



Lend Lease Strategy Day
May 2009

Lend Lease's Strategic Direction

Steve McCann

Chief Executive Officer



Strategy

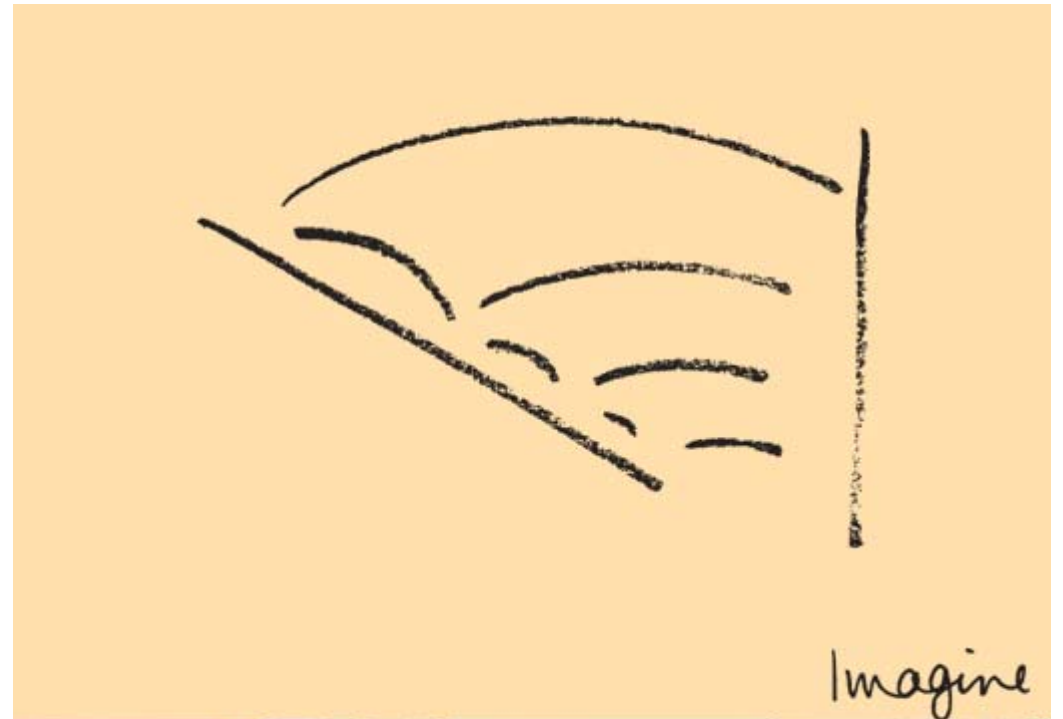
- The principles behind our business model
- Short term/long term strategy
- Value Proposition

Business Update

- Market update
- Business outlook



Our Strategy



Imagine

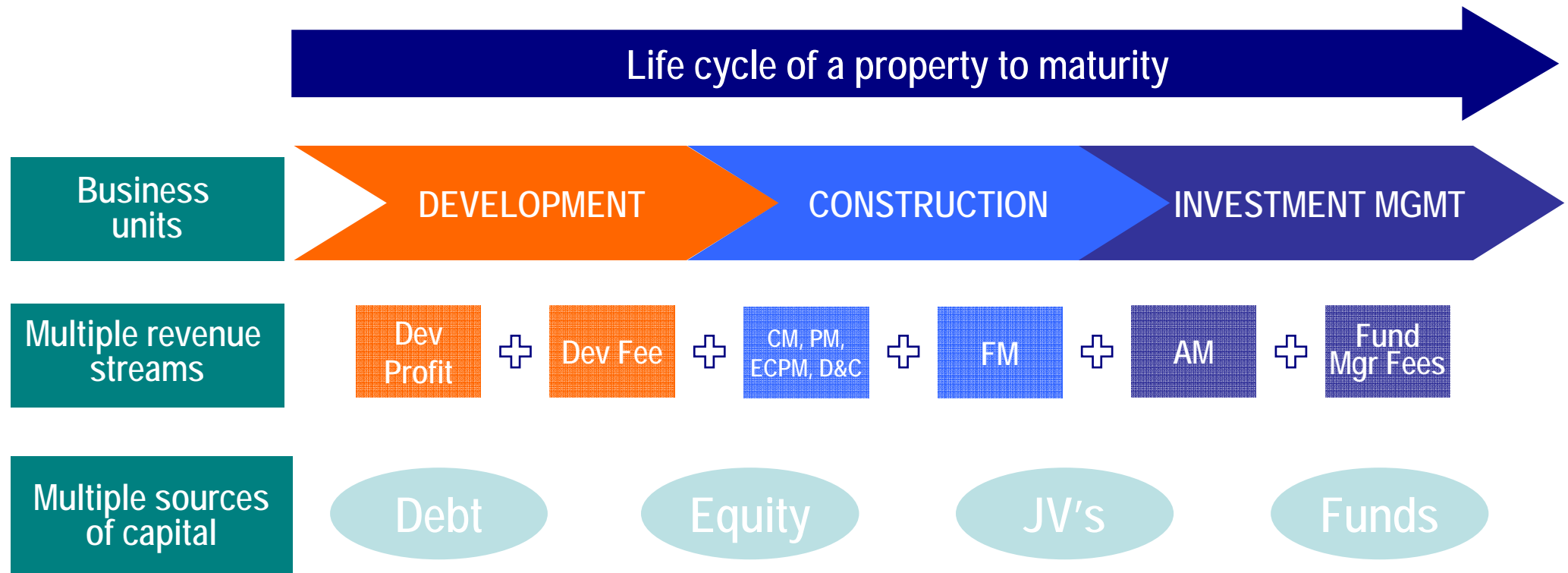


Create

The Principles of our Business Model



Playing the right components of the property value chain to maximise returns



$$\text{High Revenue} \div \text{Low Capital} = \text{High Return on capital}$$

Lend Lease business review

Refining our focus from....

Growth in EPS

Expanding further internationally

Diversifying into new sectors

Recycling capital to achieve profit

Providing a broad range of property services



To...

Total Shareholder return

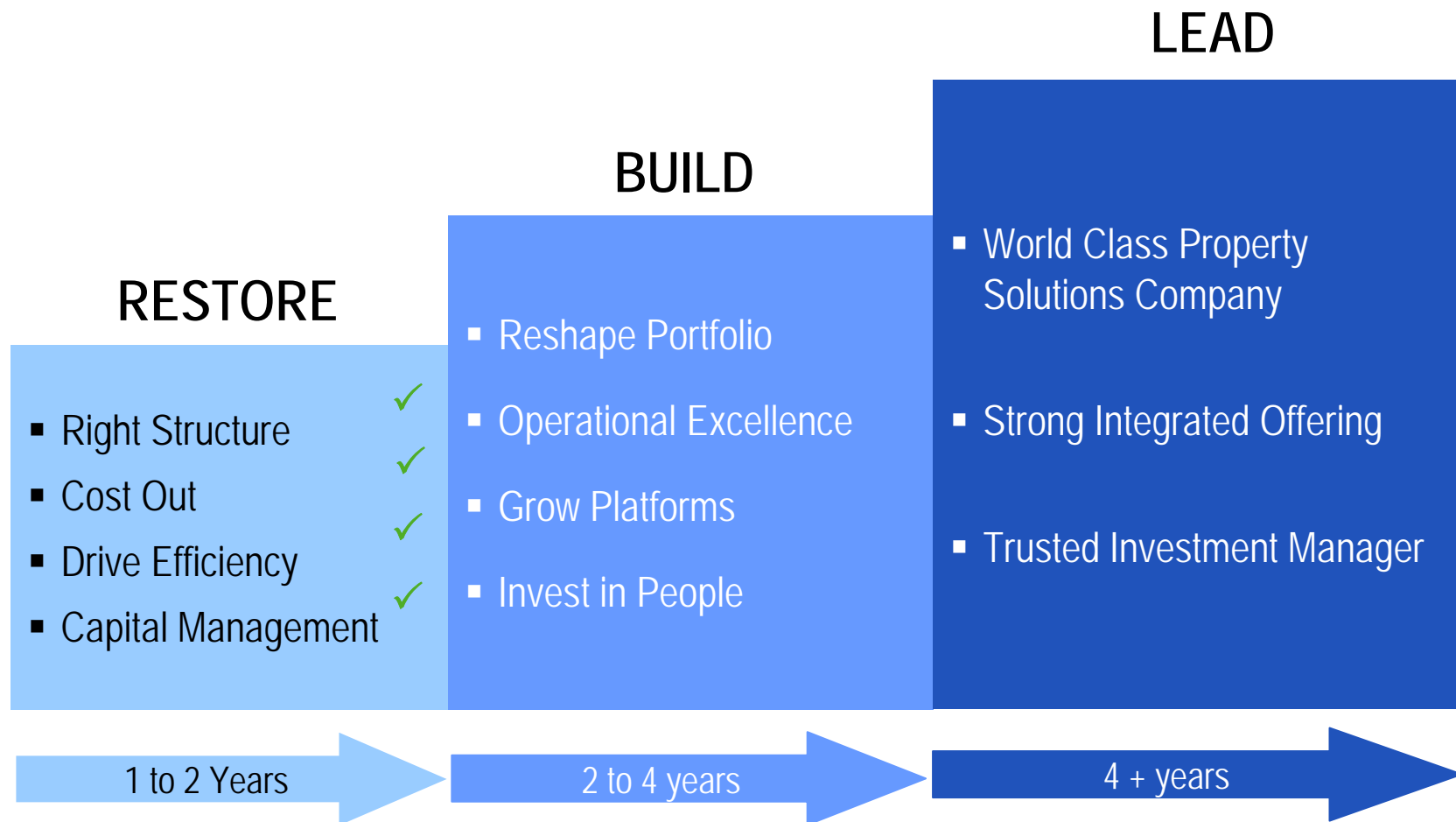
Leader in home market

Scale platforms




Recycling capital to fund growth

Maximise integrated solutions

Strategic Path Forward



Tactical Actions in the Short Term

Action	Strategies Implemented	Progress
Cost Reduction	<ul style="list-style-type: none">▪ 'Rightsize' cost base to align to current business volumes▪ Enhance operational performance plus sustainable 'cost out'	
Preservation of Capital	<ul style="list-style-type: none">▪ Minimal capital for new projects, strict criteria & portfolio fit▪ Reprioritised development projects in line with market conditions	
Cashflow Management/Liquidity	<ul style="list-style-type: none">▪ Vigorous cashflow management / equity raised of A\$302.5m▪ Maintenance of working capital and liquidity buffer	

Reshaping the Portfolio



Goals

Maximise investment performance

Completing the Integrated Model in Core Markets

Picking the right sectors

Results

Focus on return on capital
Right risk/ reward equation

Play in the right countries where we can get to scale

Maximise returns through multiple earnings opportunities

Looking for the best growth opportunities

Operational Excellence and People – Execution is key!



Delivery	<ul style="list-style-type: none">▪ Having the right risk management systems▪ Have the right capabilities
Simplicity	<ul style="list-style-type: none">▪ Model is clear and simple▪ Businesses to focus on execution▪ Flexibility of approach and strategy
Efficient Decision Making framework	<ul style="list-style-type: none">▪ Clear accountability and authority▪ Information is transparent accessible and accurate▪ Ability to mobilise resources for opportunities
People are key	<ul style="list-style-type: none">▪ Right people in the right roles▪ Talent is identified and developed▪ Leadership team is cohesive, aligned and decisive
Aligned Rewards	<ul style="list-style-type: none">▪ Performance metrics linked to strategic objectives▪ Short and long term performance is rewarded▪ High performance culture. Performance accountability

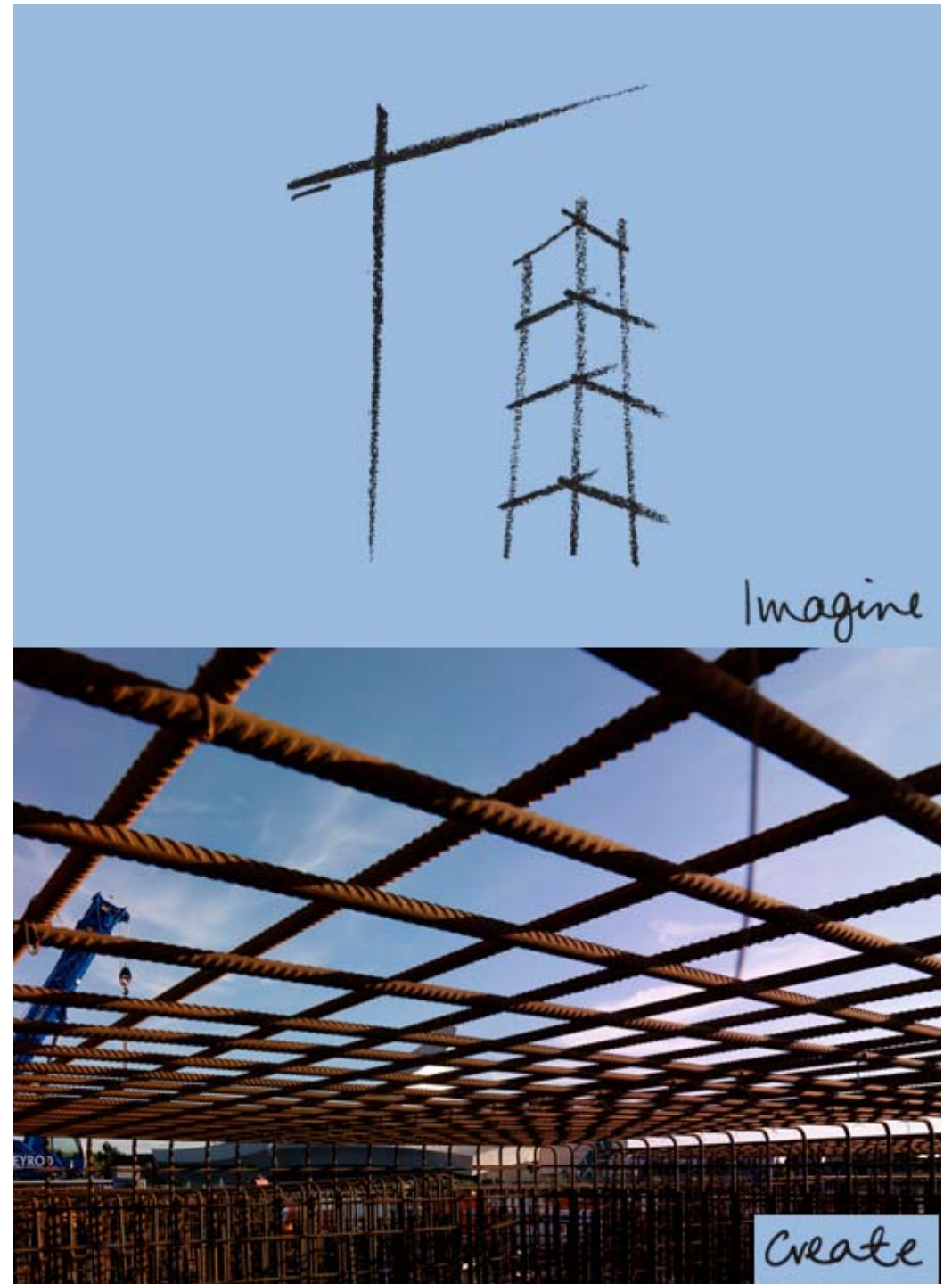
Informed Growth Targets: Key 'Trends' Impacting Property



	Trend	LL Capability
Urbanisation	<ul style="list-style-type: none"> 50% of the world's population urbanised by '08 and 70% by 2050 	Fully integrated mixed use expertise
Continued growth in super & alternative funds	<ul style="list-style-type: none"> Australian Superannuation FUM is forecast to triple in size to \$2.8T by 2020 Sovereign Wealth Funds are forecast to triple in investment outstanding to US\$10T by 2015 	Strong investment management expertise
Ageing Population	<ul style="list-style-type: none"> Over the next forty years approx. 27% of people will be greater than 65 	We are number 1 player in the market
Climate Change	<ul style="list-style-type: none"> Mandatory carbon trading schemes are being implemented from 2011-2013 	Global leader in sustainability
Infrastructure PPP Projects	<ul style="list-style-type: none"> Numerous governments have announced infrastructure spend to drive economic stimulus 	Superior delivery partner



Business Update



Macro Environment

- Challenging conditions in all of Lend Lease's key markets
- Significant downturn in residential markets in the UK and US
- Impact on Australia lagged

Liquidity

- Lack of transactional liquidity impacting on ability to recycle assets
- Cautious regarding ability to access debt financing in the next 12 months

Property Trends

- Market fundamentals/macro trends are changing the outlook for the right property model
- Property trusts de-levering & reverting back to more passive income
- Demand for players with end to end capabilities & deep property skills
- Downward pressure on asset values

Government Spend

- Significant opportunities for growth from government stimulus packages.

Asset Sales Deferred FY2009 Guidance

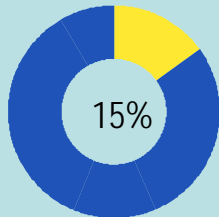
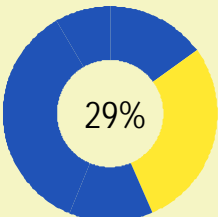
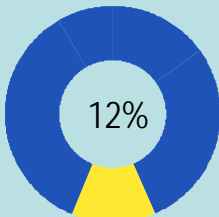
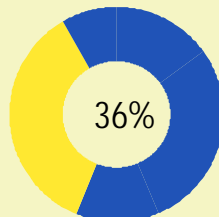
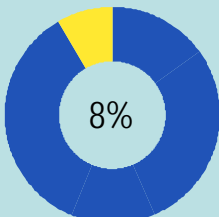
- Previous 2009 net operating profit after tax guidance of A\$380-400 million
- With 30% downside risk to guidance if capital recycling and reaching financial close on certain project could not be achieved
- Given current market conditions, the capital recycling on certain PPP projects unlikely to occur before June 2009
- Lend Lease is not a forced seller of assets and will not sell assets at sub optimal values
- Revised guidance for FY2009 is net operating profit after tax of circa A\$300 million

Adjustments to Asset Values and Cost Savings

- As flagged at the 1st half result expectation of further expansion in cap rates at June 2009
- Expected further reduction in asset valuations at June 2009
- Impact on statutory profit not net operating profit after tax
- As previously flagged, further implementation costs in relation to costs savings in 2nd half
- Implementation costs for the full year 2009 expected to be circa A\$80 million
- Impact on statutory profit not net operating profit after tax.

Our Current Positioning - December 2008



	Retail	Communities	Public Private Partnerships	Project Management & Construction	Investment Management
Core Activities	Asset ownership, development, property and asset management	Masterplanned urban communities, inner city apartments and senior living	Military housing, healthcare, education and waste	Project management and construction	Asset ownership, real estate investment management services
Operating Revenue	A\$69.6m	A\$215.5m	A\$712.7m	A\$6,754.2m	A\$36.8m
EBITDA	A\$51.7m	A\$55.7m	A\$25.0m	A\$131.3m	A\$25.8m
Proportion of Profit After Tax from Operating Businesses ⁽¹⁾	 15%	 29%	 12%	 36%	 8%
Development Pipeline / Backlog GPM / FUM	A\$4.5b	105,175 units	A\$556.9m	A\$773.5m	A\$11.2b
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 and non operating adjustments

Update on Operating Business



Retail

- Retail sales slowing in all regions but prime assets relatively defensive
- Development pipeline will be continually reviewed to conserve capital
- Cap rates – continued weakening cap rates, particularly US & UK

Communities

- US & UK markets remain very challenging
- In Australia, first home buyer segment strong
- Minimal new capital for new projects – aim is to preserve cash

Public Private Partnerships

- Strong government support for PPP framework
- Stimulus from government work in all markets which play to our strengths

Project Management & Construction

- Managing cost base for current market conditions and potential down cycle
- Backlog GPM of A\$774m at December 2008 – underpins FY2009 and FY2010

Investment Management

- Continuing strong performance of funds/ Focus on capital solutions
- Positioning for recovery

Retail

- Operational – while we are seeing some small increases in vacancies and retail sales are slowing, our prime assets are relatively defensive
- Valuation – we are expecting further cap rate expansion across our centres as at June 2009
- Development – given market conditions development of major retail projects has been deferred or curtailed

Stratford

- We have a low risk fee deal generating development management and construction management fees
- Continue to work with the ODA on a risk deal
- Athletes Village continues to progress on time and budget

Crosby

- Seeking to clear Crosby stock, sales levels have picked up off a low base
- Expect to have cleared 30% of outstanding inventory by financial year end
- Not committing new capital to this business

Communities Business London

- Well positioned given low holding costs and minimal capital
- Dominant inner urban regeneration position when markets recover

Lend Lease's Strong Positioning – Cautious but Confident



Focused strategy

- Short term focus on cash preservation/cost management
- Long term focus on maximising returns – driving ROE

Economic slowdown

- LLC has strong base of recurring earnings c.30%
- PPP earnings 12% countercyclical

Government stimulus packages

- Established platforms/existing skills in UK, US and Australia
- PPP plays to Lend Lease's integrated capability

Financial strength – cash & capacity

- Low gearing/ Ability to fund committed pipeline
- Significant headroom under banking covenants

Efficient capital model/ Low heading costs

- Disciplined approach to capital allocation
- Capital light/partnering model



We see more value in property