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

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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 Group's consolidated financial statements for the year ended 30 June 2007 and should be read in conjunction with those financial statements.

Overview

Introduction

The Group's lines of business are focused on three geographic regions: Asia Pacific, Americas and Europe.

- The Retail business comprises retail property management, asset management and development in Australia, Singapore and the United Kingdom (UK);
- The Communities business is involved in the development of large scale urban regeneration and greenfield development projects in Australia, the United States of America (USA) and the UK. This business line includes privatisation services in the USA;
- 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 in Asia Pacific, the UK and the USA. Ownership interests are held directly or indirectly through investments in Lend Lease managed funds;
- Project Management, Construction and Private Finance Initiatives (PFIs) provides construction, project management and design services across all regions through Bovis Lend Lease and includes the PFI business in Europe.

Results Summary

	Revenue		EBITDA		Profit/(Loss) After Tax[1]	
	June 2007 A$m	June 2006 A$m	June 2007 A$m	June 2006 A$m	June 2007 A$m	June 2006 A$m
Retail and Communities	1,857.0	2,384.9	258.1	245.3	183.4	167.5
Investment Management	171.0	134.8	310.6	174.8	262.8	129.5
Project Management, Construction and PFIs	12,167.9	9,576.6	57.1	187.0	57.6	134.6
Total operating businesses	**14,195.9**	**12,096.3**	**625.8**	**607.1**	**503.8**	**431.6**
Group Services	8.3	8.1	(80.6)	(85.3)	(60.0)	(52.0)
Group Treasury	77.7	22.4	5.9	4.7	5.1	(22.4)
Group Amortisation					(3.0)	(3.0)
Total corporate	**86.0**	**30.5**	**(74.7)**	**(80.6)**	**(57.9)**	**(77.4)**
Total operating	**14,281.9**	**12,126.8**	**551.1**	**526.5**	**445.9**	**354.2**
Property investments revaluations[2]			82.7	99.4	51.6	61.0
Total statutory	**14,281.9**	**12,126.8**	**633.8**	**625.9**	**497.5**	**415.2**

1 Profit after tax is after deducting the amount attributable to minority interests of A$2.7 million (June 2006: A$7.4 million).
2 Represents the unrealised valuation increases on property investments that are consolidated or accounted for using the equity method in the financial statements.

Profit After Tax

The Group's statutory profit after tax increased by 20% to A$497.5 million. The Group recognised revaluation uplifts on its retail investments through the income statement of A$51.6 million after tax (June 2006: A$61.0 million).

The Retail business continued to consolidate its position with the successful opening of the Golden Square Shopping Centre in Warrington, UK and the commencement of construction of the Somerset Central development in Singapore. The Retail business profit after tax declined as no retail developments were sold in the current year whereas the prior year included a profit from the sale of the Chapelfield retail centre.

The Communities business profit after tax increased with the higher contributions from Crosby Lend Lease (Crosby) and Actus Lend Lease (Actus). Actus reached financial close on four projects and was named preferred bidder on another three projects in the year. In addition, the US Communities business signed a binding development agreement on the Lowry Range project in Denver, Colorado.

Investment Management launched two new funds in the year. In Australia, the Lend Lease Communities Fund 1 (LLCF1) was launched in July 2006 and the Lend Lease Asian Retail Investment Fund (ARIF) was launched in Singapore in December 2006, with final close for this fund completed in May 2007. In Europe, profit after tax increased due to the significant profit distributions received from the Group's investment in Lend Lease Global Properties, SICAF (Global Fund) and the sale of the Group's interest in Generali Lend Lease (GLL).

Project Management, Construction and PFIs' profit after tax decreased in the year as a result of the A$118.8 million after tax provision reported at December 2006, which was taken against certain UK projects including the Manchester Joint Hospitals project. Bovis Lend Lease increased profit after tax in both Asia Pacific and the Americas.

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Profit After Tax continued

PFIs' profit after tax reflects increased equity returns from investments and the recovery of bid costs. However, profit after tax decreased as the prior year included profit arising from the Lend Lease and Bank of Scotland PFI joint venture where the parties equalised their investment in 11 PFI projects.

Corporate costs before tax decreased, however corporate costs after tax increased due to the prior year including the reversal of a tax provision.

Group Treasury profit after tax increased due to the recognition of interest income following a favourable judgement in the Federal Court on a tax dispute with the Australian Taxation Office (ATO).

Property investment revaluation gains of A$51.6 million after tax were recognised through the income statement. In addition, revaluation gains of A$44.9 million after tax are not included in statutory profit but are recognised in the Fair Value Revaluation Reserve in the financial statements. The value of Lend Lease's interest in Bluewater also increased, however as Bluewater is held as inventory, the asset is recorded at historical cost in the financial statements.

Shareholder Returns

		June 2007	June 2006
Earnings per share (EPS) on operating profit[1]	cents	111.4	88.7
EPS on statutory profit[1]	cents	124.3	104.0
Return on equity (ROE) on statutory profit[2]	%	15.7	14.7

1 EPS is calculated using the weighted average shares on issue including treasury shares. Under the Australian Equivalents to International Financial Reporting Standards (AIFRS), shares held in employee benefit vehicles including employee share plans, which Lend Lease sponsors, are treated as treasury stock and are excluded from the calculation. This would have the effect of increasing the EPS calculations above if applied.

2 ROE is calculated based on statutory profit after tax and average equity.

Dividends

A final 50% franked dividend of 42 cents per share will be paid on 12 September 2007 (June 2006: 31 cents per share fully franked). On a full year basis, this equates to a total dividend of 77 cents which is a payout ratio of 69.2% of operating profit after tax.

Credit Strength

		June 2007	June 2006
Net debt[1]	A$m	526.1	286.5
Net debt to total tangible assets	%	6.2	3.9
Net debt to shareholders' equity plus net debt	%	14.0	8.7
Interest coverage[2]	times	7.9	7.8
Credit rating (Standard & Poor's/Moody's)	rating	BBB-/Baa3	BBB-/Baa3

1 Net debt is borrowings less cash.

2 Calculated as operating EBITDA plus interest revenue divided by gross borrowing costs, including capitalised borrowing costs.

The Group's gearing remained low throughout the year and interest coverage at 7.9 times is above the Group's internal targets. The Group continues to maintain an investment-grade credit rating.

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Overview continued

Cash Flow

	June 2007 A$m	June 2006 A$m
Net cash provided by operating activities	357.2	660.3
Net cash used in investing activities	(382.7)	(910.1)
Net cash provided by financing activities	57.1	233.8
Effect of exchange rate changes on cash and cash equivalents	(41.0)	5.9
Net decrease in cash and cash equivalents	**(9.4)**	**(10.1)**

Operating cash flows of A$357.2 million reflect the strong underlying cash flows from the Group's operating businesses net of continued investment in property developments. The decrease from the prior year is primarily attributable to June 2006 including the proceeds on the sale of the Chapelfield retail centre of A$532.0 million.

Investing cash outflows of A$382.7 million reflects the Group's recycling of capital including co-investments in new investment management funds launched in the year (LLCF1 and ARIF) offset by capital redemptions from the Global Fund. The prior year included the acquisition of Crosby of A$619.3 million.

Net cash provided by financing activities of A$57.1 million includes £300.0 million borrowings raised from the issue of the 6.125% annual coupon guaranteed notes in the UK public bond market in October 2006, offset by the net repayment of £185.0 million in respect of the £350.0 million syndicated bank facility in the UK and dividend payments of A$237.2 million.

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Retail and Communities

Key Financial Results

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

	Revenue		EBITDA		Profit/(Loss) After Tax	
	June 2007 A$m	June 2006 A$m	June 2007 A$m	June 2006 A$m	June 2007 A$m	June 2006 A$m
Retail	48.6	724.1	(2.3)	44.6	(3.0)	30.9
Communities	1,808.4	1,660.8	260.4	200.7	186.4	136.6
Total Retail and Communities	**1,857.0**	**2,384.9**	**258.1**	**245.3**	**183.4**	**167.5**

Retail

Overview of Business

Lend Lease focuses on shopping centres with expansion potential in growing catchment areas. This business strategy is 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 management). The Retail business is focused on three markets: Australia, Singapore and the UK.

During the year the business continued to grow its operations through:

– Acquiring an ownership interest in a further five retail centres together with their related development and property management rights. A direct ownership interest was acquired in Somerset Central, Singapore; Paradiz Centre, Singapore and Pakenham Place, Melbourne while an indirect ownership interest was obtained in Pakenham Place, Melbourne; Caroline Springs Square, Melbourne and 420 George Street, Sydney via the Group's investment in APPF Retail;
– Securing the right to acquire a 50% interest in the Park Place retail development in Croydon, UK, subject to certain commercial conditions;
– Increasing Gross Lettable Area (GLA) under management to 926,100 square metres (sqm) (June 2006: 763,100 sqm);
– Increasing the development pipeline to A$5.3 billion (June 2006: A$4.2 billion).

The Group's retail interests are summarised below.

	June 2007	June 2006
Ownership[1]		
Number of centres	23	18
Market value of Lend Lease Interest[2] ($b)	3.3	3.0
Total GLA (sqm – thousands)	1,407.7	1,330.9
Asset Management		
Number of centres	16	12
Assets under management ($b)	12.0	9.8
GLA under management (sqm – thousands)	926.1	763.1
Development Pipeline		
Number of centres	11	12
Gross estimated development cost ($b)	5.3	4.2
Estimated additional GLA (sqm – thousands)	344.2	321.7

1 Lend Lease's ownership interests are held directly or indirectly via managed funds.
2 Market value is based on independent valuations and is net of project-specific debt.

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Retail and Communities continued

Retail continued

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

	Revenue		EBITDA		Profit/(Loss) After Tax	
	June 2007 A$m	June 2006 A$m	June 2007 A$m	June 2006 A$m	June 2007 A$m	June 2006 A$m
Asia Pacific	23.0	25.3	(1.3)	1.7	(1.0)	1.0
Europe	25.6	698.8	(1.0)	42.9	(2.0)	29.9
Total Retail	**48.6**	**724.1**	**(2.3)**	**44.6**	**(3.0)**	**30.9**

The Retail business comprises Lend Lease's retail development and asset management activities. Income and property revaluations from ownership of retail investments are reported as part of Investment Management and income from the construction of retail centres is reported as part of Project Management, Construction and PFIs.

Profit after tax in Asia Pacific declined by A$2.0 million from the prior year as the business continued to invest for growth.

Profit after tax in Europe declined by A$31.9 million as the prior year included a profit after tax of A$33.3 million relating to the sale of the Chapelfield retail centre.

Retail – Asia Pacific

In Asia Pacific, Lend Lease's retail interests include an ownership interest in 15 retail centres in operation or under development (June 2006: 10 retail centres). The business is currently undertaking master planning of development opportunities for six centres in Australia and one in Asia with an estimated development cost of A$2.1 billion. In addition, the business carries out the asset management of nine centres in Australia and two in Asia with a total gross lettable area of 599,700 sqm.

Performance highlights for the year included:

- Securing the Somerset Central retail development, one of the last remaining major retail development opportunities along Orchard Road in Singapore. Work on the site has commenced, with completion expected by 2010. Lend Lease will manage all phases of the project including development, leasing, project management and construction and, on completion, asset and property management;
- Acquiring Pakenham Place shopping centre, a sub-regional centre located in a high growth corridor in South East Melbourne. Lend Lease has a 25% direct interest in the centre with the remaining 75% owned by APPF Retail, a Lend Lease managed fund;
- Acquiring a 25% interest in the Paradiz Centre, a retail and office building in Singapore, together with the asset and development management rights for this centre;
- Securing the asset management and development rights for Caroline Springs Square in Melbourne and 420 George Street in the Sydney central business district (CBD). Lend Lease has an indirect interest in these centres via its investment in APPF Retail;
- Securing the asset and development management rights for Indooroopilly in Queensland.

Retail – Europe

In Europe, Lend Lease's retail business includes an ownership interest in seven retail centres in the UK (June 2006: seven retail centres). The business has development opportunities at four centres (June 2006: seven centres) which are expected to deliver an additional 201,800 sqm of retail space at an estimated cost of A$3.2 billion. The business carries out the asset management of five centres (June 2006: five centres) which have a total retail space of 326,400 sqm.

Performance highlights for the year included:

- Securing the right to acquire a 50% interest in Park Place, an 82,700 sqm retail development in Croydon, South London, subject to certain commercial conditions. Dependent on meeting these conditions, Lend Lease will invest £92.5 million to acquire a 50% interest in the project;
- Completing the development of the Golden Square Shopping Centre, Warrington, which opened in May 2007.

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Retail and Communities continued

Communities

Overview of Business

The Communities business targets large scale urban regeneration and greenfield development projects in locations with projected population growth. The Lend Lease business model includes land sourcing, master planning and design, product development, marketing and financing.

The scale and scope of the Communities development positions ensures earnings are derived from a diverse range of products. This diversity enhances the yield on projects and generates product for both the Investment Management and Construction businesses.

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

	Revenue		EBITDA		Profit/(Loss) After Tax	
	June 2007 A$m	June 2006 A$m	June 2007 A$m	June 2006 A$m	June 2007 A$m	June 2006 A$m
Asia Pacific	733.5	724.2	135.6	144.3	90.9	92.6
Europe	430.9	508.4	73.0	19.1	51.8	12.9
Americas	644.0	428.2	51.8	37.3	43.7	31.1
Total Communities	**1,808.4**	**1,660.8**	**260.4**	**200.7**	**186.4**	**136.6**

Profit after tax for the year increased by A$49.8 million to A$186.4 million. The estimated sales value of the Communities backlog is more than A$30 billion while the Actus backlog GPM exceeds A$0.5 billion.

Communities – Asia Pacific

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

	June 2007	June 2006
Profit after tax (A$m)	90.9	92.6
Number of units settled	2,795	2,892
Gross sales value of units settled (A$m)[1]	940.5	892.9
Gross sales value of pre-sales (A$m)[2]	366.8	394.3
Number of projects	46	44
Backlog[3] (number of lots and apartments)		
– Zoned (with planning approval)	31,055	36,000
– Unzoned (awaiting planning approvals)	53,890	40,400
Backlog – Residential (lots and apartments)	**84,945**	**76,400**
Backlog – Commercial (sqm – thousands)[4]	2,751.1	2,223.1
Estimated sales value of total backlog (A$b)[5]	17.7	17.5

1 Gross sales value of units settled reflects residential and non-residential revenue from projects, including revenue earned from joint venture projects and the sale of deferred management fees.
2 Pre-sales represent contracts entered into prior to 30 June 2007, including contracts from joint venture projects which 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 years. The gross sales value of pre-sales refers to the gross revenue from these pre-sales, including revenue earned from joint venture projects.
3 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.
4 Includes approximately 85,000 sqm of retail backlog.
5 The estimated sales value of total backlog includes both company-owned and joint venture projects.

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Retail and Communities continued

Communities continued

Communities – Asia Pacific continued

Communities – Asia Pacific has 46 active projects predominately on Australia's eastern seaboard. The key 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 and village operations).

The key financial results of the Communities – Asia Pacific business by product line for the year are detailed below.

	Residential Land Lots		Residential Built-Form		Commercial[4]		Senior Living		Total	
	June 2007	June 2006	June 2007	June 2006	June 2007	June 2006	June 2007	June 2006	June 2007	June 2006
Settlements[1,2]										
Number of units	2,435	2,699	330	165			30	28	2,795	2,892
Gross sales value (A$m)	364.6	401.8	340.2	128.7	191.2	330.0	44.5	32.4	940.5	892.9
Pre-sales[3]										
Number of units	1,220	605	144	246			3	6	1,367	857
Gross sales value (A$m)	200.6	72.1	128.9	250.7	35.9	69.4	1.4	2.1	366.8	394.3

1 The number of units settled during the year for Senior Living refers to primary sales (new development sites) and excludes any resales.
2 Gross sales value of units settled reflects revenue from projects, including revenue earned from joint venture projects and the sale of deferred management fees.
3 Pre-sales number of units represents contracts entered into prior to 30 June 2007 including contracts from joint venture projects, which 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 years. The gross sales value of pre-sales refers to the gross revenue from pre-sales, including revenue earned from joint venture projects.
4 The number of units settled and pre-sales number of units are not relevant measures for commercial.

Performance highlights for the year included:

- Despite difficult trading conditions, profit after tax of A$90.9 million is broadly in line with the prior year;
- The total gross sales value of units settled increased by A$47.6 million to A$940.5 million primarily due to an increase in residential built-form revenue due to settlement of 133 units at Dock 5, the first residential apartment tower at Victoria Harbour and settlement of 40 residential built-form units at St Patricks, Sydney. Commercial revenue reduced by A$138.8 million due to the prior year including revenue of A$220.0 million from the sale of the Darling Park Stage III commercial development;
- The total number of lots settled declined by 3% to 2,795 units. The decrease was driven by a decline in the number of residential land lots settled, partially offset by an increase in settlements from residential built-form, primarily Dock 5 at Victoria Harbour and St Patricks, Sydney;
- The average sale price per residential land lot increased marginally from A$148,900 to A$149,700;
- The number of residential land lots pre-sold at 30 June 2007 was 1,220 units, a 100% increase on June 2006;
- The sale of three Communities projects (Woodlands, Ropes Crossing and Lakeside) to LLCF1. Lend Lease has a 20.8% co-investment in the fund and will earn ongoing management fees from these projects;
- The sale of the Group's interest in a development site in Surfers Paradise to a third party. Concurrent with this transaction, a joint venture agreement between Lend Lease and ORIX Australia Corporation Limited to develop the site and adjacent properties was concluded;
- The sale of Caroline Springs Square in Melbourne to LLCPF and APPF Retail;
- The sale of the deferred management fees on a retirement village to LLCPF. The Senior Living business will continue to operate the village and receive management fees from LLCPF;
- The Yarrabilba project was included in the Urban Footprint in the Queensland Government's amended Regional Plan. This is a significant milestone towards rezoning;
- A binding Heads of Agreement has been signed to create a new 1,594 hectare master planned community at Rocky Springs, a major growth corridor in Townsville, adding 13,000 units to unzoned backlog;
- Executing a development agreement with Australia and New Zealand Banking Group Limited (ANZ) to develop, on behalf of ANZ, an 84,650 sqm commercial development at Victoria Harbour. Once completed the building will be the largest single tenancy commercial office development ever undertaken in a CBD area in Australia.

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Retail and Communities continued

Communities continued

Communities – Europe

In Europe, the Communities business comprises Crosby, the Greenwich Peninsula project and First Base.

The key financial results of the Communities – Europe business are detailed below.

	Crosby		Other Communities		Total	
	June 2007	June 2006	June 2007	June 2006	June 2007	June 2006
Profit/(Loss) after tax (A$m)	55.3	27.8	(3.5)	(14.9)	51.8	12.9
Number of units settled	708	1,193			708	1,193
Gross sales value of units settled (A$m)[1]	523.2	550.0			523.2	550.0
Gross sales value of pre-sales (A$m)[2]	301.6	452.9	69.7		371.3	452.9
Number of projects	19	20	2	2	21	22
Backlog[3] (number of lots and apartments)						
– Zoned (with planning approval)	3,745	3,550	9,860	10,150	13,605	13,700
– Unzoned (awaiting planning approvals)	1,115	280			1,115	280
Backlog – Residential (lots and apartments)	**4,860**	**3,830**	**9,860**	**10,150**	**14,720**	**13,980**
Backlog – Commercial (sqm – thousands)[4]	47.2	50.4	387.8	377.4	435.0	427.8
Estimated sales value of total backlog (A$b)[5]	2.1	1.6	10.9	8.4	13.0	10.0

1 Gross sales value of units settled reflects revenue from projects, including revenue earned from joint venture projects.
2 Pre-sales represent contracts entered into prior to 30 June 2007, including contracts from joint venture projects which 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 years. The gross sales value of pre-sales refers to the gross revenue from pre-sales, including revenue earned from joint venture projects.
3 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.
4 Includes approximately 68,100 sqm of retail backlog.
5 The estimated sales value of total backlog includes both company-owned and joint venture projects.

Crosby Lend Lease

Lend Lease acquired a 97% interest in The Crosby Group in July 2005. During the year, Lend Lease acquired the remaining 3% minority interest. Crosby is an urban regeneration specialist operating in major northern UK cities such as Manchester, Leeds and Birmingham. The majority of Crosby's earnings are derived from mid to high rise apartment developments on brownfield urban regeneration sites.

Crosby performance highlights for the year included:

- A contribution to profit after tax of A$55.3 million. The reported profit after tax has been reduced by A$8.1 million after tax due to a fair value adjustment recognised on acquisition (June 2006: $46.3 million after tax);
- The gross sales value of units settled decreased by 5% primarily due to the timing of projects coming to market. The average sales price per residential unit also decreased from £178,500 to £175,100, driven mainly by changes in product mix across existing projects;
- An increase in the contribution from commercial revenue following the sale of the casino, multi-storey car park and office space at Clarence Dock, Leeds, the sale of retail space at Navigation Street, Birmingham and the sale of office and commercial space in Manchester;
- Increasing backlog by 1,030 units through the acquisition of Monkbridge, Leeds and additional phases on the Honduras Wharf and Potato Wharf developments. The closing backlog of 4,860 represents more than three years sales. Crosby is expected to replenish and build its backlog through a combination of site acquisitions and leveraging mixed-use development opportunities from within Lend Lease.

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Retail and Communities continued

Communities continued

Other Communities – United Kingdom (UK)

Other Communities – UK operating loss after tax of A$3.5 million primarily relates to costs incurred in bidding for new projects. This business's major project is Greenwich Peninsula. In addition, it has a 45% investment in First Base, a company specialising in affordable housing and community projects in London.

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. The first sale of residential lots was completed in September 2006 with settlement expected in 2008.

As a preferred partner of English Partnerships' London-Wide Initiative, First Base has secured a backlog of 1,600 units. In addition to its equity stake in First Base, Lend Lease has directly invested in the company's first project, Adelaide Wharf, which comprises 150 apartments, 60 of which have been sold at 30 June 2007.

During the year, Lend Lease and its partners, First Base and East Thames, were selected by the Olympic Delivery Authority and London & Continental Railways Ltd as preferred Development Partner for Stratford City, site of the London 2012 Olympic Village. Lend Lease has commenced exclusive negotiations with the intention of entering into a Regeneration Agreement to develop the site.

Communities – Americas

In the USA, the Communities business consists of the Actus privatisation business and Lend Lease Communities, a newly formed business unit focusing on large scale urban greenfield and regeneration projects.

Actus Lend Lease

The primary focus of Actus is the Military Housing Privatization Initiative (MHPI) for all branches of the USA Military. The programme includes family housing, lodging and barracks and has a value of over US$40 billion, of which to date approximately US$17.0 billion of housing projects and the initial US$0.4 billion lodging project have been released. Under the MHPI, Actus Lend Lease is selected to own, finance, construct and operate projects for a period of 50 years. Actus has been awarded over 25% of the housing projects released and is preferred bidder on the initial lodging project.

The key financial results for Actus are detailed below.

	June 2007	June 2006
Profit after tax (A$m)	43.0	18.1
Construction gross profit margin (GPM) (A$m)	47.3	25.8
Development GPM (A$m)	27.2	20.8
Asset management GPM (A$m)	8.0	5.3
Equity returns (A$m)	2.4	1.6
Number of projects[1]	16	11
Backlog (number of units under management)		
Projects in operational status (secured)	31,500	27,700
Projects in preferred bidder status (awarded)	10,900	6,500
Total backlog	**42,400**	**34,200**

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

Performance highlights for the year included:

- Construction on secured projects progressing in accordance with contract obligations. Construction GPM increased from the previous year in line with the volume of construction work being undertaken;
- Development fee income increased as four projects reached financial close in the year namely Camp Lejeune Phase 2, Fort Knox, Fort Campbell Additional Scoring and Fort Hood Stage 2. Development fees represent a fee for service and are not at risk for project performance;
- Selection as preferred bidder on the privatisation contracts for Tri Group in Colorado and California and Camp Lejeune Phase 3 in North Carolina and New York. The combined estimated construction value of these two projects is US$450 million;
- Selection as preferred bidder of the Privatised Army Lodging (PAL) project, which has an estimated construction value of US$400 million;
- Units under management increased by 8,200 to 42,400 units. Occupancy levels across the portfolio continued to meet project expectations, despite ongoing deployment of military personnel, ensuring that asset management fees were earned as planned.

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Retail and Communities continued

Communities continued

Actus Lend Lease continued

New Work Secured and Backlog GPM

	New Work Secured GPM June 2007 A$m	New Work Secured GPM June 2006 A$m	Closing Backlog GPM at June 2007[1] A$m	Closing Backlog GPM at June 2006[1] A$m
Projects in operational status (secured)	63.6	75.2	351.4	337.0
Projects in preferred bidder status (awarded)	115.5	100.8	185.6	139.3
Total backlog GPM	**179.1**	**176.0**	**537.0**	**476.3**

1 Backlog GPM disclosed includes 10 years backlog from facilities management even though the contracts run for up to 50 years.

Backlog GPM Run Off

	Year Ending June 2008 %	Year Ending June 2009 %	Post June 2009 %	Total %
Projects in operational status (secured)	17	16	67	100
Projects in preferred bidder status (awarded)	22	20	58	100
Total backlog GPM run off	**19**	**17**	**64**	**100**

Other Communities – Americas

This newly formed business focuses on large scale urban greenfield development and regeneration in the USA. The business has three projects: the San Francisco Piers development project, Horizon City Center, Denver and Lowry Range, Denver.

The key financial results for the business are detailed below.

	June 2007	June 2006
Profit after tax (A$m)	0.7	13.0
Number of units settled	74	61
Gross sales value of units settled (A$m)[1]	96.4	88.1
Gross sales value of pre-sales (A$m)[2]		36.5
Number of projects	3	2
Backlog[3] (number of lots and apartments)		
– Zoned (with planning approval)	2,951	3,025
– Unzoned (awaiting planning approvals)	12,930	
Backlog – Residential (lots and apartments)	**15,881**	**3,025**
Commercial (sqm – thousands)[4]	1,317.1	418.9
Estimated sales value of total backlog (A$b)[5]	2.3	0.4

1 Gross sales value of units settled reflects revenue from projects, including revenue earned from joint venture projects.
2 Pre-sales represent contracts entered into prior to 30 June 2007, including contracts from joint venture projects which 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 years. The gross sales value of pre-sales refers to the gross revenue from pre-sales, including revenue earned from joint venture projects.
3 The actual number of backlog units for any particular project can vary as planning applications are obtained.
4 Includes approximately 546,400 sqm of retail backlog.
5 The estimated sales value of total backlog includes both company-owned and joint venture projects.

Performance highlights for the year included:

- The business signed a binding development agreement with the Colorado State Land Board on a 1,600 hectare development parcel known as Lowry Range in Denver, Colorado. A mixed-use housing, retail and commercial community proposed for the site is expected to commence construction next financial year, with the first settlements expected in 2010;
- Settlement of 74 condominiums at San Francisco Pier developed in joint venture with the San Francisco Cruise Terminal.

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$10.5 billion of funds under management (FUM) (June 2006: A$9.7 billion). Lend Lease also holds investments directly and indirectly in property assets with a market value of A$3.4 billion (June 2006: A$3.2 billion). The Group's interest in these property investments generated investment income EBITDA (excluding profit distributions from Global Fund) of A$140.6 million during the year.

Key Financial Results

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

	Revenue[1]		EBITDA		Profit/(Loss) After Tax	
	June 2007 A$m	June 2006 A$m	June 2007 A$m	June 2006 A$m	June 2007 A$m	June 2006 A$m
Funds Management						
Asia Pacific	52.7	34.6	15.6	8.7	14.4	6.5
Europe	5.1	3.8	7.9	0.8	9.3	0.5
Americas		0.4	8.6	4.9	5.0	3.1
Total	**57.8**	**38.8**	**32.1**	**14.4**	**28.7**	**10.1**
Investment Income[2]						
Asia Pacific	25.7	29.2	23.2	24.3	15.4	16.1
Europe	86.0	66.4	226.4	94.9	197.8	70.4
Americas	1.5	0.4	28.9	41.2	20.9	32.9
Total	**113.2**	**96.0**	**278.5**	**160.4**	**234.1**	**119.4**
Total Operating						
Asia Pacific	78.4	63.8	38.8	33.0	29.8	22.6
Europe	91.1	70.2	234.3	95.7	207.1	70.9
Americas	1.5	0.8	37.5	46.1	25.9	36.0
Total	**171.0**	**134.8**	**310.6**	**174.8**	**262.8**	**129.5**
Property Investment Revaluations[3]						
Asia Pacific			13.6		10.8	
Europe			6.8	25.3	4.4	17.7
Americas			62.3	74.1	36.4	43.3
Total			**82.7**	**99.4**	**51.6**	**61.0**

1 Revenue excludes proceeds received from the sale of investments and joint venture interests, redemptions of available for sale financial assets and Lend Lease's share of profits from associates and joint ventures accounted for using the equity method.
2 Represents Lend Lease's share of income from investments net of direct expenses and allocated overhead, excluding property investment revaluations. June 2006 EBITDA and profit after tax includes gains from the sale of investments of A$27.0 million and A$24.6 million respectively. There are no gains on the sale of investments included in investment income in the current financial year.
3 Represents the unrealised valuation increases on property investments that are consolidated or accounted for using the equity method in the financial statements.

Performance highlights for the year included:

Asia Pacific

– The Funds Management business has performed strongly with continued support from its wholesale investor base. Two new funds were launched in the year, LLCF1 in Australia in July 2006 and ARIF in Singapore in December 2006, with the final close for this fund completed in May 2007. Funds Management profit after tax increased to A$14.4 million due to the strong underlying performance from the Australian business combined with transaction fees associated with the launch of ARIF in Singapore;
– Profit after tax from investment income decreased by A$0.7 million to A$15.4 million primarily due to a decline in the carrying value of the Group's investment in the International Distressed Debt Fund (IDDF). The Group's investment in IDDF is a legacy position related to the former REI business which is currently being wound up.

Europe

– The Group sold its interest in GLL to its joint venture partner following a strategic review of its position. This contributed profit after tax of A$12.6 million;
– Profit after tax from investment income increased to A$197.8 million principally due to profit distributions, including foreign exchange gains, from the Group's investment in the Global Fund of A$136.6 million after tax (June 2006: A$11.8 million).

Investment Management continued

Key Financial Results (continued)

Americas

– Total operating profit after tax decreased to A$25.9 million due to the prior year including the sale of Value Enhancement Fund III, IV and V for a profit after tax of A$7.5 million. The investment income of A$20.9 million after tax primarily relates to the Group's investment in King of Prussia.

Funds Under Management (FUM)

	Asia Pacific A$b	Europe A$b	Total June 2007 A$b	Total June 2006 A$b
FUM at the beginning of the financial year	4.5	2.5	7.0	6.0
Additions	1.3		1.3	0.6
Reductions	(0.1)		(0.1)	(0.1)
Net revaluations	0.4	0.3	0.7	0.5
FUM at the end of the financial year (excluding joint ventures)[1]	**6.1**	**2.8**	**8.9**	**7.0**
FUM from joint venture interests[2]	1.6		1.6	2.7
FUM at the end of the financial year (including joint ventures)[1]	**7.7**	**2.8**	**10.5**	**9.7**

1 FUM represents the gross market value of real estate and other related assets managed on behalf of investors.
2 Joint venture FUM includes Lend Lease's proportional share of the FUM.

FUM (excluding joint ventures) increased by A$1.9 billion during the year. Key reasons for the increase are property acquisitions by APPF and LLCPF in Australia of A$0.7 billion and revaluation gains in existing managed assets of A$0.7 billion. In addition, the Group launched LLCF1 in July 2006, adding A$0.2 billion of FUM and ARIF in December 2006, adding A$0.4 billion of FUM.

FUM from joint venture interests declined by A$1.1 billion due to the sale of the Group's interest in GLL. In July 2007, the Group also sold its interest in the Resolution Capital joint venture.

Investments

	Region	Lend Lease Share of Income [1,2] June 2007 A$m	Lend Lease Share of Income [1,2] June 2006 A$m	Market Value [3] June 2007 A$m	Market Value [3] June 2006 A$m
Bluewater	UK	67.1	64.5	1,560.0	1,482.8
King of Prussia	USA	28.2	25.1	483.8	445.3
Other retail investments	Various	55.1	42.8	1,226.3	1,029.6
Other investments	Various	128.1	28.0	150.9	210.9
Total direct and indirect investments		**278.5**	**160.4**	**3,421.0**	**3,168.6**

1 Represents Lend Lease's share of income before tax from investments net of direct expenses and allocated overhead, excluding property investment revaluations.
2 Lend Lease's share of income for June 2007 includes profit distributions of A$137.9 million in relation to the Group's investment in the Global Fund. June 2006 includes gains on the sale of investments of A$27.0 million. There are no gains on the sale of investments included in investment income in the current financial year.
3 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$3.4 billion at 30 June 2007.

– Lend Lease maintains a 30% direct interest in Bluewater. The independent market value at 30 June 2007 of 100% of Bluewater increased 6% to £2,158.0 million (A$5,200.0 million). The value of the Group's 30% direct interest in Bluewater increased by A$77.2 million to A$1,560.0 million. However, the revaluation gains on Bluewater are not recognised in the financial statements as the asset is treated as inventory and therefore is reflected at cost, which at 30 June 2007 was A$596.1 million;

– During the year Lend Lease reached agreement with Lafarge (formerly Blue Circle Industries) to provide certainty on the profit sharing arrangement on Bluewater. Lafarge will receive £25.0 million when Lend Lease sells its 30% interest in Bluewater. The amount will be discounted if a sale occurs prior to 31 December 2011 and indexed if a sale occurs post 31 December 2011. Lafarge are able to conclude the agreement at any time by calling for a £15.0 million payment indexed from 1 January 2007. The cost base of Lend Lease's interest in Bluewater includes £15.3 million at 30 June 2007 to reflect this agreement;

– The value of Lend Lease's 50% investment in King of Prussia increased by 9% to A$483.8 million;

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

Investment Management continued

Investments (continued)

- Other retail investments increased by A$196.7 million primarily due to the acquisition of the Somerset Central retail development in Singapore (June 2007 market value: A$53.4 million) and revaluation increases across the portfolio;
- As at 30 June 2007, Lend Lease owned 25% of the Somerset Central retail development directly with the remaining 75% held by ARIF. The Group completed the second and final equity close for ARIF in May 2007 and following this, Lend Lease's interest in ARIF was reduced to 10.1%;
- Other investments decreased by A$60.0 million due to capital returns from the Global Fund which were partially offset by the investment in LLCF1 in the year (June 2007 market value: A$23.5 million) and revaluation increases across the portfolio.

Property Investment Revaluations[1]

	Region	Unrealised Revaluations Before Tax June 2007 A$m	Unrealised Revaluations Before Tax June 2006 A$m
APIC II [2]	Asia	13.6	
Lend Lease Overgate Partnership	UK	3.8	16.1
Performance Retail Limited Partnership (acquired August 2005)	UK	0.7	9.2
Chelmsford Meadows Shopping Centre (acquired March 2006)	UK	2.3	
King of Prussia	USA	62.3	74.1
Total property investment revaluations		**82.7**	**99.4**

1 Represents the unrealised valuation increases on property investments that are consolidated or accounted for using the equity method in the financial statements.

2 Lend Lease increased its interest in APIC II to 21.1% in April 2006. Prior to this date the investment was classified as Other Financial Assets – Available for Sale and any revaluation movements were recognised in the Fair Value Revaluation Reserve.

The statutory profit includes unrealised property investment revaluations of A$82.7 million before tax (A$51.6 million after tax) in the year. Further revaluation gains of A$44.9 million after tax are not included in statutory profit but are recognised in the Fair Value Revaluation Reserve in the financial statements.

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

Project Management, Construction and Private Finance Initiatives

Key Financial Results

	Revenue		Realised Gross Profit Margin		EBITDA		Profit/(Loss) After Tax	
	June 2007 A$m	June 2006 A$m	June 2007 A$m	June 2006 A$m	June 2007 A$m	June 2006 A$m	June 2007 A$m	June 2006 A$m
Bovis Lend Lease								
Asia Pacific	2,374.9	1,718.6	142.8	123.5	63.5	43.1	54.6	23.8
Americas	6,063.8	4,587.6	189.1	190.3	89.7	87.3	65.9	59.3
Europe	3,618.0	3,193.5	33.2	154.8	(103.0)	48.0	(77.2)	33.3
Total Bovis Lend Lease	**12,056.7**	**9,499.7**	**365.1**	**468.6**	**50.2**	**178.4**	**43.3**	**116.4**
Private Finance Initiatives (PFIs)	111.2	76.9	13.0	9.1	6.9	8.6	14.3	18.2
Total Project Management, Construction and PFIs	**12,167.9**	**9,576.6**	**378.1**	**477.7**	**57.1**	**187.0**	**57.6**	**134.6**

Project Management, Construction and PFIs profit after tax was A$57.6 million. As reported at December 2006, the decrease from the prior year is primarily a result of the recognition of an A$118.8 million after tax provision taken against certain UK projects including the Manchester Joint Hospitals project.

Profit after tax for the year was negatively impacted by foreign exchange movements of A$4.2 million.

Total revenue increased by A$2.6 billion due to higher volumes in Asia Pacific, Europe and the Americas along with an increase in the weighting of construction services relative to fee service contracts in the Americas and the UK.

Bovis Lend Lease

Asia Pacific

Profit after tax for the Asia Pacific business increased by A$30.8 million. Key contributions to gross profit in Australia were multi-site projects for the Commonwealth, ANZ and National Australia banks, the Rouse Hill Town Centre retail project in Sydney, the Australian Taxation Office building in Canberra, the Queensland Government Preparatory Schools Rollout and the Correctional Facilities projects in Queensland. In Asia, Japan and Taiwan continued to perform strongly off the back of telecommunication and technology projects. The effective tax rate was positively impacted by an A$12.1 million R&D tax credit received.

Americas

Profit after tax for the Americas business of A$65.9 million is a A$6.6 million increase over the prior year. Profit after tax was negatively impacted by foreign exchange movements of A$5.3 million. Excluding currency movements, profit after tax increased by 20%. GPM was negatively impacted by foreign exchange movements of A$15.3 million, resulting in a decrease of A$1.2 million. Excluding the impact of foreign exchange movements, GPM increased by 7.4% due to higher volumes of work primarily in New York, Chicago and Washington. Contributions to GPM included the BP Retail Alliance, 340 E. Randolph in Chicago and One Rincon Hill in San Francisco.

Europe

Operating profit after tax for the European business decreased by A$110.5 million due to the provision taken against certain UK projects including the Manchester Joint Hospitals project. The Manchester Joint Hospitals project is a highly complex project involving 13 new buildings, a number of building refurbishments and a complex demolition and decanting sequence. The provision of A$118.8 million after tax takes into account both cost overruns and delays in the expected completion date.

Outside of the UK, the European business had a solid performance with continued growth in the Gulf States, Continental and Eastern Europe, generating increases in fee service GPM.

Profitability Ratio

The strong performances in the Asia Pacific and Americas regions resulted in improved profitability ratios (defined as EBITDA divided by realised GPM) of 44% and 47% respectively (June 2006: 35% and 46% respectively).

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

Project Management, Construction and Private Finance Initiatives continued

New Work Secured and Backlog GPM

	New Work Secured GPM June 2007 A$m	New Work Secured GPM June 2006 A$m	Backlog GPM at June 2007[1] A$m	Backlog GPM at June 2006[1] A$m
Asia Pacific	163.2	144.2	125.4	105.2
Americas	285.5	213.4	296.6	219.7
Europe	32.0	139.0	295.2	300.1
Total Bovis Lend Lease	**480.7**	**496.6**	**717.2**	**625.0**
Facilities Management[2]	25.1	10.8	75.7	60.5
Total operational projects	**505.8**	**507.4**	**792.9**	**685.5**
Projects in preferred bidder status (awarded)[3]		4.2		24.8
Total including projects in preferred bidder status	**505.8**	**511.6**	**792.9**	**710.3**

1 Although backlog GPM is run off over several years, the average rate for the current year has been applied to the closing backlog GPM balance in its entirety as the exchange rates for later years cannot be predicted accurately. In local currency, the Americas backlog GPM was US$234.0 million (June 2006: US$160.4 million) and the European backlog GPM was £119.8 million (June 2006: £120.0 million).
2 Backlog GPM disclosed includes only 10 years backlog from facilities management even though PFIs contracts run for longer periods of up to 35 years. Facilities management GPM is reported in PFIs.
3 Backlog GPM for projects in preferred bidder status in 2006 related to the Lancashire Schools and Lancashire Waste projects, which reached financial close in December 2006 and March 2007 respectively.

New work secured is the total project GPM to be earned from projects secured during the year, net of margin movements. Total new work secured was impacted by a negative movement in foreign exchange of A$23.6 million. In Europe, new work secured was impacted by the provision on UK projects taken in the first half of the financial year.

Backlog GPM is the expected GPM to be realised in future financial years from contracts committed at the end of the year. Backlog GPM was negatively impacted by foreign exchange movements of A$28.4 million. However, even after adjusting for the impact of foreign exchange movements and the margin deterioration on UK projects Backlog GPM has increased to A$792.9 million.

Backlog GPM Realisation as at June 2007

	Year Ending June 2008 %	Year Ending June 2009 %	Post June 2009 %	Total %
Asia Pacific	68	22	10	100
Americas	60	30	10	100
Europe	55	27	18	100
Total Bovis Lend Lease	**59**	**27**	**14**	**100**

As at 30 June 2007, 59% of Bovis Lend Lease backlog GPM is projected to be realised as profit in the year to June 2008. The proportion of Bovis Lend Lease secured backlog GPM to be realised beyond 12 months marginally decreased to 41% (June 2006: 44%).

Private Finance Initiatives (PFIs)

The PFIs result includes net bid costs, facilities management GPM and returns on equity and loan stock. The PFIs result does not include construction GPM, which is included in Bovis Lend Lease. The profit after tax from PFIs was A$14.3 million as a result of increased equity returns across the portfolio and the recovery of bid costs principally on achieving financial close of the Lancashire Schools project. The June 2006 result included a A$19.6 million after tax profit arising from the Lend Lease and Bank of Scotland PFI joint venture where the parties equalised their investment in 11 PFI projects.

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

Corporate

	Revenue		EBITDA		Profit/(Loss) After Tax	
	June 2007 A$m	June 2006 A$m	June 2007 A$m	June 2006 A$m	June 2007 A$m	June 2006 A$m
Group Services	8.3	8.1	(80.6)	(85.3)	(60.0)	(52.0)
Group Treasury	77.7	22.4	5.9	4.7	5.1	(22.4)
Group Amortisation					(3.0)	(3.0)
Total corporate	**86.0**	**30.5**	**(74.7)**	**(80.6)**	**(57.9)**	**(77.4)**

Group Services

Corporate costs before tax have decreased however corporate costs after tax have increased due to the prior year including the reversal of a tax provision.

Group Treasury

Group Treasury manages the Group's liquidity, foreign exchange, 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 2007 A$m	June 2006 A$m	June 2007 A$m	June 2006 A$m
Interest revenue	77.6	22.8	54.6	15.3
Interest expense and borrowing costs	(78.1)	(63.6)	(52.9)	(42.5)
Net hedge benefit	4.9	6.8	3.4	4.8
Total Group Treasury	**4.4**	**(34.0)**	**5.1**	**(22.4)**

Interest Revenue and Expenses

- Interest revenue increased by A$54.8 million before tax due to the recognition of interest from the ATO of A$46.0 million. This interest has been recognised following a Federal Court judgement in favour of Lend Lease on an outstanding tax dispute;
- The interest rate on invested cash averaged 5.3% per annum for the year (June 2006: 4.2% per annum);
- Interest expense and borrowing costs increased by A$14.5 million before tax largely due to an increase in Group borrowings in the UK following the issue of the £300.0 million 6.125% annual coupon guaranteed notes due 12 October 2021 in the UK public bond market in October 2006;
- At 30 June 2007 the mix of borrowings, including the Bluewater lease, was 84% at fixed rates and 16% at floating rates.

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 foreign denominated net assets. The remaining net assets are hedged at the discretion of management. 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$55.3 million, primarily due to changes in UK and USA exchange rates.

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 2007 A$m	June 2006 A$m	June 2007 A$m	June 2006 A$m	June 2007 A$m	June 2006 A$m	June 2007 A$m	June 2006 A$m
Retail and Communities								
Retail – Asia Pacific	23.0	25.3	(1.3)	1.7	(1.5)	1.5	(1.0)	1.0
Retail – Europe	25.6	698.8	(1.0)	42.9	(2.7)	42.8	(2.0)	29.9
Total Retail	**48.6**	**724.1**	**(2.3)**	**44.6**	**(4.2)**	**44.3**	**(3.0)**	**30.9**
Communities – Asia Pacific	733.5	724.2	135.6	144.3	133.7	140.9	90.9	92.6
Asia Pacific	**733.5**	**724.2**	**135.6**	**144.3**	**133.7**	**140.9**	**90.9**	**92.6**
Crosby	426.0	502.6	82.0	42.5	80.7	41.6	55.3	27.8
Other Communities – UK	4.9	5.8	(9.0)	(23.4)	(4.1)	(20.6)	(3.5)	(14.9)
Europe	**430.9**	**508.4**	**73.0**	**19.1**	**76.6**	**21.0**	**51.8**	**12.9**
Actus Lend Lease	643.9	426.6	51.7	20.9	51.5	21.2	43.0	18.1
Other Communities – Americas	0.1	1.6	0.1	16.4	0.2	16.4	0.7	13.0
Americas	**644.0**	**428.2**	**51.8**	**37.3**	**51.7**	**37.6**	**43.7**	**31.1**
Total Communities	**1,808.4**	**1,660.8**	**260.4**	**200.7**	**262.0**	**199.5**	**186.4**	**136.6**
Total Retail and Communities	**1,857.0**	**2,384.9**	**258.1**	**245.3**	**257.8**	**243.8**	**183.4**	**167.5**
Investment Management								
Asia Pacific	78.4	63.8	38.8	33.0	43.9	33.0	29.8	22.6
Europe	91.1	70.2	234.3	95.7	234.3	95.7	207.1	70.9
Americas	1.5	0.8	37.5	46.1	37.5	46.1	25.9	36.0
Total Investment Management	**171.0**	**134.8**	**310.6**	**174.8**	**315.7**	**174.8**	**262.8**	**129.5**
Project Management, Construction and PFIs								
Asia Pacific	2,374.9	1,718.6	63.5	43.1	61.5	41.0	54.6	23.8
Americas	6,063.8	4,587.6	89.7	87.3	85.7	81.9	65.9	59.3
Europe	3,618.0	3,193.5	(103.0)	48.0	(106.9)	45.0	(77.2)	33.3
PFIs	111.2	76.9	6.9	8.6	14.0	12.9	14.3	18.2
Total Project Management, Construction and PFIs	**12,167.9**	**9,576.6**	**57.1**	**187.0**	**54.3**	**180.8**	**57.6**	**134.6**
Total operating businesses	**14,195.9**	**12,096.3**	**625.8**	**607.1**	**627.8**	**599.4**	**503.8**	**431.6**
Group Services	8.3	8.1	(80.6)	(85.3)	(83.8)	(89.1)	(60.0)	(52.0)
Group Treasury	77.7	22.4	5.9	4.7	4.4	(34.0)	5.1	(22.4)
Group Amortisation					(3.1)	(3.0)	(3.0)	(3.0)
Total corporate	**86.0**	**30.5**	**(74.7)**	**(80.6)**	**(82.5)**	**(126.1)**	**(57.9)**	**(77.4)**
Total operating	**14,281.9**	**12,126.8**	**551.1**	**526.5**	**545.3**	**473.3**	**445.9**	**354.2**
Property investment revaluations[3]			82.7	99.4	82.7	99.4	51.6	61.0
Total statutory	**14,281.9**	**12,126.8**	**633.8**	**625.9**	**628.0**	**572.7**	**497.5**	**415.2**

1 Profit before tax is before deducting the amount attributable to minority interest.
2 Profit after tax is after deducting the amount attributable to minority interests of A$2.7 million (June 2006: A$7.4 million).
3 Represents the unrealised valuation increases on property investments that are consolidated or accounted for using the equity method in the financial statements.