

Directors' Report

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

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 2010 and the Auditors' Report thereon.

Following shareholder approval on 12 November 2009, the shares of the Company and the units in LLT were combined as stapled securities. From 13 November 2009, the shares in the Company and the units in LLT have been traded as one security under the name of Lend Lease Group on the Australian Securities Exchange ('ASX') and the New Zealand Stock Exchange ('NZX').

1. Governance

a. Board/Directors

The names, qualifications and experience 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 66

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

Experience and Qualifications

Previously, Mr Crawford was National Chairman of the Australian firm of KPMG. He has extensive accounting and business experience having worked with many large corporations and governments. He holds a Bachelor of Commerce and Bachelor of Laws from the University of Melbourne. He is a Fellow of the Institute of Chartered Accountants.

Other Directorships and Positions

Mr Crawford is Non Executive Chairman of Foster's Group Limited (appointed Director August 2001 and Chairman October 2007) and a Non Executive Director of BHP Billiton Limited (appointed May 1994). He was formerly a Non Executive Director of Westpac Banking Corporation (appointed May 2002, resigned December 2007) and National Foods Limited (appointed November 2001, resigned June 2005).

S B McCann, Group Chief Executive Officer and Managing Director (Executive Director)

Age 45

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

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 for the last three years, 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, Melbourne and four years in taxation accounting at Deloitte, Melbourne.

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.

Directors' Report continued

1. Governance continued

a. Board/Directors continued

P M Colebatch

(Independent Non Executive Director)

Age 65

Mr Colebatch joined the Board in December 2005 and is Chairman of the Personnel and Organisation Committee and a member of the Risk Management and Audit Committee.

Experience and Qualifications

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. He 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.

Other Directorships and Positions

Mr Colebatch is a Non Executive Director of Insurance Australia Group Limited (appointed January 2007), a Non Executive Director of Man Group plc (appointed September 2007) and is on the Board of Trustees for the Prince of Liechtenstein Foundation and the LGT Group Foundation (appointed September 2009).

G G Edington CBE

(Independent Non Executive Director)

Age 64

Mr Edington joined the Board in 1999 and is a member of the Risk Management and Audit Committee and the Sustainability Committee.

Experience and Qualifications

Qualified as a Chartered Surveyor, Mr Edington brings to the Board extensive UK and international experience in the property sector. Mr Edington was a Director of BAA plc and Chairman of BAA International. He joined BAA plc in 1988, became a member of the Board in 1991 and has been the Chairman of six BAA companies. He is a past President of the British Property Federation, was the Chairman of UK property company Greycourt Estates Limited and was a member of the Bank of England Property Forum. Mr Edington was formerly Chairman of the Council of Trustees of the UK children's charity, Action for Children, and was awarded a CBE for services to children.

Other Directorships and Positions

Nil.

P C Goldmark

(Independent Non Executive Director)

Age 69

Mr Goldmark joined the Board in 1999 and is Chairman of the Nomination Committee and a member of the Sustainability Committee.

Experience and Qualifications

Mr Goldmark is Director, Climate and Air Program at Environmental Defense, a US based non-profit environmental advocacy organisation. He was the Chairman and Chief Executive Officer of The International Herald Tribune in Paris between 1998 and 2003. Prior to this, he was the President and Chief Executive Officer of the Rockefeller Foundation in New York for 10 years. Mr Goldmark has held positions including Senior Vice President of the Times-Mirror Corporation, Executive Director of the Port Authority of New York and New Jersey, and Director of the Budget for the State of New York. A writer and speaker on world affairs, Mr Goldmark graduated with a BA from Harvard College, Government Department, magna cum laude. He brings to Lend Lease his wide experience as a Chief Executive Officer and senior executive in the private and public sectors, both in the USA and internationally.

Other Directorships and Positions

Nil.

Directors' Report continued

1. Governance continued

a. Board/Directors continued

J A Hill

(Independent Non Executive Director)

Age 64

Ms Hill joined the Board in May 2006. She is Chairperson of the Sustainability Committee and a member of the Personnel and Organisation Committee.

Experience and Qualifications

Ms Hill has held a number of senior executive positions in the land development and housing construction industry in North America. She was formerly the Chairperson, President and Chief Executive Officer of Costain Homes, Inc. (US) and Vice President and General Manager, Mobil Land (Georgia) Corporation. She has a Bachelor of Arts from the University of California in Los Angeles and a Master of Arts in marketing and management from the University of Georgia.

Other Directorships and Positions

Ms Hill is a Non Executive Director of Wellpoint, Inc. (appointed March 1994). She was formerly a Non Executive Director of Resources Connection, Inc. (appointed January 2003, resigned December 2006) and Holcim (US) Inc (appointed February 2004, resigned January 2007). Ms Hill also sits on the Board of Directors of the Lord Abbett family of mutual funds, which is the trustee of 31 mutual funds of publicly held companies.

D J Ryan AO

(Independent Non Executive Director)

Age 58

Mr Ryan joined the Board in December 2004. He is Chairman of the Risk Management and Audit Committee and a member of the Personnel and Organisation Committee.

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 and industry, as well as being the Chairman or a Non Executive Director of a number of listed public companies. He 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 Directorships and Positions

Mr Ryan is the Non Executive Chairman of Tooth & Co Limited (appointed Director September 1999 and Chairman January 2003) and ABC Learning Centres Limited (administrators appointed, receivers and managers appointed) (appointed Director June 2003 and Chairman 30 May 2008). He was formerly the Non Executive Chairman of Transurban Holdings Limited (appointed Director April 2003 and Chairman February 2007 and resigned August 2010).

Former Directors

Mr M W Selway retired on 10 February 2010, having joined the Board on 17 June 2008.

b. Company Secretaries' Qualifications and Experience

W Hara

Mr Hara was appointed Company Secretary in July 2007. Prior to his appointment as Group General Counsel and Company Secretary of Lend Lease in January 2007, Mr Hara was company secretary for another company listed on the ASX. Mr Hara has a Bachelor of Commerce and a Bachelor of Laws from the University of New South Wales and is a member of the Law Society of New South Wales.

W Lee

Ms Lee was appointed Assistant Company Secretary in January 2010. Prior to her appointment, Ms Lee was a company secretary for several subsidiaries of a publicly listed financial institution. Ms Lee has a Bachelor of Arts and a Bachelor of Laws from the University of Sydney, and is an Associate of Chartered Secretaries Australia.

c. Officers Who Were Previously Partners of the Audit Firm

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

Directors' Report continued

1. Governance continued

d. Directors' Meetings

During the financial year, 13 Board meetings were held. 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:

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 1 July 2009 to 30 June 2010, all 13 meetings of the Nomination Committee were held in conjunction with Board meetings and all Non Executive Directors routinely attended.

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 1 July 2009 to 30 June 2010, four meetings of the Risk Management and Audit Committee were held.

Personnel and Organisation Committee

The Personnel and Organisation Committee consists entirely of Non Executive Directors. 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 1 July 2009 to 30 June 2010, ten meetings of the Personnel and Organisation Committee were held.

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 1 July 2009 to 30 June 2010, four meetings of the Sustainability Committee were held.

Attendance at Meetings of Directors 1 July 2009 to 30 June 2010

Director	Board Meetings		Risk Management and Audit Committee Meetings		Personnel and Organisation Committee Meetings		Sustainability Committee Meetings		Other ² Committee Meetings	
	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended
D Crawford	13	13							1	1
P Colebatch	13	13	4	4	10	10			1	1
G Edington	13	13	4	4			4	4	2	2
P Goldmark	13	13					4	4		
J Hill	13	13			10	9	4	4		
S McCann	13	13								
D Ryan	13	13	4	4	10	9				
M Selway ³	9	8			2	2	2	2		

1 Reflects the number of meetings held during the time the Director held office during the year.

2 Committees constituted to address specific issues.

3 M Selway retired effective 10 February 2010.

In addition, matters were dealt with as required by circular resolution.

Directors' Report continued

1. Governance continued

e. Interest in Capital

The interest of each of the Directors (in office at the date of this report) in the issued securities of the Company at 16 August 2010 and 20 August 2009 is set out below.

Director	Securities held directly 2010	Securities held beneficially/ indirectly 2010 ¹	Total 2010	Securities held directly 2009	Securities held beneficially/ indirectly 2009 ¹	Total 2009
D Crawford		73,593	73,593		48,128	48,128
P Colebatch	5,023	13,300	18,323	2,000	8,891	10,891
G Edington	19,643	20,425	40,068	15,000	16,323	31,323
P Goldmark	3,000	21,794	24,794	3,000	17,703	20,703
J Hill	2,000	12,324	14,324	2,000	8,233	10,233
D Ryan		31,273	31,273		21,242	21,242
S McCann	181,339	4,470	185,809	73,301		73,301

¹ Includes securities in the Retirement Plan beneficially held by Non Executive Directors.

2. Operations

a. Principal Activities

The Group has five lines of business that operate in three geographic regions: Asia Pacific, Europe and the Americas.

- The Retail business comprises retail property management, asset management and development. This business also includes the Group's ownership in direct property investments, including those held via limited partnerships;
- The Communities business is involved in the development of master-planned urban communities, inner city mixed use developments, apartments and the retirement sector;
- The Public Private Partnerships (PPP) business manages and invests equity in large PPP projects;
- The Investment Management business provides real estate investment management services. The business includes the Group's ownership interests in property investments held indirectly through investments in Lend Lease managed funds; and
- The Project Management, Design and Construction business provides construction, project management and design services through Bovis Lend Lease.

b. Review and Results of Operations

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

c. Dividends

The 2009 final dividend of A\$73.2 million (16 cents per share, 100% franked) referred to in the Directors' Report dated 20 August 2009 was paid on 25 September 2009.

Details of dividends in respect of the current year are as follows:

	A\$m
Interim dividend of 20 cents per security (100% franked) paid on 31 March 2010	92.2
Dividend 'in specie' of LLT units of 0.1 cents per share (100% franked) distributed November 2009	0.5
Final dividend of 12 cents per security (100% franked) declared by Directors to be paid on 24 September 2010	67.9
Total dividends declared	160.6

d. Significant Changes in State of Affairs

Other than the acquisition of the remaining 56.8% of Lend Lease Primelife Limited securities not already owned by Lend Lease, and the acquisition of 100% of LLT by the Company in October 2009 and subsequent stapling of LLT units to the Company shares, there have been no significant changes in the Group's state of affairs.

Directors' Report continued

2. Operations continued

e. Events Subsequent to Balance Date

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations or state of affairs of the Group in subsequent financial years.

f. Likely Developments

Details of likely developments in the Group's operations in subsequent financial years are contained in the reports from the Chairman and Managing Director in the Annual Report. In the opinion of the Directors, disclosure of any further information would be likely to result in unreasonable prejudice to the Group.

g. Environmental Regulation

The Group is subject to many environmental regulations, in particular relating to real estate development, project and construction management, and asset management. These regulations relate to environmental compliance aspects including noise and dust control, solid waste management and discharge into waterways. In addition, the Group is impacted by energy efficiency and greenhouse gas emissions legislation which require disclosure and performance reporting of activities under its operational and/or financial control.

To respond to environmental regulatory risks, the Group requires each of its businesses to operate an integrated Environment, Health and Safety Management System. This framework ensures environmental risks associated with the Group's operations or activities are managed via legal registers, risk assessment protocols, environmental management plans, trained environmental managers, routine inspections and audits.

The Board and the Sustainability Committee receive environmental compliance and performance reports on a quarterly basis. 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. Further details are available on the Lend Lease website: www.lendlease.com/sustainability.

Directors' Report continued

3. Remuneration Report

a. Introduction to the Remuneration Report

Dear Security Holder

The Personnel and Organisation Committee ('P&O Committee') is pleased to present the 2010 Lend Lease Remuneration Report. We are committed to delivering clear and transparent disclosures and have changed the structure of this year's report, which we hope will make it more user-friendly and informative.

The P&O Committee's main objective is to ensure that remuneration structures are aligned with security holder wealth creation and the strategic imperatives of our organisation, provide the foundation for retaining and motivating talented people and reflect the views of our security holders and other stakeholders.

During the year, Lend Lease began a comprehensive review of the executive reward strategy, objectives and policies across the Group, with assistance from external advisers, PricewaterhouseCoopers. This review is consistent with Lend Lease's guiding principles of executive remuneration, that:

- The remuneration practices should be:
 - simple, transparent and easy to communicate; and
 - acceptable to internal and external stakeholders.
- A significant portion of total remuneration should be at-risk, underpinned by achievable metrics which are aligned with strong performance; and
- Consistent with good remuneration governance practices, accountabilities should be clear to minimise potential conflicts of interest and enable effective decision-making by the Board and management.

In undertaking this review, we have considered a range of inputs from the dynamic internal and external environment in which Lend Lease operates. In shaping the remuneration framework we considered the different markets in which Lend Lease operates, the significant breadth of Lend Lease's business operations and the desire to continue to reinforce the performance culture through a disciplined focus on performance and reward. We also referenced changing community expectations of executive remuneration and the feedback received on our 2009 Remuneration Report. This review of the executive reward strategy has led to a number of enhancements to Lend Lease's remuneration arrangements. These enhancements assist Lend Lease to provide transparent, more easily understood incentives that will motivate our executives and assure security holders that company leadership will be motivated to generate long-term value through well executed development projects and robust financial performance.

Some specific key areas were addressed immediately following security holder feedback at the 2009 Annual General Meeting. Further adjustments will be implemented in the 2011 financial year following completion of the comprehensive review that is currently underway. These adjustments were made to further improve the links between the Group's strategic objectives, performance and reward, taking into account the specific challenges that Lend Lease faces, for example, a cyclical industry. The adjustments made in the 2010 financial year, as well as those we will implement in the year to come, are summarised in 'Snapshot of Changes' and explained in detail in this report.

The P&O Committee hopes this report increases the transparency of Lend Lease's remuneration objectives and policies. We welcome your feedback on how we can further improve this report in the future.

Yours faithfully



David Crawford, AO
Chairman



Phillip Colebatch
Chairman, Personnel and Organisation Committee

Directors' Report continued

3. Remuneration Report continued

a. Introduction to the Remuneration Report continued

Snapshot of Changes

Fixed remuneration	<p>There were no salary increases for the CEO and his direct reports in the year ended 30 June 2010 (or in the year ended 30 June 2009) where the executive remained in the same role, and where there were no significant changes to role responsibilities.</p> <p>Following a second consecutive year of no increases to fixed remuneration and a stronger outlook, in the year ending 30 June 2011 we will be reviewing fixed remuneration levels to maintain market competitiveness.</p>
Short-term incentive ('STI')	<p>For the year ending 30 June 2011, the following enhancements will be made to the STI framework to ensure a more transparent link between Group performance and STI payments:</p> <ol style="list-style-type: none"> 1 Refinement of the pool funding mechanism to increase transparency, and provide a clear link to Lend Lease's ability to pay and the value created for security holders through performance against profit targets; 2 Driving a performance culture through the refinement of the Key Performance Indicators ('KPIs') which are used to assess performance to ensure continued alignment to strategy. The reduced number of KPIs which are strongly aligned with our strategy will enable individuals to focus on areas in which they have the greatest impact; 3 Consistent with a more focused use of LTI (see below), the relative mix of remuneration elements will change, and the STI opportunity for some individuals will increase; 4 Greater differentiation of reward outcomes for differing performance levels consistent with Lend Lease's performance culture; and 5 Greater proportion of STI paid over a deferred period – for senior executives, the deferred STI amount to increase to 50% of actual STI awarded, deferred for up to two years. Given the decreased focus on LTI for the year ending 30 June 2011, the proportion of STI deferral and period of deferral has increased to ensure continued alignment to security holder interest through equity ownership. In addition, the extended deferral period provides an effective mechanism to retain key executives.
Long-term incentive ('LTI')	<p>For the year ended 30 June 2010, enhancements were made to the LTI plan, including:</p> <ol style="list-style-type: none"> 1 Removing the retention component – the entire LTI grant is now subject to performance testing. Due to increased executive stability, the successful CEO transition and increased deferral of STI it is no longer necessary to have a retention component as part of the LTI; 2 Removing the re-test mechanism – one-half of the LTI will now be tested at three years and lapse if conditions are not met, and one-half tested after four years and lapse if conditions are not met. This is in line with the decreasing prevalence of retesting mechanisms in the Australian market; 3 Requiring aggregate Earnings Per Security ('EPS') targets to be met over the performance period to ensure that every year of EPS performance contributes to the final vesting outcome – EPS targets will be disclosed on a retrospective basis and be measured on the basis of statutory EPS to ensure greater transparency; and 4 Removing accelerated performance testing for 'good leavers'. On termination, 'good leavers' will receive a pro-rated LTI allocation which will remain subject to the original performance hurdles and performance period. This ensures that executives will always be focused on long-term security holder wealth creation, regardless of their termination date. The pro-rated award value will be paid at the award vesting date. <p>For the year ending 30 June 2011, enhancements to the LTI framework will include:</p> <ol style="list-style-type: none"> 1 Focusing LTI participation to a small number of key executives who have the most significant impact on organisational strategy and delivering shareholder value; and 2 Assessing performance against relative Total Shareholder Return ('TSR') only. The relative TSR measure aims to provide greater alignment with shareholder outcomes, as it provides a direct comparison of relative performance and ensures the Group is rewarding for returns that are at or above the median of other similar sized peers. Due to the focus on earnings through the strengthening of the STI pool funding mechanism and a continued emphasis on financial results in STI measures, EPS will no longer be a performance measure for future LTI awards.

Directors' Report continued

3. Remuneration Report continued

a. Introduction to the Remuneration Report continued

Retention	No new retention awards were made to the executives during the year ended 30 June 2010. This is reflective of greater stability after the appointment of the new CEO and successful implementation of key organisational changes. As such, while specific retention awards have not been necessary, the continued focus on retention is achieved by the enhanced deferral mechanism under the STI plan.
Non executive director ('NED') fees	Non executive director fees remain unchanged for the year ended 30 June 2010, other than the approved second step of the two step increase to the Chairman's fee already reported in the 2009 Remuneration Report. No change to the aggregate fee limit is proposed for the year ending 30 June 2011. In light of security holder feedback, the directors have resolved to discontinue the further award of retirement securities, effective from 1 January 2010, resulting in a 17% reduction in NED fees.

Actual Executive Remuneration Outcomes

To provide increased transparency, consistent with the Productivity Commission's recommendation, we have outlined below the amounts actually received by executives during the current year.

The values in the table below differ from the Statutory Remuneration Table (on page 20) because the values in the Statutory Remuneration Table are calculated under applicable Australian Accounting Standards. For example, generally, the Australian Accounting Standards require the LTI and deferred equity amounts to be included using the "fair value" at the date of grant and then this amount is expensed over the relevant performance period, regardless of the value (if any) which is ultimately received by the executive. In contrast, the table below includes Deferred STI and Retention which were granted in previous years and vested in the year ended 30 June 2010. The value has been calculated based on the share price of the Lend Lease securities at the date of vesting. For the year ended 30 June 2010, no LTI vested for these executives so no amount has been included for LTI. This table does not show amounts granted during the year ended 30 June 2010 or previous years that are still subject to performance or employment conditions because those grants are still at-risk of forfeiture.

Name	Fixed annual remuneration ¹ A\$000s	Cash STI for performance in the year ended 30 June 2010 A\$000s	Deferred STI for performance in the year ended 30 June 2008 ² A\$000s	LTI value received from previous allocations ³ A\$000s	Retention ⁴ A\$000s	Actual earned remuneration ⁵ A\$000s	Amount lapsed during the year	
							STI ⁶ A\$000s	LTI ⁷ A\$000s
Executive Director								
S McCann	1,726	1,368	122	-	965	4,181	224	438
Key Management Personnel								
S Charlton	349	191	-	-	-	540	68	-
B Soller	736	414	73	-	116	1,339	148	115
Other Executives								
M Bellaman	618	139	135	-	-	892	361	102
M Coleman	889	345	134	-	588	1,956	210	134
W Hara	584	267	108	-	144	1,103	133	171
D Hutton	765	258	274	-	-	1,297	133	121
R Leaver	860	481	149	-	-	1,490	111	-
A Lombardo	659	320	59	-	93	1,131	59	93
N Martin	724	134	49	-	67	974	37	-
M Menhinnitt	1,060	354	250	-	-	1,664	244	223

1 Fixed annual remuneration includes salary, non-monetary benefits, superannuation and other long-term benefits.

2 Deferred STI refers to the value of the deferred STI securities that were granted in relation to performance in the year ended 30 June 2008 which vested on 1 September 2009. The value has been determined based on the closing share price of Lend Lease securities on 1 September 2009.

3 LTI value refers to the value of LTI awards that vested during the year ended 30 June 2010. The value has been determined based on the closing share price of Lend Lease securities as at the relevant vesting date.

4 Retention refers to the value of retention grants that vested during the year ended 30 June 2010. The value has been determined based on the closing share price of Lend Lease securities as at the relevant vesting date. No new retention awards were made in the year ended 30 June 2010.

5 Actual earned remuneration reflects the amount actually earned in the year ended 30 June 2010 and is the sum of the preceding five columns.

6 STI lapsed refers to the unearned component of each executive's maximum STI.

7 LTI lapsed includes the value of LTI that lapsed during the year ended 30 June 2010 (for whatever reason e.g. termination, or not meeting performance hurdles). The value has been determined based on the Lend Lease share price at the date of lapsing.

Directors' Report continued

3. Remuneration Report continued

a. Introduction to the Remuneration Report continued

About this Report

The Directors of Lend Lease Corporation Limited present the Remuneration Report for the Company and its controlled entities for the year ended 30 June 2010. This report forms part of the Directors' Report and has been audited in accordance with the *Corporations Act 2001*.

Australian Accounting Standards and International Financial Reporting Standards require Lend Lease to make disclosures about the remuneration of Key Management Personnel ('KMP'). KMP are defined as those executives who have responsibility for planning, directing and controlling the activities of the Group directly or indirectly (as per AASB 124). In addition, the *Corporations Act 2001* requires Lend Lease to make disclosures in respect of the five highest-paid executives of the Group and of the Company. Those directors and executives are listed below. In this report, the term 'executive' refers to the Managing Director and the executives listed below.

Directors

Non Executive Directors

David Crawford	Chairman, Independent Non Executive Director
Phillip Colebatch	Independent Non Executive Director
Gordon Edington	Independent Non Executive Director
Peter Goldmark	Independent Non Executive Director
Julie Hill	Independent Non Executive Director
David Ryan	Independent Non Executive Director
Mark Selway	Independent Non Executive Director (retired 10 February 2010)

Executive Director

Stephen McCann	Managing Director and Chief Executive Officer
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Key Management Personnel

Scott Charlton	Group Director of Operations (commenced employment in 19 March 2010)
Brad Soller	Group Chief Financial Officer (appointed to this position on 1 October 2009)

Other Executives

The highest paid Group and/or Company individuals that are not KMP are as follows:

Michael Bellaman	Chief Executive Officer, Bovis Lend Lease Americas
Murray Coleman	Global Head of Project Management, Design & Construction (appointed to this position on 1 July 2010, previously Global Group Chief Executive Officer, Bovis Lend Lease)
William Hara	Group General Counsel and Company Secretary
David Hutton	Group Head of Development (appointed to this position on 1 July 2010, previously Chief Operating Officer, Lend Lease Asia Pacific)
Rodney Leaver	Chief Executive Officer, Australia (appointed to this position on 1 July 2010, previously Global Head of Investment Management)
Anthony Lombardo	Group Head of Strategy and Mergers & Acquisitions
Neil Martin	Group Head of Health and Safety, Risk and Insurance
Mark Menhinnitt	Group Head of Public Private Partnerships ('PPP') (appointed to this position on 1 July 2010, previously Head of PPP and Project Management, Design & Construction).

Directors' Report continued

3. Remuneration Report continued

b. Our Governance Policy

Role of the Board and the Personnel and Organisation Committee

The Board is ultimately responsible for determining remuneration at Lend Lease. The P&O Committee helps the Board fulfil its responsibilities in people management and remuneration policies across the Group.

While the P&O Committee's responsibilities cover more than remuneration matters, the key purpose of its recommendations to the Board is to help create remuneration policies that:

- 1 Attract, retain, motivate and foster exceptional human capital;
- 2 Align performance and reward structures to support the Group's long-term success and ongoing value creation; and
- 3 Provide appropriate and equitable reward to employees for their and the Group's performance.

The P&O Committee's broader people responsibilities include ensuring that human capital considerations are central to, and integrated into, the Company's strategic and business plans.

The P&O Committee consists entirely of independent non executive directors. The Committee has unrestricted access to senior management and company records, and is authorised to obtain independent legal or other professional advice it considers necessary to execute its functions.

The Board appointed PricewaterhouseCoopers in 2010 to assist the P&O Committee in fulfilling its duties.

The P&O Committee's charter is available on the Lend Lease website: www.lendlease.com.

c. Our Executive Remuneration Strategy and Philosophy

To achieve the above remuneration objectives, Lend Lease seeks to provide market-competitive remuneration and benefits and ensure the Group has access to qualified, skilled and talented human capital.

The guiding principles of executive remuneration at Lend Lease are as follows:

- The remuneration practices should be:
 - simple, transparent and easy to communicate; and
 - acceptable to internal and external stakeholders.
- A significant portion of total remuneration should be at-risk, underpinned by achievable metrics which are aligned with strong performance; and
- Consistent with good remuneration governance practices, accountabilities should be clear to minimise potential conflicts of interest and enable effective decision-making by the Board and management.

Remuneration practices at Lend Lease take into account:

- Group, business unit/function, and individual performance;
- Remuneration levels at companies that are of a comparable size, complexity and scope (including local and international companies within the property and construction sectors);
- Remuneration levels in each business location; and
- An appropriate mix of fixed and variable pay including deferred and long-term awards.

Lend Lease continues to refine its executive reward strategy, with further initiatives to be implemented in the year ending 30 June 2011. These initiatives will help ensure that performance and reward align with the Group's strategic objectives as they evolve over time, while also taking into account the specific challenges that Lend Lease faces.

d. The Executive Reward Framework

The executive reward framework has three components:

Component	Composition	Assessment	At-risk?
Fixed remuneration	Base salary, retirement and other benefits	Based on responsibilities of the role and performance of the individual	No
Short-term incentive	Cash and deferred equity (or deferred cash for specific jurisdictions where it is not practicable to grant deferred equity)	Annual Group/business unit/function and individual financial and non-financial measures	Yes
Long-term incentive	Security-based awards	Total TSR and EPS measured over three and four years	Yes

Directors' Report continued

3. Remuneration Report continued

d. The Executive Reward Framework continued

Each component is discussed in more detail below.

Fixed Remuneration

Fixed remuneration is a guaranteed annual salary. It may include benefits depending on the location of the individual and the specific requirements of each jurisdiction. Benefits might include a car, medical cover, retirement contributions, life cover and disability cover. International assignees may have additional benefits such as housing, schooling and tax return preparation.

The objectives of fixed remuneration are to:

- 1 Provide base salary and benefits that are competitive with those of similar companies;
- 2 Reward performance relative to expectations based on job description and scope of responsibility, company values and codes of conduct; and
- 3 Reflect appropriate market levels, taking into account factors such as skill, experience, contribution and length of service.

Fixed remuneration for the CEO, his direct reports and other senior executives is set by the P&O Committee subject to approval by the Board. Fixed remuneration is reviewed annually and changes take effect from 1 September each year, except in the case of a new appointment.

The Group continued with the policy of no increases to salary for the CEO and his direct reports in the year ended 30 June 2010. This is the second consecutive year in which salary has remained unchanged for individuals in the same role, and where role responsibilities remain unchanged.

Short-Term Incentives ('STI')

Current STI Target Opportunity and Deferral

Executives' current STI target opportunity reflects the maximum STI they can receive as a percentage of base salary (which includes superannuation for Australian roles). This is set taking into account internal and external relativities, and the nature and scope of the role. The STI has two components: a cash component and a deferred component.

The cash component is paid shortly after the end of the financial year and the deferred component is delivered as Lend Lease securities which cannot be sold for a year. Where it is not practicable to deliver securities, the deferred component is delivered as deferred cash. The deferred amounts are subject to forfeiture if the employee is no longer employed by the Group at the end of the one-year period.

The STI target opportunity for the Managing Director and executives for the year ended 30 June 2010 is set out below:

	Maximum STI opportunity as a % of base salary ¹		Total maximum STI opportunity as a % of base salary ¹	% awarded	% forfeited
	Cash component	Deferred component			
Executive Director					
S McCann	95%	45%	140%	90%	10%
Key Management Personnel					
S Charlton	70%	30%	100%	80%	20%
B Soller	70%	30%	100%	80%	20%
Other Executives					
M Bellaman	65%	25%	90%	28%	72%
M Coleman	70%	30%	100%	70%	30%
W Hara	60%	40%	100%	77%	23%
D Hutton	50%	50%	100%	80%	20%
R Leaver	65%	35%	100%	87%	13%
A Lombardo	60%	30%	90%	89%	11%
N Martin	35%	25%	60%	86%	14%
M Menhinnitt	70%	30%	100%	68%	32%

¹ Base salary includes superannuation for Australian roles.

Directors' Report continued

3. Remuneration Report continued

d. The Executive Reward Framework continued

Short-Term Incentives ('STI') continued

The average STI percentages awarded for the KMP included in the table above was 76%. This reflects the financial performance and non-financial achievement of the Group which delivered a Statutory Profit after Tax of A\$345.6m and secured a significant pipeline of development opportunities during the year.

STI Measures

The actual STI received by executives is based on their individual performance against annually agreed targets which reflect their responsibilities and accountabilities. These targets are aligned with business performance and the creation of security holder value, and consist of both financial and non-financial measures. The STI award is subject to the individual achieving satisfactory performance in safety, sustainability, values, control and diversity.

	Financial element	Non-financial element
Weighting	40%-50% depending on role	50%-60% depending on role
Measures	Key measures, and the level at which they are assessed (i.e. at the Group or business unit level) vary according to the individual and include: <ul style="list-style-type: none"> - Profitability; - Growth; and - Capital efficiency. 	Key measures and the level at which they are assessed (i.e. at the Group or business unit level) vary according to the individual and include: <ul style="list-style-type: none"> - Achievement of strategic objectives; - Achievement of functional goals; - Successful implementation of people goals; and - Performance against health, safety, and environment goals.

In addition, the Board has discretion to reduce the STI pool available to fund individual payments to take into account the Group's financial performance. The Board has continued to limit the pool of funds available for STI to recognise a balance between the continued challenging conditions and the contribution of employees to ongoing sustainable performance. As Group performance exceeded target performance, the total STIs paid have exceeded the prior year.

Future Arrangements

For the year ending 30 June 2011, there will be enhancements to the STI framework to ensure that incentive structures continue to reflect Lend Lease's strategy and support sustainable business performance. The key enhancements include:

- STI awards for executives to be funded based on Lend Lease Group and Region financial performance results, ensuring a transparent link with Lend Lease's ability to fund STI payments;
- KPIs against which performance is measured to be refined, with the number of KPIs to be reduced to provide individuals with greater focus, and alignment to the strategic objectives of the organisation. The areas against which individuals would be measured include Financial, Operational Excellence, Strategy & Business Development, and People & Leadership;
- Reward outcomes to be better differentiated for differing performance levels as a key aspect of continuing to drive our performance culture;
- Consistent with a more focused use of LTI, the relative mix of remuneration elements will change and the STI opportunity for some individuals will increase; and
- Greater proportion of STI amounts to be paid over a longer deferred period. For senior executives, the deferred STI amount to increase to 50% of actual STI awarded, deferred for up to two years. This ensures continued alignment to security holder interests through equity ownership, and provides an effective mechanism for retention of key executives.

Long-Term Incentives ('LTI')

The LTI plan involves the annual granting of 'performance securities' to participants. The performance securities track the performance of Lend Lease securities subject to time-based and performance hurdles over three and four year periods. The Board's current intention is that the cash value of the LTI awards will be settled in Lend Lease securities. Alternately, they may be settled in cash or through other benefit vehicles due to regulatory issues in particular jurisdictions.

Directors' Report continued

3. Remuneration Report continued

d. The Executive Reward Framework continued

Long-Term Incentives ('LTI') continued

LTI Hurdles

The LTI plan has varied over time in order to align with Lend Lease's strategy and goals, and changes in market practice. Performance hurdles selected in previous years and the current year are shown below:

Year ended	Grant date	Vesting date	EPS	Relative TSR	Retention
June 2008	July 2007	June 2010 ¹	50%	50%	
June 2009	September 2008	September 2011 (Retention and Performance Shares) March 2012 (Performance Shares) September 2012 (Performance Shares)	33% ²	33% ⁴	33%
June 2010	September 2009	September 2012 (50%) September 2013 (50%)	50% ³ 50% ³	50% ⁴ 50% ⁴	

1 The July 2007 grant did not vest as neither the EPS nor the TSR performance hurdles were met.

2 EPS awards in the September 2008 grant will vest subject to achieving annual growth rates set by the Board (see Section 3f) – EPS is calculated on the basis of statutory profit adjusted for unrealised carrying value adjustments, write-off of goodwill, movements in the value of investment properties, savings implementation cost and one-off benefits from the UK Pension Plan. This definition ensures that for the purposes of this LTI grant, management are held accountable for the impact of any unrealised writedowns in the value of development inventory held for sale. The September 2009 grant is discussed further below.

3 EPS awards in the September 2009 grant will vest subject to the conditions as discussed below. EPS is calculated on the basis of statutory profit and weighted average number of ordinary securities (excluding treasury securities).

4 TSR awards will vest (on a sliding scale) subject to Lend Lease achieving a minimum total security holder return equal to or greater than the 50th percentile of a peer group of ASX100 companies. TSR-tested performance securities for the July 2007 grant will be tested at year three only. For the September 2008 grant, TSR-tested performance securities are tested at years three, three-and-a-half and four. The September 2009 grant is discussed further below.

September 2009 LTI Grant

As shown above, the performance hurdles selected for the September 2009 grant are relative TSR and EPS. The retention component that was included in the September 2008 grant during a period of considerable challenge has been removed for the September 2009 grant.

Half of the September 2009 LTI grant is tested at three years and if the relevant performance hurdles are not met at that time, this portion of the LTI lapses. The remaining half is tested after four years. There is no opportunity to re-test any part of the LTI grant.

Relative TSR Performance Hurdle (50% of Grant)

Relative TSR has been selected as a performance measure to link LTI rewards to the delivery of superior security holder returns relative to a comparator group of companies over the performance period.

The relative TSR peer group consists of the S&P/ASX 100 companies (excluding Lend Lease) determined at the start of the performance period. Participants will only receive value if Lend Lease's TSR is at, or above, the 50th percentile TSR of companies in the comparison group.

Relative TSR percentile ranking	Percentage of TSR-tested performance securities that vest if the relative TSR hurdle is met
Below the 50th percentile	Nil vesting
At the 50th percentile	50% vesting
Above the 50th percentile but below the 75th percentile	Pro-rated vesting on a straight line basis between 50% and 100%
At 75th percentile or greater	100% vesting

Directors' Report continued

3. Remuneration Report continued

d. The Executive Reward Framework continued

Long-Term Incentives ('LTI') continued

EPS Hurdle (50% of Grant)

For the September 2009 grant, EPS is the reported Statutory EPS, defined as the statutory profit/(loss) after tax, attributable to members of Lend Lease Corporation Limited, divided by the weighted average number of ordinary securities (excluding treasury securities). The EPS in each year of the EPS performance period is the Statutory EPS as reported in the Lend Lease Group Annual Report, to increase transparency for both internal and external stakeholders.

EPS performance will be assessed on the basis of Lend Lease's actual EPS performance during the performance period compared to the EPS targets as determined by the Board.

The Board sets both a minimum and a stretch aggregate EPS target, and a Final Year EPS Target for the three and four year performance periods.

Aggregate EPS Target	The aggregate target is set at the commencement of the performance period, and actual performance is measured by the sum of three and four-year EPS performance compared to the Aggregate EPS Target.
Final Year EPS Target	This is calculated by dividing the Aggregate EPS Target over the relevant performance period by the number of years in the performance period (i.e. three or four years) ('qualifying condition').

For vesting to occur, Lend Lease's actual Aggregate EPS must be equal to or greater than the Aggregate EPS Target, as defined above. Vesting is, however, subject to a qualifying condition. Vesting will only occur where Lend Lease's actual EPS in year three (or four) of the performance period is equal to or greater than the respective Final Year EPS Target, as defined above.

Subject to meeting the Final Year EPS Target at year three or year four, the table below shows how vesting will occur based on Lend Lease's actual EPS performance at the vesting dates.

EPS performance levels	Percentage of EPS-tested performance securities that will vest
Less than: Minimum Aggregate EPS Target	Nil vesting
Equal to: Minimum Aggregate EPS Target	50% vesting
Greater than: Minimum Aggregate EPS Target, but less than: Stretch Aggregate EPS Target	Pro-rated vesting (i.e. on a straight line basis) between 50% and 100%
At or above: Stretch Aggregate EPS Target	100% vesting

Advantages of this Approach

The advantages of this approach to EPS performance assessment are that:

- Actual EPS results in each year of the performance period will contribute to the overall vesting result, leading to greater focus on sustainable performance. The Final Year EPS Targets ensure that vesting occurs only where a threshold level of EPS performance is achieved in the final year; and
- It aligns with Lend Lease's strategy to focus on sustainable performance within the context of a cyclical industry. This enables asset sales and transaction timing to be optimised without disproportionately affecting LTI vesting results.

Participants are advised of the EPS targets at the time the LTI grant is made. The Board has committed to disclosing the EPS targets retrospectively in the Remuneration Report following the end of the relevant performance period.

In setting the Minimum and Stretch Aggregate EPS Targets, the Board has taken into account the forecast business plan performance as well as market expectations to determine robust but achievable performance targets for the 50% and 100% vesting thresholds of the EPS component of the LTI.

Directors' Report continued

3. Remuneration Report continued

d. The Executive Reward Framework continued

Long-Term Incentives ('LTI') continued

Termination and Forfeiture

The treatment of unvested LTI performance securities on termination has been reviewed for the September 2009 LTI grant. For 'good leavers', a pro rata award will remain on foot after termination and be subject to the original performance hurdles, unless there are exceptional circumstances (e.g. death or total and permanent disability). Where an employee is terminated for cause or resigns, unvested LTI is forfeited.

Unvested LTI grants will be forfeited if an executive enters into a prohibited pre-vesting hedging arrangement in relation to their LTI awards.

Future Arrangements

For the year ending 30 June 2011, there will be refinements to the LTI framework to ensure that incentive structures continue to reflect Lend Lease's strategy and provide further alignment between the interests of security holders and Lend Lease's key executives. Key refinements include:

- LTI participation to be focused on a small number of key executives who have the most significant impact on Lend Lease's strategy, organisational performance, and the generation of shareholder wealth; and
- Vesting to be subject to achievement of Lend Lease's TSR compared to that of a peer group of companies.

e. Retention Awards

No new retention awards were granted to the executives in the current year.

When the Board believes an executive is an outstanding performer and the Group and security holders will gain from encouraging him or her to remain with the Group, a retention award may be made.

Details of the retention awards which have previously been granted to executives and which have not yet vested are shown in Section 3g.

Directors' Report continued

3. Remuneration Report continued

f. How Rewards are Linked to Group Performance

Key Financial Indicators: Group Performance over the Past Five Years

		June 2010	June 2009	June 2008	June 2007	June 2006
Statutory profit/(loss) after tax ¹	A\$m	345.6	(653.6)	265.4	497.5	415.2
Operating profit after tax ²	A\$m	323.6	307.5	447.1	413.7	354.2
Earnings per security on statutory profit after tax ³	cents	72.9	(164.7)	71.6	134.5	112.7
Earnings per security on operating profit after tax ³	cents	68.3	77.5	120.9	120.5	96.1
Dividends paid and declared	A\$m	160.6	186.7	308.9	308.5	243.7
(Decrease)/increase in closing price ⁴	A\$	0.32	(2.54)	(8.99)	4.55	1.03

1 Statutory profit/(loss) after tax represents profit/(loss) attributable to the security holders of the parent.

2 Operating profit after tax for June 2010 excludes unrealised property investment revaluation gains of A\$22.0 million after tax (June 2009: A\$263.0 million loss after tax). June 2009 operating profit after tax also excludes a reduction in the carrying value of inventory of A\$188.3 million after tax, goodwill impairments of A\$252.9 million after tax, other carrying value adjustments of A\$204.7 million loss after tax, savings implementation costs of A\$83.9 million after tax, and a net gain on closure of the Bovis UK pension scheme to future accrual of A\$31.7 million after tax.

3 Earnings per security is calculated using the weighted average number of securities on issue excluding treasury securities for the respective periods.

4 Represents the movement in the closing security price calculated at 30 June of each financial year.

Link Between Remuneration and Group Performance

Remuneration element	Link to Group performance
Fixed remuneration	Fixed remuneration is not linked to Group performance. It is set with reference to the individual's role, responsibilities and performance.
Short-term incentive ('STI')	STI are awarded to individuals based on achievement of Group and business unit financial targets in individual scorecards, and subject to the Group's profitability and ability to pay STI awards. The Board maintains the right to adjust downwards the aggregate pool available to fund STIs if the Group's actual operating profit after tax is below target. A portion of the STI for the year ended June 2010 is also deferred into equity for one year to ensure ongoing alignment with security holder interests.

Directors' Report continued

3. Remuneration Report continued

f. How Rewards are Linked to Group Performance continued

Long-term incentive ('LTI')	<p>LTI is linked to Group performance through the relative TSR and EPS performance hurdles.</p> <p>For any of the TSR-tested performance securities to vest, Lend Lease's TSR must be at least at the 50th percentile against companies in the peer group (full vesting occurs at the 75th percentile).</p> <p>For any of the EPS-tested performance securities to vest, Lend Lease must have achieved challenging EPS growth hurdles. Historical EPS targets are outlined below:</p>																				
	Grant date	EPS target	Definition of EPS																		
	July 2007	10% compound annual growth rate from year to 30 June 2007 baseline to 30 June 2010 vesting date.	EPS on the basis of statutory EPS reported in the company's financial statements adjusted for exclusion of treasury securities, and exclusion of unrealised revaluation gains or losses (unless assets are actually sold).																		
	September 2008	<p>The September 2008 grant will vest only if the cumulative annual EPS growth rates set by the Board are met.</p> <table border="1" data-bbox="579 1048 1082 1653"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">EPS (as defined for LTI purposes)^{1,2}</th> </tr> <tr> <th>Target</th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>EPS for 30 June 2008 (Base year for growth calculations)</td> <td></td> <td>87.8c</td> </tr> <tr> <td>EPS for 30 June 2009 - % growth from previous year</td> <td>80.9c -8%</td> <td>30.0c -66%</td> </tr> <tr> <td>EPS for 30 June 2010 - % growth from previous year - compound annual growth rate (CAGR) from 2008 base year</td> <td>90.7c 12% 2%</td> <td>68.3c 127% -12%</td> </tr> <tr> <td>EPS for 30 June 2011</td> <td colspan="2">Due to commercial sensitivity this will be disclosed in the 2011 Remuneration Report</td> </tr> </tbody> </table>			EPS (as defined for LTI purposes) ^{1,2}		Target	Actual	EPS for 30 June 2008 (Base year for growth calculations)		87.8c	EPS for 30 June 2009 - % growth from previous year	80.9c -8%	30.0c -66%	EPS for 30 June 2010 - % growth from previous year - compound annual growth rate (CAGR) from 2008 base year	90.7c 12% 2%	68.3c 127% -12%	EPS for 30 June 2011	Due to commercial sensitivity this will be disclosed in the 2011 Remuneration Report		EPS on the basis of statutory EPS reported in the company's financial statements adjusted for exclusion of treasury securities, and exclusion of unrealised carrying value adjustments, write-off of goodwill, movements in the value of investment properties, savings implementation costs and one-off benefits from the UK Pension Plan.
	EPS (as defined for LTI purposes) ^{1,2}																				
	Target	Actual																			
EPS for 30 June 2008 (Base year for growth calculations)		87.8c																			
EPS for 30 June 2009 - % growth from previous year	80.9c -8%	30.0c -66%																			
EPS for 30 June 2010 - % growth from previous year - compound annual growth rate (CAGR) from 2008 base year	90.7c 12% 2%	68.3c 127% -12%																			
EPS for 30 June 2011	Due to commercial sensitivity this will be disclosed in the 2011 Remuneration Report																				
	September 2009	<p>The September 2009 grant will vest only if the years three and/or four aggregate EPS targets are met, and the Final Year target is met. The baseline will have no impact on vesting. The first vesting date for the grant is September 2012, and the aggregate target will be disclosed at this time.</p>		EPS is calculated on the basis of statutory EPS reported in the company's financial statements, adjusted for exclusion of treasury securities.																	

1 The actual EPS result for LTI purposes differs from the EPS based on reported operating profit as disclosed in section 3f. This is because under the terms of the September 2008 LTI grant, management are held accountable for the impact of any unrealised writedowns in the value of development inventory held for sale.

2 EPS performance is tested against a cumulative growth target. As such, vesting will only occur when the EPS cumulative growth target has been achieved at the relevant vesting date(s). For the September 2008 grant, this will be September 2011 (or September 2012). In the September 2008 grant, the first year target of -8% was agreed to recognise the difficult economic circumstances in the year ended 30 June 2009. However, over the entire three (or four) year performance period (and for retest), it is expected that EPS compound annual growth will need to exceed approximately 5% p.a for vesting to occur.

Directors' Report continued

3. Remuneration Report continued

f. How Rewards are Linked to Group Performance continued

Link Between Remuneration and Group Performance continued

The historical vesting of LTI is shown below:

Grant date	Vesting date	Performance hurdle(s)	Performance hurdle achievement
July 2006	June 2009	EPS, Relative TSR	0%
July 2007	June 2010	EPS, Relative TSR	0%
Sept 2008	September 2011 (Retention and Performance Securities) March 2012 (Performance Securities) September 2012 (Performance Securities)	EPS, Relative TSR, Retention	1st test date not yet reached
Sept 2009	September 2012 (50%) September 2013 (50%)	EPS, Relative TSR	1st test date not yet reached

Directors' Report continued

3. Remuneration Report continued

g. Statutory Executive Remuneration Disclosures – Audited

Statutory Remuneration Table

The table shows the remuneration of the executives as calculated under the applicable Australian Accounting Standards.

	Year	Short-term benefits			Post-employment benefits			Share-based payment					Other long-term benefits ⁷ A\$000s	Total A\$000s
		Cash salary A\$000s	Cash STI ¹ A\$000s	Non-monetary benefits ² A\$000s	Super-annuation A\$000s	Life insurance A\$000s	End of service A\$000s	LTI cash-settled A\$000s	LTI equity-settled ³ A\$000s	STI equity-settled ⁴ A\$000s	Retention ⁵ A\$000s	Other equity ⁶ A\$000s		
Executive Director														
S McCann ⁸	2010	1,518	1,368	159	25	2		642	546	1,031			22	5,313
	2009	1,329	968	18	41	2		(146)	130	1,755	15		16	4,128
Key Management Personnel														
S Charlton ⁹	2010	335	191	3	5	1		23					5	563
B Soller ¹⁰	2010	672	414	32	19	3		151	130	26			10	1,457
	2009	536	281	45	45	4		(69)	78	138			9	1,067
Other Executives														
M Bellaman	2010	556	139	54	8			50	112	473				1,392
	2009	685	334	65	9			(93)	144	336				1,480
M Coleman ¹¹	2010	683	345	30	166	2		159	117	530			8	2,040
	2009	586	288	356	186	3		(126)	143	525			8	1,969
W Hara ¹²	2010	563	267		14			160	175	39			7	1,225
	2009	323	263	45	14			(101)	115	177	240		8	1,084
D Hutton	2010	594	258	10	150	3		168	189	44			8	1,424
R Leaver	2010	829	481	6	14			562	187				11	2,090
	2009	778	348	8	14	4		272	159		50		12	1,645
A Lombardo ¹³	2010	632	320	3	14	2		115	137	21			8	1,252
	2009	527	275	82	14	1		5	63	111			7	1,085
N Martin	2010	399	134	183	136			92	78	19			6	1,047
	2009	400	109	278	147			(49)	52	83			6	1,026
M Menhinnitt	2010	697	354		351	2		208	135	51			10	1,808
	2009	655	315	45	360	2		(53)	267	42			10	1,643

Footnotes on page 21.

Directors' Report continued

3. Remuneration Report continued

g. Statutory Executive Remuneration Disclosures – Audited continued

Statutory Remuneration Table continued

- 1 The cash element of all STI bonuses has been accrued and is based on the performance criteria as outlined in Section 3d of this Report.
- 2 Non monetary benefits include relocation benefits (such as housing, home leave, travel, cost of living and tax return advice) and motor vehicle costs.
- 3 Fair value expense of LTI awards that are equity settled. Negative amounts represent a reversal of awards that are not expected to vest.
- 4 Represents fair value of deferred element of STI that is equity settled at a grant date value of A\$9.27. Based on the 30 June 2010 Lend Lease Corporation security price, the value of the award is: Mr McCann A\$417,055; Mr Soller A\$101,345; Mr Bellaman A\$87,777; Mr Coleman A\$91,500; Mr Hara A\$137,137; Mr Hutton A\$147,370; Mr Leaver A\$146,534; Mr Lombardo A\$107,443; Mr Martin A\$61,022; Mr Menhinnitt A\$105,545.
- 5 No new retention awards were made during FY2010. These amounts represent the amortisation of previous retention awards made including the retention component of the September 2008 LTI award.
- 6 Represents executive participation in the Employee Share Acquisition Plan ('ESAP').
- 7 Other Long Term represents accrual of statutory employee entitlements.
- 8 Mr McCann's remuneration in the year ended 30 June 2009 is based on remuneration earned as Finance Director to November 2008, and as Chief Executive Officer following this date. For remuneration in the year ended 30 June 2010, remuneration reflects the remuneration for the full reporting period in his current role.
- 9 Mr Charlton commenced employment on 9 March 2010. The remuneration data in this table reflects the total remuneration for the period from commencement of employment.
- 10 Mr Soller was appointed to the position of Group Chief Financial Officer on 1 October 2009 and as a result his remuneration disclosed in this table includes his new remuneration arrangements under the new position, from the date of appointment to 30 June 2010.
- 11 Mr Coleman was appointed to the position of Global Group Chief Executive Officer, Bovis Lend Lease on 14 January 2009 and as a result his remuneration disclosed in this table includes his remuneration from his previous role prior to his appointment to 30 June 2009 in his role as Global Group Chief Executive Officer, Bovis Lend Lease. For the year ended 30 June 2010 the table depicts Mr Coleman's remuneration for the full reporting period in his role as Global Group Chief Executive Officer, Bovis Lend Lease. Mr Coleman's current role, Global Head of Project Management and Design & Construction is effective 1 July 2010.
- 12 The remuneration disclosed for Mr Hara for the year ended 30 June 2009 reflects executive participation in the Employee Share Acquisition Plan.
- 13 Mr Lombardo's increase in fixed remuneration reflects changes to his previous role including taking on the Sustainability function in his enhanced role. His cash salary includes 5 months back pay received in the year ended 30 June 2010.

Directors' Report continued

3. Remuneration Report continued

g. Statutory Executive Remuneration Disclosures – Audited continued

Remuneration Components as a Proportion of Reported Total Remuneration¹

Based on the above disclosures, the table below outlines the remuneration components as a proportion of reported total remuneration:

	Fixed	Performance-based	
		STI ²	LTI
Executive Director			
S McCann	40%	45%	15%
Key Management Personnel			
S Charlton	62%	34%	4%
B Soller	52%	37%	11%
Other Executives			
M Bellaman	67%	27%	6%
M Coleman	59%	31%	10%
W Hara	49%	37%	14%
D Hutton	56%	32%	12%
R Leaver	41%	32%	27%
A Lombardo	54%	37%	9%
N Martin	70%	21%	9%
M Menhinnitt	60%	28%	12%

¹ Excludes retention awards.

² STI includes the cash amount and the deferred amount accrued for performance for the year ended 30 June 2010.

Directors' Report continued

3. Remuneration Report continued

g. Statutory Executive Remuneration Disclosures – Audited continued

Equity-based Payments

Long-term Incentive Plan – Outstanding Performance Securities

Name	Plan (for the year ended) ¹	Grant date	Vesting date ²	Number granted	Fair value per equity instrument ³ A\$	Total fair value at grant A\$	Award value at 30 June 2010 ⁴ A\$	% Vested in the year	% Forfeited in the year	Expensed 2010	
										LTI A\$	Retention component A\$
Executive Director											
S McCann	June 2008	July 2007	June 2010	59,717	11.51	687,641		0%	100%	77,334	
	June 2009 LTI – B ⁵	Sept 2008	August 2011	60,135	7.01	421,464	440,790				140,488
	June 2009 LTI – A ⁵	Sept 2008	August 2012	120,235	6.35	763,566	881,323			190,892	
	June 2010 LTI – A ⁶	Sept 2009	August 2012	124,535	6.08	757,173	912,842			210,326	
	June 2010 LTI – B ⁶	Sept 2009	August 2013	124,535	6.31	785,816	912,842			163,712	
Total							3,147,797			642,264	140,488
Key Management Personnel											
S Charlton	June 2010 LTI – A ⁶	Sept 2009	August 2012	16,220	6.08	98,615	118,893			13,149	
	June 2010 LTI – B ⁶	Sept 2009	August 2013	16,220	6.31	102,345	118,893			9,747	
Total							237,786			22,896	
B Soller	June 2008 LTI	July 2007	June 2010	15,688	11.51	180,647		0%	100%	20,316	
	June 2009 LTI – B ⁵	Sept 2008	August 2011	11,191	7.01	78,435	82,030				26,145
	June 2009 LTI – A ⁵	Sept 2008	August 2012	22,376	6.35	142,101	164,016			35,525	
	June 2010 LTI – A ⁶	Sept 2009	August 2012	31,546	6.08	191,800	231,232			53,278	
	June 2010 LTI – B ⁶	Sept 2009	August 2013	31,546	6.31	199,055	231,232			41,470	
Total							708,510			150,589	26,145

Footnotes on page 27.

Directors' Report continued

3. Remuneration Report continued

g. Statutory Executive Remuneration Disclosures – Audited continued

Equity-based Payments continued

Long-term Incentive Plan – Outstanding Performance Securities continued

Name	Plan (for the year ended) ¹	Grant date	Vesting date ²	Number granted	Fair value per equity instrument ³ A\$	Total fair value at grant A\$	Award value at 30 June 2010 ⁴ A\$	% Vested in the year	% Forfeited in the year	Expensed 2010	
										LTI A\$	Retention component A\$
Other Executives											
M Bellaman	June 2008 LTI	July 2007	June 2010	13,860	11.51	159,598		0%	100%	17,949	
	June 2009 LTI – B ⁵	Sept 2008	August 2011	10,204	7.01	71,529	74,795				23,843
	June 2009 LTI – A ⁵	Sept 2008	August 2012	20,408	6.35	129,589	149,591			32,397	
Total							224,386			50,346	23,843
M Coleman	June 2008 LTI	July 2007	June 2010	18,346	11.51	211,254		0%	100%	23,758	
	June 2009 LTI – B ⁵	Sept 2008	August 2011	13,087	7.01	91,724	95,928				30,575
	June 2009 LTI – A ⁵	Sept 2008	August 2012	26,167	6.35	166,176	191,804			41,544	
	June 2010 LTI – A ⁶	Sept 2009	August 2012	31,134	6.08	189,295	228,212			52,582	
	June 2010 LTI – B ⁶	Sept 2009	August 2013	31,134	6.31	196,455	228,212			40,928	
Total							744,156			158,812	30,575

Footnotes on page 27.

Directors' Report continued

3. Remuneration Report continued

g. Statutory Executive Remuneration Disclosures – Audited continued

Equity-based Payments continued

Long-term Incentive Plan – Outstanding Performance Securities continued

Name	Plan (for the year ended) ¹	Grant date	Vesting date ²	Number granted	Fair value per equity instrument ³ A\$	Total fair value at grant A\$	Award value at 30 June 2010 ⁴ A\$	% Vested in the year	% Forfeited in the year	Expensed 2010	
										LTI A\$	Retention component A\$
Other Executives continued											
W Hara	June 2008 LTI	July 2007	June 2010	23,360	11.51	268,990		0%	100%	30,251	
	June 2009 LTI – B ⁵	Sept 2008	August 2011	16,664	7.01	116,793	122,147				38,931
	June 2009 LTI – A ⁵	Sept 2008	August 2012	33,319	6.35	211,593	244,228			52,898	
	June 2010 LTI – A ⁶	Sept 2009	August 2012	25,664	6.08	156,037	188,117			43,344	
	June 2010 LTI – B ⁶	Sept 2009	August 2013	25,664	6.31	161,940	188,117			33,737	
Total							742,609			160,230	38,931
D Hutton	June 2008 LTI	July 2007	June 2010	16,447	11.51	189,387		0%	100%	21,299	
	June 2009 LTI – B ⁵	Sept 2008	August 2011	18,769	7.01	131,569	137,575				43,856
	June 2009 LTI – A ⁵	Sept 2008	August 2012	37,538	6.35	238,363	275,150			59,591	
	June 2010 LTI – A ⁶	Sept 2009	August 2012	28,910	6.08	175,773	211,910			48,826	
	June 2010 LTI – B ⁶	Sept 2009	August 2013	28,910	6.31	182,422	211,910			38,005	
Total							836,545			167,721	43,856
R Leaver	Business Unit specific LTI ⁷	Jan 2008	June 2012	17,628	13.81	243,443	129,213			54,313	
	Business Unit specific LTI ⁷	Jan 2008	June 2013	14,423	13.24	190,961	105,721			34,833	
	Business Unit specific LTI ⁷	July 2008	June 2012	57,267	7.84	448,973	419,767			112,166	
	Business Unit specific LTI ⁷	July 2008	June 2013	46,885	7.49	351,168	343,667			70,195	
	Business Unit specific LTI ⁷	July 2009	June 2012	94,893	5.82	552,277	695,566			183,924	
	Business Unit specific LTI ⁷	July 2009	June 2013	77,640	5.51	427,796	569,101			106,876	
Total							2,263,035			562,307	

Footnotes on page 27.

Directors' Report continued

3. Remuneration Report continued

g. Statutory Executive Remuneration Disclosures – Audited continued

Equity-based Payments continued

Long-term Incentive Plan – Outstanding Performance Securities continued

Name	Plan (for the year ended) ¹	Grant date	Vesting date ²	Number granted	Fair value per equity instrument ³ A\$	Total fair value at grant A\$	Award value at 30 June 2010 ⁴ A\$	% Vested in the year	% Forfeited in the year	Expensed 2010	
										LTI A\$	Retention component A\$
Other Executives continued											
A Lombardo	June 2008 LTI	July 2007	June 2010	12,652	11.51	145,688		0%	100%	16,384	
	June 2009 LTI – B ⁵	Sept 2008	August 2011	9,025	7.01	63,254	66,153				21,085
	June 2009 LTI – A ⁵	Sept 2008	August 2012	18,045	6.35	114,598	132,270			28,649	
	June 2010 LTI – A ⁶	Sept 2009	August 2012	23,351	6.08	141,974	171,163			39,437	
	June 2010 LTI – B ⁶	Sept 2009	August 2013	23,351	6.31	147,345	171,163			30,697	
Total							540,749			115,167	21,085
N Martin	June 2008 LTI	July 2007	June 2010	11,285	11.51	129,947		0%	100%	14,614	
	June 2009 LTI – B ⁵	Sept 2008	August 2011	8,051	7.01	56,423	59,014				18,808
	June 2009 LTI – A ⁵	Sept 2008	August 2012	16,096	6.35	102,221	117,984			25,555	
	June 2010 LTI – A ⁶	Sept 2009	August 2012	17,358	6.08	105,537	127,234			29,316	
	June 2010 LTI – B ⁶	Sept 2009	August 2013	17,358	6.31	109,529	127,234			22,819	
Total							431,466			92,304	18,808
M Menhinnitt	June 2008 LTI	July 2007	June 2010	30,364	11.51	349,641		0%	100%	39,321	
	June 2009 LTI – B ⁵	Sept 2008	August 2011	21,661	7.01	151,810	158,775				50,603
	June 2009 LTI – A ⁵	Sept 2008	August 2012	43,308	6.35	275,034	317,448			68,759	
	June 2010 LTI – A ⁶	Sept 2009	August 2012	33,358	6.08	202,817	244,514			56,338	
	June 2010 LTI – B ⁶	Sept 2009	August 2013	33,358	6.31	210,489	244,514			43,852	
Total							965,251			208,270	50,603

Footnotes on page 27.

Directors' Report continued

3. Remuneration Report continued

g. Statutory Executive Remuneration Disclosures – Audited continued

Equity-based payments continued

Long-term Incentive Plan – Outstanding Performance Securities continued

- 1 The July 2007 and September 2009 grants vest on the basis of performance against equally weighted relative TSR and EPS hurdles. The September 2008 grant vests on the basis of performance against equally weighted relative TSR, EPS (based on adjusted operating profit) and retention hurdles. For further information, refer to Section 3d and Section 3f.
- 2 Early vesting of the award may be available in certain circumstances. The award is forfeited on resignation, but in other cases of termination, may be awarded on a pro rata basis subject to early testing of the performance conditions.
- 3 The fair value at grant date represents the estimated actuarial valuation, rounded to two decimal places, of the award using assumptions underlying the Black-Scholes methodology to produce a Monte-Carlo simulation model in accordance with Australian Accounting Standards.
- 4 Under Australian Accounting Standards, the value of a share-based payment is determined at the grant date, and recognised over the vesting period. Movement in the share price after grant date and before the vesting conditions are met is not subsequently considered. To provide greater transparency, a supplementary value is provided based on the share price as at 30 June 2010.
- 5 The September 2008 grant comprised three components, with one-third of the grant being tested against EPS and one-third against TSR (for the year ended June 2009 LTI – A), and the remainder vesting based on achievement of service conditions (for the year ended June 2009 LTI – B).
- 6 The September 2009 grant is split into two equal tranches that vest independently at three and four years, subject to meeting the TSR and EPS hurdles as described in section 3d.
- 7 Mr Leaver participates in a Business Unit specific LTI plan, as outlined in his contract of employment. LTI awards are granted on an annual basis to July 2011 (vesting on 30 June 2012), and granted on an annual basis to July 2012 (vesting on 30 June 2013). These awards vest subject to achieving three key Investment Management business metrics against predetermined commercial in confidence targets. These targets are assessed by the P&O Committee as soon as practicable after the sign off of the Group Financial Statements. For each metric one-third of the awards will vest if performance meets or exceeds the target at any time during the performance period.

Directors' Report continued

3. Remuneration Report continued

g. Statutory Executive Remuneration Disclosures – Audited continued

Equity-based Payments

Retention – Outstanding Retention Grants

Name	Grant date	Vesting date ¹	Number granted	Fair value per equity instrument ² A\$	Total fair value at grant A\$	Award value at 30 June 2010 ³ A\$	% Vested in the year	% Forfeited in the year	Expensed for the year ended 30 June 2010 A\$
Executive Director									
S McCann	Aug 2007	June 2012	141,367	17.68	2,500,000	1,036,220			514,374
	Nov 2008	March 2010 ⁴	153,126	9.80	1,500,000		67% ⁴		376,452
Total						1,036,220			890,826
M Bellaman	April 2008	April 2011	61,885	12.93	800,303	453,617			234,849
	May 2009	May 2012	90,000	7.14	642,600	659,700			213,946
Total						1,113,317			448,795
M Coleman	Jul 2007	June 2010	80,214	18.70	1,500,000		100%		499,544
W Hara	Sept 2008	Sept 2009	15,519	9.30	144,250		100%		
A Lombardo	Sept 2008	Sept 2009	10,086	9.30	93,750		100%		
N Martin	Sept 2008	Sept 2009	7,197	9.30	66,898		100%		
B Soller	Sept 2008	Sept 2009	12,506	9.30	116,250		100%		

1 An employee must be employed at the vesting date for vesting. For a limited number of grants in certain circumstances (e.g. termination without cause) pro rata early vesting may be available.

2 The fair value at grant date represents the number of securities granted at the security price on the grant date.

3 Under Australian Accounting Standards, the value of a share-based payment is determined at the grant date, and recognised over the vesting period. Movement in the security price after grant date and before the vesting conditions are met is not subsequently considered. To provide greater transparency, a supplementary value is provided based on the security price as at 30 June 2010.

4 The retention grant made to Mr McCann in November 2008 vests in three equal tranches on 31 March 2009, 30 September 2009 and 31 March 2010. One-third of the grant vested in the prior financial year. Two-thirds of the grant vested in the current financial year.

Directors' Report continued

3. Remuneration Report continued

h. Executive Contracts – Audited

CEO Contract Details – Stephen McCann

Contract duration	No fixed term. Not to exceed five years, effective 4 March 2009.
Benefits	Total package includes fixed remuneration and superannuation. Additional benefits include vehicle lease cost, parking space at Lend Lease headquarters and life cover to the value of three times fixed remuneration.
Variable remuneration eligibility	Eligible for STI and LTI plan at Board discretion.
Non-compete period	12 months
Non-solicitation period	12 months
Notice by Lend Lease	12 months
Notice by CEO	6 months
Treatment on termination	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, and pro-rata STI based on the level of performance achievement in the prior year. Treatment of incentives: The CEO may receive a pro-rata STI award for the latest financial year based on assessment of his performance by the Board. LTIs will be treated according to ordinary award terms, and for the most recent LTI award before termination, the pro rata period is extended by 12 months.
Other	The CEO has previously been granted retention awards. A number of these have not yet vested. They are described in Section 3g.

Directors' Report continued

3. Remuneration Report continued

h. Executive Contracts – Audited continued

Executives' Contract Details

Contract duration	Executives are typically employed on contracts that have no fixed term.				
Benefits	May include: Participation in the Employee Share Acquisition Plan, health/life insurance, car allowances, motor vehicle leases and salary continuance. If an executive is relocated, relocation packages may be available.				
Variable remuneration eligibility	Eligible for participation in the STI plan, and LTI plan subject to Board discretion. For Mr Leaver only, eligible for an LTI on joining and an annual grant on 1 July: <ul style="list-style-type: none"> – up to July 2011, vesting 30 June 2012; – up to July 2012, vesting 30 June 2013; and – subject to achievement of three equally weighted KPIs for the Investment Management business, as assessed by the P&O Committee. Termination without cause results in pro rata vesting of the awards, based on early assessment of performance.				
Termination clauses	Termination clauses are specified in each contract describing treatment on termination based on the reason for termination (e.g. resignation, on notice illness or immediate termination for cause). Where notice is provided for termination, the relevant notice periods for each executive vary, but are typically between six and 12 months.				
	S Charlton	B Soller	M Bellaman	M Coleman	W Hara
Non-compete period	6 months	Not applicable	3 months	Not applicable	6 months
Non-solicitation period	6 months	6 months	3 months	Not applicable	6 months
Notice by Lend Lease	6 months	12 months	90 days	Reasonable notice	12 months
Notice by executive	6 months	6 months	3 months	Reasonable notice	6 months
Treatment on termination for notice	Payment may be made in lieu of notice Notice payment shall be based on fixed remuneration, superannuation and accrued leave	Payment may be made in lieu of notice. Notice payment shall be based on fixed remuneration, superannuation plus projected STI (if eligible in that year) of 60% of the target amount	Severance payment calculated as two weeks of pay per year of completed service Payment of current year STI at the CEO's discretion Pro rata retention received Any outstanding deferred STI or LTI will be treated in accordance with the plan rules	Payment may be made in lieu of notice	Notice payment shall be based on fixed remuneration, superannuation plus projected STI (if eligible in that year) of 60% of the target amount
Other	Restrictive covenants apply after termination in relation to ability to employ Lend Lease persons who may or are likely to have trade secrets or confidential information	Retention shares vested on 4 September 2009 (see section 3g). No new retention arrangements have been awarded Restrictive covenants apply after termination in relation to ability to employ Lend Lease persons who may or are likely to have trade secrets or confidential information	Retention securities vesting April 2011 and April 2012 (see section 3g). No new retention arrangements have been awarded	Retention securities vested on 30 June 2010 (see section 3g). No new retention arrangements have been provided	Retention shares vesting on 4 September 2009 (see section 3g). No new retention arrangements have been awarded

Directors' Report continued

3. Remuneration Report continued

h. Executive Contracts – Audited continued

Executives' Contract Details continued

	D Hutton	R Leaver	A Lombardo	N Martin	M Menhinnitt
Non-compete period	12 months	12 months	6months	24 months	6 months
Non-solicitation period	12 months	12 months	12 months	24 months	12 months
Notice by Lend Lease	12 months	6 months	12 months	6 months	12 months
Notice by executive	6 months	6 months	6 months	6 months	6 months
Treatment on termination for notice	Notice payment shall be based on fixed remuneration, superannuation plus projected STI (if eligible in that year) of 60% of the target amount	Notice payment shall be based on fixed remuneration (but not inclusive of superannuation)	Notice payment shall be based on fixed remuneration, superannuation plus projected STI (if eligible in that year) of 60% of the target amount	Payment may be made in lieu of notice	Notice payment shall be based on fixed remuneration, superannuation plus projected STI (if eligible in that year) of 60% of the target amount
Other	Not applicable	Restrictive covenants apply after termination in relation to ability to employ Lend Lease persons who may or are likely to have trade secrets or confidential information	Retention shares vested on 4 September 2009 (see section 3g). No new retention arrangements have been awarded Restrictive covenants apply after termination in relation to ability to employ Lend Lease persons who may or are likely to have trade secrets or confidential information	Mr Martin is on international assignment to Australia until December 2010	Restrictive covenants apply after termination in relation to ability to employ Lend Lease persons who may or are likely to have trade secrets or confidential information

Directors' Report continued

i. Non Executive Director Remuneration – Audited

Fee Structure

Component	Composition	At-risk?
Board fees	Chairman fee	No
	Board member fee	No
Committee fees	Committee chairmanship fees	No
	Committee membership fees	No
Travel fees	Compensation for time spent travelling to overseas meetings	No
Post-employment benefits	Annual accrual of Lend Lease securities, accessible on retirement	No

To maintain their independence and impartiality, Non Executive Directors' rewards do not have any at-risk components. Directors may be affected by company performance with regard to personal security holdings and post-employment benefits delivered as Lend Lease securities.

The total fees paid to the Non Executive Directors are kept within the total aggregate fee pool of A\$2,500,000 as approved by security holders at the 2008 Annual General Meeting. No change to the aggregate fee limit is proposed for the year ending 30 June 2011.

Board and Committee Fees

Board and Board Committee fees are set based on advice from external advisers and market data, with reference to factors such as the responsibilities and risks associated with the role.

The current Board fees are shown below.

	Chairman fee A\$	Membership fee A\$
Board	640,000	160,000
Nomination Committee	36,000	
Personnel and Organisation Committee	36,000	20,000
Risk Management and Audit Committee	44,000	36,000
Sustainability Committee	36,000	20,000

The fees paid to compensate directors for time spent travelling to overseas meetings are shown below. All business-related expenses (e.g. travel) are also reimbursed.

	Travel less than 4 hours A\$	Travel between 4 and 10 hours A\$	Travel over 10 hours A\$
Fee (each way)	0	2,800	6,000

Post-employment Benefits

In recognition of feedback from security holders, the Directors have resolved to discontinue the further award of retirement securities indefinitely. However, the (now suspended) entitlements (as previously approved by security holders) are summarised below.

Non Executive Directors are entitled to an annual accrual of Lend Lease securities to the value of 0.2 times their director fee (Board and Board Committee fees only). These securities will fluctuate in line with the Lend Lease security price and are accessible only on retirement (unless securities need to be sold to meet a tax liability in respect of those securities).

Non Executive Directors are allowed securities under a waiver granted by the Australian Securities Exchange in 2001. The waiver was granted subject to there being (i) no amendment of the plan (which provides for award of these securities to Non Executive Directors) without security holder approval; (ii) disclosure of the Directors and their ability to participate in the plan, (iii) explanation of any diluting effects on any security issues; and (iv) disclosure of the waiver terms.

Securities were allocated on 1 January each year based on the five (business) day weighted average security price. Under the approving security holder resolution, annual issues of securities are capped at 0.01% of the issued capital. From inception in 2001, securities issued under the plan have totalled only 0.05% of current issued capital, and the diluting effect for security holders is insignificant.

Two Non Executive Directors appointed before 1 January 2001 also have accrued benefits under the previous Retirement Benefit Plan:

- G Edington A\$153,640 (30 June 2009: A\$138,520); and
- P Goldmark A\$156,960 (30 June 2009: A\$144,722).

Directors' Report continued

i. Non Executive Director Remuneration – Audited continued

Remuneration Details – Audited

Details of the total remuneration of the Directors of the Company are set out on the following table. In accordance with the requirements of AASB 124, the remuneration disclosures in the remuneration tables are calculated on an accruals basis and only include remuneration relating to the portion of the relevant periods that each individual was a Director.

	Year	Short-term				Post-employment benefits	Share-based Payment	Total A\$000s
		Base fees A\$000s	Committee chairman fees A\$000s	Committee fees A\$000s	Travel fees ¹ A\$000s	Superannuation A\$000s	Other equity ² A\$000s	
D Crawford	2010	640			35	14	118	807
	2009	550			40	14	110	714
P Colebatch	2010	160	36	36	66	14	44	356
	2009 ⁴	150	30	25	54	14	41	314
G Edington	2010	160		56	78	14	41	349
	2009 ⁴	150		43	60	14	39	306
P Goldmark	2010	160	36	20	78	14	41	349
	2009 ⁴	150	30	17	65	14	40	316
J Hill	2010	160	36	20	83	14	41	354
	2009 ⁴	150	30	17	71	14	40	322
D Ryan	2010	160	44	20	35	14	43	316
	2009 ⁴	150	40	17	40	14	41	302
M Selway ³	2010	99		25	36	9	40	209
	2009 ⁴	150			50	14	31	245

1 In addition, a number of Directors received fringe benefits in the following amounts:

	A\$000s
D Crawford	2
P Colebatch	9
G Edington	14
P Goldmark	13
J Hill	17

2 Other equity refers to the amount accrued under the Non Executive Directors' Retirement Benefit Plan. This amount is not accessible until the Director retires. The Plan has been discontinued from 1 January 2010. Amounts are for 12 months to 31 December 2009.

3 Mr Selway retired as a Director on 10 February 2010.

4 Base fees per Director (excluding the Chairman) increased from A\$140,000 to A\$160,000 effective 1 January 2009, and averaged over the full 12 month period ended 30 June 2009, calculated as A\$150,000 per Director.

Directors' Report continued

j. Additional Information – Audited

Additional information about Key Management Personnel's equity holdings and transactions, loans and other transactions is in Note 34 of the Consolidated Financial Statements.

4. Other

a. 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.

b. 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 1 to 3 of this Report; the Company Secretary, Mr W Hara; and 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, since the date of the last report, the Company has entered into Deeds of Indemnity, Insurance and Access with each of the Directors named on pages 1 to 3 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.

c. 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 non audit 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 non audit 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 non audit 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 non audit 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.

Directors' Report continued

4. Other continued

c. Non Audit Services continued

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

	Consolidated	
	June 2010	June 2009
	A\$000s	A\$000s
Audit Services	7,122	7,657
Other Services		
International assignees tax services	38	119
Other	78	15
Total other services	116	134
Total audit and other services	7,238	7,791

d. 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
Managing Director

Sydney, 16 August 2010



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 2010 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.

A handwritten signature in black ink, appearing to read 'Chris Hall', written over a horizontal line.

KPMG

A large, stylized handwritten signature in black ink, appearing to read 'Chris Hall', written over a horizontal line.

Chris Hall
Partner

Sydney

16 August 2010