

ASX RELEASE

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Lend Lease Primelife (LLP) Valuations Update

Consistent with the group's asset valuation policy announced on 28 April 2009, LLP commissioned the revaluation of one-third of its retirement Australian portfolio and its entire New Zealand portfolio as at 30 June 2009.

Draft valuation reports have been received and the results, when applied across all properties, would indicate that LLP's entire portfolio is likely to decline in value by approximately \$30m or approximately 5% at 30 June 2009. This is a consequence of a rise in the average portfolio discount rate from 12.5% to 13%. The average growth rate has remained unchanged at 4% per annum.

Group gearing is expected to be approximately 31% of adjusted total tangible assets at 30 June 2009, which is well within its leverage ratio covenant. This represents a decline from 34% at 31 December 2008.

However, the group's interest rate cover ratio, which is computed annually at year end, is likely to be breached at 30 June 2009. This arises because revaluations of assets, and not just cash flows, are included in the computation of earnings for the purposes of computing this ratio. LLP is currently in discussions with its financiers with a view to waiving this breach.

LLP expects the ongoing support of its financiers and will advise the market of the outcome.

ENDS

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