

ASX Announcement

Lend Lease to acquire leading Australian engineering and construction businesses

21 December 2010

Lend Lease today announced that it has entered into an agreement with Bilfinger Berger SE to acquire 100% of Valemus Australia (Valemus), the parent company of Abigroup, Baulderstone and Conneq, for a purchase price of A\$960 million.

The Valemus businesses are leading providers of services in the engineering, construction, residential and non residential building, and engineering services markets in Australia.

Strategic Rationale

The acquisition of Valemus will increase Lend Lease's capabilities and activities in the engineering and construction market and diversify Lend Lease's position in this sector.

The acquisition is consistent with Lend Lease's strategic direction and focus on the key growth trends that underpin long term demand for property, including infrastructure and public private partnerships. Valemus provides an excellent platform for Lend Lease to expand its capabilities with:

- a significant presence in the road, rail, social infrastructure, commercial and industrial building sectors with operations diversified across engineering, construction and services;
- an extensive government client base across federal and state governments;
- in excess of 150 contracts currently in hand;
- secured future revenue in excess of A\$5 billion; and
- strong depth of senior management experience with a positive cultural fit with Lend Lease's existing business.

Funding and Accretion

The acquisition will be funded from existing Lend Lease cash reserves and a new five year A\$225 million debt facility. Lend Lease's gearing post the acquisition is expected to be approximately 5.8% taking account of the significant Valemus cash balance of A\$539 million as at 30 September 2010. Lend Lease will continue to maintain significant capacity to deliver on its existing pipeline. Lend Lease expects that its current investment grade credit rating with S&P and Moody's (BBB-/Baa3 with a stable outlook) will be maintained following the acquisition.

The acquisition is expected to provide EPS accretion to Lend Lease of circa 15% on a full year basis in the first full financial year ending 30 June 2012.

Accounting and Timing

The transaction remains subject to regulatory approval and other conditions and is expected to be completed in the first quarter of calendar 2011. A further payment of A\$80 million plus A\$5 million per month from 1 October 2010 to completion will be made in lieu of 2010 profits not distributed. Lend Lease will be entitled to all profits from 1 January 2010 onwards.

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and

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Lend Lease Group Chief Executive Officer and Managing Director, Steve McCann, said the acquisition of Valemus provides Lend Lease with an excellent strategic platform in the engineering and construction market in Australia.

“Valemus has a highly successful and experienced management team with diverse sector expertise that will add to the depth of our Australian management and broaden our skill set in the construction sector. Valemus has in excess of A\$5 billion in total secured revenue with an extensive pipeline of further opportunities and a high proportion of Government customers,” said Mr McCann.

“Lend Lease has acquired Valemus at an attractive price while retaining financial flexibility to fund the Group’s significant development pipeline. The Group’s strong balance sheet, diversified portfolio and significant project pipeline provide a strong platform for earnings growth. Our integrated business model, enhanced through the additional capabilities delivered by Valemus, provides the depth of skills and resources required to successfully execute on our strategy.”

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