

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A)

Table of Contents

Overview	1
Introduction.....	1
Results Summary	1
Operating Profit After Tax.....	2
Shareholder Returns	3
Distributions.....	3
Group Funding.....	3
Cash Flow.....	4
Investments	4
Property Investment Revaluations	5
Retail	6
Overview of Business.....	6
Key Financial Results	6
Retail – Asia Pacific.....	6
Retail – Europe.....	7
Retail – Americas	7
Communities.....	8
Overview of Business.....	8
Key Financial Results	8
Communities – Asia Pacific	8
Communities – Europe.....	10
Communities – Americas	11
Public Private Partnerships	12
Overview of Business.....	12
Key Financial Results	12
Public Private Partnerships – Americas	12
Public Private Partnerships – Europe	13
Public Private Partnerships – Asia Pacific.....	14
Investment Management.....	15
Overview of Business.....	15
Key Financial Results	15
Funds Under Management	16
Project Management, Design and Construction	17
Key Financial Results	17
New Work Secured and Backlog GPM	18
Corporate.....	19
Group Services	19
Group Treasury	19
Appendix 1 – Results Detail	20
Appendix 2 – Operating Results Detail in Local Currency.....	21

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A)

All currency amounts in the MD&A are expressed in Australian dollars unless otherwise specified. The following discussion and analysis is based on the Lend Lease Group (the Group) Consolidated Financial Statements for the year ended 30 June 2010 and should be read in conjunction with those financial statements.

Overview

Introduction

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 interests 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. This business includes the Group's ownership interests in property investments held indirectly through investments in Lend Lease managed funds;
- The Project Management, Design and Construction business provides construction, project management and design services through Bovis Lend Lease.

Results Summary

	Revenue		EBITDA		Profit/(Loss) After Tax ¹	
	June 2010 A\$m	June 2009 A\$m	June 2010 A\$m	June 2009 A\$m	June 2010 A\$m	June 2009 A\$m
Retail	107.5	125.8	99.0	86.0	66.3	60.3
Communities	733.9	586.4	180.8	70.0	164.7	88.3
Public Private Partnerships	1,069.0	1,507.0	81.8	66.7	59.1	74.4
Investment Management	73.2	69.1	78.2	35.3	53.1	28.9
Project Management, Design and Construction	8,530.8	12,422.0	145.3	251.6	86.2	168.9
Total operating businesses	10,514.4	14,710.3	585.1	509.6	429.4	420.8
Group Services	14.5	23.4	(103.5)	(80.6)	(75.2)	(67.8)
Group Treasury	41.1	51.3	0.9	(17.2)	(26.9)	(41.4)
Group Amortisation					(3.7)	(4.1)
Total corporate	55.6	74.7	(102.6)	(97.8)	(105.8)	(113.3)
Total operating	10,570.0	14,785.0	482.5	411.8	323.6	307.5
Property investment revaluations			33.7	(325.7)	22.0	(263.0)
Other asset impairments				(712.0)		(645.9)
Savings implementation costs				(120.8)		(83.9)
Net gain on Bovis UK pension scheme curtailment				44.3		31.7
Total statutory	10,570.0	14,785.0	516.2	(702.4)	345.6	(653.6)

1 Profit/(loss) after tax is after adjusting for the profit after tax attributable to minority interests of A\$2.6 million (June 2009: A\$12.3 million loss after tax).

The Group's statutory profit after tax for the year ended 30 June 2010 was A\$345.6 million compared to a loss after tax of A\$653.6 million for the prior year, which included a number of net write-downs and charges.

The Group's operating profit after tax increased by 5% to A\$323.6 million. Operating profit after tax was negatively impacted by foreign exchange movements of approximately A\$30.0 million due to a strengthening of the Australian dollar compared to the prior year.

The Group recognised net property investment revaluations of A\$22.0 million profit after tax (June 2009: A\$263.0 million loss after tax).

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Overview continued

Results Summary continued

The Group is well positioned for future growth having secured a number of opportunities in the year, including:

- Being selected by the Barangaroo Delivery Authority (BDA), on behalf of the New South Wales (NSW) Government, as preferred proponent to develop Stage 1 of Barangaroo, the largest central business district (CBD) development in the history of Sydney with an end value of approximately A\$6.0 billion. In March 2010, a project development agreement was signed with the BDA under which Lend Lease will develop the 7.5 hectare Stage 1 site of the project;
- Being selected as preferred proponent by the Western Australian (WA) Government for the approximately A\$400.0 million first stage of the 710 hectare Alkimos Community development. Subsequent to year end, Lend Lease signed a development agreement with LandCorp for this project;
- Signing a conditional project development agreement with the Royal National Agricultural and Industrial Association of Queensland (RNA) formalising its contract for the A\$2.5 billion redevelopment of Queensland's premier showground;
- A consortium led by Lend Lease acquired the 14 assets of the A\$1.4 billion ING Retail Property Fund, increasing funds under management by A\$1.2 billion;
- Launching a new wholesale fund, Lend Lease Real Estate Partners 3 (REP3), after receiving A\$250.0 million in commitments from investors;
- A joint bid by Lend Lease and one of its managed funds, the Asian Retail Investment Fund (ARIF) was awarded the Jurong Gateway Road site, a large scale mixed use suburban development in Singapore. The asset will be owned 75% by ARIF and Lend Lease will have a 25% direct interest;
- Agreeing Heads of Terms with the London Borough of Southwark (the Council) for the approximately £1.5 billion regeneration of Elephant and Castle, in the United Kingdom (UK). Subsequent to year end, Lend Lease signed a conditional regeneration agreement with the Council;
- Signing a conditional framework agreement worth approximately £1.3 billion with London & Continental Railways (LCR) to carry out a 4.5 million square feet mixed use development at Stratford Stage 2 following the London 2012 Olympic and Paralympic Games;
- Consolidating its position in the retirement sector with the acquisition of the remaining 56.8% interest in Lend Lease Primelife (Primelife) and the purchase of nine aged care facilities and four retirement villages from Prime Retirement and Aged Care Property Trust (Prime Trust).

Following shareholder approval on 12 November 2009 the shares of the Company and the units in Lend Lease Trust (LLT) were combined as stapled securities. From 13 November 2009 the shares in the Company and units in the Trust have been traded as one security under the name of Lend Lease Group on the Australian Securities Exchange and the New Zealand Stock Exchange. 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. LLT held assets of A\$0.6 million as at 30 June 2010.

During March and April 2010, Lend Lease raised A\$806.6 million through the issue of 104.7 million new securities via a 5 for 22 single bookbuild accelerated renounceable entitlement offer at A\$7.70 per new security.

Operating Profit After Tax

The Retail business operating profit after tax increased due to higher investment income on newly acquired and developed assets in Asia Pacific. In addition, the Retail business in Europe completed the sale of the Group's 33.3% interest in the Performance Retail Limited Partnership (PRLP).

The Asia Pacific Communities profit after tax reflects the 100% interest in Primelife from 15 December 2009, the tax benefit resulting from amendments relating to the tax consolidation legislation in Australia and increased volumes as evidenced by increased settlements in the year. Residential markets in the UK improved, resulting in higher settlements compared to the prior year. In addition, the Communities business in Europe completed the sale of its interest in Meridian Delta Dome Limited (MDDL).

Profit after tax in the Americas PPP business declined principally due to negative foreign exchange movements. This business, achieved financial close on Phase 1 of the Privatised Army Lodging project during the year. The increase in operating profit after tax for the UK PPP business is largely attributable to the sale of the Group's interest in the Queen's Hospital, Romford. In Australia, costs relate to the Group's establishment of a PPP advisory origination business, Capella Capital.

The contribution to operating profit after tax from Investment Management increased principally due to a profit on the sale of a proportion of the Group's interest in the Australian Prime Property Fund (APPF).

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Overview continued

Operating Profit After Tax continued

Project Management, Design and Construction operating profit after tax decreased, reflecting the significant slowdown in construction markets, particularly in the US, Europe and the Middle East. The result was negatively impacted by additional restructure costs relating to cost savings initiatives implemented in response to the slowdown in construction markets, costs in relation to the New York investigations and a provision against debtor exposures in the Middle East. These reductions have been partially offset by a strong performance in the Australian business.

Group Services costs after tax increased by A\$7.4 million and include costs associated with establishing the LLT and an increased charge relating to the Group's superannuation plan in Australia.

Group Treasury costs decreased due to lower average net debt following the equity raising and the UK syndicated bank facility being drawn to a lower amount compared with the prior year. There were also lower hedge costs in the current year.

Shareholder Returns

		June 2010	June 2009
Earnings per security (EPS) on statutory profit/(loss) after tax ¹	cents	69.5	(151.1)
EPS on operating profit after tax ¹	cents	65.1	71.1
Return on equity (ROE) on statutory profit/(loss) after tax ²	%	12.6	(24.4)

1 EPS is calculated using the weighted average number of securities on issue including treasury securities. Under the Australian Accounting Standards, securities held in employee benefit vehicles, including employee security plans, which Lend Lease sponsors, are treated as treasury securities and are excluded from the calculation. This would have the effect of increasing the EPS calculations above if applied. June 2009 has been adjusted by a factor of 1.02 in respect of new securities issued during March and April 2010 via a 5 for 22 single bookbuild accelerated renounceable entitlement offer at A\$7.70 per new security.

2 ROE is calculated based on statutory profit/(loss) after tax and weighted average equity.

Distributions

A final 100% franked dividend of 12 cents per security will be paid on 24 September 2010 (June 2009: 16 cents per share 100% franked). Together with the interim 100% franked dividend of 20 cents per security (December 2008: 25 cents per share 60% franked) and the 'in specie' dividend of A\$0.5 million following the stapling of LLT units to shares in the Company in November 2009, this represents a payout ratio of 50% of operating profit after tax for the year ended 30 June 2010.

Group Funding

		June 2010	June 2009
Net (cash)/debt ¹	A\$m	(19.7)	195.8
Gross borrowings to total tangible assets ²	%	15.1	16.9
Net debt to total tangible assets, less cash ³	%	Note 3	2.9
Interest coverage ⁴	times	6.7	5.2

1 Net (cash)/debt is borrowings, including other financial liabilities, less cash.

2 Calculated as borrowings, including other financial liabilities, divided by total tangible assets.

3 Calculated as net debt divided by total tangible assets, less cash. This ratio is not relevant in the current year as the Group is in a net cash position.

4 Calculated as operating EBITDA plus interest income divided by interest finance costs, including capitalised finance costs.

The Group had a net cash position as at 30 June 2010 of A\$19.7 million, including other financial liabilities of A\$169.6 million.

Interest coverage at 6.7 times significantly exceeds the Group's banking covenant thresholds.

The Group is in a strong liquidity position with cash and cash equivalents of A\$1,635.9 million at 30 June 2010. In addition, the Group had un-drawn committed bank facilities of A\$688.6 million.

The average maturity of Lend Lease's drawn debt at 30 June 2010 was 5.5 years, with the earliest maturity date being December 2011. As at 30 June 2010, the mix of borrowings, adjusted for interest rate swaps and including other financial liabilities, was 65% at fixed rates and 35% at floating rates.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Overview continued

Cash Flow

	June 2010 A\$m	June 2009 A\$m
Net cash provided by operating activities	228.0	382.2
Net cash used in investing activities	(309.9)	(473.9)
Net cash provided by financing activities	652.5	356.0
Effect of foreign exchange rate movements on cash and cash equivalents	(55.5)	13.7
Net increase in cash and cash equivalents	515.1	278.0

Operating cash inflows of A\$228.0 million represent the underlying cash flows from the Group's operating businesses net of continued investment in property developments. The current year includes the acquisition of four retail centres in New Zealand for a consideration of A\$147.8 million, as part of the Lend Lease led acquisition of the ING Retail Property Fund assets.

Investing cash outflows of A\$309.9 million includes the acquisition of the remaining 56.8% interest in Primelife for a consideration of A\$171.9 million and the purchase of nine aged care facilities and four retirement villages from Prime Trust for a consideration of A\$82.6 million. Investing cash outflows also include the proceeds from the sale of the Group's interest in investments including PRLP, the Queen's Hospital, Romford, MDDL, and a proportional interest in APPF. These sales proceeds were partially offset by an equity contribution to REP3.

Financing cash inflows of A\$652.5 million include the A\$806.6 million equity raising and the proceeds of the A\$570.0 million committed club facility established in the year. This was partially offset by the repayment of borrowings of A\$445.6 million on the acquisition of Primelife, the full repayment of the amount drawn on the UK syndicated bank facility and distribution payments of A\$126.1 million.

Investments

	Lend Lease Share of Income ¹ June 2010 A\$m	Lend Lease Share of Income ¹ June 2009 A\$m	Market Value ² June 2010 A\$m	Market Value ² June 2009 A\$m
Retail				
Asia Pacific	6.1	0.9	275.5	86.1
Europe	53.3	58.7	849.0	951.0
Americas	27.2	33.9	410.0	427.0
Total	86.6	93.5	1,534.5	1,464.1
Investment Management				
Asia Pacific	44.7	17.4	305.6	387.1
Europe	6.0	8.1	120.9	118.2
Total	50.7	25.5	426.5	505.3
Total investments	137.3	119.0	1,961.0	1,969.4

1 Represents Lend Lease's share of income before tax from investments, net of direct expenses and allocated overhead. Lend Lease's share of income includes gains on the disposal or redemption of available for sale financial assets and associates accounted for using the equity method and excludes property investment revaluations.

2 Market value is based on independent valuations and is net of project specific debt.

Lend Lease held property investments, directly or indirectly, with a market value of A\$2.0 billion as at 30 June 2010 which is broadly in line with the prior year. The market value of property investments in the current year however, has been impacted by negative foreign exchange movements of A\$158.0 million compared to the prior year.

Retail

The value of Asia Pacific investments increased by A\$189.4 million, principally due to Lend Lease acquiring a 100% interest in four retail centres in New Zealand, as part of the Lend Lease led acquisition of the ING Retail Property Fund and the increase in valuation of 313@somerset of A\$34.1 million.

The decrease of A\$102.0 million in the UK Retail assets is due primarily to the negative impact of exchange rate movements of A\$118.8 million and the disposal of the Group's 33.3% interest in PRLP. This was partially offset by net revaluation gains.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Overview continued

Investments continued

Retail continued

The value of 100% of Bluewater at 30 June 2010 increased by 8% to £1,440.0 million (A\$2,571.4 million). However the value of Lend Lease's 30% direct interest in Australian dollars decreased to A\$771.4 million, due to negative foreign exchange movements. As Bluewater is held as inventory, the asset is recorded at cost in the financial statements, which at 30 June 2010 was A\$451.9 million (June 2009: A\$506.2 million).

The value of Lend Lease's 50% interest in King of Prussia at 30 June 2010 was in line with the prior year at US\$348.5 million (June 2009: US\$345.9 million), although the Australian dollar equivalent value decreased by 4% due mainly to a negative foreign exchange movement.

Investment Management

The value of investments in Asia Pacific reduced by A\$81.5 million principally due to the disposal of a proportion of the Group's interest in APPF partially offset by an equity contribution to REP3.

The investments in Europe remained broadly in line with the prior year at A\$120.9 million.

Property Investment Revaluations

	Unrealised Revaluation Gain/(Loss) Before Tax June 2010 A\$m	Unrealised Revaluation Gain/(Loss) Before Tax June 2009 A\$m	Unrealised Revaluation Gain/(Loss) After Tax June 2010 A\$m	Unrealised Revaluation Gain/(Loss) After Tax June 2009 A\$m
Retail				
Asia Pacific	32.1	(3.6)	21.9	(3.6)
Europe	0.5	(175.3)	(0.4)	(158.8)
Americas	(4.8)	(84.5)	(2.8)	(49.4)
Total	27.8	(263.4)	18.7	(211.8)
Communities				
Europe	(14.5)		(14.5)	
Total	(14.5)	-	(14.5)	-
Investment Management				
Asia Pacific	7.7	(11.6)	5.1	(8.1)
Europe	12.7	(50.7)	12.7	(43.1)
Total	20.4	(62.3)	17.8	(51.2)
Total property investment revaluations	33.7	(325.7)	22.0	(263.0)

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Retail

Overview of Business

Lend Lease's strategy is to focus on shopping centres with development potential. This business strategy is designed to secure integrated positions, which play to the Group's core skills and involve all components of the property value chain (ownership, development, construction and property management).

Key Financial Results

The key financial results for the Retail business are summarised below.

	Revenue ¹		EBITDA		Profit/(Loss) After Tax	
	June 2010 A\$m	June 2009 A\$m	June 2010 A\$m	June 2009 A\$m	June 2010 A\$m	June 2009 A\$m
Total Operating						
Asia Pacific	43.4	41.2	17.5	12.5	13.3	8.9
Europe	64.1	84.6	54.3	39.6	35.4	24.0
Americas			27.2	33.9	17.6	27.4
Total operating	107.5	125.8	99.0	86.0	66.3	60.3
Property Investment Revaluations						
Asia Pacific			32.1	(3.6)	21.9	(3.6)
Europe			0.5	(175.3)	(0.4)	(158.8)
Americas			(4.8)	(84.5)	(2.8)	(49.4)
Total	-	-	27.8	(263.4)	18.7	(211.8)

1 Revenue excludes proceeds received from the sale of investments and Lend Lease's share of profits from associates and joint ventures accounted for using the equity method.

Total operating profit after tax increased by A\$6.0 million from the prior year, including negative foreign exchange movements of A\$12.4 million. The Group's retail property investment revaluations included the revaluation increase on 313@somerset of A\$23.9 million after tax. The valuations on other retail assets remained relatively stable.

Retail – Asia Pacific

Operating profit after tax increased by A\$4.4 million to A\$13.3 million due to increased investment income following the commencement of trading at 313@somerset and from the retail assets acquired as part of the ING Retail Property Fund transaction.

Key trading events in the year include:

- Completion of the 313@somerset retail development in Singapore. The first stage of the retail centre commenced trading in December 2009 and was fully leased on opening. Lend Lease has a 25% direct ownership interest in the centre, with the remaining 75% held by ARIF. The centre was independently valued at S\$1.2 billion (A\$935.0 million) at June 2010. This has resulted in an investment revaluation increase of A\$34.1 million before tax being recognised in the income statement on the Group's direct ownership interest and A\$10.3 million before tax being recognised in the Fair Value Revaluation Reserve in relation to the Group's interest in ARIF;
- Completion of the Caroline Springs retail development in western Melbourne in October 2009. The Lend Lease Core Plus Fund holds a 50% interest in the retail development and APPF Retail holds the remaining 50% interest;
- Completion of Mid City, the retail component of the 420 George Street development in the Sydney CBD. The final retail stage of Mid City commenced trading in June 2010, and was fully leased on opening. APPF Retail holds a 25% interest in Mid City and APPF Commercial holds a 25% interest in the office development. Completion of the commercial development is expected in late 2010;
- Commencement of a A\$210.0 million expansion at Caneland Central in Mackay, Queensland. The centre is 100% owned by APPF Retail;
- Property management of five additional centres previously owned by the ING Retail Property Fund. These centres were acquired in April 2010 by a consortium including Lend Lease managed funds, resulting in an increase in assets under management of A\$860.0 million;
- Lend Lease acquired a 100% interest in four retail centres in New Zealand, for a consideration of A\$147.8 million, as part of the ING Retail Property Fund transaction;

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Retail continued

Retail – Asia Pacific continued

- On 28 June 2010, a joint bid by Lend Lease and ARIF was awarded the Jurong Gateway Road site, a large scale mixed use suburban development in Singapore. Lend Lease will have a 25% direct interest in the project, with the remaining 75% to be owned by ARIF. The project is expected to involve the development of approximately 108,000 sqm of retail and office space.

Retail – Europe

Operating profit after tax of A\$35.4 million increased by A\$11.4 million compared with the prior year, including a negative foreign exchange movement of A\$7.6 million. The increase in profit after tax from the prior year was primarily due to a profit on the sale of the Group's 33.3% interest in PRLP.

Key trading events in the year include:

- The Bluewater Events Venue, a purpose built venue for trade shows, commenced construction in April 2010. Completion of this development is expected in 2012;
- Other than Bluewater Events Venue, there has been no significant capital invested by Lend Lease in the year;
- Lend Lease sold its 33.3% interest in PRLP in the year.

Retail – Americas

In the Americas, Lend Lease's retail business comprises a 50% ownership interest in the partnership that owns the King of Prussia Mall in Pennsylvania. Lend Lease's share of operating income in US dollar terms is in line with the prior year, however profit after tax declined due to a negative foreign exchange movement and a higher tax rate in the current year.

The value of Lend Lease's 50% interest in King of Prussia was largely unchanged from June 2009 at US\$348.5 million (June 2009: US\$345.9 million). The Australian dollar equivalent value decreased by 4% to A\$410.0 million (June 2009: A\$427.0 million), mainly due to negative foreign exchange movements.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Communities

Overview of Business

The Communities business is involved in the development of master-planned urban communities, inner city mixed use developments, apartments and the retirement sector. The Lend Lease development model includes land sourcing, master-planning and design, product development and marketing. The scale and scope of development positions ensure earnings are derived from a diverse range of projects. This diversity reduces the portfolio risk and also generates product for both the Investment Management and Project Management, Design and Construction businesses. The Communities business also includes the ownership and management of senior living assets.

Key Financial Results

The key financial results for the Communities business are summarised below.

	Revenue		EBITDA		Profit/(Loss) After Tax	
	June 2010 A\$m	June 2009 A\$m	June 2010 A\$m	June 2009 A\$m	June 2010 A\$m	June 2009 A\$m
Asia Pacific	610.3	463.0	132.7	90.4	122.1	99.9
Europe	123.6	123.4	47.9	(18.8)	42.5	(10.4)
Americas			0.2	(1.6)	0.1	(1.2)
Total operating	733.9	586.4	180.8	70.0	164.7	88.3
Property Investment Revaluations						
Europe			(14.5)		(14.5)	
Total	-	-	(14.5)	-	(14.5)	-

Total operating profit after tax increased by A\$76.4 million from the prior year. The Asia Pacific profit after tax reflects the 100% interest in Primelife from 15 December 2009 and the tax benefit resulting from amendments relating to the tax consolidation legislation in Australia. Trading conditions improved in both the Australian and UK markets, as evidenced by increased settlements in the year. The Europe business includes the profit after tax on sale of the Group's interest in MDDL.

Communities – Asia Pacific

The key financial results for Communities – Asia Pacific are detailed below.

	June 2010	June 2009
Operating profit after tax (A\$m)	122.1	99.9
Number of units settled ¹	3,127	2,901
Gross sales value of units settled (A\$m) ^{1,2}	881.2	1,024.7
Gross sales value of pre-sales (A\$m) ^{1,3}	718.3	339.3
Number of development projects ⁴	32	31
Number of retirement villages ^{4,5}	70	69
Number of aged care facilities ^{4,5}	33	33
Backlog (number of units) ^{4,6}		
– Zoned (with planning approval)	38,595	26,375
– Retirement villages (with planning approval)	1,310	1,145
– Unzoned (awaiting planning approvals)	33,035	58,005
Backlog – Residential (units)	72,940	85,525
Backlog – Commercial (sqm/000s)	3,500.5	3,478.7

1 Includes 100% of joint venture projects and therefore will not necessarily correlate with Lend Lease's profit after tax.

2 Gross sales value of units settled reflects residential and non-residential revenue from projects and the sale of interests in retirement villages.

3 Pre-sales represent contracts entered into prior to 30 June 2010 that have not settled and therefore do not form part of profit after tax in the current year. These sales are expected to settle in future periods.

4 The June 2009 comparatives for the number of development projects, retirement villages and aged care facilities and backlog have been adjusted to include Primelife.

5 The number of retirement villages and aged care facilities includes owned and managed properties.

6 Backlog includes the total number of units in both Company-owned and joint venture projects. The actual number of units for any particular project can vary as planning applications are obtained.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Communities continued

Communities – Asia Pacific continued

The Asia Pacific Communities business is focused on building a portfolio of market leading projects and assets in key sectors, including master-planned urban communities through Delfin Lend Lease; apartments through Vivas Lend Lease; integrated mixed-use property developments through Lend Lease Development; and senior living through Primelife. The product lines of the Communities business are: residential land lots; residential built-form (including houses, terraces and apartments); commercial (including retail, office, light industrial and social infrastructure); and senior living (including retirement villages, aged care and village operations).

The key financial results of the business by product line are detailed below.

	Residential Land Lots		Residential Built-Form		Commercial ⁵		Senior Living		Total	
	June 2010	June 2009	June 2010	June 2009	June 2010	June 2009	June 2010	June 2009	June 2010	June 2009
Settlements ¹										
Number of units ²	2,658	2,419	234	352			235	130	3,127	2,901
Gross sales value (A\$m) ³	510.6	415.4	165.1	338.0	114.1	233.1	91.4	38.2	881.2	1,024.7
Pre-sales ^{1,4}										
Number of units	1,046	860	469	212			28		1,543	1,072
Gross sales value (A\$m)	233.6	163.4	438.9	164.7	33.3	11.2	12.5		718.3	339.3

1 Includes 100% of joint venture projects and therefore will not necessarily correlate with Lend Lease's profit after tax.

2 The number of units settled during the period for Senior Living refers to primary sales (new development sites) and excludes any resales.

3 Gross sales value of units settled reflects residential and non-residential revenue from projects and the sale of interests in retirement villages.

4 Pre-sales represents contracts entered into prior to 30 June 2010 that have not settled and therefore do not form part of profit after tax in the current year. These sales are expected to settle in future periods.

5 The number of units settled and pre-sales number of units are not relevant measures for Commercial.

Key opportunities secured in the year include:

- In December 2009, Lend Lease was selected by the BDA on behalf of the NSW Government as preferred proponent to develop Stage 1 of Barangaroo. In March 2010, a project development agreement was signed with the BDA under which Lend Lease will develop the 7.5 hectare Stage 1 site of the project. Stage 1 is expected to provide approximately 490,000 sqm of new build floor area and 2.6 hectares of public realm and open space. With an end value of approximately A\$6.0 billion, the project is expected to be completed over the next 10 to 15 years;
- On 30 June 2010, Lend Lease signed a conditional project development agreement with the RNA for the A\$2.5 billion redevelopment of Queensland's premier showground. The 15 year regeneration project includes building new showground facilities and the development of up to 340,000 sqm of residential, commercial and retail on 5.5 hectares of the 22 hectare site;
- In February 2010, Vivas Lend Lease secured a three hectare parcel of land in Melbourne located in the residential suburb of Richmond approximately three kilometres from Melbourne's CBD. Lend Lease will create a master-planned residential development on the site with an end value of approximately A\$400.0 million;
- Vivas Lend Lease secured development rights to a 2.5 hectare site on Orrong Road in Armadale located approximately six kilometres from Melbourne's CBD. Lend Lease will create a master-planned residential development on the site with an end value of approximately A\$600.0 million;
- Subsequent to year end, on 20 July 2010, Delfin Lend Lease signed a development agreement with LandCorp in WA for the first stage of the 710 hectare Alkimos Community development with an end value of approximately A\$400.0 million. Development of the initial 224 hectare stage is expected to commence in 2011;
- Lend Lease completed the acquisition of the remaining 56.8% interest in Primelife, effective 15 December 2009, for a consideration of A\$171.9 million. Additionally, on acquisition, the Primelife borrowings of A\$445.6 million were repaid. Lend Lease also purchased nine aged care facilities and four retirement villages from Prime Trust for a consideration of A\$82.6 million in August 2009.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Communities continued

Communities – Asia Pacific continued

Key trading events in the year include:

- The Rocky Springs project in Townsville was rezoned to residential in February 2010 adding 13,000 lots to zoned backlog. Lend Lease will create a master planned residential development on the site;
- The total number of residential land lots settled increased by 10% to 2,658 units due to improved trading conditions, notably in NSW. The commencement of trading at Springbank Rise in the Australian Capital Territory and a full year of trading at Blakes Crossing in South Australia (SA) also contributed to the increase;
- The average sales price per residential land lot increased by 12% from A\$171,700 to A\$192,100, which reflects strong price growth in Victoria and SA plus an increase in the number of sales in NSW;
- Residential built-form unit settlements decreased by 118 units to 234 units. This decrease is a result of no projects being completed at Jacksons Landing during the year whilst evolve and Stonecutters were completed in the prior year. The current year includes built-form settlements on The Merchant building at Victoria Harbour, Melbourne; Varsity Lakes, Queensland; Rouse Hill, Sydney and St Patricks Estate, Manly, Sydney;
- The average sales price per residential built-form unit decreased by 26% from A\$960,000 to A\$706,000, reflecting the significant proportion of high value evolve apartments at Jacksons Landing sold in the prior year. Settlements in the current year include a larger proportion of mid market apartments such as The Merchant in Victoria Harbour;
- The gross sales value of commercial projects of A\$114.1 million is lower than the prior year, which included the sale of seven retirement villages and an aged care facility to Primelife prior to it becoming part of the consolidated Group;
- The number of pre-sales as at 30 June 2010 of 1,543 units increased by 44% on the prior year. Pre-sales include Sugardock, at Jacksons Landing which is under construction and due for completion by December 2010. During the year, four apartment buildings, Silk and Antias, at Jacksons Landing and Convesso and Serrata at Victoria Harbour, were launched to market;
- The Lockerbie project being pursued by Delfin Lend Lease, representing 9,700 units, has been removed from backlog units in the year as the exclusivity period under the agreement with the landowner has lapsed. Delfin Lend Lease continues to negotiate with the land owner in relation to this project;
- During the year, Senior Living achieved resales of 828 units across its owned and managed retirement village portfolio. As at 30 June 2010, Senior Living held contracts for 75 resales, which are to be settled in the next financial year;
- The aged care operations of Primelife were 94.5% occupied at 30 June 2010 (June 2009: 94.1%);
- The result includes A\$8.7 million profit after tax from the close out of the Group's equity derivative swap in relation to the FKP Property Group.

Communities – Europe

In Europe, the Communities business comprises Crosby, an urban regeneration specialist operating in major northern England cities, and large scale redevelopment projects at Greenwich, Stratford and Elephant and Castle in London.

The key financial results for Communities – Europe are detailed below.

	June 2010	June 2009
Operating profit/(loss) after tax (A\$m)	42.5	(10.4)
Number of units settled ¹	634	451
Gross sales value of units settled (A\$m) ^{1,2}	123.9	111.9
Number of pre-sales ¹	232	286
Gross sales value of pre-sales (A\$m) ^{1,3}	11.6	28.5
Number of projects	24	27
Backlog (number of units) ⁴		
– Zoned (with planning approval)	12,165	13,115
– Unzoned (awaiting planning approvals)	260	275
Backlog – Residential (units)	12,425	13,390
Backlog – Commercial (sqm/000s)	393.4	410.1

1 Includes 100% of joint venture projects and therefore will not necessarily correlate with Lend Lease's profit after tax.

2 Gross sales value of units settled reflects residential and non-residential revenue from projects.

3 Pre-sales represent contracts entered into prior to 30 June 2010 that have not settled and therefore do not form part of profit after tax in the current year. These sales are expected to settle in future periods.

4 Backlog includes the total number of units in both Company-owned and joint venture projects. The actual number of units for any particular project can vary as planning applications are obtained.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Communities continued

Communities – Europe continued

Key opportunities secured in the year include:

- In July 2007, Lend Lease was appointed as preferred bidder for the development of land at Elephant and Castle. Subsequent to year end, Lend Lease and the Council signed a conditional regeneration agreement for the approximately £1.5 billion regeneration of the site. The project is one of the most significant schemes of its type in Europe, comprising over 300,000 sqm of new mixed-use development, together with major infrastructure improvements and a range of enhanced community facilities;
- In May 2010, Lend Lease entered into a conditional framework agreement worth approximately £1.3 billion with LCR to carry out a 4.5 million square feet mixed use development at Stratford Stage 2 following the London 2012 Olympic and Paralympic Games.

Key trading events in the year include:

- The business completed the sale of its interest in MDDL;
- The number of units settled increased by 183 units and the gross sales value of units settled increased by A\$12.0 million. The sales prices achieved were in excess of the previous written down values;
- The Greenwich Peninsula project is a mixed-use development on 59 hectares of land on the Greenwich Peninsula in London. The project will be developed through a combination of land sales to third party developers and direct development with joint venture partners. An office development with a substantial pre-let to Transport for London for 19,400 sqm was completed in July 2009. The Ravensbourne College of Design & Communications is also now under construction;
- In August 2008, Lend Lease was appointed as Development and Construction Manager for the first phase of Stratford City, a mixed-use development on 54 hectares of land with an existing planning consent of 9.4 million square feet. This first phase involves building the Athletes' Village for the London 2012 Olympic and Paralympic Games for the Olympic Delivery Authority.

Communities – Americas

In the US, the Communities business focuses on large scale urban greenfield development and regeneration opportunities. The business has one project, Horizon Uptown in Denver, Colorado. The project is expected to be launched in 2012, subject to favourable market conditions.

The key financial results for Communities – Americas are detailed below.

	June 2010	June 2009
Operating profit/(loss) after tax (A\$m)	0.1	(1.2)
Backlog – Zoned residential (number of units) ¹	3,855	3,855
Backlog – Commercial (sqm/000s)	841.3	841.3

1 The actual number of backlog units for any particular project can vary as planning applications are obtained.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Public Private Partnerships

Overview of Business

The PPP business consists of Actus in the US, the PPP projects in Europe and the newly established PPP advisory origination business, Capella Capital in Australia.

Key Financial Results

The key financial results for the PPP business are summarised below.

	Revenue		EBITDA		Profit/(Loss) After Tax	
	June 2010 A\$m	June 2009 A\$m	June 2010 A\$m	June 2009 A\$m	June 2010 A\$m	June 2009 A\$m
Americas	935.0	1,378.1	89.9	79.5	55.3	68.2
Europe	126.7	128.9	1.0	(12.8)	10.2	6.2
Asia Pacific	7.3		(9.1)		(6.4)	
Total operating	1,069.0	1,507.0	81.8	66.7	59.1	74.4

Total operating profit after tax decreased by A\$15.3 million compared to the prior year, including a negative foreign exchange movement of A\$15.0 million. The result includes the profit after tax on sale of the Group's 50% interest in the Queen's Hospital, Romford.

Public Private Partnerships – Americas

The primary focus of Actus is the Military Housing Privatization Initiative (MHPI) for all branches of the USA Military. Under the MHPI, Actus is selected to own, finance, construct and operate projects for a period of 50 years.

The key financial results for PPP – Americas are detailed below.

	June 2010	June 2009
Profit after tax (A\$m)	55.3	68.2
Development gross profit margin (GPM) (A\$m)	20.6	24.5
Construction GPM (A\$m)	75.8	62.7
Asset management GPM (A\$m)	17.1	17.2
Equity returns (A\$m)	3.9	3.7
Number of projects ¹	20	20
Backlog (number of units under management)		
– Operational (secured)	41,700	38,500
– Preferred bidder (awarded)	2,350	5,550
Total backlog	44,050	44,050

1 Number of projects includes extensions of existing projects and projects where Lend Lease is preferred bidder.

Key trading events in the year include:

- Profit after tax declined due to a negative foreign exchange movement of A\$12.9 million. An increase in construction GPM was offset by a higher tax rate in the current year;
- Development fee income includes Phase 1 of the Privatised Army Lodging project which reached financial close in the year. Development fees represent a fee for service and are not at risk from project performance;
- Construction GPM and asset management GPM remain in line with the delivery programme;
- This business includes costs relating to pursuing investment opportunities in Canada in line with the Group's strategy.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Public Private Partnerships continued

Public Private Partnerships – Americas continued

New Work Secured and Backlog GPM

	New Work Secured GPM ¹ June 2010 A\$m	New Work Secured GPM ¹ June 2009 A\$m	Backlog GPM ² June 2010 A\$m	Backlog GPM ² June 2009 A\$m
Projects in operational status (secured)	96.2	64.0	332.5	431.0
Projects in preferred bidder status (awarded) ³	(10.1)	(28.5)	32.0	52.1
Total	86.1	35.5	364.5	483.1

- 1 New Work Secured is the total project GPM to be earned from projects secured during the year, net of margin movements.
- 2 Backlog GPM disclosed includes a maximum of ten years backlog from facilities management, even though the contracts run for up to 50 years. Although Backlog GPM is realised over several years, the average foreign exchange rate for the current year has been applied to the closing Backlog GPM balance in its entirety as the average rates for later years cannot be predicted. In local currency the Backlog GPM is US\$328.0 million (June 2009: US\$352.7 million).
- 3 Projects in preferred bidder status include the GPM on projects that were awarded preferred bidder status in the year, offset by the GPM transferred from preferred bidder status to operational status following financial close of projects in the year.

Backlog GPM at 30 June 2010 was impacted by a negative movement in foreign exchange of A\$91.2 million.

Backlog GPM Realisation

	Year Ending June 2011 %	Year Ending June 2012 %	Post June 2012 %	Total %
Projects in operational status (secured)	22	14	64	100
Projects in preferred bidder status (awarded)	18	23	59	100
Total	22	13	65	100

Public Private Partnerships – Europe

The PPP business in the UK is focused on four sectors: health, education, waste and accommodation. Under PPP schemes, Lend Lease is selected to own, finance, construct and operate projects for a period of up to 40 years. The PPP result includes asset management GPM, facilities management GPM, returns on equity, loan stock interest and net bid costs. The PPP result does not include construction GPM, which is included in Project Management, Design and Construction.

The key financial results for PPP – Europe are detailed below.

	June 2010	June 2009
Profit after tax (A\$m)	10.2	6.2
Operating GPM (A\$m) ¹	14.8	14.7
Equity returns (A\$m) ²	41.4	33.8
Number of projects ³	19	19
Backlog GPM (A\$m) ⁴	68.8	75.5
Equity		
– Invested (A\$m)	147.3	163.3
– Committed (A\$m)	52.1	62.9

- 1 Operating GPM relates to asset and facilities management services provided.
- 2 Including loan stock interest and the profit before tax from the sale of the Group's 50% interest in the Queen's Hospital, Romford.
- 3 Number of projects includes projects where Lend Lease is preferred bidder and combines extensions of existing projects.
- 4 Backlog GPM disclosed includes a maximum of ten years backlog from facilities management even though PPP contracts run for periods of up to 40 years.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Public Private Partnerships continued

Public Private Partnerships – Europe continued

Key trading events in the year include:

- Sale of the Group's 50% interest in the Queen's Hospital, Romford in December 2009;
- An increase in the number of operational assets, with the practical completion and operational handover of the two schools (£34.0 million) in Phase 2 of the Lancashire Building Schools for the Future (BSF) project and Sheffield University accommodation (£169.0 million);
- Reaching financial close in August 2009 on the £180.0 million first phase of the Birmingham BSF project for the City of Birmingham.

Public Private Partnerships – Asia Pacific

Key trading events in the year include:

- In August 2009, the Group established in Australia a PPP advisory origination business, Capella Capital;
- The Group made its first PPP equity investment as part of the Pinnacle Education Consortium, reaching financial close on the South Australian New Schools PPP project, which involves the building of six new schools in Adelaide. Lend Lease is a 50% equity investor and is providing financial advisory and transaction management services to the consortium.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Investment Management

Overview of Business

The Investment Management business has A\$10.1 billion (June 2009: A\$9.9 billion) of funds under management (FUM). The Investment Management business also includes investments held indirectly in property assets with a market value of A\$426.5 million (June 2009: A\$505.3 million).

Key Financial Results

The key financial results for the Investment Management business are summarised below.

	Revenue ¹		EBITDA		Profit/(Loss) After Tax	
	June 2010 A\$m	June 2009 A\$m	June 2010 A\$m	June 2009 A\$m	June 2010 A\$m	June 2009 A\$m
Total Operating						
Asia Pacific	56.7	60.5	62.0	35.5	45.7	27.1
Europe	16.4	7.8	13.3	1.9	4.7	3.1
Americas	0.1	0.8	2.9	(2.1)	2.7	(1.3)
Total operating	73.2	69.1	78.2	35.3	53.1	28.9
Property Investment Revaluations						
Asia Pacific			7.7	(11.6)	5.1	(8.1)
Europe			12.7	(50.7)	12.7	(43.1)
Total	-	-	20.4	(62.3)	17.8	(51.2)

1 Revenue excludes redemption of available for sale financial assets and Lend Lease's share of profits from associates and joint ventures accounted for using the equity method.

Key trading events in the year include:

Asia Pacific

- Profit after tax increased by A\$18.6 million to A\$45.7 million and includes the profit after tax from the sale of a proportion of the Group's interest in APPF;
- REP3 was launched in December 2009 after receiving A\$250.0 million in commitments from a small group of investors. The fund has substantially achieved its invested target of over A\$400.0 million;
- A consortium led by Lend Lease secured the 14 assets of the A\$1.4 billion ING Retail Property Fund. A number of Lend Lease managed funds and third party client mandates participated in the transaction resulting in A\$1.2 billion in FUM growth;
- In April 2010, APPF Retail completed a A\$0.5 billion equity raising. The equity raising was completed at the current unit value for APPF Retail and was oversubscribed by existing investors;
- ARIF completed the 313@somerset retail development in Singapore during the year. ARIF holds a 75% interest in the centre. The centre was independently valued at S\$1.2 billion (A\$935.0 million) at 30 June 2010. This has resulted in an investment revaluation increase of A\$10.3 million before tax being recognised in the Fair Value Revaluation Reserve in relation to the Group's interest in ARIF;
- On 28 June 2010 a joint bid by Lend Lease and ARIF was awarded the Jurong Gateway Road site, a large scale mixed use suburban development in Singapore. The asset will be owned 75% by ARIF and Lend Lease will have a 25% direct interest. This acquisition will invest the remainder of the S\$700.0 million of equity commitments in ARIF.

Europe

- Profit after tax increased by A\$1.6 million to A\$4.7 million and includes profit after tax from the Group's investment in Lend Lease Global Properties, SICAF.

Americas

- The profit after tax relates to the continued wind-up of the residual US Real Estate Investment business.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Investment Management continued

Funds Under Management

	Asia Pacific A\$b	Europe A\$b	Total June 2010 A\$b	Total June 2009 A\$b
FUM at the beginning of the financial year	8.5	1.4	9.9	9.3
Foreign exchange movement ¹	(0.1)	(0.2)	(0.3)	0.2
Additions	1.8		1.8	2.1
Reductions	(1.5)		(1.5)	(0.2)
Net revaluations		0.2	0.2	(1.5)
FUM at the end of the financial year²	8.7	1.4	10.1	9.9

1 Foreign exchange movement arising from translating opening FUM in local currency between June 2009 and June 2010.

2 FUM represents the gross market value of real estate and other related assets managed on behalf of investors.

FUM increased by A\$0.2 billion from A\$9.9 billion to A\$10.1 billion during the year.

Asia Pacific FUM increased by A\$0.2 billion primarily as a result of securing A\$1.2 billion of FUM relating to the ING Retail Property Fund transaction, offset by a reduction of A\$1.5 billion of FUM as the underlying Primelife net assets were consolidated at 30 June 2010 following the acquisition by the Group of the remaining 56.8% interest in Primelife during the year. Additionally, the APPF series of funds and ARIF completed capital expenditure of A\$0.5 billion during the year.

Lend Lease and ARIF are due to settle on the acquisition of the Jurong Gateway Road site in Singapore early next financial year, following which A\$0.5 billion will be added to FUM.

Europe FUM was unchanged from the prior year at A\$1.4 billion, as revaluation increases in underlying asset values were offset by foreign exchange movements.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Project Management, Design and Construction

Key Financial Results

The key financial results for the Project Management, Design and Construction business are summarised below.

	Revenue		Realised GPM		EBITDA		Profit/(Loss) After Tax	
	June 2010	June 2009	June 2010	June 2009	June 2010	June 2009	June 2010	June 2009
	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m
Asia Pacific	3,436.5	3,012.2	238.7	222.6	161.6	136.5	105.4	94.7
Europe	2,167.2	3,382.6	163.7	208.9	50.4	62.5	25.8	39.0
Americas	2,927.1	6,027.2	81.8	213.4	(66.7)	52.6	(45.0)	35.2
Total operating	8,530.8	12,422.0	484.2	644.9	145.3	251.6	86.2	168.9

Project Management, Design and Construction profit after tax was A\$86.2 million, a decrease of A\$82.7 million from the prior year. Profit after tax for the year was positively impacted by foreign exchange movements of A\$1.9 million.

Total revenue decreased by A\$3.9 billion compared with the prior year, including negative foreign exchange movements of A\$1.2 billion. The decrease is primarily due to difficult trading conditions in the Americas and Europe.

Key trading events in the year include:

Asia Pacific

- The Asia Pacific profit after tax of A\$105.4 million increased by A\$10.7 million compared with the prior year and includes a negative foreign exchange movement of A\$2.9 million relating to Asia. Key contributions to GPM in Australia included the ANZ and Myer Head Office buildings in Melbourne, Sydney Water Desalination Pipeline, 420 George Street and the Darling Walk Commercial Office development in Sydney. In Asia, the telecommunications rollout in Japan, 313@somerset retail development, Abbott Pharmaceutical plant and REC solar panel plant in Singapore were key contributors during the year.

Europe

- The European profit after tax of A\$25.8 million has decreased due to difficult trading conditions across Europe and the Middle East, where a provision has been taken against the recovery of certain debtors balances. Profit after tax for the year was also negatively impacted by foreign exchange movements of A\$5.7 million. Key contributions to GPM included the Athletes' Village project for the 2012 Olympic and Paralympic Games in London, Peel Media City mixed-use project in Manchester, UK Ministry of Defence projects, Cadbury facilities in Poland and the BP Global Alliance project across Europe.

Americas

- The Americas loss after tax of A\$45.0 million is due to a continued weakness in the American market and costs in relation to the New York investigations. In response to the slowing momentum, a number of cost reduction initiatives have also been implemented, which have resulted in significant implementation costs being incurred in the year.

Profitability Ratio

The profitability ratio (defined as EBITDA divided by realised GPM) decreased from 39% to 30%, principally due to the loss in the Americas. The profitability ratio increased to 68% in Asia Pacific (June 2009: 61%), while the Europe profitability ratio of 31% was consistent with the prior year (June 2009: 30%).

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Project Management, Design and Construction continued

New Work Secured and Backlog GPM

	New Work Secured GPM June 2010 A\$m	New Work Secured GPM June 2009 A\$m	Backlog GPM ¹ June 2010 A\$m	Backlog GPM ¹ June 2009 A\$m
Asia Pacific	163.8	264.1	248.6	323.5
Europe	101.0	167.8	126.8	228.1
Americas	30.0	60.0	60.5	138.5
Total	294.8	491.9	435.9	690.1

1 Although Backlog GPM is realised over several years, the average foreign exchange rate for the current year has been applied to the closing Backlog GPM balance in its entirety as the average rates for later years cannot be predicted. In local currency, the Americas Backlog GPM was US\$54.5 million (June 2009: US\$101.1 million) and the European Backlog GPM was £72.3 million (June 2009: £107.2 million).

New Work Secured is the total project GPM to be earned from projects secured during the year, net of margin movements.

Backlog GPM is the expected GPM to be realised in future financial years from contracts committed at the end of the year. Backlog GPM at 30 June 2010 was impacted by a negative foreign exchange movement of A\$64.8 million. The decrease in New Work Secured GPM in the year reflects the economic conditions across all regions resulting in fewer projects being secured. Australia's backlog includes significant Government projects, namely, Gold Coast University Hospital; Royal Children's Hospital, and Melbourne Wholesale Markets, Melbourne; Liverpool Hospital, Sydney; Catholic Schools Building Education Revolution projects; and Brisbane Supreme Court.

Backlog GPM Realisation

	Year Ending June 2011 %	Year Ending June 2012 %	Post June 2012 %	Total %
Asia Pacific	68	25	7	100
Europe	68	19	13	100
Americas	72	23	5	100
Total	68	23	9	100

As at 30 June 2010, 68% of Bovis Lend Lease Backlog GPM is projected to be realised in the year ended 30 June 2011. The proportion of Bovis Lend Lease secured Backlog GPM to be realised beyond 12 months decreased to 32% (June 2009: 42%).

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Corporate

The key financial results for Corporate are summarised below.

	Revenue		EBITDA		Profit/(Loss) After Tax	
	June 2010 A\$m	June 2009 A\$m	June 2010 A\$m	June 2009 A\$m	June 2010 A\$m	June 2009 A\$m
Group Services	14.5	23.4	(103.5)	(80.6)	(75.2)	(67.8)
Group Treasury	41.1	51.3	0.9	(17.2)	(26.9)	(41.4)
Group Amortisation					(3.7)	(4.1)
Total operating	55.6	74.7	(102.6)	(97.8)	(105.8)	(113.3)

Group Services

Group Services costs after tax increased by A\$7.4 million and include costs associated with establishing the LLT and an increased charge relating to the Group's superannuation plan in Australia.

Group Treasury

Group Treasury manages the Group's liquidity, foreign exchange exposures, interest rate risk and debt. The result for the year is detailed in the table below.

	Profit/(Loss) Before Tax		Profit/(Loss) After Tax	
	June 2010 A\$m	June 2009 A\$m	June 2010 A\$m	June 2009 A\$m
Interest revenue	41.1	51.3	29.3	38.5
Interest expense and borrowing costs	(85.0)	(96.6)	(56.3)	(67.1)
Net hedge benefit/(cost)	0.9	(17.2)	0.1	(12.8)
Total Group Treasury	(43.0)	(62.5)	(26.9)	(41.4)

Interest Revenue and Expenses

- Interest revenue before tax decreased by A\$10.2 million this year, as in the prior year the Group's UK syndicated bank facility was fully drawn down for part of the year and the proceeds placed on deposit. The interest rate on invested cash averaged 3.1% per annum for the year (June 2009: 3.4%);
- Interest expense and borrowing costs before tax decreased by A\$11.6 million compared with the prior year. This is due to lower drawn debt following the Group's equity raising and the UK syndicated bank facility being drawn to a lower amount during the year. This was partially offset by interest on the A\$570.0 million committed club facility which has been fully drawn since December 2009.

Hedging and Foreign Exchange Exposure

- Lend Lease hedges material foreign currency cash flows. Any foreign exchange gains or losses arising on the underlying cash flow or the hedging of business unit cash flows are allocated to the business unit's operating profit;
- Lend Lease uses natural hedging, where possible, to minimise its exposure to movement in foreign currency denominated net assets. The impact of foreign exchange movements on the Group's net assets is accounted for in the Foreign Currency Translation Reserve (FCTR). In the year, the FCTR decreased by A\$54.8 million, primarily due to a strengthening of the Australian dollar.

Group Liquidity

- At 30 June 2010, the Group was in a strong liquidity position, with cash and cash equivalents of A\$1,635.9 million and un-drawn committed bank facilities of A\$688.6 million. The Group's net cash position as at 30 June 2010 was A\$19.7 million, including other financial liabilities of A\$169.6 million.

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Appendix 1

Results Detail

	Revenue		EBITDA		Profit/(Loss) Before Tax ¹		Profit/(Loss) After Tax ²	
	June 2010	June 2009	June 2010	June 2009	June 2010	June 2009	June 2010	June 2009
	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m
Retail								
Asia Pacific	43.4	41.2	17.5	12.5	17.3	12.1	13.3	8.9
Europe	64.1	84.6	54.3	39.6	52.9	38.2	35.4	24.0
Americas			27.2	33.9	27.2	33.9	17.6	27.4
Total Retail	107.5	125.8	99.0	86.0	97.4	84.2	66.3	60.3
Communities								
Asia Pacific	610.3	463.0	132.7	90.4	121.1	100.8	122.1	99.9
Europe	123.6	123.4	47.9	(18.8)	46.2	(13.6)	42.5	(10.4)
Americas			0.2	(1.6)	0.1	(2.0)	0.1	(1.2)
Total Communities	733.9	586.4	180.8	70.0	167.4	85.2	164.7	88.3
Public Private Partnerships								
Americas	935.0	1,378.1	89.9	79.5	92.8	83.0	55.3	68.2
Europe	126.7	128.9	1.0	(12.8)	13.9	4.7	10.2	6.2
Asia Pacific	7.3		(9.1)		(9.1)		(6.4)	
Total Public Private Partnerships	1,069.0	1,507.0	81.8	66.7	97.6	87.7	59.1	74.4
Investment Management								
Asia Pacific	56.7	60.5	62.0	35.5	60.9	35.2	45.7	27.1
Europe	16.4	7.8	13.3	1.9	12.6	1.9	4.7	3.1
Americas	0.1	0.8	2.9	(2.1)	3.0	(2.1)	2.7	(1.3)
Total Investment Management	73.2	69.1	78.2	35.3	76.5	35.0	53.1	28.9
Project Management, Design and Construction								
Asia Pacific	3,436.5	3,012.2	161.6	136.5	158.7	133.9	105.4	94.7
Europe	2,167.2	3,382.6	50.4	62.5	44.6	57.0	25.8	39.0
Americas	2,927.1	6,027.2	(66.7)	52.6	(71.0)	47.2	(45.0)	35.2
Total Project Management, Design and Construction	8,530.8	12,422.0	145.3	251.6	132.3	238.1	86.2	168.9
Total operating businesses	10,514.4	14,710.3	585.1	509.6	571.2	530.2	429.4	420.8
Corporate								
Group Services	14.5	23.4	(103.5)	(80.6)	(107.4)	(82.5)	(75.2)	(67.8)
Group Treasury	41.1	51.3	0.9	(17.2)	(43.0)	(62.5)	(26.9)	(41.4)
Group Amortisation					(3.7)	(4.1)	(3.7)	(4.1)
Total corporate	55.6	74.7	(102.6)	(97.8)	(154.1)	(149.1)	(105.8)	(113.3)
Total operating	10,570.0	14,785.0	482.5	411.8	417.1	381.1	323.6	307.5
Property investment revaluations			33.7	(325.7)	33.7	(325.7)	22.0	(263.0)
Other asset impairments				(712.0)		(712.0)		(645.9)
Savings implementation costs				(120.8)		(120.8)		(83.9)
Net gain on Bovis UK pension scheme curtailment				44.3		44.3		31.7
Total statutory	10,570.0	14,785.0	516.2	(702.4)	450.8	(733.1)	345.6	(653.6)

1 Profit/(loss) before tax is before adjusting for the amount attributable to minority interests.

2 Profit/(loss) after tax is after adjusting for the profit after tax attributable to minority interests of A\$2.6 million (June 2009: A\$12.3 million loss after tax).

Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) continued

Appendix 2

Operating Results Detail in Local Currency¹

	Revenue		EBITDA		Profit/(Loss) Before Tax ²		Profit/(Loss) After Tax ³	
	June 2010	June 2009	June 2010	June 2009	June 2010	June 2009	June 2010	June 2009
	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m
Asia Pacific								
Retail	43.4	41.2	17.5	12.5	17.3	12.1	13.3	8.9
Communities	610.3	463.0	132.7	90.4	121.1	100.8	122.1	99.9
Public Private Partnerships	7.3		(9.1)		(9.1)		(6.4)	
Investment Management	56.7	60.5	62.0	35.5	60.9	35.2	45.7	27.1
Project Management, Design and Construction	3,436.5	3,012.2	161.6	136.5	158.7	133.9	105.4	94.7
Group Services and Amortisation	14.5	23.4	(103.5)	(80.6)	(111.1)	(86.6)	(78.9)	(71.9)
Group Treasury	34.0	45.7	0.7	(12.3)	8.8	32.9	7.3	24.8
Total Asia Pacific	4,202.7	3,646.0	261.9	182.0	246.6	228.3	208.5	183.5
	Revenue		EBITDA		Profit/(Loss) Before Tax ²		Profit/(Loss) After Tax ³	
	June 2010	June 2009	June 2010	June 2009	June 2010	June 2009	June 2010	June 2009
	£m	£m	£m	£m	£m	£m	£m	£m
Europe								
Retail	36.5	39.8	31.0	18.6	30.2	18.0	20.2	11.3
Communities	70.5	58.0	27.2	(8.8)	26.3	(6.4)	24.2	(4.9)
Public Private Partnerships	72.2	60.6	0.6	(6.0)	7.9	2.2	5.8	2.9
Investment Management	9.3	3.7	7.6	0.9	7.2	0.9	2.7	1.5
Project Management, Design and Construction	1,235.3	1,589.8	28.7	29.4	25.4	26.8	14.7	18.3
Group Treasury	1.0	2.0		(2.3)	(21.8)	(34.3)	(15.7)	(24.7)
Total Great British Pounds	1,424.8	1,753.9	95.1	31.8	75.2	7.2	51.9	4.4
Total Australian Dollars⁴	2,499.7	3,731.7	166.8	67.6	131.9	15.3	91.1	9.3
	Revenue		EBITDA		Profit/(Loss) Before Tax ²		Profit/(Loss) After Tax ³	
	June 2010	June 2009	June 2010	June 2009	June 2010	June 2009	June 2010	June 2009
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Americas								
Retail			24.5	24.7	24.5	24.7	15.8	20.0
Communities			0.2	(1.2)	0.1	(1.5)	0.1	(0.9)
Public Private Partnerships	841.5	1,006.0	80.9	58.0	83.5	60.6	49.8	49.8
Investment Management	0.1	0.6	2.6	(1.5)	2.7	(1.5)	2.4	(0.9)
Project Management, Design and Construction	2,634.4	4,399.9	(60.0)	38.4	(63.9)	34.5	(40.5)	25.7
Group Treasury	4.8	0.8	0.2		(12.2)	(16.4)	(6.0)	(10.0)
Total US Dollars	3,480.8	5,407.3	48.4	118.4	34.7	100.4	21.6	83.7
Total Australian Dollars⁴	3,867.6	7,407.3	53.8	162.2	38.6	137.5	24.0	114.7

1 Local currency results exclude foreign exchange movements other than Great British Pounds and US Dollars.

2 Profit/(loss) before tax is before adjusting for the amount attributable to minority interests.

3 Profit/(loss) after tax is after adjusting for the profit after tax attributable to minority interests of A\$2.6 million (June 2009: A\$12.3 million loss after tax).

4 The foreign exchange rates applied are A\$1 = £0.57 (June 2009: A\$1 = £0.47) and A\$1 = US\$0.90 (June 2009: A\$1 = US\$0.73).