



# Strategy Day - May 2010

## Senior Living Strategy

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# Senior Living is a growth sector

- The senior living sector plays to Lend Lease's core property skills
- The senior living sector is expected to grow significantly
  - Australian population expected to grow by 20% over the next 15 years
  - 65+ population expected to grow by 69%<sup>1</sup>
- The sector provides the opportunity for multiple earnings streams:
  - Development profit
  - Accrued Deferred Management Fee income streams
  - Asset Management
- Lend Lease's investment in the sector is in line with the group's growth platforms

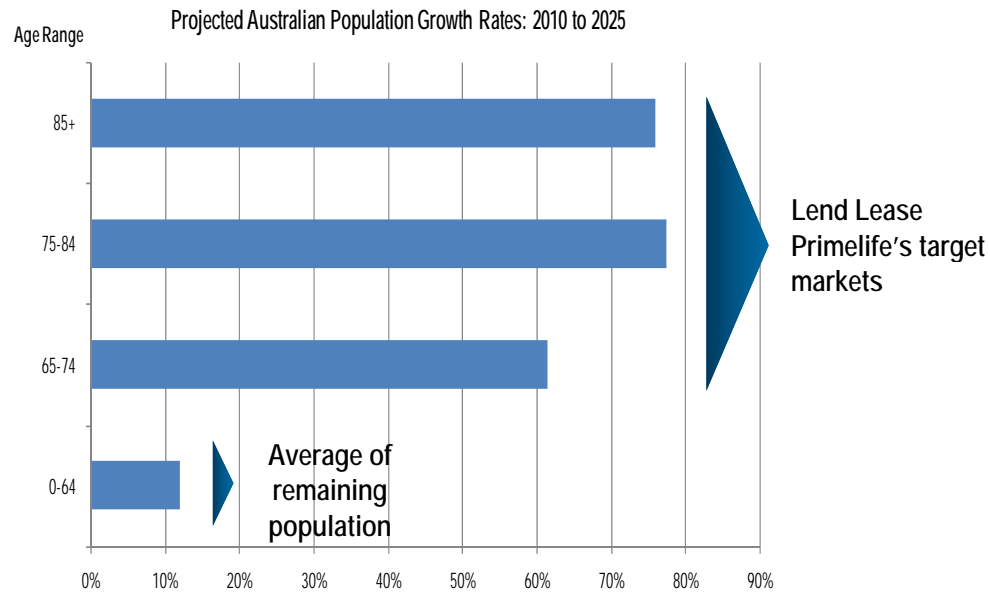


Source: <sup>1</sup> ABS 3222.0 Population Projections, Australia

# Retirement fundamentals

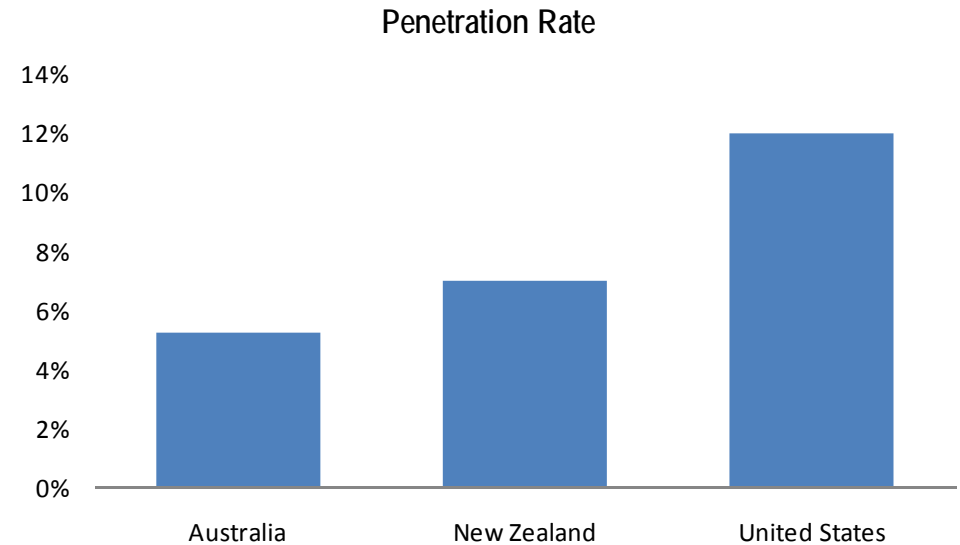


## Ageing Population



Source: ABS 3222.0 Population Projections, Australia

## Potential for increased penetration



Source: Retirement Village Association JLL

## Strong Fundamentals

# Lend Lease No 1 player in retirement sector



<b>Still fragmented market</b>	<ul style="list-style-type: none"><li>▪ Retirement village sector is a highly fragmented market undergoing rapid consolidation</li><li>▪ Larger scale players are emerging with strong branding, national operating platforms, access to capital and financial management skills</li></ul>
<b>Positive sector dynamics</b>	<ul style="list-style-type: none"><li>▪ Strong positive dynamics including an ageing population, growing market penetration and personal wealth combined with increasing consumer expectations</li><li>▪ Dynamics set to strengthen over the next 40 years ensuring long-term growth</li></ul>
<b>Capitalise on Lend Lease's business strengths</b>	<ul style="list-style-type: none"><li>▪ Operators generate earnings over the life of a retirement village from the following:<ul style="list-style-type: none"><li>▪ Property development</li><li>▪ Deferred Management Fees</li><li>▪ Management fee income</li><li>▪ Fees from value-add services</li><li>▪ Development fees from redevelopments</li></ul></li><li>▪ Achieving scale within the retirement sector is fundamental in achieving a portfolio that can provide both earnings and cash growth</li></ul>

# Lend Lease's retirement value chain



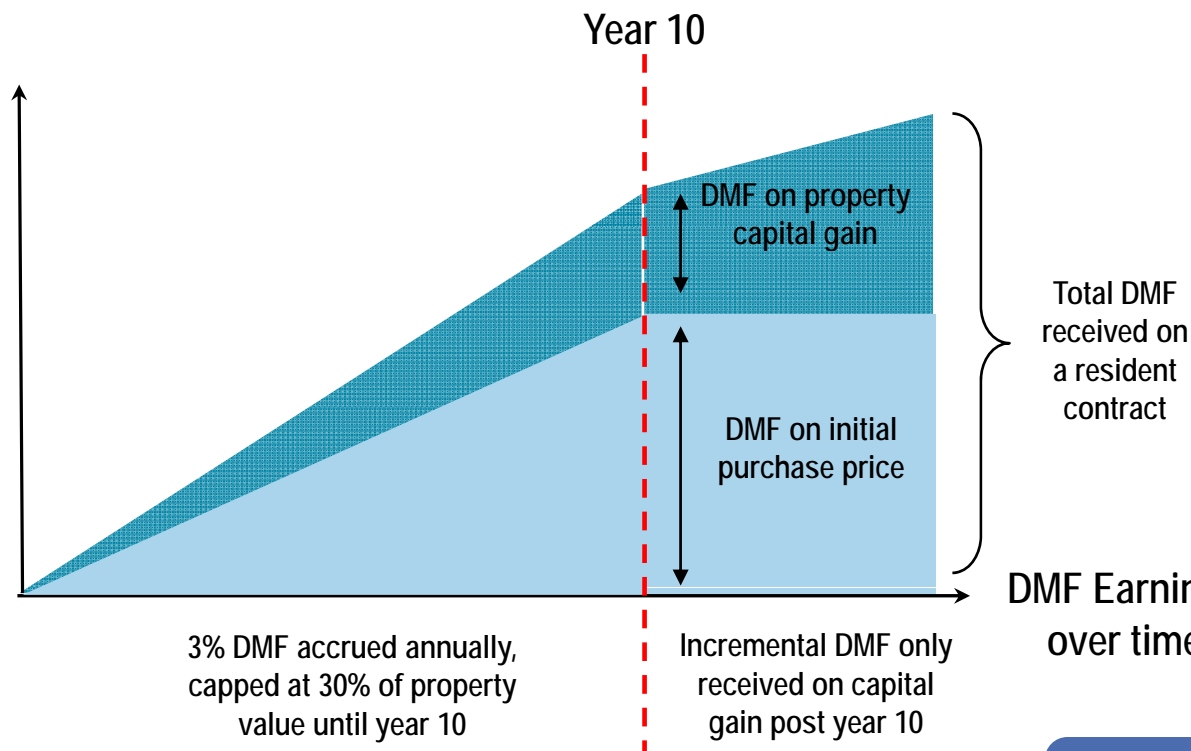
Retirement utilises Lend Lease's core competencies enabling it to maximise value through its integrated platform

# How does a deferred management fee (DMF) work?



## Retirement DMF Cashflow for one Independent Living Unit assuming price appreciation

## Retirement Cashflow Drivers

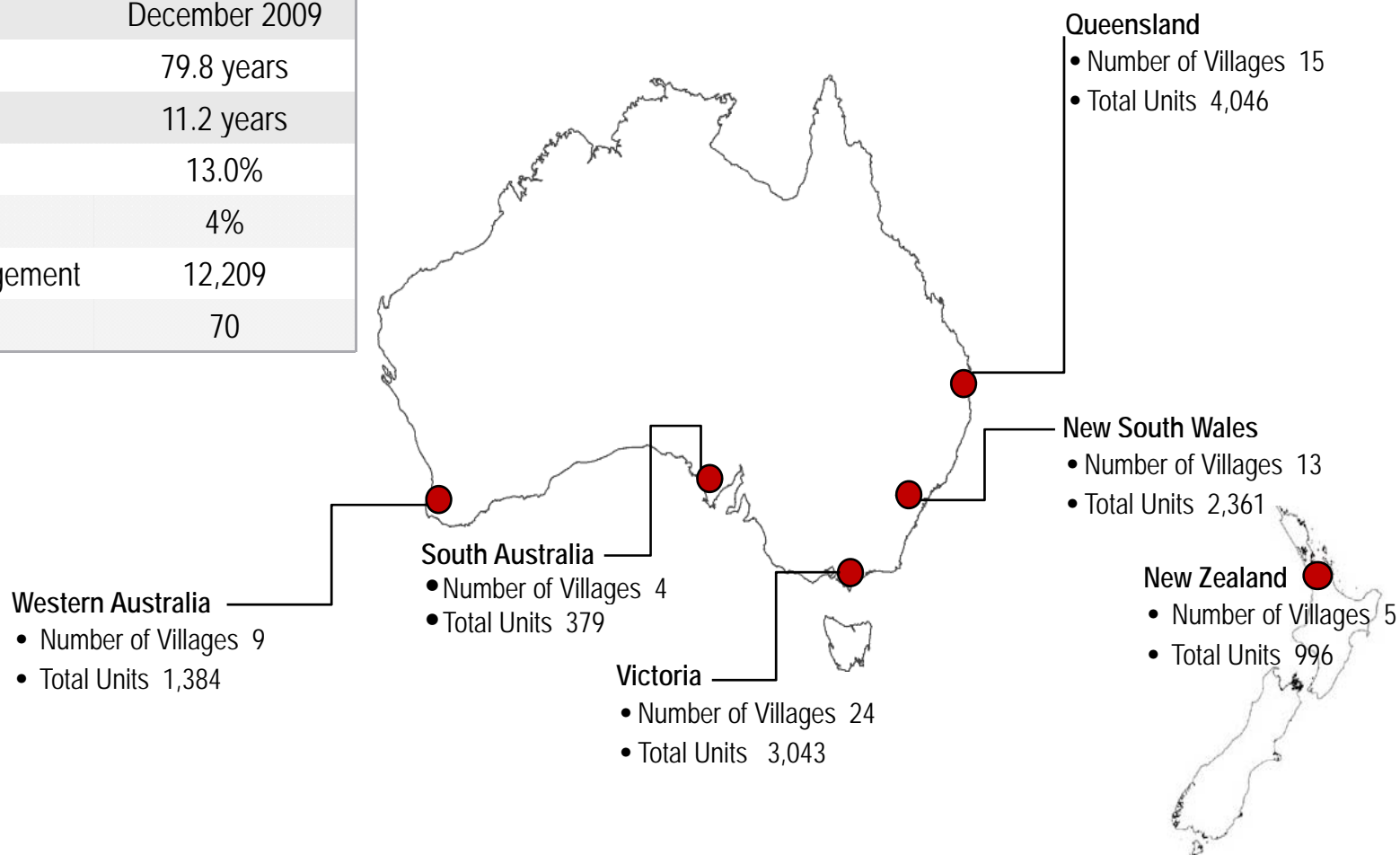


- Retirement cashflows are determined by the following key drivers:
  - Resident Entry Age
  - Resident Profile – Couple, single and male/female
  - Resident turnover/exit (normally due to a health event)
  - Contract type (Lend Lease standard product is a 3% annual DMF, capped at 30% of exit price of resident property)
  - Property price movements

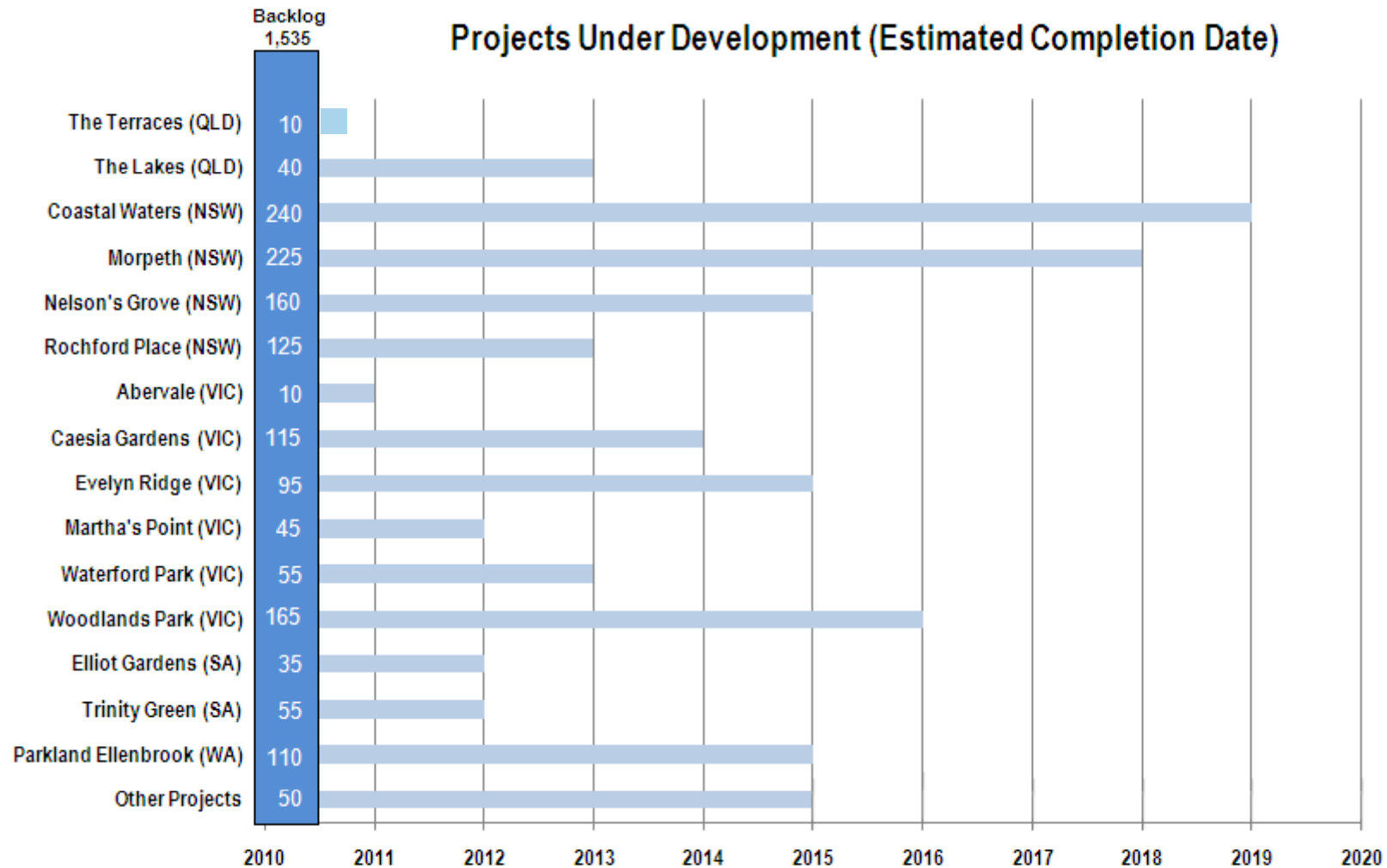
Long dated cash flow which is received on average every 11 years, based on average resident tenure

# Retirement village portfolio

Key Metrics	
	December 2009
Average age of resident	79.8 years
Valuation turnover rate	11.2 years
Valuation Discount rate	13.0%
Valuation growth rate	4%
Total Units Under Management	12,209
Number of Villages	70

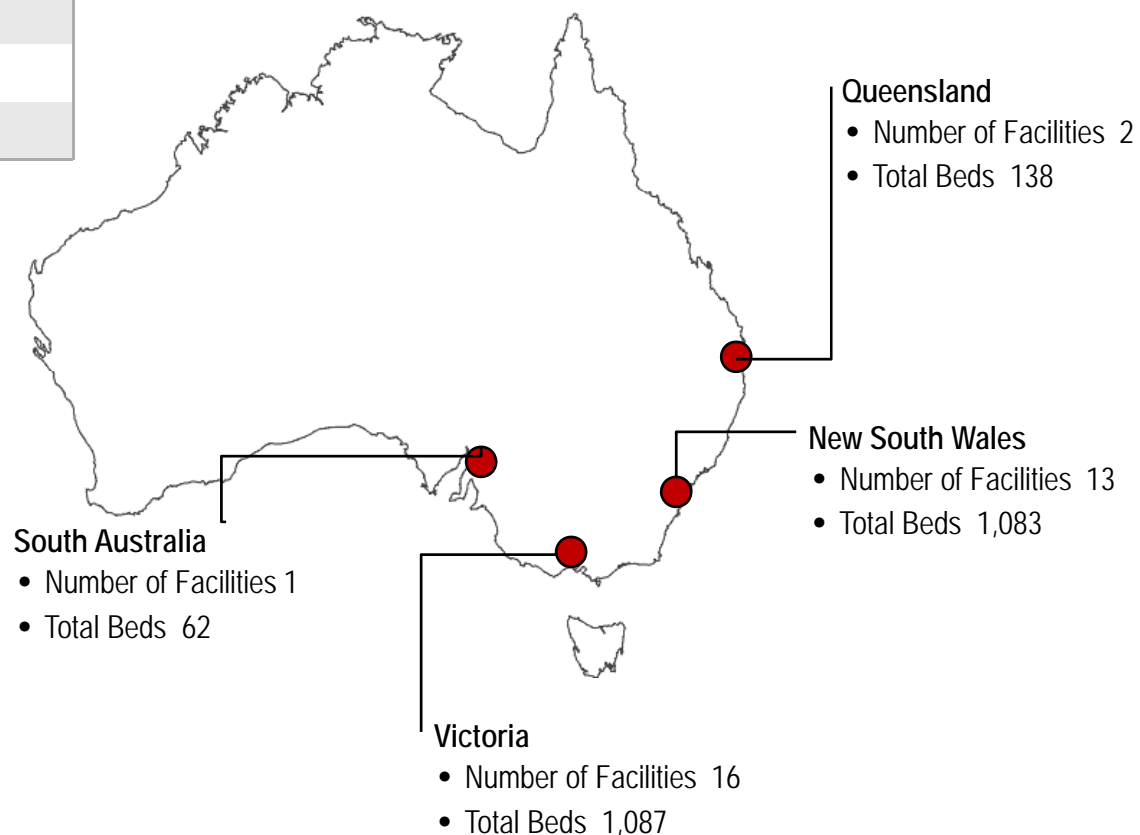


# Strong focus on developing our backlog



# Aged care portfolio

Key Metrics	
	December 2009
Total Beds	2,370
Staff Costs as a % of Revenue	66.4%
Number of Facilities	32
Occupancy (as at)	93.4%



# Lend Lease Primelife – strategic objectives



## Pillar

## Strategy Objective

Simplification

- A single operating platform
- Drive operational efficiency
- Clear brand positioning
- Partner of choice

Value Creation

- High quality earnings
- Grow development pipeline
- Ability to leverage Lend Lease integrated model
- Differentiated value proposition
- Recognised national brand

Service Culture

- Customer focus
- Employer of choice
- Differentiated expertise
- Recognised for innovation and integrity
- Highly motivated workforce