



About Lend Lease

Lend Lease is a leading property group with broad skills across the property value chain.

Headquartered in Australia, we operate three core businesses: project management and construction, property investment management and property development. Our development business focuses on three key competencies – retail, communities and public private partnerships.

Our key markets are Asia Pacific, the Americas, the United Kingdom, Europe and the Middle East.

We operate an integrated business model and our earnings are well diversified by both market sector and geography.

Lend Lease is committed to delivering the best possible outcomes for all our stakeholders that are consistent with our behaviours of respect, integrity, innovation, collaboration and excellence.

We are passionate about the relationship between people and places and our role in building a legacy for future generations. We aim to do this safely, ethically and sustainably.

Important dates in 2009 to add to your calendar

February*	Announcement of Half Year Results
March*	Share price quoted ex dividend
March*	Interim dividend record date
March*	Interim dividend payable
August*	Announcement of Full Year Results
August*	Share price quoted ex dividend
August*	Final dividend record date
September*	Final dividend payable
November*	Annual General Meeting

* Exact dates will be confirmed on the Lend Lease website Investor Relations section at www.lendlease.com in due course.

2008 performance at a glance

Statutory profit¹

\$265.4M

Net operating profit

\$447.1M

Earnings per share²

111.5¢

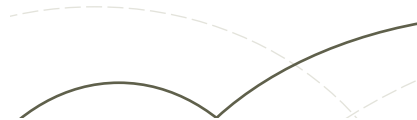
Full year dividend³

77¢

1. Net operating profit after tax including property revaluations and adjustment to carrying value of inventory.
2. Calculated based on operating profit and total weighted average number of shares on issue including treasury shares.
3. Dividend includes interim dividend of 43 cents franked to 40% and final dividend of 34 cents franked to 45%.

All financial amounts in this report are in Australian Dollars unless otherwise stated.

Front cover image: The Lend Lease Gauge building in Victoria Harbour, Melbourne.
Back cover image: The Bond building in Millers Point, Sydney.



Highlights

- Operational Development Pipeline**
- Lend Lease continues to have a significant retail development pipeline with an estimated gross development cost of \$4.8 billion and a Communities backlog with an estimated sales value of \$33.9 billion.

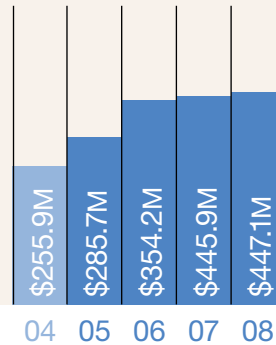
- Construction Backlog Gross Profit Margin**
- Global construction backlog gross profit margin at 30 June was \$788.3 million, up 10% on 2007 and represents two years of forward workload.
- Funds under Management**
- Funds under Management grew by 4%.

Five-year performance

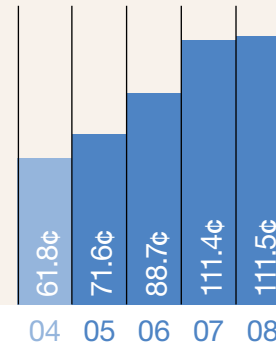


2008 Annual Shareholder Review Lend Lease Corporation

Operating profit after tax^{1,2}
\$447.1M



Earnings per share on operating profits^{1,3}
111.5¢



1. June 2005 to 2008 results prepared under Australian Equivalents to International Financial Reporting Standards (AIFRS). June 2004 represents Lend Lease's results under previous Generally Accepted Accounting Principles (AGAAP).

2. Operating profit excludes unrealised property investment revaluations and the inventory carrying value adjustment in 2008 (June 2008: \$181.7 million).

Financial

Continued Strong Performance

- Earnings per share rose 8% over the year, excluding the impact of the ATO interest received of \$32.2 million after tax in 2007.

- Dividend per share of 77 cents, in line with 2007. This was a solid performance in difficult market conditions.

Balance Sheet Strength

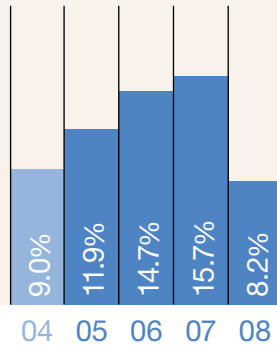
- As at 30 June, our gross debt to total tangible assets (including other financial liabilities) was 14.4% and our weighted average

debt maturity was 11 years with 84% at fixed rates.

- Interest cover was 7.2 times, above management target of six times.
- Lend Lease retained its investment grade credit rating.

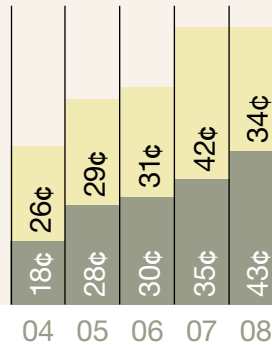
Return on equity^{1,5}

8.2%



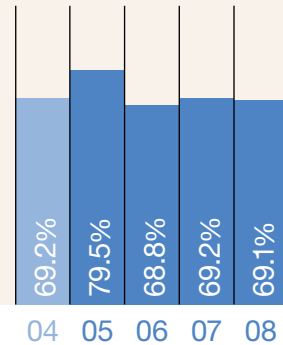
Dividends per share^{1,4}

77¢



Dividend payout ratio on operating profit^{1,2,4}

69.1%



3. Calculated using the weighted average number of shares on issue including treasury shares.

4. Dividends include interim dividend of 43 cents franked to 40% and final dividend of 34 cents franked to 45%.

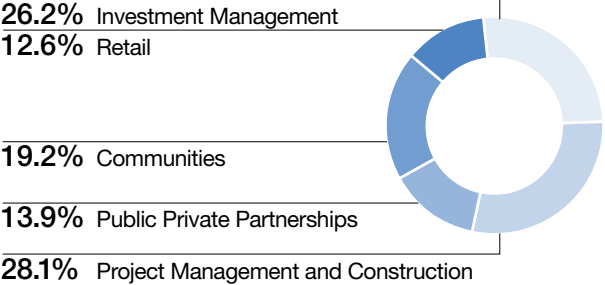
5. Return on equity calculated based on statutory profit after tax.

Geographic diversification

We have operations in Asia Pacific, the Americas, the United Kingdom, Europe and the Middle East.



Contribution to operating profit from all five business units



Retail

Retail comprises retail property management, property ownership, asset management and development in Australia, Singapore, the US and the UK. The strategy is to secure integrated positions which play to the Group's core skills and involves all components of the property value chain.

Presence in Singapore, Australia, Americas and the UK.

Communities

The Communities business is involved in the development of large scale urban regeneration and greenfield development projects in Australia, the US and the UK. The Lend Lease business model includes land sourcing, master planning and design, product development and marketing.

Presence in Australia, the UK and the Americas.



Quick facts

Total shareholders

51,623

Total number of employees

12,039 worldwide

Public Private Partnerships (PPP)

The PPP business manages and invests equity in large PPP projects in the US and the UK. In the US the focus is on the Military Housing Privatization Initiative for all branches of the US military. In the UK the focus is on four sectors: health, education, waste and accommodation.

Presence in Americas and the UK.

Project Management and Construction

Project Management and Construction provides construction, project management and design services across all regions through Bovis Lend Lease. Key sectors include commercial, retail, residential, communications, industrial and pharmaceutical.

Presence in Asia, Singapore, Australia, Americas, UK and Europe/Middle East.

Investment Management

Investment Management provides real estate investment management services in Asia Pacific and the UK. Investment Management includes the Group's ownership interests in property investments, held indirectly through investments in Lend Lease managed funds in Asia Pacific and the UK.

Presence in Singapore, Australia, Americas and the UK.

Americas Net Profit After Tax (NPAT)

29.4%



UK/Europe/Middle East NPAT

27.6%



Asia Pacific NPAT

43.0%



Chairman's report



Since our last annual report, the global economy has encountered unprecedented headwinds. Volatile equity and constrained debt markets have impacted the carrying value of many companies' assets and their earnings performance.

Share prices have been adversely impacted by the global turmoil, reflecting investor uncertainty and often a disregard for the underlying strengths of the businesses involved.

In the face of these volatile conditions, the diversified business model of the Group and its balance sheet have underwritten a creditable financial result for 2008. The Company achieved an 8.1% increase in underlying net operating profit after tax of \$447.1 million.

The full year dividend, which is paid from after tax operating earnings, was 77 cents per share, in line with last year's payment. The full year dividend represents a payout ratio of 69% of net operating profit after tax, at the midpoint of the Board's policy range of 60% to 80%.

While achieving a very good result on many key measures, statutory profit after tax of \$265.4 million reflected a non-cash decrease in the carrying value of inventory in our UK Communities business, Crosby Lend Lease.

The difficult market conditions of recent months are set to continue for some time yet. The Board and management's priority is to manage the business efficiently, while continuing to build a portfolio of superior long term property projects to ensure we will be in a leading position when the market recovers.

In the meantime, while the Group expects financial year 2009 operating earnings to be 10–15% lower, they will be delivered through continuing strong operating cash flows, low interest costs and intensive risk management.

The Company's conservative asset leverage and measured use of capital recycling ensures there is no pressure to realise assets to meet stated financial objectives.

2008 marks the 50th anniversary since Lend Lease Corporation was founded by Dick Dusseldorp in Sydney with a vision to create a company that successfully combined the disciplines of property, financing, development and investment. Lend Lease is now a leading global property Company, bound together the core values: people, safety and the environment. These values have underpinned Lend Lease's success over the last 50 years and will steer the Company over the next 50 years.

Instead, the Board and management continue to look through the cycle and maintain a clear focus on business fundamentals.

I want to take this opportunity to extend thanks to my fellow Board members, outgoing CEO Greg Clarke and his senior management team, and all our people. They have worked hard to ensure Lend Lease remains well positioned for growth despite the very difficult market conditions we are facing and are likely to face for some time yet. I also welcome Mark Selway to the Board.

In conclusion, this year marks the 50th anniversary of Lend Lease – our history is built on the key values that underpin our endeavours today and which were established by the Company's founder, Dick Dusseldorp: care for our people, safety and and respect for the environment.

From a small office block and a residential subdivision on Sydney's North Shore, Lend Lease has grown to be an international company creating landmarks, defining communities, changing the shape of retailing, inspiring the modern approach to urban renewal, and creating benchmarks for green building.

Outlook

Today Lend Lease remains well placed to continue for another 50 years. The Company has a clear, long term strategy; strong positions across all its key markets; a strong and secure pipeline of work with high quality partners, and the capital flexibility to take advantage of opportunities that come our way.



David Crawford

Chairman



Photo courtesy of BP Photographic Services

WITH THE FIRST CONTRACT AWARDED IN 1997, BOVIS LEND LEASE AND BP HAVE WORKED TOGETHER IN PARTNERSHIP TO MANAGE BP'S RETAIL OUTLET BUILDING PROGRAM ACROSS THREE CONTINENTS OVER THE YEARS.

Chief Executive Officer's report



2008 Annual Shareholder Review Lend Lease Corporation

I am pleased to report that Lend Lease has again performed reasonably well in an extremely difficult property market. Even more pleasing is the strong financial position the Company enjoys as we deal with tough market and economic conditions around the globe.

That financial strength – substantial cash on hand coupled with good operating cash flows and low debt – means that despite our setback in writing down Crosby Lend Lease inventory in the UK, we can stay our strategic course rather than selling assets at less than optimum value and exiting businesses to reduce excessive debt or prop up earnings.

Lend Lease continues to focus on areas where we have strong market positions and competitive advantage. Our diverse development pipeline and \$9.3 billion in assets under management give the Company flexibility in its business planning.

Like most companies, we have lowered short term earnings expectations, but the financial and strategic underpinnings for long term shareholder value remain intact.

For financial year 2008, the key standouts were strong contributions from Bovis Lend Lease, especially in Australia and the Asia Pacific region, and from Actus Lend Lease in the United States with a backlog gross profit margin of \$447.5 million.

We finalised an interim development management agreement with the United Kingdom's Olympic Delivery Authority for the 2012 Athletes Village. Elsewhere in the UK, construction started at Greenwich Peninsula and Lend Lease was selected as preferred development partner for the massive Elephant & Castle residential redevelopment in south-east London.

The Investment Management business saw continued strong performance of funds, including capital recycling of co-investments. New equity of \$700 million was raised and there is significant committed funds under management growth over the next three years from the development pipeline within the funds.

During the year, we reduced the carrying value of the UK Communities operations, principally Crosby Lend Lease, reflecting the currently weak UK residential market.

International accounting rules also required a reduction in the value of certain retail property investments. Importantly, these writedowns are non-cash and do not affect underlying cash flow or net operating profit. We continue to invest in the UK retail development pipeline based on long term fundamentals of that market. Our overall retail development pipeline stands at \$4.8 billion. The Australian Communities operations continued to generate increased sales despite weaker market conditions.

Beyond financial prudence and strategic discipline, equally fundamental to the way we do business is our aim for **sustainability** in all we do. The global measurement program continues and we can report good progress this year. At the same time, we continue our focus on our vision to be **Incident & Injury Free**. There were six fatalities across Lend Lease projects this year, down from nine in 2007. No fatality is ever acceptable.

Finally, this is likely to be my last report to shareholders. Now in my sixth year of a seven year commitment that I gave the Board when I was appointed CEO, it is time to select the CEO to lead Lend Lease through its next phase of development. The search process is well under way and the Board will announce the appointment of my successor in due course. I will continue with my duties until then to ensure a smooth transition.

It has been an honour to serve Lend Lease. I wish to record my sincere appreciation for the support and wise counsel Directors have afforded me as we have repositioned Lend Lease and strengthened its foundations for a long and successful future. I am also very grateful for the untiring support and valuable insights that I have been given by my senior executive colleagues and so many Lend Lease team members around the world.

I believe that my successor will take charge of one of the best property businesses to be found in the world today and that Lend Lease is extremely well positioned for the property market recovery when it eventuates.



Greg Clarke

Chief Executive Officer and Managing Director

SPRINGBOARD IS LEND LEASE FOUNDATION'S GLOBAL EMPLOYEE DEVELOPMENT PROGRAM, TAKING PLACE IN CHIANG MAI, NORTHERN THAILAND. PARTNERING WITH AN EXISTING COMMUNITY ORGANISATION, THE PROGRAM IS CENTRED AROUND A SUSTAINABILITY THEME AND EMPLOYEES WORK ALONGSIDE LOCAL STUDENTS.



Strategic framework

Lend Lease

Our vision is to be the leading global property company.

One Group strategy delivered through a portfolio of leading property businesses

Maximise returns out of property

A creator of great property outcomes

Our enablers:

- A leader in safety and sustainability
- A clever company creating strong intellectual capital
- Attracting and retaining the best people

Segment summary

	Retail	Communities	Public Private Partnerships	Project Management and Construction	Investment Management
Core Activities	Asset ownership, development, property and asset management	Master planned greenfield communities and urban regeneration	Military housing, healthcare, education and waste	Project management and construction	Asset ownership, real estate investment management services
Operating Revenue	\$130.7m	\$969.5m	\$962.7m	\$12,426.8m	\$127.3m
Proportion of Profit After Tax from Operating Businesses ¹	<p>12.6%</p>	<p>19.2%</p>	<p>13.9%</p>	<p>28.1%</p>	<p>26.2%</p>
Regional Business Operations	Australia, Singapore, UK, US	UK, Australia, US	UK, US	UK, Europe, Middle East, Americas, Asia Pacific	Australia, Singapore, UK

¹ Before Group Services, Treasury, Property Investment Revaluations and Adjustment to Carrying Value of Inventory.

CONSTRUCTION COMMENCED IN **1962**, AND REPRESENTED A SERIES OF FIRSTS IN DESIGN METHOD AND MATERIALS. CONSTRUCTED BY CIVIL & CIVIC, IT WAS OFFICIALLY OPENED IN **1968** AND FOR MANY YEARS HOUSED THE COMPANY'S HEADQUARTERS.



Retail report

Operating Result \$m	08	07
Operating profit after tax		
Property management	(14.2)	(3.0)
Investment income	80.3	73.7
Operating profit after tax by geography		
Asia Pacific	1.7	(0.9)
Europe	42.3	51.7
Americas	22.1	19.9

- Lend Lease holds an ownership interest in 16 centres, both directly and indirectly via managed funds.
- The market value of Lend Lease's interests in these centres declined to \$2.0 billion, down from \$2.5 billion in 2007. This was principally due to negative foreign exchange movements and weakening of capitalisation rates, principally in the UK.
- Across the retail portfolio, trading performance has remained solid and the forward development pipeline sits at a strong \$4.8 billion.
- Profit after tax was down slightly to \$66.1 million. This was due to higher overheads in the UK as the business continued to invest in its development pipeline and the prior year included a residual development profit relating to the sale of Chapelfield, Norwich in the UK.



Mixed-use development at 420 George Street, Sydney

CASE STUDY:

Australian Retail

The retail development pipeline: Staying ahead of the game

With an enviable track record in retail development, Lend Lease Retail focuses on more than building, leasing and managing shopping centres.

Harnessing its development skills, Lend Lease Retail is constantly assessing ways to create exciting and sustainable destinations that both enhance existing communities and generate solid returns for investors.

In Australia, Lend Lease Retail has a \$1.9 billion retail pipeline with the entire portfolio currently undergoing redevelopment, or in planning stages including:

- 420 George Street in Sydney, a \$800 million mixed-use development combining 30 levels of commercial space above 40 speciality stores spanning four levels;

- planning continues on the \$250 million revitalisation of the Greensborough Town Centre in Melbourne which includes a regional aquatic and leisure centre, revitalised main street and improved public works;
- mixed-use development of Craigieburn Town Centre, a rare greenfield opportunity of 65 hectares designated as a regional town centre, located 25 kilometres north of Melbourne and adjacent to the Delfin Lend Lease master planned community at Craigieburn. The town centre will include a mix of retail, commercial and civic uses. On completion, the retail component is estimated to be valued in excess of \$300 million;
- imminent commencement of construction on a \$52 million expansion to Caroline Springs Square, Melbourne with approximately 40 new stores and internal food court; and

Lend Lease Retail is constantly assessing ways to create exciting and sustainable destinations that both enhance existing communities and generate solid returns for investors.

- partnering with Mackay Regional Council in Queensland to integrate enhanced community facilities with a \$220 million retail and lifestyle expansion to Caneland Central. The proposed development will incorporate Mackay's first department store, an expanded supermarket and 100 speciality stores – increasing the centre to 60,000 square metres of retail space.

Partnering with local councils on developments, Lend Lease Retail actively engages stakeholders with the aim of integrating the redevelopment within the local community in a financially viable and environmentally sustainable way, boosting employment opportunities for the local economy.

These developments draw on the value chain provided by Lend Lease's integrated business model – leveraging from the Group's expertise in development, retail management, construction and investment management.

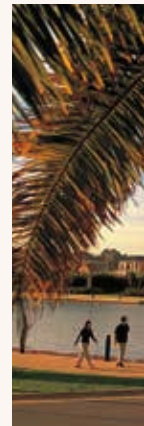
IN 1994 LEND LEASE WAS INVITED TO TRANSFORM A DISUSED CHALK QUARRY INTO EUROPE'S LARGEST AND MOST PRESTIGIOUS RETAIL AND LEISURE DESTINATION. THIS LANDMARK PROJECT OPENED IN 1999 AND LAUNCHED LEND LEASE IN EUROPE.



Communities report

Operating Result \$m	08	07
Operating profit after tax		
Asia Pacific	82.7	90.9
Europe	21.1	51.8
Americas	(3.5)	0.7
Gross sales value of pre-sales		
Asia Pacific	589.4	366.8
Europe	41.6	371.3

- Global Communities' operating profit after tax declined 30% to \$100.3 million, from \$143.4 million in 2007. This was primarily due to a reduced contribution from Crosby Lend Lease as a result of the significant slowdown in the UK residential market.
- In light of the difficult market conditions in the UK residential market, Crosby Lend Lease has reduced the carrying value of its inventory by \$121.5 million after tax.
- Estimated sales value of Communities backlog reached \$33.9 billion, including residential and commercial opportunities, with total residential backlog of 116,925 units and a total commercial backlog of 5.0 million square metres.
- In Asia Pacific Communities, profit after tax was down slightly due to a lower level of commercial sales. There was also a change in product mix, with stronger residential land settlements being offset by a decrease in residential built-form.
- In the UK, conditions for the Communities business remain very challenging. Despite this, we remain well placed with land management deals at Greenwich, Elephant & Castle and Stratford.
- Our Communities business in the US involves two projects in the planning/ approval stages which we will only commence when market conditions recover.





Entrance to "The Peninsula", Mawson Lakes South Australia

CASE STUDY: Mawson Lakes Breaks down barriers

This year the Mawson Lakes development project in South Australia marked its 10th birthday by winning one of the industry's most coveted awards – 'Best Masterplanned Development' for its Mawson Central precinct from the Urban Development Institute of Australia. This is the second occasion Mawson Lakes has won this award, with the project in its entirety winning the award in 2004.

Developed by Delfin Lend Lease and the South Australian Land Management Corporation, the 620 hectare site has brought a fresh perspective to urban development characterised by a number of social, economic and environmental sustainability innovations since its inception.

Located 12 kilometres north of Adelaide, more than 30% of the Mawson Lakes site is allocated to public recreational spaces including lakes and waterways and over 26 kilometres of walking and bike trails.

Environmentally sustainable development is one of the key drivers behind the Mawson Lakes project.

Environmentally sustainable development is one of the key drivers behind the Mawson Lakes project. The community's recycled water system has established a benchmark in future sustainable urban development and is an Australian first in term of its size and scope.

All homes, businesses and organisations are connected to a recycled water system, in addition to normal drinking water supply. Treated stormwater as treated grey water is recycled for watering gardens, washing cars and toilet flushing. The system aims to reduce the usage of potable water in Mawson Lakes by 50%, compared to the Adelaide average.

Mawson Lakes also features trailblazing affordable housing products, such as the Delfin Studio 51. This product similarly won the Affordable Housing award from the Urban Development Institute of Australia this year.

On completion, Mawson Lakes will house approximately 10,000 people in 4,000 homes.

LAUNCHED IN 1998 IN JOINT VENTURE WITH MIRVAC, NEWINGTON WAS USED BY ATHLETES AND OFFICIALS FOR THE SYDNEY 2000 OLYMPICS. POST GAMES, THE TEMPORARY BUILDINGS WERE REMOVED AND THE HOUSES RETROFITTED FOR THE NEW OWNERS.



Public Private Partnerships report

Operating Result \$m	08	07
Operating profit after tax		
Europe	0.8	14.3
Americas	72.2	43.0
Project wins during period		
Europe		
Financial close	1	1
Americas		
Preferred	1	3
Financial close	6	4

- In the US, Lend Lease's PPP business, Actus Lend Lease, delivered a profit after tax of \$72.2 million, up 68% on 2007 profit after tax of \$43.0 million. This was achieved primarily due to Actus Lend Lease achieving financial close on six projects during the year.
- Backlog Gross Profit Margin for Actus Lend Lease is \$447.5 million, which locks in Actus's development and delivery workloads and margins for the next five years.
- Actus Lend Lease currently has 19 projects, up from 16 in 2007.
- In the UK, Lend Lease's PPP business delivered a profit after tax of \$0.8 million, down from \$14.3 million in 2007. This was due to increased bid costs as new PPP projects came to market. Also, the prior year included the recovery of bid costs, principally on achieving financial close of the Lancashire Schools Phase 1 project.



CASE STUDY:
PPP Camp Lejeune
Providing military families with a better quality of life



Tarawa Terrace homes at Camp Lejeune

The Camp Lejeune project is a leading example of Actus Lend Lease's strong track record in creating quality master planned mixed-use communities for all branches of the US military.

Actus Lend Lease and the Department of the Navy joined forces to create Atlantic Marine Corps Communities (AMCC), a public private partnership created to provide military families with a better quality of life. Camp Lejeune is the largest Marine Corps installation in the world.

Actus Lend Lease, through AMCC, is managing housing on seven bases in four states. The broader Camp Lejeune project includes the design, development, construction, renovation and management of more than 8,000 homes across the seven installations over the next 50 years.

Serving more than 28,000 residents, the construction and renovation of homes will be complete by 2013. Actus Lend Lease will continue to own, operate and manage these new communities through at least 2055.

This year Actus Lend Lease donated three homes to the Hope for the Warrior organisation, allowing families a place to stay while wounded marines rehabilitate on base.

Phase 3 is now under way and involves 15 construction components and 11 land development components in progress. The planning framework for the design made best use of the existing environment preserving natural amenities such as water features, forest, parks and walking trails.

Energy efficiency has also been a key feature in the development. In fact Camp Lejeune was also chosen as the kick-off project for the Department of Energy/Department of Defense 'Operation Change-Out'.

This year Actus Lend Lease donated three homes to the Hope for the Warrior organisation, allowing families a place to stay while wounded marines rehabilitate on base. The project also includes a Boundless Playground® which provides a family focus that allows both wounded and/or handicapped family members to play together, a warrior fitness trail and dog park amenities – which are the first of their kind in any Actus community.

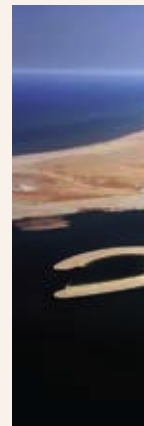
AWARDED TO ACTUS LEND LEASE IN 2003, THIS IS THE LARGEST MILITARY HOUSING PRIVATISATION PROJECT AWARDED BY THE US ARMY.



Project Management and Construction report

Operating Result \$m	08	07
Operating profit after tax		
Asia Pacific	69.0	54.6
Europe	18.5	(77.2)
Americas	59.7	65.9
Profitability ratio (EBITDA/Realised GPM)		
Asia Pacific	50%	44%
Europe	17%	n/a
Americas	34%	47%
Gross margin (Realised GPM/Revenue)		
	5%	3%

- Bovis Lend Lease delivered a strong result with improved performance across all markets. Global profit after tax was \$147.2 million, up significantly on the June 2007 result of \$43.3 million, which included an \$118.8 million after tax provision taken against certain UK projects, including the Manchester Joint Hospitals project.
- In Asia Pacific, profit after tax was up 26% to \$69.0 million from \$54.6 million in 2007, reflecting strong market conditions and successful completion of a number of projects in Australia.
- In Europe, the UK business continues to return to normal levels of profit, although the business continues to be impacted by the work-out of the loss-making UK projects reported in 2007. The remainder of the European business continued to generate a strong performance.
- In the Americas, profit after tax was impacted by costs relating to a fire at the former Deutsche Bank building in New York and the negative impact of currency movements.
- Backlog Gross Profit Margin increased by 10% to \$788.3 million, with 57% expected to be realised as profit in the 2009 financial year.





Aerial view of Durrat Al Bahrain, in the southern end of the Persian Gulf

CASE STUDY: Durrat Al Bahrain Islands in the sun

Durrat Al Bahrain, a luxury residential, commercial and tourist resort project, is designed to eventually accommodate around 60,000 people and is the first major tourism development to be project managed by Bovis Lend Lease in the Kingdom of Bahrain.

Located at the southern end of Bahrain in the Persian Gulf, Bovis Lend Lease has been appointed in joint venture with Kuwaiti Manager Company to provide development and project management services for the first phases of the coastal resort city, a US\$6 billion joint development between the Government of Bahrain and Kuwait Finance House.

Durrat Al Bahrain is a challenging design, consisting of reclaimed land and extensive coastal sculpturing. The 21 square kilometre site has 12 islands made up of six residential atolls, five residential petals and a central island hotel linked by a series of bridges. Each atoll supports approximately 160 villas offering either direct beach

The 21 square kilometre site has 12 islands made up of six residential atolls, five residential petals and a central island hotel linked by a series of bridges.

access or water aspects providing mooring facilities, together with exclusive community facilities, with 125–145 villas on each petal and a common beach area and similar facilities to the atolls. The project includes a further three islands that make up a 400 berth marina.

Bovis Lend Lease has structured the project into a large number of work packages, varying from design and consultancy assignments, to construction and concession contracts. First phases of the project cover dredging and reclamation, shore protection, bridges, roads, services and utilities, landscaping, villas, golf course, clubhouse and community facilities. Future works will include high rise buildings, retail malls, hotels, schools, hospitals and other amenities necessary to build a city in the desert.

The project commenced in 2004 and is on track, with all the islands and mainland reclamation completed. Infrastructure work is well underway for Phases 1 & 2 and the first villas are scheduled for occupation in 2008.

LOCATED AT COLUMBUS CIRCLE IN MIDTOWN MANHATTAN, THIS LANDMARK BUILDING WAS ONE OF THE LARGEST SINGLE BUILDING PROJECTS IN NEW YORK HISTORY. BOVIS LEND LEASE UNDERTOOK THE PROJECT MANAGEMENT AND CONSTRUCTION.



Investment Management report

Operating Result \$m	08	07
Operating profit after tax		
Funds management	54.1	28.7
Investment income	83.2	160.4
Operating profit after tax by geography		
Asia Pacific	71.8	29.7
Europe	61.9	153.4
Americas	3.6	6.0
FUM growth FY08 on FY07		
	4%	

- Total operating profit after tax for Investment Management declined to \$137.3 million, down from \$189.1 million in 2007. This was primarily due to the prior year containing a \$136.6 million after tax distribution from the Global Fund, whereas the distribution for 2008 was \$9.2 million after tax.
- Funds under management rose 4% to \$9.3 billion, up from \$8.9 billion in 2007.
- Investment Management continued its policy of capital recycling with the sale of a proportion of Lend Lease's interest in the Australian Prime Property Fund for a profit after tax of \$40.1 million.
- Investment Management continued to see strong performance from its managed funds during 2008 which flowed directly to performance fee earnings.
- New equity of \$700 million+ was raised and there is significant committed funds under management growth over the next three years from the development pipeline within the various funds.



CASE STUDY:
Investment Management
What large and sophisticated institutional real estate investors increasingly want

Capital flows around the world are changing. Liquidity challenges across investment markets have had a transformational impact on how wholesale real estate investment products are packaged and delivered.



Macarthur Square, Campbelltown, New South Wales

Institutional equity demand is increasingly segmented by factors such as an investor's scale, type and geography.

Drawing on Lend Lease's asset creation capabilities, Lend Lease Investment Management is well positioned to meet this trend and has attracted more than \$700 million in new equity for development projects over the past year.

The credit crunch has impacted liquidity and funding for new projects. Over the past few years, international and institutional investors have been actively looking to diversify their property exposure to the Australian and Asian markets.

According to Rod Leaver, Global CEO of Lend Lease Investment Management, "this investment trend is being driven by the very large minimum investment requirements and a desire for greater influence in investment decisions."

Over the past few years, international and institutional investors have been actively looking to diversify their property exposure to the Australian and Asian markets.

"We are seeing increased global demand for new product in Asia Pacific.

"The size and scope of the Lend Lease development pipeline positions us as an attractive manager and partner. Institutional investors are becoming more aware of our competitive advantage in product creation and this underpins our ability to raise capital successfully.

"We are looking to follow the flow of capital and will consider more flexibility in fund structuring, including joint ventures and partnerships, in addition to our existing funds which enhances the range of capital solutions we can provide.

"We continue to draw on our extensive network to identify and deliver investment opportunities that are attractive for our investors. Mixed-use development projects, the apartments business and the Australian commercial sector all present competitive propositions to our investors."

MANAGED BY LEND LEASE, APPF IS AN OPEN-ENDED WHOLESALE FUND WHICH INVESTS IN QUALITY PORTFOLIOS OF PREDOMINANTLY CORE AUSTRALIAN PROPERTY. THE FUND WAS LAUNCHED IN 1989 AND HAS GROSS ASSETS OF CIRCA \$5 BILLION.

Lend Lease
Investment Management

APPF

Sustainability report

Environment, Safety, People

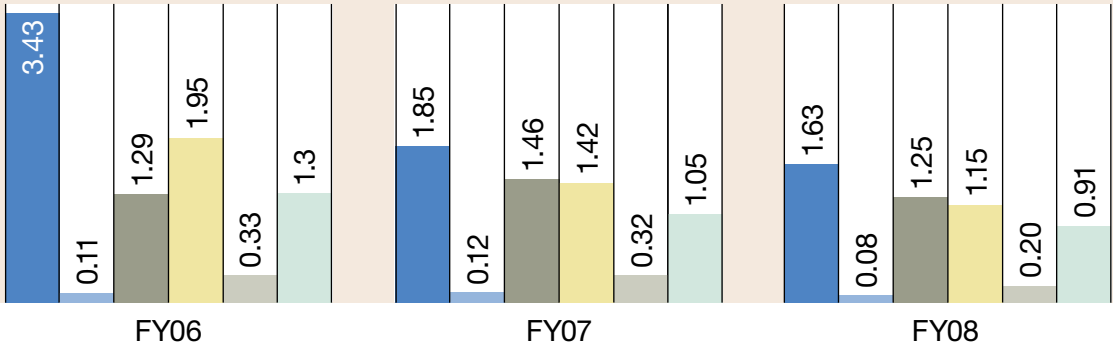
Sustainability has been an integral part of our culture for 50 years and our employees insist that people, safety and environmental impact must be central to our business strategy.

Our sustainability performance is rated by independent agencies including the Carbon Disclosure Project report, undertaken on behalf of institutional investors representing over

US\$57 trillion of assets under management; and Dow Jones Sustainability World Index (DJSI World), which is used to manage funds and other financial products worth almost US\$6 billion.

Lend Lease was the first Australian property company to be included on DJSI World in 2001. Since then we have been included on the index each year from 2002–2004 and 2006–2008.

Bovis Lend Lease Lost Time Injury Frequency Rate by Region and Global (per 200,000 man-hours)



Environment

Every action we take and every measure we collect moves us closer to achieving our environmental aspirations. We realise being green is broader than energy and water efficiency. It is also about indoor environment quality, waste management and reduction, the materials we use, our management of an asset, land use and ecological impacts, access to alternative transport, and impacts on human health. In order to monitor, measure and report the ecological footprint of our activities, we have collected data on energy consumption, material consumption, waste generation, environmental condition (ecological significance) of land prior to our activity, land space occupied by asset and use, transportation impacts and water consumption.

Safety

Lend Lease is committed to operating Incident & Injury Free wherever the Group has a presence. We work closely with partners, clients and contractors to create the safest possible places to work, live, or visit.

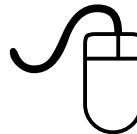
Over the past year the Lend Lease Group has undertaken a major transformation plan to implement the right guidelines, training tools, accountabilities and governance framework to embed safety across all our business practices.

Incident & Injury Free commitment criteria will also be a determining factor that applies to how all employees are measured and rewarded.

Lend Lease is striving to achieve a leadership position in safety operational performance, not only because it is the right thing – but because well run businesses operate safely.

People

For over 50 years, our commitment to our people has extended way beyond our day-to-day business operations. While we have a history of nurturing talent, in all its diversity, and urge professional excellence through training, mentoring and skills improvement, we are proud of the many employees who regularly volunteer their time and expertise to help individuals, organisations and communities. Go to www.lendlease.com/sustainability to read more about our employees who are making a difference.



Directors' profiles

D A Crawford Chairman (Non Executive) Age 64

Mr Crawford joined the Board in July 2001 and was appointed Chairman in May 2003. He is a member of the Nomination Committee.

Experience and Qualifications

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

Other Directorships and Positions

Mr Crawford is Non Executive Chairman of Foster's Group Limited (appointed Director August 2001 and Chairman 31 October 2007) and a Non Executive Director of BHP Billiton Limited (appointed May 1994). He was formerly a Non Executive Director of Westpac Banking Corporation (appointed May 2002, resigned 14 December 2007) and National Foods Limited (appointed November 2001, resigned June 2005).

G A Clarke Managing Director (Executive) Age 50

Mr Clarke was appointed Managing Director and Chief Executive Officer in December 2002.

Experience and Qualifications

Mr Clarke brings more than 25 years of experience in international business development and operations through career roles including Vice President, Cellular (Paris) for Nortel Communications; Chief Executive Mobile, C&W Mobile plc; and Chief Operating Officer and Chief Executive Officer, Cable & Wireless Communications plc. He holds a BA (Honours) Business Studies and a Master of Business Administration.

Other Directorships and Positions

Mr Clarke was formerly a Non Executive Director of The British United Provident Association Limited (BUPA), the largest private health provider in the United Kingdom (UK) (appointed April 2001, resigned March 2007).



P M Colebatch (Non Executive) Age 63

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

Experience and Qualifications

Mr Colebatch has a Bachelor of Science and a Bachelor of Engineering from the University of Adelaide, a Master of Science from Massachusetts Institute of Technology and a Doctorate in Business Administration from Harvard University. He has held senior management positions in insurance and investment banking, and was formerly on the Executive Board of Swiss Reinsurance Company, Zurich. He was previously on the Executive Board of Credit Suisse Group, Zurich, where he was Chief Financial Officer and subsequently Chief Executive Officer of Credit Suisse Asset Management.

Other Directorships and Positions

Mr Colebatch is a Non Executive Director of Insurance Australia Group Limited (appointed January 2007) and a Non Executive Director of Man Group plc (appointed 1 September 2007).

G G Edington CBE (Non Executive) Age 62

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

Experience and Qualifications

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

Other Directorships and Positions

Nil.



Directors' profiles

P C Goldmark (Non Executive) Age 67

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

Experience and Qualifications

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

Other Directorships and Positions

Nil.

J A Hill (Non Executive) Age 62

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

Experience and Qualifications

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

Other Directorships and Positions

Ms Hill is a Non Executive Director of Wellpoint, Inc. (appointed March 1994). She was formerly a Non Executive Director of Resources Connection, Inc. (appointed January 2003, resigned December 2006).



D J Ryan AO (Non Executive) Age 56

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

Experience and Qualifications

Mr Ryan has previously held Managing Director positions in investment banking and industry, as well as being the Chairman or a Non Executive Director of a number of listed public companies. He has a Bachelor of Business from the University of Technology, Sydney and is a Fellow of CPA Australia and the Australian Institute of Company Directors.

Other Directorships and Positions

Mr Ryan is Non Executive Chairman of Transurban Holdings Limited (appointed Director April 2003 and Chairman February 2007), ABC Learning Centres Limited (appointed Director June 2003 and Chairman 30 May 2008) and Tooth & Co Limited (appointed Director September 1999 and Chairman January 2003).

M Selway (Non Executive) Age 49

Mr Selway joined the Board on 17 June 2008.

Experience and Qualifications

Mr Selway is currently Chief Executive of The Weir Group PLC, a FTSE 250 engineering sector listed company headquartered in Scotland. He brings more than 30 years of experience in global business development, integration and management through various roles. Prior to joining the Weir Group in 2001, he was a member of the Supervisory Board of Schefenacker AG, and Executive Director of Britax International plc with line responsibility for the Automotive Components Division. Having spent much of his career managing engineering businesses in the USA, the UK and Australia, Mr Selway is regarded as a specialist in operational management and efficiency. He holds a Diploma in Industrial Engineering.

Other Directorships and Positions

Mr Selway is an Executive Director of The Weir Group PLC (appointed June 2001).

R H Taylor (Executive) Age 46

Mr Taylor joined the Board as an Executive Director in December 2004 and is a member of the Sustainability Committee.

Experience and Qualifications

Mr Taylor joined Lend Lease in 1985 as an engineer and held several positions in Australia and Asia before being appointed Managing Director of the Project Management and Construction business of Lend Lease in 1995. Following the acquisition of the Bovis Group in 1999 he was appointed Global Chief Executive Officer of the combined Bovis Lend Lease businesses based in London and in 2001 his responsibilities were expanded to include the development activities of Lend Lease. In 2003 he returned to Australia to take up the role of Chief Executive Officer Asia Pacific and in July 2005 was appointed Chief Executive Officer Retail and Communities. In May 2007 he was appointed Global Chief Operating Officer. Mr Taylor holds a Bachelor of Civil Engineering (Honours) from the University of Queensland.

Other Directorships and Positions

Nil.



Director and Executive remuneration

	Base Fees	Other Short Term Fees	Post Employment	Share Based Payments ¹	Total
	\$000	\$000	\$000	\$000	\$000
Non Executive Directors					
D Crawford	500	38	13	100	651
P Colebatch	140	92	13	36	281
G Edington	140	82	13	34	269
P Goldmark	140	88	13	36	277
J Hill	140	98	13	36	287
D Ryan	140	84	13	38	275
M Selway (appointed 17 June 2008)	5			1	6

¹ Comprises entitlements under the Non Executive Directors' Retirement Benefit Plan.

	Salary	Other Short Term Fees	Post Employment	Share Based Payments	Other Long Term	Total
	\$000	\$000	\$000	\$000	\$000	\$000

Executive Directors

G Clarke	1,929	771	668	(1,877)	28	1,519
R Taylor	1,046	189	254	2,590	15	4,094

Executives

S McCann	1,005	247	96	632	15	1,995
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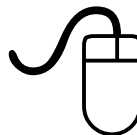
	Salary	Other Short Term Fees	Post Employment	Share Based Payments	Other Long Term	Total
	\$000	\$000	\$000	\$000	\$000	\$000

Other Executives in the category of the five highest paid

M Coleman	487	903	263	689	8	2,350
W Hara	318	215	12	554	8	1,107
M Menhinnitt	658	663	360	135	9	1,825
B Soller	511	703	45	163	8	1,430
D Spencer	330	503	50	79	6	968

Online

The Lend Lease website keeps Shareholders informed about the Company's activities and performance. The Annual Report to Shareholders, results announcements, webcasts, presentations and news releases are all readily available on the **Investor Information** section of our website.



www.lendlease.com

Corporate Directory

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ABN 32 000 226 228

Incorporated in
New South Wales,
Australia

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Level 4,
30 The Bond
30 Hickson Road
Millers Point NSW 2000
T: 61 (2) 9236 6111
F: 61 (2) 9252 2192

Directors

D A Crawford, Chairman
G A Clarke, Managing
Director
and Chief Executive Officer
P M Colebatch
G G Edington
P C Goldmark
J A Hill
D J Ryan
M W Selway
R H Taylor

Secretary

W Hara

Stock Exchange Listings

Australia
New Zealand

Auditors

KPMG
10 Shelley Street
Sydney NSW 2000

Share Registry and Shareholder Queries Principal Register

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W: www.linkmarket
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@bankofny.com
W: www.adrbny.com

Investor Information

Lend Lease's Annual
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statements and
other information on
the Lend Lease Group
can be obtained from
Investor Relations.

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Paper specifications

The cover and editorial of this Report are printed on 9Lives 80, an environmentally responsible paper, containing 80 per cent post consumer fibre and 20 per cent totally chlorine-free pulp. It is an FSC certified mixed source paper, ensuring all virgin pulp is derived from well-managed forests. It is also manufactured by an ISO 14001 certified mill.

The Forest Stewardship Council (FSC) is an international not-for-profit, non-government organisation promoting responsible forest management. FSC certification is recognised as a global standard in forest management practices and the Chain of Custody component ensures that the final product can be traced back to a certified source.



precinct.com.au

Annual General Meeting

The 2008 Annual General Meeting of Lend Lease Corporation Limited will be held at 10.00am on Thursday, 13 November 2008 at City Recital Hall, Angel Place, Sydney NSW 2000. Full details of the Meeting are contained in the Notice of Annual General Meeting sent with this Report.

Celebrating 50 years of Lend Lease

lendlease.com

