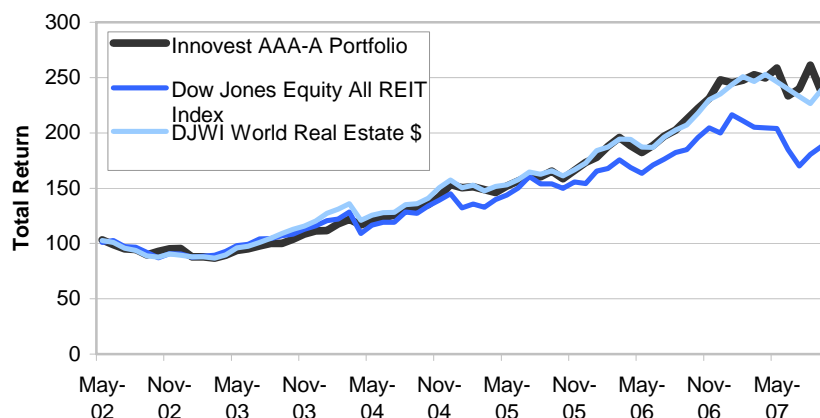


Green Listed Real Estate: A Growing Global Trend

Statistical Benchmarking of ESG Risks and Opportunities October 2007

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IN THIS REPORT

A SECTOR EXPERIENCING INCREASING REGULATION, YET POSITIONED TO GAIN FROM OPPORTUNITIES STEMMING FROM ENERGY AND RESOURCE EFFICIENCY, CORPORATE, GOVERNMENT AND CONSUMER DEMAND FOR GREEN BUILDINGS AND HEALTHY DESIGN.

INTRODUCING SECTOR SUSTAINABILITY STATISTICS FOR OVER 100 LISTED REAL ESTATE COMPANIES.

FOCUS ON FIVE KEY ISSUES DRIVING VALUE:

- » Energy and Climate Change
- » Water, Waste and Resource Use
- » Government and Stakeholder Engagement (Regulation)
- » Sustainable Planning and Development
- » Healthy Design

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Executive Summary

The growth of listed real estate and real property as an asset class has been steadily increasing in recent years. However, as traditional financial analysts decipher between traditional growth factors, extra-financial elements are dramatically changing the landscape of the sector. With the climate change discussion gaining momentum, the role of buildings is being addressed by governments around the world. Emitting up to 40% of global carbon emissions, buildings will play a significant role in any climate mitigation strategy. The twin forces of increasing resource and energy prices and tighter regulation present fundamental challenges and opportunities to companies in the real estate sector. In order to assist investors in assessing long term value, Innovest has identified and analyzed current players to determine which have acquired and are developing the capacity to respond to these challenges, and have the knowledge and framework in place to be able to seize related opportunities, thus creating a competitive advantage over sector peers.

This report evaluates major real estates companies globally under a scenario defined by two assumptions: (1) climate change is a major force driving increasing regulations with direct impacts on the real property sector, and (2) companies engaging early will have a competitive advantage over peers in that they will be better prepared to respond to these regulations, manage the accompanying risks, and profit from associated opportunities. In this report, we rate companies both on their prospects for success under this scenario, as well as considering the standard Innovest-specific environmental and social risk factors in the IVATM rating.

1 Introduction

Innovest rates the performance of companies within a given industrial sector using the following scale, which is broadly similar to bond ratings:

RATING	
AAA	Best
AA	
A	
BBB	Average
BB	
B	
CCC	Worst

In order to generate the ratings, our analysts evaluate companies relative to their same-sector peers, typically including a range of global companies. This is accomplished through the completion of our analytical matrix via review of a wide variety of information from the company, industry trade groups, government databases, research organizations, non-governmental organizations, and, importantly, interviews of the company by our analysts.

Innovest's analysis covers approximately 78% by market cap of the FTSE EPRA/NAREIT Global Real Estate Index. Taking into consideration the risks and regulatory environment, we have identified and focused our analysis on five key elements. We have also included a brief section regarding the investment case for green property. The full report shows that while several of the key areas mentioned above are already being addressed, the materiality of others is still emerging. As macro-economic trends promise to have a greater affect on the costs associated with real property investment, it will become of even greater importance for companies to engage in discussions and strategies around these changes. To serve as a benchmark, Innovest presents here 'Sector Sustainability Statistics' that aim to demonstrate to investors the current state of the market in responding to these key issues. As environmental, social and governance (ESG) factors become an even greater company differentiator, Innovest's analysis will help investors determine the competitive advantage and/or exposure to risk of market players.

2 Rating the Real Estate Sector

Intended as a complement to traditional financial analysis, Innovest's analysis of the real estate sector takes a point of departure that the long-term success of most real estate firms will be determined in part by their capacity to respond to extra-financial issues. These key issues are identified and discussed, and top performers are identified.

APPROACH

Innovest's Intangible Value Assessment (IVA)TM ratings methodology considers a range of social, environmental and strategic governance performance indicators to assess the long-term value of companies in various sectors.

In this Global Listed Real Estate report we have narrowed our focus to concentrate on five key issues:

- » **Energy and Climate Change**
- » **Water, Waste and Resource Use**
- » **Regulation, Government and Stakeholder Engagement**
- » **Sustainable Planning and Development**
- » **Healthy Design**

These five strategic areas are the most heavily weighted social, environmental and strategic governance issues that Innovest has used to evaluate real estate companies. By choosing this focus we do not intend to downplay the crucial importance of supply chain, product quality and governance. Innovest's analysis of these issues is offered in each individual company profile and last year's **2006 Real Estate Sector** report. The results are based on the analysis of 106 real estate companies, which included 59 REITs and 47 REMD companies.

KEY FINDINGS

In our analysis of 106 real estate companies, seven (5 REITs and 2 REMDs) were awarded AAA ratings (Figure 1).

FIGURE 1 Company Ratings by Region (REITs and REMDs)

	AAA	AA	A	BBB	BB	B	CCC
Europe (35)	6	6	7	2	4	6	4
North America (35)	0	2	2	1	6	19	5
Asia (19)	0	1	0	4	4	6	4
Australia (17)	1	4	3	3	4	2	0
Total (106)	7	13	12	10	18	33	13

Broadly Australian REITs and UK REMDs were prominent among the companies rated AAA with many of their respective peers scoring above average (AA and A) ratings. The sector's **overall sustainability performance is poor**. In excess of the 60% of REITs and REMDs were assigned below average (BB, B and CCC) ratings. REMDs are generally better at managing sustainability risks than REITs, which from Innovest's perspective is not unexpected as **the REMD is the more sustainability risk intensive industry** which in turn requires more active risk management. As a whole, the real estate sector demonstrates both slow uptake of ESG considerations and significant opportunity for future capitalization on strategic environmental profit opportunities.

KEY ISSUES FOR STRATEGIC INVESTORS

Strategic issues are driving value in the real estate sector, in that they present risks and create opportunities. Increasing regulation, consumer consumption patterns and macro- and micro-economic trends have contributed to an environment that is able to derive value and create a competitive advantage for proactive and well-managed companies. Innovest's analysis has identified five key strategic ESG engagement areas, each of which affect the real estate sector in significant ways and are explained further in the full report. Other key observations include:

- » There is a trend towards growing regulations globally. As the climate debate gains momentum, further regulation is expected. Industry and company response is expected to parallel growth in regulations. Furthermore, as regulation grows, and costs associated with resource and energy use mount, we expect a growing number of real estate companies to strategically integrate these concerns into their planning activities. With the exception of sector leaders however, these risks remain largely separate from core operations.
- » Innovest continues to monitor global trends, including the price of energy, lumber and resources, all of which affect the cost of goods sold. Companies which are able to best manage these risks should profit from reduced costs. We expect to see top performers begin to profit from their early engagement (for instance through the use of solar, renewables and independent power generation). As energy can amount for up to 40% of the operating costs of a building, companies which are able to decrease their use, as well as procurement of high cost types of energy, will be in a position to profit financially from seized opportunities.
- » There is a marked difference in performance for different geographic areas. European and Australian companies have high-performance levels, while the performance levels of North American companies lag leaders significantly.
- » There is a large governance issue between what REITs/REMDs are reporting that they are doing on ESG and what would independently be rated as high quality approach. Thus, the risk of greenwash remains prevalent in the sector.
- » Overall, there is a below average skew of ratings indicating that the overall management of ESG risks is not as advanced as expected, given growing regulation and proven financial benefits.
- » There is consistent growth seen in green and healthy design, as well as new technological processes, resulting in lower emissions, and healthier buildings.
- » The real estate is a sector that stands to see significant change in regulation and operating standards as climate risks grow, and a price is attached to carbon. Early leaders are set to gain a competitive advantage over laggards, as these risks and opportunities become more strategically aligned with financial performance.

3 Introducing Sector Sustainability Statistics

Innovest is introducing unique and cutting edge 'Sector Sustainability Statistics' to its review of the Real Estate Sector. We have compiled statistics on indicators measuring the key sustainability issues impacting the real estate sector overall while also being able to categorize this across regions and also within the REIT and REMD industries.

These 'Sector Sustainability Statistics' serve to:

- » **Provide a snapshot on the state of sustainability in the sector;**
- » **Establish performance benchmarks across the sector (given that the Innovest review has covered approximately 78.3% of FTSE EPRA/NAREIT Global Real Estate Index by market capitalization);**
- » **Establish a means to evaluate the future social and environmental returns of assessing the sector's performance on sustainability issues. That is trend analysis and hence 'returns' can be assessed by continuing to compile comparable Sector Sustainability Statistics in future reviews.**
- » **Demonstrate the effectiveness of our ongoing engagement with REITs and REMDs on sustainability issues.**

Going forward Innovest will measure the performance of the Real Estate Sector's Sustainability Statistics as a proxy for measuring social and environmental returns and the effectiveness of investor engagement with sector. The data will then be used as an indicator to companies, demonstrating where they stand relative to the overall sector and highlighting areas for improvement. It aims to encourage companies to improve their own performance on ESG issues and encourage their peers likewise as well as to demonstrate the additional returns available to investors investing in these strategies.

Sample Company Profile

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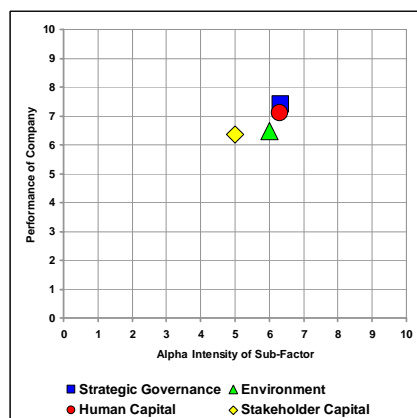
Nov-06

Lend Lease Corp. Limited

Country:	Australia
Ticker Symbol:	LLC-AU
Industrial Sector:	Real Estate
Combined IVA Rating:	A
Sub-Factors:	
Strategic Governance:	7.4
Human Capital:	7.1
Environment:	6.5
Stakeholder Capital:	6.4
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Intangible value comprises a growing percentage of companies' market capitalization. Innovest's IVA™ ratings analyze relative corporate performance on intangible value drivers related to the strength and sustainability of companies' competitive advantage. By assessing differentials typically not identified by traditional securities analysis, IVA™ ratings uncover hidden risks and value potential for investors. Ratings range from AAA (best) to CCC (worst). Scores on sub-factors range from 10 (best) to 0 (worst).

PERFORMANCE / ALPHA INTENSITY MATRIX



This matrix situates the four key intangible value drivers along 2 dimensions:

- How well or poorly the company performs on each of the 4 key factors.
- How much impact that particular factor has on financial performance in that industry sector; its "alpha intensity".

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RATING OUTLOOK: Positive

Lend Lease Corporation Limited (LLC) is well positioned to capitalize on efficiencies gained through its strong sustainability commitment. Its proactive positioning in the field of green design in its major regions and proven ability to incorporate such principles in its developments demonstrate an ability to realize financial gains and establish a competitive advantage in the sector.

AREAS OF POTENTIAL RISK

ESG Performance: LLC reports extensively on its ESG initiatives however there is still a strong focus on qualitative information rather than quantitative data. As the industry progresses, further strengthening of data disclosure will support LLC's reporting of sustainability issues and demonstrate trends in performance over time. This is particularly relevant to environmental data that is currently not disclosed, and as such no trends over time can be deduced.

Employee Fatalities: In 2004/05, the company had seven fatalities on its sites, a significant increase on the previous year's four fatalities. LLC discloses detailed information regarding its health and safety programs, however these accidents continue to occur. This poor performance has the ability to impact on employee satisfaction and morale, which is of particular concern in a climate of skilled employee shortages in the construction industry globally. Nevertheless, Lend Lease has designed and is implementing programs to mitigate the high number of deaths caused by falls on development sites with a global training program directly targeting fall mitigation. We are awaiting results for 2005/06 and hope that performance has improved in response to this program.

Emerging Market Exposure: Although the bulk of the company's operations are within the developed nations of the UK, the US and Australia (assumed >90% of revenues in 2006, although exact geographic segmentation is not reported), LLC also has a presence in a number of emerging markets. At present, the company does not disclose any particular strategies for dealing with the additional risks that arise in such countries, particularly relating to weaker regulatory environments, management of low skilled workforce and potential for exposure to corruption and/or bribery. Further diligent management of these risks, along with more transparent disclosure of the proportion of revenues that are derived from operations within emerging markets,

would keep the company in line with industry best practice.

AREAS OF COMPETITIVE ADVANTAGE

Strengthening of Environmental, Social and Governance (ESG) Risk Management: With a trend towards increased regulation of environmental factors within the industry, particularly within the Australian market, a positive development at LLC is the formalization of its sustainability management with a corporate Sustainability Team and Global Head of Sustainability. This centralized function should position the company well to respond to and preempt regulatory changes as well as providing a consistent global direction for environment, social and governance (ESG) issues. Regulatory risk continues to plague the laggards of this sector. It is also promising to hear the company developing sustainability metrics from which to measure performance in key areas and the intention to report on such performance in coming years. We look forward to a more transparent disclosure of performance data to support the strong programs currently in place.

Leading Position in Green Design: LLC has demonstrated high levels of ability in commercial and residential developments that incorporate best practice green design. This has been recognized externally through a Five Star Australian Building Greenhouse Rating (ABGR) for the development of the company's head quarters in Sydney. This differentiates the company against competitors in the industry, and positions LLC well to respond to development tenders and potentially gaining higher occupancy levels as tenant demands for 'greener' premises with lower operating costs increase.

Strong Workplace Practices: The company has a long tradition of progressive labor policies and programs surpassing compliance. Flexible work hours, provision of child care, pension plans, high employee ownership, staff satisfaction monitoring and strong health and safety programs are among the many initiatives that the company has in place to maintain employee satisfaction and create a workplace of choice for employees.

STRATEGIC PROFIT OPPORTUNITIES

The company has recognized the benefits of taking a leadership role in the implementation of sustainability into its projects. This is supported by a top down commitment and the recent addition of a Group Head of Sustainability with a direct report-

Intangible Value Assessment

ing line to the MD. LLC has demonstrated its abilities in incorporating green design into developments with some leading projects having been completed, both commercial and residential. This clearly positions the company well to continue to realize the financial benefits of such design and remain ahead of the strengthening regulatory frameworks in many jurisdictions.

The group clearly demonstrates a commitment to capturing profit opportunities relevant to the sector through embracing best practice developments in the area of green design. LLC is actively involved in such industry developments through the relevant industry associations in each of its key regions of operation and is supporting developments by a strong focus on training of employees. LLC now has in place some shining examples of commercial and residential developments that incorporate best practice in environmental design. It commits to leveraging these skills into future projects and shows signs of continued commitment to the improved environmental performance of its developments.

COMPANY OVERVIEW

Lend Lease Corporation Limited (LLC) is a leading international retail and residential property group, involved in real estate project management, design services, construction management and engineering, and property development. Lend Lease comprises three main business streams: Investment Management (property funds management with over AUS \$12 billion in assets under management); Retail and Communities (involving retail and urban development); and Construction, Project Management & Private Finance Initiatives (spearheaded by the Group's Bovis Lend Lease company). LLC revenues for the year to June 2006 were AUS \$12.1 billion (US \$9.2 billion). Retail and Communities accounted for 20% of 2005/06 revenues, Investment Management 1% and Project Management, Construction and PFIs 79%. LLC operates in 43 countries on six continents, with a significant presence in Asia Pacific (approximately 32% of 2006 profit after tax), Europe, Middle East and Africa (39%), and the Americas (29%). In the year to June 2005, the company employed approximately 8,928 people evenly divided across the three key regions (2004 - 9,060).

INDUSTRY DRIVING FORCES

Regulatory Framework: Acquiring planning permission for scarce land is a key driving factor for the construction and real estate sector. Be it in the UK, in Continental

Europe, in South-East Asia or in Japan, the regulatory framework is strengthening for better urban planning. Also, in countries that face scarcity of land, property development companies are encouraged to refurbish and build in previously developed areas, to contribute to urban regeneration and environmental conservation. Brownfield regeneration might require costly remediation work which is strictly framed by regulations.

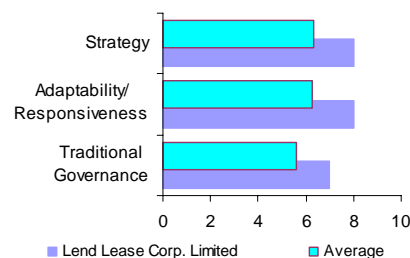
Local Community Involvement: Local community engagement and transparency throughout the planning process are essential to ensure good relations between developers and communities. The UK government has introduced a Statement of Community Involvement into the new planning process to try to ensure that the community has a voice.

Energy Performance: Buildings are responsible for over 40% of all energy use and have the potential to deliver the most cost effective contribution of any policy measure aimed at this objective. A new EU Directive (2002/91/EC) on the Energy Performance of Buildings requires each Member State to create a clear legislative framework which will deliver the energy saving potential. In Japan, REITs must respond to an Energy Conservation Law, which sets energy efficiency standards on a broad range of products including home and office buildings' appliances.

Healthy Buildings: Real estate and construction companies have a legal duty to ensure that all H&S issues affecting the management and development of properties are identified, captured and monitored. This would include Sick Building Syndrome, where poorly maintained ventilation systems harbor bacteria and viruses. Asbestos is also currently a significant risk factor for real estate and the construction/demolition industries. Furthermore, health and safety measures for construction and maintenance workers, within the company as well as subcontractors, are key management issues.

STRATEGIC GOVERNANCE: 7.4

Trend: Up



Strategy: The group has a well focused sustainability strategy in place that is directed from Board level. ESG issues are reported regularly to the Board who set the policies and values under which the whole group operates. The strategy is underpinned by a group-wide code of conduct endorsed by the Board of Directors that sets guidelines covering ethical practices including gifts, political donations, fair dealing, equal opportunity, health, safety and environment.

Adaptability/Responsiveness: The group is well structured to maximize the opportunities and manage the risks related to sustainability issues. A strong set of group-wide policies is supported by the addition in 2005 of a Global Head of Sustainability working with a Corporate Sustainability Team. The Global Head of Sustainability is a Group Executive. The team is charged with integrating sustainability considerations to become an inherent part of the group's decision making, financial accountability and reporting frameworks. In 2006, the team is reported to be working to establish sustainability metrics into the Australian business and then extending these globally in 2007. This team is also supported by a Global Health and Safety Team also led by a Group Executive who is also a member of the Executive Management Team and independently reports to the Managing Director and the Board.

Traditional Governance: LLC is listed on the stock exchanges of Australia (primary listing) and New Zealand and is registered with the Securities and Exchange Commission (SEC) in the US. In formulating the governance practices, Directors have taken into account the regulatory requirements and best practice processes in each jurisdiction and in particular aim to meet the ASX Corporate Governance Council best practice recommendations. The Board of Directors is made up of eight members, six of whom are non-executive. All six are considered independent. Chair-

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man and Managing Director are held by separate members and there is one female board member. In 2005, the Board established a nomination committee in response to the ASX best practice recommendations. Furthermore, since December 2004, LLC have appointed four new directors in order to increase the independence of the Board.

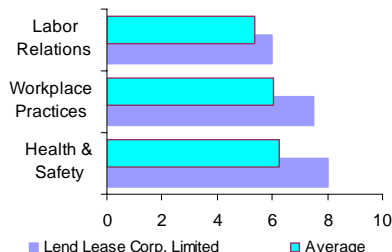
PRODUCTS & SERVICES

Intellectual Capital: The company has demonstrated a strong performance in the area of environmental inclusion of environmental design principles into developments. In certain cases, the company has shown itself as a world leader, through its partnership globally with BP to develop retail sites with high environmental standards, through the development of its Australian head quarters that gained a 5 star greenhouse rating under the Australian Building Greenhouse Rating scheme and other residential developments that have included best practice environmental and social initiatives. Social initiatives have been implemented in developments including the Caroline Springs residential development in Melbourne, Australia, which has a strong focus on establishing community with the inclusion in the development of schools, green space, community centers, youth training, monthly community newsletter, small business centre, and a community bank. The company has thus shown itself to be a leader in such initiatives and leverages this learning into other developments within its global operations.

Product Safety: LLC does not specifically address product safety issues however its strong focus on health and safety within its operations is extended to include suppliers, contractors, partner organizations, designers and local communities. As a result of this deeply entrenched view of safety, the company maintains a high rating in this area.

HUMAN CAPITAL: 7.1

Trend: Steady



Labor Relations: The company reports that it has established strong relations with

unions and maintains proactive communications. Beyond this statement, LLC does not disclose the level of unionization of its large workforce of around 9,000 employees. The company reports on the proportion of full time employees in each of its major regions compared to part time employees with a significantly stronger full time workforce than part time. Proportion of contractors is not disclosed.

Workplace Practices: LLC has been a leader in the area of employee policies for many years with programs such as the early introduction of superannuation pre-legislative requirements in Australia, employee share ownership (as at June 2006, approximately 9.6% of the company was owned by employees), and maintaining close relations with unions (proportion of unionized employees is not disclosed in reporting). Further initiatives include the establishment of the Lend Lease Foundation developed to provide opportunities for the development and well being of employees and families. The group also emphasizes flexible work practices for its employees, onsite child care at the Australian head office, health screening and the ability to work overseas among a wide breadth of other initiatives.

The group undertakes regular employee satisfaction surveys (although results are not disclosed) and aims to improve diversity in its workforce. LLC admits to a lack of female representation at executive and management levels. The addition of a female Board member in May 2006 is part of a program to improve diversity in the organization.

Despite a strong array of policies and initiatives in place, disclosure of performance data relating to workplace issues is limited and thus trends over time are difficult to ascertain.

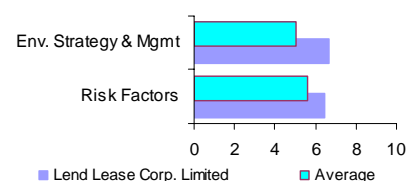
Health & Safety: LLC's commitment to health and safety is led by the company's core values that include a respect for employees in the workplace. This commitment is further strengthened by an OHS policy that aims to operate incident and injury-free within all its operations. This commitment extends to the company's contractors, and is an extension of the LLC's belief in fundamental human rights. This policy is supported by a management program introduced in 2002 to target an incident and injury free workplace. This program includes a strong focus on training, covering all new employees at induction across the company's global operations, as well as attempting to extend to suppliers and contractors. Since 2002, the training

has covered 2,800 employees and 74,000 workers on LLC's sites in Europe, Middle East and Africa alone. The company also has in place a web-based reporting system to track incidents in OHS and environment.

Despite this strong focus on OHS, fatalities within the company increased in 2005 to seven, from four the previous year. Over a five year period, this has reduced from nine in 2001. A majority of these involve falls, and in response, the company is targeting falls in its safety programs across its global operations, through publishing a Global Falls Mandate for practical procedural fall prevention advice and through poster displays. Headline indicators of lost time injury frequency rates (LTIFR) are reported within the sustainability report for Americas, Asia Pacific and Europe, Middle East & Africa (EMEA). In all regions, overall trends indicate a slight improvement in LTIFR since 2002 (exact figures not disclosed).

ENVIRONMENTAL PERFORMANCE: 6.5

Trend: Steady



Environmental Strategy & Management: LLC has a solid basis from which to grow its commitment to continual environmental improvement. A strong policy is applied across the company's global operations to guide standards required by all divisions. As of 2005, environmental management is centrally led by the Corporate Sustainability Team that reports directly to the MD and regularly to the Board. Some of the group's divisions have gained certification to ISO14001, including the UK operations, however others are not so advanced in formalizing environmental management. All divisions are active in maintaining an industry leading position with regard to green building practices through accreditation and training in LEEDs (US), BREEAM (UK) and Green Star (Australian Green Building Council).

In 2006, the focus of the sustainability team is to undertake initial preparation of company wide metrics for more quantitative measurement of performance, including environmental indicators, which currently are lacking in the reports. This will form a

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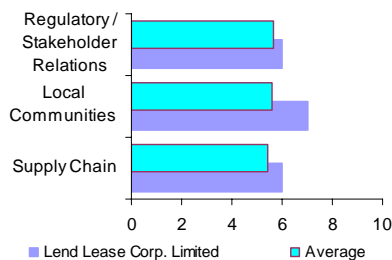
significant advancement in the environmental strategy of Lend Lease with data demonstrating performance over time in keeping with industry best practice. Nevertheless, the Group remains advanced in its implementation of environmental management.

Risk Factors: LLC appears to be proactively managing key industry risks, as well as maintaining a forward looking position to preempt relevant regulatory changes within the industry. The company is involved in the green building industry associations in each of its key jurisdictions (US Green Building Council, Building Research Establishment in the UK, and the Green Building Council of Australia), and is actively training employees in the relevant green building rating codes including LEED (Leadership in Energy and Environmental Design) Green Building Rating System, BREEAM (BRE Environmental Assessment Method) and Green Building Council of Australia Green Star rating tool in the US, UK and Australia respectively. Furthermore, the company is applying some leading edge design into its developments demonstrating its skills in the application of green design principles. This includes the recent development of LLC's Sydney head quarters that has been awarded 5 Stars under the ABGR.

Eco-efficiency Initiatives: Despite these strong initiatives in place, the group does not report on its overall resource usage or energy data for its operations. Industry leading practices disclose such information including trends overtime. The group states that it recognizes this as a current deficiency in its reporting and aims to introduce more measurement in coming years.

STAKEHOLDER CAPITAL: 6.4

Trend: Up



Regulatory/Stakeholder Relations:

The group describes an engaged stakeholder management process through the case studies of major project developments set out in the sustainability report. LLC identifies an array of key stakeholders, and

often works in partnership on its projects. There is no information regarding a group-wide strategy for stakeholder engagement.

LLC makes political donations to both major Australian political parties and is reportedly one of the highest donors to political parties out of all Australian real estate companies. In 2005, AUS \$92,000 was given in total political donations (0.04% of pre-tax profits).

Local Communities: LLC states that as part of its vision for sustainability, it aims to actively contribute to communities within which it operates. The company demonstrates this within some of its recent major projects including the building of their Australian headquarters in Sydney that had a strong local community engagement process in the development stage, and continues to engage at a high level through its operational life. The prime example of this ongoing engagement is through a Youth Mentoring Program for local young students by LLC employees. The program has connected around 10 local organizations in an attempt to strengthen local ties in the immediate vicinity of the head quarters.

A Community Development Manager is often assigned to projects at the earliest stages of their development, as was the case in the above example, in order to engage with the communities involved in the projects and developments to be undertaken.

Furthermore, the group made philanthropic contributions in 2005 of a total of AUS \$101,000 (0.04% of pre-tax profits), although there is no stated basis upon which charities are chosen. Philanthropic donations by LLC tend to focus on health, community and industry organizations.

Supply Chain: The group's strong focus on health and safety through its Incident and Injury Free program is extended to suppliers and partners through training and workshops. Minimal additional information is reported and no specifics regarding level of implementation of H&S standards to the supply chain is disclosed. The group code of conduct requires all employees and contractors to report any instance of conduct that breaches the code including harassment, unethical conduct, fraud or breaches of law including unsafe working environments. These examples show that LLC is taking some strong initial steps to proactively manage the supply chain, however more detailed reporting of progress would ensure the Group is at industry leading levels of performance in this area.

EMERGING MARKETS:

Strategy: The company has a presence in over 40 countries around the world. However, the bulk of employees and revenues are derived from developed regions such as Australia, North America, the UK and Europe (exact proportions of 2006 revenues are not disclosed within segment reporting). Despite company wide policies and programs relating to ESG issues, there does not appear to be any additional programs to address the high risks posed by operating within emerging markets, particularly due to the relatively higher influence of bribery and corruption, looser regulatory frameworks and lower skilled workforce.

Human Rights/Child and Forced Labor:

The company has operations within China which is considered to be governed under an oppressive regime. However, LLC has no policy to address these risks beyond the high ethical standards demanded across its global presence through the code of conduct. As the company's exposure to such regimes is low, no great risk is posed by such a lack of policy.

Oppressive Regimes: The company has operations within China which is considered to be governed under an oppressive regime. However, LLC has no policy to address these risks beyond the high ethical standards demanded across its global presence through the code of conduct. As the company's exposure to such regimes is low, no great risk is posed by such a lack of policy.

Intangible Value Assessment

SRI NEGATIVE SCREENING INFORMATION

The following information is provided for investors who for various ethical or social reasons may wish to avoid investments in companies involved in the following business areas. Innovest's IVA product uses a positive screening approach to identify superior management. Beyond assessing potential market risks, involvement in the following businesses does not impact IVA ratings.

SCREEN

Weapons Production: A Lend Lease subsidiary has been selected as preferred tenderer for a Department of Defense redevelopment in New South Wales, Australia, worth more than \$A200 million (\$US152.22 million).

Tobacco: No

Nuclear Power: No

GMO: No

Animal Testing: No

Alcohol: No

Pornography: No

Gambling: No

Burma: No

Other: No

COMPETITIVE SET

Real Estate

Australand Property Group

British Land Co PLC

Brixton Estate PLC

Brookfield Properties Corp.

Capital and Regional

Capitaland

Castellum AB

CB Richard Ellis Group

Cheung Kong Holdings

City Development

Countrywide PLC

Derwent Valley Holdings PLC

Fabege AB

Grainger Trust PLC

Great Portland Estate PLC

Hammerson PLC

Hang Lung Properties Limited

Henderson Land Development Company

Limit

Hysan Development Company Limited

Immofinanz Immobilien

Inmobiliaria Colonial SA

IVG Immobilien AG

Kerry Properties Limited

Land Securities PLC

Lend Lease Corp. Limited

Leopalace21 Corp

Liberty International PLC

London Merchant Securities PLC

Mapeley Limited

Meinl European Land

Metrovacesa S.A.

Minerva PLC

Mitsubishi Estate Company Limited

Mitsui Fudosan Company Limited

New World Development Company Limited

PSP Swiss Property AG

Quintain Estates & Development PLC

Sacyr Vallehermoso SA

Saint Joe Company

Shaftesbury PLC

Sino Land Company Limited

Slough Estates PLC

St Modwen Properties PLC

Sumitomo Realty & Development Company Li

Sun Hung Kai Properties Limited

Tokyo Tatemono Company Ltd

Tokyu Land Corporation