



Lend Lease Strategy Day
May 2009

Retail & Communities Asia Pacific

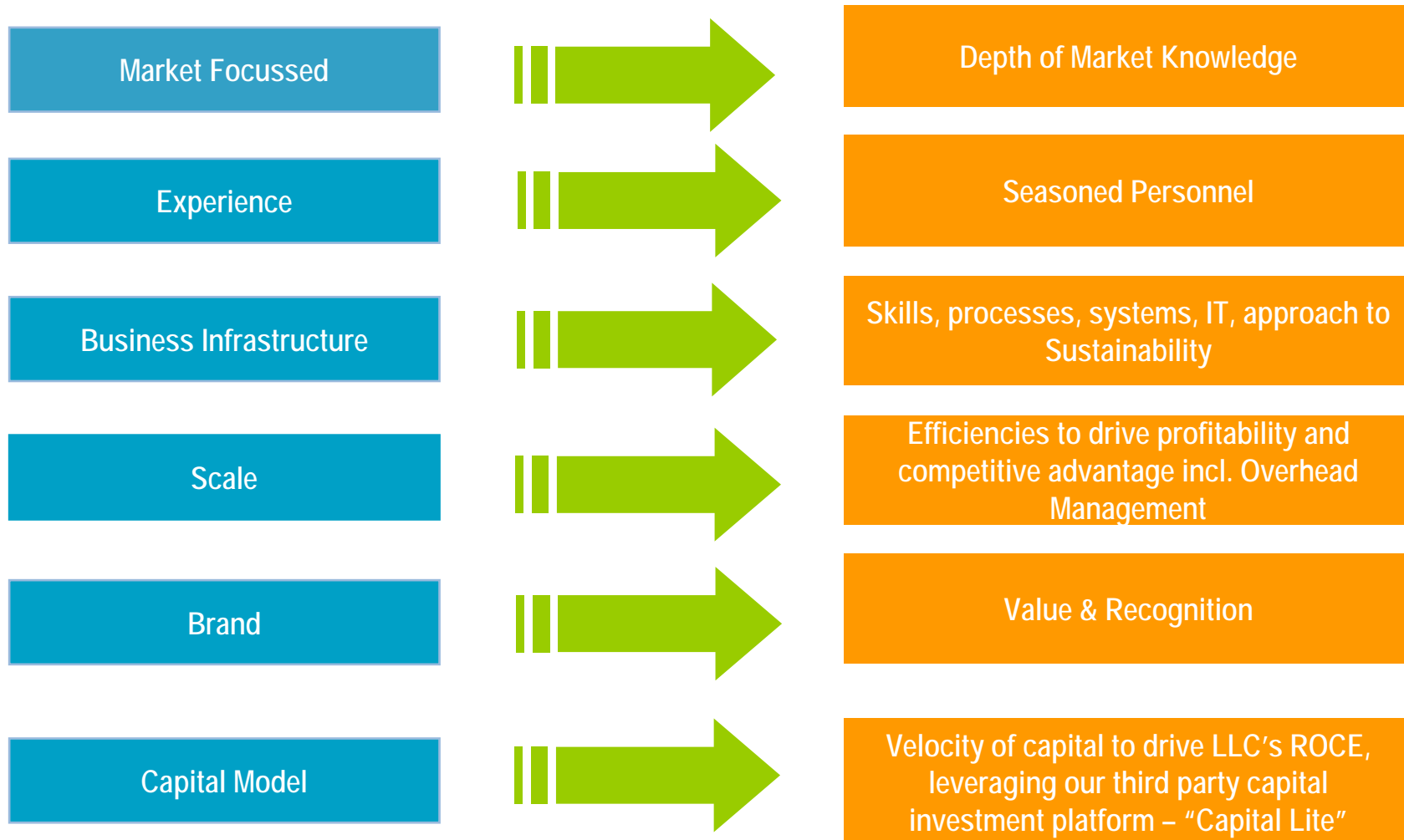
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Retail & Communities Asia Pacific

- Sector focus
- R&C Portfolio
- Delfin Lend Lease
- Vivas Lend Lease
- Lend Lease Development
- Retirement by Design (RbD)
- Lend Lease Retail
- Case Study: Darling Walk
- Key Market Trends
- Growth/Outlook

Emphasis on Sector focus ... why ?



The R&C Portfolio



Master planned communities in major growth corridors, Australia wide



Apartments in Sydney & Melbourne



Commercial & mixed use in prime CBD positions

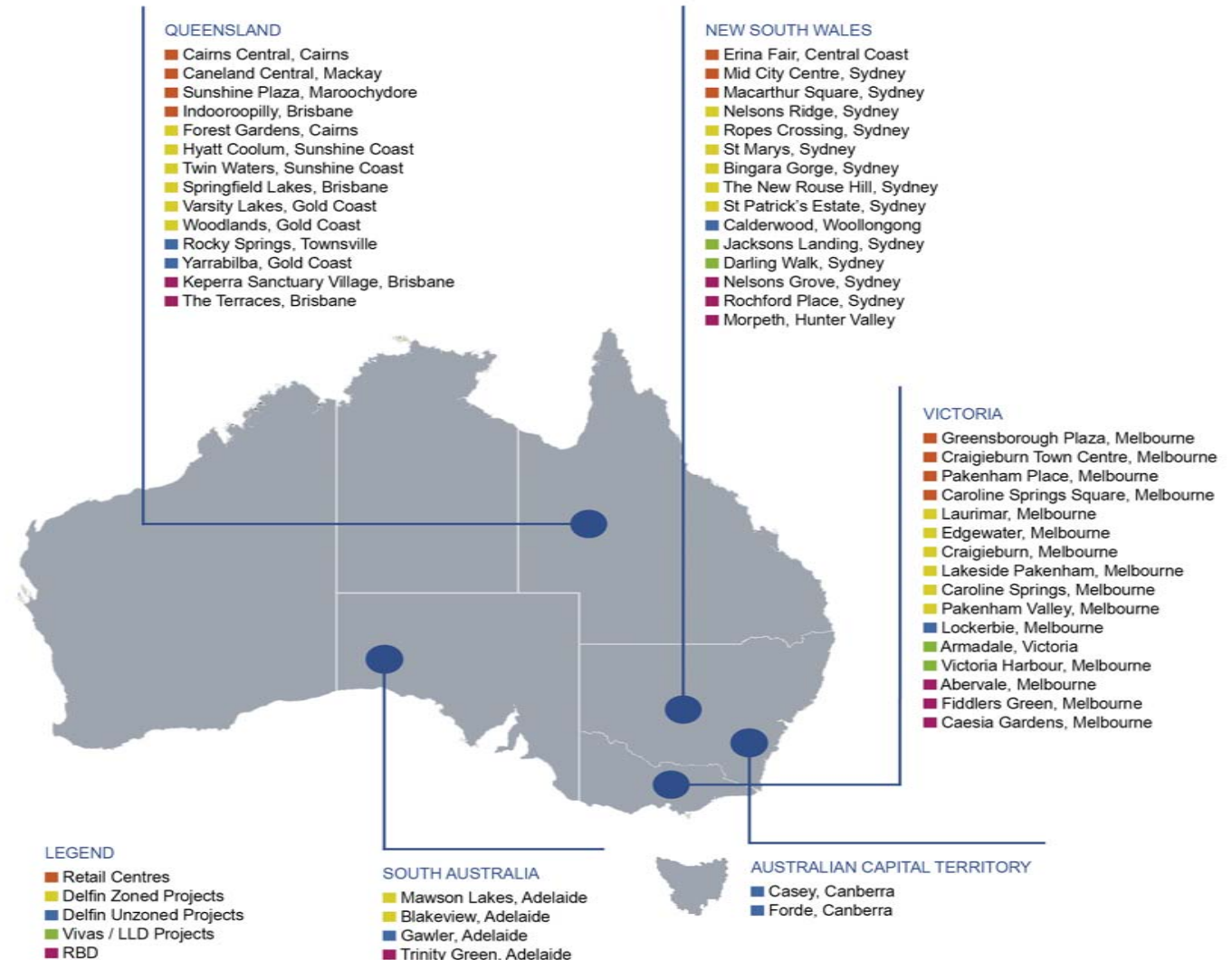


Retail regional centres – development/management

Retirement by Design Pty Ltd



Retirement & Aged Care Australia wide



* Locations excluding LL Primelife

Delfin Lend Lease



- Large scale land development in outer ring locations of major growth corridors
- Moving to smaller scale urban development to capture “infill” opportunities
- Generally, Medium to Long dated projects
- Growing emphasis on delivery of built form

Competitive Advantage

- Strong brand, nationally dominant in MPC sector, track record of delivering on promises
- Partnering culture
- Scale and Geographic diversity of business
- Securing off-market positions

Capital Model & Returns

- Capital efficient – focus on strong ROCE (target >12% after tax)
- Land Management Model (LMM) of large scale MPUCs and JV (including off balance sheet debt) land acquisitions
- Development returns, DM fees, Realty/commissions

Trading / Portfolio Update

- First Home Buyers boosting sales in March qtr (FHBs representing c. 25%, up from 15% in normal conditions)
- Land sales currently c. 220-240 /mth
- >80,000 lots across QLD, NSW, VIC and SA – majority in land management structures
- 22 trading projects, 5 undergoing rezoning

Competitors

- Stockland, Mirvac, PEET, Satterley

Vivas Lend Lease



- Inner city high density residential apartments
- Targeting middle market customers
- Focussed on 3 major capital cities (Brisbane, Sydney and Melbourne)
- Introduces opportunities for LL synergies

Competitive Advantage

- Strong operational capabilities established
- Growing recognition of brand and values with Sustainability as a key differentiator
- BLL delivery platform for execution on quality and safety
- Leverage off LL Development origination capability and access to quality land-bank

Capital Model & Returns

- Currently sub-scale and inconsistent earnings
- Capital Efficient Model – JV and off balance sheet debt - focus on strong ROCE (targeting > 15% after tax)
- Development returns (Margins c.18%+), DM Fees, Realty/Commissions,
- Potential synergies for BLL and LLIM

Trading / Portfolio Update

- c. 2,500 lots – zoned
- 2 large scale multi-stage trading projects – currently in Melbourne and Sydney
- Good pipeline of opportunities emerging

Competitors

- Stockland, Mirvac, Meriton, Multiplex Living, FKP, Australand

Lend Lease Development



- Originator (identifying, securing and converting) of large, mixed use sites in inner urban locations
- Development Management of delivery of large scale commercial projects

Competitive Advantage

- Significant track record and experience in delivering premium grade office developments
- Leader in developing sustainable office solutions
- Leveraging BLL platform for innovation and execution
- Synergies with Funds for capital solutions

Capital Model & Returns

- Limited seed capital invested to secure Master Developer positions (target 20% margins)
- Development Management role for office delivery (fee basis) long term
- Secure significant long term flywheel return opportunities for BLL and LLIM

Trading / Portfolio Update

- Currently delivering: Darling Walk & 420 George in Sydney, ANZ & Myer at Victoria Harbour
- Short-listed on Barangaroo and RNA

Competitors

- Stockland, Mirvac, GPT, Leighton, Brookfield Multiplex, Laing O'Rourke

Retirement by Design (RbD)



- Owner, developer and manager of retirement villages
- RBD to transition to be primarily Development Services provider
- 43.2% co-investment in LL Primelife

Competitive Advantage

- Market dominance of LL Primelife – largest operator in Australia
- Leverage Lend Lease land-bank opportunities
- Culture of customer service

Capital Model & Returns

- 43.2% interest in listed entity as capital solution for village ownership and development
- RBD: Service Provider on a fee basis
- RBD: develop out existing 5 trading projects (plus 1 yet to commence)

Trading / Portfolio Update

- New sales under pressure for overall residential market affordability issues
- Strong backlog of development – c. 1,600 units to be developed across LLPL and RBD
- c.12,000 RV units under management in total (RbD: c.800 units and LLPL: c.11,200 units)
- c.2,300 Aged Care beds in LLPL

Competitors

- Stockland, FKP

Lend Lease Retail



- Experienced developer/manager of quality retail assets in Australia
- Growing platform in Singapore servicing Malaysia and (potentially) China

Competitive Advantage

- Strong property management capability
- BLL delivery platform for execution excellence
- LLIM platform providing capital solutions

Capital Model & Returns

- Development Management, Leasing and Property Management Fees
- Small number of co-investment positions (25% share) for asset returns and development returns
- Minimal exposure to asset value risk

Trading / Portfolio Update

- Australian Centres: 1.5% MAT growth, Vacancies <1%
- Somerset in Singapore completing Dec 09 (Leasing agreed/signed c.80% of NLA)
- Top 10 manager (by GLA) in Australia (c.533,000m2 GLA), 2 trading centres in Singapore (c.70,000m2 GLA)
- Development pipeline – 8 centres across Aus/Asia: > 190,000 m2 GLA, \$2.7Bn of cost

Competitors

- Westfield, GPT, Stockland, Centro

Case Study: Darling Walk



- Development Agreement between Sydney Harbour Foreshore Authority and Lend Lease Development
- Asset with 99yr ground lease owned by Lend Lease managed joint venture fund, 50/50 between APPF and external investor
- Estimated End Value: \$560M
- Development & Project Management by Lend Lease
- Mixed Use Development with primarily commercial plus retail, entertainment and extensive public domain upgrades
 - 55,000m² Commercial Nett Lettable Area
 - 5,000m² Retail Nett Lettable Area
 - 1,000m² kids & youth theatre
- Completion mid 2011
- Creating legacy outcomes
 - Important urban renewal that reinvigorates a tired public realm
 - Connection to CBD
 - Next generation commercial office
 - World benchmark sustainability (6 Green star)
 - Creation of Social Asset with Youth theatre
- Partnerships a key focus including government, investors and occupiers
- Effectively de-risked prior to commencement – leasing, takeout, planning, time, cost
- Risks apportioned across the Lend Lease group to the suitable efficient taker of risk – Investment Management takes the market & tenancy risk for the FUM fees; Lend Lease Development takes the planning, site & delivery risks for the Development fees; and Bovis Lend Lease takes the time & cost risk for profit margin.



Key Market Trends



	Residential	Retail	Commercial
SHORT TERM	<ul style="list-style-type: none"> • Consumer confidence still weak – employment concerns to be a “brake” • Vacancy issues and rent growth – a “push” factor to sales • Affordability easing due to weaker prices and interest costs • Lending practices still tight • Stimulatory Government policies 	<ul style="list-style-type: none"> • Spending patterns not yet stabilised • Lack of capital availability and deteriorating cap rates delaying re-development / expansion projects 	<ul style="list-style-type: none"> • Most cities in weak periods of cycle • White collar employment in inner city (particularly Sydney & Melbourne) to continue to weaken • Prime vacancy increasing – Sydney 7.5%, Melbourne 5.7% • Sublease vacancies increasing sharply • Capital constraints on new developments
MEDIUM / LONG TERM	<ul style="list-style-type: none"> • Stock undersupply >60,000 dwellings nationally • Population growth still strong • Densification policies being a driver to open up access to inner urban sites • Sustainability credentials being a competitive advantage to secure sites • Affordability issues continuing to pressure Government release of urban lands 	<ul style="list-style-type: none"> • Regional centres continuing to dominate trade areas • Awaiting return of residential construction to boost spending in home wares /bulky goods • Capital constraints to ease 	<ul style="list-style-type: none"> • Office vacancies to improve as banking sector recovers • New projects to commence if pre-committed • Rents and yields to stabilise

- “Manage for Downside, Position for Upside”
 - ✓ Tactical decisions for short term – “right size” the businesses and preserve cash positions
 - ✓ Long term confidence in each sector
 - ✓ Well positioned to become dominant in each sector

- Use Downside to build Backlog
 - ✓ Focus on a smaller number of key opportunities
 - ✓ Targeting major bids that secure long term integrated positions e.g. Barangaroo, RNA
 - ✓ Off market deals leveraging relationships and capabilities
 - ✓ Distressed assets

- “Capital Lite” Solutions
 - ✓ Secure opportunities without significant upfront investment
 - ✓ Preference for JV relationships and Land Management Model