

Consolidated Financial Statements

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Income Statement

Half Year ended 31 December 2010

	Note	6 months December 2010 A\$m	6 months December 2009 A\$m
Revenue	2	4,318.7	5,557.3
Cost of sales		(3,859.6)	(5,088.6)
Gross profit		459.1	468.7
Other income	3	148.0	108.7
Other expenses		(361.1)	(365.5)
Results from operating activities		246.0	211.9
Finance revenue	5	48.0	36.0
Finance costs	5	(60.2)	(34.7)
Net finance (costs)/revenue		(12.2)	1.3
Profit of equity accounted investments	10	45.0	76.1
Profit before tax		278.8	289.3
Income tax expense	6	(51.4)	(82.8)
Profit after tax		227.4	206.5
Profit after tax attributable to:			
Members of Lend Lease Corporation Limited		226.5	204.9
Non controlling interests attributable to unitholders of Lend Lease Trust (LLT)			
Profit after tax attributable to securityholders		226.5	204.9
Other non controlling interests		0.9	1.6
Profit after tax		227.4	206.5
Basic/Diluted Earnings Per Lend Lease Corporation Limited Share			
Shares excluding treasury shares (cents)	8	42.2	46.8
Shares on issue (cents)	8	40.0	43.7

Consolidated Financial Statements continued

Statement of Comprehensive Income

Half Year ended 31 December 2010

	6 months December 2010 A\$m	6 months December 2009 A\$m
Profit After Tax	227.4	206.5
Other Comprehensive Income (Net of Tax)		
Movements in Fair Value Revaluation Reserve		
Revaluation gain taken to equity	0.2	6.1
Revaluation gain transferred to the income statement on asset disposal		(1.0)
Effect of foreign exchange rate movements	(0.9)	(0.5)
Revaluation loss on asset impairment transferred to the income statement		4.0
Movements in Hedging Reserve		
Effective cash flow hedges attributable to equity accounted investments	12.2	(17.9)
Other effective cash flow hedges		(0.1)
Transfer of ineffective cash flow movement to the income statement	(1.5)	0.1
Hedging loss transferred to the income statement on asset disposal	35.4	
Effect of foreign exchange rate/other movements	1.5	7.7
Movements in Foreign Currency Translation Reserve		
Foreign currency translation differences attributable to foreign operations	(109.2)	(107.0)
Foreign currency translation differences transferred to the income statement on return of capital		0.3
Movements in Non Controlling Interest Acquisition Reserve		
Effect of foreign exchange rate/other movements	18.0	16.6
Other comprehensive income	(44.3)	(91.7)
Total comprehensive income after tax	183.1	114.8
Total comprehensive income after tax attributable to:		
Members of Lend Lease Corporation Limited	186.0	116.9
Non controlling interests attributable to unitholders of LLT		
Total comprehensive income after tax attributable to securityholders	186.0	116.9
Other non controlling interests	(2.9)	(2.1)
Total comprehensive income after tax	183.1	114.8

Consolidated Financial Statements continued

Statement of Financial Position

As at 31 December 2010

	Note	December 2010 A\$m	June 2010 A\$m
Current Assets			
Cash and cash equivalents		1,439.4	1,635.9
Loans and receivables		1,228.0	1,769.7
Inventories	9	562.9	587.8
Other financial assets		96.4	91.4
Current tax assets		12.7	9.8
Other assets		61.9	76.0
Total current assets		3,401.3	4,170.6
Non Current Assets			
Loans and receivables		355.8	365.2
Inventories	9	1,532.3	1,576.0
Equity accounted investments	10	848.5	913.9
Investment properties	11	2,938.8	2,820.9
Other financial assets		275.3	273.7
Deferred tax assets		90.9	95.7
Property, plant and equipment		332.1	352.7
Intangible assets		639.2	694.1
Defined benefit plan asset		29.4	27.3
Other assets		55.7	76.3
Total non current assets		7,098.0	7,195.8
Total assets		10,499.3	11,366.4
Current Liabilities			
Trade and other payables		2,440.7	3,295.1
Resident and accommodation bond liabilities		2,037.0	1,995.8
Provisions		194.0	198.8
Borrowings and financing arrangements	12	567.8	
Other financial liabilities		25.6	51.5
Total current liabilities		5,265.1	5,541.2
Non Current Liabilities			
Trade and other payables		719.7	709.5
Provisions		67.6	84.1
Borrowings and financing arrangements	12	754.3	1,446.6
Other financial liabilities		126.5	146.9
Deferred tax liabilities		69.6	59.6
Defined benefit plan liability		13.2	18.0
Total non current liabilities		1,750.9	2,464.7
Total liabilities		7,016.0	8,005.9
Net assets		3,483.3	3,360.5
Equity			
Issued capital	13	2,018.5	2,019.2
Treasury securities	13	(68.8)	(74.4)
Reserves		(70.5)	(29.0)
Retained earnings		1,567.4	1,404.5
Total equity attributable to members of Lend Lease Corporation Limited		3,446.6	3,320.3
Non controlling interests attributable to unitholders of LLT		0.6	0.6
Total equity attributable to securityholders		3,447.2	3,320.9
Other non controlling interests		36.1	39.6
Total equity		3,483.3	3,360.5

Consolidated Financial Statements continued

Statement of Changes in Equity

Half Year ended 31 December 2010

	Note	6 months December 2010 A\$m	6 months December 2009 A\$m
Issued Capital and Treasury Securities			
Issued Capital			
Opening balance at beginning of financial period		2,019.2	1,195.9
Transactions with owners for the period			
Ordinary share issues (net of transaction costs)		(0.7)	
Distribution Reinvestment Plan (DRP)			30.4
Closing balance at end of financial period	13	2,018.5	1,226.3
Treasury Securities			
Opening balance at beginning of financial period		(74.4)	(63.2)
Transactions with owners for the period			
Treasury securities acquired		(1.1)	(1.2)
Treasury securities vested		7.5	10.1
Movement on allocated treasury securities recognised directly in retained earnings and equity compensation reserve		(0.8)	(18.8)
Closing balance at end of financial period	13	(68.8)	(73.1)
Total issued capital and treasury securities		1,949.7	1,153.2
Reserves			
Fair Value Revaluation Reserve			
Opening balance at beginning of financial period		37.8	44.5
Comprehensive income for the period			
Revaluation gain taken to equity (net of tax)		0.2	6.1
Revaluation gain transferred to income statement on asset disposal (net of tax)			(1.0)
Effect of foreign exchange rate movements		(0.9)	(0.5)
Revaluation loss on asset impairment transferred to the income statement			4.0
Closing balance at end of financial period		37.1	53.1
Hedging Reserve			
Opening balance at beginning of financial period		(88.2)	(58.1)
Comprehensive income for the period			
Movements attributable to effective cash flow hedges on equity accounted investments (net of tax)		12.2	(17.9)
Movements attributable to other effective cash flow hedges (net of tax)			(0.1)
Transfer of ineffective cash flow hedge movement to income statement		(1.5)	0.1
Hedging loss transferred to income statement on asset disposal (net of tax)		35.4	
Effect of foreign exchange rate/other movements (net of tax)		1.5	7.7
Closing balance at end of financial period		(40.6)	(68.3)
Foreign Currency Translation Reserve			
Opening balance at beginning of financial period		(80.5)	(25.7)
Comprehensive income for the period			
Movements attributable to translation of foreign operations (net of tax)		(109.2)	(107.0)
Transfer of foreign currency translation reserve to income statement on return of capital			0.3
Closing balance at end of financial period		(189.7)	(132.4)
Non Controlling Interest Acquisition Reserve			
Opening balance at beginning of financial period		(110.9)	(121.0)
Comprehensive income for the period			
Effect of foreign exchange rate/other movements		18.0	16.6
Closing balance at end of financial period		(92.9)	(104.4)

Consolidated Financial Statements continued

Statement of Changes in Equity continued

Half Year ended 31 December 2010

	6 months December 2010 A\$m	6 months December 2009 A\$m
Other Reserve		
Opening balance at beginning of financial period	110.4	104.6
Transaction with owners for the period		
Effect of foreign exchange rate/other movements	1.4	
Closing balance at end of financial period	111.8	104.6
Equity Compensation Reserve		
Opening balance at beginning of financial period	48.0	35.6
Transactions with owners for the period		
Movements attributable to allocation and vesting of securities	1.4	3.7
Closing balance at end of financial period	49.4	39.3
Other Compensation Reserve		
Closing balance at beginning and end of financial period	54.4	54.4
Total reserves	(70.5)	(53.7)
Retained Earnings		
Opening balance at beginning of financial period	1,404.5	1,238.5
Prior year adjustment ¹		(34.6)
Profit attributable to members of Lend Lease Corporation Limited	226.5	204.9
Transactions with owners for the period		
Distributions paid	(67.9)	(43.3)
Distributions on treasury securities	3.2	4.5
Distributions under DRP		(30.4)
Movement on allocated treasury securities recognised directly in retained earnings	1.1	14.5
Closing balance at end of financial period	1,567.4	1,354.1
Non Controlling Interests Attributable to Unitholders of LLT		
Opening balance at beginning of financial period	0.6	
Transactions with owners for the period		
Movements attributable to the stapling of LLT units to Company shares		0.5
Closing balance at end of financial period	0.6	0.5
Other Non Controlling Interests		
Opening balance at beginning of financial period	39.6	41.8
Profit attributable to non controlling interests	0.9	1.6
Transactions with owners for the period		
Movements attributable to dividends/distributions received	(0.6)	(0.4)
Effect of foreign exchange rate/other movements	(3.8)	(3.7)
Closing balance at end of financial period	36.1	39.3
Total equity	3,483.3	2,493.4
Total Comprehensive Income After Tax for the Financial Period		
Attributable to:		
Members of Lend Lease Corporation Limited	186.0	116.9
Non controlling interests attributable to unitholders of LLT		
Total comprehensive income after tax attributable to securityholders	186.0	116.9
Other non controlling interests	(2.9)	(2.1)
Total comprehensive income after tax	183.1	114.8

¹ Refer to Note 1.2 'Basis of Preparation' for further details.

Consolidated Financial Statements continued

Statement of Cash Flows

Half Year ended 31 December 2010

	6 months December 2010 A\$m	6 months December 2009 A\$m
Cash Flows from Operating Activities		
Cash receipts in the course of operations	4,593.8	6,051.9
Cash payments in the course of operations	(4,748.3)	(6,014.1)
Property development receipts	260.4	301.2
Property development expenditure	(229.4)	(201.1)
Interest received	45.7	21.8
Interest paid	(63.4)	(46.8)
Dividends/distributions received	33.5	42.4
Income tax paid in respect of operations	(29.8)	(48.0)
Net cash (used in)/provided by operating activities	(137.5)	107.3
Cash Flows from Investing Activities		
Sale/redemption of investments	283.2	106.3
Acquisition of investments	(176.8)	(103.9)
Acquisition of/capital expenditure on investment properties	(14.2)	(19.0)
Sale of investment properties	3.1	
Net loans to related parties	(9.0)	(5.3)
Acquisition of consolidated entities (net of cash acquired)		(170.7)
Disposal of consolidated entities (net of cash disposed)	15.1	
Disposal of property, plant and equipment	2.6	0.2
Acquisition of property, plant and equipment	(19.6)	(4.9)
Acquisition of intangible assets	(8.9)	(66.4)
Other payments	(6.5)	
Net cash provided by/(used in) investing activities	69.0	(263.7)
Cash Flows from Financing Activities		
Proceeds from borrowings		565.5
Repayment of borrowings		(445.6)
Distributions paid	(64.7)	(38.3)
Other payments	(6.1)	(0.4)
Net cash (used in)/provided by financing activities	(70.8)	81.2
Other Cash Flow Items		
Effect of foreign exchange rate movements on cash and cash equivalents	(57.2)	(78.1)
Net decrease in cash and cash equivalents	(196.5)	(153.3)
Cash and cash equivalents at beginning of financial period	1,635.9	1,120.8
Cash and cash equivalents at end of financial period	1,439.4	967.5

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies

Lend Lease Corporation Limited ('the Company') is domiciled in Australia. The consolidated financial report of the Company for the half year ended 31 December 2010 comprises the Company and its controlled entities including LLT (together referred to as the 'consolidated entity' or the 'Group').

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 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'). LLT was 100% owned by the Company prior to approval of the stapling proposal. Units in LLT were subsequently distributed to Lend Lease Corporation Limited shareholders as an 'in specie' dividend. The Company is deemed to control LLT for accounting purposes and therefore LLT is consolidated into the Group's financial report. The issued units of LLT, however, are not owned by the Company and are therefore presented as non controlling interests in the consolidated statement of financial position within equity, notwithstanding that the unitholders of LLT are also the shareholders of the Company.

The consolidated half year financial report was authorised for issue by the Directors on 17 February 2011.

1.1 Statement of Compliance

The consolidated half year financial report is a general purpose financial report that has been prepared in accordance with AASB 134 '*Interim Financial Reporting*' and the *Corporations Act 2001*. The consolidated half year financial report of the Group also complies with the recognition and measurement requirements of International Financial Reporting Standards (IFRS) and Interpretations adopted by the International Accounting Standards Board.

The consolidated half year financial report should be read in conjunction with the 30 June 2010 annual consolidated financial report and any public announcements by the Company and its consolidated entities during the half year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*. The consolidated half year financial report does not include all of the information required for a full financial report.

Certain comparative amounts have been reclassified to conform with the current period presentation.

1.2 Basis of Preparation

The consolidated half year financial report is presented in Australian dollars and is prepared under the historical cost basis except for the following assets and liabilities, which are stated at their fair value: derivative financial instruments, fair value through profit or loss investments, available for sale investments, investment property, resident liabilities and liabilities for cash settled share based compensation plans.

The preparation of an interim financial report that complies with AASB 134 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and income and expenses.

These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The accounting policies have been consistently applied by all entities in the consolidated entity and are consistent with those applied in the 30 June 2010 annual consolidated financial report.

From 1 July 2010, the Group moved to a regional structure as outlined in Note 16 'Segment Reporting'. Accordingly, the presentation format of the half year income statement has been changed from the prior period. The Group considers the revised presentation to be more appropriate having regard to the change in the segmental financial information reviewed by the Managing Director (the chief operating decision maker). Certain comparative amounts have been reclassified to conform with the current period's income statement presentation. The change in presentation format of the income statement has no impact on the measurement of the Group's financial result.

The opening retained earnings as at 1 July 2009 has been adjusted from \$1,238.5 million to \$1,203.9 million as a result of aligning the accounting policies of an associate to those of the Group with respect to the prior period adoption of AASB Interpretation 12 '*Service Concession Arrangements*'. There is no significant impact on the consolidated income statement for the prior period as a result of this alignment, however the prior period statement of financial position has been adjusted to decrease loans and receivables by \$4.7 million, increase trade and other payables by \$23.8 million and recognise hedging reserves of \$6.1 million.

Under Australian Accounting Standards, resident and accommodation bond liabilities are required to be classified as current liabilities as residents may depart the accommodation at any time, notwithstanding that history has shown that residents stay for an average period of 11 years in Independent Living Units (ILU), five years in Serviced Apartments (SA) and four years in Aged Care facilities.

Notes to the Consolidated Financial Statements continued

	6 months December 2010 A\$m	6 months December 2009 A\$m
2. Revenue		
Revenue from the provision of services		
Project Management and Construction	3,402.3	4,528.8
Infrastructure Development	384.8	578.6
Development	178.2	55.2
Investment Management	51.0	43.8
Total revenue from the provision of services	4,016.3	5,206.4
Revenue from the sale of development properties		
Development	229.1	280.5
Total revenue from the sale of development properties	229.1	280.5
Rental revenue	36.1	30.6
Hotel revenue	25.4	23.9
Other revenue	11.8	15.9
Total operating revenue	4,318.7	5,557.3
3. Other Income		
Net gain on disposal of equity accounted investments	113.2	41.7
Fair value gain on remeasurement of investment properties	24.7	3.1
Net gain on disposal of controlled entities	4.1	
Fair value gain on derivative contracts held for trading	3.6	10.4
Net gain on disposal of other assets and liabilities		4.2
Discount on acquisition of controlled entity		48.3
Other	2.4	1.0
Total other income	148.0	108.7
4. Operating Expenses		
Profit before income tax includes the following operating expense items:		
Impairments/provisions raised	81.9	66.7
Depreciation and amortisation	20.9	21.9
Net defined benefit plan expense	8.0	15.8
Net foreign exchange gain	(5.8)	(3.3)
Fair value loss on remeasurement of investment properties		5.6
Net loss on sale of property, plant and equipment	0.5	0.7
5. Finance Revenue and (Finance Costs)		
Finance Revenue		
Related parties	12.4	20.8
Other corporations	30.5	12.6
Total interest finance revenue	42.9	33.4
Interest discounting	5.1	2.6
Total finance revenue	48.0	36.0
Finance Costs		
Non interest finance costs	(5.7)	(2.2)
Interest finance costs		
Related parties		(0.3)
Other corporations	(53.6)	(30.7)
<i>Less: Capitalised interest finance costs</i>	0.5	
Total interest finance costs	(53.1)	(31.0)
Interest discounting	(1.4)	(1.5)
Total finance costs	(60.2)	(34.7)
Net finance (costs)/revenue	(12.2)	1.3

Notes to the Consolidated Financial Statements continued

	6 months December 2010 A\$m	6 months December 2009 A\$m
6. Taxation		
Income Tax Expense		
Recognised in the Income Statement		
Current Tax Expense		
Current period	54.6	83.3
Adjustments for prior periods	(0.6)	(0.2)
Benefits of tax losses recognised	(21.2)	(39.3)
	32.8	43.8
Deferred Tax Expense		
Origination and reversal of temporary differences	18.6	39.0
Total income tax expense	51.4	82.8
Reconciliation of Income Tax Expense		
Profit before tax	278.8	289.3
Income tax using the domestic corporation tax rate (30%)	83.6	86.8
Non assessable dividends/income	(8.9)	(0.3)
Loss accounted for using the equity method	(4.3)	(3.3)
Non allowable expenses	11.3	5.6
Capital gain on tax consolidation of Lend Lease Primelife Trust		27.7
Recognition of previously unrecognised capital losses	(1.5)	(27.7)
Other net recovery of tax losses	(14.1)	(10.6)
Tax temporary differences not recognised in the period	9.6	1.3
Temporary differences (recognised/recovered)/written off	(3.0)	13.8
Variation in tax rates	7.4	3.6
Non assessable gain on disposal of investments	(28.3)	(16.4)
Over provision in prior periods	(0.6)	(0.2)
Other	0.2	2.5
Income tax expense	51.4	82.8
Deferred Tax Recognised Directly in Equity		
Relating to:		
Equity issue costs	0.7	
Fair value revaluation reserve	(0.5)	2.2
Hedging reserve	0.1	(0.4)
Foreign currency translation reserve on equity accounted investment	1.4	(3.1)
Total deferred tax recognised directly in equity	1.7	(1.3)

Notes to the Consolidated Financial Statements continued

	Cents Per Share	Franked Amount Per Share %	Company	
			6 months December 2010 A\$m	6 months December 2009 A\$m
7. Distributions^{1,2}				
Parent Company Interim Dividend				
December 2010 – declared subsequent to reporting date (payable 30 March 2011) ³	20.0	50	113.1	
December 2009 – paid 31 March 2010	20.0	100		92.2
November 2009 – dividend ‘in specie’ of LLT units ⁴	0.1	100		0.5
			113.1	92.7
			6 months June 2010 A\$m	6 months June 2009 A\$m
Parent Company Final Dividend				
June 2010 - paid 24 September 2010	12.0	100	67.9	
June 2009 - paid 25 September 2009	16.0	100		73.2
			67.9	73.2

1 No distributions were declared by LLT for the half year ended 31 December 2010 (December 2009: nil).

2 Includes distributions paid on treasury shares.

3 No provision for this distribution has been recognised in the statement of financial position at 31 December 2010 as it was declared after the end of the financial period.

4 Following shareholder approval on 12 November 2009 the shares of the Company and the units in LLT have been combined as stapled securities. From 13 November 2009 the stapled securities have been traded as one security on the Australian Securities Exchange (‘ASX’) and the New Zealand Stock Exchange (‘NZX’). LLT was 100% owned by the Company prior to approval of the stapling proposal. Following shareholder approval, the units in LLT were distributed to Lend Lease Corporation Limited shareholders via an ‘in specie’ dividend.

	A\$m	December 2010		December 2009	
		Shares Excluding Treasury Shares	Shares on Issue	Shares Excluding Treasury Shares	Shares on Issue
8. Earnings Per Stapled Security/Share¹					
Basic/Diluted Earnings Per Share (EPS)					
Profit attributable to members of Lend Lease Corporation Limited used in calculating basic/diluted EPS	A\$m	226.5	226.5	204.9	204.9
Weighted average number of ordinary shares	m	536.1	565.6	437.7	468.4
Basic/diluted EPS ²	cents	42.2	40.0	46.8	43.7

1 The earnings per stapled security are equivalent to the earnings per share for the half year ended 31 December 2010 as the earnings attributable to LLT for the same period were nil. (December 2009: nil).

2 December 2009 has been adjusted by a factor of 1.02 in respect of new securities issued during March and April 2010 via a single bookbuild accelerated renounceable entitlement offer at A\$7.70 per new security.

Notes to the Consolidated Financial Statements continued

	Note	December 2010 A\$m	June 2010 A\$m
9. Inventories			
Current			
Development properties	9a	365.8	369.7
Construction work in progress		197.1	218.1
Total current		562.9	587.8
Non Current			
Development properties	9a	1,532.3	1,576.0
Total inventories		2,095.2	2,163.8
a. Development Properties (Completed and Work in Progress)			
Australia		1,358.3	1,330.3
Europe		526.8	600.3
Americas		13.0	15.1
Total development properties		1,898.1	1,945.7
10. Equity Accounted Investments			
Associates			
Investment in associates		354.6	368.8
<i>Less: Impairment</i>		(14.7)	(14.9)
Total associates		339.9	353.9
Joint Ventures			
Investment in joint ventures		531.0	580.0
<i>Less: Impairment</i>		(22.4)	(20.0)
Total joint ventures		508.6	560.0
Total equity accounted investments		848.5	913.9

Notes to the Consolidated Financial Statements continued

10. Equity Accounted Investments continued

	Interest		Share of Profit/(Loss) After Tax		Net Book Value	
	December 2010 %	June 2010 %	December 2010 A\$m	December 2009 A\$m	December 2010 A\$m	June 2010 A\$m
a. Associates						
Australia						
Lend Lease Primelife Group ¹	100.0	100.0		3.7		
Lend Lease Real Estate Partners 3	25.0	25.0	1.3		51.0	51.4
Lend Lease Communities Fund 1	20.8	20.8	(0.6)	(0.3)	17.4	17.8
Other			2.7	4.9	5.2	5.3
Total Australia			3.4	8.3	73.6	74.5
Asia						
Asia Pacific Investment Company No. 2 Limited	21.1	21.1	11.5	8.5	119.0	116.6
CDR JV Ltd (313@somerset)	25.0	25.0	3.4	35.0	95.7	96.8
Triple Eight JV Ltd (Jurong Gateway)	25.0				47.3	
Other			0.4	0.2	14.7	7.5
Total Asia			15.3	43.7	276.7	220.9
Europe						
Lend Lease Overgate Partnership ²		30.7	2.0	5.2		68.4
Other				1.3	3.8	4.5
Total Europe			2.0	6.5	3.8	72.9
Americas						
Other			0.6	0.6	0.5	0.5
Total Americas			0.6	0.6	0.5	0.5
Total			21.3	59.1	354.6	368.8
<i>Less: Impairment</i>					(14.7)	(14.9)
Total associates			21.3	59.1	339.9	353.9
b. Joint Ventures						
Australia						
Caroline Springs Joint Venture	50.0	50.0	6.5	5.2	19.2	23.9
Casey 2 Joint Venture (Springbank)	50.0	50.0	0.8		21.4	20.6
Forde Development (ACT)	50.0	50.0	3.3	1.5	6.4	6.6
McKinnon Road Development	51.0	51.0	1.2		8.6	7.4
Pymont Trust (Jacksons Landing)	50.0	50.0	5.2	(0.1)	15.3	14.5
Other			1.3	13.0	56.0	42.2
Total Australia			18.3	19.6	126.9	115.2
Europe						
Warrington Retail Limited Partnership	50.0	50.0		(6.0)	16.2	18.8
Catalyst Healthcare (Manchester) Holdings Ltd	50.0	50.0	0.9	1.2	6.3	6.6
Majadahonda Hospital	25.0	25.0	1.2	0.5	14.9	11.6
Waste 2 Resources Ltd Liability Partnership	50.0	50.0	(12.0)			
Other			(1.9)	(5.0)	9.1	13.5
Total Europe			(11.8)	(9.3)	46.5	50.5
Americas						
King of Prussia	50.0	50.0	16.3	6.1	354.8	410.0
Other			0.9	0.6	2.8	4.3
Total Americas			17.2	6.7	357.6	414.3
Total			23.7	17.0	531.0	580.0
<i>Less: Impairment</i>					(22.4)	(20.0)
Total joint venture entities			23.7	17.0	508.6	560.0

1. In December 2009, the Group acquired the remaining 56.8% interest in Primelife which is now classified as a controlled entity. Refer to Note 15a 'Consolidated Entities'. Share of Profit represents the period prior to acquisition when the investment was classified as an associate.

2. In December 2010 the Group's interest in the Lend Lease Overgate Partnership was sold.

Notes to the Consolidated Financial Statements continued

	December 2010 A\$m	June 2010 A\$m
11. Investment Properties		
Senior living properties	2,690.0	2,579.9
Retail properties	100.1	115.5
Assets under construction	148.7	125.5
Total investment properties	2,938.8	2,820.9
12. Borrowings and Financing Arrangements		
a. Borrowings		
Current		
Bank credit facilities	567.8	
Non Current		
Commercial notes	754.3	879.9
Bank credit facilities		566.7
Total borrowings	1,322.1	1,446.6
b. Finance Facilities		
The Group has access to the following lines of credit:		
Commercial Notes		
Facility available	754.3	879.9
Amount of facility used	(754.3)	(879.9)
Amount of facility unused	-	-
Bank Credit Facilities		
Facility available	1,121.6	1,245.3
Amount of facility used	(567.8)	(566.7)
Amount of facility unused	553.8	678.6
Bank Overdrafts		
Facility available	17.7	10.0
Amount of facility used		
Amount of facility unused	17.7	10.0

Commercial notes include £300.0 million (A\$461.5 million) 6.125% annual coupon guaranteed notes due 12 October 2021 that were issued in October 2006 in the UK public bond market and US\$300.0 million (A\$300.0 million) of guaranteed senior notes at 5.75% (all in rate) issued in the US Private Placement debt market maturing in October of 2012, 2015 and 2017.

Bank credit facilities include a committed syndicated bank facility maturing in July 2013 of £360.0 million (A\$553.8 million) in the UK, which was undrawn at 31 December 2010, and a floating rate A\$570.0 million committed club facility maturing in December 2011 which was fully drawn at 31 December 2010.

The bank overdraft facilities may be drawn at any time and are repayable on demand.

Consistent with prior years, the Group has not defaulted on any obligations of principal or interest in relation to its borrowing and financing arrangements.

Notes to the Consolidated Financial Statements continued

	Lend Lease Corporation Limited				Lend Lease Trust			
	December 2010		June 2010		December 2010		June 2010	
	No. of Shares m	A\$m	No. of Shares m	A\$m	No. of Units m	A\$m	No. of Units m	A\$m
13. Issued Capital and Treasury Securities								
Issued Capital								
Issued capital at beginning of financial period	565.6	2,019.2	457.6	1,195.9	565.6	0.6		
Movements during financial period								
Equity issue net of transaction costs		(0.7)	104.7	792.6			104.7	0.1
Equity issue – other			0.1	0.3			0.1	
Distribution Reinvestment Plan			3.2	30.4				
Equity issue to effect stapling of the Company's shares to LLT units							460.8	0.5
Issued capital at end of financial period	565.6	2,018.5	565.6	2,019.2	565.6	0.6	565.6	0.6

Issuance of Securities

As at 31 December 2010 the Group had 565.6 million stapled securities on issue equivalent to the number of Lend Lease Corporation shares and LLT units on issue as at that date. The issued units of LLT are not owned by the Company and are therefore presented as non controlling interests in the consolidated statement of financial position within equity.

Security Accumulation Plans

The Group's Distribution Reinvestment Plan (DRP) was reactivated in February 2011. The last date for receipt of an election notice for participation in the DRP is 9 March 2011. The issue price is the arithmetic average of the daily volume weighted average price of Lend Lease stapled securities traded (on the Australian Securities Exchange) for the period of 10 consecutive business days immediately following the record date for determining entitlements to distribution, less a discount of 2.5%. If that price is less than 50 cents, the issue price will be 50 cents. Stapled securities issued under the DRP rank equally with all other stapled securities on issue.

Terms and Conditions

Issued capital for Lend Lease Corporation Limited comprises ordinary shares fully paid.

A stapled security represents one share in the Company stapled to one unit in LLT.

Stapled securityholders have the right to receive declared dividends from the Company and distributions from LLT and are entitled to one vote per stapled security at securityholders' meetings. Ordinary stapled securityholders rank after all creditors in repayment of capital.

The Group does not have authorised capital or par value in respect of its issued stapled securities.

	Lend Lease Corporation Limited				Lend Lease Trust			
	December 2010		June 2010		December 2010		June 2010	
	No. of Shares m	A\$m	No. of Shares m	A\$m	No. of Units m	A\$m	No. of Units m	A\$m
Treasury Securities¹								
Balance at beginning of financial period	29.9	74.4	30.8	63.2	29.9			
Movements during financial period:								
Treasury securities acquired	0.2	1.1	0.3	2.6				
Treasury securities vested	(0.8)	(7.5)	(1.2)	(11.0)				
Movement on allocated treasury securities recognised directly in retained earnings and equity compensation reserve		0.8		19.6				
Issue of Lend Lease Trust units upon stapling of the Company shares to Lend Lease Trust units							29.9	
Balance at end of financial period	29.3	68.8	29.9	74.4	29.9	-	29.9	-

¹ Represents unallocated Lend Lease stapled securities held by employee benefit vehicles, including employee security plans, which Lend Lease sponsors. The value reflects the original historical cost to the Group. The consolidated balance represents the Company shares which are disclosed in the statement of financial position as treasury securities as a reduction of equity. The LLT balance is disclosed in the statement of financial position within non controlling interests attributable to unitholders of LLT.

Notes to the Consolidated Financial Statements continued

14. Contingent Liabilities

The Group has the following contingent liabilities:

There are a number of legal claims and exposures that arise from the normal course of business. There is significant uncertainty as to whether a future liability will arise in respect of these items. The amount of liability, if any, that may arise cannot be measured reliably at this time. The Directors are of the opinion that all known liabilities have been brought to account and that adequate provision has been made for any anticipated losses.

In certain circumstances, the Company guarantees the performance of particular Group entities in respect of their obligations. This includes bonding and bank guarantee facilities used primarily by the Project Management and Construction business as well as performance guarantees for certain Development business commercial built-form developments. These guarantees are provided in respect of activities that occur in the ordinary course of business and any known losses in respect of the relevant contracts have been brought to account.

The Group has, over the years, established a range of employee share ownership vehicles which include the Lend Lease Retirement Benefit Fund (RBF) and the Lend Lease Employee Investment Trust (EIT). In the event of a change of control, the RBF and EIT Trustees may distribute the funds of these Trusts to employees who cease to be employees during the 12 months after a change of control. Any payments made need to be funded by these Trusts and cannot exceed the value of the assets of the Trusts. As RBF and EIT are consolidated by the Company, this potential obligation is disclosed as a contingent liability. Full details are disclosed in the 30 June 2010 annual consolidated financial report.

In September 2004, a class action was filed against a number of parties who responded to the World Trade Center emergency and debris removal following the events of 9/11. The action was brought against more than 50 defendants, including the City of New York and Bovis Lend Lease LMB Inc ('Bovis Lend Lease') (a subsidiary of the Group). Judge Alvin K Hellerstein of the United States Federal Court for the Southern District of New York refused to certify the class action and as such the litigation proceeds as a consolidated action by individual claimants. The number of claimants who have brought proceedings against Bovis Lend Lease is currently approximately 15,916 (comprising 9,471 first named claimants and 6,445 derivative claimants – for example, spouses).

Bovis Lend Lease is one of the beneficiaries of the approximately US\$1.0 billion captive insurance policy (administered by the WTC Captive) established by the US Congress to protect the City of New York and its contractors against liabilities that may arise from the clean-up. Bovis Lend Lease and other defendants have also benefited from certain project-specific insurance.

On 23 June 2010, Judge Hellerstein signed an 'Order Approving Modified and Improved Agreement of Settlement'. The settlement agreement (as amended from the agreement announced on 12 March 2010) between counsel representing the claimants in these proceedings, the WTC Captive and counsel representing the defendants insured by the WTC Captive (including Bovis Lend Lease) requires the WTC Captive to contribute up to a total of US\$712.5 million if certain conditions are met. The agreement does not impose any financial obligations on Bovis Lend Lease. The settlement became fully effective on 5 January 2011 upon the signing by the parties of the Affirmation of Final Settlement recognising that more than 95% of the plaintiffs who have brought claims against the defendants insured by the WTC Captive have accepted the settlement terms and have 'opted in' to the settlement, and all other necessary conditions have been satisfied.

Additionally, on 2 January 2011, President Obama signed the James Zadroga 9/11 Health and Compensation Act of 2010 into law. Among other things, this legislation re-opens the September 11th Victim Compensation Fund, such that current claimants may also now be eligible to seek compensation from the United States government. The Act also limits the liability of the City of New York and various contractors, including Bovis Lend Lease, for claims related to the clean up operations.

Bovis Lend Lease may still need to defend claims made by plaintiffs who do not opt into the settlement, who are ineligible or otherwise decline to participate in the re-opened Victim Compensation Fund, or who bring new claims against Bovis Lend Lease. To establish any liability on the part of Bovis Lend Lease, the claimants must prove that Bovis Lend Lease owed them a duty of care, breached that duty, and that their injuries were caused by the conduct of Bovis Lend Lease. The litigation therefore still needs to proceed through a number of stages before any liability can attach to Bovis Lend Lease. As with all litigation, to the extent that the claimants are able to establish liability against Bovis Lend Lease, it is not possible at this stage to quantify what that liability may or may not be or whether or not that liability will be entirely covered by insurance. The Zadroga Act limits the liability of the contractors, including Bovis Lend Lease to those amounts remaining in the WTC Captive Insurance Company plus any liability insurance coverage that was available and applicable on 11 September 2001 for the particular contractor. Until the regulations are promulgated, it is not possible to ascertain how the limitation of liability in the Zadroga Act will apply to any particular claim against Bovis Lend Lease going forward.

In April 2009, Bovis Lend Lease in New York received notice of investigations being conducted by the US Attorney's Office for the Eastern District of New York and the New York County District Attorney's Office. The investigations relate to allegations regarding, among other things, billing practices for union foremen on construction projects in New York. Bovis Lend Lease is co-operating with the authorities in their investigations. Until the investigations are complete, it is not possible to quantify what the financial consequences associated with this matter will be. The Group has engaged independent advisers to conduct a review of Bovis Lend Lease's practices and has recognised a provision to cover legal costs and make-good payments.

Notes to the Consolidated Financial Statements continued

	Ownership Interest Acquired %	Date Acquired
15. Consolidated Entities		
a. Acquisitions		
December 2010		
During the period, there were no acquisitions of consolidated entities.		
December 2009		
During the period, the Group acquired an interest in the following entities:		
Europe		
Lend Lease Trust (formerly Sheffield Diversified Fund No. 2) ¹	100	2 Oct 09
Lend Lease Trust No. 2 (formerly Sheffield Diversified Fund No. 1) ¹	100	2 Oct 09
Lend Lease Responsible Entity Limited (formerly Sheffield Funds Management Limited)	100	2 Oct 09
Australia		
Lend Lease Primelife Group	56.8	15 Dec 09

¹ On 2 October 2009, Lend Lease Corporation Limited acquired 100% of the voting interests in Lend Lease Trust and Lend Lease Trust No. 2. Subsequent to the acquisition of Lend Lease Trust, the units of Lend Lease Trust were stapled to shares in Lend Lease Corporation Limited as set out in Note 1 'Significant Accounting Policies'.

	Ownership Interest Disposed %	Date Disposed	Consideration Received A\$m
b. Disposals			
December 2010			
Australia			
LLD (Coolum Western) Pty Limited	100	23 Dec 10	13.4
Coeur de Lion Holdings Pty Limited ¹	50	23 Dec 10	5.0
December 2009			
During the period, there were no disposals of consolidated entities.			

¹ The Group still holds 100% in Coeur de Lion Holdings Pty Limited but due to the agreement in place where the economic outcomes are shared with Sekisui House Australia, this has been deconsolidated and is now classified as an equity accounted investment, refer Note 10 'Equity Accounted Investments'.

Notes to the Consolidated Financial Statements continued

16. Segment Reporting

The segment results are discussed and analysed in the Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) included with this report.

From 1 July 2010, the Group moved to a regional management structure focused on four major geographic regions: Australia, Asia, Europe and the Americas, to support the Group's integrated model and provide a platform to develop regional investment opportunities. The Group has identified these operating segments based on the internal reports that are reviewed and used by the Managing Director (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The regional business units operate across four lines of business, as follows:

Development

The Development business operates in all four major geographic regions and is involved in the development of master-planned urban communities, inner-city mixed-use developments, apartments, retail and the senior living sector.

Project Management and Construction

The Project Management and Construction business operates in all four major geographic regions and provides project management and construction services.

Investment Management

The Investment Management business operates in all four major geographic regions and provides real estate investment management, retail property management and asset management services. This business includes the Group's ownership interests in property investments held directly or indirectly through investments in Group managed funds.

Infrastructure Development

The Infrastructure Development business operates in Australia, Europe and the Americas and manages and invests in large public private partnership projects.

Segment performance is based on operating profit after tax. Operating profit after tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain reportable segments relative to other entities that operate within these industries. The Group does not consider corporate activities to be an operating segment. Financial information regarding the performance of each reportable segment and a reconciliation of these reportable segments to the financial statements is included below.

	Segment Revenue		Operating Profit/(Loss) After Tax	
	6 months December 2010 A\$m	6 months December 2009 A\$m	6 months December 2010 A\$m	6 months December 2009 A\$m
			(Excluding Minority Interests)	
Australia	2,223.8	1,698.9	136.7	116.2
Asia	166.1	251.2	15.8	21.5
Europe	851.7	1,431.2	94.6	64.0
Americas	1,088.0	2,185.7	28.9	19.0
Total segment	4,329.6	5,567.0	276.0	220.7
Reconciling items				
Corporate activities	37.1	26.3	(55.8)	(32.8)
Property investment revaluations			6.3	17.0
Statutory result	4,366.7	5,593.3	226.5	204.9

17. Events Subsequent to Balance Date

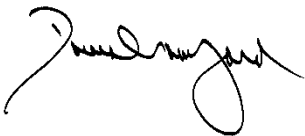
There were no material events subsequent to the end of the financial period.

Directors' Declaration

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

1. The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - a. Giving a true and fair view of the financial position of the Company and its controlled entities as at 31 December 2010 and of their performance for the half year ended on that date; and
 - b. Complying with Australian Accounting Standard AASB 134 '*Interim Financial Reporting*' and the *Corporations Regulations 2001*.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



D A Crawford, AO
Chairman



S B McCann
Managing Director

Sydney, 17 February 2011



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

Report on the financial report

We have reviewed the accompanying half-year financial report of Lend Lease Corporation Limited ('the Company') which comprises the consolidated statement of financial position as at 31 December 2010, consolidated statement of comprehensive income, consolidated income statement and consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Lend Lease Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lend Lease Corporation Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Chris Hall
Partner

Sydney

17 February 2011