Fund 3 into Lend Lease Sub-Regional Retail Fund, an open-ended investment vehicle;
- The growth in FUM and performance fees achieved on investment mandates has resulted in a strong performance for the year; and
- **Investments** decreased in the current year, as the Group recycled A$180.0 million of its interest in APPF Industrial and A$100.0 million of its interest in APPF Commercial. These divestments were offset by the Group's investment in Lend Lease One International Towers Sydney Trust, additional equity contributions to Lend Lease International Towers Sydney Trust and revaluations achieved across the portfolio.

1 Number of projects includes projects where the Group is 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 on-going management responsibilities for the Group.
2 Estimated capital spend figures based on contract value.
3 Invested equity refers to the equity contributed for each project.
4 Committed equity refers to equity the Group has a future commitment to invest.
5 New work secured revenue is the total revenue to be earned from projects secured during the year.
6 Current year backlog revenue is the total revenue to be earned in future financial years, based on projects secured at June 2015.
7 Represents the Group's assessment of the market value.

Directors' Report continued

2. Operating and Financial Review continued

c. Review of Regional Performance continued

Asia

	REVENUE			EBITDA			PROFIT/(LOSS) AFTER TAX		
	June 2015 A$m	June 2014 A$m	Percentage Movement	June 2015 A$m	June 2014 A$m	Percentage Movement	June 2015 A$m	June 2014 A$m	Percentage Movement
Property Development	1.0	12.5	(92%)	(11.7)	(4.9)	(139%)	(10.4)	(5.3)	(96%)
Construction	225.0	497.9	(55%)	(13.5)	18.7	(172%)	(15.8)	13.2	(220%)
Investment Management	45.5	90.8	(50%)	64.3	80.3	(20%)	43.5	65.8	(34%)
Total	**271.5**	**601.2**	**(55%)**	**39.1**	**94.1**	**(58%)**	**17.3**	**73.7**	**(77%)**

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 decreased by A$29.0 million to a A$15.8 million loss after tax, due to a lower contribution from the telecommunication projects in Japan, a shift in focus on securing integrated projects and timing in securing of new work; and
- **Investment Management** profit after tax decreased by A$22.3 million to A$43.5 million, due primarily to performance fees earned in the prior year following the stabilisation of the developments of Jem in Singapore and Setia City Mall in Kuala Lumpur, Malaysia.

Property Development

The Property Development business has been focused on replenishing the pipeline as we look to secure opportunities across China, Japan, Malaysia and Singapore, which includes the pursuit of large urban regeneration development projects and senior living opportunities.

		June 2015	June 2014	Percentage Movement
Backlog				
Zoned residential built-form units[1]	no.	2,225		
Commercial and retail[2]	sqm/000s	368		

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

- **New work secured**: the Group executed a joint venture agreement with 1Malaysia Development Berhad to acquire and develop the Lifestyle Quarter within the Tun Razak Exchange urban regeneration project in Kuala Lumpur, Malaysia. The estimated development end value is A$2.8 billion; and
- **New work secured**: the Group in joint venture with the Abu Dhabi Investment Authority were officially awarded a large scale urban regeneration development site at Paya Lebar Central in the east of Singapore on 31 March 2015. The estimated development end value is A$3.0 billion.

Construction		June 2015	June 2014	Percentage Movement
Revenue	A$m	225.0	497.9	(55%)
Gross profit margin	A$m	28.0	56.3	(50%)
New work secured revenue[3]	A$m	481.3	159.4	202%
Backlog revenue[4]	A$m	396.7	173.3	129%

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

- **Revenue** is lower than the prior year due to the low opening backlog position at June 2014, which has also impacted gross profit margin;
- **New work secured** of A$0.5 billion has increased as a result of significant projects secured during the current year, including early works for the mixed-use Paya Lebar Central development and further telecommunication rollouts in Japan. These projects have also contributed to the improving backlog revenue position; and
- **Preferred bidder** on ~A$1 billion of new work, including the main stage of construction at Paya Lebar Central and the Lifestyle Quarter at Tun Razak Exchange.

Investment Management		June 2015	June 2014	Percentage Movement
Funds under management[5]	A$b	5.3	3.6	47%
Assets under management[5]	A$b	4.3	3.8	13%
Investments[5]	A$m	520.2	255.3	104%

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

- A$0.6 billion of third party capital raised during the year via a managed investment mandate to fund the Paya Lebar Central urban regeneration development;
- **FUM** increased 47% to A$5.3 billion as a result of the investment mandate for Paya Lebar Central;
- **AUM** increase primarily relates to the market values of the underlying assets and foreign exchange movements; and
- **Investments** increased by A$264.9 million, due to the initial investment made in the Paya Lebar Central joint venture and the Group increasing its stake in ARIF 3 from 10.1% to 20.1%.

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 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.
3 New work secured revenue is the total revenue to be earned from projects secured during the year.
4 Current year backlog revenue is the total revenue to be earned in future financial years, based on projects secured at June 2015.
5 Represents the Group's assessment of the market value.

Europe

	REVENUE			EBITDA			PROFIT/(LOSS) AFTER TAX		
	June 2015 A$m	June 2014 A$m	Percentage Movement	June 2015 A$m	June 2014 A$m	Percentage Movement	June 2015 A$m	June 2014 A$m	Percentage Movement
Property Development	317.6	1,360.0	(77%)	66.3	612.1	(89%)	48.8	458.7	(89%)
Infrastructure Development	34.2	152.7	(78%)	25.2	(31.9)	179%	30.4	(15.0)	303%
Construction	1,258.0	1,079.7	17%	23.0	(25.1)	192%	18.5	(24.0)	177%
Investment Management	13.8	73.5	(81%)	15.0	36.5	(59%)	14.6	27.2	(46%)
Total	**1,623.6**	**2,665.9**	**(39%)**	**129.5**	**591.6**	**(78%)**	**112.3**	**446.9**	**(75%)**

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

- **Property Development** profit after tax decreased by A$409.9 million to A$48.8 million. Current year profit after tax was driven by completions at Trafalgar Place at Elephant & Castle and Cobalt Place at Wandsworth, both in London, UK, as well as residential communities land sales in line with the strategy to divest the UK Regional Residential portfolio. The prior year included profit on the sale of the Group's interest in the Bluewater Shopping Centre;
- **Infrastructure Development** profit after tax increased by A$45.4 million to A$30.4 million. The increase on the prior year was driven by the sale of the UK Facilities Management business;
- **Construction** profit after tax increased by A$42.5 million to A$18.5 million, due to contributions from key new projects secured and the integrated pipeline, in addition to the close out and settlement of the Global Renewables project in Lancashire during the year; and
- **Investment Management** profit after tax decreased by A$12.6 million to A$14.6 million with the profit on sale of the majority of the Group's interest in the Lend Lease PFI/PPP Infrastructure Fund LP being offset by reduced investment income, following the sale of Bluewater in the prior year.

Property Development

Residential		June 2015	June 2014	Percentage Movement
Settlements[1]				
Number of units settled - built-form	no.	424	177	140%
Gross sales value of units settled	A$m	313.8	76.7	309%
Residential land settlements	sqm/000s	18.6	84.4	(78%)
Pre sales[1,2]				
Number of pre sales	no.	1,658	1,095	51%
Gross sales value of pre sales	A$m	1,314.7	871.3	51%
Backlog				
Zoned residential units[3]	no.	4,796	5,220	(8%)
Unzoned residential units[3]	no.	519	79	557%
Residential land	sqm/000s	44	63	(30%)

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

- **Planning approvals** achieved at West Grove at Elephant Park, the next phase of the Elephant & Castle development;
- **Settlements** have increased by 140% in the current year due to a strong residential market, and the practical completion of integrated projects at Trafalgar Place at Elephant & Castle, Cobalt Place at Wandsworth, Potato Wharf in Manchester, and Beechwood in Cheshire. Additionally, settlement gross sales value includes the sale of a number of residential land sites;
- **Pre sales** progressed strongly on London integrated developments at One the Elephant (99% presold at 30 June), South Gardens (85% presold), and West Grove (48% presold), all at Elephant & Castle, Cobalt Place at Wandsworth (97% presold), and the residential units at Glasshouse Gardens (91% presold) at The International Quarter in Stratford;
- **Average price** per built form unit pre sold at A$790,000 has remained stable year on year; and
- **Residential land backlog** has decreased during the year due to land sales completed in line with the Group's strategy to divest the UK Regional Residential portfolio.

1 Includes 100% of joint venture projects and therefore will not necessarily correlate with the Group's profit after tax.
2 Pre sales do not form part of profit after tax in the current year and are expected to be recognised in future years.
3 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.

Directors' Report continued

2. Operating and Financial Review continued
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Europe continued

Commercial		June 2015	June 2014	Percentage Movement
Settlements gross sales value[1]	A$m	0.3	78.1	(100%)
Backlog[2]	sqm/000s	311	402	(23%)

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

- **Commercial backlog** decrease driven by revisions at The International Quarter, Elephant & Castle, and Deptford; and
- **Agreements for lease** have been executed with the Financial Conduct Authority and Transport for London for the first two commercial plots at The International Quarter. Further, ground works commenced in May 2015 on the first commercial block at The International Quarter.

Infrastructure Development		June 2015	June 2014	Percentage Movement
Number of projects	no.	3	25	(88%)
Invested equity[3]	A$m	10.3	11.5	(10%)
Committed equity[4]	A$m	14.1	19.2	(27%)

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

- **Sale** of the UK Facilities Management business;
- **Closure** and **settlement** of the Global Renewables project in Lancashire in July 2014; and
- **Exchange on sale** of Majadahonda Hospital in Spain in March 2015, with financial completion anticipated in financial year 2016. Remaining projects include the Brescia and Treviso Hospitals in Italy.

Construction		June 2015	June 2014	Percentage Movement
Revenue	A$m	1,258.0	1,079.7	17%
Gross profit margin	A$m	102.9	62.2	65%
New work secured revenue[5]	A$m	1,566.3	678.3	131%
Backlog revenue[6]	A$m	1,463.4	1,073.1	36%

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

- **Gross Profit Margin** increase was driven by the growth in the pipeline of key external and integrated development projects, in addition to the close out and settlement of the Global Renewables Project in Lancashire during the year;
- **New work secured** of A$1.6 billion includes Rathbone Square a residential, commercial, retail and public realm new building in London's West End, North Wales Prison, a 2,010 inmate super prison, South Gardens at Elephant & Castle and Glasshouse Gardens, the first residential phase at The International Quarter;
- **Backlog revenue** has increased to A$1.5 billion from the prior year and is predominantly comprised of the new projects secured during the year as noted above; and
- **Preferred bidder** on ~A$1 billion of additional work to deliver the Group's development pipeline at Elephant & Castle, The International Quarter and Deptford, which will be included in backlog in future financial years.

Investment Management		June 2015	June 2014	Percentage Movement
Funds under management[7]	A$b	2.2	1.8	22%
Assets under management[7]	A$b	1.0	0.9	11%
Investments[7]	A$m	76.1	84.0	(9%)

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

- **FUM** increased primarily due to performance of the managed Lend Lease Retail Partnership and Lend Lease PFI/PPP Infrastructure Fund and favourable foreign exchange movements;
- **AUM** increased due to valuation uplift of Touchwood and Queensgate, and favourable foreign exchange movements; and
- **Investments** decreased on the prior year following the sale of the majority of the Group's investment in Lend Lease PFI/PPP Infrastructure Fund LP in September 2014, offset by an increase in the underlying value of the interest in the Lend Lease Retail Partnership.

1 These values include 100% of joint venture projects and therefore will not necessarily fully correlate to the Group's profit after tax.
2 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.
3 Invested equity refers to the equity contributed for each project, with the exception of the Global Renewables project in Lancashire, which represents the written down value of the asset at June 2014.
4 Committed equity refers to equity the Group has a future commitment to invest.
5 New work secured revenue is the total revenue to be earned from projects secured during the year.
6 Current year backlog revenue is the total revenue to be earned in future financial years, based on projects secured at June 2015.
7 Represents the Group's assessment of the market value.

Americas

	REVENUE			EBITDA			PROFIT/(LOSS) AFTER TAX		
	June 2015 A$m	June 2014 $m	Percentage Movement	June 2015 A$m	June 2014 A$m	Percentage Movement	June 2015 A$m	June 2014 A$m	Percentage Movement
Property Development	48.2	23.5	105%	(5.3)	(5.0)	(6%)	(2.6)	3.2	(181%)
Infrastructure Development	52.2	49.3	6%	43.8	44.0		25.7	24.8	4%
Construction	3,541.2	2,979.2	19%	116.9	89.3	31%	67.0	50.9	32%
Total	**3,641.6**	**3,052.0**	**19%**	**155.4**	**128.3**	**21%**	**90.1**	**78.9**	**14%**

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

- **Property Development** profit after tax decreased by A$5.8 million to a A$2.6 million loss after tax as the Group invested in the origination of urban regeneration opportunities;
- **Infrastructure Development** profit after tax increased by A$0.9 million to A$25.7 million. The stable result reflects the ongoing operations of the military housing projects; and
- **Construction** profit after tax increased by A$16.1 million to A$67.0 million due to strong performance in our core Construction markets.

Property Development

Residential

		June 2015	June 2014	Percentage Movement
Backlog[1]				
Zoned residential units	no.	130		
Unzoned residential units	no.	3,400		

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

- **New work secured**: the Group's recent focus on the identification and execution of new urban regeneration developments has resulted in three new projects secured during the year, adding 3,530 residential built-form units to backlog: River South in Chicago, Illinois, Clippership Wharf in Boston, Massachusetts, and 281 Fifth Avenue in New York; and
- The Group is continuing to explore further new pipeline opportunities leveraging our urban regeneration and residential development capabilities.

Healthcare

		June 2015	June 2014	Percentage Movement
Number of projects[2]	no.	3	6	(50%)
Commercial backlog[3]	sqm/000s	47	71	(34%)

Key trading events in the **Healthcare** sector during the year include:

- **Sale** of Bon Secours St Francis Medical Pavilion healthcare project in June 2015; and
- **Construction completed** on the Bon Secours DePaul Medical Plaza.

Infrastructure Development

		June 2015	June 2014	Percentage Movement
Backlog revenue[4]	A$m	467.3	415.7	12%
Backlog (number of units under management)	no.	54,205	54,655	(1%)
New work secured revenue	A$m	56.6	44.9	26%
Invested equity[5]	A$m	109.2	95.2	15%
Committed equity[6]	A$m	6.5	5.4	20%

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

- **New work secured**: additional work of A$56.6 million originated from existing projects; and
- The military housing portfolio continues to reach stabilisation as initial development periods on existing projects reach completion. Opportunities remain for further development over the remaining term of the ground leases on existing projects.

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. Excludes the Horizon Uptown project in Colorado.
2 Number of projects includes 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 on-going management responsibilities for the Group.
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 Backlog revenue disclosed includes 10 years of backlog from facilities management, even though the contracts run for up to 50 years. Although backlog is realised over several years, the average foreign exchange rate for the current year has been applied to the closing backlog balance in its entirety as the average rates for later years cannot be predicted. In local currency, the backlog revenue is US$360.0 million (June 2014: US$378.3 million).
5 Invested equity refers to the equity contributed for each project.
6 Committed equity refers to equity the Group has a future commitment to invest.

Directors' Report continued

2. Operating and Financial Review continued
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Americas continued

Construction		June 2015	June 2014	Percentage Movement
Revenue	A$m	3,541.2	2,979.2	19%
Gross profit margin	A$m	186.3	168.8	10%
New work secured revenue[1]	A$m	3,206.3	2,751.0	17%
Backlog revenue[2]	A$m	5,524.9	5,363.1	3%

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

- **Gross Profit Margin** increase driven by continued strong market conditions in core markets in the US, coupled with strong performance from the military housing business;
- **New work secured** of A$3.2 billion includes the following key projects: a 51 storey condominium tower in at 520 Park Avenue in New York, biological development and clinical manufacturing buildings in Boston, Massachusetts and a 35 storey condominium project at 9 W Walton in Chicago, Illinois;
- **Backlog revenue** remains strong at A$5.5 billion. Key projects in backlog include a 57 storey, mixed use tower at 252 East 57th Street and a 60 storey residential building at 56 Leonard Avenue, both in New York, and approximately A$0.8 billion of construction related to military housing projects; and
- **Preferred bidder** for an additional ~A$3 billion of new residential and commercial construction contracts.

Corporate

Group Services costs of A$124.6 million improved by A$1.5 million from the prior year.

Group Treasury costs increased by A$5.1 million to $101.6 million due to higher average net debt balances as a result of the investment of cash during the year.

	PROFIT/(LOSS) BEFORE TAX			PROFIT/(LOSS) AFTER TAX		
	June 2015 A$m	June 2014 A$m	Movement Percentage	June 2015 $m	June 2014 A$m	Percentage Movement
Interest revenue	11.4	17.2	(34%)	8.8	13.4	(34%)
Interest expense and other costs	(141.3)	(146.1)	3%	(100.4)	(104.9)	4%
Net hedge cost	(14.4)	(7.1)	(103%)	(10.0)	(5.0)	(100%)
Total Group Treasury	**(144.3)**	**(136.0)**	**(6%)**	**(101.6)**	**(96.5)**	**(5%)**

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:

- Reduction in interest revenue of A$4.6 million after tax is due to lower average interest rates, lower average cash balances and near zero rates on offshore balances. The interest rate on consolidated cash averaged 2.0% per annum for the year (June 2014: 2.8%); and
- Decrease in interest expense of A$4.5 million after tax is also due to lower average interest rates compared to the prior year. The Group's weighted average cost of debt at 30 June 2015 is 5.2% (June 2014: 5.4%).

1 New work secured revenue is the total revenue to be earned from projects secured during the year.
2 Current year backlog revenue is the total revenue to be earned in future financial years, based on projects secured at June 2015.

d. Appendix

Appendix 1

Results by Region Detail

	REVENUE[1]		EBITDA[1]		PROFIT/(LOSS) BEFORE TAX[1,2]		PROFIT/(LOSS) AFTER TAX[1,3]	
	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m
Australia								
Property Development	1,560.2	988.5	452.8	260.3	448.5	257.3	353.9	225.3
Infrastructure Development	117.8	57.2	62.0	10.5	61.9	10.1	46.9	6.4
Construction	5,912.7	6,459.2	152.6	188.6	116.7	142.5	89.3	104.3
Investment Management	152.9	130.3	151.5	131.0	150.3	129.0	135.0	110.0
Total Australia	**7,743.6**	**7,635.2**	**818.9**	**590.4**	**777.4**	**538.9**	**625.1**	**446.0**
Asia								
Property Development	1.0	12.5	(11.7)	(4.9)	(11.9)	(5.0)	(10.4)	(5.3)
Construction	225.0	497.9	(13.5)	18.7	(14.5)	16.4	(15.8)	13.2
Investment Management	45.5	90.8	64.3	80.3	64.1	80.3	43.5	65.8
Total Asia	**271.5**	**601.2**	**39.1**	**94.1**	**37.7**	**91.7**	**17.3**	**73.7**
Europe								
Property Development	317.6	1,360.0	66.3	612.1	64.4	611.1	48.8	458.7
Infrastructure Development	34.2	152.7	25.2	(31.9)	24.5	(20.6)	30.4	(15.0)
Construction	1,258.0	1,079.7	23.0	(25.1)	19.8	(29.4)	18.5	(24.0)
Investment Management	13.8	73.5	15.0	36.5	14.8	35.6	14.6	27.2
Total Europe	**1,623.6**	**2,665.9**	**129.5**	**591.6**	**123.5**	**596.7**	**112.3**	**446.9**
Americas								
Property Development	48.2	23.5	(5.3)	(5.0)	(5.3)	(5.0)	(2.6)	3.2
Infrastructure Development	52.2	49.3	43.8	44.0	45.8	45.4	25.7	24.8
Construction	3,541.2	2,979.2	116.9	89.3	112.3	84.5	67.0	50.9
Total Americas	**3,641.6**	**3,052.0**	**155.4**	**128.3**	**152.8**	**124.9**	**90.1**	**78.9**
Total operating businesses	**13,280.3**	**13,954.3**	**1,142.9**	**1,404.4**	**1,091.4**	**1,352.2**	**844.8**	**1,045.5**
Corporate								
Group Services	6.9	1.6	(156.8)	(200.7)	(179.1)	(217.6)	(124.6)	(126.1)
Group Treasury	11.4	17.2	(19.1)	(10.9)	(144.3)	(136.0)	(101.6)	(96.5)
Total Corporate	**18.3**	**18.8**	**(175.9)**	**(211.6)**	**(323.4)**	**(353.6)**	**(226.2)**	**(222.6)**
Total	**13,298.6**	**13,973.1**	**967.0**	**1,192.8**	**768.0**	**998.6**	**618.6**	**822.9**

1 The foreign exchange rates applied to the Income Statement for the year to 30 June 2015 are A$1 = £0.53 (June 2014: A$1 = £0.56), A$1 = US$0.83 (June 2014: A$1 = US$0.91) and A$1 = S$1.09 (June 2014: A$1 = S$1.16).
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 (June 2014: A$0.4 million).

Directors' Report continued

2. Operating and Financial Review continued

d. Appendix continued

Appendix 2

Results by Line of Business Detail

	REVENUE[1]		EBITDA[1]		PROFIT/(LOSS) BEFORE TAX[1,2]		PROFIT/(LOSS) AFTER TAX[1,3]	
	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m
Property Development								
Australia	1,560.2	988.5	452.8	260.3	448.5	257.3	353.9	225.3
Asia	1.0	12.5	(11.7)	(4.9)	(11.9)	(5.0)	(10.4)	(5.3)
Europe	317.6	1,360.0	66.3	612.1	64.4	611.1	48.8	458.7
Americas	48.2	23.5	(5.3)	(5.0)	(5.3)	(5.0)	(2.6)	3.2
Total Property Development	**1,927.0**	**2,384.5**	**502.1**	**862.5**	**495.7**	**858.4**	**389.7**	**681.9**
Infrastructure Development								
Australia	117.8	57.2	62.0	10.5	61.9	10.1	46.9	6.4
Europe	34.2	152.7	25.2	(31.9)	24.5	(20.6)	30.4	(15.0)
Americas	52.2	49.3	43.8	44.0	45.8	45.4	25.7	24.8
Total Infrastructure Development	**204.2**	**259.2**	**131.0**	**22.6**	**132.2**	**34.9**	**103.0**	**16.2**
Construction								
Australia	5,912.7	6,459.2	152.6	188.6	116.7	142.5	89.3	104.3
Asia	225.0	497.9	(13.5)	18.7	(14.5)	16.4	(15.8)	13.2
Europe	1,258.0	1,079.7	23.0	(25.1)	19.8	(29.4)	18.5	(24.0)
Americas	3,541.2	2,979.2	116.9	89.3	112.3	84.5	67.0	50.9
Total Construction	**10,936.9**	**11,016.0**	**279.0**	**271.5**	**234.3**	**214.0**	**159.0**	**144.4**
Investment Management								
Australia	152.9	130.3	151.5	131.0	150.3	129.0	135.0	110.0
Asia	45.5	90.8	64.3	80.3	64.1	80.3	43.5	65.8
Europe	13.8	73.5	15.0	36.5	14.8	35.6	14.6	27.2
Total Investment Management	**212.2**	**294.6**	**230.8**	**247.8**	**229.2**	**244.9**	**193.1**	**203.0**
Total operating businesses	**13,280.3**	**13,954.3**	**1,142.9**	**1,404.4**	**1,091.4**	**1,352.2**	**844.8**	**1,045.5**
Corporate								
Group Services	6.9	1.6	(156.8)	(200.7)	(179.1)	(217.6)	(124.6)	(126.1)
Group Treasury	11.4	17.2	(19.1)	(10.9)	(144.3)	(136.0)	(101.6)	(96.5)
Total Corporate	**18.3**	**18.8**	**(175.9)**	**(211.6)**	**(323.4)**	**(353.6)**	**(226.2)**	**(222.6)**
Total	**13,298.6**	**13,973.1**	**967.0**	**1,192.8**	**768.0**	**998.6**	**618.6**	**822.9**

1 The foreign exchange rates applied to the Income Statement for the year to 30 June 2015 are A$1 = £0.53 (June 2014: A$1 = £0.56), A$1 = US$0.83 (June 2014: A$1 = US$0.91) and A$1 = S$1.09 (June 2014: A$1 = S$1.16).
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 (June 2014: A$0.4 million).

Appendix 3

Results by Region Detail in Local Currency

	REVENUE[1]		EBITDA[1]		PROFIT/(LOSS) BEFORE TAX[1,2]		PROFIT/(LOSS) AFTER TAX[1,3]	
	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m
Australia								
Property Development	1,560.2	988.5	452.8	260.3	448.5	257.3	353.9	225.3
Infrastructure Development	117.8	57.2	62.0	10.5	61.9	10.1	46.9	6.4
Construction	5,912.7	6,459.2	152.6	188.6	116.7	142.5	89.3	104.3
Investment Management	152.9	130.3	151.5	131.0	150.3	129.0	135.0	110.0
Group Services	6.9	1.6	(156.8)	(200.7)	(179.1)	(217.6)	(124.6)	(126.1)
Group Treasury	9.6	15.1	(15.2)	(9.9)	(94.1)	(86.1)	(64.4)	(59.0)
Total Australia	**7,760.1**	**7,651.9**	**646.9**	**379.8**	**504.2**	**235.2**	**436.1**	**260.9**

	REVENUE[1]		EBITDA[1]		PROFIT/(LOSS) BEFORE TAX[1,2]		PROFIT/(LOSS) AFTER TAX[1,3]	
	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m
Asia								
Property Development	1.0	12.5	(11.7)	(4.9)	(11.9)	(5.0)	(10.4)	(5.3)
Construction	225.0	497.9	(13.5)	18.7	(14.5)	16.4	(15.8)	13.2
Investment Management	45.5	90.8	64.3	80.3	64.1	80.3	43.5	65.8
Group Treasury	0.1	0.2	0.0	0.0	0.1	0.2	0.1	0.2
Total Asia	**271.6**	**601.4**	**39.1**	**94.1**	**37.8**	**91.9**	**17.4**	**73.9**

	REVENUE[1]		EBITDA[1]		PROFIT/(LOSS) BEFORE TAX[1,2]		PROFIT/(LOSS) AFTER TAX[1,3]	
	June 2015 £m	June 2014 £m	June 2015 £m	June 2014 £m	June 2015 £m	June 2014 £m	June 2015 £m	June 2014 £m
Europe								
Property Development	168.3	761.6	35.0	342.8	34.1	342.2	25.8	256.9
Infrastructure Development	18.1	85.5	13.4	(17.9)	13.0	(11.5)	16.1	(8.4)
Construction	666.7	604.6	12.2	(14.1)	10.5	(16.5)	9.8	(13.4)
Investment Management	7.3	41.2	8.0	20.4	7.8	19.9	7.7	15.2
Group Treasury	1.0	1.1	(2.1)	(0.3)	(18.7)	(20.5)	(15.1)	(16.0)
Total Great British pounds	**861.4**	**1,494.0**	**66.5**	**330.9**	**46.7**	**313.6**	**44.3**	**234.3**
Total Australian dollars[4]	**1,625.3**	**2,667.9**	**125.6**	**590.9**	**88.1**	**560.0**	**83.7**	**418.4**

	REVENUE[1]		EBITDA[1]		PROFIT/(LOSS) BEFORE TAX[1,2]		PROFIT/(LOSS) AFTER TAX[1,3]	
	June 2015 US$m	June 2014 US$m	June 2015 US$m	June 2014 US$m	June 2015 US$m	June 2014 US$m	June 2015 US$m	June 2014 US$m
Americas								
Development	40.0	21.4	(4.4)	(4.6)	(4.5)	(4.6)	(2.2)	2.9
Infrastructure Development	43.3	44.9	36.4	40.0	38.0	41.1	21.3	22.6
Construction	2,939.2	2,711.1	97.0	81.3	93.2	76.9	55.6	46.3
Group Treasury	0.0	(0.1)	0.0	(0.3)	(12.3)	(12.4)	(7.1)	(8.3)
Total US dollars	**3,022.5**	**2,777.3**	**129.0**	**116.4**	**114.4**	**101.0**	**67.6**	**63.5**
Total Australian dollars[4]	**3,641.6**	**3,052.0**	**155.4**	**127.9**	**137.9**	**111.0**	**81.4**	**69.8**

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 (June 2014: A$0.4 million).
4 The foreign exchange rates applied to the Income Statement for the year to 30 June 2015 are A$1 = £0.53 (June 2014: A$1 = £0.56), A$1 = US$0.83 (June 2014: A$1 = US$0.91) and A$1 = S$1.09 (June 2014: A$1 = S$1.16).

Directors' Report continued

3. Remuneration Report

Message from the Board

Welcome to the 2015 Remuneration Report where we explain how performance has been linked to reward outcomes at Lend Lease this year.

Continued Strong Financial Performance

Lend Lease has again delivered a strong financial performance in 2015 as we continued to execute on the strategy to be the leading international property and infrastructure group in core markets in which we operate. Revenue was A$13.3 billion, Profit after Tax was A$618.6 million and Return on Equity was 12.4%. Operating cash flow decreased to a A$166.6 million outflow as the Group had forecast. This was due to significant investment into Property Development production during the year.

In addition, the development pipeline is now worth A$44.9 billion, up 19% from 2014, construction backlog revenue increased by 7% to A$17.3 billion and funds under management increased by 31% to A$21.3 billion.

Successful delivery of the previous five year strategy has placed the Group in a strong position where we must focus on delivering the value from our large development pipeline and construction backlog safely, while also leveraging our integrated model, and taking a disciplined approach to growing the business further in specific target sectors. To take advantage of this strong position and the changing global market context, the Group strategy has evolved. This strategy, called 'Focus and Grow', follows on from our 'Restore Build Lead' strategy, which was in place from 2009 until 2014. The 'Focus and Grow' strategy is defined by two core concepts:

Focus: We focus on delivering optimal performance safely at our target margins. This means investing in our people; remaining disciplined in our delivery; maximising opportunities around our integrated model and delivering on strong risk management.

Grow: This is about targeting disciplined growth in sectors, aligned with our six major trends, where we already have deep skills as a developer, contractor, or investment manager. The opportunity lies in either taking these skills into new markets or bringing them together to create innovative integrated solutions in response to customer needs.

We are always conscious of our portfolio drivers: earnings visibility, geographic and sector diversification and growth in our target areas.

We also launched a new Lend Lease brand identity for the first time in 20 years. This new visual identity symbolises the diverse international Lend Lease business coming together as one Lendlease, and will help position us to embark on this next evolution of the Lend Lease strategy.

The Link Between Lend Lease's Strategy and Executive Reward Strategy

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

Our Executive Reward Strategy considers the interests of both internal and external stakeholders and aims to drive strong individual and team performance. The Executive Reward Strategy is implemented through four guiding principles: Simplicity, Responsiveness, Balance, and Governance and Risk Management. We seek long term outperformance through the execution of business strategy while managing business risk.

A key element of our Executive Reward Strategy is forging clear alignment between Senior Executives and securityholders. We believe that the medium-to-long term emphasis of remuneration at Lend Lease appropriately recognises the investment cycle of a group such as ours.

This is delivered through:

- A significant portion of remuneration being 'at risk' and tied to clear metrics;
- Extensive use of deferred and Long Term Incentives (with vesting over a period of up to four years); and
- Mandatory securityholdings by Senior Executives in Lend Lease securities (enforced through disposal restrictions on vested equity until the minimum levels are achieved).

We believe that our approach to executive reward has been a key factor in driving our success. In order to have the right people to lead the Group over the long term, Lend Lease has developed and embedded a competitive Executive Reward Strategy to deliver long term outperformance. For securityholders, this performance has been recognised by equity markets, illustrated in Lend Lease's Total Securityholder Return of ~192% between 1 January 2009 and 30 June 2015, compared to ~96% for the ASX 200 accumulation index over the same period. This has been supported by the design of incentives for the CEO and Senior Executives.

Reflecting the Group's strong shareholder returns, Securityholders will note (on page 46) that the CEO and Senior Executives received 100% and 98% vesting of the two tranches of Long Term Incentives that were tested in the current reporting period. The Board feels that these outcomes are appropriate and reflect the alignment of the Executive Reward Strategy with securityholder outcomes based on a Relative Total Shareholder performance of 88th percentile and 74th percentile in the case of the respective four and three year LTI tranches.

We are also pleased to report that we received 99.12% of votes cast in favour of our Remuneration Report at the 2014 Annual General Meeting ('AGM').

No Other Changes in 2015

There were no changes introduced in 2015.

The Year Ahead

The Board has not made any further changes to our Executive Reward Strategy for the year ahead. We believe the Executive Reward strategy updated in 2013 remains suited to Lend Lease's business and appropriately considers the Group's activities, strategy, market practice, and securityholder perspectives while providing remuneration that motivates and retains key executive talent. However, we will continue to review the Executive Reward Strategy to see if enhancements can be made to further support the new 'Focus and Grow' strategy.

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

David Crawford, AO
Chairman

Jane Hemstritch
Chairman, People and Culture Committee

3. Remuneration Report continued

This Remuneration Report explains how our reward strategy supports the achievement of Lend Lease's strategy and reports on the remuneration for Lend Lease's Key Management Personnel ('KMP').

Contents

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

Executives and Non Executive Directors Covered in this Report

The following Executives and Non Executive Directors were considered Key Management Personnel for the year ended 30 June 2015 and are covered by this report.

CEO and Senior Executives

Current Executives

Stephen McCann	Group Chief Executive Officer and Managing Director (CEO)
Tarun Gupta	Chief Executive Officer, Property – Australia
Denis Hickey	Chief Executive Officer, Americas since 27 August 2014
Daniel Labbad	Group Chief Operating Officer (Group COO) until 27 August 2014; Chief Executive Officer, Europe and Chief Executive Officer, International Operations since 27 August 2014
Rod Leaver	Chief Executive Officer, Asia
Anthony Lombardo	Group Chief Financial Officer
Robert McNamara	Chief Executive Officer, Americas until 27 August 2014 when he was appointed as Group Chief Risk Officer

Former Executives

David Saxelby	Chief Executive Officer, Construction and Infrastructure – Australia until 17 March 2015

Note: the term Senior Executives when used throughout this report refers to all the Executives listed above, unless specifically stated otherwise.

Non Executive Directors

Current Non Executive Directors

David Crawford	Independent Chairman
Colin Carter	Independent Non Executive Director
Phillip Colebatch	Independent Non Executive Director
Steve Dobbs	Independent Non Executive Director (appointed 1 January 2015)
Jane Hemstritch	Independent Non Executive Director
David Ryan	Independent Non Executive Director
Michael Ullmer	Independent Non Executive Director
Nicola Wakefield Evans	Independent Non Executive Director

Former Non Executive Directors

Peter Goldmark	Independent Non Executive Director (ceased this role 14 November 2014)

Directors' Report continued

3. Remuneration Report continued

a. Remuneration Overview

Lend Lease's Executive Reward Strategy on a Page

The following provides a high level overview of the key aspects of Lend Lease's Executive Reward Strategy, guiding principles and remuneration components.

VISION	To create the best places.
Strategy	Lend Lease is committed to becoming the leading international property and infrastructure group in core markets in which we operate.

Underpinned by

Our Executive Reward Strategy	A remuneration framework which attracts and retains the high calibre of executives needed to deliver on the strategy and aligns rewards with a focus on sustainable performance.

Applying principles of

Our Executive Reward Strategy	**Simplicity** Simple, transparent and easy to communicate.	**Responsiveness** Consider and, as appropriate, respond to the interests of internal and external stakeholders.	**Balance** A significant portion of remuneration is at risk, but can be earned through achieving outstanding short and long term performance.	**Governance and Risk Management** Clear governance and risk management practices minimise potential conflicts of interest and enable effective decision making by the Board and management.

Delivered through remuneration components of

Key Remuneration Components	Fixed remuneration.	Short Term Incentives delivered as cash.	Short Term Incentives delivered as deferred securities.	Long Term Incentives.

With business and operational risks managed by

Business and Operational Risk	Performance hurdles that appropriately reflect the 'long tail' of risk and profitability in our business.	Strengthened forfeiture and malus provisions.	Substantial mandatory securityholding for the CEO and Senior Executives.	Significant deferral of incentives for up to four years post award.	KPIs that specifically include focus on key operational risks including safety.	Qualitative overlay built into performance assessment to ensure assessment is balanced and holistic.	Board discretion encouraged to reward good decisions, account for unforeseen circumstances and limit windfall gains.

While aligning management and securityholders through

Alignment with Securityholders	Substantial mandatory securityholding for the CEO and Senior Executives.	Use of Total Shareholder Return and Return on Equity as the LTI performance hurdles.	Significant deferral of incentives as Lend Lease securities for up to four years.

Driving performance through Short Term Incentives

Short Term Incentives	**Industry specific measures** That ensure a healthy development pipeline and backlog are built (which are key to long term sustainable value creation).	**Financial measures** That measure both the quality and growth in earnings and a qualitative overlay that reviews the overall financial health of the business.	**Strategic, operational and people measures** To ensure management is focused on a balance of measures that underpin the growth and sustainability of the Group including operational efficiency, safety and leadership.

and Long Term securityholder value creation through Long Term Incentives

Long Term Incentives	**Performance period of three to four years** Reflects an appropriate balance between reward that motivates executives while reflecting the long term 'tail' of profitability and risk associated with 'today's decisions'.	**Relative Total Shareholder Return** Only rewards the CEO and Senior Executives for delivering returns superior to what a securityholder could achieve in the market and ensures management maintains a strong focus on securityholder outcomes.	**Return on Equity** Is an important long term measure of how well the management team generates acceptable earnings from capital invested and rewards for decisions in respect of developing, managing, acquiring and disposing of assets.

while maintaining the highest standards of governance

Governance	The Board holds ultimate discretion.	Strict protocols in place for interactions with the Board's remuneration advisor.

Directors' Report continued

3. Remuneration Report continued

a. Remuneration Overview continued

2015 Highlights

The Group has delivered a strong performance:

- **Zero** fatalities;
- **83%** of our operations have not had a critical incident in the last 12 months;
- **Sustainability:** 100% of our major urban development projects (A$30.1 billion) have achieved or are targeting green certification;
- **Profit after tax** of A$618.6 million is down 25% on the prior year, predominantly due to the prior year including A$485.0 million in Property Development profits from the sale of the Bluewater Shopping Centre in the UK; and
- **Return on equity** ('ROE') of 12.4% is within the 11-15% target ROE range.

Key highlights by business line include:

Property Development

The Property Development segment performed strongly, delivering profit after tax of A$389.7 million led by solid trading in the Australian and European markets and the sale of Tower 1 at Barangaroo South. The prior year included the sale of the Bluewater Shopping Centre. Key achievements included:

- **Sale** of 100% of Tower 1 at Barangaroo South into Lend Lease One International Towers Sydney Trust, in which Lend Lease Trust holds a 37.5% investment;
- **New work secured**: the Group's recent focus on leveraging its urban regeneration and residential development capabilities across the global markets in which we operate has resulted in a number of key projects secured during the year, with A$0.8 billion of new projects secured in Australia, A$5.8 billion in Asia and A$2.8 billion in the Americas;
- **Finalisation** of commercial documentation with Crown Resorts Limited for the proposed development of a world-class integrated resort at Barangaroo South in Sydney, Australia;
- **Planning approvals** achieved at West Grove at Elephant Park, the next phase of the Elephant & Castle development in London, UK;
- **Commercial leasing** included new tenancies with Marsh & McLennan Companies and Servcorp at Barangaroo South taking leasing across the three towers to 66%, as well as Agreements for Lease executed with the Financial Conduct Authority and Transport for London for the first two commercial plots at The International Quarter in London, UK;
- **Launched** seven new residential apartment buildings, taking the total apartment buildings in conversion/delivery across Australia and Europe to 25;
- **Residential settlements** increased by 24% to 4,262 units reflecting continued strong trading conditions in Australia and the UK;
- **Residential pre sales** were up 109%, driven by the ongoing delivery of the Group's residential apartment pipeline in Australia and the UK; and
- **Retirement portfolio** increased through the acquisition of eight villages, adding 1,208 units to the Retirement portfolio across New South Wales, Victoria and Western Australia.

Infrastructure Development

The Infrastructure Development segment delivered profit after tax of A$103.0 million, an increase of A$86.8 million from the prior year due to origination fees received and profit on sale of the UK Facilities Management business during the year. The business is well positioned in both the Australian and American markets to contribute strongly to future earnings. Key achievements included:

- **Financial close:** the Group advised the consortium, comprising GEO, John Holland and Honeywell on the financial close of the Ravenhall Prison PPP in western Melbourne, Victoria;
- **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 PPP transaction in Australia. Following the November 2014 election in Victoria, the Victorian Government directed the East West Link Project vehicle to suspend works on the East West Link project. In June 2015, the project vehicle reached an agreement to effect a transfer to the State of the East West Connect business to provide a final resolution to the East West Link project; and
- **Financial close:** the Group also advised the consortium, comprising First State Super, John Laing, Acciona, Alstom and Transdev on the financial close of the Sydney Light Rail PPP transaction in Sydney, New South Wales.

Construction

The Construction segment delivered profit after tax of A$159.0 million, an increase of A$14.6 million from the prior year driven by strong performance from the Australian Building business, Europe and the Americas. Key achievements included:

- **New work secured** of A$11.8 billion across: Australia A$6.5 billion, Asia A$0.5 billion, Europe A$1.6 billion and the Americas A$3.2 billion;
- **Closing backlog revenue** increased by A$1.1 billion to A$17.3 billion on the strength of new projects secured in Asia, Europe and the Americas and is comprised of Building A$13.6 billion, Engineering A$2.4 billion and Services A$1.3 billion; and
- **Preferred bidder** on ~A$7 billion of new work, including the Gateway Upgrade North project in Queensland, Australia and the delivery of our internal development pipeline for Paya Lebar Central and the Lifestyle Quarter of Tun Razak Exchange in Asia and the next stages of Elephant & Castle and The International Quarter in the UK.

Investment Management

The Investment Management business has been a significant contributor to the current year delivering profit after tax of A$193.1 million. Key achievements included:

- A$2.1 billion of third party capital raised during the year, including the launch of Lend Lease One International Towers Sydney Trust, a capital raising completed by APPF Commercial and a new investment mandate in Asia to fund the Paya Lebar Central project;
- **Funds under management ('FUM')** increased due to the creation of two new investment vehicles to finance Tower 1 at Barangaroo South and Paya Lebar Central;
- **Assets under management ('AUM')** were higher than the prior year due to growth in the valuations of the underlying assets and favourable foreign exchange movements; and
- **Investments** increased due to co-investments in Lend Lease One International Towers Sydney Trust and Paya Lebar Central joint venture, in addition to additional equity contributions in Lend Lease International Towers Sydney Trust and positive revaluation gains across the portfolio.

Business Performance has Consistently Improved

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

		2015	2014	2013	2012	2011
Statutory Profit after Tax	A$m	619	823	549[1]	501	493
Operating Profit after Tax	A$m	619	823	550[1]	507	485
EPSS on statutory Profit after Tax[2]	Cents	112.4	150.8	101.2[1]	92.7	91.7
Total dividends/distributions[3]	A$m	313.2	409.8	241.5	217.5	198.7
Increase/(decrease) in closing price[4]	A$	1.92	4.76	1.15	(1.77)	1.64
Annual Total Securityholder Return[5]	%	20	62	22	(16)	27
Return on Equity[6]	%	12.4	18.2	13.6[1]	13.4	14.3

1 2013 has been adjusted to reflect the impact of first time adoption of the revised AASB 119 *Employee Benefits* standard and the new AASB 11 *Joint Arrangements* standard in 2014, with retrospective adjustment from 1 July 2012.
2 EPSS (Earnings per Stapled Security) is calculated using the weighted average number of securities on issue excluding treasury securities.
3 A$132.7 million Company dividend component franked to 25% was declared subsequent to the reporting date for June 2015.
4 Represents the movement in the security price over the year calculated using the closing security price at 30 June.
5 Represents the movements in the Group's security price, distribution yield and any return on capital over the financial year.
6 ROE is calculated as the annual statutory Profit after Tax divided by the arithmetic average of beginning, half year and year end securityholders' equity.

Performance and STI Pool

Incentives are funded by an incentive pool which represents a maximum that can be spent on incentives. Using an incentive pool ensures that there is a fair sharing of profits between securityholders and employees by capping the amount of profits that can be paid to employees. It also promotes a strong link between Group performance and STI outcomes because STI outcomes are moderated up or down by the available pool (and hence by Group performance).

Group PAT is one input into the overall determination of the STI pool. An assessment of overall profit, quality and sustainability of earnings and other financial and non financial factors are also considered. Group PAT was above target for 2015. Following an overall assessment of performance, the Board approved an STI pool at target for 2015.

Directors' Report continued

3. Remuneration Report continued

CEO Scorecard and Performance

STI outcomes are based on both the individual's performance against their personal KPIs and based on the performance of the Group (and Region for regional executives). The personal KPIs for each Senior Executive are contained in a scorecard. The Board has a rigorous process for the setting of scorecards at the start of the year and the evaluation of scorecards at the end of the year.

Scorecards for the CEO and Senior Executives generally reflect short and medium goals and long term strategic initiatives. They tend to be categorised as financial and non financial (with a weighting on each) and include the financial performance, health and safety, delivery of key projects, sale of key assets, embedding operational excellence and investing in people.

The Board also assesses each Senior Executive against Lend Lease's defined leadership capabilities (including health and safety, sustainability and diversity), values and behaviours. In this way, the STI rewards 'what' is achieved as well as 'how' it is achieved.

Lend Lease is committed to the safety and wellbeing of all of its employees. The Board's view is that safety is part of the DNA of how Lend Lease does business - it is embedded as part of the culture and the behaviours required of all Executives at all times. The Board does consider these behaviours and outcomes in assessing the overall performance of the CEO and each Executive. However, the Board makes a holistic assessment, taking into account all relevant factors, rather than have a specific safety objective (with a specific weighting) in a scorecard. While the assessment is not structured formulaically or as a 'gateway' measure, expectations are clearly communicated to the CEO and Executives that poor health and safety outcomes may lead to reduction in STI outcomes for the year.

The Board has assessed the CEO's 2015 scorecard and made an overall judgement as to whether the scorecard results fully reflect performance and the management of risk. Following the Board's assessment, the CEO's STI awarded for the year ended 30 June 2015 was A$2,187,000 (being the cash and deferred components of his STI), which equated to 125% of the CEO's target STI award. Refer to the table Remuneration Awarded by the Board on page 33 to see the total remuneration awarded to the CEO for 2015.

	PERFORMANCE MEASURES	REASON CHOSEN	PERFORMANCE ASSESSMENT	RESULT
	Financial performance – 50% weighting			
Financial	• A range of financial metrics including targets for: – PAT; – EBITDA; – EBITDA margin; – ROE; and – Cash flow from operating and investing. • Targets focused on development pipeline/ backlog. • An assessment not only of the actual result on the stated metrics but also the overall financial health of the business including, amongst other things, an assessment of the components and quality of the actual result in comparison with the budget and an assessment of each business unit's performance.	The Board believes that the combination of financial and pipeline/ backlog measures appropriately recognises the crucial short to medium drivers of longer term securityholder value creation. Further, the Board believes the assessment of the overall financial health of the business ensures that the CEO is rewarded for decisions and outcomes that are sustainable and in the long term interests of securityholders.	The targets included significant stretch: • PAT of A$618.6 milion was significantly above budget but down on the prior year predominantly due to the prior year including profits from the sale of the Bluewater Shopping Centre in the UK. This was the second highest NPAT in the last 10 years; • EBITDA of A$967.0 million was slightly below target; • Return on Equity (ROE) of 12.4% and in line with target; • Cash flow from operating and investing activities outperformed against targets, despite the net investment into the production of the development pipeline; and • The CEO has delivered outstanding securityholder returns with security price growth of 15% for the year. The Board's view is that the overall performance is very strong, apart from the Engineering business in Australia which was below target.	Exceeded Target
	Non financial performance – 50% weighting			
Strategic	A range of strategic initiatives largely focused on agreeing and executing a new five year strategy to reinforce Lend Leases leadership position and position Lend Lease for future growth and reduce earning volatility.	Having successfully completed the 'Lead' phase of the previous 'Restore, Build, Lead' strategy, the Group was in a position to formulate and begin to execute on a new five year strategy.	The CEO has evolved the Group's 5-year strategy to reinforce Lend Lease's leadership position, positioning for future growth and reduce earning volatility. The 'Focus and Grow' strategy follows on from our 'Restore Build Lead' strategy, which was in place from 2009 until 2014. The 'Focus and Grow' strategy is defined by two core concepts: **Focus**: We focus on delivering optimal performance safely at our target margins. This means investing in our people; remaining disciplined in our delivery; maximising opportunities around our integrated model and delivering on strong risk management. **Grow**: This is about targeting disciplined growth in sectors, aligned with our six major trends, where we already have deep skills as a developer, contractor, or investment manager. The opportunity lies in either taking these skills into new markets or bringing them together to create innovative integrated solutions in response to customer needs. We are always conscious of our portfolio drivers: earnings visibility, geographic and sector diversification and growth in our target areas.	At Target

	PERFORMANCE MEASURES	REASON CHOSEN	PERFORMANCE ASSESSMENT	RESULT
	Non financial performance – 50% weighting			
Strategic continued			Other strategic highlights include: • A new Lend Lease brand identity was launched for the first time in 20 years. This new visual identity symbolises the diverse international Lend Lease business coming together as one Lendlease, ready to embark on the next evolution of the Lend Lease strategy. • The Group's recent focus on leveraging its urban regeneration and residential development capabilities across the global markets in which we operate has resulted in a number of key projects secured during the year, with A$8.0 billion of new major projects secured including, A$5.8 billion in Asia and A$2.8 billion in the Americas. • Growth in apartment backlog across urban areas including Lend Lease's first apartments in Asia and Americas. • Maintained focus on core growth initiatives including Urban Regeneration, Healthcare and Infrastructure. • Disciplined recycling of capital deployed has allowed an increase in development production without straining the balance sheet.	
People	A range of metrics focused on developing leadership capability and identifying and retaining key talent, including specific metrics for: • Broadening and deepening succession pools; • Increasing the female leadership pipeline; • Increasing employee engagement scores in focus areas; and • Expand Health, Safety and Environment focus.	Having the right people in management and senior leadership roles is critical to our long term success. The CEO plays an important role in this process and he is assessed on his ability to manage talent and succession risks at senior management levels.	The CEO has exceeded specific targets in respect of succession plans for key leadership roles and has met gender diversity targets in respect of leadership roles: • Zero fatalities for a second year in a row. • 83% of operations have not had a critical incident in the last 12 months. However, reducing the rate of critical incidences has been a challenge and has been given renewed focus this year and for the year ahead. • The leadership pipeline (including the female leadership pipeline) was increased in excess of the target set. • Targets for retaining top talent have been exceeded. • Lend Lease remains a top 10 best employer for Lesbian, Gay, Bisexual and Transgender (LBGT) employees in Australia in 2015. • Global sustainability framework enhanced and embedded within key processes. • Significant improvement in employee engagement scores against a benchmark for high performing organisations as defined by Towers Watson.	Exceeded Target
Operational Excellence	Specific operational targets focused on flagship projects, integration of acquired businesses, operational efficiencies, key agreements, and managing underperforming parts of the portfolio.	Delivery on key projects transforming the business through managing underperformance and generating efficiency savings not only delivers short term return, but builds a foundation for long term success. Very specific measures and initiatives are identified to ensure Lend Lease manages such things to enable delivery of long term objectives.	Overall, the Board has determined that the CEO has met targets in respect of operational excellence. It is now the second year without a reported fatality and key projects are progressing well. The CEO has again made significant progress to successfully resolve the number and value of underperforming projects and assets, although there continues to be underperformance in some business units which require additional focus in FY16. There is also record pre sales of A$5.2 billion and increased development backlog, including a significant reweighting to offshore markets: • Development pipeline increased by 19% to A$44.9 billion. • Funds under management increased by 31% to A$21.3 billion. • Closing backlog revenue increased by A$1.1 billion to A$17.3 billion on the strength of new projects secured in Asia, Europe and the Americas. • In the Americas, the securing of three new development opportunities in targeted gateway cities with a combined A$2.8 billion maximum end development value. • Ensured Asia region focused on the origination of new urban regeneration developments, including Paya Lebar Central and the Lifestyle Quarter at Tun Razak Exchange, positioning the business well for future periods. • Achieving a successful agreement to effect a transfer to the State of the East West Connect business to provide a final resolution to the East West Link project.	At Target

Directors' Report continued

3. Remuneration Report continued

b. Remuneration Disclosures

In this section, we summarise the value of remuneration for the CEO and each Senior Executive. In addition to the required statutory table (based on the accounting disclosures), we have set out the Remuneration Awarded and the Actual Remuneration Received. The additional tables provide a more complete illustration of our approach to executive remuneration. An explanation of the differences between the tables is set below.

Remuneration Awarded by the Board in Respect of this Year

Remuneration Awarded illustrates what the Board awarded in relation to performance for this financial year. Some of these amounts have not yet been actually received and are 'at risk' and deferred until future financial years (such as the Deferred STI) and subject to future performance hurdles (such as the LTI).

Actual Remuneration Received in 2015

Actual Remuneration illustrates the actual fixed remuneration received this year as well as: (a) any amounts received in cash in this year from any prior year's awarded incentives (irrespective of whether they related to this year's Remuneration Awarded), and (b) the value of any deferred awards (including Deferred STI and/or LTI) that vested in this year.

Statutory Disclosures – Remuneration of the CEO and Senior Executives for the Years Ended 30 June 2015 and 2014

Statutory Remuneration is prepared in accordance with Australian Accounting Standards. It includes fixed remuneration, the cash portion of 2015 STI awarded (paid in September 2015), as well as the current year amortisation of both current and historic STI and LTI grants. There is also a reconciliation between the CEO's actual remuneration received in 2015 and the statutory remuneration disclosure.

Remuneration Awarded by the Board for the Year Ended 30 June 2015

The Remuneration Awarded by the Board to the CEO and Senior Executives in relation to performance this year is set out in the table below.

The total STI awarded (being the sum of the Cash STI and deferred securities) reflects the result of the assessment of Group and individual performance from 1 July 2014 to 30 June 2015. The table also shows the STI outcome for each Senior Executive as a percentage of both target and maximum STI opportunity.

Deferred securities issued as part of the overall STI award may vest after a further one and two years. The value of deferred securities will depend on the price of Lend Lease securities at the date of vesting.

The amount actually received as a result of these awards will not be known until September 2018 when the testing of the LTI performance hurdle is completed, the vesting of STI deferred awards is completed and the value of Lend Lease securities is known.

A$000s[6]	SHORT TERM		'AT RISK' – DEFERRED TO FUTURE PERIODS			TOTAL POTENTIAL REMUNERATION	STI OPPORTUNITY		LTI FACE VALUE[7]
			STI DEFERRED SECURITIES TO VEST IN						
Name	Fixed remuneration[1]	STI cash[2]	Sept 2016	Sept 2017	2015 LTI awards (conditional on future performance)[3]	(Actual value is dependent upon future service and future performance)	% of target STI paid	% of maximum STI paid	Face Value
Stephen McCann	2,034	1,021	583	583	2,000	6,221	125%	83%	2,872
Tarun Gupta	1,000	585	360	360	400	2,705	145%	97%	574
Denis Hickey[4]	1,325	612	334	334	350	2,955	115%	77%	503
Anthony Lombardo	1,000	495	270	270	400	2,435	115%	77%	574
Daniel Labbad	1,208	575	321	321	350	2,775	120%	80%	503
Rod Leaver	1,284	409	205	205	300	2,403	75%	50%	431
Robert McNamara	1,222	564	308	308	370	2,772	115%	77%	531
David Saxelby[5]	1,100	-	-	-	420	1,520	0%	0%	603

1 Fixed remuneration includes the contractually awarded amount of Total Package Value (including the value of any benefits salary sacrificed) but excluding any allowances or non monetary benefits.
2 The STI cash refers to the portion of the STI award for the year ended 30 June 2015 that will be paid in cash in September 2015. As outlined on page 42, the STI cash portion reflects 50% of the STI awarded up to an executive's target STI and one-third of the STI awarded above their target.
3 LTI awards were granted on 1 September 2014. The value in the table above reflects the estimated fair value as distinct from the accounting fair value used in the Statutory Disclosures on page 35. The allocation is made on a fair value basis to provide a value per performance security reflective of the target value in the hands of the executives based on an estimate of the impact of the performance hurdles. Further explanation is provided on page 43.
4 Denis Hickey became KMP on 27 August 2014 when he was appointed Chief Executive Officer, Americas. The amounts in the table above represent his total remuneration awarded and are not pro rated for his time as KMP.
5 David Saxelby was KMP up until 17 March 2015 when he ceased to be a member of the Global Leadership Team. The amounts in the table above represent his total remuneration awarded and are not pro rated for his time as KMP.
6 All executives are paid in local currency but reported in the above table in AUD based on the following 12 month average historic foreign exchange rates: GBP 0.53 (applied to Daniel Labbad), SGD 1.09 (applied to Rod Leaver), USD 0.83 (applied to Robert McNamara and Denis Hickey).
7 LTI allocation is made on a fair value basis - refer page 43 for a detailed explanation of the rationale and allocation methodology. Face value is calculated using the security price at the date of grant (A$13.53).

Actual Remuneration Received in 2015

The table below outlines the Actual Remuneration Received by the CEO and by Senior Executives during the performance year. It is divided into two parts – 2015 Current Year Remuneration and Prior Year Remuneration.

2015 Current Year Remuneration represents fixed remuneration as well as the cash portion of the 2015 STI due to be paid in September 2015. Prior Year Remuneration represents deferred remuneration that was awarded in prior years that was paid or vested this year (with the value shown being the value of the securities at the vesting date).

Actual Remuneration received is different from:

- The Remuneration Awarded by the Board in relation to 2015 performance (which is set out on page 33). Actual Remuneration includes remuneration for this and previous years, whereas the Remuneration Awarded is wholly in respect of the current year; and
- The Statutory Remuneration disclosures (on page 35) which are prepared in accordance with the relevant accounting standards and represent a blend of actual amounts and accounting accruals.

A$000s[7]	2015 CURRENT YEAR REMUNERATION		PRIOR YEAR REMUNERATION			
Name	Fixed remuneration[1]	2015 STI cash[2]	STI deferred securities[3]	2011 LTI (Sept 10 grant)[4]	2012 LTI (Sept 11 grant)[4]	Total
Stephen McCann	2,095	1,021	2,742	1,393	1,198	8,449
Tarun Gupta	1,058	585	733	294	251	2,921
Denis Hickey[5]	1,815	612	490	-	-	2,917
Anthony Lombardo	1,000	495	830	294	256	2,875
Daniel Labbad	1,716	575	855	305	276	3,727
Rod Leaver	1,466	409	879	395	324	3,473
Robert McNamara	1,426	564	1,585	834	250	4,659
David Saxelby[6]	1,100	900	435	-	-	2,435

1 Fixed remuneration includes salary, non monetary benefits (excluding accrued annual leave expense) and superannuation.
2 The STI cash refers to the portion of the STI award for the year ended 30 June 2015 that will be paid in cash in September 2015. As outlined on page 42, the STI cash portion reflects 50% of the STI awarded up to an executive's target STI and one-third of the STI awarded above their target. Note the value disclosed above as 2015 STI Cash for David Saxelby reflects the expense for FY15 in respect of a sign-on bonus provided to David Saxelby when he joined Lend Lease in 2012. David Saxelby's STI awarded for FY15 (as disclosed in the Remuneration Awarded table) was $nil.
3 STI deferred securities refers to the amounts deferred in prior years that vested in the current year. This is calculated as the face value of the award at the date of vesting. The value for Robert McNamara includes A$913k in deferred incentives awarded to Mr McNamara in 2011 and 2012 specifically to support the significant turnaround required in the American business. For further information, refer to page 51.
4 LTI refers to the LTI awards granted in prior years that vested in the current year. This is calculated as the face value of the award at the date of vesting.
5 Denis Hickey became KMP on 27 August 2014 when he was appointed Chief Executive Officer, Americas. The amounts in the table above represent his total remuneration awarded and are not pro rated for his time as KMP.
6 David Saxelby was KMP up until 17 March 2015 when he ceased to be a member of the Global Leadership Team. The amounts in the table above represent his total remuneration awarded and are not pro rated for his time as KMP.
7 All executives are paid in local currency but reported in the above table in AUD based on the following 12 month average historic foreign exchange rates: GBP 0.53 (applied to Daniel Labbad), SGD 1.09 (applied to Rod Leaver), USD 0.83 (applied to Robert McNamara and Denis Hickey).

Directors' Report continued

3. Remuneration Report continued

b. Remuneration Disclosures continued

Statutory Disclosures – Remuneration of the CEO and Senior Executives for the Years Ended 2015 and 2014

A$000s[9]		SHORT TERM BENEFITS			POST-EMPLOYMENT BENEFITS	SECURITY BASED PAYMENTS[5]			
Name	Year	Cash salary[1]	STI cash[2]	Non monetary benefits[3]	Superannuation[4]	LTI equity settled	STI equity settled	Other long term benefits[6]	Total
Executive Director									
Stephen McCann	2015	2,015	1,021	131	19	1,643	1,532	30	6,391
	2014	1,989	1,079	94	24	1,232	1,741	30	6,189
Senior Executives									
Tarun Gupta	2015	968	585	-	90	325	613	15	2,596
	2014	927	546	25	102	245	441	14	2,300
Denis Hickey[7]	2015	1,382	515	148	14	161	509	-	2,729
Anthony Lombardo	2015	981	495	49	19	328	598	15	2,485
	2014	971	518	-	18	250	527	15	2,299
Daniel Labbad	2015	1,382	575	194	169	319	616	16	3,271
	2014	1,202	560	105	89	259	524	16	2,755
Rod Leaver	2015	1,448	409	23	-	307	379	-	2,566
	2014	1,244	333	396	-	269	526	-	2,768
Robert McNamara	2015	1,334	564	132	7	311	820	-	3,168
	2014	1,080	611	97	28	294	815	-	2,925
Former executives									
David Saxelby[8]	2015	767	554	38	13	582	307	11	2,272
	2014	1,082	347	54	18	111	360	16	1,988

1 Cash salary includes the payment of cash allowances such as housing and motor vehicle allowance and holiday pay on termination.
2 STI cash refers to the portion of the STI award for the year ended 30 June 2015 that will be paid in cash in September 2015. As outlined on page 42, the STI cash portion reflects 50% of the STI awarded up to an executive's target STI and one-third of the STI awarded above their target.
3 Non monetary benefits may include items such as car parking, relocation and expatriate benefits (such as house rental, health insurance, shipping of goods and tax return preparation) motor vehicle costs, travel benefits and annual leave.
4 Superannuation includes the value of pension contributions for non Australian based executives (previously disclosed as non monetary benefits). Tarun Gupta participated in the defined benefits superannuation plan which was partially closed 30 September 2014. The amount in the table above reflects the cost of contributions based on the actuarial long term contribution rate applied to the notional salary in respect of the executive to 30 September 2014. Lend Lease also directed the Trustee to pay to each member an amount determined by the Actuary, projecting into the future based on reasonable assumptions, such that each member was not expected to be adversely affected by the closure at any age up to 65.
5 The amounts for security based payments reflect the accounting expense on a fair value basis. The LTI is based on the accounting fair value at the date of grant.
6 Other long term benefits represent the accrual of long term leave entitlements (e.g. long service leave).
7 Denis Hickey became KMP on 27 August 2014 when he was appointed Chief Executive Officer, Americas. The information for the current year reflects his remuneration for the time he was KMP being the period 27 August 2014 to 30 June 2015.
8 David Saxelby was KMP up until 17 March 2015 when he ceased to be a member of the Global Leadership Team. The information for the current year reflects his remuneration for the time he was KMP being the period 1 July 2014 to 17 March 2015. The security based payments expense for the current period has been recalculated, in line with accounting standards, to reflect full entitlement to the unvested securities (but still subject to the original vesting conditions) through to the anticipated date on which David Saxelby ceases to provide services to the Group. Note the value disclosed above as STI Cash for David Saxelby reflects the expense for FY15 in respect of a sign-on bonus provided to David Saxelby when he joined Lend Lease in 2012. David Saxelby's STI awarded for FY15 (as disclosed in the Remuneration Awarded table) was $nil.
9 All executives are paid in local currency but reported in the above table in AUD based on the following 12 month average historic foreign exchange rates: GBP 0.53 (applied to Daniel Labbad), SGD 1.09 (applied to Rod Leaver), USD 0.83 (applied to Robert McNamara and Denis Hickey).

Reconciliation of 2015 Statutory Remuneration with Actual Remuneration Received for the CEO

The following table shows the difference between the CEO's Actual Remuneration Received (page 34) and the Statutory Remuneration disclosure (page 35).

Description	A$000's	Vesting year[1]
2015 Total Actual Remuneration Received	8,449	
Less 2011 LTI vesting	(1,393)	2015
Less 2012 LTI vesting	(1,198)	2015
Less Deferred STI vesting	(2,742)	2015
Accrued annual leave and long service leave expense	100	
2013 & 2014 STI award – deferred securities component	1,532	2016 and 2017
LTI awards – Accounting expense:		
• 2010/2011 LTI	19	2015
• 2011/2012 LTI	140	2015 and 2016
• 2012/2013 LTI	273	2016 and 2017
• 2013/2014 LTI	633	2017 and 2018
• 2014/2015 LTI	578	2018 and 2019
Total remuneration (statutory disclosures)	**6,391**	

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

Comparison of Remuneration Tables

The table below provides a comparison of the information included in each of the three remuneration presentations above (on pages 33 to 35).

Disclosure	Period covered	Fixed remuneration	STI	STI deferral	LTI
Awarded	Remuneration disclosed will relate to both the time in their current role (as KMP) and any other role they have held at Lend Lease during the financial year.	Fixed remuneration includes the contractually awarded amount of Total Package Value/Base Salary from 1 September 2014 or later. It excludes annual leave and long service leave accruals.	The cash portion of the STI award that will be made in September 2015 for year ended 30 June 2015. (That is, the cash STI physically paid after year end but in respect of the 2015 financial year.) Note: this only covers the cash portion. Refer 'STI deferral' column for the treatment of the Deferred STI.	The deferred securities portion of the STI earned in respect of the year ended 30 June 2015 but deferred until September 2016 and 2017.	The estimated fair value of 2015 LTI grants made in September 2014. As described on page 43, these vest in 2017 and 2018 and are subject to relative TSR and ROE hurdles (as explained in detail on page 43).
Actual Received	Same period as Awarded. That is, remuneration disclosed will relate to both the time in their current role (as KMP) and any other role they have held at Lend Lease during the financial year.	Represents the sum of the Statutory disclosures (below) for cash salary, non monetary benefits and superannuation but excludes the movement in annual leave accrual (which is included as a non monetary benefit in the Statutory table).	Same as Awarded, being the cash portion of the STI award that will be made in September 2015 for year ended 30 June 2015.	The value of any Deferred STI which vested during this financial year. The value shown represents the value at the date of vesting. The Deferred STI which vested in this year were granted in 2013 and 2014 and vested in September 2014.	The value of any LTI which vested during this financial year (specifically in September 2014). The value shown represents the value at the date of vesting. The LTI which vested in this year were awarded in 2011 and 2012.
Statutory	Only shows remuneration for the time the executive was KMP.	The Statutory disclosures include a value for cash salary, non monetary benefits, superannuation and other long term benefits in line with statutory remuneration disclosure requirements. Non monetary benefits also includes the movement in annual leave accrual.	The cash portion of the STI award made in September 2015 for the year ended 30 June 2015. (That is, the cash STI physically paid after year end but relating to this year's performance.) Note: this only covers the cash portion. Refer 'STI deferral' column for the treatment of the Deferred STI.	Represents the accounting expense in respect of any Deferred STI from 2013 and 2014, less an adjustment for any amounts forfeited.	The accounting expense attributed to this financial year for LTI awards made in the 2011, 2012, 2013, 2014 and 2015 financial years.

Directors' Report continued

3. Remuneration Report continued

c. Remuneration Governance

Robust governance is a critical part of a rigorous approach to executive remuneration.

Board

The Board has overall responsibility for executive remuneration at Lend Lease. The Board assesses the performance of, and determines the STI outcome for, the CEO.

People and Culture (P&C) Committee

The People and Culture Committee was formerly known as the Personnel and Organisation Committee and consists entirely of Non Executive Directors. The name of the committee was changed in July 2015 to reflect the broader people and culture responsibility of the Committee. The Committee's agenda reflects the importance of human capital to the Group's strategic and business planning and it assists the Board in establishing appropriate policies for people management and remuneration across the Group.

- The P&C Committee assists the Board in determining executive remuneration at Lend Lease. In making recommendations to the Board, the P&C Committee has unrestricted access to Senior Management and Company records and obtains independent advice from outside experts.
- The P&C Committee consults with securityholders and other stakeholders.
- The P&C Committee approves the assessment of performance against KPIs and the final STI outcomes for Senior Executives (after considering the recommendations of the CEO).
- The P&C Committee met five times in 2015 and consists only of independent Non Executive Directors:
  J S Hemstritch – Chairman
  C B Carter – Member
  D J Ryan – Member
- In addition, the Risk Management and Audit Committee provides expertise in ensuring that Lend Lease's remuneration arrangements appropriately incorporate risk within the context of Lend Lease's broader risk management framework.

Management

Management makes recommendations to the P&C Committee in relation to developing and implementing the Executive Reward Strategy and structure. The CEO also provides his recommendations on pay and STI performance outcomes for his direct reports.

Independent Remuneration Advisor (PwC)

- The Board has appointed PwC as its independent remuneration advisor.
- Strict governance protocols were observed to ensure PwC's advice to the P&C Committee was made free from undue influence by KMP.
- During the year, PwC did not provide a remuneration recommendation as defined in section 9B of the *Corporations Act 2001*.

PwC provided advice on aspects of the remuneration of the KMP including:

- Market practice on executive remuneration structure; and
- Commentary on positioning of the CEO and Senior Executives' remuneration against the market.

PwC's advice was made free from undue influence by any of the KMP. Although a remuneration recommendation was not provided, consistent with good governance, the following arrangements were made to ensure that PwC's advice was free of undue influence:

- PwC was engaged by, and reported directly to, the Chair of the P&C Committee;
- The agreement for the provision of remuneration consulting services was executed by the Chair of the P&C Committee on behalf of the Board;
- Reports delivered by PwC were provided by PwC directly to the Chair of the P&C Committee; and
- PwC was permitted, where approved by the P&C Committee Chair, to speak to management to understand Company processes, practices and other business issues and obtain management's perspectives. PwC has declared that they have not been unduly influenced by the KMP in carrying out their duties.

As a consequence, the Board is satisfied that advice and market data provided by PwC was made free from undue influence from any of the KMP.

Setting Remuneration Levels

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

Remuneration is reviewed annually by the P&C Committee for the CEO and Senior Executives (or during the year if there are any role changes or new executive appointments). Strict governance guidelines are followed, as outlined above.

Peer group and primary sources of data	The P&C Committee typically uses a number of sources for benchmarking CEO and Senior Executive remuneration including: • Data provided by the Board's remuneration advisor, PwC, about remuneration delivered to similar type roles in companies of a similar size. – for Australian-based executives, we refer to companies listed on the ASX that are ranked between 26 and 75 by market capitalisation (excluding companies domiciled overseas and property trusts where management is not typically employed by the trust). Consideration is also given to factors such as revenue. – relevant local comparator groups for executives based in other countries. • Publicly available data for comparable roles at peer organisations in Australia (including CIMIC (formerly Leighton), Mirvac and Stockland); and • Published remuneration surveys, remuneration trends and other data sourced from Mercer, Aon Hewitt, FIRG, Hay Group, Ernst & Young, Avdiev and others.
Market positioning	Fixed remuneration is set with reference to the market median and 75th percentile. The positioning will depend upon the specific nature of the role, the individual's performance and the overall remuneration mix. The remuneration outcomes for each Senior Executive will also take into consideration the target remuneration mix under the Executive Reward Strategy (as set out on page 39).
Application of data to Lend Lease CEO and Senior Executives	The P&C Committee has applied a number of principles when applying remuneration benchmarks to Lend Lease roles. These principles include: • Understanding the relative size, scale and complexity of the organisations in the data set (to ensure a fair comparison is made to organisations with similar global breadth and operational complexities as Lend Lease); • Understanding the relative size, scale and complexity of the roles in the data set; • Recognising an individual's tenure, position, experience and performance; • Differentiating risk profiles between roles when reviewing pay mix; • Considering key talent including an emphasis on where we source talent from and where we lose talent to; and • Considering internal relativities, role and/or person criticality; and key talent and succession risk. In addition to the above, when setting remuneration levels, the P&C Committee takes into account Group and regional performance and the positioning of the Lend Lease executive relative to the market.

Directors' Report continued

3. Remuneration Report continued

c. Remuneration Governance continued

Remuneration Mix

Securityholder alignment and longer term focus through significant incentive deferral

The remuneration mix is structured so that a substantial portion of remuneration is delivered as Lend Lease securities (through either Deferred STI or LTI). This, along with the Mandatory Securityholding requirement (set out on page 40), ensures that the interests of executives are aligned with securityholders. In the case of the CEO in 2015, more than half of his remuneration is delivered as Lend Lease securities over a period of up to four years. As shown below, the Remuneration Awarded (refer page 33) to Senior Executives is delivered over a period of up to four years, over which time the Senior Executive is exposed to movements in the security price on any deferred amounts.

Year 1	Year 2	Year 3	Year 4	Year 5 and beyond
Fixed remuneration				
Cash STI				
Deferred STI for 1 year			The CEO and Senior Executives must maintain a holding of Lend Lease securities until the mandatory holding requirement is achieved	
Deferred STI for 2 years				
LTI 3 year performance period				
LTI 4 year performance period				

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

The remuneration framework consists of three different components – fixed remuneration, Short Term Incentives and Long Term Incentives. The relative weighting of each component is referred to as the 'remuneration mix'.

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

Percentage of Total Target Remuneration

	Fixed Remuneration (annual)	STI cash	Deferred STI (Delivered as deferred securities vesting one and two years from grant)	LTI (vesting three and four years from grant)
Group CEO	30% – 35%	20% – 25%	20% – 25%	33%
Senior Executives	40% – 55%	20% – 25%	20% – 25%	20%

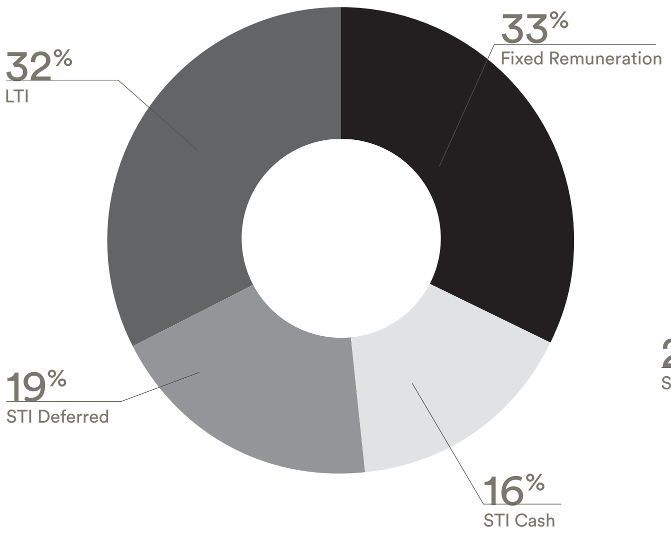
The remuneration mix percentages above reflect the desired remuneration mix for the CEO and Senior Executives. To the extent that any Senior Executive is not currently paid in line with this preferred remuneration mix, it is intended that future adjustments to remuneration will be made so as to, over a period of time, move the Senior Executive toward the desired remuneration mix (while taking into account the market benchmarking outlined on page 38). The Board anticipates this will mean that market adjustments for 2016 and beyond will be delivered predominately through increased LTI participation until the Board achieves its targeted remuneration mix (while allowing for adjustments to other components of remuneration where the market data indicates changes are required and/or where other factors used in determining an individual's remuneration change).

Further, the remuneration mix based on Remuneration Awarded (set out on page 33) may be different to the target remuneration mix (shown above) based on performance.

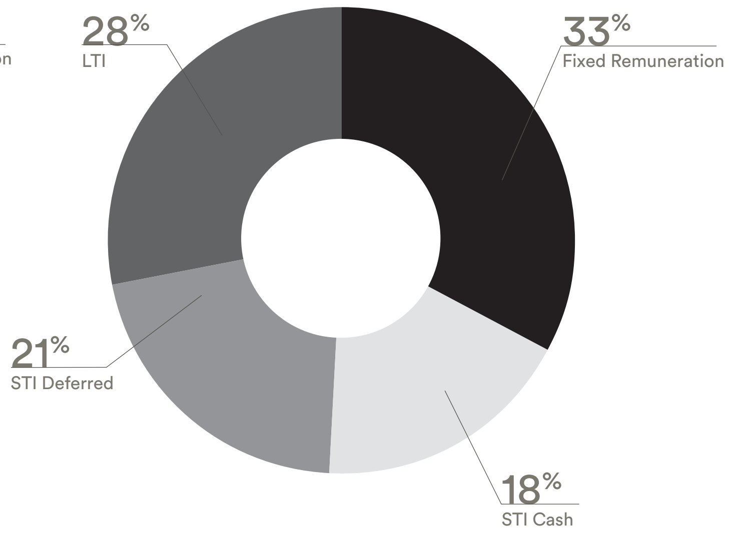
CEO Remuneration Mix

The charts below illustrate the percentage of the CEO's total remuneration awarded that is made up of fixed remuneration, STI (both cash and deferred) and LTI for 2014 and 2015.

2015



2014



Mandatory Securityholding

The Mandatory Securityholding requires the CEO and Senior Executives to hold a minimum amount of Lend Lease securities so that they have a significant personal investment in Lend Lease. Along with the Deferred STI and LTI, the Mandatory Securityholding provides additional alignment with securityholders and encourages the CEO and Senior Executives to consider long term securityholder value when making decisions.

Since the 2013 financial year, the CEO and other Senior Executives are required to accumulate and maintain a holding of Lend Lease securities calculated with reference to their fixed remuneration (divided by the security price to determine a number of securities that must be held). In the case of:

- The CEO – the requirement is 150% of Total Package Value ('TPV'); and
- Senior Executives – the requirement is 100% of TPV or 100% of base salary for Senior Executives outside of Australia.

The mandatory holding for each Senior Executive is outlined below. The number of securities has decreased in FY15 as a result of the increased security price during the prior period.

Executive	Total number of securities held by the Senior Executive as at 30 June 2015	Number of securities required under the Mandatory Securityholding as at 30 June 2015
Stephen McCann	712,487	229,000
Tarun Gupta	75,760	75,000
Denis Hickey	22,250	88,000
Daniel Labbad	100,415	96,000
Rod Leaver	109,534	89,000
Anthony Lombardo	173,251	75,000
Robert McNamara	267,185	83,000

Personally held securities may be counted towards the requirement. Importantly, unvested deferred securities and unvested LTI awards do not count toward this mandatory holding.

It is required that all executives should achieve the mandatory holding requirement within six years of appointment as KMP.

To ensure Senior Executives meet the required minimum, Lend Lease will impose a disposal restriction on 50% of any Senior Executives' Deferred STI or LTI that vest until such time as the Senior Executive meets the mandatory securityholding requirements (for Senior Executives in Australia). This disposal restriction means that the Senior Executive will not be able to sell these securities until such time as Lend Lease agrees to lift the disposal restriction.

Directors' Report continued

3. Remuneration Report continued

d. How Rewards are Linked to Performance

Short Term Incentives (STI)

STIs are based on performance against a scorecard of financial, strategic and non financial KPIs and Group and Regional performance

STI design	How the STI works
Overview	• STI awards are only provided where executives perform well against their individual scorecard of Key Performance Indicators (KPIs) and leadership capabilities. The KPIs include financial, strategic and operational goals. The Lend Lease leadership capabilities include safety, sustainability, diversity, values and behaviours. Combined, the STI rewards both 'what' is achieved as well as 'how' it is achieved. • The funding model ensures a robust link between individual outcomes and Group performance to encourage all executives to think about both Group and individual goals. • A significant portion of a Senior Executive's STI is delivered as deferred securities. This encourages Senior Executives to deliver sustainable performance and aligns the interests of executives and securityholders.
STI funding	• The pool of funds available to reward executives under the STI plan is determined by direct reference to Group financial performance and, where relevant, regional financial performance. • Pool funding levels are set by the Board and correspond to threshold, target and stretch levels of PAT achievement. In determining the pool of funds available, the Board also considers the overall financial health of Lend Lease and the sustainability and quality of earnings. • Typically, if profit performance is above target, sufficient funds will be available to pay average awards above target. Payments to individual executives are capped at 150% of their target STI. • Conversely, if PAT performance is below target, average STI awards will be below target. The CEO's and Senior Executives' awards will be determined based on their overall performance rating and contribution, relative to other executives.
STI targets	• STI is based on 'target opportunities' which are set using the remuneration mix outlined on page 39. • The minimum possible STI outcome is zero and the maximum possible STI outcome is 150% of the CEO's and Senior Executives' target STI opportunity. For a Senior Executive to earn their maximum STI, outstanding individual performance must be coupled with above target financial performance by the Group and/or relevant region. • The CEO and Senior Executives receive notification of a target STI opportunity annually.
STI key performance indicators	• STI outcomes are based on performance during the financial year, primarily measured through the use of the CEO and Senior Executive scorecards. • The CEO and Senior Executive scorecards consist of measures relating to financial performance, people, strategy formulation and execution, and management and operational excellence. These KPIs flow from Lend Lease's short, medium and long term strategic and business goals. The 2015 KPIs were aligned to the execution of the 'Lead' phase of the Group's strategy. • The CEO 2015 scorecard (approved by the Board) and performance against the scorecard is set out in summary on pages 31 and 32. • Senior Executives are subject to a similar scorecard reflecting Group or regional goals as appropriate. • Financial measures focus on PAT, financial performance, cash flow and capital management. Non financial measures include achievement of strategic and operational excellence objectives as well as the successful implementation of safety and people leadership goals. • Lend Lease is committed to the safety and wellbeing of all of its employees. Rather than have a specific safety objective (with a specific weighting), safety is a specific outcome that the Board takes into account in assessing the overall performance of the CEO and each Executive. While it is not structured formulaically or as a 'gateway' measure, expectations are clearly communicated to the CEO and Executives that poor safety outcomes may lead to reduction in STI outcomes for the year. • The P&C Committee also assesses each Senior Executive against Lend Lease's defined leadership capabilities (including safety, sustainability and diversity), values and behaviours. In this way, the STI rewards 'what' is achieved as well as 'how' it is achieved.

<table>
<tr><th>STI design</th><th>How the STI works</th></tr>
<tr><td>How the STI is delivered</td><td>

The actual STI award is delivered as a mix of cash and Deferred STI. The Deferred STI may be settled in Lend Lease securities or in cash as determined by the Board. The significant portion (at least 50%) delivered as deferred securities encourages executives to deliver sustainable performance.
For STI awards up to ‘target’, 50% of the STI awarded is paid in cash in September following the performance year. The remaining 50% is deferred and delivered as Lend Lease securities. 50% of the deferred portion (i.e. 25% of the total award) vests one year after the grant and the other half of the deferred portion vests after two years.
For ‘above target’ STI awards, the above target portion is delivered one-third as cash and two-thirds deferred on the same basis as set out above.
Distributions are not paid on any unvested Deferred STI.
In calculating the value of the amount of Lend Lease securities or cash provided on vesting of any Deferred STI, the value of any distributions made during the vesting period is taken into consideration.
Lend Lease intends to purchase securities on market around September each year to satisfy Deferred STI awards. These securities are held in an employee share plan trust until vesting.

</td></tr>
<tr><td>Malus</td><td>

The Board has the discretion to forfeit part or all of any unvested Deferred STI awards prior to their vesting where it transpires that the award(s) would provide a participant with a benefit that was unwarranted, or inappropriate:

For deferred securities allocated after 1 July 2012, the Board may reduce the number of deferred securities that may vest in the case of a material misstatement of the Group’s financial accounts.
For deferred securities allocated after 1 July 2013, enhanced malus provisions apply.

It is anticipated that this will only be exercised in exceptional circumstances, including where the Board, acting reasonably, determines that:

There has been a material misstatement in the Group’s consolidated financial statements or those of any company in the Group including any misstatement which may be required to be disclosed to the ASX or any relevant regulator or other authority; or
The participant has engaged in misconduct, or other dereliction of duty (whether or not that misconduct or dereliction of duty would warrant summary dismissal), which the Board reasonably considers either has had, or may have, a serious impact for the Group or the relevant Group entity, whether financial, reputational, operational or otherwise.

The Board will be entitled to consider whether it is appropriate to exercise this discretion in respect of awards for all participants in a particular plan, in a region, in a business, in a team or for specified participants only.
In considering the best interests of the Group, the Board would be required to take into account relevant information including:

The individual’s level of responsibility, accountability and influence for the incident or event;
The quantum of any actual loss or damage;
Whether the Group’s directions, policies or practices have been breached;
Whether any known information at the time of the action or inaction was deliberately withheld; and
Any other circumstances the Board considers relevant to an assessment of the participant’s conduct and the seriousness of its impact for the Group.

The Board may also consider retaining the discretion to delay vesting of any unvested Deferred STI in the event it is reviewing whether to exercise such a discretion to reduce or forfeit unvested awards:

The CEO may exercise discretion under this policy in lieu of the Board for participants who are not Senior Executives. Where such discretion is exercised by the CEO, the CEO will notify the Board.

</td></tr>
<tr><td>Termination</td><td>

Malus provisions work alongside the existing provisions in the deferred securities terms that allow the Board to adjust unvested awards on termination of employment. In particular:

If an employee is terminated for fraud or other serious misconduct, unvested deferred securities will lapse;
Where an employee is terminated for poor performance, the Board can adjust the number of unvested deferred securities at the time of termination; and
Deferred securities are forfeited by the individual if they resign or are terminated for cause during the vesting period.

For ‘good leavers’, the STI grant may remain on foot subject to the original vesting date.
In exceptional circumstances (such as death or total and permanent disability), the Board may exercise its discretion and pay the award at the time of termination of employment.

</td></tr>
<tr><td>Mandatory Securityholding</td><td>

Mandatory Securityholdings for the CEO and other Senior Executives will be accumulated as grants of deferred securities awarded from September 2012 begin to vest.

</td></tr>
<tr><td>Hedging</td><td>

Deferred securities are subject to the Securities Trading Policy, which prohibits executives from entering into any type of ‘protection arrangements’ (including hedging, derivatives and warrants).

</td></tr>
</table>

Directors' Report continued

3. Remuneration Report continued

d. How Rewards are Linked to Performance continued

Long Term Incentives (LTI) (current year)

LTI is designed to reward our Senior Executives for achievement of long term value creation for securityholders

The LTI plan was reviewed in 2013 as part of the comprehensive review of the Executive Reward Strategy. In this section, we summarise the key features of the 2015 LTI plan (granted September 2014). The same features applied to the 2014 plan (granted September 2013). Following this table, we have also included a summary of the key features of the 2011, 2012 and 2013 grants as LTI remains unvested in respect of these years.

The key features of the 2015 plan (granted September 2014) are:

LTI design	How the LTI works
Overview	• LTI awards are designed to reward Senior Executives for delivering on Lend Lease's long term strategy and for delivering sustained long term securityholder value. • LTI awards align the interests of Senior Executives and securityholders because of the Senior Executives' exposure to the Lend Lease security price and through performance measures strongly tied to securityholder value. • This year's LTI will vest half against a relative Total Shareholder Return (TSR) hurdle and half against a Return on Equity (ROE) hurdle. • Half of the LTI for each performance measure is tested after three years and half after four. • Relative TSR is measured against the S&P/ASX 100 companies. • ROE is measured against an absolute measure with progressive vesting between 11% and 15%.
Performance securities	• An annual grant of 'performance securities' is made to a limited number of executives. • The allocation is made on a fair value basis to provide a value per performance security more reflective of the target value in the hands of the executives. The fair value is based on an estimate of the impact of the performance hurdles. For the TSR portion of the LTI, a discount of 35% is applied. 25% is applied to the ROE portion. This discount was determined to be appropriate after the Board took extensive advice by external valuation experts. Importantly, when Lend Lease introduced the fair value allocation methodology in 2014, the dollar value into which the fair value was divided was reduced by a similar discount to ensure there was no windfall gain to the Senior Executives. • The Board intends that the awards be settled in Lend Lease securities, although the award may be settled in cash or other means at the Board's discretion.
Performance period	• 50% of the performance securities are assessed over a three year period. If the hurdle is not fully achieved at this time, those performance securities that have not vested will lapse. • The remaining 50% of the performance securities are assessed after four years. • There is no retesting on any portion of the LTI grant. If the performance hurdle is not met at the time of testing, the awards are forfeited. • This performance period was chosen as the Board believes that the time frame appropriately reflects a balance between reward that motivates executives while reflecting the long term 'tail' of profitability and risk associated with 'today's decisions'.

<table>
<tr><th>LTI design</th><th>How the LTI works</th></tr>
<tr><td>Performance hurdle</td><td>
For performance securities granted 1 September 2014 (the 2015 plan), the award is 50% subject to Lend Lease's Total Securityholder Return (TSR) compared to the companies in the S&P/ASX 100 Index and 50% subject to Return on Equity (ROE).
Relative TSR The vesting schedule is:
<table>
<tr><th>Relative TSR percentile ranking</th><th>Percentage of performance securities that vest if the Relative TSR hurdle is met</th></tr>
<tr><td>Below the 50th percentile</td><td>No vesting</td></tr>
<tr><td>At the 50th percentile</td><td>50% vesting</td></tr>
<tr><td>Above the 50th percentile but below the 75th percentile</td><td>Pro rata vesting on a straight line basis between 50% and 100%</td></tr>
<tr><td>At the 75th percentile or greater</td><td>100% vesting</td></tr>
</table>
Relative TSR was selected as the performance measure to link LTI awards to the delivery of superior (i.e. above median) securityholder returns relative to the S&P/ASX 100 companies over the performance period. This method was chosen after consultation with securityholders. The S&P/ASX 100 companies are determined at the start of the performance period.
Return on Equity This is an absolute measure. The vesting schedule is:
<table>
<tr><th>Return on Equity</th><th>Percentage of performance securities that vest if the ROE hurdle is met</th></tr>
<tr><td>Less than 11%</td><td>No vesting</td></tr>
<tr><td>11%</td><td>25% vesting</td></tr>
<tr><td>Above 11% but below 15%</td><td>Pro rata vesting on a straight line basis between 25% and 100%</td></tr>
<tr><td>15% or greater</td><td>100% vesting</td></tr>
</table>

The above performance hurdles were chosen for the LTI after a detailed review in 2013, including extensive consultation with securityholders and other stakeholders. The Board believes that these measures, when combined with the STI scorecards, the vesting periods for Deferred STI and LTI and the Mandatory Securityholding requirements provides the most suitable link to long term securityholder value creation because:

The use of Relative Total Shareholder Return ensures that the CEO and Senior Executives deliver returns superior to what a securityholder could achieve in the market and ensures management maintain a strong focus on securityholder outcomes; and
Return on Equity reflects the capital intensive nature of Lend Lease's activities and is an important long term measure of how well the management team generates acceptable earnings from capital invested and rewards for decisions in respect of developing, managing, acquiring and disposing of assets. The ROE measure is chosen after extensive analysis of our business strategy, business mix, market conditions, internal forecasts, market consensus and the costs of capital.

The Group's currently stated ROE target is 11-15%. The Board is comfortable that the vesting range provides a realistic goal at the lower end (bearing in mind only 25% vests on achievement of the lower end of the range, 11%) and realistic stretch at the upper end of 15%.
The hurdles are reviewed annually by the Board and the Board continues to believe that the ROE range will drive outperformance without incentivising excessive risk taking.
While the Board appreciates that there are at times different views held by different stakeholders, we believe that these measures provide the appropriate balance between market and non market measures.

</td></tr>
<tr><td>Distributions</td><td>
Distributions are not paid on unvested performance securities.
In calculating the value of the awards which vest, the value of any distributions made during the vesting period is taken into consideration.
</td></tr>
<tr><td>Malus</td><td>
The Board may adjust the number of performance securities downwards prior to the date of vesting in the case of a material misstatement of the Group's financial accounts.
The Board may adjust the number of LTI awards downwards where the Board reasonably determines that delivery of part or all of any LTI award would result in the Senior Executive receiving an inappropriate or unwarranted benefit (having regard to their personal performance, the performance of the Group and all other benefits they have received).
</td></tr>
<tr><td>Termination of employment</td><td>
If the executive resigns or is terminated for cause, the unvested LTI is forfeited.
If the executive is terminated for poor performance, the Board can adjust unvested LTI prior to the vesting date.
For 'good leavers', the LTI grant may remain on foot subject to the original performance hurdle.
In exceptional circumstances (such as death or total and permanent disability), the Board may exercise its discretion and pay the award at the time of termination of employment.
</td></tr>
<tr><td>Mandatory Securityholding</td><td>
Mandatory Securityholdings for the CEO and Senior Executives will be accumulated when LTI awards granted begin to vest.
</td></tr>
<tr><td>Hedging</td><td>
Pre vesting hedging is prohibited.
Unvested LTI grants will also be forfeited if an executive enters into a prohibited pre vesting hedging arrangement in relation to their LTI awards.
</td></tr>
</table>

Directors' Report continued

3. Remuneration Report continued

d. How Rewards are Linked to Performance continued

Prior Year LTI Awards

The key features of the 2011 plan (granted 1 September 2010), the 2012 plan (granted 1 September 2011) and the 2013 plan (granted 1 September 2012) are the same as set out below.

<table>
<tr><th>LTI design</th><th>How the LTI works</th></tr>
<tr><td>Performance securities</td><td>
• An annual grant of 'performance securities' is made to a limited number of executives.
• The Board intends that the awards be settled in Lend Lease securities, although the award may be settled in cash or other means at the Board's discretion.
• On vesting, each performance security entitles executives to one Lend Lease security, or at the Board's discretion, cash or other instruments of equivalent value.</td></tr>
<tr><td>Performance hurdle</td><td>
• For performance securities granted 1 September 2012 (the 2013 plan), the performance hurdle is Lend Lease's Total Securityholder Return (TSR) compared to the companies in the S&P/ASX 100 Index.
• The S&P/ASX 100 companies are determined at the start of the performance period.
• The vesting schedule is:
<table>
<tr><th>Relative TSR percentile ranking</th><th>Percentage of performance securities that vest if the Relative TSR hurdle is met</th></tr>
<tr><td>Below the 50th percentile</td><td>No vesting</td></tr>
<tr><td>At the 50th percentile</td><td>50% vesting</td></tr>
<tr><td>Above the 50th percentile but below the 75th percentile</td><td>Pro rata vesting on a straight line basis between 50% and 100%</td></tr>
<tr><td>At the 75th percentile or greater</td><td>100% vesting</td></tr>
</table>
• Relative TSR was selected as the performance measure to link LTI awards to the delivery of superior (i.e. above median) securityholder returns relative to the S&P/ASX 100 companies over the performance period. This method was chosen after consultation with securityholders.</td></tr>
<tr><td>Performance period</td><td>
• 50% of the performance securities are assessed over a three year period. If the hurdle is not fully achieved at this time, those performance securities that have not vested will lapse.
• The remaining 50% of the performance securities are assessed after four years.
• There is no opportunity to retest any portion of the LTI grant. If the performance hurdle is not met, the awards are forfeited.</td></tr>
<tr><td>Distributions</td><td>
• Distributions are not paid on unvested performance securities.
• In calculating the value of the awards which vest, the value of any distributions made during the vesting period is taken into consideration.</td></tr>
<tr><td>Malus</td><td>
• For performance securities allocated after 1 July 2012, the Board may adjust the number of performance securities downwards prior to the date of vesting in the case of a material misstatement of the Group's financial accounts.</td></tr>
<tr><td>Termination of employment</td><td>
• If the executive resigns or is terminated for cause, the unvested LTI is forfeited.
• If the executive is terminated for poor performance, the Board can adjust unvested LTI prior to the vesting date.
• For 'good leavers', the LTI grant may be pro rated upon termination of employment and remain on foot subject to the original performance hurdle.
• In exceptional circumstances (such as death or total and permanent disability), the Board may exercise its discretion and pay the award at the time of termination of employment.</td></tr>
<tr><td>Mandatory Securityholding</td><td>
• Mandatory Securityholdings for the CEO and Senior Executives will be accumulated when LTI awards granted from September 2012 begin to vest.</td></tr>
<tr><td>Hedging</td><td>
• Unvested LTI grants will also be forfeited if an executive enters into a prohibited pre vesting hedging arrangement in relation to their LTI awards.</td></tr>
</table>

LTI Performance

During the current year, two LTI awards were subject to performance testing:

2011 Award

The 2011 LTI award vested subject to Relative TSR performance over a three and four year period (50% each).

The three year tranche (ie. 50% of the 2011 LTI award) was tested in the prior year (in September 2013). 84% vested (i.e. 42% of the total 2011 LTI award).

The four year tranche (ie. 50% of the 2011 LTI award) was testing during this year (in September 2014). 100% vested (ie. 50% of the total 2011 LTI award).

2012 Award

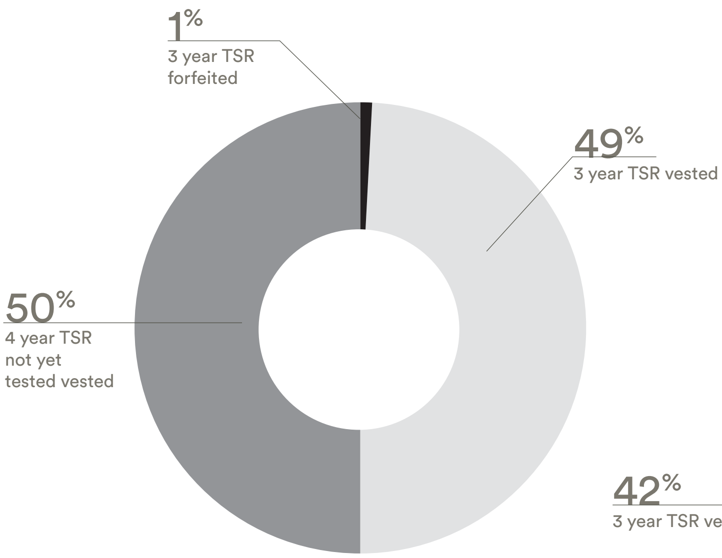
The 2012 LTI award vested subject to Relative TSR performance over a three and four year period (50% each).

The three year tranche (ie. 50% of the 2012 LTI award) was tested during this year (in September 2014). 98% vested (i.e. 49% of the total 2012 LTI award).

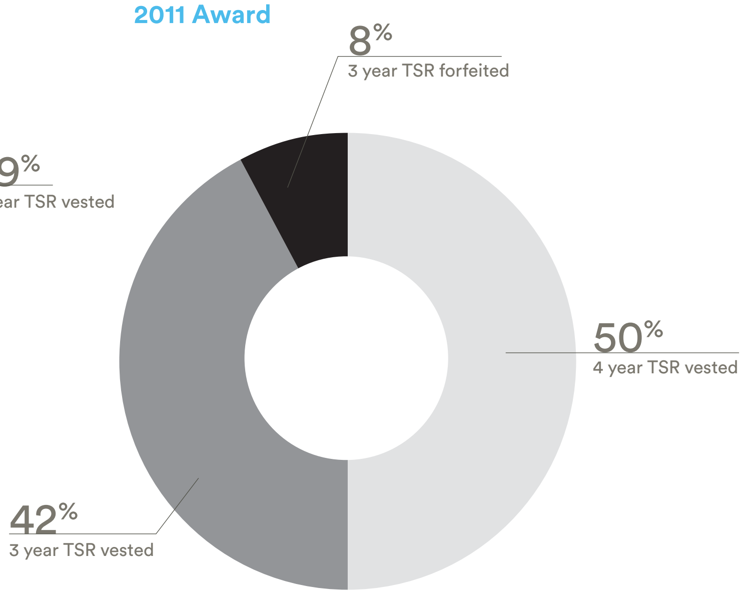
The four year tranche (ie. 50% of the 2012 LTI award) will be tested for vesting in September 2015).

The charts below outline the total hurdle achievement for the 2011 and 2012 LTI awards as at 30 June 2015.

2012 Award



2011 Award



Directors' Report continued

3. Remuneration Report continued

d. How Rewards are Linked to Performance continued

How Risk Management is Incorporated into Executive Reward

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

Remuneration	How risk management is incorporated into the remuneration component
STI	• The total value of STI awards is strongly linked to PAT and there are limits on the total incentive pool and individual STI payments. • In determining the total incentive pool amount, the Board also considers the overall financial health of Lend Lease and the sustainability and quality of earnings. • STI outcomes are based on performance and are determined based on a scorecard of financial and non financial KPIs. These KPIs are structured as 'building blocks' to achieve Lend Lease's short, medium and long term strategic and business goals. • STI outcomes are modified based upon an assessment of the executive against Lend Lease's defined leadership capabilities (including safety, sustainability and diversity), values and behaviours. In this way, the STI rewards 'what' is achieved as well as 'how' it is achieved. • A significant portion (at least 50%) of the actual STI award is retained and deferred into securities. In this way, executives continue to be incentivised to drive performance and are exposed to movements in the Lend Lease security price. • STI awards are subject to a malus clause which enables the Board to adjust downwards the number of deferred securities that vest to an individual in certain circumstances. This provision operates alongside existing provisions in the deferred securities terms that allow the Board to adjust unvested awards on termination of employment. In particular: – if an employee is terminated for fraud or other serious misconduct, unvested deferred securities will lapse; and – where an employee is terminated for poor performance, the Board can adjust the number of unvested deferred securities at the time of termination.
LTI	• 50% of the LTI is assessed over a three year period and 50% is assessed over a four year period. There is no retesting. • As performance is assessed based on a combination of Relative TSR and ROE, any adverse financial, reputational or other events that could occur over the vesting period should be reflected in the number and value of LTI performance securities that ultimately vest. • Malus provisions apply to unvested LTI awards from 1 July 2012, with broader discretions applying for awards issued from July 2013.
Mandatory Securityholding	• Executives are subject to a Mandatory Securityholding Policy that requires the CEO and Senior Executives to accumulate and maintain a holding of Lend Lease securities. This will encourage the CEO and Senior Executives to take a long term perspective when making decisions and strengthens alignment with securityholders.

e. Executive Contracts

CEO Contract

The Board and the CEO entered into a new employment contract with effect from 1 September 2013. The key terms are summarised below:

Fixed remuneration	The contract provides for fixed remuneration of A$2,034,000, which includes superannuation. There has been no change to the CEO's fixed remuneration since this contract was agreed on 1 September 2013.	
Incentives	STI and LTI plan participation is at the Board's discretion. The CEO's target STI for 2015 was A$1,750,000 and target LTI for 2015 was A$2,000,000 (with the number of awards determined on a fair value basis). This results in a target 2015 remuneration package of A$5,784,000.	
Notice periods	The contract has no fixed term. The notice periods under the contract are as follows:	
	Notice by CEO	6 months
	Notice by Lend Lease	12 months
	Payment in lieu of notice	Where the CEO is not employed for the full period of notice, a payment in lieu of notice may be made. The payment in lieu of notice includes pro rata fixed remuneration and the cash value of statutory entitlements and benefits.
	Non compete period	12 months
	Non solicitation period	12 months
	Treatment of incentives	The CEO may continue to receive an STI award for the latest financial year based on assessment of his performance by the Board. LTI awards will be treated in accordance with the plan rules at that time. Deferred STI awards will remain on foot in certain mutually agreed termination circumstances.

Senior Executive Contracts

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

All Senior Executives now have termination benefits that are within the limit allowed by the *Corporations Act* without securityholder approval.

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

The Group may make payment in lieu of notice. The notice period for each Senior Executive is shown below:

Senior Executives	Notice by Lend Lease	Notice by Senior Executive	Treatment on termination with notice by Lend Lease
Current Executives			
Tarun Gupta	6 months	6 months	Notice payment is based on Total Package Value. Payment for accrued leave is based on Total Package Value less superannuation.
Denis Hickey	6 months	6 months	Notice payment is based on base salary and other minimum benefits as required by applicable US legislation.
Daniel Labbad	9 months	6 months	Notice payment is based on base salary. Payment for accrued leave is based on base salary.
Rod Leaver	6 months	6 months	Notice payment and accrued leave is based on base salary.
Anthony Lombardo	12 months	6 months	Notice payment is based on Total Package Value. Payment for accrued leave is based on Total Package Value less superannuation.
Robert McNamara	3 months	3 months	Notice payment is based on base salary and other minimum benefits as required by applicable US legislation.
Former Executives			
David Saxelby	6 months	6 months	Notice payment is based on Total Package Value. Payment for accrued leave is based on Total Package Value less superannuation.

Securities Trading Policy

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

Directors' Report continued

3. Remuneration Report continued

f. Non Executive Directors' Fees

Non Executive Directors receive a Board fee and fees for chairing or participating on Board Committees. The Chairman does not receive extra fees for participating in or chairing Committees.

The maximum aggregate remuneration payable to Non Executive Directors is A$3.0 million per year, as approved at the 2011 Annual General Meeting.

Board and Committee Fees

	Board	Nomination Committee	People & Culture Committee	Risk Management & Audit Committee	Sustainability Committee
Chair fee A$	640,000	36,000	48,000	48,000	36,000
Member fee A$	160,000	Nil	36,000	36,000	20,000

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

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

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

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

Remuneration of Non Executive Directors for the Years Ended 2015 and 2014

		SHORT TERM BENEFITS				POST EMPLOYMENT BENEFITS	
A$000s	Year	Base fees	Committee chairman fees	Committee membership fees	Travel fees	Superannuation[1]	Total
D A Crawford	2015	640	-	-	41	19	700
	2014	640	-	-	30	18	688
C B Carter	2015	160	36	56	35	19	306
	2014	160	36	38	30	18	282
P M Colebatch	2015	160	-	36	84	19	299
	2014	160	18	36	90	18	322
S B Dobbs	2015	80	-	-	39	-	119
J S Hemstritch	2015	160	48	-	35	19	262
	2014	160	27	8	30	18	243
D J Ryan	2015	160	48	36	41	19	304
	2014	160	46	28	30	18	282
M J Ullmer	2015	160	36	36	41	19	292
	2014	160	36	36	30	18	280
N M Wakefield Evans[2]	2015	160	-	20	41	21	242
	2014	133	-	10	18	14	175
Former Executive							
P C Goldmark[3]	2015	67	-	8	47	9	131
	2014	160	-	20	62	18	260

1 Directors have superannuation contributions paid on their behalf in accordance with superannuation legislation.
2 N M Wakefield Evans was appointed 1 September 2013. She was appointed as a member of the Sustainablilty Committee in January 2014.
3 P C Goldmark retired 14 November 2014.

3. Remuneration Report continued

g. Equity Based Remuneration

Deferred Securities

In 2015, deferred securities were granted to the CEO and Senior Executives based on the value of the 2014 STI award that was deferred (generally being 50% of the 2014 STI award). Half of the deferred securities awarded will vest after one year and half after two years (or over years one, two and three in the case of the CEO), subject to the CEO and Senior Executives continuing in employment to the date of vesting. Deferred securities are held in a trust during the vesting period.

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

Name	Plan	STI award performance year	Grant date	Vesting date	Number granted	Fair value per deferred security[1] A$	Total fair value at grant date[1,2] A$	Expense for the year ended 30 June 2015 A$	% Vested	% Forfeited
Stephen McCann	Deferred STI	2012	1/09/12	1/09/14	120,382	8.17	983,250	-	100	-
	Deferred STI	2013	1/09/13	1/09/14	76,180	8.97	683,335	-	100	-
	Deferred STI	2013	1/09/13	1/09/15	76,180	8.97	683,335	341,667	-	-
	Deferred STI	2013	1/09/13	1/09/16	76,180	8.97	683,335	227,778	-	-
	Deferred STI	2014	1/09/14	1/09/15	47,414	13.53	641,511	641,511	-	-
	Deferred STI	2014	1/09/14	1/09/16	47,414	13.53	641,511	320,756	-	-
Total					**443,750**		**4,316,277**	**1,531,712**		
Tarun Gupta	Deferred STI	2012	1/09/12	1/09/14	28,328	8.11	229,840	-	100	-
	Deferred STI	2013	1/09/13	1/09/14	24,236	8.97	217,397	-	100	-
	Deferred STI	2013	1/09/13	1/09/15	24,236	8.97	217,397	108,698	-	-
	Deferred STI	2014	1/09/14	1/09/15	24,834	13.53	336,004	336,004	-	-
	Deferred STI	2014	1/09/14	1/09/16	24,834	13.53	336,004	168,002	-	-
Total					**126,468**		**1,336,642**	**612,704**		
Denis Hickey	Deferred STI	2013	1/09/13	1/09/14	35,257	8.97	316,255	-	100	-
	Deferred STI	2013	1/09/13	1/09/15	35,257	8.97	316,255	133,001	-	-
	Deferred STI	2014	1/09/14	1/09/15	22,018	13.53	297,904	250,566	-	-
	Deferred STI	2014	1/09/14	1/09/16	22,018	13.53	297,904	125,283	-	-
Total					**114,550**		**1,228,318**	**508,850**		
Daniel Labbad	Deferred STI	2012	1/09/12	1/09/14	31,933	8.11	259,100	-	100	-
	Deferred STI	2013	1/09/13	1/09/14	29,348	8.97	263,252	-	100	-
	Deferred STI	2013	1/09/13	1/09/15	29,348	8.97	263,252	131,626	-	-
	Deferred STI	2014	1/09/14	1/09/15	23,862	13.53	322,853	322,853	-	-
	Deferred STI	2014	1/09/14	1/09/16	23,862	13.53	322,853	161,426	-	-
Total					**138,353**		**1,431,310**	**615,905**		
Rod Leaver	Deferred STI	2012	1/09/12	1/09/14	34,248	8.11	277,884	-	100	-
	Deferred STI	2013	1/09/13	1/09/14	28,761	8.97	257,986	-	100	-
	Deferred STI	2013	1/09/13	1/09/15	28,761	8.97	257,986	128,993	-	-
	Deferred STI	2014	1/09/14	1/09/15	12,302	13.53	166,446	166,446	-	-
	Deferred STI	2014	1/09/14	1/09/16	12,302	13.53	166,446	83,223	-	-
Total					**116,374**		**1,126,748**	**378,662**		

Directors' Report continued

3. Remuneration Report continued

g. Equity Based Remuneration continued

Name	Plan	STI award performance year	Grant date	Vesting date	Number granted	Fair value per deferred security[1] A$	Total fair value at grant date[1,2] A$	Expense for the year ended 30 June 2015 A$	% Vested	% Forfeited
Anthony Lombardo	Deferred STI	2012	1/09/12	1/09/14	29,201	8.11	236,925	-	100	-
	Deferred STI	2013	1/09/13	1/09/14	30,327	8.97	272,033	-	100	-
	Deferred STI	2013	1/09/13	1/09/15	30,327	8.97	272,033	136,017	-	-
	Deferred STI	2014	1/09/14	1/09/15	22,765	13.53	308,010	308,010	-	-
	Deferred STI	2014	1/09/14	1/09/16	22,765	13.53	308,010	154,005	-	-
Total					**135,385**		**1,397,011**	**598,032**		
Robert McNamara	Other Incentive[3]	2011	1/09/11	1/09/14	34,219	8.15	278,758	15,487	100	-
	Deferred STI	2012	1/09/12	1/09/14	17,850	8.11	144,830	-	100	-
	Other Incentive[3]	2012	1/09/12	1/09/14	31,784	8.11	258,922	21,577	100	-
	Other Incentive[3]	2012	1/09/12	1/09/15	31,784	8.11	258,922	86,307	-	-
	Deferred STI	2013	1/09/13	1/09/14	30,500	8.97	273,585	-	100	-
	Deferred STI	2013	1/09/13	1/09/15	30,500	8.97	273,585	136,793	-	-
	Deferred STI	2014	1/09/14	1/09/15	27,600	13.53	373,428	373,428	-	-
	Deferred STI	2014	1/09/14	1/09/16	27,600	13.53	373,428	186,714	-	-
Total					**231,837**		**2,235,458**	**820,306**		
Former Executive										
David Saxelby	Deferred STI	2012	1/09/12	1/09/14	6,355	8.11	51,563	-	100	-
	Deferred STI	2013	1/09/13	1/09/14	24,833	8.97	222,752	-	100	-
	Deferred STI	2013	1/09/13	1/09/15	24,833	8.97	222,752	79,031	-	-
	Deferred STI	2014	1/09/14	1/09/15	12,805	13.53	173,252	122,938	-	-
	Deferred STI	2014	1/09/14	1/09/16	12,805	13.53	173,252	105,375	-	-
Total					**81,631**		**843,571**	**307,344**		

1 The fair value at grant date is the value of the Deferred STI award (as advised to the Executive).
2 At vesting, the minimum value is nil and the estimate of the maximum value is the fair value multiplied by the number of securities granted.
3 Mr McNamara participated in an additional incentive plan that operated for 2011 and 2012 only, related to the performance of the Americas. The plan was created in order to support the significant turnaround required in the Americas business.

LTI Awards

Name	Plan (for the year ended)	Grant date	Vesting date[1]	Number granted	Fair value per deferred security[2] A$	Total fair value at grant date[2] A$	Expense for the year ended 30 June 2015 A$	% Vested	% Forfeited
CEO									
Stephen McCann	June 2011 LTI (50%)	Sept 2010	Sept 2014	87,680	5.20	455,936	18,997	100	-
	June 2012 LTI (50%)	Sept 2011	Sept 2014	78,515	5.62	441,254	24,514	98	2
	June 2012 LTI (50%)	Sept 2011	Sept 2015	78,515	5.90	463,238	115,809	-	-
	June 2013 LTI (50%)	Sept 2012	Sept 2015	85,964	5.38	462,489	154,163	-	-
	June 2013 LTI (50%)	Sept 2012	Sept 2016	85,965	5.53	475,384	118,846	-	-
	June 2014 LTI (50%)	Sept 2013	Sept 2016	140,067	7.71	1,079,924	359,975	-	-
	June 2014 LTI (50%)	Sept 2013	Sept 2017	140,069	7.80	1,092,530	273,133	-	-
	June 2015 LTI (50%)	Sept 2014	Sept 2017	106,128	11.14	1,182,266	328,407	-	-
	June 2015 LTI (50%)	Sept 2014	Sept 2018	106,128	11.27	1,195,532	249,069	-	-
Total				**909,031**		**6,848,553**	**1,642,913**		
Current Senior Executives									
Tarun Gupta	June 2011 LTI (50%)	Sept 2010	Sept 2014	18,489	5.20	96,143	4,006	100	-
	June 2012 LTI (50%)	Sept 2011	Sept 2014	16,468	5.62	92,550	5,142	98	2
	June 2012 LTI (50%)	Sept 2011	Sept 2015	16,468	5.90	97,161	24,290	-	-
	June 2013 LTI (50%)	Sept 2012	Sept 2015	18,596	5.38	100,046	33,349	-	-
	June 2013 LTI (50%)	Sept 2012	Sept 2016	18,596	5.53	102,836	25,709	-	-
	June 2014 LTI (50%)	Sept 2013	Sept 2016	25,988	7.71	200,375	66,792	-	-
	June 2014 LTI (50%)	Sept 2013	Sept 2017	25,990	7.80	202,714	50,679	-	-
	June 2015 LTI (50%)	Sept 2014	Sept 2017	21,226	11.14	236,458	65,683	-	-
	June 2015 LTI (50%)	Sept 2014	Sept 2018	21,226	11.27	239,111	49,815	-	-
Total				**183,047**		**1,367,394**	**325,465**		
Denis Hickey	June 2014 LTI (50%)	Sept 2013	Sept 2016	20,009	7.71	154,273	43,253	-	-
	June 2014 LTI (50%)	Sept 2013	Sept 2017	20,010	7.80	156,074	32,819	-	-
	June 2015 LTI (50%)	Sept 2014	Sept 2017	18,573	11.14	206,903	48,340	-	-
	June 2015 LTI (50%)	Sept 2014	Sept 2018	18,573	11.27	209,225	36,663	-	-
Total				**77,165**		**726,475**	**161,075**		
Daniel Labbad	June 2011 LTI (50%)	Sept 2010	Sept 2014	19,200	5.20	99,840	4,160	100	-
	June 2012 LTI (50%)	Sept 2011	Sept 2014	18,119	5.62	101,829	5,657	98	2
	June 2012 LTI (50%)	Sept 2011	Sept 2015	18,119	5.90	106,902	26,726	-	-
	June 2013 LTI (50%)	Sept 2012	Sept 2015	20,146	5.38	108,383	36,128	-	-
	June 2013 LTI (50%)	Sept 2012	Sept 2016	20,146	5.53	111,405	27,851	-	-
	June 2014 LTI (50%)	Sept 2013	Sept 2016	25,988	7.71	200,375	66,792	-	-
	June 2014 LTI (50%)	Sept 2013	Sept 2017	25,990	7.80	202,714	50,679	-	-
	June 2015 LTI (50%)	Sept 2014	Sept 2017	18,573	11.14	206,903	57,473	-	-
	June 2015 LTI (50%)	Sept 2014	Sept 2018	18,573	11.27	209,225	43,589	-	-
Total				**184,854**		**1,347,576**	**319,055**		

3. Remuneration Report continued

g. Equity Based Remuneration continued

Name	Plan (for the year ended)	Grant date	Vesting date[1]	Number granted	Fair value per deferred security[2] A$	Total fair value at grant date[2] A$	Expense for the year ended 30 June 2015 A$	% Vested	% Forfeited
Rod Leaver	June 2011 LTI (50%)	Sept 2010	Sept 2014	24,889	5.20	129,423	5,393	100	-
	June 2012 LTI (50%)	Sept 2011	Sept 2014	21,245	5.62	119,397	6,633	98	2
	June 2012 LTI (50%)	Sept 2011	Sept 2015	21,245	5.90	125,346	31,336	-	-
	June 2013 LTI (50%)	Sept 2012	Sept 2015	21,502	5.38	115,681	38,560	-	-
	June 2013 LTI (50%)	Sept 2012	Sept 2016	21,502	5.53	118,906	29,727	-	-
	June 2014 LTI (50%)	Sept 2013	Sept 2016	24,011	7.71	185,133	61,711	-	-
	June 2014 LTI (50%)	Sept 2013	Sept 2017	24,013	7.80	187,294	46,823	-	-
	June 2015 LTI (50%)	Sept 2014	Sept 2017	15,920	11.14	177,349	49,264	-	-
	June 2015 LTI (50%)	Sept 2014	Sept 2018	15,920	11.27	179,339	37,362	-	-
Total				**190,247**		**1,337,868**	**306,809**		
Anthony Lombardo	June 2011 LTI (50%)	Sept 2010	Sept 2014	18,489	5.20	96,143	4,006	100	-
	June 2012 LTI (50%)	Sept 2011	Sept 2014	16,808	5.62	94,458	5,248	98	2
	June 2012 LTI (50%)	Sept 2011	Sept 2015	16,807	5.90	99,164	24,791	-	-
	June 2013 LTI (50%)	Sept 2012	Sept 2015	19,216	5.38	103,379	34,460	-	-
	June 2013 LTI (50%)	Sept 2012	Sept 2016	19,216	5.53	106,262	26,565	-	-
	June 2014 LTI (50%)	Sept 2013	Sept 2016	25,988	7.71	200,375	66,792	-	-
	June 2014 LTI (50%)	Sept 2013	Sept 2017	25,990	7.80	202,714	50,679	-	-
	June 2015 LTI (50%)	Sept 2014	Sept 2017	21,226	11.14	236,458	65,683	-	-
	June 2015 LTI (50%)	Sept 2014	Sept 2018	21,226	11.27	239,111	49,815	-	-
Total				**184,966**		**1,378,064**	**328,039**		
Robert McNamara	June 2011 LTI (50%)	Sept 2010	Sept 2014	52,533	5.20	273,171	11,382	100	-
	June 2012 LTI (50%)	Sept 2011	Sept 2014	16,370	5.62	91,999	5,111	98	2
	June 2012 LTI (50%)	Sept 2011	Sept 2015	16,370	5.90	96,583	24,146	-	-
	June 2013 LTI (50%)	Sept 2012	Sept 2015	17,412	5.38	93,674	31,225	-	-
	June 2013 LTI (50%)	Sept 2012	Sept 2016	17,412	5.53	96,286	24,071	-	-
	June 2014 LTI (50%)	Sept 2013	Sept 2016	24,011	7.71	185,133	61,711	-	-
	June 2014 LTI (50%)	Sept 2013	Sept 2017	24,013	7.80	187,294	46,823	-	-
	June 2015 LTI (50%)	Sept 2014	Sept 2017	19,634	11.14	218,723	60,756	-	-
	June 2015 LTI (50%)	Sept 2014	Sept 2018	19,634	11.27	221,177	46,079	-	-
Total				**207,389**		**1,464,040**	**311,304**		
Former Executive									
David Saxelby	June 2014 LTI (50%)	Sept 2013	Sept 2016	29,520	7.71	227,603	130,101	-	-
	June 2014 LTI (50%)	Sept 2013	Sept 2017	29,521	7.80	230,260	156,582	-	-
	June 2015 LTI (50%)	Sept 2014	Sept 2017	22,288	11.14	248,288	146,819	-	-
	June 2015 LTI (50%)	Sept 2014	Sept 2018	22,288	11.27	251,074	148,467	-	-
Total				**103,617**		**957,225**	**581,969**		

1 At vesting, the minimum value is nil and the estimate of the maximum value is the fair value multiplied by the number of securities granted.
2 The fair value at grant date represents an actuarial valuation of the award using assumptions underlying the Black-Scholes methodology to produce a Monte-Carlo simulation model in accordance with Australian Accounting Standards rounded to two decimal places.

Equity Holdings and Transactions for the Year Ended 30 June 2015

	Year	Securities held at beginning of financial year	Securities received during the year[1]	Other net change to securities	Securities held at end of financial year
Non Executive Directors					
D A Crawford	2015	76,459		1,399	77,858
	2014	75,551		908	76,459
C B Carter	2015	15,000			15,000
	2014	15,000			15,000
P M Colebatch	2015	18,323			18,323
	2014	18,323			18,323
S B Dobbs[2]	2015	2,000			2,000
J S Hemstritch	2015	20,000			20,000
	2014	20,000			20,000
D J Ryan	2015	31,273		4,039	35,312
	2014	31,273			31,273
M J Ullmer	2015	25,000		25,000	50,000
	2014	25,000			25,000
N M Wakefield Evans	2015	4,000			4,000
	2014	4,000			4,000
Former Non Executive Director					
P C Goldmark[3]	2014	24,794			24,794
Executive Director					
S McCann	2015	680,227	382,260	(350,000)	712,487
	2014	447,404	432,823	(200,000)	680,227
Executives					
T Gupta	2015	34,134	91,626	(50,000)	75,760
	2014	18,878	87,283	(72,027)	34,134
D Hickey[5,6]	2015		22,250		22,250
D Labbad[4]	2015	130,499	81,539	(111,623)	100,415
	2014	55,565	74,900	34	130,499
R Leaver	2015	175,534	114,582	(180,582)	109,534
	2014	87,743	87,791		175,534
A Lombardo	2015	205,420	98,962	(131,131)	173,251
	2014	106,560	98,860		205,420
R McNamara[5]	2015	155,980	111,205		267,185
	2014	46,564	109,416		155,980
Former Executive					
D Saxelby[7]	2014		6,355	(5,000)	1,355
Total	**2015**	**1,573,849**	**902,424**	**(792,898)**	**1,683,375**
Total	**2014**	**976,655**	**897,428**	**(276,085)**	**1,597,998**

1 For the Executive Director and Executives, securities received relate to security entitlements under employee benefit vehicles.
2 S B Dobbs commenced 7 January 2015 and held securities indirectly prior to becoming a Director.
3 P C Goldmark resigned 14 November 2014.
4 Securities of 52,191 were received in the current period after tax obligations.
5 Securities received during the period were after tax obligations.
6 D Hickey became a KMP from 27 August 2014.
7 D Saxelby was a KMP until 17 March 2015.

Loans to Key Management Personnel

No loans were made to key management personnel or their related parties during the current year or prior year.

Other Transactions with Key Management Personnel

From time to time, Directors and executives of Lend Lease or its consolidated entities, or parties related to them, may purchase goods from the Consolidated Entity. These purchases are on terms and conditions no more favourable than those entered into by unrelated customers.

Directors' Report continued

3. Remuneration Report continued

h. Appendix

Terms Used in this Remuneration Report

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

4. Other

a. Dividends/Distributions

The 2014 final dividend/distribution of A$283.0 million (49.0 cents per security, nil% franked) referred to in the Directors' Report dated 27 August 2014, was paid on 22 September 2014. Details of dividends/distributions in respect of the current year are as follows:

	A$m
Interim dividends/distributions of 27.0 cents per security (unfranked) paid on 18 March 2015[1]	156.5
Final dividends/distributions of 27.0 cents per security (dividend component franked to 25%) declared by Directors to be paid on 18 September 2015[2]	156.7
Total dividends/distributions	**313.2**

1 Comprised of an unfranked dividend of 23.972895 cents per share paid by the Company, and a trust distribution of 3.027105 cents per unit paid by LLT.
2 Comprised of a 22.870839 cents per share dividend component franked to 25% payable by the Company, and a trust distribution of 4.129161 cents per unit payable by LLT.

b. Significant Changes in State of Affairs

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

c. Events Subsequent to Balance Date

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

d. Security Options

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

e. Indemnification and Insurance of Directors and Officers

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

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

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

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

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

f. Environmental Regulation

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

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

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

Directors' Report continued

4. Other continued

g. Non Audit Services

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

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

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

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

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

	CONSOLIDATED	
	June 2015 A$000s	June 2014 A$000s
Audit and Other Assurance Services		
Audit services	5,535	5,447
Other assurance services	464	472
Total audit and other assurance services	**5,999**	**5,919**
Non audit services		
Total audit, non audit and other assurance services	**5,999**	**5,919**

h. Rounding Off

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

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

D A Crawford, AO

Chairman

S B McCann

Group Chief Executive Officer & Managing Director

Sydney, 24 August 2015

KPMG

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

To: the directors of Lend Lease Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

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

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

KPMG

KPMG

S J Marshall
Partner

Sydney

24 August 2015

Five Year Profile

Profitability		30 June 2015	30 June 2014	30 June 2013[1]	30 June 2012[1]	30 June 2011
Revenue	A$m	13,281	13,936	13,163	11,548	8,927
Profit before tax	A$m	768	999	571	523	632
Profit after tax	A$m	619	823	549	501	493
EBITDA	A$m	967	1,193	739	660	721
Earnings per stapled security on profit after tax[2]	cents	106.8	142.7	95.6	87.7	86.9
Profit after tax to securityholders' equity for the period (ROE)[3]	%	12.4	18.2	13.6	13.5	14.3
Dividend/Distribution payout ratio on profit after tax	%	51	50	44	43	41
Dividend/Distribution per stapled security	cents	54.0	71.0	42.0	38.0	35.0
Corporate Strength						
Total assets	A$m	18,959	15,752	14,301	12,831	12,149
Cash	A$m	750	1,716	1,610	1,052	1,046
Borrowings	A$m	2,450	2,347	1,976	1,369	1,694
Current assets	A$m	6,496	4,933	4,833	4,317	4,097
Non current assets	A$m	12,463	10,819	9,468	8,515	8,052
Current liabilities[4]	A$m	9,706	7,576	6,957	6,736	5,794
Non current liabilities	A$m	4,085	3,307	3,077	2,266	2,722
Total equity	A$m	5,168	4,869	4,267	3,830	3,633
Operating cash flow	A$m	(167)	822	81	(46)	(42)
Net asset backing per security	A$	8.90	8.43	7.41	6.69	6.36
Ratio of current assets to current liabilities[4]	times	0.7	0.7	0.7	0.6	0.7
Ratio of current assets to current liabilities (excluding resident and accommodation bond liabilities)[4]	times	1.2	1.1	1.1	1.0	1.2
Net debt to total tangible assets, less cash[5]	%	10.5	5.7	5.4	5.5	8.9
Borrowings to total equity	%	47.4	48.2	46.3	35.7	46.6
Borrowings to total equity plus borrowings	%	32.2	32.5	31.7	26.3	31.8
Gross borrowings to total tangible assets[5]	%	14.3	16.9	17.1	14.2	17.7
Securities on issue	m	580	577	576	573	571
Number of securityholders	no.	56,966	55,046	53,591	52,739	54,370
Number of equivalent full time employees[6]	no.	12,443	13,268	15,634	17,315	17,253
Securityholders' Returns and Statistics						
Proportion of securities on issue to top 20 securityholders	%	75.7	76.1	76.1	76.6	76.3
Security holdings relating to employees[7]	%	5.6	6.3	6.9	6.9	6.4
Weighted average number of securities	m	579	577	574	572	567
Total dividends/distributions[8]	A$m	313	410	242	218	199
Security price as at 30 June as quoted on the Australian Securities Exchange	A$	15.03	13.11	8.35	7.20	8.97

1 June 2012 and June 2013 has been adjusted to reflect the impact of first time adoption of the revised AASB 119 Employee Benefits standard and the new AASB 11 Joint Arrangements standard in 2014, with retrospective adjustment from 1 July 2012.
2 Calculated using the weighted average number of securities on issue including treasury securities.
3 Return on equity is calculated as the annual profit after tax divided by the arithmetic average of beginning, half year and year end securityholders' equity.
4 Ratio includes resident and accommodation bond liabilities related to the Retirement Living business. Under the current interpretation of accounting standards, these are required to be classified as current liabilities as any resident may choose to 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. Although a resident may choose to depart within 12 months, the Group's obligation to settle with the departing resident for the majority of resident contracts is not due for a period greater than 12 months, which means these liabilities are effectively non current.
5 Net debt and gross borrowings include certain other financial liabilities of A$58.3 million (June 2014: A$91.4 million).
6 Casual and third party workers are excluded from full time equivalent employees from June 2014, comparative periods have been restated to conform with current period disclosure. The reduction from June 2014 mainly relates to the restructure of the Australian Construction business and the sale of the European Facilities Management Business. The reduction from June 2012 relates to the sale of the Aged Care business.
7 Securities held through employee benefit vehicles.
8 A$132.7 million Company dividend component franked to 25% was declared subsequent to the reporting date for June 2015.

Consolidated Financial Statements

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Lend Lease Corporation Limited ('the Company') is incorporated and domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2015 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 1 '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 consolidated financial report was authorised for issue by the Directors on 24 August 2015.

Income Statement

Year Ended 30 June 2015

		Note	June 2015 A$m	June 2014 A$m
Revenue		4	13,280.9	13,935.9
Cost of sales			(11,613.3)	(11,760.7)
Gross profit			**1,667.6**	**2,175.2**
Other income		5	251.8	189.9
Other expenses			(1,051.8)	(1,319.3)
Results from operating activities			**867.6**	**1,045.8**
Finance revenue		7	17.7	37.2
Finance costs		7	(137.2)	(143.7)
Net finance costs			**(119.5)**	**(106.5)**
Share of profit of equity accounted investments		8	19.9	59.3
Profit before Tax			**768.0**	**998.6**
Income tax expense		9	(149.1)	(175.3)
Profit after Tax			**618.9**	**823.3**
Profit after Tax attributable to:				
Members of Lend Lease Corporation Limited			530.2	751.5
Unitholders of Lend Lease Trust			88.4	71.4
Profit after Tax attributable to securityholders			**618.6**	**822.9**
External non controlling interests			0.3	0.4
Profit after Tax			**618.9**	**823.3**
Basic/Diluted Earnings per Lend Lease Corporation Limited Share (EPS)				
Shares excluding treasury shares	(cents)	3	96.4	137.7
Shares on issue	(cents)	3	91.5	130.3
Basic/Diluted Earnings per Lend Lease Group Stapled Security (EPSS)				
Securities excluding treasury securities	(cents)	3	112.4	150.8
Securities on issue	(cents)	3	106.8	142.7

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statement of Comprehensive Income

Year Ended 30 June 2015

	Note	June 2015 A$m	June 2014 A$m
Profit after Tax		**618.9**	**823.3**
Other Comprehensive Income/(Expense) After Tax			
Items that may be reclassified subsequently to profit or loss:			
Movements in fair value revaluation reserve	9b	5.9	4.2
Movements in hedging reserve	9b	(17.8)	(12.5)
Movements in foreign currency translation reserve	9b	56.6[1]	57.6
Total items that may be reclassified subsequently to profit or loss		**44.7**	**49.3**
Items that will not be reclassified to profit or loss:			
Movements in non controlling interest acquisition reserve	9b	(14.0)	(2.0)
Defined benefit plan remeasurements	9b	(56.3)	(25.6)
Total items that will not be reclassified to profit or loss		**(70.3)**	**(27.6)**
Total comprehensive income after tax		**593.3**	**845.0**
Total comprehensive income after tax attributable to:			
Members of Lend Lease Corporation Limited		503.6	773.2
Unitholders of Lend Lease Trust		88.4	71.4
Total comprehensive income after tax attributable to securityholders		**592.0**	**844.6**
External non controlling interests		1.3[1]	0.4
Total comprehensive income after tax		**593.3**	**845.0**

1 Includes A$1.0 million relating to external non controlling interests (June 2014: A$nil).

The accompanying notes form part of these consolidated financial statements.

Statement of Financial Position

As at 30 June 2015

	Note	June 2015 A$m	June 2014 A$m
Current Assets			
Cash and cash equivalents	15	750.1	1,715.8
Loans and receivables	22	3,631.0	1,777.3
Inventories	11	1,980.0	1,345.6
Other financial assets	14	42.7	50.4
Current tax assets		8.6	
Other assets		83.2	43.5
Total current assets		**6,495.6**	**4,932.6**
Non Current Assets			
Loans and receivables	22	320.1	633.8
Inventories	11	2,124.2	1,785.9
Equity accounted investments	12	1,235.8	578.0
Investment properties	13a	5,994.9	4,832.0
Other financial assets	14	625.7	972.1
Deferred tax assets	9c	305.5	251.3
Property, plant and equipment		348.8	360.3
Intangible assets	32	1,444.7	1,323.7
Defined benefit plan asset		9.2	7.6
Other assets		54.7	74.5
Total non current assets		**12,463.6**	**10,819.2**
Total assets		**18,959.2**	**15,751.8**
Current Liabilities			
Trade and other payables	23	5,036.1	4,034.1
Resident liabilities	13b	4,080.4	3,195.5
Provisions		328.8	254.6
Borrowings and financing arrangements	17a	227.3	
Current tax liabilities			51.4
Other financial liabilities		33.7	40.0
Total current liabilities		**9,706.3**	**7,575.6**
Non Current Liabilities			
Trade and other payables	23	1,586.0	722.3
Provisions		46.0	82.3
Borrowings and financing arrangements	17a	2,223.0	2,347.0
Defined benefit plan liability	33b	68.8	39.5
Other financial liabilities		32.3	59.6
Deferred tax liabilities	9c	128.6	56.7
Total non current liabilities		**4,084.7**	**3,307.4**
Total liabilities		**13,791.0**	**10,883.0**
Net assets		**5,168.2**	**4,868.8**
Equity			
Issued capital	18	1,256.3	1,618.2
Treasury securities		(89.9)	(116.1)
Reserves		91.7	24.4
Retained earnings		2,936.0	2,824.0
Total equity attributable to members of Lend Lease Corporation Limited		**4,194.1**	**4,350.5**
Total equity attributable to unitholders of Lend Lease Trust		968.0	513.3
Total equity attributable to securityholders		**5,162.1**	**4,863.8**
External non controlling interests		6.1	5.0
Total equity		**5,168.2**	**4,868.8**

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statement of Changes in Equity

Year Ended 30 June 2015

	Issued Capital A$m	Treasury Securities[1] A$m	RESERVES Fair Value Revaluation Reserve A$m	Hedging Reserve A$m	Foreign Currency Translation Reserve A$m	Non Controlling Interest Acquisition Reserve A$m	Other Reserve A$m	Equity Compensation Reserve A$m	Other Compensation Reserve A$m	Retained Earnings A$m	Members of Lend Lease Corporation Limited A$m	Unitholders of Lend Lease Trust A$m	External Non Controlling Interests A$m	Total Equity A$m
Balance as at 1 July 2013	1,599.9	(118.0)	44.7	(78.5)	(156.0)	(73.4)	111.7	73.1	54.4	2,297.3	3,755.2	506.1	5.5	4,266.8
Total Comprehensive Income														
Profit for the period										751.5	751.5	71.4	0.4	823.3
Other Comprehensive Income (Net of tax)			4.2	(12.5)	57.6	(2.0)				(25.6)	21.7			21.7
Total Comprehensive Income	–	–	**4.2**	**(12.5)**	**57.6**	**(2.0)**	–	–	–	**725.9**	**773.2**	**71.4**	**0.4**	**845.0**
Other Comprehensive Income (Net of tax)														
Fair value gains			10.2								10.2			10.2
Fair value hedging			(6.2)								(6.2)			(6.2)
Net investment hedging					(5.2)						(5.2)			(5.2)
Effect of foreign exchange movements			2.0	(6.6)	62.8	(1.7)					56.5			56.5
Effective cash flow hedges				(8.4)							(8.4)			(8.4)
Asset disposals and transfers			(1.8)	7.1							5.3			5.3
Defined benefit plans remeasurements										(25.6)	(25.6)			(25.6)
Other movements				(4.6)		(0.3)					(4.9)			(4.9)
Other Comprehensive Income (Net of Tax)	–	–	**4.2**	**(12.5)**	**57.6**	**(2.0)**	–	–	–	**(25.6)**	**21.7**	–	–	**21.7**
Transactions with Owners of the Company														
Distribution reinvestment plan (DRP)	18.3										18.3	2.4		20.7
Dividends and distributions										(199.2)	(199.2)	(66.6)		(265.8)
Treasury securities acquired		(29.1)									(29.1)			(29.1)
Treasury securities vested		31.0									31.0			31.0
Fair value movement on allocation and vesting of securities								1.1			1.1			1.1
Asset disposals and transfers													(0.7)	(0.7)
Other movements													(0.2)	(0.2)
Total other movements through reserves	**18.3**	**1.9**	–	–	–	–	–	**1.1**	–	**(199.2)**	**(177.9)**	**(64.2)**	**(0.9)**	**(243.0)**
Balance as at 30 June 2014	**1,618.2**	**(116.1)**	**48.9**	**(91.0)**	**(98.4)**	**(75.4)**	**111.7**	**74.2**	**54.4**	**2,824.0**	**4,350.5**	**513.3**	**5.0**	**4,868.8**
Balance as at 1 July 2014	1,618.2	(116.1)	48.9	(91.0)	(98.4)	(75.4)	111.7	74.2	54.4	2,824.0	4,350.5	513.3	5.0	4,868.8
Total Comprehensive Income														
Profit for the period										530.2	530.2	88.4	0.3	618.9
Other Comprehensive Income (Net of tax)			5.9	(17.8)	55.6	(14.0)				(56.3)	(26.6)		1.0	(25.6)
Total Comprehensive Income	–	–	**5.9**	**(17.8)**	**55.6**	**(14.0)**	–	–	–	**473.9**	**503.6**	**88.4**	**1.3**	**593.3**
Other Comprehensive Income (Net of tax)														
Fair value gains			8.9								8.9			8.9
Fair value hedging			(7.2)								(7.2)			(7.2)
Net investment hedging					(22.2)						(22.2)			(22.2)
Effect of foreign exchange movements			2.1	(1.3)	79.9	(14.1)					66.6		1.0	67.6
Effective cash flow hedges				(16.5)							(16.5)			(16.5)
Asset disposals and transfers			2.1		(2.1)									
Defined benefit plans remeasurements										(56.3)	(56.3)			(56.3)
Other movements						0.1					0.1			0.1
Other Comprehensive Income (Net of Tax)	–	–	**5.9**	**(17.8)**	**55.6**	**(14.0)**	–	–	–	**(56.3)**	**(26.6)**	–	**1.0**	**(25.6)**
Transactions with owners of the Company														
Recapitalisation of Lend Lease Trust	(400.5)										(400.5)	400.5		
Distribution reinvestment plan (DRP)	38.6										38.6	6.0		44.6
Dividends and distributions										(361.5)	(361.5)	(40.2)		(401.7)
Treasury securities acquired		(7.7)									(7.7)			(7.7)
Treasury securities vested		33.9									33.9			33.9
Fair value movement on allocation and vesting of securities								4.5			4.5			4.5
Asset disposal and transfers			(23.3)[2]	53.5[2]	2.9[2]						33.1		(0.2)	32.9
Other movements										(0.4)	(0.4)			(0.4)
Total other movements through reserves	**(361.9)**	**26.2**	**(23.3)**	**53.5**	**2.9**	–	–	**4.5**	–	**(361.9)**	**(660.0)**	**366.3**	**(0.2)**	**(293.9)**
Balance as at 30 June 2015	**1,256.3**	**(89.9)**	**31.5**	**(55.3)**	**(39.9)**	**(89.4)**	**111.7**	**78.7**	**54.4**	**2,936.0**	**4,194.1**	**968.0**	**6.1**	**5,168.2**

1 Opening balance for number of treasury securities 1 July 2014 was 32.1 million (1 July 2013: 34.1 million) and closing balance at 30 June 2015 was 28.8 million.
2 These movements in reserves were transferred to profit and loss in the period.

The accompanying notes form part of these consolidated financial statements.

Consolidated Financial Statements continued

Statement of Cash Flows

Year Ended 30 June 2015

	Note	June 2015 A$m	June 2014 A$m
Cash Flows from Operating Activities			
Cash receipts in the course of operations		11,896.7	14,126.7
Cash payments in the course of operations		(11,866.7)	(13,117.3)
Interest received		15.2	23.7
Interest paid		(151.2)	(149.6)
Dividends/distributions received		61.4	65.1
Income tax paid in respect of operations		(122.0)	(126.2)
Net cash (used in)/provided by operating activities	16	**(166.6)**	**822.4**
Cash Flows from Investing Activities			
Sale/redemption of investments		615.0	147.7
Acquisition of investments		(653.0)	(606.0)
Sale of investment properties			17.8
Acquisition of/capital expenditure on investment properties		(209.2)	(119.4)
Net loans (to)/from associates and joint ventures		(22.5)	27.3
Acquisition of consolidated entities (net of cash acquired and acquisition costs)		(5.7)	30.7
Disposal of consolidated entities (net of cash disposed and transaction costs)		7.0	(7.5)
Disposal of property, plant and equipment		11.7	26.9
Acquisition of property, plant and equipment		(57.4)	(49.5)
Acquisition of intangible assets		(67.3)	(76.0)
Other investing activities		(2.0)	(6.5)
Net cash used in investing activities		**(383.4)**	**(614.5)**
Cash Flows from Financing Activities			
Proceeds from borrowings		2,276.6	1,230.6
Repayment of borrowings		(2,333.4)	(950.2)
Dividends/distributions paid		(374.2)	(210.1)
Other financing activities		(34.2)	(180.7)
Net cash used in financing activities		**(465.2)**	**(110.4)**
Other Cash Flow Items			
Effect of foreign exchange rate movements on cash and cash equivalents		**49.5**	**8.8**
Net (decrease)/increase in cash and cash equivalents		**(965.7)**	**106.3**
Cash and cash equivalents at beginning of financial year		**1,715.8**	**1,609.5**
Cash and cash equivalents at end of financial year	15	**750.1**	**1,715.8**

The accompanying notes form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

Basis of Preparation

The consolidated financial report is a **general purpose** financial report which:

- has been prepared in accordance with **Australian Accounting Standards** ('AASBs') adopted by the Australian Accounting Standards Board, and the *Corporations Act 2001*;
- complies with **International Financial Reporting Standards** ('IFRSs') adopted by the International Accounting Standards Board;
- is presented in **Australian dollars**, with all values **rounded off to the nearest tenth of a million dollars** unless otherwise indicated, in accordance with Class Order 98/100; and
- is prepared under the **historical cost basis** except for the following assets and liabilities, which are stated at their fair value: derivative financial instruments, fair value through profit or loss investments, available for sale investments, investment properties, resident liabilities and liabilities for cash settled share based compensation plans. Recognised assets and liabilities that are hedged are stated at fair value in respect of the risk that is hedged. Refer to the specific accounting policies within the notes to the financial statements for the basis of valuation of assets and liabilities measured at fair value.

Significant accounting policies have been:

- included in the relevant notes to which the policies relate, and other significant accounting policies are discussed in Note 36; and
- consistently applied to all financial years presented in the consolidated financial statements and by all entities in the Group, except as explained in Note 35 'Impact of New and Revised Accounting Standards'.

The preparation of a financial report that complies with AASBs requires management to make **judgements, estimates and assumptions**.

- This can affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
- Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.
- The significant accounting policies highlight information about accounting judgements in applying accounting policies that have the most significant effects on reported amounts and further information about estimated uncertainties that have a significant risk of resulting in material adjustments within the next financial year.

The Group presents assets and liabilities in the Statement of Financial Position as **current** or **non current.**

- Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or use in, the course of the Group's operating cycle. All other assets are classified as non current.
- Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the Group's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non current. Refer to Note 13 'Investment Properties', for further detail on classification of resident liabilities.

Notes to the Consolidated Financial Statements
continued

Section A: Performance

Profit After Tax (PAT) is the key measure used to assess the Group's performance. This section of the Financial Report focuses on disclosure that enhances a user's understanding of PAT. Segment reporting provides a breakdown of profit and revenue by geographic segment. The key line items of the Income Statement along with their components provide detail behind the reported balances. Group performance will also impact the earnings per stapled security and dividend payout, therefore disclosure on these items has been included in this section. Further information and analysis on performance can be found in the Operating and Financial Review, which forms part of the Directors' Report.

1. Segment Reporting

Accounting Policies

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.

Segment performance is based on PAT. PAT 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.

The regional business units generate earnings from four lines of business, as follows:

Property Development

The Property Development business involves the development of inner and outer urban 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.

Financial information regarding the performance of each reportable segment and a reconciliation of these reportable segments to the financial statements is included below.

	PROFIT BEFORE TAX[1]		INCOME TAX BENEFIT/(EXPENSE)[1]		PROFIT AFTER TAX[1]	
Financial Disclosure	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m
Australia	777.4	538.9	(152.3)	(92.9)	625.1	446.0
Asia	37.7	91.7	(20.5)	(18.0)	17.3	73.7
Europe	123.5	596.7	(11.2)	(149.8)	112.3	446.9
Americas	152.8	124.9	(62.3)	(46.0)	90.1	78.9
Total segment	**1,091.4**	**1,352.2**	**(246.3)**	**(306.7)**	**844.8**	**1,045.5**
Reconciling items						
Corporate activities	(323.4)	(353.6)	97.2	131.0	(226.2)	(222.6)
Statutory result attributable to securityholders	**768.0**	**998.6**	**(149.1)**	**(175.7)**	**618.6**	**822.9**
External non controlling interests					0.3	0.4
Statutory result	**768.0**	**998.6**	**(149.1)**	**(175.7)**	**618.9**	**823.3**

1 External non controlling interests are included in both profit before tax and income tax benefit/(expense) but excluded from profit after tax in the regional segments.

The following tables set out other financial information by reportable segment.

	Segment revenue[1] A$m	Finance revenue A$m	Finance expense A$m	Share of results EAI[2] A$m	Depreciation and amortisation A$m	Material non cash items[3] A$m	Non current segment assets[4] A$m	Group total assets A$m
Year Ended June 2015								
Australia	7,743.6	3.0	(0.1)	50.3	(44.4)	(107.5)	9,580.2	14,432.1
Asia[5]	271.5			3.6	(1.4)	(3.4)	472.3	803.5
Europe[6]	1,623.6	1.0	(0.5)	(35.7)	(6.4)	(25.6)	813.6	1,880.6
Americas	3,641.6	2.3		2.5	(5.0)	10.5	473.0	1,731.0
Total segment	**13,280.3**	**6.3**	**(0.6)**	**20.7**	**(57.2)**	**(126.0)**	**11,339.1**	**18,847.2**
Corporate activities	18.3	11.4	(136.6)	(0.8)	(22.3)	(75.4)	184.1	112.0
Statutory result	**13,298.6**	**17.7**	**(137.2)**	**19.9**	**(79.5)**	**(201.4)**	**11,523.2**	**18,959.2**
Year Ended June 2014								
Australia	7,635.2	4.6	(0.1)	40.9	(56.0)	(85.6)	8,168.2	11,375.6
Asia[5]	601.2	0.1		5.3	(2.5)	(0.3)	138.9	600.0
Europe[6]	2,665.9	13.7	(1.3)	9.4	(7.3)	(43.8)	719.0	1,372.7
Americas	3,052.0	1.6		3.7	(5.0)	6.1	417.5	1,232.0
Total segment	**13,954.3**	**20.0**	**(1.4)**	**59.3**	**(70.8)**	**(123.6)**	**9,443.6**	**14,580.3**
Corporate activities	18.8	17.2	(142.3)		(16.9)	6.5	144.6	1,171.5
Statutory result	**13,973.1**	**37.2**	**(143.7)**	**59.3**	**(87.7)**	**(117.1)**	**9,588.2**	**15,751.8**

1 Segment revenue represents revenue and finance revenue.
2 Equity accounted investments.
3 The material non cash items relate to impairments and provisions raised or written back, unrealised foreign exchange movements and investment property fair value gains or losses.
4 Excludes deferred tax assets, financial instruments and pension assets and are based on the geographical location of assets.
5 The majority of revenue and non current segment assets from Asia are attributable to Singapore.
6 The majority of revenue and non current segment assets from Europe are attributable to the UK.

Line of Business

The analysis of revenue by line of business is as follows.

	June 2015 A$m	June 2014 A$m
Property Development	1,927.0	2,384.5
Construction	10,936.9	11,016.0
Investment Management	212.2	294.6
Infrastructure Development	204.2	259.2
Total segment	**13,280.3**	**13,954.3**
Corporate activities	18.3	18.8
Total revenue	**13,298.6**	**13,973.1**

No revenue from transactions with a single external customer amounts to 10% or more of the Group's revenue.

Notes to the Consolidated Financial Statements
continued

Section A: Performance continued

2. Dividends/Distributions[1]

	Cents Per Share/Unit	Franked Amount Per Share %	COMPANY/TRUST June 2015 A$m	COMPANY/TRUST June 2014 A$m
Parent Company Interim Dividend				
December 2014 – paid 18 March 2015	24.0		139.0	
December 2013 – paid 21 March 2014	17.5			100.9
Lend Lease Trust Interim Distribution				
December 2014 – paid 18 March 2015	3.0		17.5	
December 2013 – paid 21 March 2014	4.5			25.9
Parent Company Final Dividend				
June 2015 – declared subsequent to reporting date[2]	22.9	25	132.7	
June 2014 – paid 22 September 2014	42.0			242.3
Lend Lease Trust Final Distribution				
June 2015 – provided for (payable 18 September 2015)	4.1		24.0	
June 2014 – paid 22 September 2014	7.0			40.7
			313.2	**409.8**

1 Interim dividends/distributions were not franked in the current and prior year. The final dividend component franked to 25% in the current year and was not franked in the prior year.
2 No provision for this dividend has been recognised in the Statement of Financial Position at 30 June 2015, as it was declared after the end of the financial year.

Dividend Franking

The amount of franking credits available for use in subsequent reporting periods as at 30 June 2015 is A$17.3 million, based on a 30% tax rate (30 June 2014: A$16.1 million). This is calculated after adjusting for franking credits which will arise from the payment of income tax provided in the financial statements and tax losses utilised in the current financial year. The Group has estimated future claims with the Australian Taxation Office in relation to the year ended 30 June 2015, and prior years, which are not reflected in the above franking account balance. Should these claims be successful, this will result in the franking account balance being reduced as a consequence.

3. Earnings Per Share/Stapled Security (EPS/EPSS)

Accounting Policies

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

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

Diluted EPS/EPSS is determined by adjusting the profit/(loss) after tax attributable to members of the Company and Group, and the weighted average number of ordinary shares/securities outstanding for the effects of all dilutive potential ordinary shares/securities. The Group currently does not have any dilutive potential ordinary shares/securities.

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

		JUNE 2015		JUNE 2014	
Financial Disclosure		Shares/ Securities excluding Treasury Securities	Shares/ Securities on Issue	Shares/ Securities excluding Treasury Securities	Shares/ Securities on Issue
Basic/Diluted Earnings Per Share (EPS)					
Profit attributable to members of Lend Lease Corporation Limited used in calculating basic/diluted EPS	A$m	530.2	530.2	751.5	751.5
Weighted average number of ordinary shares	m	550.2	579.4	545.8	576.6
Basic/diluted EPS	cents	**96.4**	**91.5**	**137.7**	**130.3**
Basic/Diluted Earnings Per Stapled Security (EPSS)					
Profit attributable to securityholders of Lend Lease Group used in calculating basic/diluted EPSS	A$m	618.6	618.6	822.9	822.9
Weighted average number of stapled securities	m	550.2	579.4	545.8	576.6
Basic/diluted EPSS	cents	**112.4**	**106.8**	**150.8**	**142.7**

4. Revenue

Accounting Policies

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

- For construction and property development: the value of work performed using the percentage complete method, which is measured by reference to costs incurred to date as a percentage of total forecast costs for each contract. This measurement is an **accounting judgement** as management uses judgement to estimate expenses incurred to date as a percentage of total estimated costs.
- Property development also includes retirement living Deferred Management Fees ('DMF'). A typical DMF contract provides for an annual fee for a fixed period on the property occupied by a resident (e.g. 3% per annum of purchase or resale price for a period up to 10 – 12 years, or 30% – 36% in total) plus a share of the capital gain realised on turnover. For both owned retirement villages (investment property) and managed retirement villages, DMF income is recognised on an annual accrual basis based upon the expected term of the resident's licence and estimates of capital growth since the resident first occupied the unit.
- For infrastructure development: origination and asset management fee entitlements are recognised for services rendered.
- For investment management: funds and asset management fee entitlements are recognised for services rendered.

Revenue from the sale of development properties is recognised in the Income Statement when:

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

The measurement of revenue from the sale of development properties is another **accounting judgement** as it requires management to exercise its judgement in valuing the individual components of a development property sale, given the due consideration to cost inputs, market conditions and commercial factors.

Rental revenue, including lease incentives granted, is recognised in the Income Statement on a straight line basis over the term of the lease.

Other revenue primarily includes dividends/distributions and miscellaneous items. Dividend/distribution income is recognised when the right to receive payment is established, usually on declaration of the dividend/distribution.

Financial Disclosure	June 2015 A$m	June 2014 A$m
Revenue from the provision of services		
Construction	10,934.8	11,011.3
Property Development	302.5	295.6
Infrastructure Development	197.8	238.9
Investment Management	164.5	205.4
Total revenue from the provision of services	**11,599.6**	**11,751.2**
Revenue from the sale of development properties	1,616.7	2,079.6
Rental revenue	9.7	53.3
Other revenue	54.9	51.8
Total revenue	**13,280.9**	**13,935.9**

Notes to the Consolidated Financial Statements
continued

Section A: Performance continued

5. Other Income

Accounting Policies

Other Income

Net gains or losses on sale of investments, including equity accounted investments, available for sale financial assets and consolidated entities are recognised when an unconditional contract is in place.

Net gains or losses on fair value remeasurements are recognised in accordance with the policies stated in Note 13 'Investment Properties' and Note 14 'Other Financial Assets'.

Financial Disclosure	June 2015 A$m	June 2014 A$m
Net gain on sale of investments		
Equity accounted investments	29.2	12.4
Other assets and liabilities	23.6	12.0
Consolidated entities	48.0	
Total net gain on sale of investments	**100.8**	**24.4**
Net gain on transfer of investments		
Available for sale financial assets	**31.9**	**2.5**
Net gain on fair value measurement		
Investment properties		49.7
Derivative contracts held for trading	3.5	4.5
Fair value through profit or loss assets	21.4	13.0
Total net gain on fair value measurement	**24.9**	**67.2**
Other	**94.2**	**95.8**
Total other income	**251.8**	**189.9**

6. Other Expenses

Accounting Policies

Other expenses in general are recognised as incurred.

Employee Benefit Expenses

Employee benefits are expensed as the related service by the employee is provided and includes both equity and cash based payment transactions. Employee benefits recognised in the Income Statement are net of recoveries.

For cash bonuses, the Group recognises an accrued liability for the amount expected to be paid. This is based on a formula that takes into consideration the profit attributable to the Group's securityholders after certain adjustments. Refer to Note 34a 'Short Term Incentives' for further detail.

Share Based Compensation

The Group operates equity settled share based compensation plans that are linked to Lend Lease's security price. The fair value of the equity received in exchange for the grant is recognised as an expense and a corresponding increase in equity, in the Equity Compensation Reserve. The total amount to be expensed over the vesting period is determined by reference to the fair value of the equity granted.

The fair value is primarily determined using a Monte-Carlo simulation model. Refer to Note 34c 'Amounts Recognised in the Financial Statements' for further detail. Management consider the fair value assigned to be an area of **estimation uncertainty** as it requires judgements on Lend Lease's security price and whether vesting conditions will be satisfied. Refer to Employee Benefits Note 34b 'Long Term Incentives' for detail on vesting conditions.

At each balance sheet date, the Group revises its estimates of the entitlement due. It recognises the impact of revision of original estimates, if any, in the Income Statement, and a corresponding adjustment to equity over the remaining vesting period. Changes in entitlement for equity settled plans are not recognised if they fail to vest due to market conditions not being met.

Superannuation Accumulation Plan Expense

All employees in Australia and New Zealand are entitled to benefits on retirement, disability or death from the Group's superannuation accumulation plan. The majority of these employees are party to a defined contribution plan and receive fixed contributions from the Group. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. The Group also operates a defined benefit superannuation plan, membership of which is now closed. Refer to Note 33 'Defined Benefit Plans' for further detail.

Impairment

The carrying amounts of the Group's assets, subject to impairment tests are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The calculation of this recoverable amount is dependent on the type of asset. The material assets' accounting policies will contain further information on these calculations.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Income Statement unless an asset has been previously revalued through reserves.

Reversals of Impairment

Impairment losses on assets can be reversed (other than goodwill) when there is a subsequent increase in the recoverable amount. The increase could be due to a specific event, the indication of impairment may no longer exist or there is a change in estimates used to determine the recoverable amount.

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

Operating Lease Expense

Payments made under operating leases, including lease incentives, are recognised in the Income Statement on a straight line basis over the term of the lease.

Depreciation and Amortisation

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

Notes to the Consolidated Financial Statements
continued

Section A: Performance continued

6. Other Expenses continued

Financial Disclosure	June 2015 A$m	June 2014 A$m
Profit before income tax includes the following other expense items:		
Employee benefit expenses[1]	2,259.1	2,349.4
Superannuation accumulation plan expense	43.5	29.0
Net defined benefit plans expense[2]	4.5	10.7
Expenses include impairments raised/(reversals) relating to:		
Loans and receivables	(9.9)	85.7
Property inventories	4.3	90.4
Property, plant and equipment	7.8	1.5
Equity accounted investments	(4.2)	2.3
Other financial assets	3.7	3.2
Net fair value loss on investment properties	12.1	
Operating lease expense	84.3	81.3
Depreciation and amortisation	79.5	87.7
Net foreign exchange loss	14.3	10.7

1 Total expense before recoveries through projects.
2 The Lend Lease Superannuation Plan (Australia) was partially closed on 30 September 2014. An immaterial asset remains on the Statement of Financial Position.

Auditors' Remuneration	June 2015 A$000s	June 2014 A$000s
Amounts received or due and receivable by the auditors of Lend Lease Group for:		
Audit and Other Assurance Services		
Audit services	5,535	5,447
Other assurance services	464	472
Total audit and other assurance services	**5,999**	**5,919**
Non audit services		
Total audit, other assurance and non audit services	**5,999**	**5,919**

7. Finance Revenue and Finance Costs

Accounting Policies

Finance revenue is recognised as it is earned using the effective interest method, which applies the interest rate that discounts estimated future cash receipts over the expected life of the financial instrument. The discount is then recognised as finance revenue over the remaining life of the financial instrument.

Finance costs include interest, amortisation of discounts or premiums relating to borrowings and amortisation of costs incurred in connection with the arrangement of new borrowings facilities. Costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings. Finance costs are expensed immediately as incurred unless they relate to acquisition and development of qualifying assets. Qualifying assets are assets that take more than six months to prepare for their intended use or sale. Finance costs related to qualifying assets are capitalised.

Financial Disclosure	June 2015 A$m	June 2014 A$m
Finance Revenue		
Related parties	0.2	13.9
Other corporations	13.6	20.6
Total interest finance revenue	**13.8**	**34.5**
Interest discounting	3.9	2.7
Total finance revenue	**17.7**	**37.2**
Finance Costs		
Other corporations	149.0	151.8
Less: Capitalised interest finance costs[1]	(26.4)	(19.7)
Total interest finance costs	**122.6**	**132.1**
Non interest finance costs	14.6	11.1
Interest discounting		0.5
Total finance costs	**137.2**	**143.7**
Net finance costs	**(119.5)**	**(106.5)**

1 The weighted average interest rate used to determine the amount of interest finance costs eligible for capitalisation was 5.4% (30 June 2014: 5.74%), which is the effective interest rate.

Notes to the Consolidated Financial Statements
continued

Section A: Performance continued

8. Share of Profit of Equity Accounted Investments

Accounting Policies

Investments in associates and joint ventures are accounted for using the equity method. The share of profit recognised under the equity method is the Group's share of the investment's profit or loss based on ownership interest held. Associates (including partnerships) are entities in which the Group, as a result of its voting rights, has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

For associates, this is from the date that significant influence commences until the date that significant influence ceases, and for joint ventures, this is from the date joint control commences until the date joint control ceases.

Financial Disclosure	June 2015 A$m	June 2014 A$m
Associates		
Share of Profit	24.8	21.4
Joint Ventures		
Share of (Loss)/Profit	(4.9)	37.9
Total share of profit of equity accounted investments	**19.9**	**59.3**

	SHARE OF PROFIT/(LOSS)[1]	
	June 2015 A$m	June 2014 A$m
a. Associates		
Australia		
Lend Lease Real Estate Partners 3[2]	8.1	18.7
Lend Lease Communities Fund 1	0.7	(0.2)
Lend Lease Sub Regional Retail Fund[2]	3.3	
Total Australia	**12.1**	**18.5**
Asia		
Lend Lease Asian Retail Investment Fund 2	3.1	0.9
Lend Lease Asian Retail Investment Fund 3	7.3	
Total Asia	**10.4**	**0.9**
Americas		
Other	2.3	2.0
Total Americas	**2.3**	**2.0**
Total associates	**24.8**	**21.4**
b. Joint Ventures		
Australia		
Lend Lease International Towers Sydney Trust	31.7	20.6
Sunshine Coast University Hospital	4.5	3.7
Other	1.2	(1.9)
Total Australia	**37.4**	**22.4**
Asia		
CDR JV Ltd (313@somerset)	(6.8)	4.2
Other		0.2
Total Asia	**(6.8)**	**4.4**
Europe		
Majadahonda Hospital	1.3	2.0
Global Renewables Lancashire Holdings Limited[3]	(40.7)	(2.5)
Other	3.7	9.9
Total Europe	**(35.7)**	**9.4**

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 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.
3 The current year share of loss represents the recycling of the hedge reserve to the Income Statement of A$(39.4) million and A$(1.3) million share of loss.

	SHARE OF PROFIT/(LOSS)[1] June 2015 A$m	June 2014 A$m
b. Joint Ventures continued		
Americas		
Other	0.2	1.7
Total Americas	**0.2**	**1.7**
Total joint ventures	**(4.9)**	**37.9**
Total equity accounted investments	**19.9**	**59.3**

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.

c. Material Associates and Joint Ventures Summarised Financial Information

The table below provides summarised financial information for those associates and joint ventures that are material to the Group. Refer to Note 12c 'Equity Accounted Investments' for determination of material associates and joint ventures. 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 principal activities of the material associates and joint ventures is investing in property assets.

	LEND LEASE ASIAN RETAIL INVESTMENT FUND 3[1]		LEND LEASE INTERNATIONAL TOWERS SYDNEY TRUST		CDR JV LTD (313@SOMERSET)	
Income Statement	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m
Revenue from provision of services	63.6				56.6	49.9
Interest income			0.1	0.1		
Fair value revaluations	11.0		217.5	112.8	(47.8)	(1.2)
Interest expense	(11.3)				(15.0)	(11.2)
Other expenses	(22.8)		(6.2)	(3.4)	(20.0)	(18.7)
Income tax expense	(4.3)				(1.0)	(2.0)
Profit/(loss) for the period[2]	**36.2**	–	**211.4**	**109.5**	**(27.2)**	**16.8**
Other comprehensive income	48.8				54.0	19.3
Total comprehensive income	**85.0**	–	**211.4**	**109.5**	**26.8**	**36.1**
Group's ownership interest	20.1%		15.0%	15.0%[3]	25.0%	25.0%
Group's total share of:						
Profit/(loss)	**7.3**	–	**31.7**	**20.6**	**(6.8)**	**4.2**
Other comprehensive income	9.8				13.5	4.8
Total comprehensive income	**17.1**	–	**31.7**	**20.6**	**6.7**	**9.0**
Dividends received from associates and joint ventures	–	–	–	–	**5.3**	**7.5**

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. 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 There was no depreciation and amortisation expense in the current or prior period in the profit/(loss).
3 During the period, the Group sold 10% of its interest. At 30 June 2014, the Group held a 15% interest.

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

	ASSOCIATES		JOINT VENTURES	
Income Statement	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m
Aggregate amounts of the Group's share of:				
Profit/(loss) from continuing operations	17.5	2.7	(29.8)	13.1
Other comprehensive income/(expense)	3.1	0.9	(2.8)	(7.5)
Aggregate amounts of Group's share of total comprehensive income/(expense) of individually immaterial equity accounted investments	**20.6**	**3.6**	**(32.6)**	**5.6**

Notes to the Consolidated Financial Statements
continued

Section A: Performance continued

9. Taxation

Accounting Policies

Income Taxes

Income tax on the profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Under current Australian income tax law LLT is not liable for income tax, including capital gains tax, to the extent that unitholders are presently entitled to the income of LLT.

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

Deferred tax is the expected tax payable in future periods as a result of past transactions or events and is calculated by comparing the accounting balance sheet to the tax balance sheet. Temporary differences are provided for any differences in the carrying amounts of assets and liabilities between the accounting and tax balance sheets. The following temporary differences are not provided for:

- the initial recognition of goodwill;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and
- differences relating to investments in subsidiaries to the extent that they are not likely to reverse in the foreseeable future.

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

Recognition of deferred tax assets is only to the extent it is probable that future taxable profits will be available so as the related tax asset will be realised. Deferred tax assets may include the following:

- deductible temporary differences;
- unused tax losses; and
- unused tax credits.

Management consider the estimation of future taxable profits to be an area of **estimation uncertainty** as a change in any of the assumptions used in budgeting and forecasting would have an impact on the future profitability of the Group. The Group prepares financial budgets and forecasts, covering a five year period, which are reviewed on a regular basis. These forecasts and budgets form the basis of future profitability to support the carrying value of the deferred tax assets. The performance of the Group is influenced by a variety of general economic and business conditions, which are outside the control of the Group, including the level of inflation, interest rates, exchange rates, commodity prices, ability to access funding, oversupply and demand conditions and government fiscal, monetary and regulatory policies.

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

Tax Consolidation

The Company is the head entity of the Australian Tax Consolidated Group comprising all the Australian wholly owned subsidiaries, which excludes LLT. As a consequence, all members of the Australian Tax Consolidation Group are taxed as a single entity.

	June 2015 A$m	June 2014 A$m
a. Income Tax Expense		
Recognised in the Income Statement		
Current Tax Expense		
Current year	(29.1)	116.1
Adjustments for prior years	(17.7)	(6.9)
Benefits of tax losses recognised	(18.6)	(13.5)
	(65.4)	**95.7**
Deferred Tax Expense		
Origination and reversal of temporary differences	218.9	99.7
Temporary differences recognised/recovered	(10.5)	(27.9)
Net tax losses written off/(recognised)	4.5	(20.6)
Change in tax rate	3.3	2.9
Adjustments for prior years	(1.7)	25.5
	214.5	**79.6**
Total income tax expense	**149.1**	**175.3**
Reconciliation of Effective Tax Rate		
Profit before tax	768.0	998.6
Income tax using the domestic corporation tax rate 30%	**230.4**	**299.6**
Adjustments for prior year tax claim	(17.7)	(6.9)
Non assessable and exempt income[1]	(70.3)	(60.1)
Non allowable expenses[2]	8.9	31.3
Net writeoff/(recognition) of tax losses through income tax expense	13.8	(4.6)
Temporary differences recognised through income tax expense[3]	(18.2)	(27.9)
Utilisation of capital losses on disposal of assets	(7.4)	(10.6)
Effect of tax rates in foreign jurisdictions[4]	17.1	(40.4)
Other	(7.5)	(5.1)
Income tax expense	**149.1**	**175.3**
Deferred Tax Recognised Directly in Equity		
Relating to:		
Equity issue costs	0.1	1.5
Fair value revaluation reserve	(5.7)	3.4
Defined benefit plans remeasurements	(12.9)	(4.5)
Foreign currency translation reserve on equity accounted investments	9.3	
Hedging reserve	0.1	
Non controlling interest acquisition reserve	3.0	3.0
Total deferred tax (benefit)/expense recognised directly in equity	**(6.1)**	**3.4**

1 Includes LLT profit and tax exemptions obtained for major asset sales in the period.
2 Includes accounting expenses for which a tax deduction is not allowed permanently.
3 Includes temporary differences recognised in a previous period but are subsequently written off to the income tax expense in the current period and temporary differences that arose in a previous period but were not recognised until the current period.
4 The Group operates in a number of foreign jurisdictions for trading purposes which have significantly lower tax rates than Australia such as the United Kingdom and Singapore and higher tax rates such as the United States of America and Japan.

	JUNE 2015			JUNE 2014		
	Before Tax A$m	Tax (Expense)/ Benefit A$m	Net of Tax A$m	Before Tax A$m	Tax (Expense)/ Benefit A$m	Net of Tax A$m
b. Tax Effect Relating to Other Comprehensive Income						
Movements in fair value revaluation reserve	0.2	5.7	5.9	7.6	(3.4)	4.2
Movements in hedging reserve	(17.7)	(0.1)	(17.8)	(12.5)		(12.5)
Movements in foreign currency translation reserve	64.9	(9.3)	55.6[1]	57.6		57.6
Movements in non controlling interest acquisition reserve	(14.0)		(14.0)	(1.7)	(0.3)	(2.0)
Movements in defined benefit plan remeasurements in retained earnings	(69.2)	12.9	(56.3)	(30.1)	4.5	(25.6)
Total other comprehensive income net of tax	**(35.8)**	**9.2**	**(26.6)**	**20.9**	**0.8**	**21.7**

1 Excludes non controlling interests A$1.0 million (June 2014: A$nil).

Notes to the Consolidated Financial Statements
continued

Section A: Performance continued

9. Taxation continued

c. Deferred Tax Assets and Liabilities

	JUNE 2015		JUNE 2014	
	Assets A$m	Liabilities A$m	Assets A$m	Liabilities A$m
Recognised Deferred Tax Assets and Liabilities				
Deferred tax assets and liabilities are attributable to the following:				
Loans and receivables	7.6	(425.4)	8.1	(150.8)
Inventories	240.7	(271.2)	92.4	(188.0)
Other financial assets	2.1	(68.4)	0.6	(70.5)
Other assets	12.7	(5.5)	0.3	(2.9)
Equity accounted investments	5.9	(64.0)	4.5	(41.9)
Investment properties	0.7	(140.2)		(109.8)
Property, plant and equipment	22.1	(17.2)	22.5	(13.6)
Intangible assets		(9.3)		(1.8)
Net defined benefit plans	42.7	(25.9)	26.4	(14.5)
Trade and other payables	153.9	(0.1)	127.8	(0.1)
Resident liabilities	150.0		138.9	
Provisions	134.9		93.1	
Borrowings and financing arrangements	0.6	(0.4)	0.6	(0.8)
Other financial liabilities			1.7	
Unused revenue tax losses recognised	420.6[1]		242.9[1]	
Unused capital tax losses recognised	6.9		12.9	
Items with a tax base but no carrying value	24.8	(21.7)	24.4	(7.8)
Total deferred tax assets/(liabilities)	**1,226.2**	**(1,049.3)**	**797.1**	**(602.5)**
Deferred tax set off	(920.7)	920.7	(545.8)	545.8
Net deferred tax assets/(liabilities)	**305.5**	**(128.6)**	**251.3**	**(56.7)**

June 2015	1 July 2014 A$m	Recognised in Income A$m	Recognised in Equity A$m	Other/ Foreign Exchange A$m	30 June 2015 A$m
Movement in temporary differences during the financial year:					
Loans and receivables	(142.7)	(274.0)		(1.1)	(417.8)
Inventories	(95.6)	117.3		(52.2)	(30.5)
Other financial assets	(69.9)	6.2	5.7	(8.3)	(66.3)
Other assets	(2.6)	5.8		4.0	7.2
Equity accounted investments	(37.4)	(18.7)	(9.4)	7.4	(58.1)
Investment properties	(109.8)	(29.7)			(139.5)
Property, plant and equipment	8.9	(6.6)		2.6	4.9
Intangible assets	(1.8)	(2.8)		(4.7)	(9.3)
Net defined benefit plans	11.9	(9.3)	12.9	1.3	16.8
Trade and other payables	127.7	17.1		9.0	153.8
Resident liabilities	138.9	(63.3)		74.4	150.0
Provisions	93.1	11.7		30.1	134.9
Borrowings and financing arrangements	(0.2)	0.4			0.2
Other financial liabilities	1.7	(1.6)		(0.1)	
Unused revenue tax losses recognised	242.9	46.4		131.3	420.6
Unused capital tax losses recognised	12.9	(3.7)		(2.3)	6.9
Items with a tax base but no carrying value	16.6	(9.7)	(3.1)	(0.7)	3.1
Total deferred tax assets/(liabilities)	**194.6**	**(214.5)**	**6.1**	**190.7**	**176.9**

1 Includes research and development tax credits carried forward.

June 2014	1 July 2013 A$m	Recognised in Income A$m	Recognised in Equity A$m	Other/ Foreign Exchange A$m	30 June 2014 A$m
Loans and receivables	(146.2)	3.4		0.1	(142.7)
Inventories	(107.4)	10.0		1.8	(95.6)
Other financial assets	(53.5)	(13.3)	(3.4)	0.3	(69.9)
Other assets	(0.3)	0.1		(2.4)	(2.6)
Equity accounted investments	(21.4)	(16.1)		0.1	(37.4)
Investment properties	(66.2)	(31.5)		(12.1)	(109.8)
Property, plant and equipment	7.0	0.5		1.4	8.9
Intangible assets	(0.6)	(1.2)			(1.8)
Net defined benefit plans	2.9	4.1	4.5	0.4	11.9
Trade and other payables	128.6	(1.9)		1.0	127.7
Resident liabilities	152.7	(43.8)		30.0	138.9
Provisions	97.1	(4.3)		0.3	93.1
Borrowings and financing arrangements	0.6	(0.8)			(0.2)
Other financial liabilities	6.3	(4.1)		(0.5)	1.7
Unused revenue tax losses recognised	133.4	20.6		88.9	242.9
Unused capital tax losses recognised	10.4	2.6		(0.1)	12.9
Items with a tax base but no carrying value	24.8	(3.9)	(4.5)	0.2	16.6
Total deferred tax assets/(liabilities)	**168.2**	**(79.6)**	**(3.4)**	**109.4**	**194.6**

	June 2015 A$m	June 2014 A$m
Unrecognised Deferred Tax Assets		
Deferred tax assets have not been recognised in respect of the following items:		
Capital losses	27.5	41.9
Revenue losses	57.3	35.3
Deductible temporary differences	65.5	74.4
Total unrecognised deferred tax assets	**150.3**	**151.6**

Of the unrecognised deferred tax asset of A$150.3 million, only A$12.5 million expires by 2035. The remainder of the unrecognised deferred tax assets have no expiry date.

10. Events Subsequent to Balance Date

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

Notes to the Consolidated Financial Statements
continued

Section B: Investment

Investment in the property and infrastructure development pipeline, joint ventures in property projects, the retirement sector, and more passive assets, such as property funds, drives the current and future performance of the Group. This section includes disclosures for property such as Inventories and Investment Properties and indirect property assets such as Equity Accounted Investments and Other Financial Assets contained within the Statement of Financial Position.

11. Inventories

Accounting Policies

Development Properties

Property acquired for development and sale in the ordinary course of business is carried at the lower of cost and net realisable value ('NRV').

The cost of development properties includes expenditure incurred in acquiring the property, preparing it for sale and borrowing costs incurred.

The NRV is the estimated selling price, less the estimated costs of completion and selling expenses. Management consider the estimation of both selling prices and costs of completion to be an area of **estimation uncertainty**, as these estimations take into consideration market conditions affecting each property and the underlying strategy for selling the property.

The recoverable amount of each property is assessed at each balance date and **accounting judgement** is required to assess whether a provision is raised where cost (including costs to complete) exceeds NRV.

Inventories are expensed as cost of sales in the Income Statement. Management uses **accounting judgement** in determining the following:

- the apportionment of cost of sales through either land area or sales revenue;
- the amount of cost of sales, which includes costs incurred to date and final forecast costs; and
- the nature of the expenditure, which may include acquisition costs, development costs, borrowing costs and those costs incurred in preparing the property for sale.

Construction Work in Progress

The gross amount of construction and development work in progress consists of costs attributable to work performed, including recoverable pre contract and project bidding costs and emerging profit after providing for any foreseeable losses. In applying the accounting policies on providing for these losses **accounting judgement** is required.

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

Financial Disclosure	June 2015 A$m	June 2014 A$m
Current		
Development properties	1,115.2	580.6
Construction work in progress	857.9	755.6
Other	6.9	9.4
Total current	**1,980.0**	**1,345.6**
Non Current		
Development properties	2,124.2	1,785.9
Total inventories	**4,104.2**	**3,131.5**

12. Equity Accounted Investments

Accounting Policies

Equity Accounted Investments (Associates and Joint Ventures)

As discussed in Note 8 'Share of Profit of Equity Accounted Investments', investments in Associates and Joint Ventures are equity accounted. The share of investment recognised under the equity method is the Group's share of the investment's net assets based on ownership interest held.

Investments in associates and joint ventures are carried at the lower of the equity accounted carrying amount and the recoverable amount. When the Group's share of losses exceeds the carrying amount of the equity accounted investment (including assets that form part of the net investment in the associate or joint venture entity), the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has obligations in respect of the associate or joint venture.

Dividends from associates and joint ventures represent a return on the Group's investment and as such are applied as a reduction to the carrying value of the investment. Unrealised gains arising from transactions with equity accounted investments are eliminated against the investment in the associate or joint venture to the extent of the Group's interest in the associate or joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Other movements in associates' and joint ventures' reserves are recognised directly in the Group's consolidated reserves.

Service Concession Arrangements (SCAs)

The Group equity accounts its investment in project companies with SCAs through public private partnerships ('PPPs'). These arrangements provide facilities management and maintenance services with terms generally of 25 to 30 years. They also incorporate contractual obligations to make available the individual assets for their prescribed use and, where necessary, overhaul or replace major items of plant and equipment related to the assets with payment obtained through periodic draw-downs from the relevant government authorities.

Joint Operations

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

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

Financial Disclosure	June 2015 A$m	June 2014 A$m
Associates		
Investment in associates	236.8	129.3
Less: Impairment	(6.3)	(10.5)
Total associates	**230.5**	**118.8**
Joint Ventures		
Investment in joint ventures	1,012.4	465.8
Less: Impairment	(7.1)	(6.6)
Total joint ventures	**1,005.3**	**459.2**
Total equity accounted investments	**1,235.8**	**578.0**

Notes to the Consolidated Financial Statements
continued

Section B: Investment continued

12. Equity Accounted Investments continued

a. Associates	INTEREST June 2015 %	INTEREST June 2014 %	NET BOOK VALUE June 2015 A$m	NET BOOK VALUE June 2014 A$m
Australia				
Lend Lease Real Estate Partners 3[1]		25.0		81.9
Lend Lease Communities Fund 1	20.8	20.8	9.9	17.7
Lend Lease Sub Regional Retail Fund[1]	10.0		36.7	
Other			0.5	0.5
Total Australia			**47.1**	**100.1**
Asia				
Lend Lease Asian Retail Investment Fund 2	35.9	35.9	28.7	23.3
Lend Lease Asian Retail Investment Fund 3	20.1		154.7	
Total Asia			**183.4**	**23.3**
Europe				
Other			4.6	4.5
Total Europe			**4.6**	**4.5**
Americas				
Other			1.7	1.4
Total Americas			**1.7**	**1.4**
Total			**236.8**	**129.3**
Less: Impairment			(6.3)	(10.5)
Total associates			**230.5**	**118.8**
b. Joint Ventures				
Australia[2]				
Lend Lease International Towers Sydney Trust	15.0	15.0	181.5	80.9
Darling Harbour Live	50.0	50.0	116.2	100.4
Lend Lease One International Towers Sydney Trust	37.5		191.3	
Sunshine Coast University Hospital	50.0	50.0	89.2	83.0
New Bendigo Hospital	50.0	50.0	18.2	22.6
Eastern Goldfields Regional Prison	50.0	50.0	3.3	10.5
Other			8.2	12.1
Total Australia			**607.9**	**309.5**
Asia				
CDR JV Ltd (313@somerset)	25.0	25.0	105.7	104.6
Paya Lebar Central	30.0		158.7	
Other			0.7	0.3
Total Asia			**265.1**	**104.9**
Europe[2]				
Stratford City Business District Limited	50.0	50.0	26.5	23.6
Majadahonda Hospital	25.0	25.0	9.0	9.3
Hungate (York) Regeneration Limited	50.0	50.0	6.0	5.4
Other			10.3	11.6
Total Europe			**51.8**	**49.9**
Americas				
281 Fifth Avenue	40.0		51.9	
River South Properties	60.0		30.9	
Other			4.8	1.5
Total Americas			**87.6**	**1.5**
Total			**1,012.4**	**465.8**
Less: Impairment			(7.1)	(6.6)
Total joint ventures			**1,005.3**	**459.2**
Total equity accounted investments			**1,235.8**	**578.0**

1 Lend Lease Real Estate Partners 3 was restructured during the period to Lend Lease Sub Regional Retail Fund commencing as a new fund. Although the Group has a 10% ownership interest, it holds 20% of the voting rights over the fund and has significant influence over the investment. As a result the Group applies equity accounting for its ownership interest.

2 Equity accounted profit in Note 8 'Share of Profit of Equity Accounted Investments' for certain investments has been aggregated into 'Other' as not material.

c. Material Associates and Joint Ventures summarised financial information

The table below provides summarised financial information for those associates and joint ventures 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 principal activities of the material associates and joint ventures is investing in property assets.

	LEND LEASE ASIAN RETAIL INVESTMENT FUND 3[1]		LEND LEASE INTERNATIONAL TOWERS SYDNEY TRUST		CDR JV LTD (313@SOMERSET)	
Statement of Financial Position	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m
Current assets						
Cash and cash equivalents	89.9		4.2	0.9	38.8	39.2
Other current assets	0.4		10.3	3.0	2.8	3.1
Total current assets	**90.3**	**–**	**14.5**	**3.9**	**41.6**	**42.3**
Non current assets	**1,357.3**	**–**	**2,236.2**	**1,233.5**	**1,059.6**	**983.3**
Total current liabilities[2]	**(24.8)**	**–**	**(733.9)**	**(364.5)**	**(14.0)**	**(23.5)**
Non current liabilities						
Financial liabilities (excluding trade payables)	(22.3)		(306.9)	(132.7)	(629.2)	(559.8)
Other non current liabilities	(629.0)			(200.7)	(17.2)	(7.4)
Total non current liabilities	**(651.3)**	**–**	**(306.9)**	**(333.4)**	**(646.4)**	**(567.2)**
Net assets	**771.5**	**–**	**1,209.9**	**539.5**	**440.8**	**434.9**
Reconciliation to Carrying Amounts						
Opening net assets 1 July	344.4		539.5	357.0	434.9	428.8
Profit for the period	36.2		211.4	109.5	(27.2)	16.8
Other comprehensive income	48.9				54.3	19.3
Dividends paid					(21.2)	(30.0)
Acquisition/contributions	342.0		459.0	73.0		
Closing net assets	**771.5**	**–**	**1,209.9**	**539.5**	**440.8**	**434.9**
Group's share of net assets	**154.7**	**–**	**181.5**	**80.9**	**110.1**	**108.7**
Other adjustments					(4.4)	(4.1)
Carrying amount at end of period	**154.7**	**–**	**181.5**	**80.9**	**105.7**	**104.6**

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. 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 Lend Lease International Towers Sydney Trust had current financial liabilities of A$458.5 million (June 2014: A$225.8 million).

There were no capital expenditure or lease commitments contracted but not provided for during the current or prior year 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	
Statement of Financial Position	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m
Aggregate carrying value of individually immaterial equity accounted investments	**75.8**	**36.9**	**718.1**	**273.7**

Notes to the Consolidated Financial Statements
continued

Section B: Investment continued

13. Investment Properties

Accounting Policies

Investment properties on initial recognition are measured at cost, including transaction costs and subsequently stated at fair value.

The fair value for all properties, except those under construction and those valued at less than A$10.0 million, is based on periodic, but at least triennial, valuations by qualified external independent valuers. It is the policy of the Group to review the fair value of each property every six months.

Fair value is based on current prices in an active market for similar properties in the same location and condition. If this information is not available, the Group uses alternative calculation methods such as discounted cash flow projections, recent prices on less active markets or capitalised income projections. Capitalised income projections are based on perpetuity of net operating income and deferred management fees using a capitalisation rate derived from market evidence.

Any gain or loss arising from a change in fair value is recognised in the Income Statement. Management consider the calculation of the fair value to be an area of **estimation uncertainty**. 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.

Rental revenue and deferred management fees from investment properties are accounted for as described in Note 4 'Revenue'. Expenses capitalised to properties may include the cost of acquisition, additions, refurbishments, redevelopments, borrowing costs and certain fees incurred.

Retirement living investment properties principally comprises retirement villages (both operating villages and villages under development) held for long term income yields, which are not occupied by the Group.

Resident liabilities are initially recognised as the amount paid by residents of retirement living investment properties to occupy the apartments and units. Subsequently they are measured at face value being the principal paid, plus the resident's share of capital gains based on market values of the underlying property at balance date, less deferred management fees earned to date.

Resident liabilities are non interest bearing and are classified as current liabilities because any resident may choose to depart within 12 months. Although a resident may choose to depart within 12 months, the Group's obligation to settle with the departing resident for the majority of resident contracts is not due for a period greater than 12 months, which means these liabilities are effectively non-current. History has also shown that residents stay for an average period of 11 years in independent living units ('ILUs') and six years in serviced apartments ('SAs').

Deferred management fees receivable on owned sites ('DMF') represent amounts owed to the Group in connection with resident occupancy at retirement villages subject to long term management agreements. The DMF is calculated in accordance with resident contracts, refer to Note 4 'Revenue' for further detail.

Financial Disclosure	June 2015 A$m	June 2014 A$m
a. Investment Properties – Non Current		
Retirement living properties	5,803.6	4,615.8
Retail properties	74.9	81.5
Assets under construction	116.4	134.7
Total investment properties	**5,994.9**	**4,832.0**
Reconciliations		
Reconciliations of the carrying amount for investment properties are as follows:		
Carrying amount at beginning of financial year	4,832.0	4,052.3
Acquisition/(disposal) of investment properties	933.5	448.7
Capital expenditure	102.9	103.9
Fair value (loss)/gain recognised through the Income Statement	(12.1)	49.7
Increase attributable to capital gain	130.8	109.5
Foreign exchange rate/other movements	7.8	67.9
Carrying amount at end of financial year	**5,994.9**	**4,832.0**
b. Resident Liabilities – Current		
Gross resident liabilities	4,742.8	3,673.9
Deferred management fees receivable on owned sites	(662.4)	(478.4)
Total resident liabilities	**4,080.4**	**3,195.5**

c. 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 as follows.

Retirement Living Properties

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

- Weighted average discount rate of 13.3% (June 2014: 13.3%);
- Weighted average future growth rate of 3.7% (June 2014: 3.8%);
- Average length of stay: 11 years for independent living units (June 2014: 11 years) and six years for serviced apartments (June 2014: six years); and
- A discounted cash flow valuation model using a 50 year terminal yield.

For retirement living properties included in assets under construction, the assumptions adopted in determining the fair values at 30 June 2015 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 are generally between 2.0% and 4.0% (June 2014: between 2.0% and 4.0%) based on price and cost escalation assumptions determined by individual property factors.

d. Fair Value Measurement

There are different levels of fair value measurements, refer to Note 26b 'Fair Value Measurements' 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$1,779.0 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$1,587.7 million (June 2014: A$1,328.8 million), retail properties A$74.9 million (June 2014: A$81.5 million) and assets under construction A$116.4 million (June 2014: A$134.7 million).

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

e. Fair Value Reconciliation

Reconciliation of carrying value for level 3 net investment properties.

	June 2015 A$m	June 2014 A$m
Carrying amount at beginning of financial period	1,545.0	1,296.4
Additions/(disposals)	307.8	229.9
Gains/(losses) recognised in:		
Income Statement – other income		49.7
Income Statement – other expenses	(12.1)	
Other comprehensive income – foreign currency translation	(12.0)	22.4
Other movements	(49.7)	(53.4)
Carrying amount at end of financial period	**1,779.0**	**1,545.0**

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

Section B: Investment continued

14. Other Financial Assets

Accounting Policies

The following table summarises the accounting policies of investments the Group classifies as material financial assets, the classification depends on the purpose for which the investments were acquired.

Investment Category	Classification Criteria	Initial Recognition	Subsequent Measurement	Impairment
Financial assets at fair value through profit or loss	Held for Trading - if it is acquired principally for the purpose of selling in the short term,unless they are designated as hedges, refer to Note 25 'Hedging' for further detail. Typically this includes derivatives such as forward exchange contracts and interest rate swaps.	At fair value (generally transaction price). Transaction costs are recorded as expenses when they are incurred.	Fair value, any changes in fair value are reflected in the Income Statement.	Fair value losses are reflected in the Income Statement.
	Designated at Fair Value Through Profit or Loss at initial recognition - either to eliminate a measurement or recognition inconsistency, or where a group of financial assets is managed, and its performance is evaluated, on a fair value basis.			
Loans and receivables	Refer to Note 22 'Loans and Receivables'.			
Available for Sale (AFS)	Non derivative financial assets that are either designated in this category or not classified in any other category. Typically include investments the Group do not control or have significant influence over and are not managed on a fair value basis.	At fair value (generally transaction price) plus transaction costs directly attributable to the acquisition or issue. Transaction costs are incremental costs that would only have been incurred in relation to the transaction.	Fair value, unrealised gains or losses arising from changes in the fair value are recognised in equity, in the **Fair Value Revaluation Reserve**. When AFS financial assets are sold, transferred or impaired, the accumulated fair value adjustments in the reserves are included in the Income Statement as gains or losses.	AFS assets are generally impaired when there is a significant or prolonged decline in the fair value of the asset below its cost. The cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Income Statement. Impairment losses previously recognised in the Income Statement on equity instruments are not reversed through the Income Statement but are recognised through other comprehensive income.

Financial Disclosure	June 2015 A$m	June 2014 A$m
Current Measured at Fair Value		
Available for Sale		**1.2**
Fair Value Through Profit or Loss – Designated at Initial Recognition		
Negotiable instruments	37.9	36.9
Derivatives	4.8	12.3
Total current	**42.7**	**50.4**
Non Current Measured at Fair Value		
Available for Sale		
Australian Prime Property Fund – Retail	43.5	42.2
Lend Lease Core Plus Fund	11.4	33.7
Lend Lease Retail Partnership	71.8	62.9
Lend Lease Asian Retail Investment Fund	33.7	33.2
Lend Lease Asian Retail Investment Fund 3[1]		60.6
Parkway Parade Partnership Limited	34.2	29.5
Other	133.7	114.1
	328.3	**376.2**
Fair Value Through Profit or Loss – Designated at Initial Recognition		
Australian Prime Property Fund – Industrial	71.3	239.3
Australian Prime Property Fund – Commercial	173.6	228.2
Other unlisted investments	42.3	119.2
	287.2	**586.7**
Held to Maturity		
Other	10.2	9.2
	10.2	**9.2**
Total non current	**625.7**	**972.1**
Total other financial assets	**668.4**	**1,022.5**

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 12 'Equity Accounted Investments'.

Notes to the Consolidated Financial Statements
continued

Section C: Liquidity and Working Capital

The ability of the Group to fund the continued investment in the property and infrastructure pipeline, invest in new opportunities and meet current commitments is dependent on available cash and access to third party capital. This section contains disclosure on the financial assets, financial liabilities, cash flows and equity that are required to finance the Group's activities, including existing commitments and the liquidity risk exposure associated with financial liabilities. The section also contains disclosures for the Group's trading assets, excluding inventories, and the trading liabilities incurred as a result of trading activities used to generate the Group's Performance.

15. Cash and Cash Equivalents

Accounting Policies

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

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

Financial Disclosure	June 2015 A$m	June 2014 A$m
Cash	462.5	528.7
Short term investments	287.6	1,187.1
Total cash and cash equivalents	**750.1**	**1,715.8**

Short term investments earned variable rates of interest which averaged 2.0% per annum during the year ended 30 June 2015 (30 June 2014: 2.8%).

16. Notes to Statement of Cash Flows

	June 2015 A$m	June 2014 A$m
Reconciliation of Profit After Tax to Net Cash Provided by Operating Activities		
Profit After Tax (Including External Non Controlling Interests)	618.9	823.3
Amortisation and depreciation	79.5	87.7
Net gain on sale of investments, plant and equipment	(100.8)	(21.2)
(Writeback)/impairment of equity accounted investments	(4.2)	2.3
Impairment of other financial assets	3.7	3.2
Impairment of property, plant and equipment	7.8	1.5
Net unrealised foreign exchange loss/(gain) and currency hedging costs	75.2	(8.5)
Net fair value gain on investments	(24.9)	(17.5)
Share of profit of equity accounted investments	(19.9)	(59.3)
Dividends/distributions from equity accounted investments	17.7	34.2
Fair value loss/(gain) on investment properties	12.1	(49.7)
Other	(109.1)	(91.8)
Net cash provided by operating activities before changes in assets and liabilities	**556.0**	**704.2**
Changes in Assets and Liabilities Adjusted for Effects of Purchase and Disposal of Consolidated Entities and Operations During the Financial Year		
(Increase)/decrease in receivables	(1,340.9)	277.7
Increase in inventories	(754.3)	(115.3)
(Increase)/decrease in other assets	(9.4)	5.8
Increase in net defined benefit plans	(48.1)	(13.5)
Increase/(decrease) in payables	1,343.2	(67.4)
Increase/(decrease) in operating derivatives assets/liabilities	8.6	(8.6)
Decrease in deferred tax items	200.9	79.6
Increase in current tax	(173.1)	(30.5)
Increase/(decrease) in other provisions	50.5	(9.6)
Net cash (used in)/provided by operating activities	**(166.6)**	**822.4**

17. Borrowings and Financing Arrangements

Accounting Policies

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Under the amortised cost method the difference between the amount initially recognised and the redemption value is recorded in the Income Statement over the period of the borrowing on an effective interest basis. Borrowings are referred to in this section using their redemption value when describing the terms and conditions.

Financial Disclosure	June 2015 A$m	June 2014 A$m
a. Borrowings – Measured at Amortised Cost		
Current		
Commercial notes	227.3	
Total current	**227.3**	**–**
Non Current		
Commercial notes	1,378.1	1,464.0
Bank credit facilities	844.9	883.0
Total non current	**2,223.0**	**2,347.0**
Total borrowings	**2,450.3**	**2,347.0**
b. Finance Facilities		
The Group has access to the following lines of credit:		
Commercial Notes		
Facility available	1,605.4	1,464.0
Amount of facility used	(1,605.4)	(1,464.0)
Amount of facility unused	**–**	**–**
Bank Credit Facilities		
Facility available	2,182.7	2,108.0
Amount of facility used	(844.9)	(883.0)
Amount of facility unused	**1,337.8**	**1,225.0**
Bank Overdrafts		
Facility available and amount unused	**85.7**	**84.6**

Commercial notes include:

- £300.0 million of guaranteed unsecured notes issued in October 2006 in the UK bond market with a 6.125% p.a. 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 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) drawn to £140.0 million (A$285.7 million) at 30 June 2015; and
- A$1,500.0 million syndicated multi-option facility maturing in June 2019 (A$600.0 million) and June 2020 (A$900.0 million) drawn to A$550.0 million at 30 June 2015. This is an extension of the existing A$1,500.0 million syndicated multi-option facility with original maturities of December 2017 (A$600.0 million) and December 2018 (A$900.0 million) drawn to A$875.0 million at June 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.

	INTEREST EXPOSURE			CURRENCY				
	Fixed A$m	Floating A$m	Total A$m	A$ A$m	US$ A$m	£ A$m	S$ A$m	Total A$m
June 2015								
Between one and five years	998.9	834.5	1,833.4	1,024.3	259.7	285.7	263.7	1,833.4
More than five years	606.5	10.4	616.9			616.9		616.9
Total	**1,605.4**	**844.9**	**2,450.3**	**1,024.3**	**259.7**	**902.6**	**263.7**	**2,450.3**
June 2014								
Between one and five years	697.1	873.5	1,570.6	1,121.7	214.9		234.0	1,570.6
More than five years	766.9	9.5	776.4	227.3		549.1		776.4
Total	**1,464.0**	**883.0**	**2,347.0**	**1,349.0**	**214.9**	**549.1**	**234.0**	**2,347.0**

Notes to the Consolidated Financial Statements
continued

Section C: Liquidity and Working Capital continued

18. Issued Capital

Accounting Policies

Issued Capital

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

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and are recognised as a deduction from equity.

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

	LEND LEASE CORPORATION LIMITED				LEND LEASE TRUST			
	June 2015		June 2014		June 2015		June 2014	
Financial Disclosure	No. of Shares (m)	A$m	No. of Shares (m)	A$m	No. of Units (m)	A$m	No. of Units (m)	A$m
Issued capital at beginning of financial year	577.5	1,618.2	575.5	1,599.9	577.5	504.7	575.5	502.3
Transactions with owners for the year:								
Recapitalisation of Lend Lease Trust		(400.5)				400.5		
Distribution Reinvestment Plan	3.0	38.6	2.0	18.3	3.0	6.0	2.0	2.4
Issued capital at end of financial year	**580.5**	**1,256.3**	**577.5**	**1,618.2**	**580.5**	**911.2**	**577.5**	**504.7**

a. 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 30 June 2015, the Group had 580.5 million stapled securities on issue, equivalent to the number of Lend Lease Corporation shares and Lend Lease Trust ('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.

b. 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 1 September 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.

c. 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.

19. Capital Management

The Group assesses capital management as part of its broader strategic plan. The Group focuses on interrelated financial parameters, including return on equity, earnings growth and borrowing capacity. The Group also monitors its gearing ratio, interest coverage ratio and weighted average cost of debt. These are all taken into account when the Group makes decisions on how to invest its capital and evaluate its existing investments.

The Group's capital includes total equity, borrowings and other interest bearing liabilities. When investing capital, the Group's objective is to deliver strong total securityholder returns and to maintain an investment-grade credit rating by maintaining an appropriate financial profile. The S&P/Moody's long term credit rating at 30 June 2015 is BBB-/Baa3 (June 2014: BBB-/Baa3).

The capital structure of the Group can be changed by equity issuance, paying distributions to securityholders, the distribution reinvestment plan and changing the level of debt.

20. Liquidity Risk Exposure

Further information on Liquidity Risk is disclosed in Note 24 'Financial Risk Management'. As disclosed in Note 27 'Contingent Liabilities' in certain circumstances the Company guarantees the performance of particular Group entities in respect of their obligations including bonding and bank guarantees. Issued bank guarantees have cash collateralisation requirements if the bank guarantee facility is not renewed by the provider. At 30 June 2015, the Group does not anticipate a significant liquidity risk in relation to these facilities in the next 12 months.

The Group has provided collateral of A$nil (June 2014: A$4.2 million) against letter of credit facilities.

The following are the contractual cash flow maturities of financial liabilities including estimated interest payments.

	Note	Carrying amount A$m	Contractual cash flows A$m	Less than one year A$m	One to two years A$m	Two to five year A$m	More than five years A$m
June 2015							
Non Derivative Financial Liabilities							
Trade and other payables[1,2]	23	4,983.7	5,170.8	3,994.7	212.7	248.4	715.0
Resident liabilities[3]	13b	4,080.4	4,080.4	4,080.4			
Borrowings and financing arrangements	17a	2,450.3	3,012.1	340.1	397.9	1,576.5	697.6
Other financial liabilities		58.3	63.3	29.2	23.7	10.4	
Total		**11,572.7**	**12,326.6**	**8,444.4**	**634.3**	**1,835.3**	**1,412.6**
Derivative Financial Liabilities							
Foreign exchange contracts:							
Outflow		(4.5)	(458.8)	(451.0)	(7.8)		
Inflow			454.3	446.5	7.8		
Interest rate derivatives:							
Outflow		(3.2)	(3.2)				(3.2)
Total	26b	**(7.7)**	**(7.7)**	**(4.5)**	**–**	**–**	**(3.2)**
June 2014							
Non Derivative Financial Liabilities							
Trade and other payables[1,2]	23	3,921.5	4,026.3	3,410.3	268.9	244.1	103.0
Resident liabilities[3]	13b	3,195.5	3,195.5	3,195.5			
Borrowings and financing arrangements	17a	2,347.0	3,093.1	145.1	333.0	1,722.3	892.7
Other financial liabilities		91.4	94.0	33.0	28.0	33.0	
Total		**9,555.4**	**10,408.9**	**6,783.9**	**629.9**	**1,999.4**	**995.7**
Derivative Financial Liabilities							
Foreign exchange contracts:							
Outflow		(2.5)	(232.1)	(232.1)			
Inflow		1.4	231.0	231.0			
Interest rate derivatives:							
Outflow		(7.1)	(7.1)	(4.7)			(2.4)
Total	26b	**(8.2)**	**(8.2)**	**(5.8)**	**–**	**–**	**(2.4)**

1 The carrying amount of trade and other payables excludes A$1,042.1 million of current and A$596.3 million of non current amounts (June 2014: A$671.1 million of current and A$163.8 million of non current amounts) as they do not meet the definition of a financial liability under Australian Accounting Standards.

2 The repayment of these amounts will be funded through collection of outstanding loans and receivables: June 2015: A$3,951.1 million (June 2014: A$2,411.1 million).

3 Resident liabilities are required to be classified as less than one year as any resident may depart at any time. The balance includes retirement village total resident liabilities of A$4,080.4 million (June 2014: A$3,195.5 million), which is net of deferred management fees receivable, and is repayable out of the amounts paid to the Group by incoming retirement village residents for the right to occupy retirement living (refer to Note 13 'Investment Properties').

Other contractually committed cash flows the Group is exposed to are detailed in Note 21 'Commitments'.

Notes to the Consolidated Financial Statements
continued

Section C: Liquidity and Working Capital continued

21. Commitments[1]

	June 2015 A$m	June 2014 A$m
The Group leases various land and buildings, and plant and equipment under non cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.		
a. Operating Lease Commitments		
The estimated aggregate amount of non cancellable operating lease expenditure agreed or contracted but not provided for in the financial statements is as follows:		
Land and buildings – self occupied	194.1	234.4
Plant and equipment	8.9	8.8
	203.0	**243.2**
At balance date, commitments in relation to non cancellable operating leases are payable as follows:		
Due within one year	66.5	72.9
Due between one and five years	126.3	157.4
Due later than five years	10.2	12.9
	203.0	**243.2**
b. Finance Lease Commitments		
At balance date, commitments in relation to the finance leases are payable as follows:		
Due within one year	26.0	31.8
Due between one and five years	32.3	59.6
Recognised in other financial liabilities	**58.3**	**91.4**
c. Investments		
At balance date, capital commitments existing in respect of interests in equity accounted investments and other investments contracted but not provided for in the financial statements are as follows:		
Due within one year	379.2	163.9
Due between one and five years	239.3	98.8
	618.5	**262.7**

1 The commitments outlined in this note do not include the commitments of the material joint ventures and associates (refer to Note 12 'Equity Accounted Investments').

22. Loans and Receivables

Accounting Policies

Loans and receivables, which include **trade and other receivables,** are non derivative financial assets with fixed or determinable payments that are not equity securities. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. Other receivables include receivables related to investment management, property development, and miscellaneous items.

Loans and receivables are carried at amortised cost using the effective interest method, which applies the interest rate that discounts estimated future cash receipts over the term of the loans and receivables. Cash flows relating to short term trade and other receivables are not discounted if the effect of discounting is immaterial. The discount, if material, is then recognised as revenue over the remaining term.

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

Retentions receivable on construction contracts represent deposits held by the Group until the satisfaction of conditions specified in the contract are rectified.

Financial Disclosure	June 2015 A$m	June 2014 A$m
Current		
Trade receivables	1,140.1	1,263.0
Less: Impairment	(18.0)	(15.8)
	1,122.1	**1,247.2**
Related parties	41.7	43.9
Retentions	335.3	203.7
Other receivables	2,137.9	293.9
Less: Impairment	(6.0)	(11.4)
Total current	**3,631.0**	**1,777.3**
Non Current		
Related parties	180.3	150.0
Less: Impairment	(116.8)	(122.3)
Retentions	57.6	78.7
Other receivables	199.0	530.2
Less: Impairment		(2.8)
Total non current	**320.1**	**633.8**
Total loans and receivables	**3,951.1**	**2,411.1**

As at the reporting date, A$886.9 million of the trade debtors were current (30 June 2014: A$1,045.3 million) and A$253.2 million were past due (30 June 2014: A$217.7 million). Of the past due amount, A$235.3 million was not impaired (30 June 2014: A$202.5 million). 'Past due' is defined under accounting standards to mean any amount outstanding for one or more days after the contractual due date. Of the total trade debtors, 5.5% (30 June 2014: 7.9%) are aged greater than 90 days. Other than trade debtors, no other loans and receivables are considered past due at 30 June 2015 (30 June 2014: A$nil).

	June 2015 A$m	June 2014 A$m
Impairment		
Carrying amount at beginning of financial year	152.3	118.1
Bad and doubtful debts impairment loss net of provisions (written back)/raised	(9.9)	85.7
Other movements (including foreign exchange rate movements)	(1.6)	(51.5)
Carrying amount at end of financial year	**140.8**	**152.3**
Total impairment as a percentage of total loans and receivables	**3.6%**	**6.3%**

The credit quality of all loans and receivables, including those neither past due nor impaired, is assessed and monitored on an ongoing basis. To determine the impairment provision for the financial year, the Group considers how economic and market conditions will affect the creditworthiness of certain entities. The impairment provision relates to specific loans and receivables that have been identified as being impaired, including related party loans where the Group's interest in a development was via an equity accounted investment.

Notes to the Consolidated Financial Statements
continued

Section C: Liquidity and Working Capital continued

23. Trade and Other Payables

Accounting Policies

Trade Creditors
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group. Trade accounts payable are normally settled within 45 days. Trade and other payables are carried at amortised cost using the effective interest method, which applies the interest rate that discounts estimated future cash outflows over the term of the trade and other payables. Cash flows relating to short term trade and other payables are not discounted if the effect of discounting is immaterial. The discount, if material, is then recognised as an expense over the remaining term.

Construction Revenue – Amounts Due to Customers
Construction contracts where the total progress billings issued to clients (together with foreseeable losses if applicable) on a project exceed the costs incurred to date plus recognised profit on the contract are recognised as a liability.

Retentions
Retentions are amounts payable for the purpose of security and for the provision of defects in accordance with contract terms. Release of retention amounts are in accordance with contractual terms.

Other
Other primarily relates to unearned income and deposits received in advance on pre sold apartments. These amounts will be recognised as income in line with the 'Revenue from the sale of development properties' accounting policy in Note 4 'Revenue'.

Financial Disclosure	June 2015 A$m	June 2014 A$m
Current		
Trade creditors	2,775.2	2,593.7
Construction revenue – amounts due to customers	743.3	600.5
Insurance claim reserve	17.6	17.1
Related parties	254.3	126.5
Retentions and deferred payments	710.1	380.6
Other	535.6	315.7
Total current	**5,036.1**	**4,034.1**
Non Current		
Insurance claim reserve	15.0	15.7
Related parties	13.0	56.6
Retentions and deferred payments	756.0	329.1
Other	802.0	320.9
Total non current	**1,586.0**	**722.3**
Total trade and other payables	**6,622.1**	**4,756.4**

Section D: Risk Management

The Group's activities expose it to a variety of financial risks. The Group's overall financial risk management strategy focuses on the unpredictability of financial markets and seeks to minimise adverse effects on the Group's performance. Treasury policies have been approved by the Board for managing this risk. This section contains disclosures of financial risks the Group is exposed to and how the Group manage these risks. The impact of contingent liabilities is also considered in this section.

24. Financial Risk Management

The Group operates across numerous jurisdictions and markets. The Lend Lease Asset and Liability Committee oversees the management of the Group's Treasury risks, within the parameters of a Board approved Treasury Policy, and maintains a Group-wide framework for financial risk management and reviews issues of material risk exposure within the scope of the Treasury Policy. A summary of key risks identified, exposures and management of exposures is detailed in the table below.

Risks Identified	Definition	Exposures	Management of Exposures
Foreign Currency	The risk in local currency terms that the value of a financial commitment or a recognised asset or liability, will fluctuate due to changes in foreign currency exchange rates	• Foreign currency earnings • Net investments in foreign operations • Transactions settled in foreign currency • Further information on exposures is detailed in Note 24a 'Foreign Currency Risk Exposure'	• Physical financial instruments, including natural hedges from matching foreign assets and liabilities • Derivative financial instruments, mainly foreign exchange contacts • Speculative trading is not permitted
Credit	The risk that a counterparty will not be able to meet its obligations in respect of a financial instrument, resulting in a financial loss to the Group	• Recoverability of loans and receivables • Recoverability of other financial assets and cash deposits • Further information on exposures is detailed in Note 24b 'Credit Risk Exposure'	• Policies in place so that customers and suppliers are appropriately credit assessed • Treasury Policy sets out credit limits for each counterparty based on minimum investment-grade ratings
Liquidity	The risk of having insufficient funds to settle financial liabilities as and when they fall due	• Insufficient levels of committed credit facilities • Settlement of financial liabilities • Further information on exposures is detailed in Note 20 'Liquidity Risk Exposure'	• Maintaining sufficient levels of cash and committed credit facilities to meet financial commitments and working capital requirements • Managing to funding portfolio benchmarks as outlined in the Treasury Policy • Timely review and renewal of credit facilities
Interest Rate	The risk that the value of a financial instrument or cash flow associated with the instrument will fluctuate due to changes in market interest rates	• Financial assets, mainly cash at bank • Financial liabilities, mainly borrowings and finance arrangements • Further information on exposures is detailed in Note 24c 'Interest Rate Risk Exposure'	• Physical financial instruments • Derivative financial instruments, mainly interest rate swaps • Managing to hedging limits in respect of recourse funding as outlined in the Treasury Policy • Speculative trading is not permitted
Equity Price	The risk that the fair value of either a traded or non traded equity investment, derivative equity instrument, or a portfolio of such financial instruments, increases or decreases in the future	• All traded and/or non traded financial instruments measured at fair value	• Material investments within the portfolio are managed on an individual basis. The Group's portfolio is monitored closely as part of capital recycling initiatives

Notes to the Consolidated Financial Statements
continued

Section D: Risk Management continued

24. Financial Risk Management continued

a. Foreign Currency Risk Exposure

The **net asset exposure** by currency is detailed below.

	A$m	US$m	£m	S$m	€m	NZ$m	Other m
June 2015							
Net asset/(liability) exposure (local currency)	4,605.5	61.9	(77.8)	244.3	70.7	273.3	64.0
June 2014							
Net asset/(liability) exposure (local currency)	4,714.1	(103.5)	(153.1)	72.1	90.5	269.8	98.0

Sensitivity Analysis

The sensitivity analysis of the Group's Australian dollar denominated Income Statement and Statement of Financial Position to foreign currency movements is based on a 10% fluctuation (June 2014: 10% fluctuation) on the average rates during the financial year and the spot rate at balance date respectively. This analysis assumes that all other variables, in particular interest rates, remain constant, and exclude the effects of the foreign exchange contracts above.

A 10% movement in the average foreign exchange rates would have impacted the Group's profit after tax as follows.

	10% WEAKENING INCREASE/(DECREASE) IN PROFIT AFTER TAX		10% STRENGTHENING INCREASE/(DECREASE) IN PROFIT AFTER TAX	
	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m
USD	8.6	7.6	(7.0)	(6.2)
GBP	8.9	51.9	(7.4)	(41.9)
SGD	1.9	8.4	(1.5)	(6.7)
EUR	(0.2)	(1.8)	0.2	1.5
	19.2	**66.1**	**(15.7)**	**(53.3)**

A 10% movement in the foreign exchange spot rates at balance date would have impacted the Group's net assets as follows.

	10% WEAKENING INCREASE/(DECREASE) IN NET ASSETS		10% STRENGTHENING INCREASE/(DECREASE) IN NET ASSETS	
	June 2015 A$m	June 2014 A$m	June 2015 A$m	June 2014 A$m
USD	9.3	(11.9)	(7.6)	9.8
GBP	(18.1)	(27.8)	14.6	27.4
SGD	25.0	7.1	(20.6)	(5.7)
EUR	11.6	15.8	(9.4)	(12.7)
NZD	25.6	28.3	(21.1)	(23.1)
	53.4	**11.5**	**(44.1)**	**(4.3)**

b. Credit Risk Exposure

- The maximum exposure to credit risk at balance date on financial instruments recognised in the Statement of Financial Position (excluding investments of the Group) equals the carrying amount, net of any impairment.
- The Group is not exposed to any significant concentrations of credit risk on either a geographic or industry specific basis.
- Credit risk on financial instruments is managed under a Board approved credit policy that determines acceptable counterparties. Derivative counterparties and cash deposits are limited to recognised financial intermediaries with a minimum investment-grade credit rating as determined by a recognised rating agency.
- There was A$3.7 million impairment recorded during the year against other financial assets (June 2014: A$3.2 million).
- Refer to Note 22 'Loans and Receivables' for information relating to impairment on loans and receivables.
- In certain circumstances, the Group will hold either financial or non financial assets as collateral to further mitigate the potential credit risk on selected transactions. During the current and prior year, the Group did not hold financial or non financial assets as collateral. At any point in time, the Group will hold other collateral such as bank guarantees and performance bonds to mitigate potential credit risk as a result of default by a counterparty or otherwise.

c. Interest Rate Risk Exposure

The Group's exposure to interest rate risk on its **financial assets and liabilities** is set out as follows.

	CARRYING AMOUNT	
	June 2015 A$m	June 2014 A$m
Fixed Rate		
Financial assets	261.5	736.4
Financial liabilities	(2,359.0)	(1,946.4)
	(2,097.5)	**(1,210.0)**
Variable Rate		
Financial assets	327.0	1,166.8
Financial liabilities	(848.1)	(892.2)
	(521.1)	**274.6**

Sensitivity Analysis

At 30 June 2015 it is estimated that an increase of one percentage point in interest rates would have decreased the Group's profit after tax and retained earnings by A$1.8 million (June 2014: A$0.6 million decrease in the Group's profit after tax and retained earnings). A one percentage point decrease in interest rates would have increased the Group's profit after tax and retained earnings by A$1.8 million (June 2014: A$0.6 million increase in the Group's profit after tax and retained earnings). The increase or decrease in interest income/expense is proportional to the increase or decrease in interest rates. Interest rate derivatives have been included in this calculation.

Notes to the Consolidated Financial Statements
continued

Section D: Risk Management continued

25. Hedging

Accounting Policies

The Group uses **derivative financial instruments** to hedge its exposure to foreign exchange and interest rate risks arising from operating, financing and investing activities. Derivative financial instruments are recognised initially at fair value on the date a derivative contract is entered into and subsequently remeasured at fair value. Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair value of the derivative financial instruments and the hedged item. The accounting for hedges that meet the criteria for hedge accounting are summarised in the following table.

Hedge Classification	Exposures Hedged	Recognition of Hedged Gains or Losses	Discontinuance of Hedge Accounting
Fair Value	Hedges the exposure to changes in fair value of a recognised asset, liability or firm commitment that could affect profit or loss.	Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the **Income Statement**, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.	The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation.
Cash Flow	Hedges the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.	The effective portion of changes in the fair value of derivatives that are designated and qualify as effective cash flow hedges are recognised in other comprehensive income, through the **hedging reserve**. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Amounts accumulated in the hedge reserve are recycled to the Income Statement when the hedged item will affect profit or loss (for instance, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, inventory) or a liability, the gains or losses previously deferred in the hedge reserve are transferred from equity and included in the initial measurement of the cost of the asset or liability.	When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.
Net Investment	Hedges the exposure to the effects of changes in exchange rates in net investments in a foreign operation. As the foreign operation's net assets are reported in the consolidated financial statements, this type of hedging can only be carried out at the consolidation level.	Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to the **foreign currency translation reserve.**	Gains or losses accumulated in equity are included in the Income Statement on disposal of the foreign operation.

The Group currently applies hedge accounting under AASB 139 *Financial Instruments: Recognition and Measurement*. The Group has minimal hedges designated as fair value. The Group primarily uses forward foreign exchange contracts as cash flow hedges for highly probable sale, purchase and dividend transactions. The Group also uses forward foreign exchange contracts to hedge cross border intercompany loans and transactions which mainly net off in the Income Statement. Interest rate swaps are used to manage the Group's exposure to interest rates arising from borrowings, these are treated as cash flow hedges and are mainly on borrowings within equity accounted investments.

The Group's **foreign exchange derivative contracts** held at reporting date to hedge specific foreign currency exposures are as follows.

Contracts to (buy)/sell the following currencies at an agreed exchange rate:	WEIGHTED AVERAGE EXCHANGE RATE June 2015 (A$1=)	June 2014 (A$1=)	GROSS RECEIVABLE/(PAYABLE) UNDER CONTRACTS June 2015 A$m	June 2014 A$m
buy GBP	0.49	0.55	(226.9)	(881.4)
sell GBP	0.51	0.55	13.4	115.8
buy USD	0.77	0.93	(339.9)	(458.3)
sell USD	0.79	0.94	60.4	123.8
buy EUR	0.68	0.66	(32.7)	(49.6)
sell EUR	0.71	0.69	36.4	47.6
buy SGD	1.04	1.17	(97.9)	(28.3)
sell SGD	1.03	1.17	23.2	8.0
buy JPY	94.08		(56.6)	
sell JPY	95.57		2.6	
buy MYR	2.91	90.52	(41.4)	(8.3)
sell MYR	2.90		22.5	
buy MXN	12.45	12.43	(0.2)	(5.2)
sell MXN	12.33		0.2	
Total			**(636.9)**	**(1,135.9)**

There are a total of two foreign currency contracts that will mature in one to two years.

26. Fair Value Measurement

Accounting Policies

The accounting policies for financial instruments held at fair value are included in Note 14 'Other Financial Assets' and Note 25 'Hedging'.

Management consider the valuation of the financial instruments to be an area of **estimation uncertainty**. While this represents the best estimation of fair value at the reporting date, the fair values may differ if there is volatility in market prices or foreign exchange rates in future periods.

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	JUNE 2015 Carrying Amount A$m	Fair Value A$m	JUNE 2014 Carrying Amount A$m	Fair Value A$m
Liabilities					
Current					
Commercial notes	17a	227.3	230.7	–	–
Non Current					
Commercial notes	17a	1,378.1	1,624.2	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

Section D: Risk Management continued

26. Fair Value Measurement continued

a. Basis of Determining Fair Value

The determination of fair values of financial assets and liabilities that are measured at fair value in the annual financial report are summarised as follows.

- The fair value of unlisted investments is determined based on an assessment of the underlying net assets, future maintainable earnings and any special circumstances pertaining to the particular investment;
- The fair value of unlisted investments in property funds has been determined by reference to the fair value of the underlying properties, which are valued by independent appraisers;
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted valuation techniques; these include the use of recent arm's length transactions, reference to other assets that are substantially the same, and discounted cash flow analysis; and
- The fair value of derivative instruments comprises forward foreign exchange contracts, which are valued using forward rates at balance date, and interest rate swap contracts, which are measured at the present value of future cash flows estimated and discounted based on applicable yield curves derived from quoted interest rates and includes consideration of counterparty risk adjustments.

b. Fair Value Measurements

The table below analyses 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.

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

		CONSOLIDATED CARRYING AMOUNT			
June 2015	Note	Level 1 A$m	Level 2 A$m	Level 3 A$m	Total A$m
Financial Assets					
Available for sale investments				328.3	328.3
Fair value through profit or loss – negotiable instruments		37.9			37.9
Fair value through profit or loss – unlisted investments				287.2	287.2
Held to maturity investments				10.2	10.2
Derivatives			4.8		4.8
	14	**37.9**	**4.8**	**625.7**	**668.4**
Financial Liabilities					
Derivatives	20	–	**7.7**	–	**7.7**

		CONSOLIDATED CARRYING AMOUNT			
June 2014	Note	Level 1 A$m	Level 2 A$m	Level 3 A$m	Total A$m
Financial Assets					
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 investments				586.7	586.7
Held to maturity investments				9.2	9.2
Derivatives			12.3		12.3
	14	**36.9**	**12.3**	**973.3**	**1,022.5**
Financial Liabilities					
Derivatives	20	–	**8.2**	–	**8.2**

c. Fair Value Reconciliation

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

June 2015	Note	Available for Sale Investments A$m	Unlisted Investments A$m	Held to Maturity Investments A$m
Carrying amount at beginning of financial period		377.4	586.7	9.2
Additions/(disposals)		(20.3)	(320.5)	
Gains/(losses) recognised in:				
Income Statement – other income			21.1	
Income Statement – other expenses		(3.7)		
Other comprehensive income – fair value		12.2		
Other comprehensive income – foreign currency translation		27.6	(0.1)	1.2
Other movements[1]		(64.9)		(0.2)
Carrying amount at end of financial year	14	**328.3**	**287.2**	**10.2**

1 Includes transfer out A$(65.1) million to 'Equity Accounted Investments'.

June 2014	Note	Available for Sale Investments A$m	Unlisted Investments A$m	Held to Maturity Investments A$m
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[1]		21.3		(0.2)
Carrying amount at end of financial year	14	**377.4**	**586.7**	**9.2**

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.

Notes to the Consolidated Financial Statements
continued

Section D: Risk Management continued

27. 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 Note 29b 'Employee Security Ownership 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 30 June 2015, there were only three cases remaining against a WTC Captive insured beneficiary, including two cases 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 two claims were the first new claims involving LL LMB in over a year and a half when filed in 2014, and the WTC Captive is defending these claims. LL LMB 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 and to which LL LMB responded. The inquiry by the NYSAG has been limited to projects performed pursuant to contracts with New York State agencies. LL LMB has cooperated with the 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.
- Various actions have been commenced which seek damages or contribution from various subsidiaries of the Company ('LLP entities') in respect of transactions entered into in mid 2007 in relation to a number of retirement villages which were at that time part of the Prime Trust portfolio. The liquidator of Australian Property Custodian Holdings Limited (Receivers and Managers Appointed) (Controllers Appointed) (In Liquidation) ('APCH') has commenced proceedings against the LLP entities. In addition APCH has commenced proceedings against third parties in relation to the same transactions and those third parties have made apportionment and/or contribution claims against the LLP entities. The LLP entities are vigorously defending all proceedings. The relevant transactions all occurred prior to the LLP entities becoming subsidiaries of the Company and at the relevant time the LLP entities were controlled by APCH or entities related to William Lewski, a director of the LLP entities at the time.

Section E: Basis of Consolidation

This section provides information on how the Group structure affects the financial position and performance of the Group as a whole. The disclosures detail the types of entities and transactions included in the consolidation and those excluded.

28. Consolidated Entities

Accounting Policies

The Group consolidation comprises all subsidiaries controlled by the Company. Control exists when the Company:

- has the power to direct the relevant activities such as key operating, financial and investing decisions;
- has exposure or rights to variable returns from its involvement with the investee such as dividends, loans and fees; and
- has the ability to use its power over the investee to affect the amount of returns.

In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. Management uses **accounting judgement** in determining whether the Group controls an entity by applying the above control criteria and reviewing the substance of its relationship with the entity.

- The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies with adjustments made to bring into line any dissimilar accounting policies that may exist.
- External non controlling interests are allocated their share of total comprehensive income and are presented within equity in the consolidated Statement of Financial Position, separately from the equity of securityholders.
- The material consolidated entities of the Group listed below were wholly owned during the current and prior year.

PARENT ENTITY

Lend Lease Corporation Limited

AUSTRALIA

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[1]

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

1 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.

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

Notes to the Consolidated Financial Statements
continued

Section E: Basis of Consolidation continued

28. Consolidated Entities continued

The following material **disposals** of consolidated entities occurred during the current and prior year.

June 2015	Ownership Interest Disposed %	Date Disposed	Gross Consideration Received/Receivable A$m
Europe			
Lend Lease Facilities Management (EMEA) Ltd	100	7 Jul 14	62.3
June 2014			
Europe			
Bovis Lend Lease S.A.[1]	100	31 Dec 13	11.5
Blueco Limited	100	24 Jun 14	–
Lend Lease Global Investment Plc	100	24 Jun 14	–
Bluewater Ground Lease Limited	100	24 Jun 14	–
Greenhithe Holdings Limited	100	24 Jun 14	–
Greenhithe Investments Limited	100	24 Jun 14	–

1 Consideration receivable has been deferred over 10 years.

29. Employee Benefit Vehicles

The Company sponsors a number of employee benefit vehicles, including employee security plans and employee security ownership vehicles. These vehicles while not legally controlled, are required to be consolidated for accounting purposes.

a. Employee Security Plans

Currently employees own approximately 5.61% (June 2014: 6.28%) of the issued capital of the Group through various Lend Lease employee security plans, details of which are outlined below.

- Australia: Employee Share Acquisition Plan (‘ESAP’): ESAP was established in December 1988 for the purpose of employees acquiring securities in the Group and is funded by Lend Lease subscriptions.
- UK/Europe/Asia: Employee Share Plan: The European (Guernsey-based) Restricted Share Plan (‘the Restricted Share Plan’) was established in 1998. The Plan is similar in operation to the Australia-based ESAP. Securities in the Restricted Share Plan may be allocated to employees in the UK, Europe and Singapore based on individual and business unit performance. No new awards are being allocated from this Plan.
- In 2002, two UK-based Inland Revenue approved Share Incentive Plans (‘SIP’) were established for the acceptance of employee profit share contributions used to acquire Group securities for UK-based Group employees. These plans are currently not accepting new contributions whilst Lend Lease makes all profit share payments to employees in cash.
- Americas: US Rabbi Trust (‘Rabbi Trust’) was established in 2004 and updated in 2005 for the acceptance of employee profit share contributions used to acquire Group securities for US-based employees. This part of the plan is not currently accepting new contributions and only holds cash or short term investments.
- Employee Share Acquisition Plan (STI) (‘ESAP STI’): ESAP STI was established in July 2014 for the purpose of acquiring and allocating securities granted as the deferred component of Executive Short Term Incentive (‘STI’) awards which are funded by Lend Lease subscriptions. Securities are currently allocated to employees across Australia, Singapore, Malaysia, the UK and US.

Eligibility

The rules for eligibility for particular plans are determined by reference to the regulatory, legal and tax rules of each country in which the Group operates.

Distributions and/or Voting Rights

Generally, employees in the various operating security plans are entitled to distributions and voting rights for allocated securities. The plans reflect this intention subject to regulatory, legal and tax constraints. Voting and distribution rights on any unallocated securities reside with the trustees of the relevant security plan trusts. The trustee may exercise these rights in accordance with any fiduciary or governance rules pertaining to the deed or trust laws in the legal and tax jurisdiction within which the trust operates.

b. Employee Security Ownership Vehicles

In addition to the plans discussed above, Lend Lease has established a range of employee security ownership vehicles, including Lend Lease Retirement Benefit Fund ('RBF') and Lend Lease Employee Investment Trust ('EIT').

- RBF was established in 1984 with shareholder approval for the benefit of employees. The Lend Lease securities in RBF are not available for allocation to employees other than in the event of a change of control of the Group and, in accordance with RBF's trust deed, the capital of the trust is not available to the Group. The RBF trustee has discretion as to the distribution of the RBF Funds. In 1992 a deed poll was executed which allows for the distribution of the income of RBF to the Company to fund employee benefit activities through Lend Lease Foundation. In the event of a change of control of the Group, the RBF trustee may distribute RBF funds to employees who cease to be employees during the 12 months after a change of control. Any payments that the RBF trustee may make as a result of a change of control of the Group are an obligation of RBF and not the Group. Any payments made will need to be funded by RBF and therefore cannot exceed the value of the assets of RBF, which was A$220.6 million at 30 June 2015 (June 2014: A$201.9 million). However, as RBF is consolidated by the Group, this potential obligation is disclosed as a contingent liability.
- EIT was established in 1985 as a benefit vehicle to enable employees to invest in the Group. There are no current employee allocations. In 1992 a deed poll was executed which allows for distribution of the unallocated income of EIT to the Company to fund employee benefit activities through Lend Lease Foundation. On a change of control, the EIT trustee may (but is not required to) terminate the trust and distribute allocated proceeds to employees and unallocated proceeds to other benefit vehicles such as RBF. Any payments out of EIT are an obligation of EIT and not the Group, and cannot exceed the assets of EIT of A$175.6 million as at 30 June 2015 (June 2014: A$147.3 million). No contingency is recorded in these financial statements for potential payments on a change of control as the potential for such payments is considered remote, with any termination of EIT in such circumstances, and the subsequent distribution to other vehicles, entirely at the discretion of the EIT trustee.
- The EIT and RBF arrangements are subject to periodic review to assess their ongoing role and operation.

30. Parent Entity Disclosures

The following summarises the financial information of the Group's parent entity, Lend Lease Corporation Limited ('the Company'), as at and for the year ended 30 June 2015.

	COMPANY	
	June 2015 A$m	June 2014 A$m
Results		
Profit after tax	253.3	301.2
Other comprehensive income after tax	0.8	6.2
Total comprehensive income after tax	**254.1**	**307.4**
Financial Position		
Current assets	4,529.7	4,229.6
Non current assets	2,310.8	2,135.8
Total assets	**6,840.5**	**6,365.4**
Current liabilities	4,333.7	3,408.6
Non current liabilities	51.9	43.5
Total liabilities	**4,385.6**	**3,452.1**
Net assets	**2,454.9**	**2,913.3**
Issued capital	1,256.3	1,618.2
Treasury securities	(90.9)	(117.1)
Reserves	229.4	224.0
Retained earnings	1,060.1	1,188.2
Total equity	**2,454.9**	**2,913.3**

In respect of the contingent liabilities of the Group disclosed in Note 27 'Contingent Liabilities', the Company participates in the provision of guarantees of Group entities and manages the legal action in relation to the World Trade Center.

Notes to the Consolidated Financial Statements

continued

Section E: Basis of Consolidation continued

31. Related Party Information

a. Consolidated Entities

Intragroup balances and transactions, and any unrealised gains or losses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Investments in subsidiaries are carried at their cost of acquisition less impairments in the Company's financial statements.

Lend Lease Corporation Limited provides a wide range of corporate services to its consolidated entities. Corporate management fees and/or guarantee fees are charged to these entities for these services. These services principally relate to:

- Administration, company secretarial, accounting, legal, tax, insurance, information technology and public relations;
- Human resources and employee services including the administration of salaries and superannuation and employee security based payment plans (refer to Note 6 'Other Expenses' and Note 29 'Employee Benefit Vehicles'); and
- Financing and treasury services, which includes working capital facilities and long term financing. Interest is earned or incurred only on long term loans provided to or drawn with subsidiaries based on project specific risks and returns. Outstanding balances arising from working capital facilities and long term financing are typically unsecured and repayable on demand. In addition, guarantees are provided to particular Group entities in respect of their obligations. These include bonding and bank guarantee facilities used primarily by the Construction business as well as performance guarantees for certain Development business commercial built-form developments. Guarantee fees are charged under normal terms and conditions.

The following represents the transactions that occurred during the financial year and the balances outstanding at year end between Lend Lease Corporation Limited and its consolidated entities.

	COMPANY	
	June 2015 A$000s	June 2014 A$000s
Transactions		
Corporate management fees	46,539	31,261
Guarantee fees	11,615	13,797
Dividend income	395,966	384,729
Interest income	17,037	15,266
Interest expense	116,882	85,181
Outstanding Balances (Net of Provisions Raised)		
Receivables	4,514,336	4,237,648
Payables	4,277,178	3,340,380

Transactions that occurred during the financial year between entities in the Lend Lease Group included:

- Provision of project management, design services, construction management and engineering services to development projects;
- Provision of development management services;
- Provision of investment management services;
- Provision of payroll, transaction and management services;
- Receipt and payment of superannuation contributions;
- Reimbursement of expenses made on behalf of subsidiaries;
- Loan advances and repayments between subsidiaries;
- Premium payments and receipts for the Group's insurance policies; and
- Dividends received or due and receivable from subsidiaries.

b. Associates and Joint Ventures

Interests held in associates and joint ventures by Lend Lease are set out in Note 12 'Equity Accounted Investments'.

Transactions between the Lend Lease Group and its associates and joint ventures principally relate to:

- Property Development: development management services and the sale and purchase of development properties with Lend Lease managed funds;
- Infrastructure Development: provision of project management, engineering and construction services and asset management services. Loan stock is also provided to projects on which interest is earned based upon project specific risks and returns.
- Construction: provision of project management, building, engineering and construction services; and
- Investment Management: provision of property and infrastructure investment management, property management and asset management services.

A non interest bearing loan has also been provided to a joint venture and at 30 June 2015 the loan balance was A$28.6 million (June 2014: A$28.6 million).

Except as noted above, transactions and outstanding balances are typically on normal terms and conditions.

Revenue earned by Lend Lease during the year as a result of transactions with its associates and joint ventures is as follows.

	June 2015 A$m	June 2014 A$m
Revenue		
Provision of services		
Associates	29.1	14.5
Joint ventures	1,148.6	414.4

Other transactions and outstanding balances with associates and joint ventures have been disclosed in Note 4 'Revenue', Note 5 'Other Income', Note 6 'Other Expenses', Note 7 'Finance Revenue and Finance Costs', Note 22 'Loans and Receivables' and Note 23 'Trade and Other Payables'. Transactions with joint operations are included in the consolidated Income Statement and Statement of Financial Position.

c. Key Management Personnel

The key management personnel compensation is as follows.

	June 2015 A$m	June 2014 A$m
Short term employee benefits	18,221	16,513
Post employment benefits	475	472
Security based payments	9,350	7,554
Other long term benefits	87	91
Total	**28,133**	**24,630**

Information regarding individual Directors' and Senior Executives' remuneration is provided in the Remuneration Report within the Directors' Report.

Notes to the Consolidated Financial Statements
continued

Section F: Other Notes

32. Intangible Assets

Accounting Policies

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

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

For the purposes of impairment testing, goodwill is allocated to cash generating units ('CGU') (or groups of CGU), that are expected to benefit from the business combination in which the goodwill arose. CGUs are an identifiable group of assets that generate cash associated with the goodwill. Management consider this is an area of **estimation uncertainty** as these calculations involve an estimation of the recoverable amount of the CGU to which the goodwill is allocated. The Construction CGU uses the value in use basis, which requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the recoverable amount.

Management agreements and other intangible assets acquired by the Group are stated at cost less accumulated amortisation and impairment losses (see Note 6 'Other Expenses'). Amortisation is charged to the Income Statement on a straight line basis over the estimated useful lives of the intangible assets, ranging from three to 20 years.

Financial Disclosure	Note	June 2015 A$m	June 2014 A$m
Goodwill	32a	1,230.2	1,170.4
Management agreements		71.9	62.9
Other intangibles		142.6	90.4
Total intangible assets		**1,444.7**	**1,323.7**
a. Goodwill			
Construction		1,201.0	1,146.2
Development		29.2	24.2
Total goodwill		**1,230.2**	**1,170.4**
Reconciliations			
Reconciliations of the carrying amounts for each category of goodwill are as follows:			
Construction			
Carrying amount at beginning of financial year		1,146.2	1,124.3
Additions during the year		2.2	
Effect of foreign exchange rate/other movements		52.6	21.9
Carrying amount at end of financial year	32b	**1,201.0**	**1,146.2**
Development			
Carrying amount at beginning of financial year		24.2	24.2
Effect of foreign exchange rate movements		5.0	
Carrying amount at end of financial year		**29.2**	**24.2**

b. Goodwill Allocation

Goodwill relating to the Construction business is allocated to CGUs identified according to regions as set out below.

Construction			
Australia		745.7	743.5
Europe		265.3	244.0
Americas		182.6	151.3
Asia		7.4	7.4
Total goodwill		**1,201.0**	**1,146.2**

c. Impairment Tests and Key Assumptions Used – Construction

The recoverable amount of the Construction CGUs is determined based on value in use ('VIU') calculations. For the Construction CGUs, the assumptions used for determining the recoverable amount of each CGU are based on past experience and expectations for the future, utilising both internal and external sources of data and relevant industry trends.

No impairment arose as a result of the review of goodwill for the Construction CGUs for the year ended 30 June 2015. Based on information available and market conditions at 30 June 2015, a reasonably foreseeable change in the assumptions made in this assessment would not result in impairment of Construction goodwill.

The following describes the key assumptions on which management has based its cash flow projections when determining VIU relating to the Construction CGUs.

Cash Flows

The VIU calculations use pre tax cash flow projections based on actual operating results, and financial forecasts covering a five year period which have been approved by management. These forecasts are based on management estimates to determine income, expenses, capital expenditure and cash flows for each CGU.

Growth Rate

The terminal value growth rate used to extrapolate the cash flows beyond the five year period is 3.0% (June 2014: 3.0%). The growth rate reflects the forecast long term average growth rate for each CGU and the countries in which they operate.

Discount Rate

The discount rates applied to the cash flow projections vary between 14.0% and 20.0% (June 2014: between 14.0% and 20.0%). The Group's weighted average cost of capital is used as a starting point for determining the discount rate, with appropriate adjustments for the risk profile relating to the relevant CGUs and the countries in which they operate. The discount rates used are pre tax.

Notes to the Consolidated Financial Statements
CONTINUED

Section F: Other Notes continued

33. Defined Benefit Plans

Accounting Policies

Group companies operate pension plans. The plans are generally funded through payments to insurance companies or trustee-administered funds as determined by periodic actuarial calculations.

A defined benefit plan is a pension plan that defines the amount of pension benefit an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset or liability recognised in the Statement of Financial Position in respect of defined benefit plans is the present value of the defined benefit obligation i.e. 'the pension liability' at the balance sheet date less the fair value of plan assets. The present value of the pension liability is determined by discounting the estimated future cash outflows using interest rates of high quality corporate or government bonds, that:

- are denominated in the currency in which the benefits will be paid; and
- have terms to maturity approximating the terms of the related pension liability.

The defined benefit obligation is calculated at least annually by independent actuaries using the projected unit credit method, which in simplistic terms proportions the benefit based on service. Management consider the valuation of defined benefit plans undertaken by the actuaries to be an area of **estimation uncertainty** as a number of key assumptions must be adopted to determine the valuation.

Actuarial losses/(gains) will arise where there is a difference between previous estimates and actual experience, or a change to assumptions in relation to demographic and financial trends. These actuarial losses/(gains) are recognised in the period they occur, directly in other comprehensive income as remeasurements. They are included in retained earnings in the Statement of Changes in Equity and in the Statement of Financial Position.

Past service costs are recognised immediately in the Income Statement.

a. Lend Lease Superannuation Plan (Australia)

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

b. Lend Lease Construction UK Pension Scheme

Lend Lease Construction Holdings (EMEA) Limited ('UK Construction') sponsors a funded defined benefit pension scheme ('the Scheme') for qualifying UK employees. The Scheme is administered by a separate board of Trustees which is legally separate from UK Construction. The Scheme's Trustees are composed of representatives of both the employer and employees. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day to day administration of the benefits.

The Scheme is a funded defined benefit scheme, with final salary section providing retirement benefits based on final salary and the index-linked section providing retirement benefits based on career average salary. A separate section, the Personal Investment Section, provides retirement benefits on a defined contribution basis. The UK Construction's contributions to members' Personal Investment Fund accounts are not included in these disclosures.

The final salary section closed to future accrual on 31 August 2008 and the index-linked section closed to future accrual on 31 January 2012. There were no Scheme amendments affecting defined benefits payable, curtailments or settlements during the year. UK Construction pays deficit funding contributions plus 4.0% of members' basic salaries to cover the Scheme's expected administration costs and costs of benefits payable on death in service. During the period the triennial actuarial valuation report was received for 31 March 2014, the recovery plan was amended to eliminate the deficit at valuation date. The amendment required special one off deficit recovery payments, resulting in A$31.6 million being paid in the period and the annual deficit recovery payments under original recovery plan of A$14.6 million was extended by a further two years to March 2020. The Scheme expects to pay A$19.1 million in contributions to its defined benefit plan in 2016, this includes the annual deficit recovery payment under the triennial actuarial valuation.

The defined benefit plan is exposed to actuarial risk and market (investment) risk, the information which follows provides additional detail on risk.

Financial Disclosure	June 2015 A$m	June 2014 A$m
i. Statement of Financial Position Amounts		
The amounts recognised in the Statement of Financial Position are determined as follows:		
Defined benefit obligations	1,144.1	875.6
Fair value of plan assets	(1,075.3)	(836.1)
Net defined benefit liability	**68.8**	**39.5**

	June 2015 A$m	June 2014 A$m
ii. Reconciliation of Defined Benefit Obligations		
Defined benefit obligations at beginning of financial year	875.6	752.8
Included in Income Statement		
Interest cost	37.5	36.2
Remeasurements Included in Other Comprehensive Income		
Actuarial loss/(gain) arising from:		
Demographic assumptions	(9.4)	
Financial assumptions	117.7	31.8
Experience adjustments	30.4	(0.4)
Other		
Benefits paid	(27.1)	(27.7)
Effect of foreign exchange rate movements	119.4	82.9
Defined benefit obligations at end of financial year	**1,144.1**	**875.6**
iii. Reconciliation of the Fair Value of Plan Assets		
Fair value of plan assets at beginning of financial year	836.1	738.2
Included in Income Statement		
Interest income	36.0	35.7
Administration costs	(3.4)	(3.4)
Remeasurements Included in Other Comprehensive Income		
Actual return on plan assets excluding interest income	69.8	(6.3)
Other		
Contributions by Group companies	51.1	18.8
Benefits paid	(27.1)	(27.7)
Effect of foreign exchange rate movements	112.8	80.8
Fair value of plan assets at end of financial year	**1,075.3**	**836.1**
iv. Expense Recognised in the Income Statement		
Net interest cost	1.5	0.5
Administration costs	3.4	3.4
Net defined benefit plan expense	**4.9**	**3.9**
v. Fair Value of Plan Assets		
Plan assets comprise of:		
Equities		
UK	110.6	86.2
Global	289.4	231.6
Investment funds	153.3	128.7
Infrastructure	22.4	16.9
Government index-linked bonds	310.2	248.5
Corporate bonds	144.5	118.7
Other assets	44.9	5.5
	1,075.3	**836.1**

The investment funds target an absolute level of return. The plan assets can be categorised as Level 1, where the fair value is determined using an unadjusted quoted price for an identical asset, or Level 2, where the fair value is derived either directly or indirectly from observable inputs. At the year end, approximately A$144.3 million of global equities (June 2014: A$120.0 million), all the investment funds and bonds were Level 2. UK Construction and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy which aims to reduce the volatility of the funding level of the pension plan by investing in assets such as index-linked bonds which perform in line with the liabilities of the plan so as to protect against inflation being higher than expected. The current benchmark allocation is 55.0% growth assets and 45.0% matching assets (June 2014: 55.0% growth assets and 45.0% matching assets).

Notes to the Consolidated Financial Statements
continued

Section F: Other Notes continued

33. Defined Benefit Plans continued

b. Lend Lease Construction UK Pension Scheme continued

	June 2015	June 2014
vi. Principal Actuarial Assumptions		
Discount rate %	3.5	4.2
RPI Inflation %	3.2	3.4
Average pension increase in payments %	2.5	2.4
Future mortality - years		
Male	25.4	25.4
Female	27.0	26.8

The liabilities are calculated using a discount rate set with reference to corporate bond yield, if assets underperform this yield will create a deficit. A decrease in corporate bond yield will increase the value placed on the Scheme's liabilities, although this will be partially offset by an increase in the value of the Scheme's corporate bond holdings. The majority of the Scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities, although in most cases this will be capped to protect against extreme inflation. The majority of the assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit. The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities. The mortality assumptions are based on standard mortality tables which allow for expected future mortality improvements, the assumption is that a member aged 63 will live for a further 25.4 years (June 2014: 25.4 years) if they are male and 27 years if they are female (June 2014: 26.8 years). At 30 June 2015, the weighted average duration of the defined benefit obligation was 19 years (June 2014: 20 years).

vii.Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

	0.1% Increase in Discount Rate A$m	0.1% Decrease in Discount Rate A$m	0.1% Increase RPI Inflation and Pension Payment A$m	0.1% Decrease RPI Inflation and Pension Payment A$m	1 Year Increase in Future Mortality A$m	1 Year Decrease in Future Mortality A$m
June 2015						
Defined benefit obligations	(20.2)	20.8	16.7	(15.9)	30.2	(30.8)
June 2014						
Defined benefit obligations	(16.3)	16.8	16.9	(16.5)	21.1	(20.5)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Non-pensioner benefits are linked to RPI in the period up to retirement. Once in payment, pension increases are linked to RPI but with a 0% floor and different caps applying to different periods of pensionable service. The inflation sensitivity reflects a change in RPI inflation and the associated increases in payment.

34. Employee Benefits

Detailed information regarding the Group's reward strategy is provided in the Remuneration Report within the Directors' Report. A summary of key incentives are as follows.

a. Short Term Incentives ('STI')

The STI plan is an annual incentive plan whereby a number of employees receive benefits which are dependent upon the achievement of both Lend Lease financial targets and individual goals. The total value of the potential benefit varies by executive and is tested against relevant market levels for each role.

- The STI plan comprises a cash element which is paid in September following year end. For more senior employees, where potential benefit is typically higher, the plan also includes a deferred element.
- Deferral periods are generally for one or two years. The deferred element is normally awarded as Lend Lease securities and in some instances as cash. Securities are held in Lend Lease employee security plans on behalf of the employee for the deferral period, refer to Note 29a 'Employee Security Plans'. For employees to receive the full deferral, they must generally be employed by the Group at the date of vesting.

b. Long Term Incentives ('LTI')

The LTI plan is designed to:

- motivate Senior Executives to achieve the Group's long term strategic goals and only provide reward where the Group delivers better securityholder value than its peers; and
- align the interests of executives and securityholders given that the value received is linked to the Group's security price.

Arrangements for LTI awards

LTI design	How the LTI works	
Performance Securities	• An annual grant of 'performance securities' is made to a limited number of executives. • The Board intends that the awards be settled in Lend Lease securities, although the award may be settled in cash or other means at the Board's discretion. • On vesting, each performance security entitles executives to one Lend Lease security, or at the Board's discretion, cash or other instruments of equivalent value. • In the event of a change in control of the Group, awards will vest upon change in control, to the extent that performance conditions have been met. Participants would then be entitled to a pro rata settlement.	
Performance Period	• 50% of the performance securities are assessed over a three year period. If the hurdle is not fully achieved at this time, those performance securities that have not vested will lapse. • The remaining 50% of the performance securities are assessed after four years. • There is no retesting on any portion of the LTI grant. If the performance hurdle is not met, the awards are forfeited.	
Termination of Employment	• The executive must remain with the Group until vesting date for the award to vest. The period may be shortened if an executive leaves employment by reason of death or total and permanent disability. • Where employment ceases for redundancy or other circumstances as determined by the Board, based on the recommendation of the Personnel and Organisation Committee, a pro rata award may be retained subject to the original vesting date and performance conditions.	
	June 2014 and 2015 Financial Years	**June 2011 to 2013 Financial Years**
Performance Hurdles	• 50% subject to Lend Lease's total securityholder return ('TSR') compared to the companies in the S&P/ASX 100 Index. The S&P/ASX 100 companies are determined at the start of the performance period. • 50% subject to Return on Equity ('ROE')	• Lend Lease's total securityholder return ('TSR') compared to the companies in the S&P/ASX 100 Index. The S&P/ASX 100 companies are determined at the start of the performance period
Vesting Schedule	• TSR **Relative TSR percentile ranking**	**% of performance securities that vest if the relative TSR hurdle is met**
	Below the 50th percentile	No vesting
	At the 50th percentile	50% vesting
	Above the 50th percentile but below the 75th percentile	Pro rata vesting on a straight line basis between 50% and 100%
	At the 75th percentile or greater	100% vesting
Vesting Schedule	• ROE	**% of performance securities that vest if the ROE hurdle is met**
	Less than 11%	No vesting
	11%	25% vesting
	Above 11% but below 15%	Pro rata vesting on a straight line basis between 25% and 100%
	15% or greater	100% vesting

Other LTI Awards

A limited number of other LTI awards have been granted to executives by the Board, based on the recommendation of the People and Culture Committee. These awards tend to have performance hurdles based on internal business unit performance targets, such as earnings before tax, operating margins and funds under management. The relevant performance hurdles must be satisfied in order for awards to vest, but the hurdles can vest independently. The executive must remain with the Group until vesting date for the award to vest.

c. Amounts Recognised in the Financial Statements

LTI awards are valued using a Monte-Carlo simulation methodology where the security price can be projected based on the assumptions underlying the Black-Scholes formula. Retention awards are valued by discounting the security price by the expected dividends assumed to be paid from the valuation date until the vesting date (if applicable). The model inputs include the Lend Lease Group security price, a risk free interest rate, expected volatility and dividend yield.

During the financial year ended 30 June 2015, a A$38.6 million expense was recognised in the Income Statement in relation to equity settled security based payment awards (June 2014: A$33.9 million). No accrual was reversed during the financial year (June 2014: A$1.5 million) relating to previously accrued expenses.

Notes to the Consolidated Financial Statements
continued

Section F: Other Notes continued

35. Impact of New and 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 30 June 2015.

Accounting Standard	Requirement	Impacts for the year ended 30 June 2015
AASB 2013-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting*	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 *Amendments to Australian Accounting Standards – Investment Entities*	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 financial year ended 30 June 2015 but are available for early adoption and have not been applied in preparing this report.

Accounting Standard	Requirement	Impacts for the year ended 30 June 2015
AASB 9 *Financial Instruments* 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 analyses performed, AASB 9 will impact the 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 *Revenue from Contracts with Customers* and consequential amendments	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 *Revenue and AASB 111 Construction Contracts.* The standard becomes mandatory for the June 2019 financial year and will be applied retrospectively.	The potential effect of this standard is yet to be determined.
AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations*	AASB 2014-3 amends AASB 11 *Joint Arrangements* 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 *Business Combinations*. 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.

36. Other Significant Accounting Policies

a. Foreign Currency Translation

Functional and Presentation Currency

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

Transactions and Balances

Foreign currency transactions are translated into Australian dollars using the exchange rate on the date of the transactions. Assets and liabilities denominated in foreign currencies are translated to Australian dollars at balance date.

Foreign exchange gains or losses resulting are recognised in the Income Statement for monetary assets and liabilities such as receivables and payables, except for qualifying cash flow hedges and qualifying net investment hedges in foreign operations that are recognised in other comprehensive income. Refer to Note 25 'Hedging' for further detail.

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

Group Entities

The results and Statement of Financial Position of all Group entities that are not presented in Australian dollars (none of which has the currency of a hyperinflationary economy) are translated as follows:

- Revenue and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of transaction rate, in which case revenue and expenses are translated at the date of the transactions);
- Assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at balance date; and
- All resulting exchange differences are recognised in other comprehensive income, in the foreign currency translation reserve.

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

b. Goods and Services Tax

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

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

Directors' Declaration

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

1. The financial statements and notes and the remuneration disclosures contained in the Remuneration Report in the Directors' Report are in accordance with the *Corporations Act 2001,* including:
   a. Giving a true and fair view of the financial position of the Company and Consolidated Entity as at 30 June 2015 and of their performance for the financial year ended on that date; and
   b. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001.*
2. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in the Basis of Preparation.
3. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Group Chief Executive Officer and Group Chief Financial Officer for the financial year ended 30 June 2015.

Signed in accordance with a resolution of the Directors:

D A Crawford, AO
Chairman

S B McCann
Group Chief Executive Officer & Managing Director

Sydney, 24 August 2015

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

Report on the financial report

We have audited the accompanying financial report of Lend Lease Corporation Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2015, and consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 36 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In the Basis of Preparation, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in the Basis of Preparation.

Report on the remuneration report

We have audited the remuneration report included in section 3 of the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Lend Lease Corporation Limited for the year ended 30 June 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

S J Marshall
Partner

Sydney

24 August 2015