

ASX RELEASE

28 April 2009

Lend Lease Primelife Market Update

- **Positive operating cash flow expected for H2FY09**
- **Asset sales/debt reduction on target**
- **Retirement unit sales momentum improving**
- **Significant Aged Care value enhancement through improved operating systems**
- **New independent directors appointed to the Board**

Lend Lease Primelife (**ASX: LLP**) today announced that it has completed its initial review of business operations, asset values, the Aged Care business and corporate structure. The review follows the acquisition of the management rights to the former BBC Retirement Living portfolio completed late last year.

LLP CEO, Rod Fehring said “Operating cash flows from the business have improved in the second half, driven largely by improved sales and higher deferred management fees (DMF) cash receipts. Asset sales are progressing steadily and we are on target to recover additional capital. We have also identified a good range of opportunities to realise further value from streamlining the business and synergy within the business which should begin to contribute to positive cash flow over the next 12 – 18 months. The Aged Care business in particular provides some significant opportunities to create additional value. These factors form the basis for an improved outlook for LLP”.

“Operating cash flow, net of debt servicing is expected to be positive for H2FY09” he said.

The Board has approved an asset valuation program with 33% of the Australian and 100% of the New Zealand portfolio to be valued each year. External valuations had been conducted for nearly 95% of the portfolio up to June 2008, however in current market conditions, it is prudent to keep asset values under constant scrutiny. Portfolio asset valuation results will be completed in June 2009.

Mr Fehring said “Increases in average discount rate and growth rates, at the portfolio level, were factored into our initial assessment of the portfolio announced for H1FY09. The

outlook for discount rates remains uncertain and precludes us from providing guidance at this time.

“We are pleased to confirm that two new independent directors have been appointed to our Board. These directors, Ian Crow and Gary Symons, bring deep property and financial skills to the Board at a time of significant market uncertainty.” Mr Fehring said.

Sustainable operating platform

LLP’s approach to dealing with the uncertainty in the current market is to increase its focus on the fundamental drivers of the business. The rate of growth of the business had been such that in the past, insufficient attention has been given to consolidating and integrating the operating platform and streamlining it so as to simplify its operation.

LLP’s strategy is to simplify the corporate structure, create value as a pure play focussed on the fastest growing demographic segments in Australia (ie. the 65+ demographic) and ensure the development of a service based culture necessary to deliver recurring value to the tens of thousands of stakeholders that depend on LLP to perform well.

Operating cash flow is expected to be positive, after bank debt servicing, in the H2FY09 and for FY10. This is made possible by the delivery of benefits associated with:

- Streamlining the operating business structure
- Reducing corporate costs – over 2 years
- Improved sales performance – both primary & re-sale driven largely by improved sales and pricing strategies, refurbishment processes and product development, plus the intrinsic affordability of LLP’s product mix;
- Target debt reduction – ongoing reduction of bank debt
- Restructuring of sub optimal commercial arrangements; and
- Synergy extracted from systems deployed - \$3m -\$5m

Debt facilities are not due to be refinanced until December 2010 (\$350m) and December 2012 (\$175m) respectively.

Sales momentum is improving, particularly in established Villages, where refurbishment opportunities exist. Improved conditions for the sale of existing homes and the recommencement of development activity in selected locations is assisting sales activity levels as well.

Non core asset sales are ahead of schedule and have the potential to realise between \$45m and \$55m over FY09 and FY10. LLP has reduced its inventory of new developments by 992 units. This is aimed at balancing the maturity of cash flows from its portfolio and directing capital to asset management strategies that will improve the performance of the established portfolio.

Aged Care – strong cash flow and potential further value capture

The Aged Care business is expected to deliver positive cash flow performance for the year and no impairments are forecast on current operational settings.

Significant value upside is yet to be realised in the Aged Care business through completion of integration processes and capturing operating synergy, including the completion of the roll out of LLP's proprietary operating systems.

While the integration of the Conform Health Group into LLP has proven more complex than expected, we remain confident that the roll out of LLP's operating systems into the Sydney based business will deliver ongoing improvements to operational efficiency (ie in the order of up to 30% over 18 months) as well as improved levels of service and care. Significant opportunities exist to further improve underlying operating cash flows by addressing commercial arrangements which negatively affect several assets within the portfolio.

Distributions

No distributions will be paid for H2FY09. The Board's priority in the current market is to preserve operating cash flow and maintain flexibility. The Board of LLP is expected to make a decision regarding future distribution policy on release of the FY09 trading results.

ENDS

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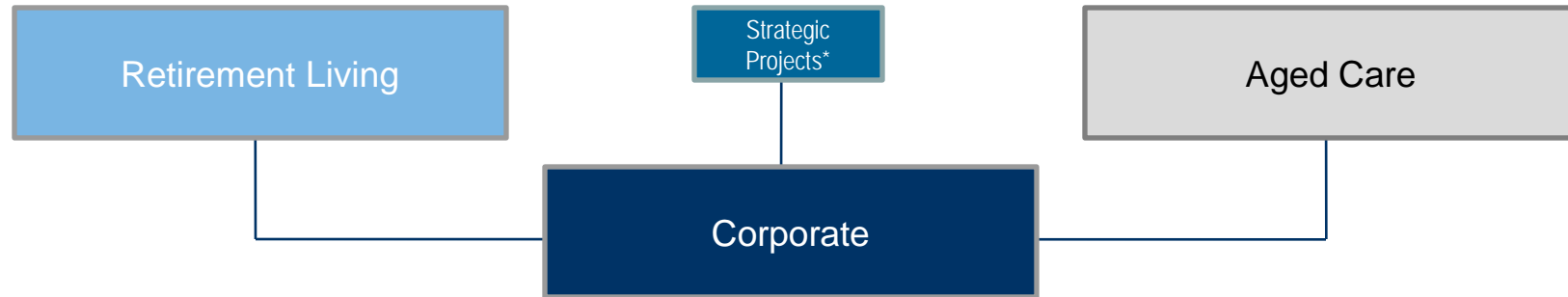
Lend Lease Primelife Limited

Market Update

28 April 2009

1. LLP's Ongoing review process has identified significant opportunities to improve operating cash flow which is expected to be positive by mid year after financing costs;
2. Key Actions include:-
 - Streamlining operating business structure – 2 business lines Retirement Living & Aged Care
 - Reducing corporate overhead .
 - Approximately \$45 million in non core Asset Sales
 - Restructuring commercial arrangements – delivering improved cash flow
 - Synergy - \$3m - \$5m over FY09 & FY10
 - Improvements to Aged Care EBITDA/bed.
3. Valuation process underway with results expected in June 2009;
4. Sales Momentum in Retirement Living Business recovering and selective development assisting this trend
5. Building headroom against banking covenants an ongoing process with time available before major refinancing required ie. December 2010;
6. Gearing level (bank debt) reducing to under 30% by mid year (excluding LL Convertible Notes);
7. Distributions only paid when operating cash flow net of financing costs is robust and positive;

Streamlined Business Structure



David Payne
General Manager

Retirement Living Functions

- Regional Management
- Sales Management
- Village Management
- Tactical Marketing
- Refurbishment Operations
- Safety, OH&S & Risk Management Systems

- Rod Fehring CEO
- Paul Walsh CFO

Shared Services

- R E Management
- Information Systems
- Risk Management & Compliance
- Legal
- Treasury
- Finance
- Tax
- Employee Services
- Investor Relations
- Human Resources (State Based)

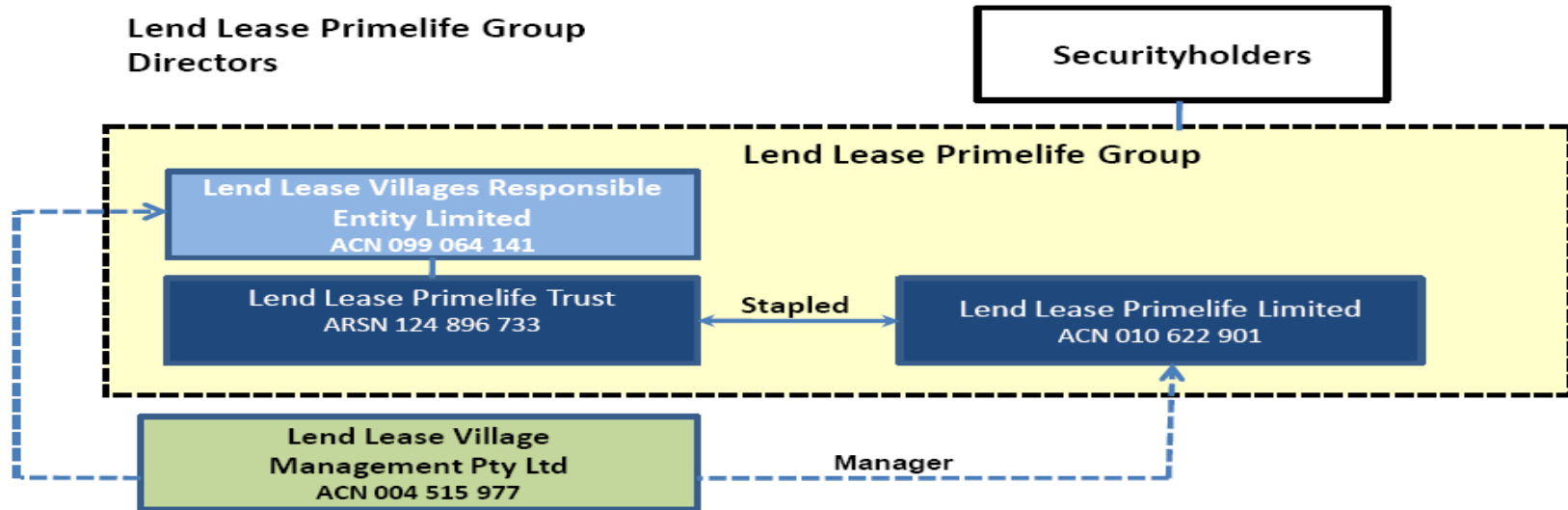
Pam Barry
General Manager

Aged Care Functions

- Hostel & Nursing Home Management
- Clinical Operations
- Admissions
- Learning & Development (including Training Programs eg TRAX)
- Quality Control
- Safety, OH&S & Risk Management Systems

* Special Projects consists of Specific Purpose Teams appointed by the LLP Board to carry out strategic initiatives for a specified period.

Corporate Structure - New Directors appointed



Directors: LL Villages RE Ltd

- Andrew Love (Chairman)
- Ian Crow (Independent)
- Gary Symons (Independent)
- David Hutton
- Tony Lombardo

Directors: LL Primelife Limited

- Andrew Love (Chairman)
- Ian Crow (Independent)
- Gary Symons (Independent)
- David Hutton
- Tony Lombardo

Directors: LL Village Management Pty Ltd

- David Hutton
- Tony Lombardo
- Rod Leaver
- Rod Fehring (Alternate)

Board reflects extensive expertise in property, financial services, investment management as well as corporate experience

New Strategic Themes to Drive Performance



Theme

Objective

Business Simplification

- A Single Operating Platform
- Alignment of Business Risks and Business Systems
- Clear Brand Positioning
- Completion of multiple Integration processes
- Appropriate Corporate Structure

Value Creation

- High quality earnings & reliable cash generation
- Optimised Capital Structure
- Sophisticated asset management systems
- Differentiated Value Proposition
- Recognised National Brand
- Product & Service Development

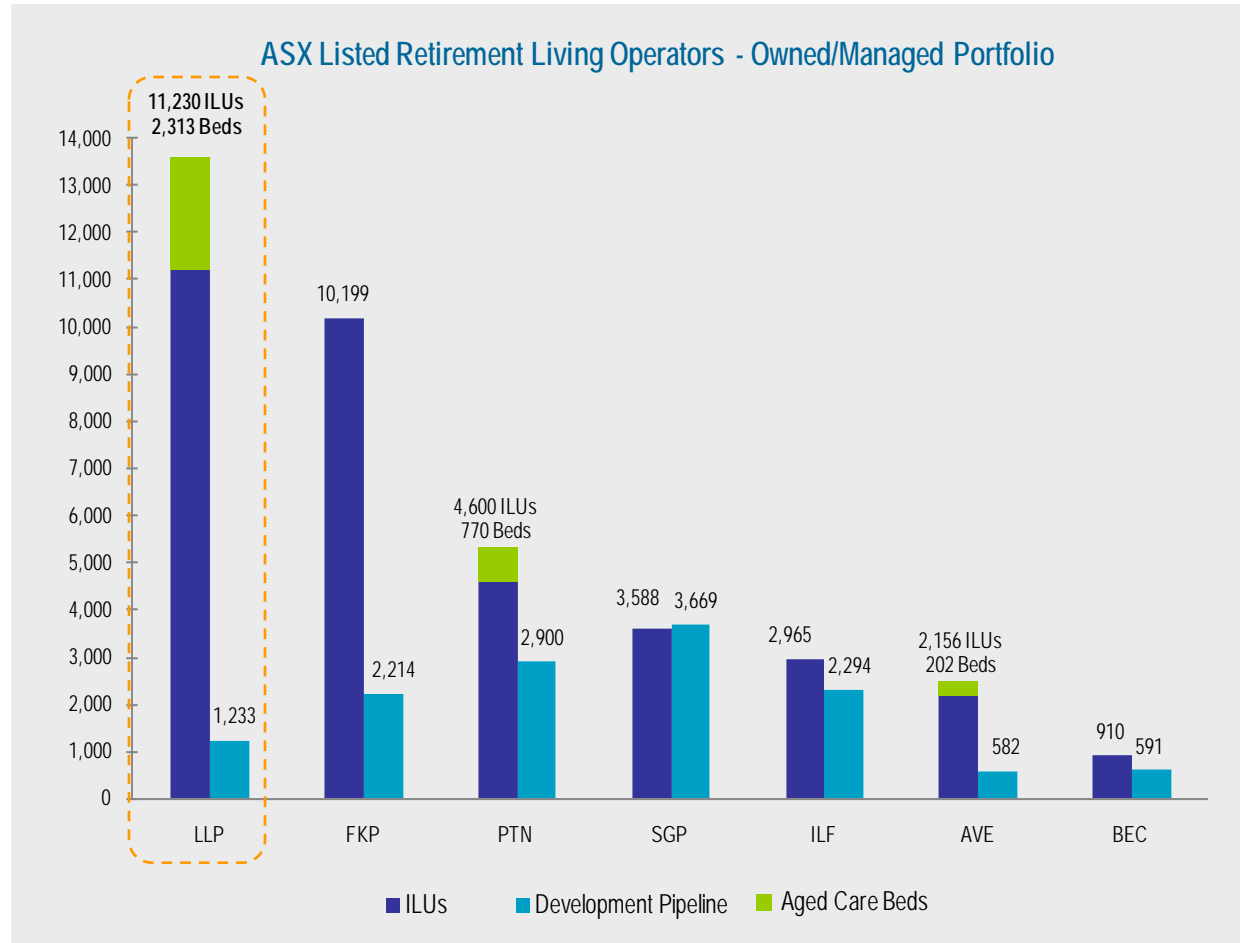
Service Culture

- Valued Partner
- Employer of Choice
- Differentiated Expertise
- Consistency in Meeting operating Standards
- Ubiquitous and Deep Sector & Market Knowledge
- Recognised for Innovation and Integrity
- Highly Motivated workforce driven by the meaning of their work

LLP a "Pure Play" Senior Living Listed Trust

- Lend Lease Prime Life ("LLP") is largest "Pure Play" retirement operator listed on the Australian Stock Exchange ("ASX").
- Listed operators own or manage approximately 33% of all units.
- Approximately 23% owned or managed by smaller For Profit operators.
- Not for Profit operators own or manage the remaining 44% of units.
- LLP has reduced development pipeline by 992 units from 2,225 to 1,233.
- LLP can source its development pipeline through its strategic relationship with Lend Lease.

Source: Most recently available public information



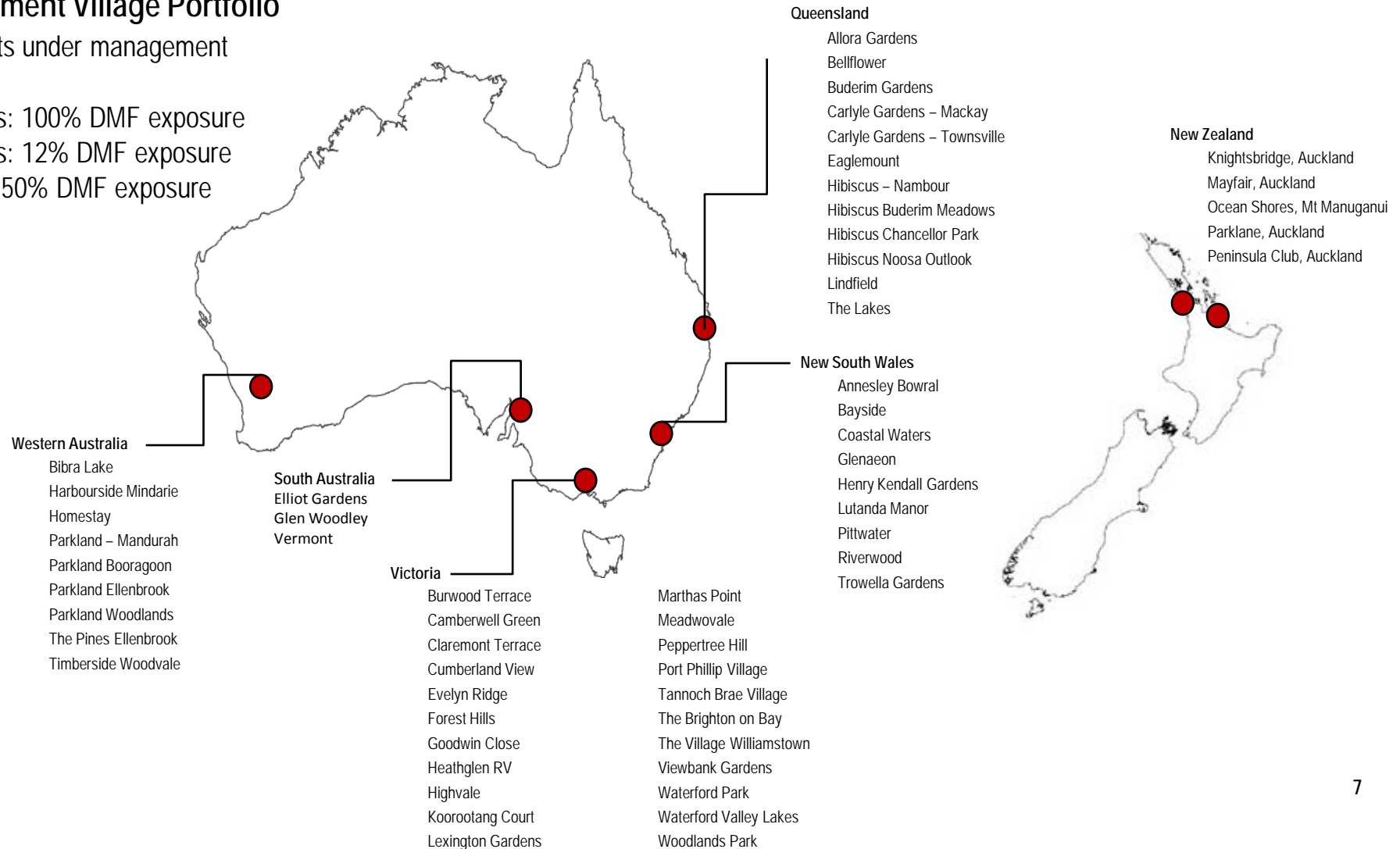
Note:

- LLP manages 3,598 units owned by PTN

Retirement Living Portfolio is well Diversified but with several sub optimal commercial arrangements

LLP Retirement Village Portfolio

- 11,230 units under management
- 7,407 units: 100% DMF exposure
- 2,939 units: 12% DMF exposure
- 892 units: 50% DMF exposure



Selective Development Supports Sales Momentum



Woodlands, Berwick, Melbourne

- Re-commencement of 12 incomplete ILU's
- Re master planning the entire development to improve the quality of urban place, product mix and price points to enable faster development rate
- Downsize develop stages
- Accelerate completion of Community Centre
- Capital expenditure - circa \$3.5 million

Waterford, Rowville, Melbourne

- Re-commencement of 18 incomplete ILU's
- Downsize develop stages
- Accelerate completion of Community Centre
- Capital expenditure – circa \$7 million

Elliot Gardens, Victor Harbour,

- Complete final 12 ILU's
- Focus on completion of all first time sales
- Complete Community Centre environs landscaping
- Capital expenditure - circa \$3 million

LLP has reduced its Development backlog by 992 units to 1,233 lots. LLP's strategic relationship with Lend Lease enables future pipeline to be secured through LLC, conserving capital in the early development establishment phases

Lakeside at Waterford Park, Rowville, Melbourne



On the Veranda, Waterford Park

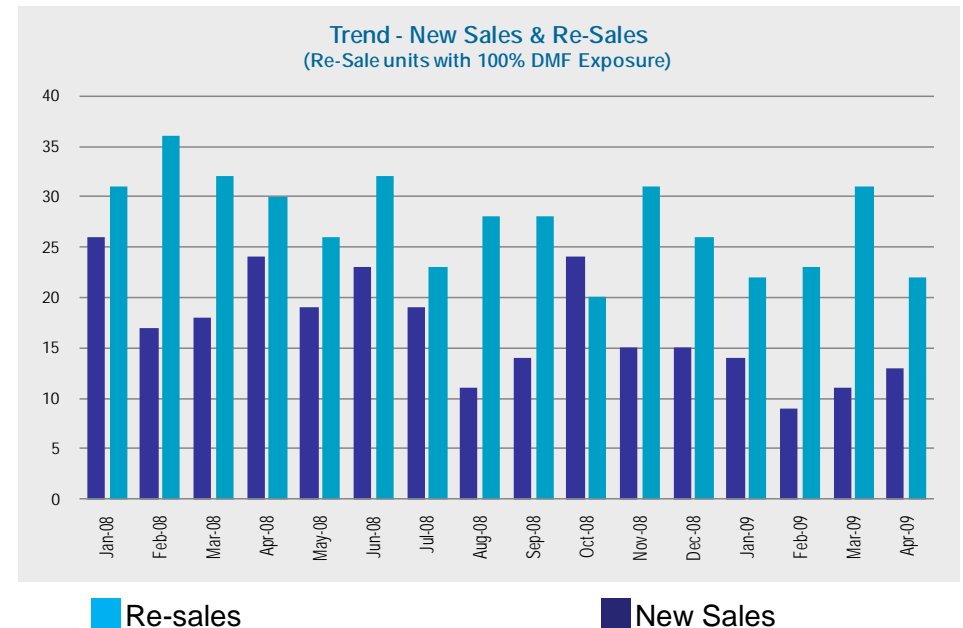
Retirement Living – Sales Performance



Sales Momentum needs to be re-built

- Volume of registrations has risen since re-capitalisation of LLP;
- Sales projected to settle in FY09 are 100% contracted.
- Outlook for re-sales is trending up driven by Government stimulatory programs, undersupply in residential markets and the relative affordability of our retirement living products;
- Sales & Marketing focus now directed to consolidating a base sales volume and re-building sales momentum through product development initiatives, improved pricing strategies and active management of the sales process
- LLP's Sales Performance deteriorated July – September 2008 and again in February 2009 reflecting the impact of Development activity being curtailed in late 2008.
- Re-Sales have remained relatively resilient with registrations rising strongly in March 2009 and continuing into April 2009.
- LLP's outlook for the Australian residential market is for a continuation of subdued but steady activity with values holding up. This view is supported by:-
 - Under supply of housing relative to household formation
 - Tight rental markets
 - Stimulatory impacts targeting the residential market
 - Low interest rates

| | FY09 YTD | Projected Total: FY09 | Carryover Booked FY10 | Total: FY08 |
|--------------------|----------|-----------------------|-----------------------|-------------|
| New Sales | 140 | 176 | 40 | 250 |
| Re-sales | 261 | 289 | 76 | 425 |
| Total Sales | 401 | 465 | 116 | 675 |



Retirement Living Asset Values benefit from Diversity



| | VIC | NSW | QLD | WA | SA | NZ |
|--|---|--|--|--|---|---|
| No. of Villages – 100% DMF Villages | 19 | 9 | 3 | 9 | 3 | 5 |
| No. of Villages – Other Villages | 3 | 2 | 10 | | | |
| Total No. of Villages | 22 | 11 | 13 | 9 | 3 | 5 |
| 100% DMF Villages: | | | | | | |
| No. of ILUs | 2,107 | 1,468 | 618 | 1,294 | 274 | 643 |
| No. of SAs | 323 | 213 | - | 72 | 58 | 337 |
| Other Villages | | | | | | |
| No. of ILUs | 154 | 561 | 2847 | - | - | - |
| No. of SAs | 79 | 98 | 92 | - | - | - |
| Total No. of Units | 2,663 | 2,337 | 3,556 | 1,362 | 332 | 980 |
| Average Resident Age – ILUs/SA's | 80 | 81 | 73 | 80 | 77 | 82 |
| Typical DMF Contract Terms on 100% DMF sites | 3% per yr to a max of 36% on the Exit Price. Min 10% of the Exit Price in first 3 yrs | 3% per yr on the Entry Price to a max of 30%, plus 50% of the Capital Gain | 5% per yr to maximum of 30% on the Exit Price. Min 5% of the Entry Price | 50% of the Capital Gain OR 2.5% per yr to a max of 25% on the Exit Price | 3% per yr to a max of 36% on the Exit Price | 20% of Entry Price and 100% of the Capital Gain |
| Forecast Growth Rates | Current LLP Portfolio Value based on average Discount Rates of 12.5% & Growth Rates of 3.9% | | | | | |
| Discount Rates | | | | | | |

Note:-“Other Villages” refers to Management Agreement Structures with 3rd Party asset owners – APN & PTN

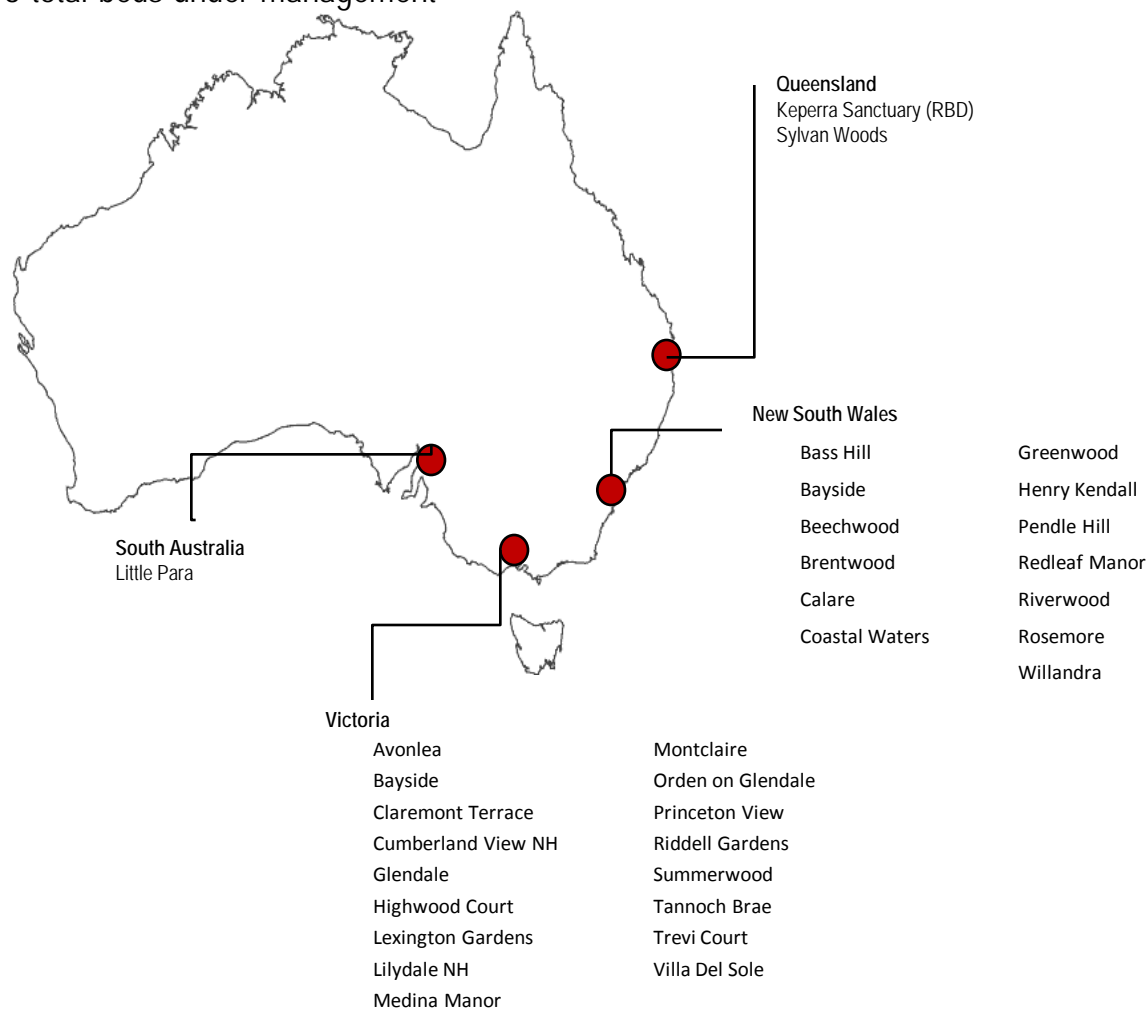
Diverse Aged Care Portfolio

With solid value improvement opportunities



LLP Aged Care Portfolio

- 2,313 total beds under management



| Aged Care Facility | State | HC | LC | ES | Total |
|--------------------|-------|-----|-----|----|-------|
| Avonlea | Vic | | 69 | | 69 |
| Bass Hill | NSW | 78 | | | 78 |
| Bayside | NSW | 84 | 40 | | 124 |
| Bayside | Vic | | 41 | | 41 |
| Beechwood | NSW | 70 | 40 | | 110 |
| Brentwood | NSW | 84 | | | 84 |
| Calare | NSW | 66 | | | 66 |
| Claremont Terrace | Vic | | 56 | | 56 |
| Coastal Waters | NSW | 84 | 42 | | 126 |
| Cumberland View NH | Vic | 30 | | | 30 |
| Glendale | Vic | 15 | 120 | | 135 |
| Greenwood | NSW | 53 | | | 53 |
| Henry Kendall | NSW | 110 | | | 110 |
| Highwood | Vic | | 75 | | 75 |
| Keperra Sanctuary | Qld | | 30 | | 30 |
| Lexington Gardens | Vic | | 60 | | 60 |
| Lilydale NH | Vic | 30 | | | 30 |
| Little Para | SA | | 62 | | 62 |
| Medina Manor | Vic | | 45 | | 45 |
| Montclair | Vic | | | 36 | 36 |
| Orden on Glendale | Vic | | 105 | | 105 |
| Pendle Hill | NSW | 84 | 36 | | 120 |
| Princeton View | Vic | 37 | 69 | | 106 |
| Redleaf Manor | NSW | | | 65 | 65 |
| Riddell Gardens | Vic | | 74 | | 74 |
| Riverwood | NSW | | 29 | | 29 |
| Rosemore | NSW | 90 | | | 90 |
| Summerwood | Vic | | 31 | | 31 |
| Sylvan Woods | Qld | 89 | | | 89 |
| Tannoch Brae | Vic | | 50 | | 50 |
| Trevi Court | Vic | | 51 | | 51 |
| Villa Del Sole | Vic | | 52 | | 52 |
| Willandra | NSW | 64 | | | 64 |

Aged Care Strategic Review – Unrealised Value

- LLP conducted a Strategic Review of the Aged Care business December 2008 – March 2009.

Conclusions

1. EBIT growth potential can be increased over next 12 -18 months while improving care and service levels at the same time;
2. Systems investments will yield significant operating cash flow which will be progressively realised from FY10 onwards;
3. Rationalisation of sub optimal assets and their consolidation into existing facilities represents further upside opportunity embedded within the business;
4. Other ownership structures to be explored to enable the service benefits of the Aged Care business to be better integrated into an overall Senior Living offering.



Riddell Gardens, Victoria

Aged Care Accreditation Performance Consistent

| FY2009 – Completed Assessments YTD 100% compliance with all 44 standards | FY 2009 – Upcoming Assessments | First Half of FY10 – Upcoming Assessments |
|---|--|---|
| July 2008: Bayside (Bonnells Bay, NSW) | May 2009: Greenwood (Normanhurst, NSW) | July 2009: Bayside Hostel (Mordialloc, VIC) |
| July 2008: Henry Kendall (Wyoming, NSW) | May 2009: Avonlea (Mentone, VIC) | July 2009: Cumberland View (Wheelers Hill, VIC) |
| July 2008: Princeton View (Brighton East, VIC) | Jun 2009: Rosemore (Belmore, NSW) | July 2009: Coastal Waters (Jervis Bay, NSW) |
| Sep 2008: Montclair Hostel (Brighton, VIC) | Jun 2009: Keperra Sanctuary (Keperra, QLD) | July 2009: Sylvan Woods (Birkdale, QLD) |
| Mar 2009: Pendle Hill (Pendle Hill, NSW) | | Aug 2009: Glendale Hostel (Werribee, VIC) |
| Mar 2009: Beachwood (Revesby, NSW) | | Aug 2009: Tannoch Brae Hostel (St Albans Park, VIC) |
| Mar 2009: Lilydale Nursing Home (Lilydale, VIC) | | Aug 2009: Riverwood Hostel (West Albury, NSW) |
| Apr 2009: Calare (Orange, NSW) | | Aug 2009: Willandra (Marrickville, NSW) |
| Apr 2009: Brentwood (Parramatta, NSW) | | |

- Systems and Training investments expected to lift Aged Care performance well above “minimum accreditation” standards

Asset Sales Ahead of Schedule

| Asset Type | Forecast \$m | Status |
|---------------------------------|-----------------|------------------------------|
| Undeveloped Land – Contracted | 15.1 | Settle over FY09 & FY10 |
| Undeveloped Land – Under Offer | 5.6 | Settle over FY10 & FY11 |
| Undeveloped Land – On Market | 22.7 | Settle over FY09 – FY11 |
| Property Liabilities Terminated | 1.0 | Settled |
| Alternative Use Sites | 11.2 | Determine Highest & Best Use |
| Total | 55.6 | |

Proceeds from non-core asset sales are required to be directed to repayment of LLC Convertible Notes.

Debt & Borrowings to be further reduced

Bank Debt

- LLP's Lenders – ANZ, NAB & Commonwealth Bank
- Covenants:-
 - Interest Cover
 - Gearing Ratio
- Refinancing Schedule
 - December 2010 = \$350 million
 - December 2012 = \$175 million
- Interest Rate Hedges
 - Proportion Hedged – 30%
 - Amount Currently Floating – 70%
- Total Debt Facilities
 - Paid down as part of Re-capitalisation \$75 million
 - \$525 million (\$600m pre recapitalisation)
 - Gearing Ratio 31 December 2008 35% (down 7% on pcp).
 - Gearing Ratio target <30%¹ by H2FY09

1. *Excludes LLC Convertible Notes and based on Total Assets less resident loans & accommodation bonds)*



Harbourside – Mindarie, Perth, WA

Cash Flow Improvement Potential is Significant

| | Six months to 31 Dec 2008 '000's | Improvement Potential to 30 Jun 2009 '000's | Improvement Potential FY10 & Beyond '000's |
|---|--|---|--|
| Net Cashflow from Operating Activities | \$11,805 | 50% - 100% | 5% – 20% |
| Net Cash flow from Investing Activities | (\$21,948) | Positive | Positive |
| Net Cash flow Forecast | \$76,765¹ | Positive² | Positive² |

1. Primarily due to the re-capitalisation of BBC by Lend Lease in December 2008.

2. Excludes LLC Convertible Note coupon

- LLP's strategic review process has identified significant opportunities to improve Operating and Investing cash flows from within the existing operating platform. Strategies that will deliver significant results in the near term (ie 12 – 18 months) include:-
 - Restructuring existing commercial relationships:- significant potential to improve free cash flow;
 - Procurement Improvements:- potential to deliver ongoing benefits of \$3 million pa
 - Organisational efficiencies :- reduction in Corporate costs over 2 years
 - Capital Management Initiatives:- accelerate bank debt reduction to below 30% net gearing
- Important medium term (ie 3 Years) strategies include
 - Asset Management :- boost forecast asset value growth by an additional 2%pa
 - Service & Product Development:- stimulate top line growth & margin improvements

Distribution Policy

- Nil distribution for H2FY09
- Distributions only paid from Operating Cash Flow

LLP Priorities Near Term

- Continued Orderly Debt Reduction targeting lower debt levels
- Active Improvement of Operating Cash Flow
- Completion of Integration Processes
- Maximise Performance of Aged Care business
- Investment in System development, Training and Roll Out
- Simplifying operating Platform & Corporate Cost Reduction
- Unifying Branding of LLP
- Ongoing Value Creation Initiatives
- Continuation of Strategic Review process to determine optimum Corporate Structure ie continue as a staple or restructure or move to an alternative structure

Targeting FY10 and Beyond

- Net Positive Operating Cash Flow after all Debt Servicing
- Resumption of Distributions in Calendar year 2010 based on optimum corporate structure
- Share Price to reflect Net Asset Backing under normal market conditions